SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

GENERAL INFORMATION

REGISTERED OFFICE

Via U. Poli, 4
Zola Predosa (Bo)

MANAGEMENT BOARD

Appointed by the Supervisory Board
of 29.04.2013

CHAIRMAN AND MANAGING DIRECTOR
Claudio Levorato

MANAGEMENT BOARD
Benito Benati
Leonardo Bruzzichesi
(term of office expired on 28.02.2014)
Marco Bulgarelli
Marco Canale
Giuliano Di Bernardo
Massimo Ferlini
Mauro Masi
Marco Monis
Stefano Caspani
Luca Stanzani
Pier Paolo Quaranta

SUPERVISORY BOARD

Appointed by Shareholders' Meeting
of 29.04.2011

CHAIRMAN
Fabio Carpanelli

VICE CHAIRMAN
Antonio Rizzi

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

INDIPENDENT AUDITORS

Reconta Ernst & Young S.p.A.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

STATEMENT OF FINANCIAL POSITION

(in Euro)	NOTES	31 December 2013	31 December 2012
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		13,578,978	16,179,244
Property, plant and equipment under lease		360,277	486,782
Goodwill		288,649,098	288,649,098
Other intangible assets		22,977,227	20,551,475
Investments in Subsidiaries, Joint-ventures, Associates		154,892,627	168,145,212
Other investments		2,503,642	2,521,223
Non-current financial assets		59,567,578	9,610,428
Other non-current assets		1,274,692	1,071,439
Deferred tax assets		13,269,611	12,062,192
TOTAL NON-CURRENT ASSETS		**557,073,730**	**519,277,093**
CURRENT ASSETS			
Inventories		1,514,317	2,223,955
Trade receivables and advances to suppliers		521,079,592	512,680,766
Current tax receivables		9,132,786	12,560,633
Other current assets		19,418,860	11,224,084
Current financial assets		96,535,423	95,905,000
Cash and cash equivalents		149,834,497	29,836,243
TOTAL CURRENT ASSETS		**797,515,475**	**664,430,681**
Assets classified as held for sale		**660,000**	
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE		**660,000**	
TOTAL ASSETS		**1,355,249,205**	**1,183,707,774**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		109,149,600	109,149,600
Share premium reserve		145,018,390	145,018,390
Reserves		66,763,965	39,345,007
Retained earnings		3,808,981	3,808,981
Profit/(Loss) for the year		5,349,758	26,245,608
TOTAL SHAREHOLDERS' EQUITY		**330,090,695**	**323,567,586**
NON-CURRENT LIABILITIES			
Employee termination indemnity		14,161,860	15,709,578
Provisions for risks and charges, non-current		7,300,954	7,445,871
Long-term debt		439,992,534	92,821,991
Deferred tax liabilities		9,502,883	9,352,405
Derivatives			1,222,067
TOTAL NON-CURRENT LIABILITIES		**470,958,230**	**126,551,912**
CURRENT LIABILITIES			
Provision for risks and charges, current		14,571,939	11,275,207
Trade payables and advances from customers		331,718,400	323,371,405
Other current liabilities		112,407,243	109,881,988
Bank borrowings, including current portion of long-term debt, and other financial liabilities		95,502,698	289,059,676
TOTAL CURRENT LIABILITIES		**554,200,281**	**733,588,276**
Liabilities directly associated with non-current assets classified as held for sale			
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE			
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,355,249,205**	**1,183,707,774**

STATEMENT OF PROFIT OR LOSS

(in Euro)	NOTES	31 December 2013	31 December 2012
REVENUES			
Revenue from sales and services		784,587,530	769,222,580
Other revenue		2,274,484	1,778,744
TOTAL REVENUE		**786,862,014**	**771,001,324**
OPERATING COSTS			
Costs of raw materials and consumables		(125,555,533)	(118,281,406)
Costs for services and use of third party assets		(288,086,420)	(297,244,746)
Personnel costs		(302,607,169)	(281,938,447)
Other operating costs		(5,899,852)	(7,585,884)
Amortization, depreciation, write-downs and write- backs of assets		(24,676,398)	(21,137,035)
Accrual of provisions for risks and charges		(6,322,503)	(6,457,424)
TOTAL OPERATING COSTS		**(753,147,875)**	**(732,644,943)**
OPERATING INCOME		**33,714,139**	**38,356,381**
FINANCIAL INCOME AND EXPENSES			
Dividend and income (loss) from sale of investments		13,041,638	9,945,566
Financial income		6,874,656	4,268,682
Financial charges		(30,849,949)	(20,649,338)
Gains / (losses) on exchange rate		(1,180)	(888)
PROFIT (LOSS) BEFORE TAXES		**22,779,304**	**31,920,403**
Income taxes		(17,429,546)	(5,674,612)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**5,349,758**	**26,245,791**
Profit (loss) from discontinued operations			(183)
NET PROFIT (LOSS) FOR THE PERIOD		**5,349,758**	**26,245,608**

STATEMENT OF OTHER COMPREHENSIVE INCOME (*)

(in Euro)	31 December 2013	31 December 2012
PROFIT/(LOSS) FOR THE YEAR	**5,349,758**	**26,245,608**
Other components of the comprehensive income, which will be subsequently reclassified under profit/loss for the year		
Net gain/(loss) on Cash Flow Hedge	1,222,067	206,735
Income taxes	(336,068)	(56,852)
Net effect on Gains (Losses) of cash flow hedge	**885,998**	**149,883**
Total other components of the comprehensive income, which will be subsequently reclassified under profit/loss for the year, net of taxes	**885,998**	**149,883**
Other components of the comprehensive income, which will not be subsequently reclassified under profit/loss for the year		
Actuarial gains (losses) on defined benefit plans	504,347	(1,695,055)
Income taxes	(138,695)	466,140
Net effect of actuarial Gains/(Losses)	**365,652**	**(1,228,915)**
Total other components of the comprehensive income, which will not be subsequently reclassified under profit/loss for the year, net of taxes	**365,652**	**(1,228,915)**
TOTAL OTHER COMPONENTS OF THE COMPREHENSIVE INCOME, NET OF TAXES	**1,251,650**	**(1,079,032)**
TOTAL COMPREHENSIVE INCOME (LOSS), NET OF TAXES	**6,601,408**	**25,166,576**

(*) With effect from the financial years beginning on 1st January 2013 or later, the statement of comprehensive income is required to identify and group any items which, upon the occurrence of specific conditions, will be subsequently reclassified to the income statement and, separately, any items which will not be reclassified to the income statement. Accordingly, the MFM has recognized, for the first time in 2013, the items of the statement of comprehensive income in the two abovementioned subgroups.

STATEMENT OF CASH FLOW

(In thousands of Euro)	31 December 2013	31 December 2012
Profit before taxes	22,779	31,920
Amortization, depreciation, write-downs and (write-backs) of assets	24,676	21,137
Accrual to provisions for risks and charges	6,323	6,457
Employee termination indemnity provision	434	616
Income tax paid	(15,060)	(15,169)
Cash flow from current operations	**39,152**	**44,961**
Decrease (increase) of inventories	710	328
Decrease (increase) of trade receivables and advances to suppliers	(10,153)	15,526
Decrease (increase) of other current assets	(8,398)	(2,641)
Increase (decrease) of trade payables and advances from customers	8,347	(19,592)
Increase (decrease) of other current liabilities	2,333	2,210
Payments of employee termination indemnity	(1,766)	(1,436)
Utilization of provisions	(3,321)	(3,921)
Change in operating assets and liabilities	**(12,247)**	**(9,526)**
Net cash flow from operating activities	**26,905**	**35,435**
Purchase of intangible assets, net of sales	(8,630)	(6,913)
Purchase of property, plant and equipment	(1,023)	(2,205)
Proceeds from sales of property, plant and equipment	131	330
Acquisition of investments	171	(10,501)
(Decrease) increase of financial assets	(50,588)	(40,199)
Net cash used in business combinations	414	
Gain/(loss) from sale of assets classified as held for sale	(660)	
Net cash flow used in investing activities	**(60,107)**	**(59,488)**
Net proceeds from/(reimburse of) borrowings	153,277	32,877
Dividends paid		0
Change in share capital and reserves		
Net cash flow from (used in) financing activities	**153,199**	**32,877**
Changes in cash and cash equivalents	**119,999**	**8,825**
Cash and cash equivalents at the beginning of the period	29,836	21,012
Changes in cash and cash equivalents	119,998	8,825
Cash and cash equivalents at the end of the period	**149,834**	**29,836**
Details of cash and cash equivalents		
Cash and bank current accounts	149,834	29,836
TOTAL CASH AND CASH EQUIVALENTS	**149,834**	**29,836**

Supplementary information:

(in thousands of Euro)	31 December 2013	31 December 2012
Interest paid	29,921	20,252
Interest received	6,702	3,665
Dividends received	13,042	9,945

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of Euro)	Share capital	Share premium reserve	Reserves	Retained Earnings	Result of the year	Total Shareholders' Equity
At 31 December 2011	**109,150**	**145,018**	**33,515**	**3,809**	**6,909**	**298,401**
2011 Allocation of profits	0	0	6,909		(6,909)	0
Total comprehensive profit/(loss) for the year	0	0	(1,079)	0	26,246	25,167
At 31 December 2012	**109,150**	**145,018**	**39,345**	**3,809**	**26,246**	**323,567**
2012 Allocation profits	0	0	26,246		(26,246)	0
Total comprehensive profit/(loss) for the year	0	0	1,252	0	5,350	6,601
Capital gains from Business Combination Under Common Control			(78)			(78)
At 31 December 2013	**109,150**	**145,018**	**66,764**	**3,809**	**5,350**	**330,091**

ACCOUNTING STANDARDS AND EXPLANATORY NOTES

1. GENERAL INFORMATION

Manutencoop Facility Management S.p.A. (the Company or MFM) is an Italian joint-stock company with registered office in Via U. Poli no. 4 - Zola Predosa (BO).

On 1 July 2013 new agreements were executed between Manutencoop Società Cooperativa (Parent Company of MFM S.p.A.) and the investment funds that hold minority interests in MFM S.p.A., replacing the previous Investment Agreement signed in December 2008. On the same date the minority shareholders transferred, on a pro-rata basis, 7,671,580 shares of MFM S.p.A. (representing 7.0285% of its share capital) to Manutencoop Società Cooperativa. The shares were transferred with retention of title ("*riserva di proprietà*") pursuant to and for the purposes of article 1523 of the Italian Civil Code: therefore, Manutencoop Cooperativa may only exercise financial and administrative rights over them (including, but not limited to, voting rights at shareholders' meetings). The final transfer of the shares is expected to take place when their contractually agreed price has been paid within 3 years, i.e. on 1 July 2016.

The Company is 71.89% owned by Manutencoop Società Cooperativa, with registered office in Zola Predosa (BO), which exercises management and coordination activities and 28.11% owned by financial partners.

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 separate financial statements for the year ended 31 December 2013 was authorized by resolution of the Management Board of 24 March 2014.

The Company also drafts the Consolidated Financial Statements, which are attached hereto, as expressly required by statutory provisions.

1.1 The business

Manutencoop Facility Management is active, throughout Italy, in the management and provision of integrated services to public and private customers, targeted at properties and property assets, logistics and organisational support, in order to optimise the management of property-related activities (also known as "Integrated Facility Management").

Therefore, the Company, provides a wide and coordinated range of integrated services, aimed at rationalising and improving the quality of the non-strategic and auxiliary activities of major private groups and public authorities.

The so-called ''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 encompass the management, running and maintenance services of property-related systems (including heating and air conditioning systems, cogeneration systems, electrical systems, water, sanitary, telephone and electronic systems in general) including therein:

- design and implementation of redevelopment and adjustment work 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.

Finally, a third type of activities attributable to the Facility Management services rendered by the Company is the so-called Landscaping, i.e. a service for the maintenance of green spaces, 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, concierge/reception, switchboard and surveillance, porterage and internal relocation, management of computer workstations and other support services.

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

2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The Separate Financial Statements at 31 December 2013 comprise the statement of financial position, the statement of profit or loss, the Statement of other comprehensive income, Statement of cash flows, statement of changes in shareholders' equity, and the Explanatory notes.
The Separate Financial Statements at 31 December 2013 were prepared on a historical cost basis, except for the derivative financial instruments that have been measured at fair value.
The statement of financial position sets forth assets and liabilities distinguishing between current and non-current. The statement of profit or loss classifies costs by nature, while the statement of the other comprehensive income sets forth the result for the period added with income and expenses, that in accordance with IFRS, are directly recognized in the shareholders' equity. The Statement of cash flows has been prepared on the basis of the indirect method and presented in accordance with IAS 7, distinguishing between cash flow from operating, investing and financing activities.
The Financial statements at 30 December 2013 have been presented in Euro, which is the Group's functional currency. All values showed in the statements and in the explanatory notes are in thousands of Euro, unless otherwise stated.

2.1 Statement of compliance with international accounting standards (IFRS)

The Separate Financial Statements at 31 December 2013 have been prepared in accordance with the International Financial Reporting Standards ("IFRS").
The Company is subject to Letter f) of Article 2 under the Italian Legislative Decree no. 38 of 28 February 2005, which rules the exercise of the options provided for by the Article 5 of Regulation (EC) 1606/2002 about the International Financial Reporting Standards and, therefore, pursuant to Article 3, paragraph 2, and Article 4, paragraph 5, of the aforesaid Italian Legislative Decree, the Company has applied the IFRS as adopted by the European Union in the preparation of its separate Financial Statements as from the year ended 31 December 2005.
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.

2.2 Discretionary assessments and significant accounting estimates

The criteria adopted for the preparation of the separate Financial Statements are consistent with those used to prepare the separate Financial Statements of the previous year, with the exception of the aspects detailed below for the standards and interpretations which are newly issued and applicable from 1 January 2013.

New or revised IFRS and interpretations applicable as from 1 January 2013

A number of other new standards and amendments came into force for the first time in 2013. These include IAS 19 - Employee Benefits, IFRS 13 - Fair Value Measurement and the amendments to IAS 1 - Presentation of Financial Statements, but they have had no significant impact on the Company's separate Financial Statements. The nature and impact of all new standards/amendments are listed below.

IAS 1 Presentation of Financial Statements – Presentation of items of other comprehensive income (OCI). The amendment to IAS introduces the grouping together of the items presented in items of other comprehensive income. The items that might be reclassified in the income statement in future (e.g. net profit on hedges of net investments, net profit on cash flow hedges and net profit/loss from financial assets available for sale) must now be presented separately from the items that will never be reclassified (e.g. actuarial gains/losses from defined-benefit plans and the revaluation of land and buildings). The amendment only regards the method of presentation and has had no impact on the Company's financial position or results.

IAS 12 Deferred Tax: Recovery of Underlying Assets. This amendment clarifies the calculation of deferred tax on investment property measured at fair value. It introduces the rebuttable presumption that the carrying amount of an investment property measured using the fair value model set out in IAS 40 must be recovered through sale and, consequently, that the relative deferred tax should be calculated on a sale basis. The presumption is rebutted if the investment property is depreciable and is held with the aim of consuming all the rewards deriving from the investment itself over time instead of recovering these rewards through sale. The amendment has had no impact on the Company's financial position, its results or its disclosures.

IFRS 7 Disclosures – Offsetting financial assets and liabilities – Amendments to IFRS 7. These amendments require the entity to disclose information regarding rights of set-off and related agreements (e.g. security). The information will give the reader of the financial statements the necessary information for assessing the effect of offsetting agreements on the entity's financial position. The new disclosures are required for all financial instruments subject to offsetting in accordance with IAS 32, Financial Instruments: Presentation. These disclosures are also required for financial instruments that are subject to master netting agreements or similar arrangements regardless of whether they are or are not offset in accordance with IAS 32. These amendments have had no impact on the Company's financial position or results.

IAS 19 (revised) – Employee Benefits. IAS 19 (revised) contains substantial amendments to accounting for defined-benefit plans, including actuarial gains and losses, which are now obligatorily recognized under items of other comprehensive income and are permanently excluded from the income statement. The expected return on plan assets is no longer recognized in the income statement, while it is necessary to recognize interest on the net liabilities (assets) of the plan (interest that is to be calculated using the same rate of interest as that applied to discount the obligation) and past-service cost, which is now recognized in the income statement on the on the earlier of: i) the date on which the plan is subject to amendments or curtailments; or (ii) the date on which the related costs for the restructuring or termination of the employment relationship are recognized. Other amendments include new disclosures, such as those regarding sensitive qualitative information. The change to IAS 19 (revised) has had no impact on the net obligation of the defined-benefit plan arising from the difference in accounting for interest on the plan assets and past service cost inasmuch as, in the past, the Company already chose the option of accounting for actuarial gains and losses under items of other comprehensive income.

IFRS 13 Fair Value Measurement. IFRS 13 introduces unequivocal guidance for all fair value measurements under IFRS. IFRS 13 does not affect cases in which the utilisation of fair value is required, but provides guidance on how to measure fair value in the context of IFRS when the application of fair value is required or allowed by these international accounting standards. The application of IFRS 13 has not had any material impact on the fair value measurements carried out by the Company. IFRS 13 also requires specific disclosures regarding fair value, some of which replace the information requirements at present envisaged by other standards, including IFRS 7, Financial Instruments: Disclosures.

Finally, on 12 December 2013, the IASB issued two series of amendments to IFRS (series 2010-2012 and series 2011-2013). The Annual improvement of international standards is the instrument by which the IASB introduces amendments or improvements to the standards that are already being applied, thus promoting the ongoing review of the accounting policies of the IAS adopters. Some amendments will be immediately applicable and, in particular, those regarding *IFRS 1 First-time Adoption of International Financial Reporting Standards* and, partly, *IFRS13 Fair Value Measurement.* The remaining improvements will be applicable as from 1 June 2014 and concern *IFRS2 Share-based Payment, IFRS3 Business Combinations, IFRS8 Operating Segments, IFRS13 Fair Value Measurement, IAS16 Property, Plant and Equipment, IAS24 Related Party Disclosures, IAS38 Intangible Assets* and *IAS40 Investment Property*.

New or revised IFRS and interpretations applicable from subsequent years and not adopted by the Company in advance

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

More specifically, the following accounting standards must be applied starting from 1 January 2014, but on a voluntary basis starting from 1 January 2013:

- *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.
- *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.
- *IAS 32 Offsetting financial assets and liabilities.* The amendments clarify the meaning of "currently has a legally enforceable right of set-off', as well as the application of the IAS 32 offsetting criteria to settlement systems (e.g. central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments should not have any impact on the Company's financial position or results.

2.3 Discretionary assessments and significant accounting assumptions

The preparation of the Separate Financial Statements requires Management Boards to make discretionary assessments, estimates and assumptions that affect the amounts of revenues, costs, assets and liabilities, and the indication of contingent liabilities at the date of the financial statements. 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 decision taken by the Directors, on the basis of discretionary assessments (excluding those relating to accounting estimates), in the application of the accounting standards, with a significant effect on the values recognized in the accounts is the following:

- the adoption, starting from 2007, of the *continuity of values* principle for the recognition of business combinations under common control. Application of this principle gives rise to the recognition in the statement of financial position of values equal to those that would be recorded if the companies involved in the business combination had always been combined. The net assets of the acquired entity are therefore recorded on the basis of the carrying amounts included in their respective accounts before the transaction.

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

Uncertainty of estimates

The key assumptions regarding the future and other significant sources of uncertainty relating to estimates as at the period ending date of the separate Financial Statements are detailed below.

Impairment test

Goodwill is subject to impairment test at least annually, or more frequently if there is an indication 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 allocated, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable discount rate.
At 31 December 2013, the carrying amount of the goodwill stood at € 288,649 thousand (31 December 2012: € 288,649 thousand). More details are given in the appropriate section.

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 Company holds majority interests 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 reliable valuation. Similarly, the contract for the purchase of certain majority interests in subsidiaries provided for the transferors, i.e. the currently minority shareholders, to be granted an earn-out upon the fulfilment of given conditions on a certain future date. In this case, the correct recognition in the financial statements of the related liability requires management to make some estimates to determine the expected relevant parameters.

Other financial position items

Management also needed to use estimates in determining:

- Deferred tax assets, in particular relating to the likelihood of these being reversed in the future;
- Accruals to bad debt provision and provisions for risks and charges;
- Main assumptions applied to the actuarial valuation of the TFR (employee benefits), such as the future turnover rate and discount financial rates;
- Inventories of contract work in progress, particularly in relation to the total amount of estimated costs to complete used to determine the percentage of completion.

2.4 Summary of the main accounting criteria

Equity investments in joint ventures

The Company 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 interests. Joint control is deemed to exist when 50% is held.

Conversion of foreign currency items

The financial statements are presented in Euro, the Company's functional currency.Statements of financial position and income statements stated in foreign currency are converted to Euro using the year-end exchange rates for financial statement items and average exchange rates for items in the income statement.

Business combinations

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

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

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

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

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

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

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

Property, plant and equipment

Property, plant and machinery are recorded at historical cost, net of 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 landscaping	11 years
Plant and machinery and construction of properties	From 6.5 to 10 years
Telephone systems	4 years
Equipment for cleaning/landscaping	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
Vehicles	From 4 to 5 years
Office furniture and equipment	From 5 to 8 years
Improvements to leased assets (including plant and machinery)	< between useful life and lease 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 all the activities needed to make the qualifying asset ready for use have been substantially 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 Company, 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 joint 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 finite or indefinite.

Intangible assets with a finite useful life are amortised over their useful life and subject to consistency tests when there is an indication of potential impairment losses. 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 finite 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 Group applied for intangible assets are summarised below:

PRINCIPLES APPLIED TO INTANGIBLE ASSETS	**Concessions, licenses, trademarks and similar**	**Other intangible assets**
Useful Life	Definite	Indefinite
Method used	Software, Trademarks and Patents	Contractual relations with customers
	Amortisation on a straight line basis over the shortest time span between: • legal duration of the right; • expected period of use	Amortisation in proportion to consumption of backlog.
	Backlog	
	Amortisation in proportion to the contract term	
Produced internally or purchased	Purchased	Acquired in business combination.
Impairment tests / tests on recoverable value	Yearly or more frequently when there are signs of impairment.	Yearly or more frequently when there are signs of impairment.

Profits or losses deriving from the disposal of an intangible asset are measured as the difference between the net sales revenue and the carrying amount of the asset, and are recognised in the income statement at the moment of 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 20% of the voting rights which can be exercised at the ordinary shareholders' meeting.

Equity investments in subsidiaries and associates are measured at purchase costs, and reduced in the event of the distribution of capital or capital reserves, or in the presence of impairment losses determined by impairment testing. The cost is written back in subsequent years if the reasons for the write-downs no longer exist.

For all companies, a list of which is supplied in the appropriate notes, the cost criterion was applied in Manutencoop Facility Management S.p.A.'s financial statements.

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

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 listed on an active capital 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 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 losses occur, 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 Company 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 listed on regulated capital 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.

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;**
Fuel inventories	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 customers of Manutencoop Facility Management S.p.A. 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 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.

Receivables and payables in a foreign currency other than the functional currency of the individual entities are adjusted at the year-end exchange rates.

Contracts for construction work and plant building

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 cost.

The gross amount due from customers for contract work is the net amount of costs incurred plus recognized profits; less the sum of recognized losses and progress billings for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceeds progress billings. The gross amount due from customers shall be classified as trade receivable. The gross amount due to customers for contract work is the net amount of: costs incurred plus recognized profits; less the sum of recognized losses and progress billings for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses). The gross amount due to customers shall be classified as liability.

Cash and cash equivalents

Cash and cash equivalents and short-term deposits in the financial statement 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 Group 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 loss.

Assets valued according to the amortised cost criterion

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

The amount of the loss will be booked to the income statement.

The Company firstly assesses the existence of objective evidence of an impairment loss at individual level, for financial assets that are significant on an individual basis, and therefore at individual or collective level for financial assets that are not significant on an individual basis. In the absence of objective evidence of impairment of a financial asset valued individually, whether it is significant or not, 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 loss, 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.

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

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

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

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 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 Company is demonstrably committed to a termination only when it has a detailed formal plan for the dismissal (termination of employment) and is without realistic possibility of withdrawal from the plan.

Employee benefits

Italian legislation (art. 2120 of the Civil Code) requires that, on the date of termination of their employment with the company, each employee receives compensation known as ESI (Employee Severance Indemnity). Calculation of this indemnity is based on certain items that form the annual employee remuneration for each year of employment (re-valued as necessary) and on the length of service. According to statutory Italian legislation, 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.
The Company records actuarial gains or 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. The actuarial valuation of the liability was entrusted to an independent actuary.
The Company 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 cases a), c) or d) and on the renewal or extension date for scenario b).

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

Financial leasing contracts, which substantially transfer all risks and rewards of the leased asset to the 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 rental fees. Rental fees 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 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 service

The main types of service provided by the Group, separately or jointly as part of Integrated Services, are:

- management and maintenance of properties 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 sterilization 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 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 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 financial statement purposes or the profit or loss calculated for tax purposes;
- with reference to taxable temporary differences associated with equity investments in subsidiaries, associates and joint ventures, in the event in which the reversal of the temporary differences can be controlled and it is not likely to occur in the foreseeable future.

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

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

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

reviewed annually at the balance sheet date and are recorded to the extent it has become likely that the tax profit is sufficient to allow said deferred tax assets to be recovered.

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

VAT
Revenues, costs and assets are recorded net of VAT, with the exception of the case in which said tax applied to the purchase of goods or services is non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the cost item booked to the income statement. Trade receivables and payables for which an invoice has already been issued are carried inclusive of tax.
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 such method.
In particular, the transaction is considered a hedge if documentation exists on the relationship between the hedging instrument and the liability hedged that shows risk management objectives, the hedging strategy and methods used to verify the effectiveness of the hedge. A transaction is considered a hedge if the effectiveness is verified at the moment it starts and, going forward, confirmed during its entire life.
Within the scope of the International Accounting Standards (IFRS), these instruments are viewed as derivative financial instruments. These derivative financial instruments are initially recorded at fair value at the date they are stipulated; subsequently, said fair value is periodically re-measured. They are accounted as assets when the fair value is positive and liabilities in the case of a negative fair value.
Any 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.

Operating segments – Earnings per share

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 statement.

3. BUSINESS COMBINATIONS

3.1 Acquisition of the "Auchan" business unit

On 29 November 2013 the subsidiary Manutencoop Private Sector Solutions S.p.A. transferred the business unit providing maintenance services for the Auchan retail network to MFM S.p.A., with effect from 1 December 2013.
The total agreed price for the transaction was € 108 thousand, an amount which was fully paid out after the completion of the transaction.

The transaction which can be described as a "business combination under common control", falls outside the scope of application of IFRS 3, as noted and detailed in OPI 1 (*Orientamenti preliminari Assirevi*, Assirevi Preliminary Guidelines dealing with IFRS).
It should be pointed out that the accounting effects have been determined by applying the general principle of continuity of values as permitted by IAS 8.

As a result of the accounting treatment adopted, the transaction has not entailed the recognition of present values higher than those already reported in the consolidated financial statements. Therefore, the difference between the price paid for the business unit and the statement of financial position involved in the business unit has been recognized as a reduction in the equity reserves for an amount of € 108 thousand, gross of tax effect.

The table below reports the value of acquired assets and liabilities as at the acquisition date, the difference between the purchase value and book value of the same and the net cash flows used in the acquisition:

(in thousand Euro)	Recognized value	Book value
Assets		
Cash and cash equivalents	492	569
TOTAL ASSETS	**492**	**569**
Liabilities		
Employee termination indemnity	150	151
Provisions for risks and charges	150	150
Payables to employees	192	268
TOTAL LIABILITIES	**492**	**569**
Fair value of net assets	**0**	**0**
Goodwill arising from the combination	108	
Total value of the business combination	**108**	
Consideration paid to the transferor	108	
TOTAL VALUE OF THE BUSINESS COMBINATION	**108**	
Net cash flow used in the transaction		
Consideration paid to the transferor	(108)	
NET CASH FLOW USED IN THE TRANSACTION	**(108)**	

The net liquidity used in the combination is € 108 thousand.

4. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in property, plant and equipment owned in the year ended 31 December 2013. The historical cost and the value of the depreciation fund, at the beginning and at the end of the year, are reported at the bottom of the table.

(in thousands of Euro)	Properties	Plant and equipment and other assets	Properties under lease	Plant and equipment under lease	Total
At 1 January 2013, net of accumulated depreciation and impairment	**842**	**15,337**	**165**	**323**	**16,666**
Additions due to business combinations					
Revaluations					
Increases		965			965
Decreases from transfers or contributions	(14)				(14)
Impairment losses					
Disposals		(116)		(1)	(117)
Depreciation for the period	(236)	(3,257)	(9)	(117)	(3,619)
Reclassifications		57			57
Rounding off				1	
At 31 December 2013, net of accumulated depreciation and impairment	**592**	**12,987**	**156**	**204**	**13,939**
At 1 January 2013					
Cost	2,903	57,355	284	2,536	63,078
Accumulated depreciation and impairment losses	(2,061)	(42,018)	(119)	(2,213)	(46,412)
Net Book Value	842	15,337	165	323	16,666
At 31 December 2013					
Cost	2,472	57,129	284	643	60,528
Accumulated depreciation and impairment losses	(1,881)	(44,142)	(128)	(439)	(46,590)
Net Book Value	592	12,987	156	204	13,939

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

There are no fixed assets which have been subject to revaluations in the current financial year or in previous years.

The table below shows the movements in tangible fixed assets owned in the year ended 31 December 2012; the historical cost and the value of the depreciation fund, at the beginning and at the end of the year, are reported at the bottom of the table.

(in thousands of Euro)	**Properties**	**Plant and equipment and other assets**	**Properties under lease**	**Plant and equipment under lease**	**Total**
At 1 January 2012, net of accumulated depreciation and impairment	**1,094**	**16,812**	**173**	**482**	**18,562**
Additions due to business combinations		5			5
Revaluations					0
Increases		2,200			2,200
Decreases from transfers or contributions					0
Impairment losses					0
Disposals		(331)			(331)
Depreciation for the period	(253)	(3,359)	(9)	(150)	(3,771)
Reclassifications		10		(10)	0
At 31 December 2012, net of accumulated depreciation and impairment	**842**	**15,337**	**165**	**323**	**16,666**
At 1 January 2012					
Cost	3,024	57,001	284	3,587	63,896
Accumulated depreciation and impairment losses	(1,929)	(40,190)	(111)	(3,104)	(45,334)
Net book value	1,095	16,811	173	483	18,562
At 31 December 2012					**0**
Cost	2,903	57,355	284	2,536	63,078
Accumulated depreciation and impairment losses	(2,061)	(42,018)	(119)	(2,213)	(46,412)
Net Book Value	842	15,337	165	323	16,666

5. INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the year ended 31 December 2013. The historical cost and the value of the amortization fund, at the beginning and at the end of the year, are reported at the bottom of the table.

(in thousands of Euro)	Other intangible assets	Goodwill	Total
At 1 January 2013, net of accumulated amortisation and impairment losses	**20,551**	**288,649**	**309,201**
Increases	8,687		8,687
Impairment losses			
Disposals			
Amortization	(6,205)		(6,205)
Other	(56)		(56)
At 31 December 2013	**22,977**	**288,649**	**311,626**
At 1 January 2013			
Cost	61,701	346,126	407,828
Accumulated amortization and impairment losses	(41,150)	(57,477)	(98,627)
Net Book Value	20,551	288,649	309,201
At 31 December 2013			
Cost	70,327	346,126	416,453
Accumulated amortization and impairment losses	(47,350)	(57,477)	(104,827)
Net Book Value	22,977	288,649	311,626

The backlog entered under other intangible assets amounted to € 4,070 thousand at 31 December 2013. Their value is equal to the historical cost of backlog, net of accumulated amortization.

With reference to the item 'Other intangible assets', the increases relate mostly to software and investments relating to the category "intangible assets in progress", which includes IT projects still not completed.

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.
At 31 December 2013 goodwill amounted to € 288,649 thousand; it is tested for impairment on an annual basis, as described in paragraph 6 below.

In 2013 the portion of amortization of intangible assets amounted to € 6,205.

The table below shows the changes that occurred in intangible assets in the year ended 31 December 2012. The historical cost and the value of the amortization fund, at the beginning and at the end of the year, are reported at the bottom of the table.

(in thousands of Euro)	Other intangible assets	Goodwill	Total
At 1 January 2012, net of accumulated amortization and impairment	**20,104**	**288,649**	**308,753**
Increases	6,913		6,913
Impairment losses			
Disposals			
Amortization	(6,466)		(6,466)
At 31 December 2012	**20,551**	**288,649**	**309,201**
At 1 January 2012			
Cost	54,788	346,126	400,914
Accumulated amortization and impairment losses	(34,685)	(57,477)	(92,162)
Net Book Value	20,104	288,649	308,753
At 31 December 2012			
Cost	61,701	346,126	407,828
Accumulated amortization and impairment losses	(41,150)	(57,477)	(98,627)
Net Book Value	20,551	288,649	309,201

6. IMPAIRMENT TEST OF GOODWILL

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

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

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

The analysis had a successful outcome, confirming that the recoverable value exceeds the associated carrying amount, therefore no impairment of goodwill was required.

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

The projected cash flow contained in the latest financial plan is used for the calculation, approved on 18 December 2013, relating to a period of three years.

The estimated value in use is based on the following assumptions:

- the expected future cash flows for the period 2014-2016, as already specified, were extrapolated from the Business Plan. The main assumptions on which Management based cash flow projections for the purpose of impairment test of goodwill are:
    - Determination of the value of the forecast gross margins according to the projection of the backlog of existing service contracts, augmented by the assumption of new portfolio acquisitions.
    - 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.
- a terminal value used to estimate future results beyond the time horizon expressly considered. The terminal value was determined by applying a NOPAT based on 2014 EBIT, net of a nominal tax rate. As regards long-term growth rates, a steady assumption of 1% has been considered;
- the expected future cash flows were discounted back at a discount rate (WACC) of 7.92% (2012: 7.46%). The WACC was determined by using the Capital Asset Pricing Model ("CAPM"), by which the risk-free rate was calculated with reference to the curve of the rates of return of Italian long-term government bonds, while the non-diversifiable systematic risk ratio (*βeta*) and the debt/equity ratio were extrapolated from the analysis of a group of comparable companies operating in the European facility management. In addition, in order to reflect the uncertainty of the current economy and the future market conditions, the cost of the equity component of the WACC rate was increased with a risk premium of 100 basis points in each period of time.

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

On a prudential basis, a "Worst Case" was outlined with reference to the WACC and to the growth rates applied. In simulating nil growth rates (equal to 0%), also in combination with a WACC exceeding those applied by a percentage point (and, then, equal to 8.92%) there would be no need to make write-downs in both CGUs/SBUs, as the recoverable value would exceed the related book value.

7. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

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

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

SUBSIDIARIES	Registered office	Share Capital Held
Logistica Sud Est Soc. Cons. a r.l.	Zola Predosa (BO)	60%
MCF Servizi Integrati Soc. Cons. a r.l.	Zola Predosa (BO)	60%
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. in liquidation	Zola Predosa (BO)	60%
Palmanova servizi energetici Soc.Cons. a r.l.	Zola Predosa (BO)	60%
Servizi l'Aquila Soc.Cons. a r.l.	Zola Predosa (BO)	60%
Consorzio Igiene Ospedaliera Soc.Cons. a r.l.	Zola Predosa (BO)	67%
Gymnasium Soc.Cons. a r.l.	Zola Predosa (BO)	68%
Manutencoop Private Sector Solutions S.p.A.	Zola Predosa (BO)	100%
Co.Ge.F. Soc.Cons. a r.l.	Zola Predosa (BO)	80%
Simagest 3 Soc.Cons. a r.l.	Zola Predosa (BO)	90%
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%
MACO S.p.A.	Zola Predosa (BO)	100%
Gruppo Sicura S.r.l.	Vicenza (VI)	80%
S.AN.GE Soc. Cons. a r.l.	Milan (MI)	89%
Consorzio Sermagest Servizi Manutentivi Gestionali in liquidazione	Rome (RM)	60%
S.AN.CO. Soc. Conso a r.l.	Milan (MI)	52%
Telepost S.p.A.	Zola Predosa (BO)	100%
ISOM Gestione Soc. Cons. a r.l.	Zola Predosa (BO)	53%
Servizi Taranto Soc. Cons. a r.l.	Taranto (TA)	60%
ISOM Lavori Soc. Cons. a r.l.	Zola Predosa (BO)	63%
Kanarind Soc. Cons. a r.l.	Zola Predosa (BO)	62%
Global Oltremare Soc. Cons. a r.l.	Zola Predosa (BO)	60%

JOINT VENTURES	Registered office	Share Capital Held
CO. & MA. Società Consortile a r.l.	Tremestieri Etneo (CT)	50%
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	Registered office	Share Capital Held
UFS - United Facility Solutions	Brussels	33%
Savia Soc. Cons. a r.l.	Forlì (FC)	49%
Gico Systems S.r.l.	Zola Predosa (BO)	20%
Como Energia Soc.Cons. a r.l.	Como	30%
Perimetro Gestione Proprietà Immobiliari Soc. Cons. p. A.	Siena (SI)	20%
Se.Sa.Mo. S.p.A.	Carpi (Mo)	21%
Global Riviera Soc.Cons. a r.l.	Zola Predosa (Bo)	23%
Newco DUC Bologna S.p.A.	Bologna	25%
PBS Soc.Cons. a r.l.	Milan	25%
Bologna Più Soc.Cons. a r.l.	Bologna	26%
Global Provincia di Rimini Soc.Cons. a r.l. in liquidation	Zola Predosa (Bo)	42%
Roma Multiservizi S.p.A.	Rome	45%
Global Vicenza soc.cons. a r.l.	Concordia sulla Secchia (MO)	41%
Bologna Multiservizi soc.cons. a r.l.	Casalecchio di Reno (BO)	39%
Livia Soc. Cons. a r.l.	Zola Predosa (Bo)	34%
Bologna Gestione Patrimonio Soc. Cons. a r.l.	Bologna	28%
Servizi Napoli 5 Soc. Cons. a r.l.	Zola Predosa (Bo)	45%
Costruzione Manutenzione Immobili S.r.l. in liquidazione	Bologna	40%
Progetto Nuovo Sant'Anna S.r.l.	Milan	24%
Logistica Ospedaliera Soc. Cons a r.l.	Caltanissetta (CL)	45%
Synchron Nuovo San Gerardo S.p.A.	Zola Predosa (Bo)	26%
Grid Modena S.r.l.	Modena	23%
Progetto ISOM S.p.A.	Zola Predosa (BO)	37%

INVESTMENTS IN ASSOCIATES CLASSIFIED AS HELD FOR SALE	Registered office	Share Capital Held
Energyproject S.r.l.	Milan (MI)	100%

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

SUBSIDIARIES *(in thousands of Euro)*	**Balance as at 01/01/2013**	**Increase**	**Decrease/ write-down**	**Reclassific.**	**Balance as at 31/12/2013**
Servizi Marche s.cons.r.l.	6				6
Consorzio Imolese Pulizie s.cons.r.l.	6				6
Kanarind Soc. Cons. a r.l.	6				6
Servizi Ospedalieri S.p.A.	80,570				80,570
S.I.MA.GEST2 s.cons.r.l. in liquidation	45				45
S.I.MA.GEST3 s.cons.r.l. in liquidation	45				45
Consorzio Servizi Toscana s.cons.r.l.	6				6
Gymnasium s.cons.r.l.	7				7
Gestlotto6 soc.cons.r.l.	50				50
Servizi Brindisi s.cons. a r.l.	5				5
Co.Ge.F. s. cons. a r.l.	8				8
Palmanova servizi energetici s. cons. a r.l.	6				6
Servizi l'Aquila s.cons.r.l.	12				12
Società Manutenzione Illuminazione S.p.A.	1,110	500	1,449		161
Manutenzione Installazione Ascensori S.p.A.	15,000		6,212		8,788
Gruppo Sicura S.p.A.	34,959		2,093		32,866
Energyproject S.r.l.	812	150	302	(660)	
Consorzio Sermagest Servizi Manutentivi Gestionali					
MACO S p.A.	366	42	324		84
Consorzio Igiene Ospedaliera s. cons. a r.l.	7				7
Alisei S.r.l.					
Manutencoop Private Sector Solutions S.p.A.	15,796		3,025		12,771
Telepost S.p.A.	7,299				7,299
S.AN.CO. Soc. Cons. a r.l.	5				5
S.AN.GE Soc. Cons. a r.l.	9				9
Servizi Taranto Soc. Cons. a r.l.	6				6
Isom Gestione Soc. Cons. a r.l.	5				5
Global Oltremare Soc. Cons. a r.l.	6				6
Isom Lavori Soc. Cons. a r.l.	6				6
MCF Servizi Integrati Soc. Cons. a r.l.		6			6
Logistica Sud Est Soc. Cons. a r.l.		6			6
Total Subsidiaries	**156,158**	**704**	**13,405**	**(660)**	**142,797**

JOINT-VENTURES *(in thousands of Euro)*	Balance as at 01/01/2013	Increase	Decrease/ write-down	Reclassific.	Balance as at 31/12/2013
CO. & MA. Società Consortile a r.l.		5			5
Cardarelli Soc. Cons. a r. l.	6				6
Consorzio Leader Soc. Cons. a.r.l.	5				5
Legnago 2001 Soc. Cons a r.l.	5				5
Global Maggiore Bellaria Soc. Cons. a r.l.	0				0
Servizi Sportivi Brindisi Soc. Cons. a r.l.	5				5
Duc Dest sede unica Soc. Cons.a r.l.	10				10
UFS - United Facility Solutions		103			103
Malaspina Energy Soc. Cons. a r.l.	50				50
Total joint-ventures	**81**	**108**	**0**	**0**	**189**

ASSOCIATES *(in thousands of Euro)*	Balance as at 01/01/2013	Increase	Decrease/ write-down	Reclassific.	Balance as at 31/12/2013
Roma Multiservizi S.p.A.	3,324				3,324
Global Prov.Rimini Soc. Cons. a r.l.	4				4
Gico Systems S.r.l.	29				29
Bologna più Soc. Cons. a r.l.	5				5
Como Energia Soc. Cons. a r.l.	78				78
Global Riviera Soc. Cons. a r.l.	7				7
Newco Duc Bologna S.p.A.	1,004				1,004
Sesamo S.p.A.	606				606
P.B.S. Soc. Cons.a r.l.	25				25
Global Vicenza Soc.Cons. a r.l.	4				4
Bologna Multiservizi Soc. Cons.a r.l.	4				4
Bologna Gestione Patrimonio Soc. Cons. a r.l.	6				6
Servizi Napoli 5 Soc. Cons. a r.l.	5				5
Costruzione Manutenzione Immobili S.r.l	62				62
Livia Soc. Cons. a r.l.	3				3
Progetto Nuovo Sant'Anna S.r.l.	1,043				1,043
Perimetro Gestione Proprietà Immobiliari Soc. Cons. p. A.	1,111				1,111
Savia Soc.Cons. a r.l.	5				5
Progetto Isom S.p.A.	2,420				2,420
GRID MODENA SRL	23				23
Logistica Ospedaliera Soc. Cons a r.l.	5				5
HEADMOST Divisione Service Facility Management S.p.A.	0				0
Synchron Nuovo San Gerardo S.p.A.	2,135				2,135
Total associates	**11,906**	**0**	**0**	**0**	**11,906**
TOTAL SUBSIDIARIES, JOINT-VENTURES, ASSOCIATES	**168,145**	**812**	**13,405**	**(660)**	**154,892**

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

Società Manutenzione Illuminazione S.p.A.

The increase of € 500 thousand refers to capital contribution payment in made in 2013.
Decreases, equal to € 1,449 thousand, regard the write-down of the investment made in 2013 in order to bring its value into line with shareholders' equity and as a consequence of continuing losses.

MIA S.p.A.

On 23 September 2013 the Extraordinary Shareholders' Meeting of the subsidiary MIA S.p.A. resolved to reduce the share capital to € 6,685 thousand, divided into 6,685,000 nominal shares, to fully cover the losses realised in the last financial years. In 2013 the Company applied a write-down of the investment, equal to € 6,212 thousand, in order to bring its value into line with shareholders' equity and as a consequence of continuing losses.

Gruppo Sicura S.r.l.

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

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

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

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

In the course of the year, the present value of the earn-out was reduced by € 2,093 thousand and accounted for as the lower value of the interest held in relation to a decrease in the financial liability. The latter was carried under the assumption that the conditions for payment of the earn-out would likely arise.

Energyproject S.r.l.

On 12 April 2013 the sole quotaholder's meeting resolved to transform the subsidiary Energyproject S.p.A. from a Joint-stock Company into a Limited Liability Company.

The decrease in the value of the investment, equal to € 302 thousand, relates to the write-down made in 2013, taking account of the agreement for the transfer of the entire quota of the same, which was executed by MFM S.p.A. on 19 December 2013; the transfer of the investment took place on 31 January 2014.

The increase, equal to € 150 thousand, makes reference to the payment on account of capital made in the course of 2013.

Maco S.p.A.

Increases of € 43 thousand for the capital contribution payment made during the year.

Decreases, equal to € 324 thousand, relate to the coverage of the loss recorded by the subsidiary at 30 June 2013 and regards the write-down of the investment made in 2013 in order to bring its value into line with shareholders' equity and as a consequence of continuing losses.

Manutencoop Private Sector Solutions S.p.A.

The decrease, equal to € 3,025 thousand, regards the write-down of the investment made in 2013 in order to bring its value into line with its recoverable value through use.

MCF Servizi Integrati Soc. Cons. a r.l.

19 April 2013 saw the incorporation of "MCF Servizi Integrati Società Consortile a r.l." concerning integrated and coordinated services for the maintenance and operation of the property assets pertaining to HERA SPA GLOBAL SERVICE. The Company subscribed 60% of the quota capital, equal to € 6 thousand.

Logistica Sud Est Soc. Cons. a r.l.

5 July 2013 saw the incorporation of "Logistica Sud Est Soc. Cons. a r. l." concerning the management of the logistics service contract for ESTAV SUD EST. The Company subscribed 60% of the quota capital, equal to € 6 thousand.

UFS - United Facility Solutions

5 July 2013 saw the incorporation of United Facility Solutions S.a., based in Brussels, of which MFM S.p.A. as founder shareholder, together with its French partner Atalian Holding Development and Strategy S.a.r.l. and its Spanish partner Clece S.a.. The aim of this special purpose vehicle is to foster a European alliance among leading companies in their respective national facility management markets that can capture market shares by acquiring customers with cross-border distribution businesses, at the moment out of reach of single members or associates. The main commercial targets are multinationals and transnational public customers (e.g. the European Community, the United Nations, etc.).

8. OTHER INVESTMENTS

(in thousands of Euro)	2013	2012
Other investments	2,504	2,521
TOTAL	**2,504**	**2,521**

Investments in companies in which the Company has no significant or controlling interests were acquired for strategic/production purposes; indeed, these investments are all related to production sites and also mostly regard investments in consortia for cost charge-back. This item was valued at purchase or establishment cost since there is no active market in these securities, which for the most part cannot be freely transferred to third parties due to limitations and covenants preventing their free circulation. In any case, this valuation method provides an adequate measure of the security's fair value.
The change, with respect to the previous year, mainly derives from the decrease of € 19 thousand, due to the completion of the winding-up of COVEDI S.r.l..

9. NON-CURRENT FINANCIAL ASSETS

(values thousands of Euro)	31 December 2013	31 December 2012
Non-current financial assets	59,568	9,610
TOTAL	**59,568**	**9,610**

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

The nominal value of non-interest bearing amounts at year-end amounted to € 3,659 thousand, while the discount fund amounted to € 780 thousand.

The increase compared to the previous year was attributable to the shareholder loans granted to the subsidiaries *(*proceeds loans*)*, at the time of the issue of the senior secured fixed-rate bond issue, for an overall amount of € 425 million, due 2020, reserved for institutional investors; the loans, which were disbursed on 2 August 2013 and have a term of 7 years are the following:

- a shareholder loan (Proceeds Loan) amounting to € 16,907 thousand granted to Manutencoop Private Sector Solutions S.p.A., due August 2020 (in line with the term of the bond issue). This shareholder loan has been used to discharge the short-term bank debt and to refinance the agreements for the assignments of trade receivables, without recourse and on a revolving basis, in place with Banca IMI. The Company has also charged costs of € 687 thousand to Manutencoop Private Sector Solutions S.p.A. in relation to the bond issue (consultancy and financial fees), of which € 511 thousand, in accordance with IAS 32, have been treated according to the amortised cost method and will contribute to the financial cost of the debt in question through the term of the same. The loan provide

for the payment of six-monthly interest at an annual fixed rate of 8.5% throughout its term. In 2013 interest accrued on the loan amounted to € 595 thousand and were classified under current financial receivables;

- a shareholder loan (Proceeds Loan) amounting to € 32,274 thousand granted to Servizi Ospedalieri S.p.A., due August 2020 (in line with the term of the bond issue). This shareholder loan has been used to discharge the short-term bank debt and to refinance the agreements for the assignments of trade receivables, without recourse and on a revolving basis, in place with Credit Agricole Investment Bank. The Company has also charged costs of € 1,311 thousand to Servizi Ospedalieri S.p.A. in relation to the bond issue (consultancy and financial fees), of which € 975 thousand, in accordance with IAS 32, have been treated according to the amortised cost method and will contribute to the financial cost of the debt in question through the term of the same. The loan provide for the payment of six-monthly interest at an annual fixed rate of 8.5% throughout its term. In 2013 interest accrued on the loan amounted to € 1,135 thousand and were classified under current financial receivables.

On 14 November 2013, the Company also granted a shareholder loan to the subsidiary MIA S.p.A. for € 2,151 thousand.

10. OTHER NON-CURRENT ASSETS

(values thousands of Euro)	31 December 2013	31 December 2012
Other non-current assets	1,275	1,071
TOTAL	**1,275**	**1,071**

Other non-current assets mainly consist of security deposits related to certain commercial contracts and loans granted to employees.

11. INVENTORIES

(values thousands of Euro)	31 December 2013	31 December 2012
Raw materials and consumable	1,514	2,224
TOTAL	**1,514**	**2,224**

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

12. TRADE RECEIVABLES, ADVANCES TO SUPPLIERS

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

(in thousands of Euro)	31 December 2013	31 December 2012
Trade receivables, gross	414,653	396,662
Provision for the discounting of trade receivables	(113)	(70)
Allowance for doubtful accounts	(19,464)	(19,266)
Advances to suppliers	3,360	1,240
Trade receivables due from third parties	**398,437**	**378,567**
Inventories of contract work in progress	17,129	17,075
Contract work in progress	**17,129**	**17,075**
Trade receivables from parent companies	56	55
Trade receivables from subsidiaries	84,144	95,977
Trade receivables from joint ventures	8,544	7,856
Trade receivables from associates	12,679	13,028
Trade receivables from affiliates	91	123
Trade receivables due from Related parties	**105,513**	**117,039**
Trade receivables and advances to suppliers	**521,080**	**512,681**

The balance of trade receivables and advances to suppliers, which also includes inventories of contract work in progress, amounted to € 521,080 thousand as at 31 December 2013, showing an increase of € 8,399 thousand compared to the amount of € 512,681 thousand recorded as at 31 December 2012.
The change is mainly due to the increase in gross trade receivables, which amounted to € 414,653 thousand at 31 December 2013 (31 December 2012: € 396,662 thousand), against the related adjustment provisions that showed a balance of € 19,577 thousand at 31 December 2013 (31 December 2012: € 19,336 thousand).

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

(in thousands of Euro)	31 December 2012	Provisions	Releases	31 December 2013
Provision for discounting of trade receivables	70	113	(70)	113

As at 31 December 2013 a provision of € 113 thousand was booked against a balance of € 70 thousand in the previous year.
With respect to non-performing receivables which are difficult to fully recover, a specific write-down provision was set aside, deemed suitable with respect to known disputes at the balance sheet date.

(in thousands of Euro)	31 December 2012	Increases	Other provisions	Utilisations	Releases	Reclass.	31 December 2013
Allowance for doubtful accounts -Customers	19,266	1,972	200	(1,808)	(218)	52	19,464

Provisions include those for default interest set aside in the year for € 200 thousand (€ 539 thousand at 31 December 2012). This provision is charged to the income statement as a direct deduction of income for penalty interest.

For details on the terms and conditions relating to receivables from related parties, reference should be made to note 37.

The table below shows the analysis of trade receivables due from third parties net of the write-down provision and including the provision for discounting in place as at 31 December 2013:

(in thousands of Euro)	Total	Trade receivables reaching maturity	Overdue trade receivables				
			< 30 days	30 – 60 days	60 – 90 days	90 – 120 days	after 120 days
31 December 2013	395,190	260,734	31,426	21,397	11,689	13,903	56,040
31 December 2012	394,594	275,304	16,990	12,097	7,758	7,747	74,697

In the first half of 2013 the Company transferred receivables originating from commercial activities to Credit Agricole Corporate & Investment Bank and Banca IMI S.p.A., in order to free up resources in support of industrial growth measures for the Company.

Non-recourse factoring of receivables was issued in 2013 for a total nominal value of € 7,924 thousand to Credit Agricole Corporate & Investment Bank and € 134,087 thousand to Banca IMI S.p.A.. Furthermore, a non-recurring assignment was carried out with Credemfactor S.p.A –Credito Emiliano Banking Group in relation to the receivables due from a public entity for € 1.1 million.

Given the characteristics of the transaction described above, the receivables were derecognized and costs for credit discount for an amount of € 503 thousand and for interest discount for € 1,851 thousand.

At 31 December 2013, the total receivables transferred through factoring by the Group to factoring agencies and still not collected amounted to € 13.3 million (€ 102,183.4 million at 31 December 2012).

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.

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

No further assignments of trade receivables without recourse took place during the last half-year after the gradual abandonment of revolving programmes for the assignment of trade receivables without recourse to Crédit Agricole Corporate & Investment Bank and to Intesa San Paolo.

13. OTHER CURRENT ASSETS

(in thousands of Euro)	31 December 2013	31 December 2012
Receivables due from employees	391	372
Advances to supplier	614	543
Due from social security institutions	501	368
Due from parent company	10	16
Due from subsidiaries	267	102
Due from associates		15
Due from INPDAP	2,176	2,176
Due from INAIL	510	732
VAT credits due from tax authorities	550	366
Miscellaneous	12,473	3,851
Due from tax authorities	1,925	2,682
TOTAL OTHER CURRENT ASSETS	**19,419**	**11,224**

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

On 4 March 2013 the Emilia Romagna Regional Head Office of the Italian Revenue Agency ("*Agenzia delle Entrate*") started a full tax audit on the Parent Company, MFM S.p.A., in connection with the tax year 2010. The tax audit was completed on 30 May 2013 with the service of two PVCs (*Processi Verbali di Constatazione*, Reports on findings), in which the only remark was the non-compliance with VAT reduced rate, which had been wrongly applied in the invoices related to a specific contract. The management then filed formal notices of acceptance of the PVCs with the competent tax offices, which were followed by the related "*atti di definizione*" (deeds of settlement) of the Italian Revenue Agency, which required the payment of € 4,019 thousand on account of VAT, a penalty of € 837 thousand and € 376 thousand on account of interest. MFM S.p.A. has already taken steps to ask the client, to which the reduced rate has been invoiced in place of the standard rate, to refund the portion of tax involved (€ 4,019 thousand), applying the so called principle of recourse (*rivalsa*) laid down under article 93, paragraph 1, of Decree Law no. 1 of 24 January 2012, as converted by Law no. 27 of 24 March 2012. These amounts have been acounted for under sundry receivables. The tax debt for the financial years following that of the audit was also paid off, entailing additional costs of € 60 thousand of penalties and € 36 thousand on account of interest.

In 2013 the provision for doubtful accounts (€ 595 thousand) was allocated after analysing each receivable, also taking into account maturity and recoverability.

14. CURRENT FINANCIAL ASSETS

(in thousands of Euro)	31 December 2013	31 December 2012
Global Prov. Rimini Soc. Cons. a r.l.	170	170
Consorzio Imolese Pulizie Soc.cons.r.l.	36	36
Gymnasium Soc.cons.r.l.	7	7
Gestlotto6 Soc.cons.r.l.	20	20
Bologna Più Soc. Cons. r.l.	39	0
Intercompany financial receivables from companies in liquidation	**272**	**233**
CO.VE.DI. S.r.l.	0	256
Società Manutenzione Illuminazione S.p.A.	9,209	14,277
Maco SpA	2,279	343
Manutenzione Installazione Ascensori S.p.A.	32,197	28,279
Servizi Ospedalieri S.p.A.	32,130	32,509
Simagest 2 in liquidation	0	32
Consorzio Igiene Ospedaliera Soc.cons.r.l.	1	1
Energy Project S.p.A.	4,715	8,487
S.AN.GE Soc. Cons. a r.l.	3,729	3,650
Intercompany financial receivables	**84,260**	**87,832**
Servizi Ospedalieri S.p.A.	1,135	
Manutencoop Private Sector Solutions S.p.A.	595	
Manutenzione Installazione Ascensori S.p.A.	24	
Intercompany financial receivables for interest	**1,754**	**0**
Gruppo Sicura S.p.A.	800	
CO.VE.DI. S.r.l.	61	
Karabak	0	2
Dividends to be collected	**861**	**2**
Financial receivables from others	**115**	**334**
Lien on Intesa Securitization	**8,834**	**7,260**
Receivable for transfer of the IT systems business unit	**439**	**244**
TOTAL CURRENT FINANCIAL ASSETS	**96,535**	**95,905**

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. 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.

Total current financial assets came to € 96,535 thousand. The change during the year is essentially due to:

- the increase in receivables due from Group companies for interest accrued on the subordinated loans granted to the subsidiaries Servizi Ospedalieri S.p.A. and Manutencoop Private Sector Solutions S.p.A. as described in note 8;
- the increase in the secured current account subject to a lien for service management in relation to non-recourse factoring with Banca IMI which, at 31 December 2013, showed a balance of € 8,834 thousand against € 7,260 thousand at 31 December 2012.

15. CASH AND CASH EQUIVALENTS

(in thousands of Euro)	31 December 2013	31 December 2012
Bank deposits on demand and cash on hand	138,470	17,533
Deposit with consortia	11,365	12,303
TOTAL CASH AND CASH EQUIVALENTS	**149,834**	**29,836**

Bank deposits accrue interest at the respective short-term interest rates. Amounts deposited at Consorzio Cooperativo Finanziario Per Lo Sviluppo (C.C.F.S.) and Consorzio Nazionale Servizi (C.N.S.), included in the item "Deposit with consortia", also have the nature of available current accounts and accrue interest.
The fair value of cash and cash equivalents is therefore € 149,834 thousand (2012: € 29,836 thousand).
Cash and cash equivalents recorded a significant increase, passing from € 29,836 thousand at 31 December 2012 to € 149,834 thousand at 31 December 2013, above all in relation to the contribution of proceeds from the bond issue carried out in 2013. At 31 December 2013 the item included the balance of the time deposit held with UNIPOL Banca for € 40,000 thousand, expiring on 28 February 2014.
Bank deposits accrue interest at the respective short-term interest rates.
Amounts deposited at Consorzio Cooperativo Finanziario Per Lo Sviluppo (C.C.F.S.) and Consorzio Cooperative Costruzioni (C.C.C.), which constitute a part of the balance of deposit with Consortia have the nature of deposit on demand and accrue interest.

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

Assets held for disposal and liabilities directly associated with assets held for disposal amounted to € 660 thousand at 31 December 2013. This item includes the value of the investment Energyproject S.r.l., as on 19 December 2013 the Company entered into an agreement for the transfer of the entire corporate quota which provides for the transfer of the Quota held in the Company within 31 January 2014.

17. SHARE CAPITAL AND RESERVES

(in thousands of Euro)	2013	2012
Share Capital - Ordinary Shares	109,150	109,150

Ordinary shares have a nominal value of Euro 1 each.

Ordinary shares issued and fully paid up at 31 December 2013 amounted to 109,149,600.
The Company does not hold own shares.

Reserves and Retained Earnings

The table below shows changes in shareholders' equity reserves.

(in thousands of Euro)	Share premium reserve	Legal Reserve	Other reserves	TOTAL RESERVES	Retained profits/losses
At 31 December 2011	**145,018**	**15,812**	**17,703**	**178,533**	**3,809**
2011 Allocation of profits		345	6,564	6,909	
Total comprehensive profit/(loss)			(1,079)	(1,079)	
At 31 December 2012	**145,018**	**16,157**	**23,188**	**184,363**	**3,809**
2012 Allocation of profits		1,312	24,933	26,246	
Total comprehensive profit/(loss)			1,252	1,252	0
Other transactions			(78)	(78)	
At 31 December 2013	**145,018**	**17,469**	**49,295**	**211,782**	**3,809**

It should be noted that:

- Other Reserves rise in relation to the allocation of profit from the previous year, for € 26,246 thousand;
- Total comprehensive profit/(loss) amounting to € 1,252 thousand, includes:
  - The increase in net actuarial gains and losses under equity for € 365 thousand, net of tax effect;
  - The closing balance of the fair value of the hedging IRS derivatives concerning the BNP Paribas loan which was repaid in the year, net of related tax effect, for € 887 thousand;
- Other Reserves decreased by € 78 thousand, net of tax effect, following the acquisition of the Auchan Client Business Unit as a transaction under common control, as described in paragraph 3.

Nature and purpose of other reserves

(in thousands of Euro)				Summary of utilization in 3 previous years	
NATURE/DESCRIPTION	**Amount**	**Possibility of use**	**Amount available**	**For covering losses**	**For other reasons**
Share Capital	**109,150**				
Share Capital reserve:					
• Share premium reserve	**145,018**	**A,B,C**			
Profit reserves:					
• Legal Reserve	16,157	B	16,157		
• Extraordinary Reserve	55,861	B,C	55,861		
• Profits/-Losses carried forward	3,809	B,C	3,809		
TOTAL	**329,995**				
Non-distributable portion	125,307				
Remaining distributable portion	204,688				

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

18. EMPLOYEE TERMINATION INDEMNITY (TFR)

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

Details of the net cost of the benefit, included in personnel costs, are shown below.

(in thousands of Euro)	31 December 2013	31 December 2012
Interest expenses on benefit obligation	434	616
Net actuarial gains (losses) recorded in the year (to shareholders' equity)	(504)	1,695
NET COST OF THE BENEFIT	**(70)**	**2,311**

The financial costs of the obligation, social security costs and the curtailment are accounted for under personnel costs, while actuarial gains and losses are entered, as already specified, directly under an equity reserve.

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

(in thousands of Euro)	31 December 2013	31 December 2012
Opening balance of the present value of the defined benefit obligation	15,710	15,301
Increases/ (decreases) for personnel acquired in the business combinations	150	60
Increases/ (decreases) for transfer	95	41
Benefits paid	(1,723)	(2,003)
Interest expenses on benefit obligation	434	616
Net actuarial gains (losses) recognised in the year	(504)	1,695
CLOSING BALANCE OF THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION	**14,162**	**15,710**

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

REFERENCE RATES	% 2013	% 2012
Discount rate	3.30%	2.90%
Inflation rate	2,00%	2,00%
Turnover	1.50% before the age of 50, 11.50% after the age of 50	1.50% before the age of 50 , 11.50% after the age of 50

The discount rates used to assess the ESI obligation are defined on the basis of curves of rates of return of high-quality fixed-interest securities, the amounts and maturity dates of which correspond to the amounts and maturity dates of the payments of expected future benefits. In 2013 the discount rate was equal to 3.3% (2012: 2.9%).
The estimated turnover rate varies according to the age of the participant in the plan, which is assumed as an average data on the basis of the composition of the population.

The effects on the ESI obligation from the increasing or decreasing measurement of the financial rates in relation to reasonably possible changes in interests rates and in the assumptions of average duration of the working population, while maintaining all the other variables unchanged, are illustrated below.

	Discount rate	Actuarial assumptions	Employee termination indemnity
Financial year ended 31 December 2013	+ 0.25 bps	+ 0.08 pps	13,874
	- 0.25 bps	- 0.08 pps	14,459
Financial year ended 31 December 2012	+ 0.25 bps	+ 0.08 pps	15,378
	- 0.25 bps	- 0.08 pps	16,053

Below are reported the data relating to the average number of the Company's employees and of the workers provided to the Company by Manutencoop Società Cooperativa:

	2013	2012
Executives	42	43
Office workers	863	812
Manual workers	12,223	11,448
EMPLOYEES	**13,128**	**12,303**

In 2013, the average number of leased personnel employed, including those shown in the table, stood at 548 (2012: 541).

19. PROVISIONS FOR RISKS AND CHARGES

The breakdown of the provisions for risks and charges in 2013 is shown below.

(in thousands of Euro)	Risks on job orders	Pending disputes	Bonuses for employees	Investment risks	Corporate reconstruc.	Tax disputes	Employee legal proceedings	Other provisions	Total
At 1 January 2013	**8,556**	**3,509**	**3,520**	**47**	**0**	**1,083**	**1,913**	**94**	**18,721**
Provisions	3,501	286	1,720	13	150		1,918	447	8,035
Utilization	(888)	(84)	(1,709)				(446)	(92)	(3,219)
Unused and reversed	(154)	(667)	(46)			(112)	(731)	(2)	(1,712)
Other	(81)	(22)					150	2	49
At 31 December 2013	**10,934**	**3,022**	**3,485**	**60**	**150**	**971**	**2,804**	**447**	**21,874**
Current 2013	10,577	349	2,018	60	150	971		447	14,573
Non-current 2013	357	2,673	1,467				2,804		7,301
At 31 December 2013	**10,934**	**3,022**	**3,485**	**60**	**150**	**971**	**2,804**	**447**	**21,874**
Current 2012	8,199	399	1,455	47		1,083		92	11,275
Non-current 2012	357	3,111	2,065				1,913		7,446
At 31 December 2012	**8,556**	**3,510**	**3,520**	**47**		**1,083**	**1,913**		**18,721**

Provision for risks on job orders

The provision of € 3,501 thousand is to cover risks relating to certain job orders in progress for charges that are likely to be incurred, in relation to customer disputes. The provisions made represent the best estimate on the basis of knowledge possessed at the reporting date.

Provision for pending disputes

At the end of the financial year, the company assesses the risk of having to pay future compensation in the event of unsuccessful legal disputes with customers, suppliers and employees. In 2013 the provision was adjusted by an amount of € 286 thousand. Furthermore, some disputes were settled, which originated uses of € 84 thousand and releases of € 667 thousand.

Bonuses for employees

The amount of € 1,720 thousand was set aside in respect of the estimated disbursement that will be made on the basis of the results obtained by company management and for which, an accurate amount cannot be defined annually, given that an incentive plan was set out linked to the achievement of medium-term objectives.

Provision for investment risks

The provision to cover investments, amounting to € 60 thousand, increased in the year as a result of the provision set aside to cover any future losses of Alisei S.r.l. in liquidation for € 13 thousand.

Provision for corporate reconstruction

The provision includes early retirement incentives, as well as voluntary redundancy costs, equal to € 150 thousand, as estimated by the Company at the balance sheet date.

Tax dispute provision

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

- € 900 thousand were allocated as result of the tax dispute raised with the Turin Customs Agency against the payment notice issued by the latter, for the dispute related to the non-payment of taxes and the provincial surcharge, plus interest and penalties. The aforementioned notice was challenged under appeal before the Provincial Tax Commission of Turin which fully cancelled the notice. The Customs Agency filed an appeal against the ruling before the Regional Tax Commission of Turin. The ruling issued by the Commission radically subverted the principle expressed by the Provincial Tax Commission of Turin. The company Gestin Facility S.p.A., now incorporated in Manutencoop Facility Management S.p.A., therefore filed an appeal against this ruling before the Corte di Cassazione;
- € 45 thousand were allocated based on the tax dispute with Customs Agency of Turin, which arose following an administrative technical report on the Ivrea area.
- € 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 € 2,804 thousand, refers to the best estimation of liabilities as at 31 December 2013, whose risk is deemed to be likely, connected to ongoing labour law disputes.

Other provisions for risks and charges

The provision, equal to € 447 thousand, includes the best estimate of future charges on some contracts on the basis of the information available as at the reporting date.

20. LOANS AND OTHER FINANCIAL LIABILITIES

The items a long-term Loans and Loans and other current financial liabilities include both the non-current and current portion of loans from credit and financial institutions or from debts to other lenders recorded in the financial statements in application of the financial method of recognizing leases, as well as other current financial debts such as, for example, the debt for the acquisition of investments or business units.

The details are shown below:

(in thousands of Euro)	Total 31.12.2013	within 1 year	from 1 to 5 years	after 5 years
Senior Secured Notes	427,130	15,022		412,108
C.C.F.S. loan	17,987	17,987		
MPS	19,978	4,993	14,985	
Banca Popolare di Vicenza	25,495	12,624	12,871	
Debt for the acquisition of investments	10,610	10,610		
Financial leasing obligations	105	78	27	
Advance payment on invoices	129	129		
Current bank overdraft	0			
Loan from Parent company/Subsidiaries	24,292	24,292		
Other financial liabilities	0			
Financial liabilities measured at fair value through profit and loss	23	23		
Due to factoring agencies	8,277	8,277		
Capital contribution to be paid	1,610	1,610		
Prepaid commissions on guarantees	(140)	(140)		
TOTAL LOANS	**535,495**	**95,503**	**27,884**	**412,108**

Loans existing as at 31 December 2012 are shown below:

(in thousands of Euro)	Total 31.12.2012	within 1 year	from 1 to 5 years
BNP-Unicredit loan	42,000	21,000	21,000
C.C.F.S. loan	29,993	29,993	
BPCI - Gruppo UBI Banca loan	8,973	2,986	5,987
Unicredit Banca D'Impresa	5,568	5,568	
MPS	23,948	4,788	19,161
Banca Popolare di Vicenza	37,887	12,394	25,494
Banca Popolare Emila Romagna	12,712	3,626	9,087
Debt for the acquisition of investments	11,948		11,948
Financial leasing obligations	283	138	145
Advance payment on invoices	84,105	84,105	
Current bank overdraft	38,997	38,997	
Loan from parent company/Subsidiaries	57,907	57,907	
Other financial liabilities	0		
Financial liabilities measured at fair value through profit and loss	155	155	
Due to factoring agencies	25,799	25,799	
Capital contribution to be paid	1,606	1,606	
TOTAL LOANS	**381,882**	**289,060**	**92,822**

High-Yield bond issue

On 22 July 2013 the Company announced the plan to issue High Yield bonds (Senior Secured Notes) due August 2020, to be offered solely to qualified investors, mainly in order to repay most of the existing bank loans and to finance net working capital, also replacing the assignments of revolving credit previously made for this purpose.

From a broader viewpoint, the Company embarked on the process of issuing these bonds in order to provide the Group with the financial cover necessary to conduct its business over a long-term time horizon.

On 26 July MFM S.p.A set the amount of the bond issue at € 425 million and set the issue price at 98.713% and the coupon at an annual fixed rate of 8.5% (payable on a six-monthly basis), through the publication of the Offering Memorandum.

The bond, which was issued on 2 August 2013, is listed on the Euro MTF Market of the Luxembourg Stock Exchange and on the Extra MOT Pro Segment of the Italian Stock Exchange.

In relation to the issue and placement process, which was regulated by the law of the State of New York (Rule 144A and Regulation S of the Security Act 1933), a purchase agreement was signed between the initial purchasers (J.P. Morgan Securities plc, UniCredit Bank AG, Banca IMI S.p.A. and Mediobanca – Banca di Credito Finanziario S.p.A.), which were also institutional investors, the issuer (MFM) and the guarantors (i.e. companies owned by the issuer that guarantee the bonds: Servizi Ospedalieri S.p.A. and Manutencoop Private Sector Solutions S.p.A.).

The bond was then placed by the initial purchasers only as specified below:

- With qualified institutional investors in the U.S.A., in application of Rule 144A of the U.S. Security Act;
- With qualified institutional investors outside the U.S.A., as defined by Regulation S of the U.S. Security Act.

Accordingly, a global bond certificate was published in application of Rule 144A and a global bond certificate was published in application of Regulation S.

At 31 December 2013, the portion of debt due within 1 year amounted to € 15,022 thousand and related to the interest accrued at 31 December 2013.

The debt due beyond five years, which amounted to € 412,108 thousand, was equal to the amount subscribed by the investors for € 425,000 thousand, net of any additional charges incurred for the bond issue and of the discount on the loan, for an overall amount of € 12,892 thousand at 31 December 2013. The additional charges and the issue discount are amortized on the basis of a finance criterion.

To protect the investment of the Bondholders of the so-called notes, the rules governing the bond issue provide for a system of guarantees and restrictions (covenants). In fact, some limitations are envisaged on the financial operations of the Issuer and of its subsidiaries, while leaving the Group the freedom of movement insofar as the operations undertaken contribute, at least potentially, added value and cash flows to the Group.

These restrictions consist of limitations on the possibility of incurrence of indebtedness and of making distributions of dividends, investments and some types of payments that fall outside the scope of the so-called Restricted Group payments. Furthermore, there are provisions in relation to the allocation of sums obtained from the transfer of fixed assets, extraordinary operations and transactions with related parties and the issue of collaterals to third parties on corporate assets. The restrictions in question lie not so much in the absolute prohibition on carrying out the abovementioned operations, but rather in checking for compliance with certain financial ratios (incurrence base financial covenants), the presence of certain conditions or a quantitative limit on the performance of the above operations.

Finally, periodic disclosure obligations are provided for in relation to the Group's financial position, results of operation and cash flows.

The limits and provisions envisaged in the rules governing the bond issue are in line with the market practice for similar operations.

The failure by the Issuer to comply with one or more covenants, in addition to significant events that express a state of insolvency, constitute events of default. For the most of them, there is the possibility of remediation within a certain period of time. The event of default relating to the state of insolvency or the absence of remediation of any other events of default are a reason for acceleration, i.e. the forfeiture of the right to the time limit and the early redemption of the bonds.

As at the reporting date of these financial statements, no events of default had occurred and the financial covenants, in relation to which no periodic check is required, had been complied with.

Revolving Credit Facility

In the framework of the bond issue process, on 31 July 2013 the Parent Company also signed a 3-year Revolving Credit Facility (RCF) agreement that assures a revolving credit line, which can be activated on request, for a nominal amount of € 30.0 million with a pool of banks made up of UniCredit S.p.A., J.P. Morgan Chase Bank S.A. Milan Branch, Cassa di Risparmio in Bologna S.p.A. and Mediobanca – Banca di Credito Finanziario S.p.A.. This line was granted to meet possible temporary cash requirements and thus gave the Group additional financial flexibility. To date it has not yet been utilised. This revolving loan is guaranteed by a special lien on the personal property not recognised held by the company.

The RCF agreement provides for the compliance with a financial covenant that is preliminary to the possibility of using the line granted. This financial covenant is in line with market practice for similar financing operations and is observed on a quarterly basis according to the data relating to the last 12 months, as resulting from the financial position, results of operations and cash flows approved in the quarter prior to the date of request for use.

As at the reporting date of these financial statements, the financial covenants had been complied with and, as from the execution of the agreement, no use of the line has been requested from the lending banks.

CCFS loan

During the 2013 financial year, the Parent Company MFM entered into a loan agreement with Consorzio Cooperativo Finanziario per lo Sviluppo (CCFS) for a debt on account of capital of € 18,000 thousand, falling due in January 2016. The loan was repaid in advance on 28 February 2014 and, therefore, it has been reclassified to the short-term portion.

The loan has a variable interest rate plus a spread and replaced the credit facility granted to the Company by the same bank.

Monte dei Paschi di Siena loan

On 8 April 2011, a long-term loan agreement was entered into with Banca Monte dei Paschi di Siena for an amount of € 25 million credit lines. The agreement was signed in order to finance the Group's acquisitions and was used in 2013 for an amount of € 19,978 thousand.

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

During the current year, the financial parameters were respected.

Banca Popolare di Vicenza loan

On 24 January 2011, a long-term loan agreement was stipulated with Banca Popolare di Vicenza. The loan of € 50 million was obtained by Banca Popolare di Vicenza. The loan has variable interest rates. As at 31 December 2013 the carrying amount was € 25,495 thousand, net of accessory charges.

BNL/BNP loan

To meet the financial requirements arising from the acquisition of Pirelli IFM S.p.A (afterwards Altair IFM S.p.A. and now merged into MFM S.p.A.), in December 2008 the Company executed a pool loan agreement with Banca Nazionale del Lavoro as Agent, repayable in six-monthly instalments up to 23 December 2014. After the issue of the Senior Secured Notes bond on 2 August 2013, this loan was prepaid.

Unicredit loan

At the time of the acquisition of the merged company Teckal S.p.A. in 2007, the Company paid off a preceding loan of € 18,437 thousand from Unicredit to the acquired company and the previously existing vendor loan of € 11,438 thousand, taking out a nominal loan of € 25,000 thousand from Unicredit. After the issue of the Senior Secured Notes on 2 August 2013, this loan was extinguished.

BPCI -UBI Group loan

On 30 November 2010 the Group executed a loan agreement of € 15 million with Banca Popolare del Commercio e Industria of the UBI Banca Group. This loan carried variable interest at 1-month Euribor plus a spread, expiring on 30 November 2015 and was to be repaid at six-monthly intervals. After the issue of the Senior Secured Notes on 2 August 2013, this loan was prepaid.

Banca Popolare Emilia Romagna loan

The loan of € 12,750 thousand taken out from Banco Popolare Emilia Romagna, expiring on 23 June 2016, envisaged a six-monthly repayment plan on variable rates of interest. After the issue of the Bond on 2 August 2013 this loan was prepaid.

Debts for the acquisition of non-controlling interests

Payables for equity investments as at 31 December 2013 refer to the actual non-current value of the earn-out for the purchase of Gruppo Sicura for € 10,610 thousand, already accounted for as a financial liability in these financial statements given that the Company management deems it likely that the condition will be met for payment of the earn-out; provision was also made for the recognition of financial charges which helps to determine the present value of € 749 thousand.

Advance payments and Hot money

Bank overdraft and advance payments on current accounts are not backed by any guarantee. The operations of the same are linked to temporary declines in liquid assets, within the flows of receipts and payments as at the balance sheet date. Hot money short-term credit facilities have been repaid at the time of the issue of the Bond.

Loans from Parent company and Subsidiaries

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

It should be noted that the Company holds a financial account on which transactions with the controlling company Manutencoop Società Cooperativa are settled. The account accrues interest at the 3-month Euribor rate plus a spread. As at 31 December 2013 the balance due to the parent company amounted to € 143 thousand.

Obligations deriving from financial leasing

Payables for leases refer to motor vehicles and plant and machinery used in the production process.

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

The balance payable to Credit Agricole Corporate & Investment Bank and Banca IMI (collections on behalf of the assignee of trade receivables), equal to € 8,277 thousand, is recognised against amounts credited by customers to the Company's bank accounts, but relating to receivables that are already involved in the transfer described in note 12. Normally this debt is paid every 15 days by bank transfer. Under the securitisation transaction the company issued a surety for a nominal amount of € 1,500 thousand to Credit Agricole Corporate & Investment Bank.

In light of the characteristics of the transaction and the protections to which the assumption of enforcement of the Credit Agricole Corporate & Investment Bank surety is subject, the fair value of the same was valued at € 22 thousand as at 31 December 2013.

Capital contribution to be paid

The Company recognized obligations for capital contribution to be paid to unconsolidated companies for € 1,610 thousand, € 1,601 thousand of which relates to the incorporation of Synchron Nuovo San Gerardo S.p.A. which was established on 25 September 2012. The debt will be discharged by the end of March 2014.

21. DERIVATIVES

The Company entered into 3 different interest rate swaps to cover any risk arising from fluctuations in the variable interest rate of the loan agreement entered into with BNL/BNP in the course of 2008 in support of the business combinations carried out.

Following the above-mentioned issue of Senior Secured Notes and the early repayment of the said loan, the abovementioned IRS contracts were terminated and then subject to unwind, on the basis of the mark-to-market value recorded as at 1 August 2013. The overall unwinding value, equal to € 721 thousand, was credited to respective participating banks at the value date of 5 August 2013 and recognized as a financial charge for the period.

22. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

The table below sets forth the breakdown of the item as at 31 December 2013 and 31 December 2012:

(in thousands of Euro)	31 December 2013	31 December 2012
Trade payables	252,177	247,013
Trade payables to Associates and Joint-ventures	15,765	17,982
Trade payables to Subsidiaries	47,301	49,123
Trade payables to Parent companies	9,773	4,585
Trade payables to Affiliates	192	
Payables to customers for work to be performed	6,510	4,668
TOTAL	**331,719**	**323,371**

At 31 December 2013 trade payable and advances from customers amounted to € 331,719 thousand against € 323,371 thousand at 31 December 2012.

See note 31 for the terms and conditions relating to receivables due from related parties.

23. OTHER CURRENT LIABILITIES

The table below sets forth the breakdown of the item as at 31 December 2013 and 31 December 2012:

(in thousands of Euro)	31 December 2013	31 December 2012
Payables to employees	35,798	35,476
Payables to social security	7,157	6,552
Tax payables	47,062	42,846
Collections on behalf of ATI ("*Associazione temporanea di Imprese*")	16,276	17,802
Other payables to Subsidiaries	30	53
Other payables to Parent Company	4	
Payables to directors and statutory auditors	136	135
Property collection on behalf of customers	2,176	2,176
Other payables	3,107	3,088
Accrued expenses and prepaid income	661	1,754
TOTAL	**112,407**	**109,882**

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

Other payables are settled after 30 days on average, excluding payables due to employees for accrued summer bonuses (14th monthly salary) and accrued wages and vacation leave paid at 6 months on average, and the amounts due to the Tax Authorities for deferred VAT payments settled at the moment of collection of the receivables.

24. SALES AND SERVICE REVENUES

The breakdown of the item is shown below for the years ended 31 December 2013 and 31 December 2012:

(in thousands of Euro)	31 December 2013	31 December 2012
Integrated services - system and building maintenance	145,495	152,819
Cleaning and sanitation services	301,137	297,284
Heat management	128,119	111,827
Construction work, building renovation	92,508	99,362
Plant construction and re-qualification work	18,148	14,741
Landscaping services	8,943	9,498
Porterage services	11,191	11,015
Asset management	817	1,104
Cemetery services	1,229	705
Other services	77,001	70,868
TOTAL	**784,588**	**769,223**

In 2013 there was a rise in revenues from sales and services compared to the previous year amounting to € 15,365 thousand, due to increasing activities.

25. OTHER OPERATING REVENUES

The breakdown of the item is shown below for the years ended 31 December 2013 and 2012:

(in thousands of Euro)	31 December 2013	31 December 2012
Reimbursement of damages	154	147
Gains on sales of property, plant and machinery	119	20
Other revenues	2,002	1,611
TOTAL	**2,274**	**1,779**

As at 31 December 2013, the balance was € 2,274 thousand, compared to € 1,779 thousand in 2012.
The item “Other Revenue” mainly pertains to the recovery of costs for seconded personnel.

26. COSTS OF RAW MATERIALS AND CONSUMABLES

The breakdown of the item is shown below for the years ended 31 December 2013 and 31 December 2012:

(in thousands of Euro)	31 December 2013	31 December 2012
Change in inventories of raw materials	(710)	(335)
Fuel consumption	(73,779)	(65,197)
Consumption of raw materials	(43,312)	(44,556)
Purchase of auxiliary materials and consumables	(5,739)	(5,958)
Other purchases	(2,017)	(2,236)
TOTAL	**(125,556)**	**(118,281)**

As at 31 December 2013 the item amounted to € 125,556 thousand compared to € 118,281 thousand in 2012. The rise in Consumption of Raw Materials is mainly due to increasing fuel costs, which were also affected by the general rise in market prices.

27. COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS

The breakdown of the item is shown below for the years ended 31 December 2013 and 31 December 2012:

(in thousands of Euro)	31 December 2013	31 December 2012
Third-party services	(168,485)	(184,703)
Professional services	(35,515)	(31,576)
Consortia services	(44,058)	(35,161)
Utilities	(5,313)	(6,173)
Rent expense	(13,735)	(14,200)
Other personnel expenses	(6,573)	(5,792)
Transport	(261)	(817)
Equipment maintenance and repair	(5,559)	(7,231)
Insurance and sureties	(3,247)	(3,771)
Travel expenses and reimbursement of expenses	(2,227)	(2,342)
Advertising and marketing	(662)	(860)
Rentals and other	(2,589)	(1,182)
Statutory Auditors' and Supervisory Board' fees	(407)	(401)
Bank services	(106)	(125)
Bonuses and commissions	(11)	(6)
Other services	662	(2,905)
TOTAL	**(288,086)**	**(297,245)**

For the year ended 31 December 2013, Costs for services totalled € 288,086 thousand against € 297,245 thousand in 2012. This item include charges directly connected with the bond issue carried out in the year recorded an overall amount of € 3,350 thousand.

28. PERSONNEL COSTS

The breakdown of the item is shown below for the years ended 31 December 2013 and 31 December 2012:

(in thousands of Euro)	31 December 2013	31 December 2012
Wages and salaries	(193,738)	(181,448)
Social security charges	(60,952)	(56,634)
Temporary and leased personnel	(30,398)	(28,344)
Other current benefits	(2,196)	(670)
CURRENT BENEFITS	**(287,284)**	**(267,095)**
Employment termination indemnity	(463)	(664)
Other subsequent benefits	0	(35)
DEFINED BENEFITS	**(463)**	**(699)**
Payments to employee pension funds	(11,808)	(11,102)
DEFINED BENEFITS	**(11,808)**	**(11,102)**
EMPLOYMENT TERMINATION BENEFITS	**(3,052)**	**(3,042)**
TOTAL PERSONNEL COSTS	**(302,607)**	**(281,938)**

The financial year ended 31 December 2013 showed a balance of € 302,607 thousand against a balance of € 281,938 thousand in 2012. The portion of termination indemnity paid to the INPS and to supplementary pension funds is recognised under current benefits.

29. OTHER OPERATING COSTS

The breakdown of the item is shown below for the years ended 31 December 2013 and 31 December 2012:

(in thousands of Euro)	31 December 2013	31 December 2012
Other operating costs	(2,015)	(2,428)
Fines and penalties	(1,501)	(1,991)
Taxes other than income taxes	(1,690)	(1,735)
Securitisation Credit discount	(503)	(1,169)
Capital losses on disposals	(65)	(41)
Losses on receivables	(126)	(222)
TOTAL	**(5,900)**	**(7,586)**

At 31 December 2013 Other operating costs amounted to € 5,900 thousand (€ 7,586 thousand at 31 December 2012).

The item includes:

- "Fines and penalties" , the overall balance of which is mainly made up of penalties of € 897 thousand imposed by the Tax Authorities paid following the agreement on the Report on Findings (*Processo Verbale di Constatazione*) served on 30 May 2013, as described in note 12, as well as of penalties relating to agreements with some customers;

- "Securitisation credit discount" recorded a decrease of € 666 thousand compared to the previous year, and refers to the transfers of trade receivables performed in 2013. Il decremento è dovuto alla riduzione del monte crediti ceduto. For further information see the notes on the item "trade receivables";
- "Losses on receivables", which reported a balance of € 126 thousand due to the write-off of certain receivables carried.

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

The breakdown of the item is shown below for the years ended 31 December 2013 and 31 December 2012:

(in thousands of Euro)	31 December 2013	31 December 2012
Amortization intangible assets	(6,205)	(6,466)
Write-down of equity investments in Group companies	(13,099)	(8,131)
Write-downs of trade receivables	(1,972)	(4,029)
Depreciation of property, plant and machinery	(3,493)	(3,612)
Depreciation leased property, plant and machinery	(126)	(159)
Write-backs of other assets	0	1,260
Transfer of bad debt provision	218	0
TOTAL	**(24,676)**	**(21,137)**

The item Amortization/depreciation, write-downs and write-backs of assets amounted to € 24,676 thousand in 2013 from € 21,137 thousand in 2012.

The item 'Write-down of Group equity investments' includes value adjustments recorded in relation to the following companies:

- € 6,212 thousand related to the subsidiary MIA S.p.A.;
- € 3,025 thousand related to the subsidiary MPSS S.p.A.;
- € 1,411 thousand related to the subsidiary Energyproject S.r.l.;
- € 1,449 thousand related to the subsidiary Società Manutenzione Illuminazione S.p.A.;
- € 874 thousand related to the subsidiary Maco S.p.A.;
- € 128 thousand related to the subsidiary Grid Modena S.r.l..

A decrease was recorded in the Write-down of receivables, from € 4,029 thousand to € 1,972 thousand.

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

(in thousands of Euro)	31 December 2013	31 December 2012
Dividends	13,042	9,946

Dividends pertaining to the year derive from subsidiaries and associates for € 12,494 thousand and other equity investments (€ 548 thousand).

The details are shown below, compared with 2012:

(in thousands of Euro)	31 December 2013	31 December 2012
Servizi Ospedalieri S.p.A.	4,920	6,480
Telepost S.p.A.	4,237	
Roma Multiservizi S.p.A.	1,727	1,313
Gruppo Sicura S.r.l.	1,600	1,600
Gico Systems S.r.l.	10	
TOTAL DIVIDENDS - GROUP COMPANIES	**12,494**	**9,393**

(in thousands of Euro)	31 December 2013	31 December 2012
Co.ve.di. S.r.l.	33	353
Progetto Vallata	239	
Ati ex Minati		11
Genesi Uno S.p.A.	274	186
Consorzio Karabak Società Cooperativa		2
Consorzio Cooperativo Finanziario per lo Sviluppo	1	
Consorzio Nazionale Servizi	1	1
TOTAL DIVIDENDS - OTHER COMPANIES	**548**	**553**

32. FINANCIAL INCOME

The breakdown of the item is shown below for the years ended 31 December 2013 and 31 December 2012:

(in thousands of Euro)	31 December 2013	31 December 2012
Interest on trade receivables	322	857
Interest on non-proprietary and intercompany current accounts	5,907	2,683
Interest from discounting of non-interest bearing loans	40	604
Interest on bank current accounts	463	89
Income from derivatives	132	
Other financial income	11	36
TOTAL OTHER FINANCIAL INCOME	**6,875**	**4,269**

33. FINANCIAL CHARGES

(in thousands of Euro)	31 December 2013	31 December 2012
Loans	(23,054)	(11,391)
Other financial charges	(6,344)	(7,669)
Bank loans and current account overdrafts	(1)	(42)
Financial charges on Group financial accounts	(1,449)	(1,506)
Financial charges on financial lease	(2)	(4)
Financial charges for derivatives	0	(38)
TOTAL FINANCIAL EXPENSES	**(30,850)**	**(20,649)**

In 2013 Financial charges recorded an increase of € 10,201 thousand compared to the previous financial year. The change mainly relates to the increase of charges relating to the bond issue, as described under note 20.

34. TAXES

The breakdown of the income taxes is shown below for the years ended 31 December 2013 and 31 December 2012.

(in thousands of Euro)	31 December 2013	31 December 2012
Current IRES tax	10,956	9,381
Current IRAP tax	9,623	8,803
(Income) charges from tax consolidation	(1,428)	0
Adjustment to current taxes of previous years	(220)	(12,005)
Current taxes	**18,932**	**6,180**
Prepaid/deferred IRES tax	(1,484)	(579)
Prepaid/deferred IRAP tax	(97)	0
Prepaid/deferred taxes relating to previous years	78	74
Prepaid/(deferred) taxes	**(1,502)**	**(505)**
CURRENT, PREPAID AND DEFERRED TAXES	**17,430**	**5,675**

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

The reconciliation between IRES tax and IRAP tax recorded and theoretical tax resulting from application of the tax rate in force for the years ended 31 December 2013 and 31 December 2012 to pre-tax profit is as follows:

Reconciliation between theoretical and actual IRES tax rate	31 December 2013		31 December 2012	
	Euro	%	Euro	%
Pre-tax profit	22,779		31.920	
Ordinary rate applicable		27.50%		27,50%
Effect of increases (decreases):				
- Temporary differences	10,143		3.453	2,97%
- Permanent differences	(1,726)		(1.259)	-1,08%
IRES taxable income	**39,841**		**34,114**	
Actual rate / Tax	**9,528**	**41.83%**	**9,381**	**29.39%**

Reconciliation between theoretical and actual IRAP tax rate	31 December 2013		31 December 2012	
	Euro	%	Euro	%
Pre-tax profit	22,779		31,920	
Ordinary rate applicable		1.17%		
		2.98%		2.98%
		3.44%		3.40%
		3.90%		3.90%
		4.60%		4.60%
		4.73%		4.73%
		4.82%		4.82%
		4.97%		4.97%
Effect of increases (decreases):				
- Labour cost	302,607		281,938	
- Provisions			6,013	
- Balance from financial management	10,935		(111,433)	
- Other differences between taxable base and pre-tax result	(107,131)			
IRAP taxable income	**229,191**		**208,439**	
- of which at 1.17%	2,692			
- of which at 2.98%	1,398		1,344	
- of which at 3.44%	4,559		4,301	
- of which at 3.90%	135,758		126,256	
- of which at 4.60%	0		4,914	
- of which at 4.73%	6,068		5,597	
- of which at 4.82%	66,849		56,097	
- of which at 4.97%	11,868		9,930	
Actual rate / Tax	**9,623**	**4.20%**	**8,803**	**4.22%**

35. DEFERRED TAXES

The breakdown of the prepaid and deferred taxes as at 31 December 2013 is shown below:

Prepaid and deferred taxes *(amounts in Euro)*	**Equity Tax Effect**		**Economic Tax Effect**	
	31/12/2013	**31/12/2012**	**31/12/2013**	**31/12/2012**
Prepaid taxes:				
Multi-year costs	345	281	(65)	181
Financial lease		-		22
Presumed losses on receivables	4,089	3,997	(93)	(689)
Provisions for risks and charges	4,920	3,925	(995)	(353)
Write-downs on asset items		-		29
Discounting-back of receivables	2	2	0	25
Fees of Directors, Statutory Auditors and Independent Auditors	123	77	(45)	54
Services not completed				-
Amortization	1	1	(0)	1,127
Adjustments to job order margin		-		9
Interest expense	457	87	(405)	26
Employee benefits and length of service bonuses		-		154
Substitute tax	1,385	1,385	0	-
Restructuring fund	955	964	10	(178)
Cash flow hedge valuation		336		-
Cash cost deduction	32	33	34	(10)
Other temporary differences	960	975	46	(122)
Total prepaid taxes	**13,270**	**12,063**	**(1,514)**	**275**
Deferred taxes:				
Tax amortisation	-	-	-	(111)
IFRS work in progress valuation		-		(20)
Lease for tax purposes	(49)	(52)	(3)	(47)
Employee benefit discounting	(541)	(403)	0	(561)
Goodwill amortisation	(6,428)	(5,804)	623	623
Purchase Price Allocation (PPA)	(2,258)	(2,901)	(643)	(799)
Capital gains - deferred taxation	(9)	(9)	0	9
Other temporary differences	(218)	(184)	34	126
Total deferred taxes	**(9,503)**	**(9,353)**	**12**	**(780)**
Net prepaid/(deferred) taxes	**3,767**	**2,710**	**(1,502)**	**(505)**

36. COMMITMENTS AND CONTINGENT LIABILITIES

Financial leasing

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

(in thousands of Euro)	2013		2012	
	Rental fees	Current value of rental fees	Rental fees	Current value of rental fees
Within one year	79	78	140	138
From one year to five years	28	27	147	145
Total lease assets	**107**	**105**	**287**	**283**
Financial Charges	(2)		(4)	
Current value of rental fees	**105**	**105**	**283**	**468**

Guarantees given

The Company has the following contingent liabilities as at 31 December 2013:

- It granted sureties for bank overdrafts and to secure the obligations of subsidiaries and associates for a maximum amount of Euro 5,170 thousand (2012: € 54,582 thousand);
- It granted sureties granted to third parties to ensure the correct fulfilment of contract obligations in place with customers, as well as for VAT refunds from Inland Revenue Agency, for a total amount of € 195,735 thousand (2012: € 146,722 thousand);
- Guarantee in favour of Credit Agricole Corporate & Investment Bank to ensure correct fulfilment of factoring contracts equal to € 1,500 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 € 22 thousand.

The total exposure of sureties granted to third parties comes to € 204,619 thousand. It is not believed that any liabilities will emerge.

The Company have issued, in favour of the banks participating in the RCF agreement and in favour of the bondholders, described under note 19, the following collaterals:

- first-recorded pledge on the shares held by Manutencoop Private Sector Solutions S.p.A., equal to 100% of the capital of the same;
- first-recorded pledge on the shares held by Servizi Ospedalieri S.p.A., equal to 100% of the capital of the same;
- assignment as security of receivables from private customers claimed by the Company. At 31 December 2013 the receivables were equal to € 89,834 thousand;
- execution of a deed of pledge on the current account held by the Company with Unicredit S.p.A., which were credited with the amounts concerning the private customers assigned as security. At 31 December 20123 the current account reported a balance of € 1,969 thousand;
- an assignment of receivables as security, which arise from shareholders' loans (Proceeds Loan) disbursed to Manutencoop Private Sector Solutions S.p.A. (€ 16,907 thousand), Servizi Ospedalieri S.p.A. (€ 32,274 thousand) and MIA S.p.A. (up to a maximum amount of € 9,786 thousand, even if as at 31 December 2013 the Tranche A of € 2,152 thousand had been disbursed only), and of any and all proceeds arising therefrom.

Furthermore, Manutencoop Private Sector Solutions S.p.A. and Servizi Ospedalieri S.p.A. issued personal securities amounting to a maximum total corresponding to the amount of the Proceeds Loans, equal to € 16,907 thousand and € 32,274 thousand, respectively, at 31 December 2013.

Furthermore, it is envisaged that the Company will carry out an assignment of receivables as security in favour of the subscribers of the bond issue and of the bans participating in the RCF agreement, as well as of any related proceeds, arising from any future shareholder loan issued to the subsidiaries.
Furthermore, within the scope of the RCF agreement only, the Company granted a special lien over all the Group-owned personal property up to a maximum amount of € 60,000 thousand. At 31 December 2013 the personal property subject to special lien amounted to € 29,658 thousand.

The guarantees listed above may be enforced by the counterparties only in the case that one of the events of default envisaged in the abovementioned contracts occurs; up to the occurrence of the same, the assets covered by the guarantee are fully available to the Company. At 31 December 2013 no events of default had occurred.

37. TRANSACTIONS WITH RELATED PARTIES

The tables below report the breakdown of the balances relating to the transactions with related parties:

PARENT COMPANY	Year	Revenues	Costs	Financial Income	Financial Expenses	Trade receivab.	Financial receivab. and others	Trade payables	Financial payables and others
Manutencoop Cooperativa	31-Dec-13	113	34,393		191	8,885	9,777		143
	31-Dec-12	109	32,680		88	10,038	4,585		66
TOTAL PARENT COMPANY	**31-Dec-13**	**113**	**34,393**	**0**	**191**	**8,885**	**9,777**	**0**	**143**
	31-Dec-12	**109**	**32,680**	**0**	**88**	**10,038**	**4,585**	**0**	**66**

SUBSIDIARIES	Year	Revenues	Costs	Financial Income	Financial Expenses	Trade receivab.	Financial receivab. and others	Trade payables	Financial payables and others
Alisei S.r.l.	31-Dec-13	(1)				3			
	31-Dec-12	1				3		(58)	
Co.Ge.F. soc.cons.a r.l.	31-Dec-13	10,511	10,326			10,425	11,756		
	31-Dec-12	14,589	18,147			14,157	15,938		
Cons. Igiene Ospedaliera Soc.Cons.a r.l.	31-Dec-13	695	258			635	370	1	
	31-Dec-12	868	426			593	167	1	
Cons. Imolese Pulizie Soc.Cons.a r.l.	31-Dec-13					138	48	36	
	31-Dec-12	30	41			138	48	36	
Cons. Servizi Toscana Soc.Cons.a r.l.	31-Dec-13	101	157			624	188		
	31-Dec-12	300	181			849	437		
Consorzio Sermagest Servizi Manutentivi Gestionali	31-Dec-13								
	31-Dec-12					6		(11)	
ENERGYPROJECT S.r.l.	31-Dec-13	149	12	254				4,715	
	31-Dec-12	253	135	338		143	56	8,487	
Gestlotto 6 Soc.Cons.a r.l.	31-Dec-13		4			6	43	20	
	31-Dec-12		5			6	39	20	
Global Oltremare Soc.Cons.a.r.l.	31-Dec-13	23	421			24	385		
	31-Dec-12		203				203		
Gruppo Sicura	31-Dec-13							800	
	31-Dec-12	0	1,601				892		
Gymnasium Soc.Cons.a r.l.	31-Dec-13					1	33	7	5
	31-Dec-12					1	33	7	5
Isom Gestione Soc.Cons.a.r.l.	31-Dec-13	9,454	7,919			6,961	4,922		
	31-Dec-12	6,666	5,733			5,630	5,769		

SUBSIDIARIES	Year	Revenues	Costs	Financial Income	Financial Expenses	Trade receivab.	Financial receivab. and others	Trade payables	Financial payables and others
Isom Lavori Soc.Cons.a.r.l.	31-Dec-13	3,695	3,278			3,300	2,414		
	31-Dec-12	1,304	990			1,396	1,104		
MACO S.p.A.	31-Dec-13	232	358	94		82	112	2,279	
	31-Dec-12	177	204	184		212	70	343	
Manutencoop Private Sector Solutions S.p.A.	31-Dec-13	89,801	1,138	616	842	26,497	333	17,012	13,033
	31-Dec-12	98,098	1,083		1,105	41,657	489		46,369
Manutenzione Installazione Ascensori S.p.A.	31-Dec-13	752	802	1,183		455	410	34,372	
	31-Dec-12	719	1,325	735		418	1,044	28,279	
Palmanova servizi energetici soc.cons. r.l.	31-Dec-13	345	1,278			53	969		
	31-Dec-12	343	1,421			107	701		
S.AN.CO. Soc. Conso a r.l.	31-Dec-13	182	(175)			2,641	(70)	3,150	
	31-Dec-12	177				5,227	2,485	3,150	
S.AN.GE Soc. Cons. a r.l.	31-Dec-13	20,073	12,564	148		9,848	3,949	3,729	
	31-Dec-12	17,950	11,329	138		19,865	13,748	3,650	
Servizi Brindisi soc.cons.a r.l.	31-Dec-13	133	1,382			245	1,142		
	31-Dec-12	288	4,801			785	2,100		
Servizi l'aquila soc.cons. r.l.	31-Dec-13	113	232			83	155		
	31-Dec-12	83	167			49	94		
Servizi Marche Soc.Cons.a r.l.	31-Dec-13	0				12	3		
	31-Dec-12	0				12	3		
Servizi Ospedalieri S.p.A.	31-Dec-13	1,698	(183)	2,794	(81)	1,490	204	64,605	1,454
	31-Dec-12	1,795	64	726	-	1,127	142	32,509	-
Servizi Taranto Soc. Cons. a r.l.	31-Dec-13	1,802	4,241	-	-	4,520	5,015	-	-
	31-Dec-12	1,557	5,812	-	-	2,405	3,545	-	-
Simagest 2 Soc.Cons.a r.l.	31-Dec-13					283	4		
	31-Dec-12		4			283	4	32	
Simagest 3 Soc.Cons.a r.l.	31-Dec-13				2	3			
	31-Dec-12		3		2	3			
Società Manutenzione Illuminazione S.p.A.	31-Dec-13	432		521		256		9,209	
	31-Dec-12	452	94	372		313	55	14,277	
Telepost S.p.A.	31-Dec-13	1,961	350		373	655	192		9,662
	31-Dec-12	1,449	149		313	736	40		11,472
Logistica Sud-Est Soc. Cons. a r.l.	31-Dec-13	423	964			249	525		
	31-Dec-12								
COFAM S.r.l.	31-Dec-13		86				30		
	31-Dec-12		26,938				10,767		

SUBSIDIARIES	Year	Revenues	Costs	Financial Income	Financial Expenses	Trade receivab.	Financial receivab. and others	Trade payables	Financial payables and others
Evimed S.r.l.	31-Dec-13		238				118		
	31-Dec-12		206,029				100,203		
Firing S.r.l.	31-Dec-13		6				19		
	31-Dec-12		3,400				4,114		
MCF Servizi Integrati Soc. Cons. a r.l.	31-Dec-13	5,863	6,979			4,831	5,311		
	31-Dec-12								
KANARIND Soc. Cons.rl	31-Dec-13	8,585	7,068			10,114	7,691		
	31-Dec-12								
Leonardo S.r.l.	31-Dec-13		9				5		
	31-Dec-12		24,170						
Nettuno Ascensori S.r.l.	31-Dec-13		260				161		
	31-Dec-12		58,988				20,524		
Sicurama S.r.l.	31-Dec-13	7	243			4	135		
	31-Dec-12		197,844				110,406		
Securveneta S.r.l.	31-Dec-13		3				3		
	31-Dec-12								
Sedda S.r.l.	31-Dec-13		10				5		
	31-Dec-12		9,498				9,498		
Sicura S.r.l.	31-Dec-13		1,026				595		
	31-Dec-12	9	1,160,321				668,066		
Unilift S.r.l.	31-Dec-13	5	178			4	193		
	31-Dec-12	4,403	80,952			3,345	111,866		
TOTAL SUBSIDIARIES	**31-Dec-13**	**156,921**	**61,202**	**5,610**	**1,137**	**84,357**	**47,213**	**139,936**	**24,154**
	31-Dec-12	**151,432**	**1,821,888**	**2,493**	**1,420**	**99,418**	**1,084,555**	**90,721**	**57,845**

JOINT VENTURES	Year	Revenues	Costs	Financial Income	Financial Expenses	Trade receivab.	Financial receivab. and others	Trade payables	Financial payables and others
Cardarelli Soc. Cons. a r. l.	31-Dec-13		1,148				1,043		
	31-Dec-12		871				632		
Consorzio Leader Soc.Cons.a r.l.	31-Dec-13					13	6		
	31-Dec-12					13	6		
DUC Gestione Sede Unica Soc.Cons.a r.l.	31-Dec-13	5,132	2,579			7,014	411		
	31-Dec-12	5,342	3,072			6,192	1,139		
Legnago 2001 Soc.Cons.a r.l.	31-Dec-13		(6)			216	78		
	31-Dec-12		(28)			349	217		
Malaspina Energy Soc. Cons. a r.l.	31-Dec-13		61	4		1,247	187	172	
	31-Dec-12		22	5		1,247	121	168	
SCAM Soc.Cons. a r.l.	31-Dec-13					7			
	31-Dec-12					7			
Serena s.r.l. in liquidazione	31-Dec-13					49			
	31-Dec-12					49			
CO. & MA. Soc. Cons. a r.l	31-Dec-13								4
	31-Dec-12								
TOTAL JOINT VENTURES	**31-Dec-13**	**5,132**	**3,782**	**4**	**0**	**8,546**	**1,724**	**172**	**4**
	31-Dec-12	**5,342**	**3,937**	**5**	**0**	**7,858**	**2,115**	**168**	**0**

ASSOCIATES	Year	Revenues	Costs	Financial Income	Financial Expenses	Trade receivab.	Financial receivab. and others	Trade payables	Financial payables and others
Bologna Gestione Patrimonio soc.cons.r.l.	31-Dec-13	75	87			198	60		
	31-Dec-12	201	109			324	75		
Bologna Multiservizi soc.cons.a r.l.	31-Dec-13	1,386	4,233			2,082	5,206		
	31-Dec-12	1,686	3,971			1,967	4,821		
Bologna Più Soc.Cons.a r.l.	31-Dec-13	3				(2)	13	39	
	31-Dec-12	5				(2)	9	39	
Como Energia Soc.Cons.a r.l.	31-Dec-13		1,044				655		
	31-Dec-12		1,018				426		
Gico Systems S.r.l.	31-Dec-13	7	505			7	315		
	31-Dec-12	8	283			3	102		
Global Provincia di RN Soc.Cons.a r.l.	31-Dec-13					251	18	170	
	31-Dec-12	217	993			251	18	170	
Global Riviera Soc.Cons.a r.l.	31-Dec-13	7	14			8	(177)		
	31-Dec-12	815	2,807			423	(246)		
Global Vicenza soc.cons.r.l.	31-Dec-13	210	1,461			16	595		
	31-Dec-12	263	1,550			426	484		
Grid Modena S.r.l.	31-Dec-13	74	128			118			
	31-Dec-12	187				199			
HEADMOST Divisione Service Facility Management S.p.A.	31-Dec-13					454			
	31-Dec-12					454			
Livia soc.cons.r.l.	31-Dec-13	155	1,033			101	868		
	31-Dec-12	156	969			658	1,236		
Logistica Ospedaliera Soc.Cons.a.r.l.	31-Dec-13		404				94		
	31-Dec-12		131				75		
Newco DUC Bologna S.p.A.	31-Dec-13		7				15		
	31-Dec-12	5	7			5	7		
P.B.S. s.c.r.l.	31-Dec-13						3		
	31-Dec-12						(6)		
Perimetro Gestione Proprietà Immobiliari Soc. Cons. p. A.	31-Dec-13	438				236			
	31-Dec-12	425				95			
Progetto Isom S.p.A.	31-Dec-13	214		8		295		192	
	31-Dec-12	497				542			
Progetto Nuovo Sant'Anna s.r.l.	31-Dec-13	170		119			8	5.402	
	31-Dec-12	110		145		249		5.282	
Roma Multiservizi S.p.A.	31-Dec-13	1,489	4,797			450	3,613		
	31-Dec-12	1,497	5,868			449	6,618		

ASSOCIATES	Year	Revenues	Costs	Financial Income	Financial Expenses	Trade receivab.	Financial receivab. and others	Trade payables	Financial payables and others
Savia Soc. Cons. a r.l.	31-Dec-13	608	1,892			437	1,454		
	31-Dec-12	687	1,407			336	951		
Se.Sa.Mo. S.p.A.	31-Dec-13	5,073		33		3,145	6	606	
	31-Dec-12	5,085		33		4,056	6	622	
Servizi Napoli 5 soc.cons. r.l.	31-Dec-13	1,377	1,283			2,535	1,728		
	31-Dec-12	1,451	1,296			2,774	1,304		
Synchron Nuovo San Gerardo S.p.A.	31-Dec-13	2,944	95			2,525	95		
	31-Dec-12					1			
TOTAL ASSOCIATES	**31-Dec-13**	**14,226**	**16,984**	**160**	**0**	**12,860**	**14,555**	**6,369**	**0**
	31-Dec-12	**13,291**	**20,411**	**178**	**0**	**13,213**	**15,869**	**6,074**	**0**

SUBSIDIARIES AND ASSOCIATES OF MANUTENCOOP SOC. COOP.	Year	Revenues	Costs	Financial Income	Financial Expenses	Trade receivab.	Financial receivab. and others	Trade payables	Financial payables and others
Cerpac S.r.l. in liquidazione	31-Dec-13					1			
	31-Dec-12					1			
Manutencoop Immobiliare S.p.A.	31-Dec-13	10	682			3	153		
	31-Dec-12	37	653			20			
Manutencoop Servizi Ambientali S.p.A.	31-Dec-13	20				6			
	31-Dec-12	45				36			
Nugareto Società Agricola Vinicola S.r.l.	31-Dec-13	2	2				2		
	31-Dec-12	3				4			
SIES s.r.l.	31-Dec-13	1				68			
	31-Dec-12	2				63			
Segesta S.r.l.	31-Dec-13	11				12			
	31-Dec-12								
TOTAL SUBSIDIARIES OF MANUTENCOOP SOC. COOP.	**31-Dec-13**	**43**	**684**	**0**	**0**	**91**	**155**	**0**	**0**
	31-Dec-12	**87**	**653**	**0**	**0**	**123**	**0**	**0**	**0**
Consorzio Karabak Due soc.coop	31-Dec-13	3				0			
	31-Dec-12	3				1			
Consorzio Karabak Tre soc.coop	31-Dec-13	1				1			
	31-Dec-12	1				1			
Sacoa s.r.l.	31-Dec-13	80	17			70	25		
	31-Dec-12	85	-			136	18		
TOTAL ASSOCIATES OF MANUTENCOOP SOC. COOP.	**31-Dec-13**	**84**	**17**	**0**	**0**	**70**	**25**	**0**	**0**
	31-Dec-12	**90**	**0**	**0**	**0**	**138**	**18**	**0**	**0**
TOTAL RELATED PARTIES	**31-Dec-13**	**176,407**	**82,668**	**5,774**	**1,137**	**105,924**	**63,672**	**146,478**	**24,158**
	31-Dec-12	**170,241**	**1,846,889**	**2,676**	**1,420**	**120,749**	**1,102,557**	**96,964**	**57,845**

Terms and conditions of transactions with related parties

The transactions specified above 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 are 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 financial statements of the Company. The Company not only provides technical-production services relating to the core business, but also administrative and IT services 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 Manutencoop Group, controlled by Manutencoop Società Cooperativa, are shown below:

- 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 31 December 2014, makes provision for an annual consideration of € 1,000 thousand.
- Manutencoop Cooperativa sub-leased to MFM S.p.A. the part of the property located in Zola Predosa, via Poli no. 4 (BO), for office use. The duration of the lease has a 5-year term and is tacitly renewable, except in the event of termination by one of the parties. Annual rent is expected to be € 1,715 thousand, to be paid in 12 monthly instalments.
- The affiliate 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 duration of the lease has a 6-year term and is tacitly renewable, except in the event of termination by one of the parties. Annual rent is expected to be € 348 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.
- Starting from 2004, the Company applied the tax consolidation of the Parent Company Manutencoop Società Cooperativa, pursuant to art. 117 et seq of the TUIR (Italian Consolidated Law on Income Tax). The agreement can be renewed every three years and so it was extended to 2013-2015. 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.

The Company is subject to the management and coordination activities of Manutencoop Società Cooperativa and, pursuant to art. 2497-bis, paragraph 4 of the Italian Civil Code, the key figures of the latest set of approved financial statements are provided below:

(in thousands of Euro)	31 December 2012	31 December 2011
STATEMENT OF FINANCIAL POSITION		
ASSETS		
A) Subscribed capital, unpaid	244	203
B) Fixed assets	302,775	295,018
C) Working capital	40,828	31,438
D) Accruals and Deferrals	2,480	2,704
TOTAL ASSETS	**346,327**	**329,363**
LIABILITIES AND SHAREHOLDERS EQUITY		
A) Shareholders' equity:		
Share capital	14,136	14,044
Reserves	253,139	253,163
Profit/(Loss) for the year	(591)	(24)
B) Provision for risks and charges	3,967	3,166
C) Employee Severance Indemnity	2,685	2,840
D) Payables	72,158	55,421
E) Accruals and Deferrals	833	753
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**346,327**	**329,363**
MEMORANDUM ACCOUNT	**242,560**	**78,824**
INCOME STATEMENT		
A) Value of production	40,652	39,342
B) Cost of production	(40,450)	(38,419)
C) Financial income and charges	(135)	(1,135)
D) Financial asset value adjustments	(838)	(26)
E) Extraordinary income and charges	84	106
Income taxes for the year	96	108
Profit/(Loss) for the year	**(591)**	**(24)**

38. FEES DUE TO THE MEMBERS OF THE SUPERVISORY BOARD, THE MANAGEMENT BOARD AND TO EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

The table below reports the gross fees due to the Executives with Strategic Responsibilities and to the members of the Supervisory Board and the Management Board, for any reason and in any form:

(in thousands of Euro)	2013	2012
MANAGEMENT BOARD		
Short-term benefits	2,995	2,260
TOTAL MANAGEMENT BOARD	**2,995**	**2,260**
SUPERVISORY BOARD		
Short-term benefits	390	360
TOTAL SUPERVISORY BOARD	**390**	**360**
OTHER STRATEGIC EXECUTIVES		
Short-term benefits	3,105	3,110
Subsequent benefits	104	104
TOTAL OTHER STRATEGIC EXECUTIVES	**3,210**	**3,214**

The table below reports the fees accrued in 2013 for the audit and non-audit services rendered by the independent auditors and by entities in their network.

	31 December 2013	31 December 2012
Audit services	613	419
Certification services	421	0
Other services	14	0
TOTAL FEES TO THE INDEPENDENT AUDITORS	**1,048**	**419**

39. MANAGEMENT OF FINANCIAL RISKS: OBJECTIVES AND CRITERIA

Management of financial requirements and the relative risks (mainly interest rate and liquidity risk) is performed centrally within the Group 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.

On 2 August 2013, the Company took steps to issue a High Yield bonds (Senior Secured Notes) due August 2020 in order to repay most of the existing bank loans and to finance net working capital, also replacing the assignments of revolving credit previously made for this purpose. The bond issue has the purpose to provide the Group with the financial cover necessary to conduct its business over a long-term time horizon. In 2013 MFM S.p.A. also used short-term and medium-long/term loans and managed revolving di Securitization operations that provide for assignments of receivables without recourse aimed at financing working capital.

Therefore, at present, the sources are mostly made of medium/long-term instruments.

The Company also uses trade payables deriving from operations as financial instruments.

The Manutencoop Group's policy is not to trade financial instruments. In the financial year in question the Company conformed to this policy.

Group financial instruments were classed into three levels provided by IFRS 7. In particular, the hierarchy of fair value is defined in the following levels:

- Level 1: corresponds to prices of similar liabilities and assets listed on active capital markets.
- Level 2: corresponds to prices calculated through features taken from observable market data.
- Level 3: corresponds to prices calculated through other features that are different from observable market data.

The table below shows the hierarchy for each class of financial asset measured at fair value as at 31 December 2013 and 31 December 2012:

	Hierarchy				Hierarchy			
	31-Dec-13	Level 1	Level 2	Level 3	31-Dec-12	Level 1	Level 2	Level 3
Financial liabilities carried at fair value in the income statement								
Financial receivables, securities and other non-current financial assets	102		102		102		102	
securities	102		102		102		102	
Available-for-sale financial assets								
Financial receivables and other current financial assets	0		0		0		0	
hedging derivatives	0		0		0		0	
non-hedging derivatives	0		0		0		0	
TOTAL FINANCIAL ASSETS	**102**		**102**		**102**		**102**	

	Hierarchy				Hierarchy			
	31-Dec-13	Level 1	Level 2	Level 3	31-Dec-12	Level 1	Level 2	Level 3
Non-current financial liabilities	**0**		**0**		**1,222**		**1,222**	
hedging derivatives	0		0		1,222		1,222	
non-hedging derivatives	0		0		0		0	
Current financial liabilities	**22**		**22**		**155**		**155**	
hedging derivatives	0		0		0		0	
non-hedging derivatives	0		0		0		0	
other liabilities	22		**22**		155		155	
TOTAL FINANCIAL LIABILITIES	**22**		**22**		**1,377**		**1,377**	

In 2013 there were no transfers between fair value measurement levels.

There were no changes in allocation of financial assets that led to a different class of assets.

The Group does not hold instruments to warrant amounts receivable to mitigate credit risk. The carrying amount of financial assets, therefore, represents its potential credit risk.

Classes 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 as required by IFRS 7, in the financial statements of Manutencoop Private Sector Solutions S.p.A. and the associated economic effects for the year closed as at 31 December 2013:

2013 FINANCIAL ASSETS *(in thousands of Euro)*	**31 December 2013**	**Available-for-sale financial assets**	**Loans and receivables**
Non-current financial liabilities			
Other investments	2,504	2,504	
Non-current financial assets	59,568		59,568
Other non-current assets	1,275		1,275
Total non-current financial assets	**63,346**	**2,504**	**60,842**
Current financial assets			
Trade receivables and advances to suppliers	521,080		521,080
Current tax receivables	9,133		9,133
Other current assets	19,419		19,419
Current financial assets	96,535		96,535
Cash and cash equivalents	149,834		149,834
Total current financial assets	**796,001**	**0**	**796,001**
Total financial assets	**859,347**	**2.504**	**856,843**
Financial income (charges)	**6,875**	**0**	**6,875**

2013 FINANCIAL LIABILITIES *(in thousands of Euro)*	**31 December 2013**	**Financial Liabilities at Fair Value in the Statement of Income**	**Financial Liabilities measured at amortised cost**
Non-current financial liabilities			
Non-current loans	439,993		439,993
Financial liabilities for non-current derivatives	0	0	
Total non-current financial liabilities	**439,993**	**0**	**439,993**
Current financial liabilities			
Trade payables and advances from customers	331,718		331,718
Other current financial liabilities	95,503	23	95,526
Total current financial liabilities	**427,221**	**23**	**427,244**
TOTAL FINANCIAL LIABILITIES	**867,214**	**23**	**867,237**
Financial income and charges	**(30,850)**	**23**	**(30,873)**

The same information for the year ended 31 December 2012 is shown below:

2012 FINANCIAL ASSETS *(in thousands of Euro)*	**31 December 2012**	**Available-for-sale financial assets**	**Loans and receivables**
Non-current financial assets			
Other investments	2,521	2,521	
Non-current financial assets	9,610		9,610
Other non-current assets	1,071		1,071
Total non-current financial assets	**13,203**	**2,521**	**10,682**
Current financial assets			
Trade receivables and advances to suppliers	512,681		512,681
Current tax receivables	12,526		12,526
Other current receivables	11,224		11,224
Other current financial assets	95,905		95,905
Cash and cash equivalents	29,836		29,836
Total current financial assets	**662,172**	**0**	**662,172**
Total financial assets	**675,375**	**2,521**	**672,854**
Financial income (charges)	**4,269**	**0**	**4,269**

2012 FINANCIAL LIABILITIES *(in thousands of Euro)*	**31 December 2012**	**Financial Liabilities at Fair Value in the Statement of Income**	**Financial Liabilities measured at amortised cost**
Non-current financial liabilities			
Non-current loans	92,822		92,822
Financial liabilities for non-current derivatives	1,222	1,222	
Total non-current financial liabilities	**94,044**	**1,222**	**92,822**
Current financial liabilities			
Trade payables and advances from customers	323,371		323,371
Other current financial liabilities	289,060		289,060
Total current financial liabilities	**612,431**	**0**	**612,431**
Total financial liabilities	**706,475**	**1,222**	**705,253**
Financial income and charges	**(20,649)**	**0**	**(20,649)**

Liquidity risk

The Company's objective is to maintain a balance between funding and flexibility through the issue of the Bond, which took place in August 2013, as well as 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 financial indebtedness.

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

As regards payment times, the facility management sector also benefits from the effects of the € 40 billion that Decree Law 35/2013, provides for the payment of overdue trade payables due from public administrations.

Less tangible, on the other hand, are the effects of Directive 2011/07/EU, which prescribes a binding maximum 60 calendar day payment deadline for contracts with the Member States' public administrations.

Following the bond issue and the consequent repayment of the short- and very short-term bank loans, the liquidity risk was further mitigated through the execution of a Revolving Credit Facility (RCF) of € 30 million that can be activated on demand. To date the RCF line has never been used.

Risk of changes in the prices of raw materials

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

These changes are, in certain cases accommodated by the conditions of contracts in place with customers, given that price revision is provided for both by contract, and by art. 115 of Decree Law no. 163 of 12 April 2006. Therefore, it is deemed that the effect on the Company's profit for the year arising from changes in prices, even significant, would essentially have been insignificant, in terms of amount.

Credit risk

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

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

Fair value

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

The comparison between the carrying amount and fair value of the main financial assets and liabilities is shown below:

	Carrying Amount		Fair value	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Financial assets				
Cash and cash equivalents	149,834	29,836	149,834	29,836
Receivables and other current financial assets	96,535	95,905	96,535	95,905
Other minority interests	2,504	2,521	2,504	2,521
Non-current financial receivables	59,568	9,610	59,568	9,610
Financial liabilities				
Loans:				
• Variable rate loans	87,881	342,091	94,593	349,785
• Fixed rate loans	413,116	0	413,116	447
Other current financial liabilities	20,484	39,791	35,245	37,315
Financial liabilities for non-current derivatives	0	1,222	0	1,222

Interest rate risk

The Company's current policy has a preference, for the management of financial charges, for variable rate loans, through the possession of a portion relating to the bond described in previous paragraphs as fixed-rate debt.

The financial instruments of the Company exposed to interest rate risk are those recorded under the following balance sheet items:

- Loans and other financial liabilities (note 17).
- Non-current financial assets (note 8).
- Receivables and other current financial assets (note 12).
- Cash and cash equivalents (note 13).

As at the balance sheet date the Company had no derivative transactions in place, to cover interest rate risks.

Interest rate sensitivity analysis

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

	Increase/decrease	Effect on profit before taxes *(in thousands of Euro)*
Financial year ended 31 December 2013	+150 bps	(1,608)
	-30 bps	322
Financial year ended 31 December 2012	+150 bps	(6,227)
	-30 bps	1,150

The new structure of the consolidated debt, as we have seen, is affected, to a very marginal extent, by the changes in market rates, as the Company has set the cost for its recourse to credit market at the rate of return it ensures on the bond coupons.

The table below shows the sensitivity of the pre-tax profit in the year, should the bond issue dated 2 August have ensured proceeds since the beginning of the financial year:

	Separate Financial Statements		Pro-forma Separate Financial Statements	
	Net financial charges	Profit before taxes	Net financial charges	Profit before taxes
Financial year ended 31 December 2013	(23,975)	22,779	(35,125)	11,630

Exchange rate risk

The Company operates in the national market and, therefore, it is not exposed to exchange rate risk.

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, other payables and provisions for employee severance indemnity net of cash and cash equivalents.

(in thousands of Euro)	31 December 2013	31 December 2012
Employee termination indemnity	14,162	15,710
Interest-bearing loans	535,495	381,882
Trade payables and other payables	453,629	442,606
Cash and cash equivalents	(149,834)	(29,836)
Net Debt	**853,451**	**810,361**
Capital	109,149	109,149
Reserves and retained earnings	220.941	214.111
Total capital	**330,090**	**323,260**
Equity and net debt	**1,183,541**	**1,133,621**
INDEBTEDNESS RATIO	**72%**	**71%**

At 31 December 2013 the debt ratio was substantially in line with that of the previous year.

40. SUBSEQUENT EVENTS TO THE CLOSE OF THE YEAR

3 February 2014 saw the completion of the transfer of the total stake held by MFM S.p.A. in the subsidiary Energyproject S.r.l. at an agreed price of € 660 thousand. This transfer is the final step in the process of the disposal of photovoltaic plant management activities that started in previous periods after the Group management decided to leave this market for good.

The Chairman of the Management Board

Claudio Levorato