DRAFT SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

Servizitalia

SERVIZI ITALIA S.p.A.
Registered Office Via S. Pietro, 59/b
43019 Castellina di Soragna (PR)
Share Capital: € 30,699,266 fully paid-up
Tax code and Parma Business Register No.: 08531760158
Certified email: si-servizitalia@postacert.cedacri.it
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SERVIZI ITALIA S.P.A.

Registered office in Via San Pietro 59/B — Castellina di Soragna (PR), Italy

Share Capital: € 30,699,266 fully paid-up

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VAT No. 02144660343

CALLING OF THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

Those entitled to participate in the shareholders' meeting and exercise the right to vote are called to an ordinary and extraordinary shareholders' meeting care of the registered offices in Via San Pietro 59/b, 43019 Castellina di Soragna (PR), in first calling on **20 April 2016 at 10.30 a.m.** and, if necessary, in second calling on 21 April 2016, same time and place, to discuss and resolve on the following **agenda**:

ORDINARY MEETING:

1. Separate financial statements as at 31 December 2015; Director's report on operations; Board of Statutory Auditors Report and Independent Auditors' Report; Allocation of the profit for the year. Presentation of the consolidated financial statements as at 31 December 2015;
   - 1.1 Separate financial statements as at 31 December 2015; Director's report on operations; Board of Statutory Auditors Report and Independent Auditors' Report. Presentation of the consolidated financial statements as at 31 December 2015;
   - 1.2 Allocation of the profit for the year;
2. Authorisation to purchase and avail of Treasury Shares and the accomplishment of transactions on the same, subject to revocation of the previous resolution, with regard to the unused portion;
3. Presentation and approval of the remuneration policy as per Article 123 ter of Italian Legislative Decree No. 58/98 for the Directors and the Executives with strategic responsibilities.

EXTRAORDINARY MEETING:

1. Amendment of Article 2 of the Articles of Association "*Corporate purpose*".

Disclosure on the share capital. The Company's share capital is divided up into 30,699,266 ordinary shares with a par value of Euro 1 each. Each share assigns the right to one vote. As at 14 March 2016, the Company held 279,891 treasury shares, in relation to which - pursuant to the law - the voting right is suspended. This number could vary in the period between today's date and that of the shareholders' meeting. Any change in the treasury shares shall be communicated when the business of said meeting commences. The information on the composition of the share capital is available on the website www.si-servizitalia.com (Investor Relations >Corporate Governance > Shareholders' Meeting).

Attendance of the Shareholders' Meeting. Pursuant to Article 83 sexies of Italian Legislative Decree No. 58/98 as amended (the "Consolidated Finance Law" or "CFL") and Article 13 of the Articles of Association, shareholders are entitled to attend if they have the right to vote and the Company, by 15 April 2016, has received the communication from the appointed intermediaries, bearing witness to their ownership of the shares on the basis of the accounting records relating to the end of the accounting day of the seventh open market day prior to the date fixed for the meeting in first calling, i.e. 11 April 2016 (record date). Those who only become owners of shares after the record date are not entitled to participate and vote during the meeting. Pursuant to Article 13.2 of the Articles of Association, each party with the right to vote who has the right to participate in the meeting, may arrange for themselves to be represented by others via written proxy, in compliance with and within the limits of the matters laid down by law. The proxy may be granted also electronically or by means of an IT document signed in electronic form as per Article 21, paragraph 2 of Italian Legislative Decree No. 82 dated 7 March 2005, in accordance with current legislation.

A proxy form is available care of the registered offices and on the Company website www.si-servizitalia.com (Investor Relations >Corporate Governance > Shareholders' Meeting), as well as care of the qualified intermediaries; the proxy can be sent to the Company by means of forwarding, via certified e-mail, to the following address si-servizitalia@postacert.cedacri.it, together with the communication issued by the appointed intermediaries in compliance with their accounting records.

Any prior notification does not excuse the proxy, at the time of accreditation for accessing the meeting, from the obligation to certify the compliance with the original in the copy notified and the identity of the delegating party. The Articles of Association do not envisage voting procedures by mail or using electronic means.

Pursuant to Article 11.6 of the Articles of Association, the Company does not designate a party to which the shareholders can grant a proxy with voting instructions for participation in general meetings in pursuance of Article 135 undecies of the CFL.

Right to ask questions. Pursuant to Article 127 ter of the CFL, those who have the right to vote can ask questions on the business placed on the agenda, also before the meeting, by the deadline of 17 April 2016, by means of registered letter sent to the Company's registered offices, or via certified e-mail to the e-mail address si-servizitalia@postacert.cedacri.it; for the purpose of exercising this right, the Company shall have to receive a specific communication issued by the intermediaries care of which the shares owned by the shareholder are deposited. These questions shall be answered at the latest during the meeting, with the faculty of the Company to provide a single answer to questions with the same content.

Supplementing of the agenda and presentation of new resolution proposals. Pursuant to Article 126 bis of the CFL, the shareholders which, also jointly, represent at least a fortieth of the Company's share capital, can request, within ten days of the publication of the notice of calling for the meeting (or rather 25 March 2016), the integration of the list of business to be discussed, indicating the additional matters they propose in the request, or present new resolution proposals on the business already on the agenda. The requests must be presented in writing, forwarded via registered letter to the Company's registered offices, or by means of notification to the e-mail address si-servizitalia@postacert.cedacri.it and accompanied by a specific communication issued by the intermediaries care of which the shares owned by the shareholders are deposited. Disclosure shall be made of any integration of the list of business which the meeting shall have to deal with or the presentation of additional resolution proposals on the matters already on the agenda, in the prescribed forms for the publication of this notice of calling, at least fifteen days before the date fixed for the meeting in first calling. The request to supplement the list of business to be dealt with is not permitted for the aspects on which the meeting resolves, as per the law, upon the proposal of the directors or on the basis of a project or a report drawn up by the same, differing from those as per Article 125 ter, first paragraph of the CFL. The shareholders who request the integration of the agenda must draw up a report which discloses the reason for the resolution proposals on the new business whose discussion they propose, or the reason relating to the additional resolution proposals presented on the business already on the agenda. The report must be delivered to the management body by the last deadline for the presentation of the integration request. The management body shall make the report available to the general public, accompanied by its assessments, if any, at the same time as the publication of the notification of integration, making it available care of the registered offices, on the Company website and by means of the other formalities envisaged by the Consob regulations in force on the subject.

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Documentation. The illustrative reports of the Board of Directors on the points on the agenda and the resolution proposals contained therein as well as the documentation relating to the business on the agenda, envisaged by current legislation, shall be made available to the general public care of the Company's registered offices, on the Borsa Italiana S.p.A. website, published on the Company website www.si-servizitalia.com, in the section Investor Relations>Corporate Governance>Shareholders' Meeting, as well as care of the authorised storage mechanism 1Info at the following e-mail address www.1info.it, under the terms and formalities as per the law. The remaining documentation useful for the meeting shall be published by the legal deadlines. The shareholders have the faculty to obtain a copy of the same at their own expense.

It should furthermore be recalled that, pursuant to Article 125 quater of the CFL, the Company's website www.si-servizitalia.com (Investor Relations>Corporate Governance>Shareholders' Meeting) provides the following documents or information: (i) the documents which will be submitted to the meeting; (ii) the forms which the shareholders have the faculty to use for the vote by proxy and the related instructions; (iii) the information on the amount of the Company's share capital with indication of the number and of the categories of shares which it is divided up into.

Request for information. With regard to any additional information relating to the Shareholders' meeting, and in particular the formalities for exercising the rights, it is possible to consult the Company's website www.si-servizitalia.com, in the section Investor Relations>Corporate Governance>Shareholders' Meeting or write to the Corporate Services office at the following e-mail address si-servizitalia@postacert.cedacri.it.

This notice of calling is published as of today's date, pursuant to Article 125 bis of the CFL and pursuant to Article 11 of the Articles of Association, on the Company's website www.si-servizitalia.com (Investor Relations >Corporate Governance > Shareholders' Meeting) and is available care of the authorised storage mechanism 1Info at the address www.1info.it and, in extract form, in the newspaper MF - MILANO FINANZA dated 15 March 2016.

The shareholders are kindly requested to present themselves at least half an hour before the start of the meeting's business for the purpose of facilitating the registration procedures.

Castellina di Soragna, Parma, Italy 15 March 2016.

The Chairman of the Board of Directors

Signed Roberto Olivi

COMPANY OFFICERS AND CORPORATE INFORMATION

Board of Directors (in office until approval of the Separate Financial Statements as at 31 December 2017)

Name and Surname	Position
Roberto Olivi	Chairman
Enea Righi	Vice-Chairman and CEO
Ilaria Eugeniani	Director
Emil Anceschi	Director
Antonio Paglialonga	Director
Lino Zanichelli	Director
Vasco Salsi	Director
Marco Marchetti	Director
Paola Schwizer (1)-(2)- (3)	Independent Director
Romina Guglielmetti (1)-(2)	Independent Director
Paola Galbiati (1)-(2)	Independent Director

(1) Member of the Nomination and Remuneration Committee; (2) Member of the Control and Risks Committee; (3) Lead Independent Director

Board of Statutory Auditors (in office until approval of the Separate Financial Statements as at 31 December 2016)

Name and Surname	Position
Marco Elefanti	Chairman
Anna Maria Fellegara	Statutory Auditor
Andrea Spollero	Statutory Auditor
Ernestina Bosoni	Alternate Auditor
Lorenzo Keller	Alternate Auditor

Supervisory Body (in office until 2 February 2019)

Name and Surname	Position
Veronica Camellini	Chairman
Laura Verzellesi	Member
Francesco Magrini	Member

Independent Auditors (until approval of the Separate Financial Statements as at 31 December 2023)

Deloitte & Touche S.p.A. -Via Tortona, 25 - 20144 Milan

Registered office and company information

Servizi Italia S.p.A. Via S. Pietro, 59/b – 43019 Castellina di Soragna (PR) – Italy
Tel. +390524598511, Fax +390524598232, website:www.si-servizitalia.com;
Share Capital: € 30,699,266 fully paid-up
Tax code and Parma Business Register No.: 08531760158; Certified email: si-servizitalia@postacert.cedacri.it
Founded: 1986
Stock market listing: Borsa Italiana S.p.A. Mercato Telematico Azionario (MTA, electronic stock market), STAR segment
Ordinary Share ISIN: IT0003814537, BLOOMBERG: SRI IM, REUTERS: SRI.MI

Investor Relations

Giovanni Manti – IR, Chiara Peterlini and Elena Abbati – IR assistants

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GROUP STRUCTURE

Servizi Italia S.p.A., registered office in Castellina di Soragna (PR), listed in the STAR segment of the Borsa Italiana S.p.A. MTA stock exchange, is the main Italian operator in the supply of integrated services for the rental, washing and sterilisation of textiles and surgical instruments for hospital facilities. With a technologically advanced production platform broken down into laundry facilities, textile sterilisation centres, surgical instrument sterilisation centres and numerous wardrobes, the Company and its Italian and overseas subsidiaries forming the Servizi Italia Group, mainly provide their broad and diversified range of services for public and private healthcare structures in central and northern Italy, in the state of São Paulo in Brazil, in India and Turkey.

As at 31 December 2015, the Servizi Italia Group included the following Companies:

Company Name Parent Company and Subsidiaries	Registered Offices	Share capital	% interest
Servizi Italia S.p.A.	Castellina di Soragna (Parma) - Italy	EUR 30,699,266	Parent Company
SRI Empreendimentos e Participações L.t.d.a.	São Paulo, SP - Brazil	R$ 128,379,652	100%
Servizi Italia Medical S.r.l.	Castellina di Soragna (PR) - Italy	EUR 200,000	100%
Se.Sa.Tre. S.c.r.l.	Genoa - Italy	EUR 20,000	60%
San Martino 2000 S.c.r.l.	Genoa - Italy	EUR 10,000	60%
Lavsim Higienização Têxtil S.A.	São Roque (SP) - Brazil	R$ 550,000	100%(*)
Maxlav Lavanderia Especializada S.A.	Jaguariúna (SP) - Brazil	R$ 2,825,060	50.1%(*)
Vida Lavanderias Especializada S.A.	Santana de Parnaíba (SP) - Brazil	R$ 1,900,000	50.1%(*)
Aqualav Serviços De Higienização Ltda	Vila Idalina, Poá (SP) - Brazil	R$ 6,400,000	100%(*)

(*) Held through SRI Empreendimentos e Participações Ltda

Company Name Associates and Jointly-controlled Companies	Registered Offices	Share capital	% holding
Centro Italia Servizi S.r.l.	Arezzo - Italy	EUR 10,000	50%
PSIS S.r.l.	Padua - Italy	EUR 10,000,000	50%
Ekolav S.r.l.	Lastra a Signa (FI) - Italy	EUR 100,000	50%
Steril Piemonte S.c.r.l.	Turin - Italy	EUR 4,000,000	50%
AMG S.r.l.	Busca (CN) - Italy	EUR 100,000	50%
Iniziative Produttive Piemontesi S.r.l.	Turin - Italy	EUR 2,500,000	37.625%
Piemonte Servizi Sanitari S.c.r.l.	Turin - Italy	EUR 10,000	30%(*)
SE.STE.RO. S.r.l.(**)	Castellina di Soragna (PR) - Italy	EUR 400,000	25%
CO.SE.S S.c.r.l.	Perugia - Italy	EUR 10,000	25%
SAS Sterilizasyon Servisleri A.Ş.	Istanbul - Turkey	TRY 500,000	51%
Shubhram Hospital Solutions Private Limited	New Delhi - India	INR 85,200,000	51%
Ankateks Turizm Insaat Tekstil Ltd.	Ankara - Turkey	TRY 5,000,000	40%
Finanza & Progetti S.p.A.	Vicenza - Italy	EUR 550,000	50%
Saniservice Sh.p.k.	Tirana - Albania	LEK 2,745,600	30%

(*) Indirect shareholding of 15.05% through Iniziative Produttive Piemontesi S.r.l.

(**) Company in liquidation as of 1 January 2016.

The summary tables below include several non-IFRS alternative performance indicators to allow for a better assessment of economic and financial management trends. The methodology used to calculate and the breakdown of these indicators is specified below the tables in line with the instructions of the European Securities and Market Authority (ESMA).

Servizi Italia S.p.A.

The separate financial statements of Servizi Italia S.p.A. disclose shareholders' equity of Euro 138,123 thousand. The result for the year was a profit of Euro 11,724 thousand. This result was achieved after having provided Euro 3,722 thousand for current and deferred tax and Euro 38,767 thousand for amortisation, depreciation, write-downs and provisions.

Main income statement figures

The table below presents a comparison of the main 2015 income statement figures with the results for 2014 (in thousands of Euros):

(thousands of Euros)	**31 December 2015**	**31 December 2014(*)**	**Changes**	**Change %**
Revenues	202,057	193,967	8,090	4.2%
EBITDA (a)	54,974	53,648	1,326	2.5%
EBITDA %	*27.2%*	*27.7%*		
Operating profit (EBIT)	16,208	18,975	(2,767)	-14.6%
Operating profit (EBIT)%	*8.0%*	*9.8%*		
Net profit	11,724	12,113	(389)	-3.2%
Net profit %	*5.8%*	*6.2%*		

(a) The Company management has defined EBITDA as the difference between the value of sales and services and operating costs before depreciation, amortisation, impairment and provisions.

(*) The data shown for the year ending as at 31 December 2014 do not include values referring to Lavanderia Industriale Z.B.M S.p.A. and Si.Gi Servizi Ospedalieri S.r.l., both subject to merger by incorporation into Servizi Italia S.p.A. during the year ending as at 31 December 2015. Please refer to the section "Merger by incorporation of Lavanderia Industriale ZBM S.p.A. and Si.Gi. Servizi Ospedalieri S.r.l." for further details.

Main statement of financial position figures

The table below presents a comparison of the main 2015 statement of financial position figures with the figures for 2014 (in thousands of Euros):

(thousands of Euros)	**Year ended as at 31 December**		**Change 15/14**	**Change 15/14**
	2015	**2014**		**%**
Net operating working capital (a)	17,740	17,308	432	2%
Other current assets/liabilities (b)	(10,594)	(20,388)	9,794	-48%
Net working capital	**7,146**	**(3,080)**	**10,226**	**-332%**
Non-current assets - medium/long-term provisions	198,321	177,761	20,560	12%
Invested capital	**205,467**	**174,681**	**30,786**	**18%**
Shareholders' equity	138,123	120,491	17,632	15%
Net financial debt (d)	67,344	54,190	13,154	24%
Invested capital (c)	**205,467**	**174,681**	**30,786**	**18%**

(a) Net operating working capital is not an accounting measurement under the IFRSs endorsed by the European Union. The Company management has defined net operating working capital as the algebraic sum of inventories, trade receivables and trade payables.

(b) Other current assets/liabilities are calculated as the difference between other current assets, current tax receivables, current tax payables and other current liabilities.

(c) Invested capital is not an accounting measurement under the IFRSs endorsed by the European Union. The Company management has defined invested capital as the sum of Shareholders' equity and net financial debt.

(d) The management has defined net financial debt as the sum of amounts Due to banks and other lenders net of Cash and cash equivalents and current financial receivables.

Main cash flow figures

The table below presents a comparison between the main cash flow figures as at 31 December 2015 and as at 31 December 2014 (in thousands of Euros).

(thousands of Euros)	**Year ended as at 31 December**		**Change 15/14**
	2015	**2014**	
Cash flow generated (absorbed) by operations	38,336	43,861	(5,525)
Cash flow generated (absorbed) by investment activities	(58,827)	(34,746)	(24,081)
Cash flow generated (absorbed) by financing activities	18,264	(9,765)	28,029
Increase/(decrease) in cash and cash equivalents	(2,227)	(650)	(1,577)
Opening cash and cash equivalents	4,239	1,976	2,263
Closing cash and cash equivalents	2,012	1,326	686

Servizi Italia Group

The consolidated financial statements as at 31 December 2015 present Group shareholders' equity of Euro 121,715 thousand and shareholders' equity attributable to non-controlling interests of Euro 379 thousand. The result for the year was a profit of Euro 12,483 thousand. This result was achieved after having provided Euro 3,952 thousand for current and deferred tax and Euro 47,084 thousand for amortisation, depreciation, impairment and provisions.

The companies consolidated line-by-line in the financial statements for the period ended 31 December 2015 were the following:

Consorzio San Martino 2000 S.c.r.l., a consortium company established in 2003, with headquarters in Genoa, for the handling of the contract relating to the San Martino di Genova hospital, 60% of which pertaining to Servizi Italia S.p.A.; it operates exclusively as intermediary between the client and the consortia companies without generating its own profits.

Consorzio SE.SA.TRE. S.c.r.l., a consortium company established in 2008, with headquarters in Genoa, for the handling of the contract relating to the Treviso Local Health Unit No. 9, 60% of which pertaining to Servizi Italia S.p.A., operates as intermediary between the client and the consortia companies without generating its own profits.

Servizi Italia Medical S.r.l., an Italian limited-liability company established in 2005 with headquarters in Castellina di Soragna (PR) whose activities involve the purchase, intermediation, sale and production and/or development of medical devices. The consolidation of Servizi Italia Medical S.r.l. generated sales revenues for Euro 5,102 thousand, negative EBITDA of Euro 134 thousand, negative EBIT of Euro 217 thousand and a loss pertaining to the Group of Euro 246 thousand.

SRI Empreendimentos e Participações Ltda, a company wholly-owned by Servizi Italia S.p.A., owns:

- as from 19 July 2013, a shareholding of 50.1% in the share capital of Maxlav Lavanderia Especializada S.A. with headquarters in Jaguariùna, SP (Brazil);
- as from 19 July 2013, a shareholding of 50.1% in the share capital of Vida Lavanderias Especializada S.A. with headquarters in Santana de Parnaiba, SP (Brazil);
- as from 20 January 2015, a shareholding of 100% in the share capital of Lavsim Higienização Têxtil S.A., a Brazilian company with headquarters in São Roque, SP (Brazil), in which Servizi Italia S.p.A. held a stake as from 2 July 2012;
- as from 23 December 2015, a shareholding of 100% in the share capital of the Brazilian company Aqualav Serviços De Higienização Ltda, with headquarters in Vila Idalina, Poá, SP (Brazil).

The companies are involved in the supply of laundry services in the health sector in the state of São Paulo with particular focus on hospitals, nursing homes and healthcare facilities in the capital. The consolidation of the companies generated sales revenues for Euro 20,987 thousand, EBITDA of Euro 3,485 thousand, EBIT of Euro 370 thousand and profit pertaining to the Group for Euro 1,967 thousand.

Statement of reconciliation between the separate and consolidated financial statements

The reconciliation between the shareholders' equity and result for the year and the corresponding consolidated figures, is as follows:

(thousands of Euros)	**2015 profit (loss)**	**2015 shareholders' equity**	**2014 profit (loss)**	**2014 shareholders' equity**
Profit (loss) and shareholders' equity of the parent company	**11,724**	**138,123**	**12,113**	**120,491**
Profit (loss) and shareholders' equity of the subsidiaries	(42)	30,941	2,787	32,670
Elimination of equity investments	-	(53,060)	-	(52,386)
Consolidation differences	-	10,208	-	20,894
Other surplus value emerging at the time of acquisition	(20)	275	350	2,147
Registration of options on minority interests	1,520	(2,686)	(1,095)	(11,217)
Carrying of equity investments at equity	(756)	(1,701)	(235)	(945)
Elimination of intercompany dividends	-	-	(500)	-
Intercompany profits included in the inventory	58	(7)	(6)	(66)
Consolidated profit (loss) and shareholders' equity	**12,484**	**122,093**	**13,414**	**111,588**
Allocation of non-controlling interests profit (loss) and shareholders' equity	244	(379)	337	1,702
Group profit (loss) and shareholders' equity	**12,728**	**121,714**	**13,077**	**109,886**

Main consolidated income statement figures

The table below presents a comparison of the main consolidated income statement figures as at 31 December 2015 with the results as at 31 December 2014 (in thousands of Euros).

(thousands of Euros)	**31 December 2015**	**31 December 2014**	**Change**	**Change %**
Revenues	229,983	234,347	(4,364)	-1.9%
EBITDA (a)	63,649	66,826	(3,177)	-4.8%
EBITDA %	*27.7%*	*28.5%*		
Operating profit (EBIT)	16,565	23,179	(6,614)	-28.5%
Operating profit (EBIT)%	*7.2%*	*9.9%*		
Net profit	12,483	13,414	(931)	-6.9%
Net profit %	*5.4%*	*5.7%*		

(a) The Company management has defined EBITDA as the difference between the value of sales and services and operating costs before depreciation, amortisation, impairment and provisions.

Main consolidated statement of financial position figures

The table below presents a comparison of the main consolidated statement of financial position figures as at 31 December 2015 with the figures as at 31 December 2014 (in thousands of Euros):

(thousands of Euros)	**31 December 2015**	**31 December 2014**	**Change**	**Change %**
Net operating working capital (a)	13,726	15,789	(2,063)	-13.1%
Other current assets/liabilities (b)	(7,565)	(25,208)	17,643	-70.0%
Net working capital	**6,161**	**(9,419)**	**15,580**	-165.4%
Non-current assets - medium/long-term provisions	183,086	179,086	4,000	2.2%
Invested capital	**189,247**	**169,667**	**19,580**	11.5%
Shareholders' equity	122,094	111,588	10,506	9.4%
Net financial debt (d)	67,153	58,079	9,074	15.6%
Invested capital (c)	**189,247**	**169,667**	**19,580**	11.5%

(a) Net operating working capital is not an accounting measurement under the IFRSs endorsed by the European Union. The Company management has defined net operating working capital as the algebraic sum of inventories, trade receivables and trade payables.

(b) Other current assets/liabilities are calculated as the difference between other current assets, current tax receivables, current tax payables and other current liabilities.

(c) The Company management has defined invested capital as the sum of Shareholders' equity and net financial debt.

(d) The management has defined net financial debt as the sum of amounts Due to banks and other lenders net of Cash and cash equivalents and current financial receivables.

Main consolidated cash flow figures

The table below presents a comparison between the main consolidated cash flow figures as at 31 December 2015 and as at 31 December 2014 (in thousands of Euros).

(thousands of Euros)	**Year ended as at 31 December**		**Change 15/14**
	2015	**2014**	
Cash flow generated (absorbed) by operations	40,369	54,240	(13,871)
Cash flow generated (absorbed) by investment activities	(50,916)	(43,170)	(7,746)
Cash flow generated (absorbed) by financing activities	14,472	(10,508)	24,980
Increase/(decrease) in cash and cash equivalents	3,925	562	3,363
Opening cash and cash equivalents	5,178	4,559	619
Effect of exchange rate fluctuations	2,021	(57)	2,078
Closing cash and cash equivalents	7,082	5,178	1,904

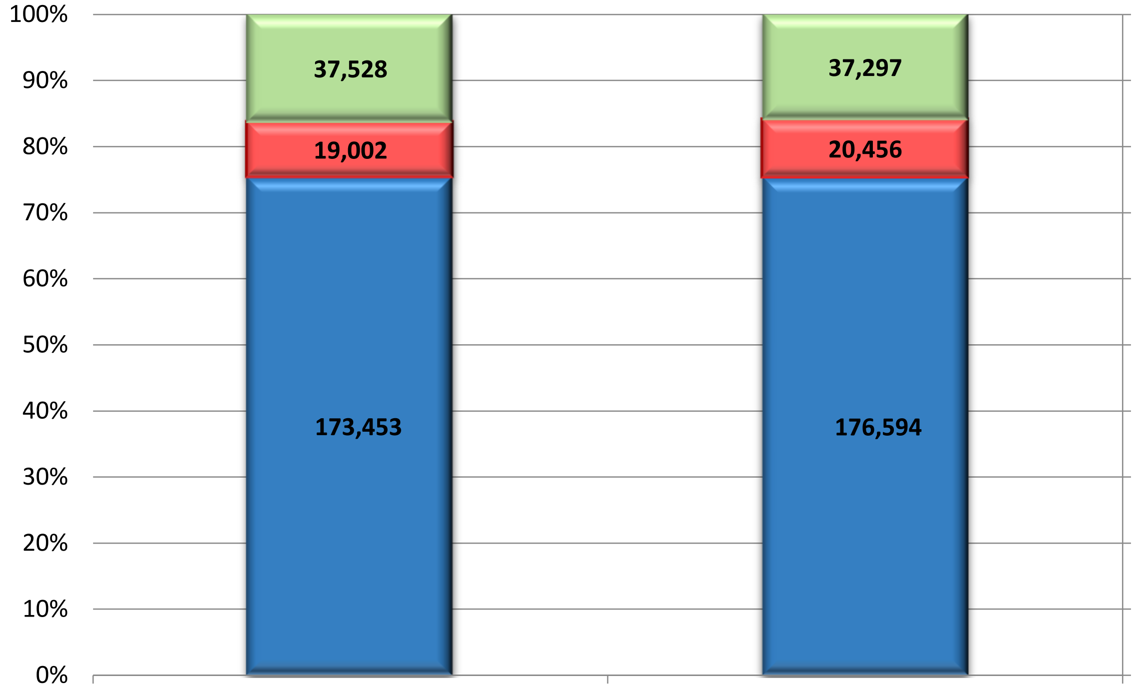
Company information and business performance

Servizi Italia S.p.A.’s business performance disclosed revenues from sales and services in 2015 of Euro 202,057 thousand in total.

Consolidated turnover of the Servizi Italia Group was Euro 229,983 thousand, down 1.9% compared to 2014 due mainly to the approximately 18.6% loss in value of the average BRL/EUR exchange rate, which negatively impacted wash-hire turnover, and the renegotiation of existing agreements due to the application of the spending review. In Brazil, at constant exchange rates, revenues would have risen by Euro 3,845 thousand. New contracts such as ASL (LHA) Frosinone, ASL Turin 3, I.N.M.I. - Lazzaro Spallanzani, Istituto Europeo di Oncologia S.r.l., Centro Cardiologico Monzino S.p.A., AUSL (Local Health Authority) of Piacenza, Pessina Gestioni S.r.l. for the service at the Garbagnate Hospital, Circolo di Busto Arsizio Hospital and Fatebenefratelli e Oftalmico Hospital had a positive impact on wash-hire segment turnover.

With regard to the sector-related performance of consolidated revenues from sales and services relating to 2014 and 2015, the following is disclosed:

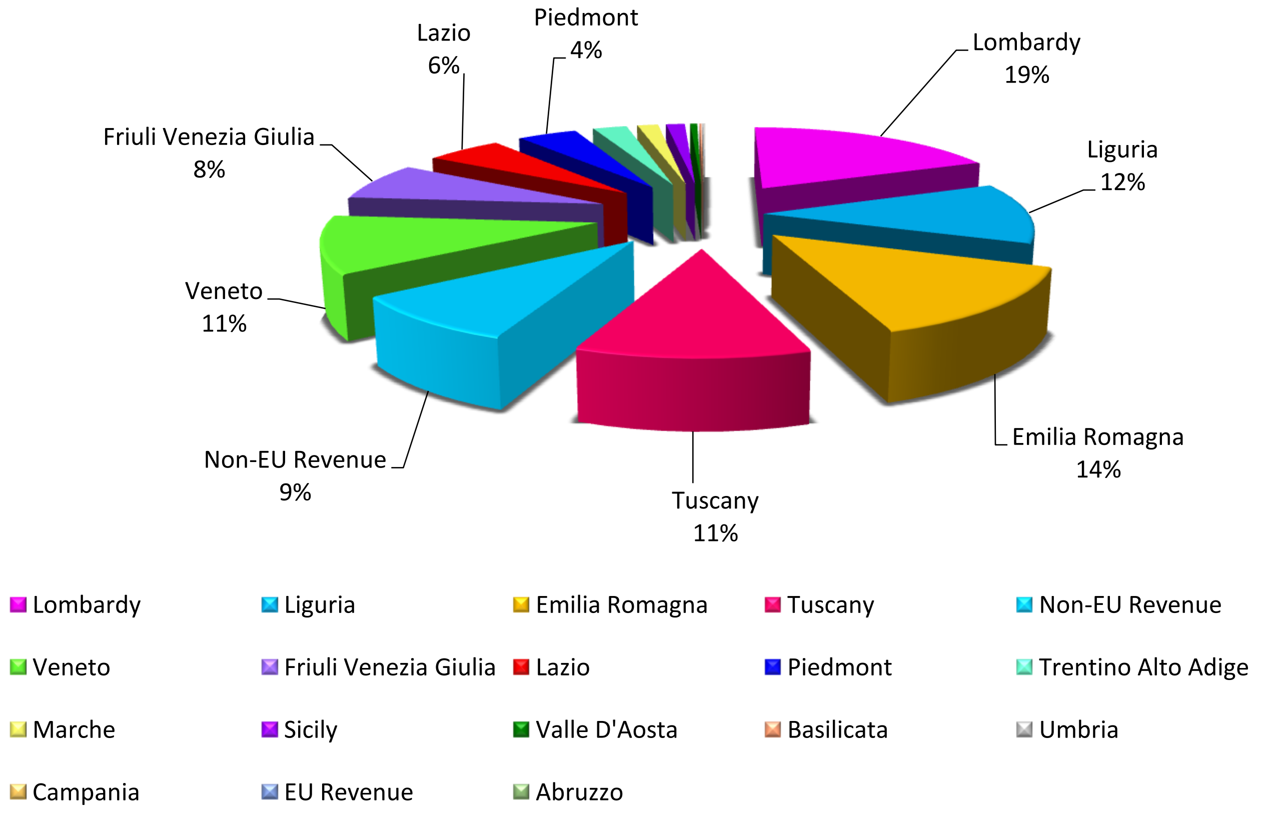
- revenues from wash-hire services decreased by 1.8% from Euro 176,594 thousand in 2014 to Euro 173,453 thousand in 2015. In relative terms, this service accounts for 75.4% of total revenues from sales and services as at 31 December 2015, in line with 31 December 2014;
- revenues from linen sterilisation services decreased by 7.1% from Euro 20,456 thousand in the year ended 31 December 2014 to Euro 19,002 thousand in the year ended 31 December 2015;
- revenues from surgical instrument sterilisation services increased by 0.6% from Euro 37,297 thousand in the year ended 31 December 2014 to Euro 37,528 thousand in the year ended 31 December 2015. In 2014, this line's turnover was impacted by the transfer of the surgical instrument sterilisation centres care of the Brescia Spedali Civili hospital and the USL (LHU) Arezzo for the San Donato hospital for a total of Euro 2,261 thousand.



	12/31/2015	12/31/2014
STERIL C	**37,528**	**37,297**
STERIL B	**19,002**	**20,456**
WASH-HIRE	**173,453**	**176,594**

The table below shows revenues from sales and services of the Servizi Italia Group by region, listed in alphabetical order, for the periods ending on 31 December 2015 and 2014, taken from the consolidated financial statements:

(thousands of Euros)	**31 December 2015**	**%**	**31 December 2014**	**%**	**Change**
Abruzzo	12	-	13	-	-7.7%
Basilicata	402	0.2%	441	0.2%	-8.8%
Campania	44	-	40	-	10.0%
Emilia Romagna	32,066	13.9%	32,250	13.8%	-0.6%
Friuli Venezia Giulia	17,270	7.5%	15,247	6.5%	13.3%
Lazio	12,708	5.5%	13,440	5.7%	-5.4%
Liguria	27,892	12.1%	32,280	13.8%	-13.6%
Lombardy	42,979	18.7%	44,751	19.1%	-4.0%
Marche	3,499	1.5%	3,444	1.5%	1.6%
Piedmont	9,972	4.4%	10,102	4.3%	-1.3%
Sicily	3,178	1.4%	3,101	1.3%	2.5%
Tuscany	25,969	11.3%	27,620	11.8%	-6.0%
Trentino Alto Adige	5,698	2.5%	5,590	2.4%	1.9%
Umbria	255	0.1%	260	0.1%	-1.9%
Valle D'Aosta	1,193	0.5%	1,248	0.5%	-4.4%
Veneto	25,845	11.3%	21,920	9.4%	17.9%
EU revenues	14	-	27	-	-48.1%
Non-EU revenues	20,987	9.1%	22,573	9.6%	-7.0%
Total	**229,983**	**100.0%**	**234,347**	**100.0%**	**-1.9%**



Servizi Italia Group investments

Group investments in 2015 amounted to around Euro 40 million, down with respect to the approximately Euro 43 million in 2014.

Purchases of linen and technical fabrics rose from Euro 28.1 million in 2014 to Euro 28.7 million in 2015, representing around 71.7% of the total investments made. This increase was due primarily to the rise in inventory as a result of the awarding of new contracts.

At business line level, the wash-hire segment was the one to disclose the highest investments (Euro 33.4 million) due to purchases of linen. The surgical instrument sterilisation line, where investments were made for around Euro 4.6 million, includes Euro 1.1 million for the purchase of surgical instruments and Euro 1.1 million for the construction of the surgical instrument sterilisation centre at the University Hospital of Messina.

Servizi Italia S.p.A.

EBITDA rose from Euro 53,648 thousand in 2014 to Euro 54,974 thousand in 2015 (increase of 2.5% in absolute terms). The rise in margins was primarily caused by the increase in turnover in the surgical instrument sterilisation segment and the mergers of Lavanderia Industriale Z.B.M S.p.A. and Si.Gi Servizi Ospedalieri S.r.l. (sole shareholder company), as well as the decrease in wash-hire revenue due to the renegotiation of agreements for the application of the spending review, the increase in personnel expense due to the recognition of the two contractual instalments set forth in the most recent industry national collective labour agreement and the hiring of personnel for the launch of new contracts. Margins were also positively impacted by the reduction in raw material costs, while EBITDA was negatively impacted by increases in transport costs for new contracts and commercial consulting required for the procedures for participation in tenders required under the new regulation on tenders. In terms of margins on the **EBITDA** with respect to revenues, Servizi Italia S.p.A. reported a slight reduction from 27.7% to 27.2% compared with the previous year. On a like-for-like basis, including Lavanderia Industriale Z.B.M S.p.A. and Si.Gi Servizi Ospedalieri S.r.l. (sole shareholder company) in the values for the comparative period, margins were down by 3.9%.

The **operating profit (EBIT)** decreased from Euro 18,975 thousand to Euro 16,208 thousand after recognising depreciation, amortisation, impairment and provisions of Euro 38,767 thousand (up 11.8% compared to the same period of the previous year). In relative terms, the ratio between EBIT and revenues from sales and services decreased by 1.8%. There was an increase of 1.3% in the impact of depreciation, amortisation, impairment and provisions on revenue in 2015 compared to 2014. In particular, this rise was due to the depreciation of surgical instruments, whose relative impact increased due to the ramp-up phases of the new sterilisation contracts, and linen depreciation. In addition, amongst amortisation of intangible assets, it is important to note the effects of the accounting of the non-compete agreement stipulated with the previous CEO and the customer portfolio deriving from the incorporated companies Lavanderia Industriale Z.B.M. S.p.A. and Si.Gi. Servizi Ospedalieri S.r.l.

Profit before tax decreased by 12.2% from Euro 17,596 thousand to Euro 15,447 thousand. Financial management revealed a reduction in net financial expense in 2015 due to the drop in rates on loans.

The separate financial statements as at 31 December 2015 close with **net profit** of Euro 11,724 thousand, down by 3.2% compared to Euro 12,113 thousand in 2014, but with a significant recovery, with respect to the profit before tax due to a reduction of 7.1% in the effective tax rate. The decrease in the tax charge was mainly determined by the new IRAP regulations introduced by the 2015 Stability Law which makes provision, from 1 January 2015, for the deduction, in addition to flat-rate and analytical deductions relating to the cost of labour, of the amount relating to the difference between the total cost of labour (relating to open-ended contracts) and deductions due.

Servizi Italia Group

Consolidated **EBITDA** declined from Euro 66,826 thousand in 2014 to Euro 63,649 thousand in 2015 (decrease of 4.8% in absolute terms). The rise in turnover in the surgical instrument sterilisation line and the reduction in raw material costs and other operating costs were able to limit the loss of margins caused by the decrease in revenue in Brazil (due to the loss in value of the average BRL/EUR exchange rate) and in the domestic market (due to the renegotiation of agreements for the application of the spending review) and the increase in personnel expense due to the recognition of the two contractual instalments set forth in the most recent industry national collective labour agreement, the hiring of personnel for the launch of new contracts and costs relating to planned maintenance services in Brazil and in the surgical instrument sterilisation segment.

The consolidated **operating profit (EBIT)** decreased by 28.5% compared to 2014 from Euro 23,179 thousand to Euro 16,565 thousand after recognising depreciation, amortisation, impairment and provisions of Euro 47,084 thousand (up 7.9% compared to the same period of the previous year). In 2015, the 1.5% rise in the impact of amortisation, depreciation, impairment and provisions on revenue was caused by the increase in the depreciation of linen and new production lines in the Brazilian area, and by the rise in linen and surgical instrument depreciation in the Italian area. In addition, amongst amortisation of intangible assets of the Parent Company, it is important to note the effects of the accounting of the non-compete agreement stipulated with the previous CEO. EBIT in relation to turnover therefore decreased from 9.9% to 7.2%.

Profit before tax decreased by 18.8% in absolute value from Euro 20,231 thousand to Euro 16,435 thousand. Financial management highlighted a reduction in net financial expense of 36.3% in absolute value compared to 2014, as a result of the decrease in the rates applied to credit facilities as well as the elimination of interest accrued on the debt relating to the put options exercised with the purchase of the remaining 50% of the company Lavsim Higienização Têxtil S.A. and the impact of the redetermination of debt relating to the put options associated with the acquisition of the remaining 49.9% of the companies Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A.

The consolidated financial statements as at 31 December 2015 close with a **net profit** of Euro 12,483 thousand, a decrease of 6.9% compared to Euro 13,414 thousand in 2014, with a significant recovery, with respect to the profit before tax, due to the reduction of the tax charge in the Italian area as a result of the new IRAP regulations introduced by the 2015 Stability Law, which makes provision, from 1 January 2015, for the deduction, in addition to flat-rate and analytical deductions relating to the cost of labour, of the amount relating to the difference between the total cost of labour (relating to open-ended contracts) and deductions due.

Treasury shares

The information on treasury shares envisaged by Article 2428, paragraph 3 of the Italian Civil Code is presented in the notes to the separate financial statements in sections 6.15 and 10.

Research & Development activities

During the year under review, as in previous years, the Company did not incur any charges which could be linked in any way to said activities.

Transactions with subsidiaries, associates, jointly-controlled companies, parent companies and companies subject to the control of the latter

Servizi Italia S.p.A.'s transactions with subsidiaries, associates, jointly controlled companies and parent companies mainly relate to:

- Dealings associated with commercial service agreements;
- Financial dealings, represented by loans.

These transactions are illustrated in detail in the notes to the financial statements, in section 8.

You are also hereby informed that, further to the Regulations adopted by Consob by means of resolution No. 17221 dated 12 March 2010 and subsequent amendments, the Board of Directors approved on 24 November 2010 and updated on 13 November 2015 the Regulations for related party transactions, as published in the company website.

Significant events after the end of the year

On 29 February 2016, a binding agreement was entered into for the acquisition of 100.0% of a newly incorporated company to be named "Tintoria Lombarda Divisione Sanitaria S.r.l.", to which the operations business unit of the company Tintoria Lombarda di Fasoli Aldo S.p.A., one of the main Italian linen wash-hire companies for healthcare facilities, will be transferred. The finalisation of this transaction, the closing of which is planned by the end of June 2016, is subject to a series of conditions precedent, including the completion of the union communication and consultation procedure regarding the contribution and the acquisition of consent from certain commissioning bodies for wash-hire contracts. Pursuant to Italian Antitrust Authority communication dated 5 August 2013 and the amendments made to Art. 16 of Italian Law No. 287/90 and Italian Decree Law 1/2012, this acquisition did not trigger the obligation to notify the Antitrust Authority; on the basis of Art. 71 of the Issuers' Regulations, this acquisition is "not significant" considering the parameters set forth in applicable law. For more information, please refer to the press release available on Company's website.

At the date of approval of the draft financial statements, the Board of Directors called an extraordinary meeting with the following item on the agenda: the exercise of the mandate granted by the Extraordinary Shareholders' Meeting held on 26 September 2014 pursuant to Art. 2443 of the Italian Civil Code to carry out a divisible share capital increase against payment for an overall maximum amount of Euro 4,000,000.00, inclusive of any share premium, with the exclusion of the purchase option as per Article 2441, paragraph 4, second section of the Italian Civil Code, reserved for Steris UK Holding Limited, by means of the issue of up to 1,150,000 new ordinary shares with a par value of Euro 1 each, with the same characteristics as those outstanding. For further information, please refer to the documentation concerning the shareholders' meeting of 26 September 2014, the "Lock-up" shareholders' agreement and the press releases of 26 September and 6 October 2014 and subsequent communications available on Company website.

Business outlook

For the year 2016, the Group expects results that will take into account the commitment to consolidating investments made in the countries in which it operates, as well as meeting significant operating efficiency targets in order to maintain and improve business margins and profitability. In particular, the Servizi Italia Group's strategic actions will pursue the following objectives:

- consolidating leadership in Italy through participation in tenders and the awarding of contracts as well as cross-selling on existing contracts; in addition, through external growth by seeking out and potentially acquiring target sector companies that provide traditional and innovative services throughout the country;
- improving business margins and profitability levels in the countries in which the Group carries on business. In Italy and Brazil obtained through cost curbing, the continuous search for synergies and production efficiency and the reorganisation of Group companies; in India obtained based on local management actions to promote the business model in order to boost demand and therefore also revenue, supporting start-up costs deriving from the opening of the new company;
- consolidation of the Group's organisational structure, by seeking out managers with the proper skills to support strategy and business development.

Financial derivatives

As at 31 December 2015 and 31 December 2014, the Group held no financial derivatives.

Company Headquarters

The operational headquarters of the Company where its activities are carried out are as follows:

- Via S. Pietro 59/c – 43019 Castellina di Soragna (PR), Italy
- Via Palugara 22 – 36030 Montecchio Precalcino (VI), Italy
- Via Quarto Negroni 58 – 00040 Ariccia (Rome), Italy
- Via Concordia snc – 31040 Treviso (TV), Italy
- Via Travnik 20 – 34018 San Dorligo della Valle (TS), Italy
- Via Lungo Rio Freddo, 15 – 50141 Florence (FI), Italy
- Viale Grado 51 – Lauzacco – 33050 Pavia di Udine (UD), Italy
- Via Giardini 1355 – Baggiovara – 41100 Modena (MO), Italy
- Viale Luigi Borri 57 – 21100 Varese (VA), Italy
- Piazza Nicola Leotta 4 – 90127 Palermo (PA), Italy
- Via Albisola 109 – 16162 Genova Bolzaneto (GE), Italy
- Via Sambrioli 1 –25039 Travagliato (BS), Italy

- Via Primo Maggio 125– 29027 Podenzano (PC), Italy
- Via Aldo Moro 8 – 44124 Cona, Ferrara (FE), Italy
- Largo Rosanna Benzi 10 – San Martino Hospital - 16132 Genoa (GE), Italy
- Piazzale Santa Maria Misericordia 15 – 33100 Udine (UD), Italy
- Via Cisa snc – Ospedale San Bartolomeo - 19038 Sarzana (SP), Italy
- Piazza Org.ne Mondiale Sanità 1 – 24127 Bergamo (BG), Italy
- Via Ugo Foscolo 7 - 59110 Prato (PO), Italy
- P.le Spedali Civili 1 - 25123 Brescia (BS), Italy
- Via Largo Ugo Dossena 2 – 26013 Crema (CR), Italy
- Via Linfano 6 – 38062 Arco (TN), Italy

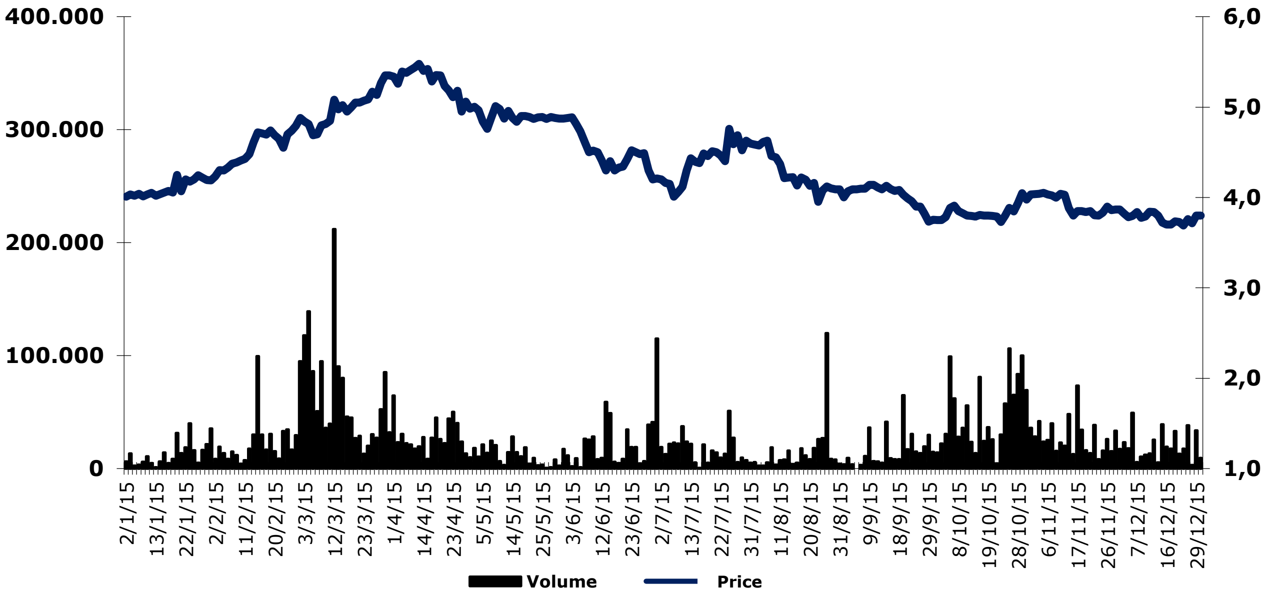
Servizi Italia and the financial markets

The Company shares have been traded in the STAR segment of the Borsa Italiana S.p.A. screen-based stock market (MTA) since 22 June 2009. The main share and stock exchange data as at 31 December 2015 is disclosed below along with share volume and price trends (in Euros):

Share and stock exchange data	**31 December 2015**
No. of shares making up the share capital	30,699,266
Price at IPO: 4 April 2007	8.50
Price as at 30 December 2015	3.80
Maximum price during the period	5.48
Minimum price during the period	3.69
Average price during the period	4.37
Volumes traded during the period	6,609,266
Average volumes during the period	26,020

(**) Further to the closure of the Third and last Exercise Period for the "Warrant Servizi Italia 2012-2015", on 2 November 2015, the share capital rose to from Euro 28,371,486 to Euro 30,699,266.

Share volumes and prices as at 31 December 2015



During 2015, the investor relations team held several individual and group meetings with analysts and investors and also organised guided tours of the sterilisation centres and industrial laundering sites for shareholders and potential investors who so requested. During the reference period, the Company met with investors at the "STAR Conference" events in Milan and London organised by Borsa Italiana.

Report on corporate governance and the ownership set-ups

The information on the ownership set-ups and on corporate governance is contained in the specific report drawn up in accordance with Article 123 bis of the CFL, which forms an integral part of the financial statement documentation and which will be published in accordance with the matters envisaged by current legislation.

Servizi Italia S.p.A. is not subject to the management and co-ordination activities of either the direct parent company Aurum S.p.A. or the indirect parent company Coopservice S. Coop. p. A., since the following indices of probable subjection to third party management and co-ordination activities do not exist, such as the issue of directives pertaining to the financial and lending policy, the establishment of group operating strategies, the concentration of cash management relationships with the same. The Company in fact operates under conditions of corporate and entrepreneurial autonomy and operates autonomously in commercial dealings with its customers and suppliers. Furthermore, Servizi Italia - in compliance with the matters envisaged by Italian Law No. 262 dated 28 December 2005 - has adopted all the necessary measures (such as, for example, the appointment of the Control and Risks Committee and the adoption of Regulations for related party transactions) which permit it to not be subject to management and co-ordination activities.

Report on the remuneration of the directors, the general managers and the executives with strategic responsibilities

The information on the remuneration of the directors, the general managers and the executives with strategic responsibilities is contained in a specific report drawn up in accordance with the format No. 7 bis, of Article 123 ter of the CFL, which forms an integral part of the financial statement documentation and which will be published in accordance with the matters envisaged by current legislation.

Risk management information

The Company's model is based on integrated and adequate risk management and internal control systems.

This model is meant to ensure the Company's continuity and the adequacy of its processes, activities and services in terms of:

1. business objectives:
   - achievement of objectives set within company strategies;
   - effective and efficient use of organisational resources;
2. governance objectives:
   - ensuring the reliability, accuracy, trustworthiness and timeliness of financial reporting;
   - preservation of the company assets;
   - compliance with laws, regulations, contracts and ethical and company standards;
   - ethical and social responsibility.

Via the Director responsible for the internal control and risk management system and the Internal Audit Manager, the Board of Directors plans, organises and manages initiatives designed to ensure that company targets are achieved by periodically reviewing objectives, changing processes based on changes within and outside the Company, and promoting and maintaining a culture and climate favourably oriented towards risk management within the company.

With a view to Governance Control, the Company has prepared and implements a series of internal procedures and controls to apply corporate governance at all levels, in terms of operational efficiency and business integrity.

The Enterprise Risk Management (ERM) tool manages risks in an integrated manner.

The primary objectives of ERM are:

- identifying business risks and the processes that manage them;
- creating a correlation between risk management processes, decision-making processes and the company strategy;
- ensuring that sufficient risk management processes take place within business processes.

The Company has defined a Corporate Risk Model within its ERM policy, which reflects the types of risk expected in light of the company's activities. Updates are approved annually by the Board of Directors. The Risk Model is the foundation and common language of the process of identifying, evaluating, controlling and reporting priority corporate risks.

The primary business risks identified (strategic, operational, financial and compliance) based on the activities of the Company and its subsidiaries are examined by the entire Board of Directors as well as the members of the Board of Statutory Auditors and the Control and Risks Committee. Meanwhile, the Director responsible for the internal control and risk management system, the Financial Reporting Manager, the Internal Audit Manager, the Organisation and Systems Manager, the Supervisory Body and the Control and Risks Committee are responsible for planning, implementing and managing the internal control system. In addition, in line with the ERM policy, a risk mapping and risk scoring methodology has been adopted which identifies the significance of the risk based on an assessment of global impact, likelihood and control level.
The Company also implements the ERM process and the Risk Self-Assessment, the results of which are disclosed to the Control and Risks Committee and the Board of Directors and are used in the preparation of specific risk-based audit plans.

Risk Factors

To minimise the various types of risks to which it is exposed, the Group has adopted timescales and control methods which allow the company management to monitor risks and inform the Board of Directors so that it may approve all transactions involving a commitment by the Company with respect to third parties.

Without prejudice to the principle of continuous monitoring and considering the characteristics of the Group's activities, a review of the risk assessment indicates that the Company has been able to achieve the desired mitigation of the primary operational, financial, strategic and compliance risks identified by taking the planned organisational and operating measures and implementing and documenting control points within company processes.

- **Strategic and policy risks**

Risks relating to the macroeconomic and industry environment

Group activities are impacted by general economic conditions in its various markets. A phase of economic crisis, resulting in a slowdown in consumption, may have a negative effect on Group sales trends, therefore reducing production volumes. The current macroeconomic scenario is causing significant uncertainties in future outlooks, resulting in the risk that deteriorating performance could impact margins in the short term. To mitigate the possible negative impacts of a downturn in demand on company profitability, the Servizi Italia Group has equipped itself with a management structure which, through project management and project control activities, pursues organisational and operating efficiency targets with a view to maintaining business margins and profitability levels.

Risks associated with the international expansion strategy

The Group provides its services in several countries (Brazil, Turkey, Albania and India) through associates and subsidiaries. In pursuing its expansion strategy, the Servizi Italia Group has invested and may continue to invest in the future in countries with relatively unstable political institutions and/or at the centre of situations of international tension. This strategy could expose the Servizi Italia Group to various macroeconomic risks deriving, for example, from changes in the political, social, economic and regulatory systems in those countries or extraordinary events such as acts of terrorism, civil unrest and restrictions on the Group's services, as well as exchange rate control policies, inflation, penalties and nationalisation. The likelihood that the events described above will take place varies from country to country and is difficult to forecast. In any event, the company's top management continuously monitors the situation to promptly respond to possible changes in order to minimise any resulting economic or financial impacts.

Risks associated with growth

The Group aims to pursue growth through a strategy based on strengthening in the markets already covered and additional geographic expansion. In pursuing this strategy, the Group could face difficulties in managing adjustments in the business structure and model or in the capacity to identify trends in markets and the relative local demand. Furthermore, the Group may need to incur start-up costs from opening new companies. Lastly, if the Group's growth is pursued externally through acquisitions, it may need to deal, *inter alia*, with difficulties associated with the proper valuation of the assets acquired, the integration of activities and the failure to achieve the desired synergies, which could have negative repercussions on the operations and future economic and financial results of the Group. For the purpose of mitigating these risks, Servizi Italia has structured itself with a series of internal processes to safeguard approval and valuation phases for the investment initiatives. Besides the appropriate formalised procedures, the processes envisage due diligence operations, binding contracts, internal multi-level authorisation processes, scrupulous project management and project control activities carried out by the company's top management to promptly respond to possible changes in order to minimise any economic or financial impacts resulting from the events described above, which could take place in the different countries.

- **Risks associated with the outside environment**

Risks associated with customer contracts

The Group aims to pursue internal growth in the markets of the countries in which it operates based on a strategy of being awarded contracts via public tenders or private negotiations, which are governed by laws that vary from country to country. In particular, contracts with customers generally have a term of more than one year, and include the possibility, at the end of the first natural expiry, to extend for a further period, usually for the same duration as the initial contract. This allows the Group to plan its activities for future years. However, there is no certainty that the Group will maintain the contractual supply relationship or that new public tenders or private negotiations will offer technical and economic conditions of interest to the

Group. This could have negative impacts on operations as well as on income, the financial position and cash flows. With regard to the order book, there is no time-related concentration of the expiries of the same, also taking into account that the leadership position and the reputation which Group enjoys and the quality of the service provided have led the customers to renew the contracts entered into. Indeed, the Group's strategy is based on customer retention, involving the maintenance of continuous relationships of exchange with customers in the long term and a target of keeping the churn rate low.

Risks associated with the competition

The competitive map in the markets in which the Group operates varies from country to country. In detail: (i) the Italian market is highly competitive due to the presence of various operators in the reference service sectors; (ii) the Brazilian market, against an increasing rate of penetration of demand for services, has experienced an evolution in the competitive map triggered by operators that have carried out external growth transactions and consolidated their position in certain areas of the country, and by other small, family-run businesses, with low capacity for self-financing and low-efficiency management models; (iii) the market of the other countries in which the Group currently operates does not have a significant competitive map. It is not possible to exclude that the intensification of the level of competition in the sector of the services in which the Group operates may condition activities in the future and have significantly negative impacts on operations and on income, the financial position and cash flows. The Group deals with this risk by offering innovative services of proven quality in rigorous compliance with regulations.

Risks associated with changes in sector legislation

The Servizi Italia Group operates in a sector characterised by very specific and detailed legislation, which is continually evolving. The Company cannot exclude that future changes in the existing legislation, or the issuance of new laws for the regulation of particular aspects of the sector in which it operates may influence its production activities (by means of restrictions and/or limitations on the services which are provided as well as the related disbursement processes). In this connection, the availability of internal figures with high technical skills in the respective spheres of responsibility and constantly up-dated in this connection, permit a constant control of the legislative changes. The up-date system with regard to sector standardisation is activated by means of the main on-line channels and sector subscriptions.

- **Financial risks**

Interest rate risk

The Servizi Italia Group is exposed to interest rate fluctuations especially with regard to the extent of the financial expense relating to the company's net borrowing, which is mainly characterised by short-term debt. The interest rate which the Group is mainly exposed to is the Euribor. In relation to the global financial crisis, the Company is assessing the appropriateness of taking out hedging transactions on the rates, even if the financial management outstanding aspires to the optimisation of the financial expense and not to establishing derivatives for speculative purposes.

Credit risk

The receivables, since they are essentially due from public bodies, are deemed certain in terms of collectability and, by nature, are not subject to the risk of loss. The collection times depend on the loans received, the Local Health Authorities, the Hospitals and the Regional Authorities. The credit risk is constantly monitored by means of periodic processing of past due situations which are subject to the analysis of the Company's financial structure. The Company is also equipped with recovery procedures for problem receivables and avails itself of the assistance of legal advisors in the event of disputes being established. Having taken into account the characteristics of the credit, the risk in question could become more significant in the event of an increase in the private customer component, however this aspect is mitigated by a careful selection and financing of the customers. The predominant presence of receivables due from public bodies makes the credit risk marginal and shifts attention more towards the collection times rather than the possibility of losses.

Price risk

This is the risk associated with the volatility of the prices of the raw materials and the energy commodities, with particular reference to electricity and gas used in the primary production processes of cotton, to which the purchase cost of the linen is linked. Within the sphere of the tenders, the company avail itself of clauses which permit it to adjust the price of the services provided in the event of significant price changes. The price risk is also controlled by means of the entering into of purchase agreements with price blocks and on-average annual timescales, joined by constant monitoring of the performance of the prices so as to identify opportunities for making savings.

Exchange rate risk

The exchange rate risk derives from the activities of the Servizi Italia Group, which are partly carried out in currency other than the Euro or linked to exchange rate changes via contractual components index-linked to a foreign currency. Revenues and costs denominated in currency may be influenced by exchange rate fluctuations with an impact on commercial margins (economic risk), like the trade and financial receivables and payables denominated in currency can be affected by the conversion rates used, with effects on the economic result (transactional risk). In conclusion, the exchange rate fluctuations also have repercussions on the consolidated results and the shareholders' equity attributable to the shareholders of the group parent since the financial statements of certain investee companies are drawn up in a currency other than the Euro and subsequently converted into Euro (translation risk).

With reference to the transactional risk, under the co-ordination of the Administration, Finance and Audit divisions, the Group handles the exposure to exchange rate risk on certain currency flows (Brazilian Real, Turkish Lira, Indian Rupee and Albanian Lek) centrally with regard to the development investments in Brazil, Turkey, India and Albania, with the goal of minimising negative effects. In addition, the company holds controlling interests in companies that prepare financial statements in currencies other than the Euro, its own reporting currency. This exposes the Group to translation risk, due to the conversion into Euro of the assets and liabilities of subsidiaries that use a different reporting currency. The main exposures to translation risk are continuously monitored and, as things currently stand, no specific policies have been adopted to hedge these exposures.

Liquidity risk

In relation to the Company, the liquidity risk is linked to two main factors:

- delay in the payments from the public customer;
- maturity of the short-term loans.

Concentrating its business on orders contracted with the Public Administration Authorities, the Company is exposed to risks associated with delays in the payments for the receivables. In order to balance this risk, factoring agreements have been entered into with the without-recourse formula.

To correctly manage the liquidity risk, an adequate level of cash and cash equivalents must be maintained. In light of the predominantly public nature of the group’s customers and the average collection times, cash and cash equivalents are mainly obtained from accounts receivable financing and medium-term loans.

- **Process risks**

Risks associated with related party transactions

The Servizi Italia Group has transactions outstanding with related parties (as defined by international accounting standard IAS 24); these transactions have been analysed in the specific supplementary annual and consolidated income statement and statement of financial position schedules as at 31 December 2015 and stated in detail in the related notes. After 31 December 2015, the Group did not enter into significant transactions with related parties other than those, which fall within its core business.

All the transactions entered into with the related parties by the Servizi Italia Group fall within the normal management activities and have been finalised under market conditions.

As of 24 November 2010, pursuant to and for the purposes of Article 2391 bis of the Italian Civil Code and Articles 113 ter, 114 and 115 of the CFL, as well as the matters envisaged by the regulations containing the provisions on related party transactions adopted by Consob under resolution No. 17221 dated 12 March 2010 and subsequently amended by means of resolution No. 17389 dated 23 June 2010, the Group adopted the “Regulations for related party transactions”, updated on 13 November 2015. The “Regulations for related party transactions” contain the rules which govern the identification, approval and execution of the related party transactions put together by Servizi Italia, directly or via subsidiaries, for the purpose of ensuring the transparency and correctness, both essential and procedural, of said transactions.

Risks associated with the linen and surgical instrument sterilisation activities and the adequacy of the insurance coverage

The Company is exposed to risks associated with the type of activities carried out as well as the methods for providing the services. In detail, the linen and surgical instrument sterilisation activities involve the preparation of sterile medical devices to be used care of the operator segments of hospitals.

Any defects in the sterilisation process could generate liability for the Company vis-à-vis the customers or third parties and give rise to subsequent requests for damage compensation. Accordingly, the Company has taken out insurance policies to cover these risks, in line with sector practice, to cover the liability: (i) in relation to the product, and (ii) civil vis-à-vis third parties and workers in the sterilisation centres.

However, there can be no certainty with regard to the adequacy of the insurance coverage in relation to any damages caused by the afore-mentioned events. Therefore, the risk that Servizi Italia will have to undertake possible additional charges and costs, with a consequently negative impact on the Group economic and financial results, cannot be excluded. Over the last three years, no events have taken place, which have required the compensation of damages not covered by insurance policies. Furthermore, as of the date of approval of this report, there are no pending matters relating to requests for damage compensation linked to the linen and surgical instrument sterilisation activities.

Risks associated with environmental responsibilities

The Company operates in a sector, that of industrial laundries, particularly exposed to environmental risks such as, by way of example, air, soil and water pollution, deriving from the disposal of waste, toxic-harmful emissions and spillages of toxic-harmful materials. Accordingly, the Company has taken out insurance policies for civil liability to cover, inter alia, environmental risks as well, in line with sector practices. However, there can be no certainty with regard to the adequacy of the insurance coverage in relation to any liabilities or action furthered by third parties for the compensation of damages potentially caused by the company with regard to environmental aspects. Therefore, the risk that Servizi Italia will have to undertake possible additional charges and costs, with a consequently negative impact on its economic and financial results, cannot be excluded.

Risks associated with the management and organisation model pursuant to Italian Legislative Decree No. 231/2001

The Group has adopted the management and organisation model envisaged by Italian Legislative Decree No. 231/2001 for the purpose of creating a system of rules aimed at preventing the adoption of unlawful conduct by senior management, executives or in any event those with decision-making powers deemed significant for the purpose of application of this legislation.

The Company deems that it has adopted the utmost diligence for the purpose of implementing the provisions as per Italian Legislative Decree No. 231/2001; however, no certainty exists with regard to the fact that the model adopted by the Company may be considered suitable by the legal authority possibly called to check the cases contemplated by said legislation. If such cases should occur, and in the event of an unlawful event, the Company's exemption from liability is not recognised on the basis of the provisions contained in said decree, it is envisaged that the Company, in any event and for all the unlawful acts committed, will be fined, as well as, for more serious cases, be subject to disqualification measures, such as disqualification from carrying out activities, suspension or revocation of authorisations, licences or concessions, prohibition from contracting with public administration authorities, exclusion from loans, grants and subsidies and possible revocation of those already granted and, in conclusion, prohibition from publicising goods and services, with consequent significant negative impacts on the Group's economic and financial results.

Information on proceedings in progress

Aside from that reported in the section "Significant events and transactions", the Company is involved in proceedings for an alleged offence pursuant to Italian Legislative Decree 231 of 2001 relating to the AUSL (Local Health Authority) of Viterbo, for which a former director was charged with a predicate offence in relation to the awarding of a tender for the assignment of the supply of wash-hire services, sterilisation and hire of surgical instruments for the aforementioned AUSL of Viterbo; no significant events occurred in the period. Through its lawyers, the Parent Company prepared defence pleadings demonstrating the groundlessness of the accusation and, as a result, the absolute lack of involvement of the company as well as its former director.

Application of the disclosure obligation simplification regime in compliance with Consob resolution No. 18079 of 20 January 2012.

Pursuant to Art. 3 of Consob Resolution No. 18079 of 20 January 2012, Servizi Italia S.p.A. has decided to apply the out-put regime set forth in Arts. 70, paragraph 8 and 71, paragraph 1-bis of Consob Regulation No. 11971/99 (as amended). Therefore, it has taken advantage of the right to exemption from the obligation to publish the disclosure documents set forth in attachment 3B to the above-mentioned Consob Regulation at the time of significant mergers, spin-offs, share capital increases via the contribution of assets in kind, acquisitions and disposals.

Security Policy Document

Pursuant to annex B, point 26 of Italian Legislative Decree No. 196/2003 on the Personal data protection code, the directors acknowledge that the Company has worked to uphold personal data protection measures, also in light of the provisions introduced by Italian Legislative Decree No. 196/2003 and Italian Decree Law No. 207 of 30 December 2008, published in Official Gazette No. 300 of 31 December 2008.

Quality, Health, Safety and Environment

The Company takes an integrated approach to Quality, Safety and Environment matters and promotes the development and use of the system as a fundamental element of prevention and continuous operational improvement, with respect for and in systematic dialogue with the relevant social context and in line with international best practices.

In order to become a market leader in terms of service safety and reliability, the Company's organisational structure aims to demonstrate that the activities carried out:

- guarantee and demonstrate that the process is able to systematically produce services that comply with predetermined specifications defined on the basis of customer requirements and applicable regulatory requirements in force;
- aim to increase the level of customer satisfaction via effective management of the quality, safety and environment system and continuous improvement;
- are oriented towards protecting the community and the environment, the health and safety of the population and the prevention of pollution in compliance with current legislation.

The Company has obtained and maintained the certification according to the following standards:

- UNI EN ISO 9001:2008, for the achievement of the Quality Management System;
- UNI EN ISO 13485:2012, for the achievement of a Quality Management System, supporting the organisation for the planning and development, production, installation and assistance of the Medical Devices, as well as the planning, development and supply of the related services;
- UNI EN ISO 14001:2004, for the achievement of an Environmental Management System to support the organisation;
- UNI EN 20471:2013, High visibility clothing for professional use, control and checking system for high visibility clothing subject to washing and maintenance;
- UNI EN 14065:2004, "Laundry-treated fabric" bio-contamination control system. Bio-contamination control system assessed according to the RABC guidelines issued by ASSOSISTEMA;
- BS OHSAS 18001:2007, Management System safeguarding the Health and Safety of the Workers.

- EC certification, in compliance with enclosure V of the 93/42/EEC European Directive and subsequent amendments (assimilated in Italy by means of Italian Legislative Decree No. 46 dated 24 February 1997 and subsequent amendments), concerning the medical devices, bearing witness to the approval of the quality guarantee system relating to production and/or sterilisation of the Medical Devices created in sterile kits for the operator segments of the hospitals.

During 2015:

- the applicable Managers carried out the audits planned in the company departments as well as at production sites for the purposes of compliance with regulations and voluntary standards;

- accredited outside Bodies successfully completed the renewal and supervision audits to maintain existing certifications and to obtain them for the new production sites.

Occupational Health and Safety

With regard to the protection of the health and safety of workers, the Company continued with the training courses in accordance with the matters envisaged by the State-Region Agreements with regard to the training criteria for workers, supervisors and executives (Agreement dated 21 December 2011) and the qualification of the operators to use equipment (agreement dated 22 February 2012), which affected workers at all levels and Prevention and Protection Service Officers.

During 2015, the safety team's activities also included:

- a review and update of the Risk Assessment Document;

- the implementation of activities to prepare and draft the Interference Risk Assessment Document (D.U.V.R.I.) pursuant to Art. 26 of Italian Legislative Decree 81/08 relating to contracts, sub-contracts or service provision agreements with third-party companies;

- The implementation of specific projects for the reduction of risks associated with working activities (e.g. Ergonomics Project);

- security co-ordination relating to temporary work sites, in particular at the Brescia venue, since adaptation/construction operations have been started for the structures;

- continuous monitoring of safety indicators;

- training and information during annual meetings, dedicated to occupational health and safety and to environmental protection aspects. The annual initiative is furthered by the Employer and involves Delegates, Company Medical Officers, Workers’ Safety Representatives from each production site, production site and contract Managers.

Specifically, the activities carried out include:

- Safety measures on coverings (roofs) of all the production premises;
- Analysis and assessments of the risks for overseas activities (for business travellers);
- Improvement of the management of overhead maintenance work;
- Ergonomics projects for the reduction of the risk from bio-mechanical overloading of limbs.

With regard to 2015, the representative Maurizio Vitali reported to the Board of Directors with regard to aspects concerning Occupational Health and Safety with a review of the trend of the indicative indicators of the Safety Management System, as well as the costs incurred for the safety of the work environments.

Industrial accident situation

With regard to company personnel, the analysis of the industrial accident trend in the last three years 2013-2015, excluding the accidents to and from work (accidents for all purposes but not to be considered as related to working activities), disclosed a decrease of 2.4% and emphasised, with respect to the previous three-year period, a decrease in the number of accidents of 3.5%. This figure was decisively affected by both the investments made in terms of technological innovation and adaptation of the machines and equipment, and the effective application of the disclosure and training activities implemented for the purpose of raising awareness of conduct in this connection regarding industrial accidents.

With regard to the values of the frequency indices (Fi) and the severity indices (Si), again in 2013-2015, the same provided clear indication of a positive trend further confirming the effective application of the commitments implemented by the Company, in terms of economic and training investments. In detail: (i) the frequency index decreased by around 21%; (ii) the severity index decreased around 4%. The study of the accidents is an important factor for the Company, for the purpose of gaining a more precise view of the causes which generate the same, exclusively linked to the work activities and of being able, consequently, to intervene in a targeted manner where problematic issues appear to be, with a view to prevention and ongoing improvement with regard to occupational health and safety.

Environmental Regulations and energy saving activities

To conduct its business, Servizi Italia S.p.A. is required to observe the provisions of binding environmental regulations (Italian Legislative Decree No. 152 of 3 April 2006, which entered into force on 29 April 2006 - the “Consolidated Environmental Law” or, alternatively, “Decree 152/2006”) with regard to:

- atmospheric emissions: the Company has obtained due authorisation from the pertinent bodies for the atmospheric emission of fumes produced by the heating installations and production chimneys for all the production sites;

- waterways, withdrawals and drains: Servizi Italia S.p.A has obtained due authorisation from the pertinent bodies for the disposal of waste water deriving from the production processes for all the production sites;
- handling of the waste care of each production site in which waste is produced: the Company regularly updates the waste register with information on the qualitative and quantitative characteristics of waste and during the period took steps, further to the procedure with registration of its operating sites in accordance with the timescales and formalities for the application of the on-line waste tracking control system (SISTRI).

During 2015, the Company continued with energy efficiency actions aimed at primary energy savings, through the reduction of natural gas consumption by production site plants. In this connection, the commitments undertaken for obtaining Energy Efficiency Certificates was implemented, also referred to as white certificates, established by the Decrees of the Ministry of Productive Activities jointly with the Ministry for the Environment and Land Protection of 20 July 2004 (electricity Italian Ministerial Decree 20/07/02, gas Italian Ministerial Decree 20/07/04), as subsequently amended and supplemented by the Italian Ministerial Decrees 21/12/07 and 28 December 2012, the latter of which sets the national quantitative objectives for the increase in energy efficiency in the 2013-2016 four-year period.

In the course of 2015, the Company, in its capacity as Energy Manager, requested the Energy Services Operator (GSE) for type II Energy Efficiency Certificates, in other words regarding natural gas savings. In 2015, Servizi Italia S.p.A. obtained certification for the energy savings implemented and at the same time the issue of the related Energy Efficiency Certificates (6,218 certificates).

Human resources and industrial relations

The Servizi Italia Group's total employees, including those of the consolidated companies, were as follows as at 31 December 2015:

Company	Executives and Middle managers	White-collar staff	Blue-collar staff	Total
Servizi Italia S.p.A.	8 executives and 18 middle managers	159	1,621	1,806
Servizi Italia Medical S.r.l.	-	1	-	1
Lavsim Higienização Têxtil S.A.	1 executive	16	465	482
Maxlav Lavanderia Especializada S.A.	5 executives	10	435	450
Vida Lavanderias Especializada S.A.	-	3	179	182
Aqualav Serviços De Higienização Ltda	1 executive	9	215	225
TOTAL	15 executives and 18 middle managers	198	2,915	3,146

Industrial Relations

The company's relations with the unions have always been characterised by respect for the roles and prerogatives of all parties and have always resulted in shared agreements. Over the years, this has made it possible to maintain union relations based on reciprocal respect and shared expectations.

With regard to its blue-collar and white-collar staff, Servizi Italia S.p.A. applies the national collective Labour Agreement for employees of companies in the integrated industrial system of textile and related medical services entered into by Assosistema and the trade unions Femca-Cisl, Filctem-Cgil and Uiltec-Uil (and also separately with UGL), the regulatory and economic sections of which expired on 30 June 2015. The Industry Executives national collective labour agreement is applied for the Company's managerial staff.

During 2015, talks continued with the Trade Union Organisations and the company workers' representatives with the aim of defining shared solutions in light of the market situation, particularly to identify flexible operating and logistics solutions and to continue streamlining the staff, in order to pursue greater efficiency and integration.

In the second half of 2015, the solidarity agreements were extended at the Ariccia (RM), Montecchio Precalcino (VI) and Trieste sites.

A union agreement was entered into relating to the Ariccia production unit regarding the amendment of working hours and the performance bonus.

The results for the year and margins were impacted by increased personnel expenses due to the recognition of the two contractual instalments established in the industry national collective labour agreement (January/June 2015), as well as the hiring of personnel for the launch of new contracts.

During 2015, the Human Resources Director and the Appointments and Remuneration Committee complied with the matters required by current legislation so as to make information available relating to the remuneration of Directors vested with particular offices, Executives with strategic responsibilities, Senior Manager and Executives, submitting a specific report for the approval of the shareholders' meeting, drawn up as per format No. 7 bis, pursuant to Article 123 ter of the CFL. For further information on the fixed and variable remuneration policy, reference is made to the 2015 Remuneration report, which is an integral part of the financial statement documentation.

Training and development

Activities were carried out in 2015, involving 21,000 training hours with the involvement of more than 1,100 workers in at least one training initiative during the year, both on operating roles and technical management roles.

The measures were focused on guaranteeing the constant up-dating of all the staff, supporting the professional growth of the junior figures and strengthening the skills of those with roles of responsibility, with the awareness that training represents a strategic leverage for company growth and the development of new business ventures.

As in previous years, steps were taken to prefer the internal resources who guaranteed 90% of the teaching activities, while market training was turned to for the expertise not available in-house.

A consistent portion of the training activities concerned the integrated quality/environment/safety system with particular attention to Italian Legislative Decree No. 81/2008 and subsequent amendments; in this connection, around 6,800 hours were provided to guarantee the training and up-dating of the operational staff and supervisors.

Amongst the most relevant projects, three ergonomics courses were provided at the Montecchio Precalcino, Castellina and Treviso facilities.

Organisation and development

With regard to organisational changes, the policy adopted by the Servizi Italia Group in relation to the entities acquired is characterised by respect and promotion of cultural differences and the management of the companies acquired/invested in, by means of a process of gradual integration of the companies in an already existing Group. The programmes drawn up by Servizi Italia with regard to the acquisition transactions, are therefore in line with this policy and manifest in specific planning. In detail, during 2015:

With regard to the companies operating on the Brazilian market:

- auditing activities were performed, for the purpose of assimilating information and implementing the Organisational model envisaged by the law, relating to Corporate Governance and the general management of the companies with regard to organisational and legislative compliance;
- training and on-site assistance was guaranteed on laundry operations, with the presence of expert Servizi Italia employees for the purpose of implementing the business, operating and plant engineering model at the laundry sites like that of the other Group production sites;

- training and on-site assistance was guaranteed on control and administrative activities, with the presence of expert Servizi Italia employees for the purpose of facilitating the financial statement definition and reporting operations and encouraging the correct information flow to the local independent auditors and the Servizi Italia control bodies;

- activities were carried out for the search for optimisations and synergies of services common to the SRI group companies; and a commercial strategy was agreed on and launched for the purpose of developing the wash-hire service, with the amendment of the supply contracts with the customers from pure washing services to hire services; along with the search for cross-selling opportunities on target customers in favour of the sterilisation or general supply added value services.

With regard to the companies operating on the Indian market:

- the construction and the launch of the new industrial laundry site in New Delhi required that training and on-site assistance be guaranteed on laundry operations, with the presence of Servizi Italia experts for the purpose of supervising the construction and plant engineering work and implementing and launching the business and operating model like that of the other Group production sites. Training activities were also carries out care of the Italian production sites for Indian staff involved in production and co-ordination;

- training and on-site assistance was guaranteed on control and administrative activities, with the presence of Servizi Italia employees for the purpose of facilitating the financial statement definition and reporting operations and encouraging the correct information flow to Servizi Italia; the project for the localisation of the SAP production and accounting disclosure system and the departmental systems to guarantee textile traceability was also implemented;

- a commercial strategy was launched, for the purpose of raising the awareness of potential public/private health customers in the Delhi area, with regard to the outsourcing of the washing/wash-hire services;

With regard to the companies operating on the Turkish market:

- the commercial strategy launched envisages collaboration in public private partnership (PPP) projects, which involve the supply of wash-hire and sterilisation services; as well as promotion of the outsourcing of surgical instrument sterilisation services and raising potential health customer awareness in this regard;

- collaboration and on-site assistance has started at Ankateks Group laundry operations, with the presence of Servizi Italia experts to analyse the production context and the operating models in place.

Allocation of the profit (loss) for the year

Dear Shareholders,

We hereby invite you to approve the separate financial statements as at 31 December 2015 and, considering the net profit for the year amounting to Euro 11,724,115, the Board of Directors hereby proposes:

- to allocate Euro 586,206, equal to 5% of the profit, to the legal reserve;
- the distribution to the shareholders of an ordinary single dividend, gross of the legal withholdings, equal to 15 Euro cents for the shares in circulation, with the exclusion of the treasury shares in the portfolio, for a maximum amount of Euro 4,604,890;
- to carry forward the residual profit for the year.

The dividend will be paid as from 27 April 2016, with ex-dividend date on 25 April 2016, and will be paid to the shares which will be in circulation as of that date.

The Chairman of the Board of Directors
(Roberto Olivi)

DRAFT SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

SERVIZI ITALIA S.p.A.
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Accounting schedules

STATEMENT OF FINANCIAL POSITION

(Euros)	Notes	As at 31 December 2015	*of which with related parties (Note 8)*	As at 31 December 2014	*of which with related parties (Note 8)*
ASSETS					
Non-current assets					
Property, plant and equipment	**6.1**	100,257,999	-	101,730,499	-
Intangible assets	**6.2**	2,837,205	-	715,236	-
Goodwill	**6.3**	32,275,094	-	21,708,990	-
Equity investments in subsidiaries and associates	**6.4**	62,592,005	-	52,083,625	-
Equity investments in other companies	**6.5**	3,542,018	-	3,273,344	-
Financial receivables	**6.6**	3,824,477	*933,821*	4,108,224	*1,802,631*
Deferred tax assets	**6.7**	1,152,802	-	873,763	-
Other assets	**6.8**	3,713,813	-	3,971,051	-
Total non-current assets		**210,195,413**		**188,464,732**	
Current assets					
Inventories	**6.9**	3,034,776	-	2,714,545	-
Trade receivables	**6.10**	78,990,937	*10,226,535*	78,774,607	*12,781,715*
Current tax receivables	**6.11**	2,274,083	-	-	-
Financial receivables	**6.12**	9,017,439	*6,838,018*	8,736,847	*6,789,015*
Other assets	**6.13**	4,450,336	-	2,170,119	-
Cash and cash equivalents	**6.14**	2,011,757	-	1,325,970	-
Total current assets		**99,779,328**		**93,722,088**	
TOTAL ASSETS		**309,974,741**		**282,186,820**	
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	**6.15**	30,443,650	-	27,905,760	-
Other reserves and retained earnings	**6.15**	95,955,644	-	80,472,307	-
Profit (loss) for the year		11,724,115	-	12,112,688	-
TOTAL SHAREHOLDERS' EQUITY	**6.15**	**138,123,409**		**120,490,755**	
LIABILITIES					
Non-current liabilities					
Due to banks and other lenders	**6.16**	34,666,304	-	26,191,836	-
Deferred tax liabilities	**6.17**	1,758,872	-	1,468,161	-
Employee benefits	**6.18**	9,964,228	-	9,170,719	-
Provisions for risks and charges	**6.19**	151,428	-	64,425	-
Other financial liabilities	**6.20**	-	-	-	-
Total non-current liabilities		**46,540,832**		**36,895,141**	
Current liabilities					
Due to banks and other lenders	**6.16**	43,706,999	-	38,061,444	-
Trade payables	**6.21**	64,285,249	*13,228,964*	64,181,646	*19,704,978*
Current tax payables	**6.22**	-	-	768,858	-
Employee benefits	**6.18**	-	-	1,049,743	-
Other financial liabilities	**6.23**	962,467	-	-	-
Other payables	**6.24**	16,355,785	-	20,739,233	-
Total current liabilities		**125,310,500**		**124,800,924**	
TOTAL LIABILITIES		**171,851,332**		**161,696,065**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**309,974,741**		**282,186,820**	

INCOME STATEMENT

(Euros)	Notes	As at 31 December 2015	*of which with related parties (Note 8)*	As at 31 December 2014	*of which with related parties (Note 8)*
Revenues from sales	**7.1**	**202,057,210**	*3,053,495*	**193,966,632**	*3,130,289*
Other income	**7.2**	11,068,604	*6,340,122*	11,544,000	*6,763,714*
Raw materials and consumables	**7.3**	(17,026,041)	*(1,850,493)*	(20,513,388)	*(8,837,100)*
Costs for services	**7.4**	(76,729,877)	*(33,234,539)*	(73,835,469)	*(33,822,667)*
Personnel expense	**7.5**	(63,110,413)	*(3,839,420)*	(55,872,407)	*(4,027,551)*
Other costs	**7.6**	(1,285,036)	*(23,887)*	(1,641,388)	*(27,127)*
Depreciation, amortisation, impairment and provisions	**7.7**	(38,766,779)	-	(34,672,809)	-
Operating profit		**16,207,668**		**18,975,171**	
Financial income	**7.8**	959,220	*96,908*	1,068,576	*130,906*
Financial expense	**7.9**	(2,334,824)	-	(3,585,881)	-
Income/(expense) from valuation of equity investments		(8,999)	-	-	-
Income/(expense) from equity investments in other companies	**7.10**	623,444	-	1,137,975	-
Profit before tax		**15,446,509**		**17,595,841**	
Income taxes	**7.11**	(3,722,394)		(5,483,153)	
Profit (loss) for the year		**11,724,115**		**12,112,688**	

STATEMENT OF COMPREHENSIVE INCOME

(Euros)		Year ended as at 31 December	
	Notes	**2015**	**2014**
Profit (loss) for the year		**11,724,115**	**12,112,688**
Other comprehensive income that will not be reclassified to the Income Statement			
Actuarial gains (losses) on defined benefit plans	**6.18**	(70,478)	(891,927)
Income taxes on other comprehensive income	**6.7 6.17**	(105)	245,280
Other comprehensive income that may be reclassified to the Income Statement			
Gains (losses) from translation of foreign financial statements		-	-
Income taxes on other comprehensive income		-	-
Total other comprehensive income after taxes		**(70,583)**	**(646,647)**
Total comprehensive income for the period		**11,653,532**	**11,466,041**

STATEMENT OF CASH FLOWS

(Euros)	Notes	As at 31 December 2015	*of which with related parties (Note 8)*	As at 31 December 2014	*of which with related parties (Note 8)*
Cash flow generated (absorbed) by operations					
Profit/(loss) before tax		15,446,509	-	17,595,841	-
Payment of current taxes		(7,140,426)	-	(4,767,213)	-
Amortisation and depreciation	**7.7**	38,045,782	-	33,999,369	-
Impairment and provisions	**7.7**	720,996	-	673,441	-
(Income)/expense from equity investments in other companies	**7.10**	(623,444)	-	(1,137,975)	-
Gains/(losses) on disposal	**6.1**	(177,238)	-	(12,116)	-
Interest income and expense accrued	**7.8 7.9**	1,375,604	-	2,517,305	-
Interest income collected	**7.8**	442,512	-	695,878	-
Interest expense paid	**7.9**	(2,195,121)	-	(3,272,697)	-
Provision for employee benefits	**6.18**	410,330	-	249,934	-
		46,305,504		**46,541,767**	
(Increase)/decrease in inventories	**6.9**	(133,126)	-	(251,332)	-
(Increase)/decrease in trade receivables	**6.10**	1,173,112	*2,555,180*	12,522,872	*3,954,626*
Increase/(decrease) in trade payables	**6.21**	544,829	*(6,476,014)*	(6,869,294)	*(91,719)*
Increase/(decrease) in other assets and liabilities		(8,127,812)	-	(7,555,618)	-
Settlement of employee benefits	**6.18**	(1,426,857)	-	(527,175)	-
Cash flow generated (absorbed) by operations		**38,335,650**		**43,861,220**	
Cash flow generated (absorbed) by investment activities in:					
Intangible assets	**6.2**	(1,365,079)	-	(276,262)	-
Property, plant and equipment	**7.7**	(31,714,882)	-	(29,658,703)	-
Dividends received	**7.10**	623,444	-	923,368	-
Sale of equity investments		-	-	229,757	-
Purchase of equity investments	**6.4 6.5**	(26,370,719)	-	(5,964,245)	-
Cash flow generated (absorbed) by investment activities		**(58,827,236)**		**(34,746,085)**	
Cash flow generated (absorbed) by financing activities					
Financial receivables	**6.6 6.13**	24,012	*819,807*	1,780,285	*1,603,397*
Net (purchase)/sales of treasury shares	**6.15**	941,900	-	(406,744)	-
Dividends paid		(4,503,386)	-	(3,780,941)	-
Share capital increase	**6.15**	7,681,674	-	4,216,097	-
Current liabilities to banks and other lenders	**6.16**	5,645,556	-	(11,844,724)	-
Non-current liabilities to banks and other lenders	**6.16**	8,474,468	-	270,514	-
Cash flow generated (absorbed) by financing activities		**18,264,224**		**(9,765,513)**	
Increase/(decrease) in cash and cash equivalents		**(2,227,362)**		**(650,378)**	
Opening cash and cash equivalents	**6.14**	**1,325,970**		**1,976,348**	
Cash incorporated	**2**	**2,913,150**		**-**	
Closing cash and cash equivalents	**6.14**	**2,011,757**		**1,325,970**	

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Note 6.15)

(Euros)	**Share capital**	**Share premium reserve**	**Legal Reserve**	**Profit reserve**	**Profit (loss) for the year**	**Total Shareholders' Equity**
Balance as at 1 January 2014	**27,032,469**	**40,297,147**	**3,126,598**	**29,474,153**	**9,065,934**	**108,996,301**
Allocation of profit from the previous year	-	-	453,297	4,831,696	(5,284,993)	-
Distribution of dividends	-	-	-	-	(3,780,941)	**(3,780,941)**
Share capital increase	964,681	3,251,417	-	-	-	**4,216,098**
Treasury share transactions	(91,390)	(315,354)	-	-	-	**(406,744)**
Comprehensive income for the year	-	-	-	(646,647)	12,112,688	**11,466,041**
Balance as at 31 December 2014	**27,905,760**	**43,233,210**	**3,579,895**	**33,659,202**	**12,112,688**	**120,490,755**
Allocation of profit from the previous year	-	-	605,634	7,003,668	(7,609,302)	-
Distribution of dividends	-	-	-	-	(4,503,386)	**(4,503,386)**
Share capital increase	2,327,780	5,353,894	-	-	-	**7,681,674**
Incorporations	-	-	-	1,858,934	-	**1,858,934**
Treasury share transactions	210,110	731,790	-	-	-	**941,900**
Comprehensive income for the year	-	-	-	(70,583)	11,724,115	**11,653,532**
Balance as at 31 December 2015	**30,443,650**	**49,318,894**	**4,185,529**	**42,451,221**	**11,724,115**	**138,123,409**

Explanatory Notes

2 INTRODUCTION

The separate financial statements of Servizi Italia S.p.A. comprising the statement of financial position, income statement, statement of comprehensive income, cash flow statement, statement of changes in shareholders' equity and notes, have been drawn up in compliance with the international accounting standards "International Financial Reporting Standards IFRS" issued by the International Financial Reporting Standards Board and the interpretations issued by the IFRS Interpretations Committee, on the basis of the text published in the Official Journal of the European Communities (O.J.E.C.).

These financial statements were approved by the Board of Directors on 14 March 2016; the latter authorised the publication of the same.

The accounting standards illustrated below have been applied on a consistent basis to all the periods presented.

The amounts shown in the notes are expressed in thousands of Euros, unless specified otherwise.

The financial statement schedules adopted by the group have the following characteristics:

- in the Statement of Financial Position, assets and liabilities are classified by maturity and are separated on the basis of whether they are current or non-current;
- in the Income Statement, costs and revenues are classified by nature;
- a separate Statement of Comprehensive Income has been provided;
- the Cash Flow Statement has been prepared using the indirect method, as permitted under IAS 7;
- the Consolidated Statement of Comprehensive Income has been prepared according to the provisions of IAS 1.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE SINCE JANUARY 1, 2015

The following IFRS accounting standards, amendments and interpretations were first adopted by the Group starting January 1, 2015:

- On May 20, 2013, **IFRIC interpretation 21** – ***Levies*** was issued. The interpretation clarifies when a liability for levies (other than income taxes) imposed by government agencies should be recognised. This standard addresses both levies that are accounted for in accordance with IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*, and those for which the settlement timing and amount are certain. The interpretation applies retrospectively to reporting periods beginning on or after June 17, 2014.

- On December 12, 2013, the IASB issued document "***Annual Improvements to IFRSs: 2011-2013 Cycle***" implementing the amendments to some principles within the yearly improvement process. The main changes concern:
  - IFRS 3 *Business Combinations – Scope exception for joint ventures*. The amendment states that are excluded from the scope of the principle all types of joint arrangement, as defined by IFRS 11
  - IFRS 13 *Fair Value Measurement – Scope of portfolio exception.* The amendment clarifies that the *portfolio exception* applies to all contracts within the scope of IAS 39 regardless of whether they meet the definition of financial assets and liabilities provided by IAS 32
  - IAS 40 Investment Properties – Interrelationship between IFRS 3 and IAS 40. The amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and that, in order to determine whether the purchase of a property falls within the scope of IFRS 3 and IAS 40, reference should be made, respectively, the specific guidance provided by IFRS 3 or IAS 40.

The amendments apply to reporting periods beginning on or after January 1, 2015. The adoption of these amendments had no impact on the separate financial statements of the Company.

IFRS AND IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EUROPEAN UNION BUT NOT YET MANDATORY APPLICABLE AND NOT EARLY ADOPTED BY THE GROUP AS AT DECEMBER 31, 2015

- On November 21, 2013, IASB issued an amendment to IAS 19 "***Defined Benefit Plans: Employee Contributions***" (issued on November 21, 2013) concerning the recognition of contributions from employees or third parties to defined benefit plans. The need for such proposal has arisen with the introduction of the new IAS 19 (2011) , where it is believed that such contribution to be interpreted as part of a *post - employment benefits* , rather than a short-term benefit and , therefore , that this contribution is to be shared on the employee's years of service. The amendment applies at the latest for reporting periods beginning on February 1, 2015 or at a later date.
- On December 12, 2013, the IASB published documents "Annual Improvements to **IFRSs: 2010-2012** Cycle", which incorporates the amendments to certain standards as part of the annual improvement process of the same, the main changes concern:
  - IFRS 2 *Share Based Payments – Definition of vesting condition*. Some changes were made to the definitions of " *vesting condition* " and "*market condition*" and added further definitions of "*performance conditions*" and "*service condition*" (previously included in the "vesting condition definition")
  - IFRS 3 *Business Combination – Accounting for contingent consideration*. The amendment states that a variable price component (*contingent consideration*) as part of a business combination classified as an asset or a financial liability (differently with respect to those classified as equity instrument) shall be remeasured at fair value at each measurement date

and changes in fair value are recognized in the income statement or as a component within other comprehensive income on the basis of the requirements of IAS 39 (or IFRS 9) ;

- IFRS 8 *Operating segments – Aggregation of operating segments.* The amendments require an entity to give disclosure about assessments made by management in applying the aggregation criteria of operating segments , including a description of aggregate operating segments and economic indicators considered in determining whether these operating segments have similar economic characteristics
- IFRS 8 *Reconciliation of total of the reportable segments' assets to the entity's assets*. The amendments clarify that reconciliation between total assets of the operating segments and the total assets of the entity as a whole must be made if total assets of the operating segments are regularly reviewed by entity's chief operating decision maker.
- IFRS 13 *Fair Value Measurement – Short-term receivables and payables*). The Basis for Conclusions of this principle have been changed in order to clarify that with issuance of IFRS 13 , and consequential amendments to IAS 39 and IFRS 9 , still stands a chance to account for current receivables and trade payables no detect effects of discounting , where these effects result not material;
- IAS 16 *Property, plant and equipment and IAS 38 Intangible Assets – Revaluation method: proportionate restatement of accumulated depreciation/amortization.* The changes have eliminated the inconsistencies in the recognition of depreciation when a task tangible or intangible is subject to revaluation . The requirements of the amendments make clear that the gross carrying value is adjusted in extent consistent with the revaluation of the carrying amount and the accumulated depreciation is equal to the difference between the book value and the gross book value net of impairment losses recognized.
- IAS 24 *Related Parties Disclosures – Key management personnel.* It is clarified that in case of the services of key management personnel are provided by an entity (and not by a person), that entity is to be considered however, a related party.

The changes apply at the latest for annual periods beginning on or after February 1, 2015 or after date.

- On May 6, 2014, IASB issued an amendment to **IFRS 11 *Joint Arrangements*** – "***Accounting for acquisitions of interests in joint operations***" concerning the accounting for acquisitions of non-controlling interests in a joint operation when the operation constitutes a business, in the sense envisaged by IFRS 3. The changes require that for these cases apply the principles set forth by IFRS 3 relating to recognition of the effects of a business combination .The amendments apply as of January 1, 2016, though early adoption is allowed.
- On May 12, 2016 IASB issued an amendment to **IAS 16 *Property, plant and Equipment*** and **IAS 38 *Intangibles Assets*** – "***Clarification of acceptable methods of depreciation and amortisation***"

establishing that a depreciation or amortisation method that is based on revenue is not appropriate, because the revenue arising from the operation of a business of which the asset under depreciation or amortisation is part reflects a different pattern from the mere use of the economic benefits arising from the asset, which is a pre-requisite for depreciation or amortisation. The amendments to IAS 38 introduce a rebuttable presumption, that a criterion of depreciation based on revenues is considered inappropriate for the same reasons set out by the amendments made to IAS 16. In the case of intangible assets, however, this presumption may be overcome, but only in limited and specific circumstances. The amendments apply as of January 1, 2016, though early adoption is allowed.

- On September 25, 2014 the IASB published documents "***Annual Improvements to IFRSs: 2012-2014 Cycle***". The amendments apply at the latest to the reporting periods on or after February 1, 2015 and reporting periods starting on or after January 1, 2016. The document introduces amendments to the following principles:
    - IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations.* The amended standard introduces specific guidelines in the event that an entity reclassify asset (or disposal group) from the *held- for- sale* category to the category *held -for -distribution* (or vice versa) , or when the requisites classification of an asset as *held -for -distribution* . The changes define that (*i*) for these reclassifications are valid the same classification and evaluation criteria ; (*ii*) the assets that no longer meet the classification criteria for the *held -for -distribution* should be treated the same way as an activity that ceases to be classified as *held -for -sale*;
    - IFRS 7 – *Financial Instruments: Disclosure*. The changes state introduction of further guidelines to clarify whether a servicing contract constitutes a continuing involvement in a transferred asset, disclosed as required in relation to the transferred assets. Moreover, it is clear that disclosure on the compensation of financial assets and liabilities is not normally explicitly required for interim financial statements, except in case of significant information.
    - IAS 19 – *Employee Benefits*. The standard introduces amendments to IAS 19 to clarify that *high quality corporate bonds* used to determine the discount rate for *post - employment benefits* should be the same currency used for the payment of benefits. The amendments specify that the range of the high quality corporate bonds market to consider is that at the level of currency and not the country of the entity subject to reporting.
    - IAS 34 – *Interim Financial Reporting.* The standard introduces changes in order to clarify the requirements to be met in the event that the information required is presented in the *interim financial report* , but outside the *interim financial statements*. The amendment specifies that such information be included through a cross -reference from the *interim financial statements* to other parts of the *interim financial report* and that the document is

available to readers of the financial statements in the same manner and with the same time the interim financial statements.

- On December 18, 2014 IASB issued an amendment to **IAS 1** – "***Disclosure Initiative***" (issued by IASB on December 18, 2014). The goal of the amendments is to provide some clarifications on disclosures and other elements that may be perceived as hindrance to a clear and intelligible presentation of financial statements. The changes made are as follows:

    - Materiality and aggregation: it is made clear that an entity do not must obscure information aggregating or disaggregating and that the considerations relating to the material apply to the financial statements, and explanatory notes specific to the IFRS disclosure requirements. The document states that the disclosures required by IFRS specifically to be provided only if the information is material
    - Statement of financial position and statement of other comprehensive income : it is clarified that the list of items specified by IAS 1 for these tables can be disaggregated and aggregated as appropriate. A guideline on the use of subtotals is also provided within the statements.
    - Presentation of items of Other Comprehensive Income (" OCI ") : it is clarified that the share of OCI of associates and joint ventures accounted for using the equity method should be presented in aggregated into a single item, in turn split between items subject to future reclassifications to the income statement or not ;
    - Notes: it is clarified that entities have flexibility in defining the structure of the notes and provides a guideline of how to set up a systematic order of the same notes , for example:
        - *i)* Giving prominence to those that are most relevant to the understanding of the financial position (e.g., grouping information on particular activities);
        - *ii)* Regrouping items measured in the same manner (e.g. assets measured at fair value);
        - *iii)* Following the order of the items presented in the statements.

The amendments apply as of January 1, 2016, though early adoption is allowed.

- On 12 August 2014 the IASB published the amendment to ***IAS 27 - Equity Method in Separate Financial Statements***. The standard introduces the option of using the separate financial statements of an entity under the equity method for valuation of investments in subsidiaries, jointly controlled entities and associates. Consequently, following the introduction of the amendment, an entity can recognize these investments in the separate financial statements either:

    - At cost; or

- in accordance with IFRS 9 (or IAS 39); or
- using equity method;

The changes will apply from 1 January 2016 but early application is allowed.

Directors do not expect any significant effect on the separate financial statements of the Company when these amendments are adopted. Directors do not expect any significant effect on the separate financial statements of the Group when these amendments are adopted.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

The European Union has not yet completed its endorsement process for the standards and amendments below reported at the date of these Separate Financial Statements.

- On 30 January 2014, the IASB issued **IFRS 14 –** ***Regulatory Deferral Accounts,*** which it permits only to those adopting IFRS for the first time to continue to detect the amounts related to activities subject to rate regulation ("Rate Regulation Activities") in accordance with previous accounting standards adopted. Since the Company / Group is not a first-time adopter, this principle is not applicable.

- On May 28, 2014, IASB issued the standard **IFRS 15 –** ***Revenue from Contracts with Customers*** bound to replace IAS 18 – *Revenue* and IAS 11 – *Construction Contracts*, as well as the interpretations IFRIC 13 – *Customer Loyalty Programmes*, IFRIC 15 – *Agreements for the Construction of Real Estate*, IFRIC 18 – *Transfers of Assets from Customers* and SIC 31 – *Revenues-Barter Transactions Involving Advertising Services*. The standard provides for a new revenue recognition model, which will be applicable to all agreements made with customers, with the exception of those falling under the scope of other IFRSs such as leases, insurance contracts and financial instruments. The main steps for revenue recognition according to the new model are:
  - identifying the agreement in place with the customer;
  - identifying the performance obligations under the agreement;
  - defining the transaction price;
  - price allocation to the performance obligations under the agreement;
  - revenue recognition criteria when the entity satisfies each performance obligation.

  This standard is applicable as of January 1, 2018, though early adoption is allowed. Still, it is impossible to provide a reasonable estimate as to the effects until the Group completes a detailed analysis of the agreements in place with the customers.

- On July 24, 2014, IASB issued the final version of ***IFRS 9 – Financial instruments***. The standard includes the results of steps relating to classification and measurement, impairment and hedge accounting, the IASB project aimed at replacing IAS 39. The new standard, which replaces earlier versions of IFRS 9 must be applied for financial statements that beginning on 1 January 2018 or later. The standard introduces new requirements for the classification and measurement of financial assets and liabilities. In particular, for financial assets the new standard uses a single approach based on how the management of financial instruments and on the characteristics of the contractual cash flows of the financial assets in order to determine the evaluation criteria, replacing the many different rules in IAS 39. For financial liabilities, the main change concerns the accounting treatment of fair value changes of a financial liability designated as a financial liability measured at fair value through profit or loss, if these variations are due to changes in the creditworthiness the issuer of the liability. Under the new standard these changes are recognized in "Other comprehensive income" and not in the income statement. With reference to the impairment , the new standard requires that the estimate of loan and receivables losses is made on the basis of the expected losses model (and not incurred losses on the model used by IAS 39) using supportable information available without unreasonable effort or expense that include historic, current and future . The standard requires that this impairment model applies to all financial instruments, namely financial assets measured at amortized cost, to those measured at fair value through other comprehensive income, receivables arising from leases and trade receivables. Finally, the standard introduces a new hedge accounting model in order to adapt the requirements of the current IAS 39 which sometimes were considered too stringent and not suitable to reflect the risk management policies of the company. The main news of the document include:

- the increase of transactions type eligible for hedge accounting , including the risks of non-financial assets / liabilities eligible to be managed in hedge accounting;
- the change in method of accounting for forward contracts and options when included in a report of hedge accounting in order to reduce the volatility of the income statement;
- Changes to hedge accounting by replacing the current rules based on the parameter of 80-125 % with the principle of "economic relationship" between the hedged item and the hedging instrument; moreover, it will no longer require a retrospective evaluation of the hedging relationship.

The greater flexibility of the new accounting rules are balanced by additional requests for information on the risk management activities of the company.

- On January 13, 2016, the IASB issued **IFRS 16** – ***Leases*** which is to replace IAS 17 – *Leases*, as well as IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases—Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

  The new standard provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to differentiate between lease and service agreements according to: asset identification, right to replacement of the asset, right to obtain all economic benefits arising out of use of the asset and right to control the use of the asset underlying the agreement.

The standard introduces a single lessee accounting model for recognising and measuring lease agreements, which provides for the underlying asset – including assets underlying operating leases – to be recognised in the statement of financial position as assets and lease financial liability. Lessees may elect to not recognise agreements for low-value assets or with a term of up to 12 months within the scope of this standard. No significant changes are introduced for lessor accounting.

The standard applies for reporting period beginning on or after January 1, 2019. Early application is only allowed for early adopters of IFRS 15 - Revenue from Contracts with Customers.

- On September 11, 2014 , the IASB issued an amendment to ***IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture.*** The document was published in order to resolve the current conflict between IAS 28 and IFRS 10. According to IAS 28, the gain or loss resulting from the sale or transfer of a non- monetary assets to a joint venture or associate in exchange for a share in the capital of the latter it is limited to the share in the joint venture or connected by other foreign investors to the transaction. In contrast, IFRS 10 requires the recording of the entire gain or loss in the event of loss of control of a subsidiary, even if the entity continues to hold a non-controlling stake in it, including in this case also the sale or transfer of a subsidiary to a joint venture or associate. The changes introduced provide that when a sale/transfer of an asset or a subsidiary to a joint venture or associate, the profit measure or loss is recognized in the financial statements of the assignor/transferor due to the fact that the activities or subsidiary sold/transferred or not constitute a business, as defined in the standard IFRS 3. in the event that the activities or the subsidiary companies sold/transferred represent a business, the entity shall recognize the gain or loss on entire investment held; while , if not, the share of profit or loss on the stake held by the entity still needs to be eliminated .
  At the time, the IASB has suspended the application of this amendment .

- Document "***Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)***" (issued on December 18, 2014) introduces certain changes to address issues arisen after the application of the consolidation exception granted to investment entities. The amendments apply at the latest as of the reporting period beginning on January 1, 2016 or at a later date. Early adoption is allowed.

- On September 11, 2014 the IASB issued an amendment to ***IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture***. The purpose of these amendments were to resolve the conflict between IAS 28 and IFRS 10 concerning the measurement of profit or loss arising from transfers or assignments of a non-monetary asset to a joint venture or associate in return for its shares. The IASB has suspended the application of these amendments for the time being.

With reference to IFRS 9, IFRS 15 and IFRS 16 principles described above , the Company is assessing the implementation of policies and impacts on the separate financial statements , while in reference to the other standards and interpretations detailed above , it is not expected that the adoption will have significant impacts the valuation of assets , liabilities , costs and revenues of the Company.

Merger via incorporation of Lavanderia Industriale ZBM S.p.A. and Si.Gi. Servizi Ospedalieri S.r.l.

On 1 April 2015, the wholly owned companies Lavanderia Industriale ZBM S.p.A. and Si.Gi. Servizi Ospedalieri S.r.l. (sole shareholder company) were merged via incorporation into Servizi Italia S.p.A. The merger became effective for accounting and tax purposes as of 1 January 2015.

As set forth in the IFRS standards and the instructions laid out in the Assirevi Preliminary Guidelines on IFRS (OPI 2), and in order to obtain a standard benchmark for comparison with the values of the first post-merger financial statements, the data relating to the year 2014 were restated to also include those of the merged companies, and are shown below in the “pro forma” column of the 2014 statement of financial position, the 2014 income statement and the 2014 statement of comprehensive income.

STATEMENT OF FINANCIAL POSITION	**Servizi Italia S.p.A.**	**Effects of merger Si.Gi. Servizi Ospedalieri S.r.l.**	**Effects of merger Lavanderia Industriale ZBM S.p.A.**	**Servizi Italia S.p.A. pro forma**
(thousands of Euros)	**31 December 2014**			**31 December 2014**
ASSETS				
Non-current assets				
Property, plant and equipment	101,730,499	17,387	3,399,668	105,147,554
Intangible assets	715,236	1,248,682	772,316	2,736,233
Goodwill	21,708,990	-	10,566,103	32,275,094
Equity investments in associates	52,083,625	(1,764,120)	(15,069,612)	35,249,893
Equity investments in other companies	3,273,344	-	277,600	3,550,944
Financial derivatives	-	-	-	-
Financial receivables	4,108,224	-	20,857	4,129,081
Deferred tax assets	873,763	2,173	7,201	883,136
Other assets	3,971,051	12,656	-	3,983,707
Total non-current assets	**188,464,732**	**(483,223)**	**(25,867)**	**187,955,642**
Current assets				
Inventories	2,714,545	28,548	158,557	2,901,650
Trade receivables	78,774,607	731,070	3,000,388	82,506,064
Tax receivables	-	124,057	125,982	250,039
Financial receivables	8,736,847	-	-	8,736,847
Other assets	2,170,119	16,945	102,695	2,289,758
Cash and cash equivalents	1,325,970	1,259,510	1,653,640	4,239,120
Total current assets	**93,722,088**	**2,160,129**	**5,041,262**	**100,923,478**
TOTAL ASSETS	**282,186,820**	**1,676,906**	**5,015,395**	**288,879,120**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Group shareholders' equity				

Share capital	27,905,760	-	-	27,905,760
Other reserves and retained earnings	80,472,308	24,481	1,834,451	82,331,240
Profit (loss) for the year	12,112,688	-	-	12,112,688
Total group shareholders' equity	**120,490,755**	**24,481**	**1,834,451**	**122,349,687**
LIABILITIES				
Non-current liabilities				
Due to banks and other lenders	26,191,836	-	-	26,191,836
Financial derivatives	-	-	-	-
Deferred tax liabilities	1,468,161	392,055	235,797	2,096,012
Employee benefits	9,170,719	218,761	331,351	9,720,832
Provisions for risks and charges	64,425	-	-	64,425
Other financial liabilities	-	-	-	-
Total non-current liabilities	**36,895,141**	**610,816**	**567,148**	**38,073,105**
Current liabilities				
Due to banks and other lenders	38,061,444	-	-	38,061,444
Trade payables	64,181,646	709,348	987,153	65,878,147
Current tax payables	768,858	154,481	-	923,340
Employee benefits	1,049,742	-	-	1,049,742
Other payables	20,739,233	177,778	1,626,643	22,543,654
Other financial liabilities	-	-	-	-
Total current liabilities	**124,800,923**	**1,041,608**	**2,613,796**	**128,456,328**
Total liabilities	**161,696,065**	**1,652,424**	**3,180,944**	**166,529,433**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**282,186,820**	**1,676,905**	**5,015,395**	**288,879,120**

INCOME STATEMENT	**Servizi Italia S.p.A.**	**Effects of merger Si.Gi. Servizi Ospedalieri S.r.l.**	**Effects of merger Lavanderia Industriale ZBM S.p.A.**	**Servizi Italia S.p.A. pro forma**
(thousands of Euros)	**31 December 2014**			**31 December 2014**
Revenues from sales	**193,966,632**	**146,889**	**10,896,770**	**205,010,291**
Other income	11,544,000	185,129	(226,112)	11,503,017
Raw materials and consumables	(20,513,388)	(35,822)	(578,556)	(21,127,766)
Costs for services	(73,835,469)	(119,047)	(2,621,161)	(76,575,677)
Personnel expense	(55,872,407)	(123,792)	(3,930,718)	(59,926,916)
Other costs	(1,641,388)	6,075	(64,816)	(1,700,130)
Depreciation, amortisation and impairment	(34,672,809)	(23,829)	(1,806,156)	(36,502,795)
Operating profit	**18,975,171**	**35,602**	**1,669,251**	**20,680,023**
Financial income	1,068,577	1,907	43,287	1,113,771
Financial expense	(3,585,881)	458	(23,947)	(3,609,369)
Income/(expense) from equity investments in other companies	1,137,975	-	(500,000)	637,975
Profit before tax	**17,595,841**	**37,968**	**1,188,591**	**18,822,400**
Income taxes	(5,483,153)	(9,333)	(513,080)	(6,005,566)
Profit (loss)	**12,112,688**	**28,634**	**675,511**	**12,816,834**

STATEMENT OF COMPREHENSIVE INCOME	Servizi Italia S.p.A.	Effects of merger Si.Gi. Servizi Ospedalieri S.r.l.	Effects of merger Lavanderia Industriale ZBM S.p.A.	Servizi Italia S.p.A. pro forma
(Euros)	**31 December 2014**			**31 December 2014**
Profit (loss) for the year	**12,112,688**	**28,634**	**675,511**	**12,816,834**
Other comprehensive income				
Actuarial gains (losses)	(891,927)	-	(45,481)	(937,408)
Income taxes on other comprehensive income	245,280	-	12,507	257,787
Total other comprehensive income after taxes	**(646,647)**	**-**	**(32,974)**	**(679,621)**
Total comprehensive income for the period	**11,466,041**	**28,634**	**642,538**	**12,137,213**

2.1 Activities

The Company works on the domestic market, supplying integrated rental, washing and sterilisation services for textiles and surgical instruments to social/welfare and public and private hospital facilities. In particular, the Company offers the following services: (a) wash-hire, including (i) planning and provision of integrated rental, reconditioning (disinfection, washing, finishing and packaging) and logistics (pick-up and distribution to usage centres) services for textile items, mattresses and accessories (pillowcases, curtains), (ii) rental and washing of high visibility "118" emergency service items and (iii) logistics and management of hospital wardrobes; (b) linen sterilisation services, including the planning and rental of sterile medical devices for operating theatres (linens for operating theatres and scrubs) packed in sets for the operating theatre, in cotton or in re-usable technical fabric, as well as personal protection equipment (gloves, masks); and (c) surgical instrument sterilisation services including (i) planning and provision of washing, packaging and sterilisation services for surgical instruments (owned or rented) and accessories for operating theatres and (ii) planning, installation and renovation of sterilisation centres.

3 GROUP

Servizi Italia S.p.A. is a subsidiary of the Coopservice S.Coop.p.A. Group, registered office in Reggio Emilia, which holds a controlling shareholding via the Company Aurum S.p.A., registered office at Via Rochdale no. 5, Reggio Emilia.

4 ACCOUNTING STANDARDS AND BASIS OF PREPARATION

The separate financial statements have been drawn up in accordance with the criterion of cost, except in the cases specifically described in the following notes, for which the current value ("fair value") has been applied.

A. *Property, plant and equipment*

Property, plant and equipment include land and buildings, machinery and plant, returnable assets, industrial and commercial equipment, linen and other assets benefiting future periods.

The fixed assets are stated at purchase or production cost, inclusive of the related costs and costs necessary for making the asset available for use, net of accumulated depreciation. The costs subsequent to purchase are included in the value of the asset or recorded as a separate asset only if it is probable that the Company will receive future economic benefits associated with the assets and the cost can be measured. Maintenance and repairs are recognised in the income statement in the period in which they are incurred.

The depreciation of property, plant and equipment is determined using the linear methods so as to spread the value of the assets over the estimated useful life according to the following categories:

	Years
Industrial buildings	33
Plant and machinery	12
General plant	7
Industrial and commercial equipment	4
Specific equipment	8
Linen	3
Furniture and fixtures	8
Electronic machinery	5
Cars	4
Other vehicles	5

The useful lives are reviewed, and adjusted if necessary, at the end of each period.

The individual components of an asset which are characterised by a different useful life are depreciated separately and on a consistent basis with their duration according to an approach by components. According to this standard, the value of the land and that of the buildings which exist on the same are separated and only the building is depreciated. Returnable assets are depreciated over the residual duration of the contract within the sphere of which they are realised.

If there are indicators of impairment, the assets are subject to an impairment test as per the following section E; any impairment may be subject to subsequent value write-backs if the reasons for the impairment cease to exist.

These assets include the costs for the creation of the sterilisation and washing installations care of the customers which are used exclusively by the Company. These assets are depreciated over the useful life of the assets or the residual duration of the wash-hire contract, whichever is the shorter. The ownership of the asset is transferred to the customer on termination of the contract.

The financial expense is capitalised if directly attributable to the purchase, construction or production of an asset.

B. *Leasing*

A lease is defined as financial if it entails the substantial transfer of all risks and rewards deriving from ownership of the asset. Assets acquired via financial lease agreements are recognised under property, plant and equipment with the recognition under the liabilities of a financial payable for the same amount. The payable is progressively reduced on the basis of the repayment plan for the principal amounts included in the fees contractually envisaged, while the value of the assets recorded among property, plant and equipment is systematically depreciated in relation to the economic-technical life of said asset.

On the other hand, for operating leases, the fees are recognised in the income statement on a straight-line basis during the useful life of the contract.

C. *Intangible assets*

Only identifiable assets, controlled by the enterprise, which are able to produce future economic benefits, can be defined as intangible assets. They also include the goodwill when acquired for a consideration described in section D below.

These assets are recorded in the financial statements at purchase or production cost, inclusive of the related charges as per the criteria already indicated for property, plant and equipment. The development costs are also capitalised provided that the cost can be reliably determined and that it can be demonstrated that the asset is able to produce future economic benefits.

The intangible assets with a defined useful life are amortised systematically as from the moment the asset is available for use over the envisaged period of utility. They are mainly represented by software licences acquired for a consideration capitalised on the basis of the cost incurred. These costs are amortised using the straight-line method in relation to their estimates useful life (3 years). The value attributed upon acquisition to the customer order book is amortised throughout the remaining useful life of the same contracts, in proportion with the distribution over time of the resulting benefits.

D. *Goodwill*

Goodwill represents the additional costs incurred with respect to the fair value of the net assets identified at the time of acquisition of a subsidiary, associate or business. In the separate financial statements, the goodwill relating to the acquisition of subsidiaries, associates or jointly-controlled companies is included in the item “Equity investments in subsidiaries, associates and jointly-controlled companies”.

All the goodwill is checked annually to identify any impairment losses (“impairment test”) and is recognised net of the impairments made.

The impairments possibly recognised are not reinstated.

For the purposes of the impairment test, the goodwill is allocated to the individual cash generating units (“CGUs”) or groups of CGUs which it is believed will provide the benefits relating to the acquisition to which the goodwill refers.

E. *Impairment test*

In situations that could potentially generate impairment losses, property, plant and equipment and intangible assets are tested for impairment by estimating the asset’s recoverable value and comparing it with the net book value. If the recoverable value is lower than the book value, the latter is adjusted accordingly. This reduction constitutes an impairment loss, which is recognised in the income statement. For assets other than goodwill, if there is no longer a reason to continue recognising a previously recognised impairment loss, the book value is restored to the new value estimated, although this value cannot exceed the net book value that would have been attributed to the asset if no impairment loss had been recognised. The write-back is also recognised in the income statement.

The goodwill and the assets with an indefinite useful life or assets not available for use are subject at least once a year to an impairment test so as to check the recoverability of the value. The assets which are amortised/depreciated are subject to the impairment test on the occurrence of events and circumstances which indicate that the book value might not be recoverable. In such cases, the book value of the asset is written down until reaching the recoverable value. Write-backs are permitted for other intangible assets, but not on goodwill.

The recoverable value is the greater between the fair value of the assets net of selling costs and the value in use. For the purposes of the impairment test, the assets are grouped together at cash generating units ("CGUs") or groups of CGUs level.

As of each financial statement date, steps are taken to check any recovery of the impairments made on the non-financial assets further to impairment tests.

F. Equity investments

Servizi Italia S.p.A. controls a company when, in exercising its power over it, it is exposed and entitled to its variable returns, through its involvement in management, and it also has the possibility of impacting the investee's variable returns. The exercise of power over the investee is determined on the basis: (i) of the voting rights, also potential, held and by virtue of which one can exercise the majority of the votes exercisable during the company's ordinary shareholders' meeting; (ii) of the content of any agreements between shareholders or the existence of particular article of association clauses, which assign the power to govern the company; (iii) of the control of a number of votes sufficient to exercise the de facto control of the company's ordinary shareholders' meeting.

The joint-control agreement in which the parties have rights on the net assets of the agreement are joint ventures or jointly-controlled companies, while joint-control agreements in which the parties have rights on the assets and obligations relating to the agreement are joint operations. Joint control is the sharing, on a contractual basis, of the control of an agreement, which exists solely when due to decisions relating to the significant activities the unanimous consent of all the parties which share the control is required.

The companies in which Servizi Italia S.p.A is able to participate in the definition of the operating and financial policies despite the same not being subsidiaries or jointly-controlled parties, are associates. Joint operations are recognised by posting the amount of their assets and liabilities, costs and revenues pertaining to the company.

Equity investments in subsidiaries, associates and jointly-controlled companies are carried at purchase cost, possibly reduced in the event of distribution of the capital or capital reserves or in the presence of losses in value determined further to an impairment test. The cost is reinstated in subsequent years if the reasons for the impairments no longer exist.

G. Financial assets and liabilities

These include the equity investments available for sale and the other non-current financial assets such as securities held with the intention of maintaining them in the portfolio until maturity, non-current loans and receivables, trade receivables and other receivables originating from the company and the other current financial assets such as cash and cash equivalents.

Cash and cash equivalents are bank and post office deposits, marketable securities which represent temporary investments of liquidity and financial receivables due within three months.

They also include financial payables, trade payables and other payables and the other financial liabilities as well as derivative instruments.

The financial assets and liabilities are initially recognised at fair value. Their initial recognition takes into account the transaction costs directly attributable to the purchase or the issue costs which are included in the initial recognition of all the assets and liabilities which can be defined as financial instruments. Subsequent recognition depends on the type of instrument. In detail:

- trading assets are recognised at fair value with recording of the changes in the income statement;

- available-for-sale assets ("Equity investments in other companies") are recognised at fair value and the gains or losses which emerge are recorded under other comprehensive income as from the moment of the effective disposal when they reverse to the income statement. The losses from recognition at fair value are by contrast directly booked to the income statement in cases when objective evidence exists that the financial asset has undergone impairment even if the asset has not yet been disposed of. Unlisted equity investments in relation to which the fair value cannot be reliably measured are by contrast recognised at cost less impairment; the cost is reinstated in subsequent years if the reasons for the impairments no longer exist. This category includes the equity investment held for a percentage of less than 20%.

- the financial assets with certain and pre-determined flows and with a pre-established maturity which one intends to maintain until maturity, other than equity investments, are recognised at amortised cost, using the original effective interest rate and, consequently, the future cash flows are discounted back to the financial statement date on the basis of the effective rate. Furthermore, the recognition of the receivables takes into account the solvency of the creditors as well as the credit risk characteristics indicative of the ability of the individual debtors to pay. Only the receivables factored without recourse which satisfy the requirements envisaged for derecognition indicated in IAS 39 are eliminated from the financial statements;

- the other financial liabilities are recognised at amortised cost. Specifically, the costs incurred for the acquisition of loans (transaction costs) and any issue discount or premium directly adjust the face value of the loan. The financial expense is calculated according to the effective interest rate method;

- derivative instruments are recorded in the statement of financial position and are recognised at fair value and the gains and losses determined are respectively recorded in the income statement if the derivatives cannot be defined as hedges as per IAS 39 or they hedge a price risk (fair value hedge) or under other comprehensive income if they hedge a future cash flow or a future contractual commitment already undertaken as at the financial statement date (cash flow hedge).

- trade receivables and payables and other receivables and payables are recorded under current or non-current assets/liabilities in relation to the envisaged date of collection or payment.

H. Other assets

Other current assets are recorded, at the time of initial recognition, at fair value and subsequently at amortised cost on the basis of the effective interest rate method. If there is objective evidence of impairment indicators, the asset is written down to an extent so that it is equal to the discounted back value of the flows which can be obtained in the future.

Impairment losses are recognised in the income statement. If in subsequent periods, the reasons for the previous impairments cease to exist, the value of the assets is reinstated up to the extent of the value which would have derived from the application of the amortised cost if the impairment had not been made.

The white certificates are allocated in relation to the achievement of energy savings via the application of efficient systems and technologies.

The white certificates are recognised in the accounts on an accruals basis under “Other income”, in proportion to the TOE (tonne of oil equivalent) savings effectively made in the period.

The recognition of the same is carried out at the average annual market value unless the year end market value is significantly lower. The decreases due to sales of white certificates matured during the period or in previous periods are valued at the disposal price. The capital gains and losses deriving from the sales of certificates in periods different to those of maturity are recorded respectively under “Other income” or “Other costs”.

I. Inventories

Inventories are recognised at purchase or production cost, inclusive of accessory charges, determined by applying the weighted average cost method or the estimated realisable value calculated on the basis of the market trend net of the sales costs, whichever is the lower.

J. Employee benefits

Post-employment plans

Consequent to the changes made to the employee severance indemnity (TFR) by Italian Law No. 296 dated 27 December 2006 (“2007 Finance Bill”) and subsequent Decrees and Regulations issued in the first few months of 2007, within the sphere of the supplementary welfare reform the related Provision is recognised as follows:

- Employee severance indemnity fund accruing as from 1 January 2007: this falls within the category of *defined-contribution plans* both in the event of opting for supplementary welfare and in the case of assignment to the Treasury Fund care of INPS. The accounting treatment is similar to that existing for other kinds of contributory payments.

- Employee severance indemnity fund accrued as at 31 December 2006: this remains to be a *defined-benefits plan* determined by applying an actuarial-type method; the amount of the rights accrued in the period by the employees is booked to the income statement under the item payroll and related costs while the figurative financial expense which the company would incur if a loan was requested from the market for an amount equal to the severance indemnity is booked to net financial income (expense). The actuarial gains and losses which reflect the effects deriving from changes in the actuarial hypotheses used are recognised under other comprehensive income in accordance with the matters envisaged by IAS 19 Employee benefits, section 93A.

Remuneration plans under the form of participation in the capital

According to the matters envisaged by IFRS 2, stock options are classified within the sphere of "share-based payments" and envisage for the type classified as "equity-settled" (where the payment is regulated using instruments representative of equity) the determination - as of the date of assignment of the fair value - of the option rights issued and the related recognition as personnel expense to be spread in a linear manner over the period of accrual of the rights (so-called vesting period) with the recording of a matching balance under shareholders' equity reserves. This treatment is carried out on the basis of the estimate of the rights which will effectively accrue in favour of the employees, taking into consideration the conditions of availability of the same not based on the market value of the rights.

Other long-term benefits

The accounting treatment of other long-term benefits is similar to that for the post-employment benefit plans, with the exception of the fact that the actuarial gains and losses and costs deriving from prior employment services are recognised in the income statement in full in the period they accrue.

K. *Provisions for risks and charges*

Provisions for risks and charges are provided for exclusively in the presence of a current obligation, consequent to past events, which can be legal, contractual in type or derive from declarations or conduct of the company such as to lead third parties to validly expect that the company itself is responsible or assumes responsibility for fulfilling an obligation (so-called implicit obligations). If the financial effect of time is significant, the liability is discounted back; the effect of this discounting back is recorded under financial expense.

No provision is made against risks for which the occurrence of a liability is only possible. These risks are mentioned in the section on commitments and risks and no provision is recognised.

L. *Revenue and cost recognition*

Revenues and income, costs and expense are recognised net of returns, discounts, allowances and premiums as well as the taxes directly associated with the sale of the goods and the provision of the services.

Sales revenues are recognised at the time ownership is transferred, which as a rule takes place on delivery or shipment of the goods. Revenues for the provision of services are recognised with reference to the stage of completion of the activities to which they refer; in particular, revenues for washing, wash-hire, sterilisation and other services are recognised in the period in which they were provided, even if not yet invoiced, and are determined by supplementing those recognised by means of advance payment invoicing with appropriate estimates.

The revenues are recognised at fair value in consideration of what has been received and represent the amount of the goods supplied and/or services provided.

The costs are correlated to goods and services sold or consumed in the period or deriving from systematic allocation, or when it is not possible to identify the future utility of the same, they are recognised and booked directly to the income statement.

Financial income and expense is recognised on an accruals basis. Financial expense is capitalised as part of the cost of property, plant and equipment and intangible assets to the extent it refers to the purchase, construction or production of the same. Dividends are recognised when the right to collection by the shareholder arises; this normally takes place in the period the shareholders' meeting of the investee company which resolves the distribution of profits or reserves is held.

M. Income taxes

Current income taxes are recognised on the basis of an estimate of the taxable income in compliance with the rates and current provisions, or essentially approved at the year-end date.

Prepaid and deferred taxes are calculated on the timing differences between the value assigned to an asset or liability in the financial statements and the corresponding values recognised for tax purposes, on the basis of the rates in force at the time the timing differences will reverse. Prepaid taxes are only recorded to the extent that it is probable that there is taxable income available against which they can be used. The recoverability of the prepaid taxes recorded in previous years is valued as of closure of each set of financial statements

When the changes in the assets and liabilities to which they refer are directly recognised under other comprehensive income, the current taxes, prepaid tax assets and deferred tax liabilities are also directly booked to other comprehensive income.

Deferred tax assets and liabilities are offset only if there is a legal right to set-off and the entity intends to settle on a net basis or realise the asset and settle the liability simultaneously.

N. *Earnings per share*

The basic and diluted earnings per share are indicated at the bottom of the income statement in the consolidated financial statements.

The basic earning per share is calculated by dividing the profit/loss of the Servizi Italia Group by the weighted average of the ordinary shares in circulation during the period, excluding treasury shares. For the purpose of calculating the diluted earning per shares, the weighted average of the shares in circulation is altered undertaking the conversion of all the potential shares which have a dilutive effect.

O. Used of estimated values

The drafting of the financial statements requires the directors to apply accounting standards and methods which, under certain circumstances, rest on difficult and subjective valuations and estimates based on past experience and assumptions which are from time to time considered reasonable and realistic in relation to the related circumstances. The application of these estimates and assumptions influences the amounts shown in the financial statement schedules as well as the disclosure provided. The final results of the financial statements items for which the afore-mentioned estimates and assumptions have been used, may differ from those shown in the financial statements which reveal the effects of the occurrence of an event subject to estimation, due to the uncertainty which characterises the assumptions and conditions on which the estimates are based.

P. Particularly significant accounting standards

The accounting standards which, more than others, require greater subjectivity by the directors when making the estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the consolidated financial data restated, are briefly described below.

- Goodwill: in accordance with the accounting standards adopted for the drafting of the financial statements, the Company checks the goodwill each year so as to ascertain the existence of any impairment to be recognised in the income statement. In detail, the check in question involves the allocation of the goodwill to cash flow generating units and the subsequent determination of the related recoverable value. If it should emerge as lower than the book value of the cash flow generating units, steps shall have to be taken to impairment the goodwill allocated to the same. The allocation of the goodwill to the cash flow generating units and the determination of the latter leads to the adoption of estimates which depend on factors which may change over time with consequent effects, possibly significant, with respect to the valuations made by the directors.

- Linen assets: the economic life of the Company's linen used in the production process has been estimated taking into consideration numerous factors which influence the same, such as for example the wear and tear deriving from use and from the washing cycles. These factors are liable to changes over time and could significantly affect the depreciation of the linen.

- Deferred taxation: the recognition of deferred tax assets is carried out on the basis of the expectations of income envisaged in future periods. The valuation of the expected income for the purposes of recognition of the deferred taxation depends on factors which may vary over time and determine significant effects on the valuation of the deferred tax assets.

- Provisions for risks and charges: in the presence of legal and tax-related risks, provisions are recognised representative of the risk of losing lawsuits. The value of the provisions recorded in the financial statements relating to these risks represents the best estimate as of the financial statement date made by management. This estimate involves the adoption of assumptions which depend on factors which may change over time and which therefore could have significant effects with respect to the current estimates made by the directors for the drafting of the separate financial statements.

- Revenues from sales and services: the revenues for services underway in relation to contracts which envisage invoicing of advance payments and the balance on the basis of the data communicated by the customer (days of hospitalisation, number of operations) are estimated internally on the basis of the past data supplemented by the most up-to-date information available. This estimate involves the adoption of hypotheses on the performance of the variable to which the payment is linked.

5 RISK MANAGEMENT POLICY

The management of the financial risks within the Servizi Italia Group is carries out centrally within the sphere of precise organisational directives which discipline the handling of the same and the control of all the transactions which have strict relevance in the composition of the financial and/or trade assets and liabilities.

Servizi Italia S.p.A.'s activities are exposed to various types of risk, including interest rate, credit, liquidity and price risks.

To minimise such risks, Servizi Italia S.p.A. has adopted timescales and control methods which allow company management to monitor this risk and inform the Board of Directors so that it may approve all transactions involving a commitment by the Company with respect to third parties.

5.1 Type of risks hedged

When carrying out its activities, the Company is exposed to the following financial risks:

- price risk;
- interest rate risk;
- credit risk;
- liquidity risk;
- exchange rate risk.

Price risk

This is the risk associated with the volatility of the prices of the raw materials and the energy commodities, with particular reference to electricity and gas used in the primary production processes and of cotton to which the purchase cost of the linen is linked. Within the sphere of the tenders, the company avails itself of clauses which permit it to adjust the price of the services provided in the event of significant cost changes. The price risk is also controlled by means of the entering into of purchase agreements with price blocks and on-average annual timescales, joined by constant monitoring of the performance of the prices so as to identify opportunities for making savings.

Interest rate risk

The Company's net financial debt primarily comprises short-term payables which, as at 31 December 2015, represent approximately 55.77% of its debt, at an average annual rate of around 1.56%. In relation to the global financial crisis, the Company is monitoring the market and assessing the appropriateness of taking out hedging transactions on the rates in order to limit the negative impacts of changes in interest rates on the company's income statement. The table below demonstrates the effect that would be generated by a 0.5% increase or decrease in rates (in thousands of Euros).

(thousands of Euros)	**0.5% rate increase**		**0.5% rate decrease**	
	31 December 2015	**31 December 2014**	**31 December 2015**	**31 December 2014**
Financial receivables	+65	+63	(65)	(63)
Financial payables	+405	+415	(405)	(415)
Factoring of receivables	+379	+507	(379)	(507)

Credit risk

The receivables, since they are essentially due from public bodies, are deemed certain in terms of collectability and, by nature, are not subject to the risk of loss. The collection times depend on the loans received, the Local Health Authorities, the Hospitals and the Regional Authorities and at present average collection days are 141.

A summary of the trade receivables net and gross of the related bad debt provisions and the stratification by maturity of receivables not written down, is presented below:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Gross trade receivables	84,522	84,095
Bad debt provisions	(5,531)	(5,320)
Net trade receivables	**78,991**	**78,775**
Guarantees in portfolio	None	None
Falling due	42,885	47,983
Past due by less than 3 months	15,535	15,390
Past due by more than 3 months	8,651	5,612
Past due by more than 7 months	11,920	9,790

The credit risk is constantly monitored by means of periodic processing of past due situations which are subject to the analysis of the Company's financial structure. The Company is also equipped with recovery procedures for problem receivables and avails itself of the assistance of legal advisors in the event of disputes being established. Having taken into account the characteristics of the credit, the risk in question could become more significant in the event of an increase in the private customer component, however this aspect is mitigated by a careful selection and financing of the customers. The predominant presence of receivables due from public bodies makes the credit risk marginal and shifts attention more towards the collection times rather than the possibility of losses.

Liquidity risk

In relation to the Company, the liquidity risk is linked to two main factors:

- delay in the payments from the public customer;
- maturity of the short-term loans.

Concentrating its business on orders contracted with the Public Administration Authorities, the Company is exposed to risks associated with delays in the payments for the receivables. In order to balance this risk, factoring agreements have been entered into with the without-recourse formula, renewed also for 2016.

To correctly manage the liquidity risk, an adequate level of cash and cash equivalents must be maintained. In light of the predominantly public nature of the group's customers and the average collection times, cash and cash equivalents are mainly obtained from accounts receivable financing and medium-term loans. The Company has entered into covenants relating to the mortgage loans with Cassa di Risparmio in Bologna S.p.A., Banca Nazionale del Lavoro S.p.A., Cassa di Risparmio di Parma e Piacenza SpA and Banca Popolare di Milano S.Coop.a r.l., therefore the possibility of early repayment of these loans with respect to the repayment plan, is envisaged. As at 31 December 2015, the Company had observed the covenants entered into.

The following table analyses the "worst case" scenario with reference to the financial liabilities (including trade payables and other payables) in which all the flows indicated are un-discounted future nominal cash flows, determined with reference to the residual contractual maturities, both for the principal portion and the interest portion. The loans have been included on the basis of the first maturity on which the repayment can be requested and the non-revolving loans are considered to be callable on demand. The financial payables with a maturity of less than or equal to 3 months are almost entirely characterised by self-liquidating bank loans for invoice advances which, in as such, are replaced on maturity by new advances on newly-issued invoices. It should also be considered that the company only partially uses the short-term bank credit facilities available.

(thousands of Euros)	Financial payables		Trade and other payables		Total	
	31 December 2015	**31 December 2014**	**31 December 2015**	**31 December 2014**	**31 December 2015**	**31 December 2014**
Less than or equal to 3 months	34,797	27,454	65,812	64,260	100,609	91,714
3 to 12 months	9,391	11,697	13,969	20,808	23,360	32,505
1 to 2 years	10,794	9,917	-	-	10,794	9,917
More than 2 years	24,570	17,508	-	-	24,570	17,508
Total	**79,552**	**66,575**	**79,781**	**85,069**	**159,333**	**151,644**

Exchange rate risk

The investments in Brazil, Turkey and India, and recently in Albania, launch the Group into an international context, exposing it to exchange rate risk generated by fluctuations in the Euro/Real, Euro/Turkish Lira, Euro/Indian Rupee and Euro/Albanian Lek exchange rates.

The exchange rate risk must only be hedged if it has a significant impact on the cash flows with respect to the reference currency. The costs and risks associated with a hedging policy must be acceptable both from a financial and commercial standpoint and accordingly the Company has decided not to enter into hedging transactions on exchange rates since no inflows of capital are envisaged over the short term.

5.2 Fair value hierarchy and information

IFRS 13 requires that the classification of the financial instruments at fair value be determined on the basis of the quality of the sources of the inputs used in the valuation of the fair value.

The classification of IFRS 13 involves the following hierarchy:

- Level 1: determination of the fair value on the basis of prices listed (unadjusted) on active markets for identical assets or liabilities.
- Level 2: determination of the fair value on the basis of inputs other than the listed prices included in “Level 1” but which are directly or indirectly observable.
- Level 3: determination of the fair value on the basis of valuation models whose inputs are not based on observable market data.

The types of financial instruments present in the financial statement items are shown in the following table, with indication of the accounting treatment applied. Note that no financial instrument has been valued at fair value. With regard to the financial instruments valued at amortised cost, it is believed that the book value also represents a reasonable approximation of their valuation at fair value. With regard to equity investments in other companies, prices listed on active markets are not available. Therefore, their fair value cannot be measured reliably. For the same reason, they are measured at cost, possibly written down due to impairment.

Euros	Financial assets				Financial liabilities	
	at fair value through profit and loss	**held to maturity**	**loans and receivables**	**available for sale**	**at fair value through profit and loss**	**at amortised cost**
Measurement criteria	*fair value*	*amortised cost*	*amortised cost*	*cost*	*fair value*	*amortised cost*
Non-current assets						
Equity investments in other companies				3,542,018		
Financial receivables			3,824,477			
Other assets			3,713,813			
Current assets						
Trade receivables			78,990,937			
Current tax receivables			2,274,083			
Financial receivables			9,017,439			
Other assets			4,450,336			
Non-current liabilities						
Due to banks and other lenders						34,666,304
Other financial liabilities						-
Current liabilities						
Due to banks and other lenders						43,706,999
Trade payables						64,285,249
Current tax payables						-
Other financial liabilities						962,467
Other payables						16,355,785

5.3 Supplementary information on the capital

The Company's objectives, in relation to the management of the capital and the financial resources, involve safeguarding the ability to continue to operate with continuity, remunerate the shareholders and the other stakeholders and at the same time maintain an optimum capital structure so as to minimise the related cost.

For the purpose of maintaining or adapting the structure of the capital, the Company may adjust the amount of the dividends paid to the shareholders, reimburse or issue new shares or sell assets to reduce the debt. On a consistent basis with other operators, Servizi Italia S.p.A. controls capital on the basis of the debt ratio (gearing) calculated as the ratio between the net financial debt and net invested capital.

(thousands of Euros)	Year ended as at 31 December		Change 15/14	Change 15/14
	2015	**2014**		**%**
Shareholders' equity (B)	138,123	120,491	17,632	15%
Net financial debt (a) (A)	67,344	54,190	13,154	24%
Net invested capital (C)	**205,467**	**174,681**	**30,786**	**18%**
Gearing (A/C)	**32.8%**	**31.0%**		

(a) The management has defined net financial debt as the sum of amounts Due to banks and other lenders net of Cash and cash equivalents and Current financial receivables.

With regard to the main dynamics which have affected the debt, see section 6.17.

On 2 November 2015, further to the closure of the Third and last Exercise Period (from 1 October 2015 until 30 October 2015) of the "Warrant Servizi Italia S.p.A. 2012 – 2015", the Company announced that 9,311,120 Warrants had been exercised and consequently 2,327,780 newly-issued ordinary Servizi Italia shares had been subscribed (at a ratio of 1 new share for each 4 warrants exercised) at a price of Euro 3.30 each, admitted for listing on the Borsa Italiana screen-based stock market (MTA), with a par value of Euro 1.00 each, with regular dividend rights and the same characteristics as the ordinary Servizi Italia shares in circulation as of the issue date (the "Conversion Shares"), for a total equivalent value of Euro 7,681,674. Due to the closure of the Third Exercise Period, the 2012-2015 Warrants are no longer exercisable or traded on the Regulated Market.

Further to the afore-mentioned subscriptions, the new share capital of Servizi Italia therefore amounted to Euro 30,699,266, represented by 30,699,266 ordinary shares with a par value of Euro 1.00 each. The related certification pursuant to Article 2444 of the Italian Civil Code was filed care of the Parma Business Register as of the same date.

5.4 Segment reporting

Servizi Italia S.p.A. operates in the following sectors:

- Wash-hire;
- Linen sterilisation (Steril B);
- Surgical instrument sterilisation (Steril C).

The segment reporting is provided in the attached consolidated financial statements of the Servizi Italia Group and in short reflects the structure of the reporting periodically analysed by management so as to manage the business, and is subject to periodic HQ reporting.

6 STATEMENT OF FINANCIAL POSITION

6.1 Property, plant and equipment

Changes in property, plant and equipment and the associated accumulated depreciation are shown in the table below.

(thousands of Euros)	Land and Buildings	Plant and machinery	Returnable assets	Equipment	Other assets	Assets under construction	Total
Historical cost	2,094	92,296	20,652	43,234	72,432	9,395	240,103
Accumulated depreciation	(835)	(49,846)	(10,321)	(27,226)	(46,153)	-	(134,381)
Balance as at 1 January 2014	**1,259**	**42,450**	**10,331**	**16,008**	**26,279**	**9,395**	**105,722**
Increases	52	1,899	325	5,319	21,443	938	29,976
Decreases	-	(122)	(6)	(4)	(13)	(161)	(306)
Depreciation	(104)	(6,020)	(1,708)	(4,557)	(21,273)	-	(33,662)
Reclassifications	-	1,242	3,046	3,483	72	(7,843)	-
Balance as at 31 December 2014	**1,207**	**39,449**	**11,988**	**20,249**	**26,508**	**2,329**	**101,730**
Historical cost	2,199	94,668	26,453	51,147	69,303	2,329	246,099
Accumulated depreciation	(992)	(55,219)	(14,465)	(30,898)	(42,795)	-	(144,369)
Balance as at 1 January 2015	**1,207**	**39,449**	**11,988**	**20,249**	**26,508**	**2,329**	**101,730**
Incorporations	-	1,850	68	84	1,414	-	3,416

Increases	59	2,216	445	2,727	24,766	2,105	32,318
Decreases	(1)	(49)	(21)	(9)	(30)	(314)	(424)
Depreciation	(106)	(6,408)	(1,795)	(5,007)	(23,466)	-	(36,782)
Reclassifications	-	326	-	913	71	(1,310)	-
Balance as at 31 December 2015	**1,159**	**37,384**	**10,685**	**18,957**	**29,263**	**2,810**	**100,258**
Historical cost	2,204	102,966	24,650	54,115	96,734	2,810	283,479
Accumulated depreciation	(1,045)	(65,582)	(13,965)	(35,158)	(67,471)	-	(183,221)
Balance as at 31 December 2015	**1,159**	**37,384**	**10,685**	**18,957**	**29,263**	**2,810**	**100,258**

Land and Buildings

The increases in 2015 amounting to Euro 59 thousand mainly relate to investments in temporary constructions for the Ariccia (Euro 15 thousand), Travagliato (Euro 15 thousand), Montecchio Precalcino (Euro 8 thousand) and Arco di Trento premises (Euro 2 thousand).

Plant and machinery

The increases concern investments in plant and machinery for washing and sterilisation at the following production sites: Podenzano for Euro 205 thousand, Castellina di Soragna for Euro 202 thousand, Montecchio Precalcino for Euro 164 thousand, Arco di Trento for Euro 150 thousand, Ariccia for Euro 108 thousand, Genova Bolzaneto for Euro 107 thousand, Careggi Firenze for Euro 84 thousand and Travagliato for Euro 69 thousand.

The remaining part concerns investments achieved care of customers for the purchase of plant and machinery to support the performance of the washing and sterilisation activities, in particular for the sterilisation centre at Viterbo Hospital and for the Varese centre and for the wardrobe at the Piacenza Hospital and Centro Cardiologico Monzino.

The reclassifications mainly relate to the bringing onto stream of new plant and machinery at the premises in Genova Bolzaneto (Euro 142 thousand), Podenzano (Euro 70 thousand) and Travagliato (Euro 60 thousand).

Returnable assets

These mainly refer to investments made at customers to construct and renovate existing plants used for washing and sterilisation activities. Therefore, the Company maintains control over, obtains benefits from and bears the operating risks of these plants. The entity maintains ownership of the plants at the end of the wash-hire/washing/sterilisation contract.

With regard to the year ended 31 December 2015, the investments mainly concerned the redevelopment of the properties where the rented production sites are located and in particular the industrial laundries for a total of Euro 388 thousand, while the remaining portion relates to investments made care of customers for the achievement of improvements and the adaptation of the existing systems used for the performance of the activities for Euro 56 thousand.

On the basis of contractual commitments, the Company bore the cost of the partial renovation of premises of the industrial laundry facilities owned by the contracting entities, to increase the efficiency of the rented linen washing and sanitation service. These costs have been amortised in accordance with the amortisation schedules linked to the duration of the existing contract with the contracting entities, which is less than the useful life of the works completed.

Industrial and commercial equipment

The changes during the year ended 31 December 2015 present an increase of Euro 2,727 thousand for the purchase of industrial and commercial equipment, of which Euro 1,548 thousand for the purchase of surgical instruments.

Reclassifications of equipment regard primarily the start of use of surgical instruments for the Udine sterilisation centre (Euro 638 thousand) and for the Baggiovara centre (Euro 201 thousand).

Other assets

The item is broken down as follows:

(thousands of Euros)	**As at 31 December 2015**	**As at 31 December 2014**
Linens and mattresses	28,013	25,346
Furniture and fixtures	133	130
Electronic machinery	878	776
Cars	20	23
Motor vehicles	157	182
Telephone switchboards	62	51
Total	**29,263**	**26,508**

The purchases made during the year mainly derive from investments in linen, for a total of Euro 24,286 thousand, necessary for an increasingly efficient management of the warehouse, both for the new contracts acquired during 2015 and at the time of the renewal of existing contracts.

The Company sold linen, generating a capital gain of Euro 238 thousand.

Furthermore, the value of the linen and mattresses completely amortised, for a total of Euro 1,145 thousand, was reversed from the respective accumulated depreciation, because it is presumed that on conclusion of the useful life of said assets, the value is no longer quantifiable so as to be able to establish any additional contribution to the production process.

Assets under construction

These are mainly returnable assets as per the previous point, under construction at period end.

The item for 2015 is broken down as follows:

(thousands of Euros)	**As at 31 December 2015**
Sterilisation centre investments	2,198
Laundering facility investments	477
Investments on contracts	135
Total	**2,810**

As the breakdown shows, the greatest investments for the year just ended amounting to Euro 2,105 thousand, relate to the construction of structural works and plant engineering in particular for the new sterilisation centre at the Messina “Gaetano Martino” general hospital (Euro 1,315 thousand) and for the new sterilisation centre at the Busto Arsizio Hospital (Euro 463 thousand).

Reclassifications for the year ended as at 31 December 2015 mainly regard the start of use of surgical instruments in Udine and Baggiovara and the investments made in plant and machinery detailed previously.

A breakdown by category as at 31 December 2015 and 2014 of the assets under financial lease is provided below:

(thousands of Euros)	Land and Buildings	Plant and machinery	Equipment	Other assets	Total
Historical cost	59	12,692	844	378	13,973
Accumulated depreciation	(59)	(11,546)	(844)	(378)	(12,827)
Balance as at 1 January 2015	**-**	**1,146**	**-**	**-**	**1,146**
Historical cost	59	11,410	729	371	12,569
Accumulated depreciation	(59)	(10,714)	(729)	(371)	(11,873)
Balance as at 31 December 2015	**-**	**696**	**-**	**-**	**696**

A breakdown as at 31 December 2015 and 2014 of the commitments for operational leasing fees is provided below:

(thousands of Euros)	As at 31 December	
	2015	**2014**
Within 12 months	3,171	2,947
Between one and five years	7,333	8,344
Beyond 5 years	5,400	6,831
Total	**15,904**	**18,122**

6.2 Intangible assets

This item changed as follows:

(thousands of Euros)	Trademarks and Software	Customer contract portfolio	Other intangible assets	Assets under construction and payments on account	Total
Balance as at 1 January 2014	**401**	**-**	**-**	**375**	**776**
Increases	77	-	-	199	276
Decreases	-	-	-	-	-
Amortisation	(337)	-	-	-	(337)
Reclassifications	302	-	-	(302)	-
Balance as at 31 December 2014	**443**	**-**	**-**	**272**	**715**
Historical cost	2,419	-	-	272	2,691
Accumulated amortisation	(1,976)	-	-	-	(1,976)
Balance as at 1 January 2015	**443**	**-**	**-**	**272**	**715**
Incorporations	21	2,000	-	-	2,021
Increases	251	-	1,016	112	1,379
Decreases	-	-	-	(14)	(14)
Amortisation	(501)	(410)	(353)	-	(1,264)
Reclassifications	223	-	-	(223)	-
Balance as at 31 December 2015	**437**	**1,590**	**663**	**147**	**2,837**
Historical cost	3,045	3,184	1,016	147	7,392
Accumulated amortisation	(2,608)	(1,594)	(353)	-	(4,555)
Balance as at 31 December 2015	**437**	**1,590**	**663**	**147**	**2,837**

The increase in intangible assets is essentially due to the accounting of the non-compete agreement stipulated with the previous CEO which provides for the obligation not to carry out, in the areas identified, activities in competition with the Group for a period of two years. This amount is amortised using the pro rata temporis method based on the duration of the agreement which expires on 22 April 2017.

The increase in the item "Customer contract portfolio" was due to the effects of the merger via incorporation of Lavanderia Industriale ZBM S.p.A. and Si.Gi. Servizi Ospedalieri S.r.l., as a result of the allocation of the merger deficit to a separable and identifiable intangible asset, i.e., the customer portfolio of the incorporated companies.

Assets under construction mainly concern the management software being implemented.

6.3 Goodwill

This item changed as follows:

(thousands of Euros)	**Goodwill**
Balance as at 1 January 2014	**21,709**
Increases /(decreases)	-
Balance as at 31 December 2014	**21,709**
Increases /(decreases)	10,566
Balance as at 31 December 2015	**32,275**

Goodwill is allocated to Servizi Italia S.p.A.'s cash generating units identified on the basis of geographical area, which reflects the areas of operation of the companies acquired over the years. The increase during the year relates exclusively to the effects of the merger via incorporation of Lavanderia Industriale ZBM S.p.A., which took place by reflecting the values in continuity with those determined at the time of acquisition of control over that company.

The impairment test is carried out by comparing the value of the goodwill and the series of activities autonomously able to produce cash flow (CGU), which the same can be reasonably allocated to, with the value in use of the CGU or that recoverable from the same via sale, whichever is the higher. In detail, the value in use was determined by applying the "discounted cash flow" method discounting back the operating cash flows emerging from economic-financial projections relating to a period of five years. The long-term plans which have been used for the impairment tests were approved by advance by the Board of Directors of Servizi Italia S.p.A. The underlying hypotheses of the plans used reflect past experience and the information gathered at the time of purchase, and are consistent the external sources of information available. With reference to the explicit period, the Company took into consideration expected trends set forth in the 2016-2020 business plan.

The terminal value is determined by applying a perpetual growth factor of 1.0% to the operating cash flow relating to the last year of the plan appropriately standardised, essentially representative on the one part of the inflation rate expected in Italy and on the other part of the uncertainties which characterise the Italian market. The discount rate used, equating to 5.54% (6.64% in the previous year) reflects the current valuations of the market with reference to the current value of money and the specific risks associated with the activities. The discount rate has been estimated net of taxes, on a consistent basis with the cash flows considered, by means of the determination of the weighted average cost of the capital (WACC).

Sensitivity analysis was carried out on the recoverability of the book value of the goodwill in line with the change in the main assumptions used for determining the value in use, also in consideration of the prudent approach used to select the financial parameters specified above. The analysis carried out showed that, to make the book value equal to the recoverable value, it would be necessary to (i) reduce the terminal value growth rate by 70% or (ii) increase the WACC adopted by 10% or (iii) reduce the reference EBIT on an annual basis by 11.41%, all while keeping the terminal value growth rate unchanged at 1% as well as all other plan assumptions.

At this time, it is not reasonable to hypothesise any change in the assumptions made which could lead to the cancellation of the surplus.

With reference to 31 December 2015 and the previous years, the impairment tests carried out did not reveal any impairment to be booked to the recorded goodwill.

6.4 Equity investment in subsidiaries, associates and jointly controlled companies

Equity investments in subsidiaries underwent the following changes:

(thousands of Euros)		Change in 2015		
	1 January 2015	**Increases**	**Decreases**	**31 December 2015**
Subsidiaries				
S. Martino 2000 S.c.r.l.	6	-	-	6
Se.sa.tre. S.c.r.l.	12	-	-	12
Lavanderia Industriale Z.B.M. S.p.A.	15,070	-	(15,070)	-
SRI Empreendimentos e Participações LTDA	23,615	17,500	-	41,115
Si.Gi. Servizi Ospedalieri S.r.l (sole shareholder company)	1,764	-	(1,764)	-
Servizi Italia Medical S.r.l.	707	-	-	707
Total	**41,174**	**17,500**	**(16,834)**	**41,840**

(thousands of Euros)		Change in 2014		
	1 January 2014	**Increases**	**Decreases**	**31 December 2014**
Subsidiaries				
S. Martino 2000 S.c.r.l.	6	-	-	6
Se.sa.tre. S.c.r.l.	12	-	-	12
Lavanderia Industriale Z.B.M. S.p.A.	15,070	-	-	15,070
SRI Empreendimentos e Participacoes LTDA	20,114	3,501	-	23,615
Si.Gi. Servizi Ospedalieri S.r.l (sole shareholder company)	-	1,764	-	1,764
Servizi Italia Medical S.p.A.	307	400	-	707
Total	**35,509**	**5,665**	-	**41,174**

The main change in the item is due to the share capital increase of SRI Empreendimentos e Participações Ltda for Euro 17,500 thousand. This increase was necessary for the acquisition of 100% of the Brazilian company Aqualav Serviços De Higienização Ltda, one of the leading market operators in the State of São Paulo (Brazil) in the linen washing segment for healthcare structures, as well as to conclude the acquisition of the remaining 50% of the share capital of the company Lavsim Higienização Têxtil S.A. ("Lavsim"), already invested in as from 2 July 2012 by Servizi Italia S.p.A. via the subsidiary SRI Empreendimentos e Participações Ltda. The changes in the movements of Si.Gi. Servizi Ospedalieri S.r.l. and Lavanderia Industriale Z.B.M. S.p.A. were caused by the merger via incorporation of the two wholly-owned companies into Servizi Italia S.p.A. with accounting and tax effects as of 1 January 2015.

Equity investments in associates and jointly-controlled companies underwent the following changes:

(thousands of Euros)	Change in 2015			
	1 January 2015	**Increases**	**Decreases**	**31 December 2015**
Associates and jointly controlled companies				
Finanza & Progetti S.p.A.	-	5,100	-	5,100
Centro Italia Servizi S.r.l.	5	-	-	5
CO.SE.S S.c.r.l.	3	-	-	3
PSIS S.r.l.	5,000	-	-	5,000
Ekolav S.r.l.	50	-	-	50
Steril Piemonte S.c.r.l.	2,000	-	-	2,000
AMG S.r.l.	2,033	-	-	2,033
Iniziative Produttive Piemontesi S.r.l.	1,322	-	-	1,322
SE.STE.RO. S.r.l.	100	-	-	100
Piemonte Servizi Sanitari S.c.r.l.	3	-	-	3
Saniservice Sh.p.k.	-	6	-	6
Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve	-	4,469	-	4,469
SAS Sterilizasyon Servisleri A.Ş.	86	-	-	86
Shubhram Hospital Solutions Private Limited	308	267	-	575
Total	**10,910**	**9,842**	**-**	**20,752**

The Albania Ministry of Health's awarding of the sterilisation services management concession entailed the establishment of a new company, Saniservice Sh.p.k., headquartered in Tirana, to develop and provide the concession services. Servizi Italia holds 30% of the Company's share capital and other shareholders hold the remaining 70%, with the commitment to support SaniService in the management of other services required under the concession. The SaniService concession has a total value of more than Euro 70 million for the entire period of the contract (10 years) and includes an annual price review based on local inflation.

On 15 October 2015, the acquisition was completed of a 40.0% stake in Ankateks Turizm Inşaat Tekstil Temizleme San. Ve Tic. Ltd. Şti, a leading Turkish operator operating under the "Ankara Laundry" brand in the linen washing sector for healthcare structures, predominantly in the areas of Ankara and - through the subsidiary Ergülteks Temizlik Tekstil Ltd. Şti - Izmir.

The acquisition of 50.0% of the share capital of Finanza e Progetti S.p.A. enabled Servizi Italia S.p.A. to acquire 80% of Ospedal Grando S.r.l., a project company for the construction and management of the Treviso Cittadella Sanitaria hospital. Ospedal Grando also engaged Servizi Italia S.p.A. for the management and provision of linen and mattress wash-hire services, the reconditioning and sterilisation of textiles and surgical instruments and the relative accessory services at the Treviso ULSS (local health unit) 9 starting in January 2018, for a period of 15 years.

The item in question changed as follows in 2014:

(thousands of Euros)	Change in 2014			
	1 January 2014	**Increases**	**Decreases**	**31 December 2014**
Associates and jointly controlled companies				
Si.Gi. Servizi Ospedalieri S.r.l (sole shareholder company)	94	-	(94)	-
Centro Italia Servizi S.r.l.	5	-	-	5
CO.SE.S S.c.r.l.	3	-	-	3
PSIS S.r.l.	5,000	-	-	5,000
Ekolav S.r.l.	50	-	-	50

Steril Piemonte S.c.r.l.	2,000	-	-	2,000
AMG S.r.l.	2,033	-	-	2,033
Iniziative Produttive Piemontesi S.r.l.	1,322	-	-	1,322
SE.STE.RO. S.r.l.	100	-	-	100
Piemonte Servizi Sanitari S.c.r.l.	3	-	-	3
SAS Sterilizasyon Servisleri A.Ş.	-	86	-	86
Shubhram Hospital Solutions Private Limited	-	308	-	308
Total	**10,610**	**394**	**(94)**	**10,910**

The registered offices, share capital and % holding in subsidiaries, associates and jointly-controlled companies held by the Company are shown below along with the total values of the current and non-current assets, current and non-current liabilities, revenues, costs and profit/loss at 31 December 2015:

(thousands)				
Company Name	**Registered Offices**	**Currency**	**Share capital**	**% holding**
San Martino 2000 S.c.r.l.	Genoa	EUR	10	60%
Se.Sa.Tre. S.c.r.l.	Genoa	EUR	20	60%
Servizi Italia Medical S.r.l.	Castellina di Soragna (PR)	EUR	200	100%
SRI Empreendimentos e Participacoes LTDA	São Paulo (Brazil)	R$	128,379	100%
Lavsim Higienização Têxtil S.A.	São Roque, SP (Brazil)	R$	550	100%
Maxlav Lavanderia Especializada S.A.	Jaguariúna, SP (Brazil)	R$	2,825	50.1%
Vida Lavanderias Especializada S.A.	Santana de Parnaíba, SP (Brazil)	R$	1,900	50.1%
Aqualav Serviços De Higienização Ltda	Vila Idalina, Poá, SP (Brazil)	R$	6,400	100.0%
SAS Sterilizasyon Servisleri A.Ş.	Istanbul, Turkey	TL	500	51%
Saniservice Sh.p.k.	Tirana, Albania	LEK	2,746	30%
Shubhram Hospital Solutions Private Limited	New Delhi - India	INR	85,200	51%
Ankateks Turizm İnsaat Tekstil Temizleme Sanayi Ve	Ankara, Turkey	TL	5,000	40%
Finanza & Progetti S.p.A.	Padua	EUR	550	50%
Centro Italia Servizi S.r.l.	Arezzo	EUR	10	50%
CO.SE.S S.c.r.l.	Perugia	EUR	10	25%
PSIS S.r.l.	Padua	EUR	10,000	50%
Ekolav S.r.l.	Lastra a Signa (FI)	EUR	100	50%
Steril Piemonte S.c.r.l.	Turin	EUR	4,000	50%
AMG S.r.l.	Busca (CN)	EUR	100	50%
SE.STE.RO. S.r.l.	Castellina di Soragna (PR)	EUR	400	25%
Iniziative Produttive Piemontesi S.r.l.	Turin	EUR	2,500	37.63%
Piemonte Servizi Sanitari S.c.r.l.	Turin	EUR	10	30%

(thousands)	**As at 31 December 2015**								
Company Name	**Currency**	**Non-current assets**	**Current assets**	**Non-current liabilities**	**Current liabilities**	**Shareholders' equity**	**Revenues**	**Costs**	**Profit/ (Loss)**
San Martino 2000 S.c.r.l.	EUR	1,823	2,307	-	4,120	10	8,763	8,763	-
Se.Sa.Tre. S.c.r.l.	EUR	5,479	7,039	1,286	11,212	20	11,270	11,270	-
Servizi Italia Medical S.r.l.	EUR	70	3,212	25	1,876	1,381	5,102	5,348	(246)
SRI Empreendimentos e Participacoes LTDA	R$	114,000	20,678	2,250	1,387	131,041	-	(1,112)	1,112
Lavsim Higienização Têxtil S.A.	R$	35,579	8,750	30,184	6,710	7,435	38,729	37,204	1,525
Maxlav Lavanderia Especializada S.A.	R$	17,748	10,128	17,180	7,102	3,594	33,149	34,015	(866)
Vida Lavanderias Especializada S.A.	R$	976	2,244	1,247	2,398	(425)	9,177	10,123	(946)
Aqualav Serviços De Higienização Ltda	R$	14,290	7,936	11,165	7,269	3,792	-	-	-
SAS Sterilizasyon Servisleri A.Ş.	TL	1	340	-	183	158	607	736	(129)
Saniservice Sh.p.k.	LEK	313	58,686	35,006	42,285	(18,292)	-	21,038	(21,038)
Shubhram Hospital Solutions Private	INR	598,898	46,185	441,869	250,582	(47,368)	19,571	114,11	(94,543

Limited								4	)
Ankateks Turizm İnsaat Tekstil Temizleme Sanayi Ve	TL	11,799	4,685	6,621	7,955	1,908	14,038	13,255	783
Finanza & Progetti S.p.A.	EUR	2,282	1,243	26	589	2,910	-	235	(235)
Centro Italia Servizi S.r.l.	EUR	274	797	264	493	314	1,844	1,830	14
CO.SE.S S.c.r.l.	EUR	6	2,547	123	2,420	10	2,600	2,600	-
PSIS S.r.l.	EUR	25,093	6,174	3,539	19,440	8,288	9,271	8,897	374
Ekolav S.r.l.	EUR	1,616	1,096	676	1,913	123	2,559	2,547	12
Steril Piemonte S.c.r.l.	EUR	5,678	1,531	-	3,264	3,945	2,891	2,891	-
AMG S.r.l.	EUR	2,215	2,746	484	2,058	2,419	4,219	4,104	115
SE.STE.RO. S.r.l.	EUR	15	1,718	42	1,201	490	1,052	1,050	2
Iniziative Produttive Piemontesi S.r.l.	EUR	867	3,891	281	2,789	1,688	5,684	5,799	(115)
Piemonte Servizi Sanitari S.c.r.l.	EUR	41	1,412	-	1,443	10	2,301	2,301	-

The shareholders' equity of the companies Shubhram Hospital Solutions Private Limited and Saniservice Sh.p.k. was negative, reflecting the results of the industrial start-up phase and the launch of new contracts.

6.5 Equity investments in other companies

The item changed as follows:

(thousands of Euros)	Change in 2015			
	1 January 2015	**Increases**	**Decreases**	**31 December 2015**
Asolo Hospital Service S.p.A.	464	-	-	464
Prosa S.p.A.	462	-	-	462
PROG.ESTE S.p.A.	1,212	-	-	1,212
Progeni S.p.A.	380	-	-	380
Sesamo S.p.A.	353	-	-	353
CCFS Consorzio Coop. Finanziario	14	-	-	14
Gesteam S.r.l.	9	-	-	9
Consorzio Lani Energie	1	-	-	1
Summano Sanità S.p.A.	11	-	-	11
Project Ca' Arnaldi S.r.l. in liquidation	9	-	(9)	-
Consorzio Nazionale Servizi	13	-	-	13
Synchron Nuovo San Gerardo S.p.A.	344	-	-	344
SPV Arena Sanità	-	278	-	278
Other	1	-	-	1
Total	**3,273**	**278**	**(9)**	**3,542**

Project Ca' Arnaldi S.r.l was placed in liquidation during the year.

This item in question changed as follows in 2014:

(thousands of Euros)	Change in 2014			
	1 January 2014	**Increases**	**Decreases**	**31 December 2014**
Asolo Hospital Service S.p.A.	464	-	-	464
Prosa S.p.A.	462	-	-	462
PROG.ESTE S.p.A.	1,212	-	-	1,212
Progeni S.p.A.	380	-	-	380
Sesamo S.p.A.	353	-	-	353
Italia Servizi Integrati S.p.A.	15	-	(15)	-
CCFS Consorzio Coop. Finanziario	14	-	-	14
Gesteam S.r.l.	9	-	-	9

Consorzio Lani Energie	1	-	-	1
Summano Sanità S.p.A.	11	-	-	11
Project Ca' Arnaldi S.r.l.	9	-	-	9
Consorzio Nazionale Servizi	13	-	-	13
Synchron Nuovo San Gerardo S.p.A.	344	-	-	344
Other	1	-	-	1
Total	**3,288**	**-**	**(15)**	**3,273**

The total values of the assets, liabilities, revenues and net profit/loss, on the basis of the last set of available financial statements, of the main equity investments in other companies held by the Company are presented below, along with related shareholding held as at 31 December 2015:

(thousands of Euros)		**Financial statement figures as at 31 December 2014**				**% holding**
	Registered Offices	**Assets**	**Liabilities**	**Revenues**	**Profit/ (Loss)**	**as at 31 December 2015**
Asolo Hospital Service S.p.A.	Asolo (TV)	114,748	104,169	43,760	875	7.03%
Prosa S.p.A.	Carpi (MO)	11,893	6,773	5,926	935	13.20%
Progeni S.p.A.	Milan	303,170	292,754	41,825	(80)	3.80%
Sesamo S.p.A.	Carpi (MO)	43,993	36,478	18,001	2,225	12.17%
Prog.este. S.p.A.	Carpi (MO)	218,887	209,968	35,374	332	10.14%

6.6 Financial receivables

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Prosa S.p.A.	321	434
Sesamo S.p.A.	353	353
Progeni S.p.A.	982	982
Prog.Este S.p.A.	531	531
Saniservice Sh.p.k.	162	-
Summano Sanità S.p.A.	3	5
Se.Sa.Tre. S.c.r.l.	772	1,803
Arena Sanità	446	-
Syncron	254	-
Total	**3,824**	**4,108**

Financial receivables relate to interest-bearing loans granted to the companies Prosa S.p.A. (rate equal to 1.60% plus 3-month Euribor), Sesamo S.p.A. (rate equal to 3% plus 20-year IRS rate), Progeni S.p.A. (rate equal to 5.06% + 2.25%), Prog.Este S.p.A. (rate equal to 4.7135% +1.75%) and Summano Sanità S.p.A. (rate equal to 3.8% + 2.30%), with a term equal to the global service agreements for which they were established (expiring on 21 February 2031, 31 December 2037, 31 December 2033, 31 December 2031 and 31 December 2030, respectively). The loan to the subsidiary Se.Sa.Tre. S.c.r.l. was granted for the purpose of ensuring its correct financial management at a rate equal to the 3-month Euribor plus a spread of 1% and a maturity date of 31 December 2017. This loan decreased as a result of the repayment as per the repayment plan. The loan in favour of Prosa S.p.A. decreased due to a partial repayment which took place in 2015. In 2015, three new loans were disbursed to Arena Sanità S.p.A. (rate 3.4% + 6m Euribor), Synchron S.p.A. (rate 8%) and Saniservice Sh.p.k. (rate 7%).

6.7 Deferred tax assets

This item changed as follows:

(thousands of Euros)	Share capital increase costs	Property, plant and equipment	Employee benefits	Other costs with deferred deductibility	Total
Deferred taxation as at 1 January 2014	**79**	**-**	**-**	**102**	**181**
Changes recognised in the income statement	(26)	430	-	116	520
Changes recognised under shareholders' equity	40	-	-	-	40
Changes recognised in other comprehensive income	-	-	133	-	133
Deferred taxation as at 31 December 2014	**93**	**430**	**133**	**218**	**874**
Incorporations of Lavanderia Industriale ZBM S.p.A. and Si.Gi. Servizi Ospedalieri S.r.l.	-	13	7	2	22
Changes recognised in the income statement	(45)	341	-	(33)	263
Changes recognised under shareholders' equity	-	-	-	-	-
Changes recognised in other comprehensive income	-	-	(6)	-	(6)
Deferred taxation as at 31 December 2015	**48**	**784**	**134**	**187**	**1,153**

Following the approval of the 2016 Stability Law (Italian Law No. 208 of 28 December 2015), which lowered the IRES rate from 27.5% to 24% starting on 1 January 2017, deferred tax assets were adjusted accordingly. This adjustment had a negative effect of Euro 24 thousand.

There are no deferred tax assets not recognised in the financial statements because they were considered non-recoverable.

6.8 Other assets

The item is broken down as follows:

(thousands of Euros)	As at 31 December	
	2015	**2014**
Substitute tax Italian D.L. 185 subsequent years	1,880	2,139
Receivables for IRES reimbursement request pursuant to Art. 2c.1-quater Italian D.L. 201	1,834	1,832
Total	**3,714**	**3,971**

Other non-current assets decreased from Euro 3,971 thousand as at 31 December 2014 to Euro 3,714 thousand as at 31 December 2015. The drop is due to the release of the substitute tax to the income statement for the pertinent deduction of the goodwill released in 2013 and previous years. This substitute tax was recognised as prepaid current taxes and is released to the income statement over the period of time in which the Company benefits from the tax deductions connected with the goodwill.

6.9 Inventories

Inventories at year-end primarily included washing products, chemical products, packaging and consumables. No impairments were made to the value of the inventories in the current and previous years.

6.10 Trade receivables

The item is broken down as follows:

(thousands of Euros)	As at 31 December	
	2015	**2014**
Due from third parties	68,836	66,020
Due from the subsidiaries	9,392	11,595
Due from associates	643	814
Due from parent companies	120	346
Total	**78,991**	**78,775**

6.10.1 Trade receivables due from third parties

The item is broken down as follows:

(thousands of Euros)	As at 31 December	
	2015	**2014**
Due from customers	74,367	71,340
Bad debt provision	(5,531)	(5,320)
Total	**68,836**	**66,020**

The Company took part in a number of transactions concerning the transfer of receivables described below:

- four factoring transactions were carried out on trade receivables without recourse, with Credem Factor, for a total of Euro 45,826 thousand for a consideration of Euro 45,613 thousand;
- trade receivables were factored without recourse to Unicredit Factoring, due from Lazio Regional local health units and hospitals for Euro 8,956 thousand, for a consideration of Euro 8,901 thousand;
- trade receivables were factored without recourse to Mediofactoring S.p.A. for Euro 13,692 thousand, for a consideration of Euro 13,619 thousand.
- trade receivables were factored without recourse to Unicredit Factoring S.p.A. for Euro 7,289 thousand, for a consideration of Euro 7,251 thousand.

The bad debt provision changed as follows in 2015 and 2014:

Balance as at 1 January 2014	**5,123**
Uses	(413)
Adjustments	(25)
Provisions	635
Balance as at 31 December 2014	**5,320**
Incorporations	15
Uses	(160)
Adjustments	(40)
Provisions	396
Balance as at 31 December 2015	**5,531**

6.10.2 Trade receivables due from subsidiaries

The balance of Euro 9,392 thousand as at 31 December 2015 includes trade receivables due from the subsidiaries Se.Sa.Tre S.c.r.l. for Euro 7,651 thousand, San Martino 2000 S.c.r.l. for Euro 1,639 thousand and Servizi Italia Medical S.r.l. for Euro 102 thousand. Amounts due from Se.Sa.Tre. S.c.r.l. are essentially linked to the chargeback of costs invoiced to Servizi Italia S.p.A., but referring to the handling of the contract related to LHU 9 in Treviso.

6.10.3 Trade receivables due from associates, jointly controlled and parent companies

The balance as at 31 December 2015 of trade receivables due from associates and jointly-controlled companies, amounting to Euro 643 thousand, is essentially represented by trade receivables due from PSIS S.r.l. for Euro 172 thousand, Steril Piemonte S.c.r.l. for Euro 160 thousand, AMG S.r.l. for Euro 149 thousand, SE.STE.RO. S.r.l. for Euro 67 thousand, Saniservice Sh.p.k. for Euro 36 thousand and Ekolav S.r.l. for Euro 22 thousand.

Furthermore, there is a credit balance due from the parent company Coopservice Soc.Coop. p.A. for Euro 120 thousand.

6.11 Current tax receivables

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Tax receivables	5,475	-
Tax payables	(3,201)	-
Total	**2,274**	**-**

With regard to 2014, the balance is stated in the item “Current tax payables” since the net value was a liability.

6.12 Financial receivables

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Asolo Hospital Service S.p.A.	1,563	1,648
P.S.I.S. S.r.l.	3,856	3,800
Ekolav S.r.l.	172	170
AMG S.r.l.	502	500
Se.Sa.Tre. S.c.r.l.	1,059	1,079
Steril Piemonte S.c.r.l.	1,156	1,150
Iniziative Produttive Piemontesi S.r.l.	91	90
Gesteam S.r.l.	328	300
Other	290	-
Total	**9,017**	**8,737**

Financial receivables are for loans granted to the companies indicated above, which are due within the year or repayable on demand. The increase compared to 31 December 2014 is essentially due to interest accrued on individual loans and still not collected. This item also changed compared to 31 December 2014 due to the Euro 182 thousand repayment on interest-bearing loans granted to Asolo Hospital Service S.p.A.

6.13 Other assets

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Guarantee deposits receivable	154	67
Due from others	3,504	1,338
Prepayments	792	765
Total	**4,450**	**2,170**

Guarantee deposits receivable essentially relate to energy utilities and rentals.

The item Due from others mainly includes:

- amounts due from INPS for welfare support systems and the tax bonus as per Italian Decree Law 66/2014 for Euro 322 thousand
- VAT credits of Euro 2,708 thousand

The remaining balance of the Receivables due from others is made up of advances and amounts due from social security and welfare institutions and sundry, all due within 12 months.

6.14 Cash and cash equivalents

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Bank and postal deposits	1,992	1,263
Cheques	-	25
Cash at bank and in hand	20	38
Total	**2,012**	**1,326**

6.15 Shareholders' equity

6.15.1 Share capital and reserves

On 2 November 2015, further to the closure of the Third and last Exercise Period (from 1 October until 30 October 2015) of the "Warrant Servizi Italia S.p.A. 2012 – 2015", the Company announced that 9,311,120 Warrants had been exercised and consequently 2,327,780 newly-issued ordinary Servizi Italia shares had been subscribed (at a ratio of 1 new share for each 4 warrants exercised) at a price of Euro 3.30 each, admitted for listing on the Borsa Italiana screen-based stock market (MTA), with a par value of Euro 1.00 each, with regular dividend rights and the same characteristics as the ordinary Servizi Italia shares in circulation as of the issue date (the "Conversion Shares"), for a total equivalent value of Euro 7,681,674. Due to the closure of the Third Exercise Period, the 2012-2015 Warrants are no longer exercisable or traded on the Regulated Market.

During 2015, the Company purchased 186,890 treasury shares with a value of Euro 797 thousand, equivalent to 0.61% of the share capital, at the average book price of Euro 4.27 per share and sold 397,000 treasury shares for a value of Euro 1,739 thousand, equating to 1.29% of the share capital at an average price of Euro 4.38 per share. Following these transactions, the Company held 255,616 treasury shares amounting to 0.83% of the share capital as at 31 December 2015. The equivalent value of the treasury shares held on 31 December 2015, equal to Euro 1,101 thousand, was classified as decreasing the share capital for the par value of the same, equating to Euro 256 thousand, and as reducing the share premium reserve for the excess of the purchase value with respect to the par value, amounting to Euro 845 thousand.

The Legal reserve and Other reserves increased due to the allocation of the 2014 profit of the Company as per the resolution of the shareholders' meeting held on 22 April 2015, along with the payment of dividends for Euro 4,503 thousand equating to 16 Euro cents per share.

The increase in the item "Profit reserve" includes Euro 1,859 thousand due to the effects of the merger via incorporation of Lavanderia Industriale ZBM S.p.A. and Si.Gi. Servizi Ospedalieri S.r.l., as specified in more detail in the section "Merger via incorporation of Lavanderia Industriale ZBM S.p.A. and Si.Gi. Servizi Ospedalieri S.r.l.".

6.15.2 Possibility of use and distributable nature of the Shareholders' equity items

(thousands of Euros)	**Amount**	**Utilizability (1)**	**Available portion**	**Distributable portion**
Share capital	30,444	-	-	-
Share premium reserve	49,319	A, B	49,319	-
Legal Reserve	4,186	B	-	-
Other reserves	42,451	A, B, C	42,451	41,350
Total share capital and reserves	**126,399**		**91,770**	**41,350**
Profit (loss) for the year	11,724			
Total Shareholders' Equity	**138,123**			

(1) Utilizability: A: for share capital increases
B: to cover losses
C: for distribution to shareholders

The share premium reserve cannot be distributed since the legal reserve has not reached the limit envisaged by Article 2430 of the Italian Civil Code.

6.16 Due to banks and other lenders

The item is broken down as follows:

(thousands of Euros)	**As at 31 December 2015**			**As at 31 December 2014**		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Due to banks	43,451	34,666	78,117	37,721	26,192	63,913
Due to other lenders	256	-	256	340	-	340
Total	**43,707**	**34,666**	**78,373**	**38,061**	**26,192**	**64,253**

6.16.1 Due to banks

The portion of the payable falling due within 12 months relating to the item Due to banks as at 31 December 2015 presents an increase with respect to 31 December 2014 of Euro 5,730 thousand. This increase was caused by greater recourse to self-liquidating credit lines for the payment of suppliers. The portion of the payable falling due beyond 12 months relating to the item Due to banks as at 31 December 2015 increased with respect to 31 December 2014 by Euro 8,474 thousand as a result of the repayment of the loan instalments which fell due during the year, the early repayment of Euro 6,500 thousand on the mortgage taken out from Banca Popolare dell'Emilia Romagna and of Euro 7,560 thousand on the loan from Banca del Mezzogiorno – MedioCredito Centrale S.p.A., and the subscription of new mortgages with the bank Carige Italia S.p.A. in the amount of Euro 10,000 thousand on 31 March 2015 with a duration of five years, with Cassa di Risparmio di Parma e Piacenza SpA in the amount of Euro 10,000 thousand on 27 April 2015 with a duration of four years and with Banca Popolare di Milano S.Coop.a r.l. for a total of Euro 15,000 thousand on 2 November 2015 with a duration of five years. The loan taken out with Cassa di Risparmio in Bologna S.p.A. in 2012 requires a net financial position of less than 1.5 times the value of shareholders' equity (covenant) to be maintained, a condition which had been met as at 31 December 2015. The loan stipulated with Banca Nazionale del Lavoro S.p.A. requires the maintenance of a net financial position of less than 2 times the value of shareholders' equity and less than 2.5 times the Ebitda (covenant), conditions which had been met as at 31 December 2015. The loans stipulated with Cassa di Risparmio in Bologna S.p.A. in 2014 and with Cassa di Risparmio di Parma e Piacenza S.p.A. require the maintenance of a net financial position of less than 1.5 times the value of shareholders' equity and less than 2.5 times the Ebitda (covenant), conditions which had been met as at 31 December 2015. The loan stipulated with Banca Popolare di Milano S.Coop.a r.l. requires the maintenance of a net financial position of less than 2 times the value of shareholders' equity and less than 2 times the Ebitda (covenant), conditions which had been met as at 31 December 2015.

Amounts due to banks are shown below by maturity:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Less than or equal to 6 months	38,254	30,604
6 to 12 months	5,197	7,117
1 to 5 years	33,897	26,192
More than 5 years	769	-
Total	**78,117**	**63,913**

Non-current amounts due to banks are broken down by maturity as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
1 to 2 years	10,455	9,272
2 to 5 years	23,442	16,920
More than 5 years	769	-
Total	**34,666**	**26,192**

The average effective interest rates for 2015 were as follows:

	As at 31 December	
	2015	2014
Advances on invoices	1.56%	1.97%
Bank loan	2.10%	3.81%

6.16.2 Due to other lenders

Amounts due to other lenders as at 31 December 2015, for the current portion, are represented by the amount due to the Viterbo Hospital authority for Euro 50 thousand relating to a double payment made in our favour and the amount due to Credem Factor for invoices factored without recourse of Euro 206 thousand, mistakenly paid in our favour by the customer.

Payables to other lenders are broken down by maturity below:

(thousands of Euros)	As at 31 December	
	2015	2014
Less than or equal to 6 months	256	340
6 to 12 months	-	-
1 to 5 years	-	-
More than 5 years	-	-
Total	**256**	**340**

No amounts due to other lenders have been recorded under non-current liabilities.

The following table shows the breakdown of the amounts due to other lenders by type of rate:

(thousands of Euros)	As at 31 December	
	2015	2014
Floating rate	256	340
Fixed rate	-	-
Total	**256**	**340**

6.17 Deferred tax liabilities

Deferred tax liabilities are broken down below by nature of the timing differences that generated them:

(thousands of Euros)	Leasing	Employee benefits	Property, plant and equipment	Intangible assets	Goodwill	Total
Deferred tax liabilities as at 1 January 2014	**376**	**121**	**28**	**-**	**1,090**	**1,615**
Changes recognised in the income statement	(138)	(9)	(5)	-	117	(35)
Changes recognised in other comprehensive income	-	(112)	-	-	-	(112)
Deferred tax liabilities as at 31 December 2014	**238**	**-**	**23**	**-**	**1,207**	**1,468**
Incorporations of Lavanderia Industriale ZBM S.p.A. and Si.Gi. Servizi Ospedalieri S.r.l.	-	-	-	628	-	628
Changes recognised in the income statement	(130)	-	(2)	(173)	(32)	(337)
Deferred tax liabilities as at 31 December 2015	**108**	**-**	**21**	**455**	**1,175**	**1,759**

Following the approval of the 2016 Stability Law (Italian Law No. 208 of 28 December 2015), which lowered the IRES rate from 27.5% to 24% starting on 1 January 2017, deferred tax liabilities were adjusted accordingly. This adjustment had a positive effect of Euro 199 thousand.

6.18 Employee benefits

This item changed as follows:

(thousands of Euros)	Year	
	2015	**2014**
Opening balance	**10,220**	**9,341**
Incorporations	508	-
Provision	453	250
Financial expense	140	264
Actuarial (gains)/losses	70	892
Transfers (to)/from other provisions	-	-
(Uses)	(1,427)	(527)
Closing balance	**9,964**	**10,220**

The item includes mainly the Provision for Employee Severance Indemnity recognised to the employees, which increased following the merger via incorporation of the companies Si.Gi. Servizi Ospedalieri S.r.l. and Lavanderia Industriale Z.B.M. S.p.A., effective for accounting and tax purposes on 1 January 2015.

This item includes the amount accrued on the LTI-Cash 2015-2017 variable remuneration plan for Directors, Managers, Senior Managers and Executives, based on which a bonus is disbursed at the end of the three-year period if certain economic and financial targets are met and in relation to the Servizi Italia share price, and the termination indemnity accrued by the CEO.

With the approval of the financial statements as at 31 December 2014, the vesting period of the LTI Cash 2012-2013-2014 Plan was completed. On 12 March 2015, the Remuneration Committee provided in-depth disclosure and support to the Board of Directors, highlighting the achievement of the performance target and therefore proposing the disbursement of the bonus to the Beneficiaries under the terms and as per the formalities established in the regulations. The proposal was approved by the Board of Directors and the Board of Statutory Auditors, in fact decreeing the closure of said plan and disbursement to the beneficiaries of around Euro 1,050 thousand.

6.18.1 Financial hypotheses adopted

The valuation techniques were carried out on the basis of the hypotheses described by the following table:

	Year	
	2015	**2014**
Technical annual discounting back rate	1.39%	1.50%
Annual inflation rate	1.75%	1.75%
Annual growth rate of the severance indemnity	2.81%	2.81%

With regard to the discount rate, the iBoxx Eurozone Corporates AA 7 - 10 index as of the valuation date was taken as reference for the valuation of this parameter. The duration of the liability is 10 years.

6.18.2 Demographic hypotheses adopted

- With regard to the probabilities of demise, those established by the State General Accounting Office, known as RG48, differentiated by gender:

- for the probabilities of disability those, differentiated by gender, adopted in the INPS model for the projections through 2010. These probabilities have been created starting off from the distribution by age and gender of the pensions in force as at 1 January 1987 as from 1984, 1985 and 1986 relating to lending industry personnel;

- with regard to the retirement period for the active generic the achievement of the first of the pension requirements valid for Mandatory General Insurance was presupposed;

- for the probabilities of leaving employment for reasons other than demise, on the basis of statistics provided by the Company, the annual frequencies of 7.50% have been considered;

- with regard to the probability of advance, a year by year value of 3.00% was supposed.

Further to the supplementary welfare reform as per Italian Legislative Decree No. 252 dated 5 December 2005, for employees who have decided to allocate the indemnity as from 1 January 2007 to the INPS Treasury Fund, the advances as per Article 2120 of the Italian Civil Code are calculated on the entire value of the severance indemnity accrued by the worker.

These advances are disbursed by the employer within the limits of the capacity of the amounts accrued by virtue of the provisions made up until 31 December 2006. If the amount of the advance is not covered by the amount accrued care of the employer, the difference is disbursed by the Treasury Fund set up care of INPS.

With regard to the matters set forth above and for just the employees who have complied with the Treasury Fund and who have not requested advances on the indemnity, corrections have been made in the actuarial valuations increasing the requested percentage to be applied to the Fund accrued as at 31 December 2006 and revalued until the calculation date.

6.18.3 Sensitivity analysis

In accordance with the matters required by the reviewed version of IAS 19, sensitivity analysis is presented below in line with the change in the main actuarial hypotheses included in the calculation model.

(thousands of Euros)	**Discount rate**		**Inflation rate**		**Duration**	
	+0.50%	**-0.50%**	**+0.25%**	**-0.25%**	**+1 year**	**-1 year**
Change in liabilities	(356)	379	107	(105)	(51)	274

6.19 Provisions for risks and charges

(thousands of Euros)	**Year**	
	2015	**2014**
Opening balance	**64**	**-**
Provisions	120	64
Uses	(33)	-
Other changes	-	-
Closing balance	**151**	**64**

The company has set aside Euro 120 thousand for legal disputes.

6.20 Other financial liabilities

The item in question did not change during the year

6.21 Trade payables

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Due to suppliers	52,310	45,367
Due to subsidiaries	4,818	11,023
Due to associates	3,711	3,621
Due to parent companies	3,446	4,171
Total	**64,285**	**64,182**

6.21.1 Due to suppliers

The balance as at 31 December 2015 refers entirely to trade payables due within 12 months.

6.21.2 Due to subsidiaries

The balance as at 31 December 2015 includes trade payables due within 12 months to the subsidiaries San Martino 2000 S.c.r.l for Euro 1,082 thousand, Se.Sa.Tre S.c.r.l. for Euro 3,204 thousand and Servizi Italia Medical S.p.A. for Euro 532 thousand.

6.21.3 Due to associates, jointly controlled and parent companies

The balance as at 31 December 2015 mainly refers to trade payables due to Steril Piemonte S.c.r.l. (Euro 704 thousand), Ekolav S.r.l. (Euro 552 thousand), Se.Ste.Ro. S.r.l. (Euro 549 thousand), Co.Se.S. S.c.r.l. (Euro 432 thousand), AMG S.r.l. (Euro 425 thousand), Piemonte Servizi Sanitari S.c.r.l. (Euro 390 thousand) and Centro Italia Servizi S.r.l. (Euro 322 thousand).

Trade payables due to the parent company Coopservice S.Coop.p.A. amount to Euro 3,446 thousand.

6.22 Current tax payables

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Tax receivables	-	4,972
Tax payables	-	(5,741)
Total	**-**	**(769)**

With regard to 2015, the balance is stated in the item "Current tax receivables " since the net value is a credit.

6.23 Other financial liabilities

Euro 962 thousand was recognised in this item. This amount relates to the remaining payable to other company shareholders for the acquisition of the 40.0% stake in Ankateks Turizm Inşaat Tekstil Temizleme San. Ve Tic. Ltd. Şti.

6.24 Other payables

The table below provides a breakdown of other current payables:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Accrued liabilities	18	11
Deferred income	800	880
Due to social security and welfare institutions	4,685	4,138
Other payables	10,853	15,710
Total	**16,356**	**20,739**

6.24.1 Due to social security and welfare institutions

Amounts due to social security institutions include contributions to INPS/INAIL/INPDAI (National Social Security Institution/Italian Institution for Insurance Against Workplace Accidents/National Welfare Institute for Industrial Managerial Employees) totalling Euro 4,685 thousand, all falling due within the year.

6.24.2 Other payables

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Due to employees	8,097	7,554
Employee/professional IRPEF (personal income tax) payable	1,965	1,584
Current and deferred VAT payable	-	6,414
Other payables	791	158
Total	**10,853**	**15,710**

The reduction in other payables compared to the previous year was mainly due to the decrease in the VAT payable for invoices issued to the public administration due to the application as of 1 January 2015 of the split payment regulation introduced in Italy with the 2015 Stability Law.

6.25 Financial guarantee contracts

The table below lists the guarantees given by the Company, existing as at 31 December 2015:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Guarantees issued by banks and insurance companies for tenders	59,822	45,912
Guarantees issued by banks and insurance companies for lease agreements and utilities	577	549
Guarantees issued by banks and insurance companies in favour of third parties	36,962	34,215
Owned assets held by third parties	49	49
Pledge on Asolo Hospital Service shares to back loans granted to the Project Companies	464	464
Pledge on Sesamo shares to back loans granted to the Project Companies	237	237
Pledge on Prog.Este shares to back loans granted to the Project Companies	1,212	1,212
Pledge on Progeni shares to back loans granted to the Project Companies	380	380
Total	**99,703**	**83,018**

Guarantees issued by banks and insurance companies for tenders: these were issued on behalf of the company in favour of customers or potential customers for participation in tenders, to guarantee the correct execution of the service.

Guarantees issued by banks and insurance companies for lease agreements and utilities: these were issued on behalf of the company to guarantee the payment of lease instalments and invoices for the supply of electricity and gas.

Guarantees issued by banks and insurance companies in favour of third parties: these are guarantees issued to back the payment of the company’s portion of the project financing and guarantees issued in favour of PSIS S.r.l., Steril Piemonte S.c.r.l., I.P.P. S.r.l., Ekolav S.r.l. and Shubhram Hospital Solutions Private Limited to back loan agreements.

Mortgage loans on owned property: the company has not granted liens on owned property and has no mortgage loans.

Pledge on Asolo Hospital Service, Sesamo, Progeni and Prog.Este shares to back loans granted to the Project Companies: this pledge was granted to the banks providing the project financing on the shares representing the company’s shareholding in the special purpose entity.

7 INCOME STATEMENT

7.1 Revenues from sales

The item is broken down as follows by business:

(thousands of Euros)	**Year ended as at 31 December**	
	2015	**2014**
Wash-hire	145,527	136,214
Steril B	19,002	20,456
Steril C	37,528	37,297
Total	**202,057**	**193,967**

The revenues of Servizi Italia rose by 4.2% since last year. This increase was caused primarily by the merger via incorporation of Lavanderia Industriale Z.B.M. S.p.A. and Si.Gi. Servizi Ospedalieri S.r.l. with accounting and tax effects as of 1 January 2015. Using the 2014 revenue of Servizi Italia S.p.A. plus the revenue of Lavanderia Industriale Z.B.M. S.p.A. as a comparison, there was a loss in revenue of 1.4% in absolute value. The rise in turnover due to the launch of new contracts such as ASL (LHA) Frosinone, ASL Turin 3, I.N.M.I. - Lazzaro Spallanzani, Istituto Europeo di Oncologia S.r.l., Centro Cardiologico Monzino S.p.A. and AUSL (Local Health Authority) of Piacenza was offset by a loss in revenue due to the expiry of contracts at the start of the year, such as Rome C LHA and IRCCS Foundation “National Cancer Institute” and the review of prices on other contracts requested by some customers for the application of the spending review. Turnover in the surgical instrument sterilisation segment grew by 0.6% compared to the previous year. This increase is mainly attributable to the gradual increase in turnover from customers such as the Udine University Hospital, Trieste Hospital and Careggi Hospital in Florence and the new contract for the Spedali Civili Hospital in Brescia. The fall in linen sterilisation line revenue is linked to the end of the contract with Legnano Hospital and the reduction in the turnover of the customer Careggi Hospital of Florence (in the latter case, the use of sterilised technical textile for the operating theatre decreased since the entity has opted for the single-use product).

(thousands of Euros)	**31 December 2015**	**%**	**31 December 2014**	**%**	**Change**
Abruzzo	4	-	-	-	-
Basilicata	402	0.2%	441	0.2%	-8.8%
Campania	44	-	41	-	7.3%
Emilia Romagna	31,909	15.8%	30,239	15.6%	5.5%
Friuli Venezia Giulia	17,270	8.5%	15,248	7.9%	13.3%
Lazio	12,708	6.3%	13,440	6.9%	-5.4%
Liguria	26,791	13.3%	26,830	13.8%	-0.1%
Lombardy	42,470	21.0%	42,021	21.7%	1.1%
Marche	3,499	1.7%	3,361	1.8%	4.1%
Piedmont	9,838	4.9%	9,963	5.2%	-1.3%
Sicily	3,178	1.6%	3,100	1.6%	2.5%
Tuscany	25,635	12.7%	27,307	14.1%	-6.1%
Trentino Alto Adige	5,697	2.8%	495	0.3%	1050.9%
Umbria	255	0.1%	261	0.1%	-2.3%
Valle D'Aosta	1,193	0.6%	1,248	0.7%	-4.4%
Veneto	21,150	10.5%	19,972	10.3%	5.9%
EEC Revenue	14	-	-	-	-
Total	**202,057**	**100.0%**	**193,967**	**100.0%**	**4.2%**

7.2 Other income

This balance comprises recoveries of costs and personnel attributable to third parties for Euro 5,324 thousand, chargebacks of Euro 3,801 thousand for consortium costs, non-recurring income of Euro 466 thousand, ordinary capital gains from disposal of assets for Euro 247 thousand and other income of Euro 1,231 thousand.

7.3 Raw materials and consumables

Consumption of raw materials, amounting to Euro 17,026 thousand, decreased with respect to the previous year (Euro 20,513 thousand in 2014). In 2014, this item included the costs incurred for the construction of the instrument sterilisation centres of the Arezzo LHU for the San Donato hospital and the Brescia Spedali Civili hospital sold to the customers.

7.4 Costs for services

The item is broken down as follows:

(thousands of Euros)	**Year ended as at 31 December**	
	2015	**2014**
External laundering and other industrial services	(17,678)	(17,234)
Travel and transport	(11,386)	(10,453)
Utilities	(10,052)	(9,624)
Administrative costs	(2,319)	(2,407)
Consortium and sales costs	(20,954)	(20,779)
Personnel expense	(1,427)	(1,447)
Maintenance	(4,133)	(3,757)
Use of third-party assets	(7,240)	(6,936)
Other services	(1,541)	(1,198)
Total	**(76,730)**	**(73,835)**

The increase in the item costs for services was basically linked to the effect of the merger of Lavanderia Industriale Z.B.M. S.p.A. and Si.Gi. Servizi Ospedalieri S.r.l.

The external laundering and other industrial services disclose an increase of 2.6%. The increase in third-party processing at external laundries is attributable to the effect of the merger Lavanderia Industriale Z.B.M. S.p.A., the increase in the linen store service at new customers such as Istituto Europeo di Oncologia S.r.l., Centro Cardiologico Monzino S.p.A. and Circolo di Busto Arsizio Hospital and the increase in the service at existing customers like the Reggio Emilia Hospital, Local Health Unit no. 3 Alto - Collinare - Medio Friuli and Niguarda Ca' Granda Hospital in Milan.

Travel and transport costs increased by Euro 933 thousand. Comparing the data from 2014 including the transport costs of Lavanderia Industriale Z.B.M. S.p.A., the item would have increased by Euro 296 thousand. This rise was connected with logistics services activated at new customers.

Utilities were up by Euro 428 thousand. However, comparing the figure from 2014 inclusive of the cost of Lavanderia Industriale Z.B.M. S.p.A., there would have been a reduction of Euro 282 thousand due to the reduction in light and gas tariffs and the reduction in water consumption, made possible by greater production efficiencies and lower volumes processed.

Administrative costs declined as a result of lower expenses for collaborations, offset by rising costs for extraordinary transactions linked to the acquisition of the new companies Ankateks Turizm Inşaat Tekstil Temizleme San. Ve Tic. Ltd. Şti and Tintoria Lombarda Divisione Sanitaria S.r.l. and legal consulting for appeals on the awarding of contracts.

Consortium and sales costs were up by Euro 175 thousand, from Euro 20,779 thousand as at 31 December 2014 to Euro 20,954 thousand as at 31 December 2015. The lower chargebacks of costs received for the temporary joint consortia working with the customers San Giovanni Addolorata Hospital in Rome and ASL (local health authority) 8 Arezzo were countered by the increase in commercial consulting for participation in tenders in relation to the procedures required by the new regulation on tenders.

Maintenance costs were up by Euro 376 thousand from Euro 3,757 thousand to Euro 4,133 thousand. This was basically due to greater maintenance expenses at the surgical instrument sterilisation centres and for machinery.

7.5 Personnel expense

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2015	**2014**
Costs for directors' fees	(1,227)	(892)
Salaries and wages	(43,280)	(38,155)
Temporary work	(1,503)	(2,155)
Social security charges	(14,068)	(12,242)
Employee severance indemnity	(2,832)	(2,390)
Other costs	(200)	(38)
Total	**(63,110)**	**(55,872)**

Personnel expense increased by Euro 7,238 thousand from Euro 55,872 thousand in 2014 to Euro 63,110 thousand in 2015. The rise in personnel expense compared to the same period in the previous year is related to the increase in wages and salaries as established in the National Collective Labour Agreement in two contractual instalments: the first starting in January 2015 and the second as of June 2015. In addition to these increases was the effect of the merger via incorporation of Lavanderia Industriale Z.B.M. S.p.A. and Si.Gi. Servizi Ospedalieri S.r.l. effective as of 1 January 2015 (comparing the 2014 Servizi Italia S.p.A. personnel costs added to those of the two merged companies, there was an increase of Euro 3,183 thousand) and new personnel hired at the surgical instrument sterilisation centres in Brescia and Udine.

The table below shows the average breakdown of personnel:

	As at 31 December	
	2015	**2014**
Executives	8	5
Middle managers	18	20
White-collar staff	143	133
Blue-collar staff	1,609	1,488
Total	**1,778**	**1,646**

7.6 Other costs

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2015	**2014**
Tax-related expense	(170)	(149)
Contingent liabilities	(398)	(609)
Membership fees	(204)	(173)
Gifts to customers and employees	(118)	(167)
Other	(395)	(543)
Total	**(1,285)**	**(1,641)**

7.7 Depreciation, amortisation, impairment and provisions

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2015	**2014**
Amortisation of intangible assets	(1,264)	(337)
Depreciation of property, plant and equipment	(36,782)	(33,662)
Impairment of receivables	(634)	(610)
Other provisions	(87)	(64)
Total	**(38,767)**	**(34,673)**

The increase in the amortisation of intangible assets refers mainly to the effects of the amortisation of the customer portfolio of the incorporated companies Lavanderia Industriale ZBM S.p.A. and Si.Gi. Servizi Ospedalieri S.r.l. and the effects of the recognition of the non-compete agreement stipulated with the previous CEO.

The 9.27% increase in the depreciation of property, plant and equipment was linked mainly to investments in linens and the increase of surgical instrument depreciation, whose relative impact increased due to the ramp-up phases of the new sterilisation contracts.

The increase in the item Impairment of receivables is attributable to the provision for the partial impairment of the amount due from several customers in relation to which bankruptcy proceedings are probable.

7.8 Financial income

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2015	**2014**
Bank interest income	3	2
Default interest	517	373
Interest income on loans to third-party companies	376	276
Other financial income	63	418
Total	**959**	**1,069**

Despite the overall improvement in collections, default interest was up following payment delays by some specific customers. The “interest income on loans” was up due to new loans granted, while the other financial income dropped sharply due to the collection of default interest relating to previous years in 2014.

7.9 Financial expense

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2015	**2014**
Interest expense and bank commission	(1,713)	(2,401)
Interest and expense to other lenders	(425)	(839)
Financial expense on severance indemnities	(150)	(281)

Other financial expense	(47)	(65)
Total	**(2,335)**	**(3,586)**

The decrease in “Interest expense and bank commission” resulted from the cancellation of loans with higher rates and the subscription of new, lower-rate loans, as well as the renegotiation of rates on self-liquidating credit lines. The decrease in the item "Interest and expense to other lenders" was caused by the reduction in both the spreads renegotiated with the banks and the total amount transferred as part of without recourse factoring transactions. “Other financial expense” was essentially stable.

7.10 Income and expense from equity investments in other companies

The item income and expense from equity investment is represented by dividends collected in 2015 for Euro 623 thousand. In detail, Euro 240 thousand was collected from the subsidiary, Centro Italia Servizi S.r.l., Euro 117 thousand from the investee company Prosa S.p.A. established for the handling of the Vaio - Fidenza (PR) hospital project and Euro 266 thousand as the portion of the reserve from Asolo Hospital Service S.p.A.

7.11 Income taxes

The item is broken down as follows:

(thousands of Euros)	**Year ended as at 31 December**	
	2015	**2014**
Current taxes	(4,316)	(6,037)
Deferred tax assets/(liabilities)	594	554
Total	**(3,722)**	**(5,483)**

The incidence of the taxes on the pre-tax result is reconciled with the theoretical rate in the table below:

(thousands of Euros)	**Year ended as at 31 December**			
	2015	**Incidence**	**2014**	**Incidence**
IRES (company earnings tax) reconciliation				
Profit before tax from Income statement	15,447		17,596	
Theoretical taxes	**4,248**	**27.5%**	**4,839**	**27.5%**
Tax effects of the permanent differences:				
on increases	140	0.9%	334	1.9%
on decreases	(1,784)	-11.6%	(1,753)	-10.0%
substitute taxes	258	1.7%	272	1.5%
Total effective IRES taxes	**2,861**	**16.3%**	**3,692**	**21.0%**
IRAP (regional business tax)	861	5.6%	1,791	10.2%
Total effective IRES and IRAP taxes	**3,722**	**24.1%**	**5,483**	**31.2%**

The tax rate declined by roughly 7.1 percentage points from 31.2% in 2014 to 24.1% in 2015. The decrease in the tax charge was mainly determined by the new IRAP regulations introduced by the 2015 Stability Law which makes provision, from 1 January 2015, for the deduction, in addition to flat-rate and analytical deductions relating to the cost of labour, of the amount relating to the difference between the total cost of labour (relating to open-ended contracts) and deductions due.

8 TRANSACTIONS WITH GROUP COMPANIES AND RELATED PARTIES

Servizi Italia S.p.A.'s transactions with subsidiaries, associates, jointly controlled companies and parent companies are entered into in compliance with the Regulations for related party transactions in force, and mainly relate to:

- dealings associated with commercial service agreements;
- financial dealings, represented by loans.

In terms of income, the financial position and cash flows, the main transactions are ordinary transactions concluded at arm's length or standard conditions, governed by dedicated contracts. These transactions consist of the accumulation of uniform transactions carried out starting from the reference year, in execution of a unitary plan, which are not individually qualifiable as of greater significance. In addition, considered on a cumulative basis, the group of these transactions activated during the reference year is not qualified as of greater significance. During the reference year, the final amount recognised in the financial statements was generated by the renewal of contracts in place or contracts activated during the period.

Income statement, statement of financial position and financial transactions with companies of the Servizi Italia Group in 2015 are presented below:

(thousands of Euros)

Income statement	31 December 2015					
	Sale of goods and services	**Purchase of goods and services**	**Personnel expense**	**Purchases of property, plant and equipment and intangible assets**	**Other costs**	**Financial income**
Coopservice S.Coop.p.A. (parent company)	317	10,242	-	1	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-
Consorzio San Martino 2000 S.c.r.l. (subsidiary)	3,073	5,258	-	-	-	-
Consorzio Se.Sa.Tre. S.c.r.l. (subsidiary)	4,981	7,073	-	6	4	28
Servizi Italia Medical S.r.l. (subsidiary)	131	1,793	-	18	-	-
Centro Italia Servizi S.r.l. (associate)	9	924	-	-	-	-
Consorzio Co.Se.S. (associate)	-	650	-	-	-	-
SE.STE.RO. S.r.l. (associate)	72	496	-	-	2	-
PSIS S.r.l. (associate)	106	34	-	26	5	56
Amg S.r.l. (associate)	314	878	-	-	-	3
Ekolav S.r.l. (associate)	4	1,354	-	1	-	2
Steril Piemonte S.c.r.l. (associate)	312	1,458	-	-	-	6
Piemonte Servizi Sanitaria S.c.r.l. (associate)	-	690	-	-	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	-	472	-	-	-	-
SAS Sterilizasyon Servisleri A.Ş. (associate)	-	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (associate)	-	-	-	-	-	-

Ankateks Turizm İnsaat Tekstil Temizleme Sanayi VE (associate)	-	-	-	-	-	-
Saniservice Sh.p.k. (associate)	36	-	-	-	-	2
Finanza & Progetti (associate)	-	-	-	-	-	-
Elettrica Gover S.r.l. (affiliated company)	-	1	-	12	-	-
Focus S.p.A. (affiliated company)	-	2,502	-	-	13	-
Archimede S.p.A. (affiliated company)	5	-	1,118	-	-	-
Electric System S.r.l. (affiliated company)	-	1	-	-	-	-
New Fleur S.r.l. (affiliated company)	34	810	-	-	-	-
Ad Personam S.r.l. (affiliated company)	-	25	-	-	-	-
Padana Emmedue S.r.l. (related party)	-	288	-	-	-	-
Padana Emmedue S.p.A. (related party)	-	136	-	-	-	-
Total	**9,394**	**35,085**	**1,118**	**64**	**24**	**97**

(thousands of Euros)	31 December 2014					
Income statement	**Sale of goods and services**	**Purchase of goods and services**	**Personnel expense**	**Purchases of property, plant and equipment and intangible assets**	**Other costs**	**Financial income**
Coopservice S.Coop.p.A. (parent company)	406	9,797	-	4	5	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-
Consorzio San Martino 2000 S.c.r.l. (subsidiary)	3,094	5,260	-	-	-	-
Consorzio Se.Sa.Tre. S.c.r.l. (subsidiary)	5,003	6,924	-	4	9	48
Servizi Italia Medical S.p.A. (subsidiary)	80	8,802	-	10	-	-
Lavanderia Industriale Z.B.M. S.p.A. (subsidiary)	317	600	-	-	-	-
Si.Gi. Servizi Ospedalieri S.r.l sole shareholder company (subsidiary)	-	34	-	-	1	-
Centro Italia Servizi S.r.l. (associate)	9	983	-	-	-	-
Consorzio Co.Se.S. (associate)	-	626	-	-	-	-
SE.STE.RO. S.r.l. (associate)	70	505	-	-	-	-
PSIS S.r.l. (associate)	217	-	-	20	-	65
Amg S.r.l. (associate)	356	980	-	-	-	3
Ekolav S.r.l. (associate)	-	1,208	-	2	-	3
Steril Piemonte S.c.r.l. (associate)	311	1,621	-	-	-	11
Piemonte Servizi Sanitaria S.c.r.l. (associate)	-	702	-	-	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	-	656	-	-	-	1
SAS Sterilizasyon Servisleri A.Ş. (associate)	13	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (associate)	-	-	-	-	-	-
Elettrica Gover S.r.l. (affiliated company)	1	19	-	116	-	-
Focus S.p.A. (affiliated company)	-	2,551	-	-	12	-
Archimede S.p.A. (affiliated company)	-	-	2,033	-	-	-
Electric System S.r.l. (affiliated company)	-	1	-	-	-	-
New Fleur S.r.l. (affiliated company)	17	1,365	-	-	-	-
Ad Personam S.r.l. (affiliated company)	-	26	-	-	-	-
Total	**9,894**	**42,660**	**2,033**	**156**	**27**	**131**

Aside from the figures shown above, as at 31 December 2015 income statement transactions with related parties include directors' fees of Euro 1,281 thousand and executive personnel expense of Euro 1,440 thousand. As at 31 December 2014, directors' fees amounted to Euro 927 thousand, while executive personnel expense came to Euro 1,067 thousand.

(thousands of Euros)	31 December 2015				
Statement of financial position	**Amount of trade receivables**	**Amount of trade payables**	**Amount of financial receivables**	**Amount of financial payables**	**Amount of other liabilities**
Coopservice S.Coop.p.A. (parent company)	120	3,446	-	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-
Consorzio San Martino 2000 S.c.r.l. (subsidiary)	1,639	1,082	-	-	-
Consorzio Se.Sa.Tre. S.c.r.l. (subsidiary)	7,651	3,204	1,831	-	-
Servizi Italia Medical S.r.l. (subsidiary)	102	532	-	-	-
Centro Italia Servizi S.r.l. (associate)	9	322	-	-	-
Consorzio Co.Se.S. (associate)	-	432	-	-	-
SE.STE.RO. S.r.l. (associate)	67	549	-	-	-
PSIS S.r.l. (associate)	172	108	3,856	-	-
Amg S.r.l. (associate)	149	425	502	-	-
Ekolav S.r.l. (associate)	21	552	172	-	-
Steril Piemonte S.c.r.l. (associate)	160	704	1,156	-	-
Piemonte Servizi Sanitaria S.c.r.l. (associate)	-	390	-	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	20	230	91	-	-
SAS Sterilizasyon Servisleri A.Ş. (associate)	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (associate)	9	-	-	-	-
Ankateks Turizm İnsaat Tekstil Temizleme Sanayi VE (associate)	-	-	-	-	-
Saniservice Sh.p.k. (associate)	36	-	164	-	-
Finanza & Progetti (associate)	-	-	-	-	-
Elettrica Gover S.r.l. (affiliated company)	-	-	-	-	-
Focus S.p.A. (affiliated company)	-	2	-	-	-
Archimede S.p.A. (affiliated company)	-	142	-	-	-
Electric System S.r.l. (affiliated company)	-	-	-	-	-
New Fleur S.r.l. (affiliated company)	72	637	-	-	-
Ad Personam S.r.l. (affiliated company)	-	1	-	-	-
Padana Emmedue S.r.l. (related party)	-	96	-	-	-
Padana Emmedue S.p.A. (related party)	-	375	-	-	-
Total	**10,227**	**13,229**	**7,772**	**-**	**-**

(thousands of Euros)	31 December 2014				
Statement of financial position	**Amount of trade receivables**	**Amount of trade payables**	**Amount of financial receivables**	**Amount of financial payables**	**Amount of other liabilities**
Coopservice S.Coop.p.A. (parent company)	346	4,171	-	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-
Consorzio San Martino 2000 S.c.r.l. (subsidiary)	2,756	2,947	-	-	-
Consorzio Se.Sa.Tre. S.c.r.l. (subsidiary)	8,471	3,208	2,882	-	-
Servizi Italia Medical S.p.A. (subsidiary)	61	3,861	-	-	-
Lavanderia Industriale Z.B.M. S.p.A. (subsidiary)	306	973	-	-	-
Si.Gi. Servizi Ospedalieri S.r.l sole shareholder company (subsidiary)	1	34	-	-	-
Centro Italia Servizi S.r.l. (associate)	8	637	-	-	-
Consorzio Co.Se.S. (associate)	-	314	-	-	-
SE.STE.RO. S.r.l. (associate)	172	507	-	-	-
PSIS S.r.l. (associate)	194	34	3,800	-	-
Amg S.r.l. (associate)	208	488	500	-	-
Ekolav S.r.l. (associate)	120	522	170	-	-

Steril Piemonte S.c.r.l. (associate)	109	507	1,150	-	-
Piemonte Servizi Sanitaria S.c.r.l. (associate)	-	416	-	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	1	196	90	-	-
SAS Sterilizasyon Servisleri A.Ş. (associate)	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (associate)	2	-	-	-	-
Elettrica Gover S.r.l. (affiliated company)	2	113	-	-	-
Focus S.p.A. (affiliated company)	-	-	-	-	-
Archimede S.p.A. (affiliated company)	-	273	-	-	-
Electric System S.r.l. (affiliated company)	-	-	-	-	-
New Fleur S.r.l. (affiliated company)	25	494	-	-	-
Ad Personam S.r.l. (affiliated company)	-	10	-	-	-
Total	**12,782**	**19,705**	**8,592**	-	-

The most significant dealings, for which the transactions of the individual contracts are part of the Company's ordinary business operations, are broken down by Company below.

Coopservice S.Coop.p.A.

Revenues from sales and the associated trade receivables as at 31 December 2015 refer primarily to linen and textile washing services provided to the parent company.

Servizi Italia S.p.A. acquires the following from the parent company: (i) road transport of textile items and/or surgical instruments for Euro 8,779 thousand; (ii) wardrobe management services at customers for Euro 536 thousand; (iii) the use of third-party personnel for Euro 18 thousand; (iv) technical cleaning services provided at certain production sites/operating locations of Servizi Italia and security/surveillance services provided in some locations through night patrols and alarm systems, for Euro 677 thousand.

Consorzio San Martino 2000 S.c.r.l.

As at 31 December 2015, revenues from sales of goods and services and the related trade receivables due from Consorzio San Martino 2000 S.c.r.l. refer to the services provided by Servizi Italia S.p.A. for the execution of the contract outstanding with the San Martino hospital in Genoa. By contrast, purchase costs and the related trade payables regard the chargeback of costs incurred by the Consortium, which are divided amongst the shareholders on the basis of their shareholdings.

Consorzio Se.Sa.Tre. S.c.r.l.

As at 31 December 2015, revenues due from Consorzio Se.Sa.Tre. S.c.r.l. refer to the services provided by Servizi Italia S.p.A. for the execution of the contract outstanding with the Treviso Local Health Authority 9 in the Veneto Region. By contrast, purchase costs and the related trade payables regard the chargeback of costs incurred by the Consortium, which are divided amongst the shareholders on the basis of their shareholdings. The value of the financial receivables refer to an interest-bearing loan, granted pro rata by the shareholders Servizi Italia S.p.A. and Servizi Ospedalieri S.p.A., in order to guarantee the Consortium the economic means necessary for carrying out its business activities.

Servizi Italia Medical S.r.l.

Purchases of goods and services and the related trade payables due in relation to Servizi Italia Medical S.r.l. are primarily for the purchase of single-use medical device supplies for surgical procedures (Euro 1,793 thousand).

Centro Italia Servizi S.r.l.

As at 31 December 2015, revenues from sales of goods and services and the related trade receivables due from Centro Italia Servizi S.r.l. refer to the sale of assets to be used in the wash-hire business carried out by this associate at the Arezzo hospital. On the other hand, purchase costs and the relative trade payables regard the charge-back of costs incurred by Centro Italia Servizi S.r.l., which are divided amongst the shareholders on the basis of their shareholdings.

Consorzio CO.SE.S. S.c.r.l.

As at 31 December 2015, revenues from the sale of goods and services and purchase costs vis-à-vis Consorzio CO.SE.S S.c.r.l. refer to the chargeback of costs incurred by the Company and by the Consortium for surgical instrument sterilisation activities at the San Giovanni Addolorata hospital in Rome.

SE.STE.RO. S.r.l.

Purchases of goods and services and the related trade payables due in relation to Se.Ste.Ro. S.r.l. are primarily for the sterilisation service for Bambino Gesù Paediatric Hospital in Rome.

PSIS S.r.l.

As at 31 December 2015, revenues from the sale of goods and services due from PSIS S.r.l. refer to the administrative management service charge-back. The financial receivable relates to a loan granted for Euro 3,856 thousand to support current investments.

AMG S.r.l.

At the end of 2015, economic transactions were mainly for external laundering services at the Asti, Casale Monferrato and Vercelli and Turin 3 LHAs (Euro 869 thousand); the revenues derive from linen sterilisation services and the supply of single-use medical devices for surgical procedures. The financial receivables of Euro 502 thousand are for internal financing granted to support current investments.

Ekolav S.r.l.

Purchases of goods and services and the related trade payables due in relation to Ekolav S.r.l. are primarily for laundering (Euro 1,047 thousand) and transport (Euro 89 thousand) services. The financial receivable is for a Euro 172 thousand loan granted to the associate.

Steril Piemonte S.c.r.l.

As at 31 December 2015, revenues from the sale of goods and services and purchase costs linked to Steril Piemonte S.c.r.l. refer to the chargeback of costs incurred by the Company and by the Consortium for surgical instrument sterilisation activities at ASL (Local Health Authority) AL Piedmont Region.

Piemonte Servizi Sanitari S.c.r.l.

As at 31 December 2015, income statement and statement of financial position transactions with Piemonte Servizi Sanitari S.c.r.l. refer to the handling of tenders relating the Novara and Turin 4 LHAs.

Iniziative Produttive Piemontesi S.r.l.

Purchases of goods and services and the related trade payables due in relation to Iniziative Produttive Piemontesi S.r.l., mainly refer to the chargebacks on supplies of sterile kits for the Ordine Mauriziano hospital in Turin and the Desio & Vimercate hospital for Euro 472 thousand. The financial receivable is for a Euro 91 thousand loan granted to the associate.

Focus S.p.A.

Transactions with Focus S.p.A. relate to lease agreements on the Castellina di Soragna, Montecchio Precalcino, Ariccia and Genoa Bolzaneto properties. The first agreements are for six years and renewable for another six, while the Genoa Bolzaneto agreement is for fourteen years and renewable for another six. Servizi Italia S.p.A.'s transactions with Focus S.p.A. in relation to lease agreements are entered into in compliance with the Regulations for related party transactions in force. The total consideration for leased properties amounted to Euro 2,502 thousand in 2014.

Archimede S.p.A.

Transactions with Archimede S.p.A. are associated with temporary staff leasing service agreements.

New Fleur S.r.l.

Transactions with New Fleur S.r.l. are primarily for laundry services rendered.

Padana Emmedue S.p.A.

Transactions with Padana Emmedue S.p.A. relate to six-year lease agreements on the Travagliato and Podenzano properties, which are renewable for another six years. The total consideration for leased properties amounted to Euro 288 thousand in 2015. Servizi Italia S.p.A.'s transactions with Padana Emmedue S.p.A. in relation to lease agreements are entered into in compliance with the Regulations for related party transactions in force.

Padana Emmedue S.r.l.

Servizi Italia S.p.A. purchases linen washing services from Padana Emmedue S.r.l. In 2015, the relative consideration amounted to Euro 136 thousand.

9 INCOME FROM NON-RECURRING, ATYPICAL AND/OR UNUSUAL TRANSACTIONS

There are no income components deriving from events or transactions whose occurrence is non-recurrent or from those transactions or events which do not take place frequently during the usual performance of the business, as defined by point 2 of the Consob resolution No. 15559 dated 27 July 2006.

During the year, there were no atypical and/or unusual transactions as defined in Consob communication No. 6064293 dated 28 July 2006.

10 TREASURY SHARES

On 22 April 2015, the Shareholders' Meeting revoked the programme for the purchase and sale of treasury shares approved by the Shareholders' Meeting on 22 April 2014, and approved a new plan, the launch of which was approved by the Board of Directors on 22 April 2015.

The details of the programme are provided below pursuant to Art. 144-bis of the Issuers' Regulations. The plan for the purchase and sale of treasury shares complies with the need to gain access to opportunities for the efficient investment of company liquidity and to have the possibility of using it for strategic transactions and/or to complete subsequent share purchase and sale transactions, to the extent allowed by permitted market practices. The plan will have a maximum duration of 18 months as from 22 April 2015, date of issue of the authorisation by the shareholders' meeting. The maximum number of shares which can be purchased, not exceeding 20% of the company's share capital as at the shareholder resolution date, is 5,674,297 ordinary shares. The purchases and sales of treasury shares will be carried out on the organised market, in compliance with the applicable legislative and regulatory provisions, according to the operating formalities established by Article 132 of the CFL, Article 144 bis of the Issuers' Regulations, in compliance with the EC Regulation 2273/2003 dated 22 December 2003 and in observance of the shareholders' meeting resolution dated 22 April 2015. Treasury shares will be purchased for a maximum equivalent value to the extent to which can be covered by distributable reserves and available reserves as set forth in the latest duly approved financial statements. The treasury shares will be purchased at a minimum purchase price of no less than 20% of the weighted average of official share prices recorded by Borsa Italiana in the 3 days preceding each individual transaction and at a maximum purchase price of no higher than 20% of the weighted average of official share prices recorded by Borsa Italiana in the 3 days preceding each individual transaction.

The intermediary engaged to execute the treasury shares purchase programme is INTERMONTE SIM S.p.A.
As at 31 December 2015, the number of treasury shares in the portfolio amounted in total to 255,616 shares, corresponding to 0.8326% of the share capital.

On 11 March 2016, the Company announced that up until 11 March 2016 it had acquired 279,891 treasury shares on the organised market managed by Borsa Italiana, equal to 0.912% of the share capital.

11 REMUNERATION PAID TO THE MEMBERS OF THE MANAGEMENT AND AUDIT BODIES, THE GENERAL MANAGER AND THE EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

Remuneration paid for 2015 to the members of the management and audit bodies, the general managers and the executives with strategic responsibilities, is summarised below. All the amounts are expressed in thousands of Euros.

Office within Servizi Italia S.p.A.	Remuneration as at 31 December 2015 (thousands of Euros)
Directors	985*

Board of Statutory Auditors	65
Supervisory Body	66

* In 2015, the board was re-appointed, so certain directors left office on 22 April 2015, and other directors entered office on the same date, for a term lasting until the approval of the financial statements as at 31/12/2017.

For further details relating to the remuneration paid to the members of the management and audit bodies in office and no longer in office, the general managers and the executives with strategic responsibilities identified by the Board of Directors, please see the Remuneration Report drawn up in accordance with Article 123-ter of the CFL for 2015.

12 PAYMENT PLANS BASED ON FINANCIAL INSTRUMENTS

There were no payment plans based on financial instruments as at 31 December 2015.

13 DISCLOSURE PURSUANT TO ARTICLE 149 DUODECIES OF THE CONSOB ISSUERS' REGULATIONS

In 2015, the Shareholders' Meeting of 22 April 2015 engaged Deloitte & Touche S.p.A. to audit the individual and consolidated financial statements of Servizi Italia for the years 2015-2023 after the expiry of the engagement of PriceWaterhouseCoopers S.p.A.. The fees for the services provided by the Independent auditing firm and the bodies belonging to the network of the same are illustrated below:

Type of services	Party providing the services	Recipient	Fees
Accounts audit	Deloitte & Touche S.p.A	Servizi Italia S.p.A.	70,775
Accounts audit	Deloitte & Touche S.p.A	Subsidiaries	16,625
Accounts audit	Deloitte & Touche S.p.A. network	Subsidiaries	38,212
Advisory services	Deloitte & Touche S.p.A. network	Servizi Italia S.p.A.	34,000
Advisory services	Deloitte & Touche S.p.A. network	Subsidiaries	135,879
Total			**295,491**

14 SIGNIFICANT EVENTS AND TRANSACTIONS

On 20 January 2015, the Company announced that the acquisition of the remaining 50% of the share capital of the company Lavsim Higienização Têxtil S.A. ("Lavsim") had been completed, already invested in as from 2 July 2012 by Servizi Italia S.p.A. through the subsidiary SRI Empreendimentos e Participações Ltda.

On 26 February 2015, the Company disclosed that it had drawn up the deeds for the merger via incorporation of the wholly-owned subsidiaries Si.Gi. Servizi Ospedalieri S.r.l. (sole shareholder company) and Lavanderia Industriale Z.B.M. S.p.A. within Servizi Italia S.p.A. The statutory effectiveness of the merger applied as from 1 April 2015. As from that date, the absorbing company (Servizi Italia S.p.A.) took over all the income and expense-generating legal relations relating to the absorbed companies, all the directors and officers of the absorbed companies fell from office and all the powers of attorney previously issued ceased.

On 22 April 2015, the Shareholders' Meeting approved the financial statements as at 31 December 2014 and the distribution of a gross dividend of Euro 0.16 per share outstanding on the coupon date, excluding treasury shares. Payment took place on 29 April 2015, with a coupon payment on 27 April 2015.

At the same meeting, the Shareholders:

- resolved to engage the independent auditors Deloitte & Touche S.p.A. to audit the accounts for nine years, from 2015 to 2023;
- appointed the Board of Directors for the years 2015, 2016 and 2017.

The Shareholders' Meeting authorised the Board of Directors to purchase and avail treasury shares, subject to revocation of the resolution of 22 April 2014. The Shareholders' Meeting authorised the Board of Directors to purchase and sell treasury shares. The plan responds to the need to gain access to opportunities for the efficient investment of company liquidity and to have the possibility of using it for strategic transactions and/or to complete subsequent share purchase and sale transactions, to the extent allowed by permitted market practices. The authorisation is for a maximum number of Servizi Italia S.p.A. ordinary shares equating to 20% of the share capital, taking into account the treasury shares already held, for a period of 18 months as of the Shareholders' Meeting resolution. The purchase transactions will be carried out on the market at a price of up to 20% more or less than the weighted average official prices in the 3 days preceding the individual transaction.

As announced on 1 April 2015, as of 22 April 2015 Mr Luciano Facchini is no longer director of the Italian subsidiaries. In the interest of the Group, Servizi Italia S.p.A. entered into a non-compete and confidentiality agreement with Mr Facchini, under which he agreed not to carry out any activity and not to do business in competition with the activities carried out by Servizi Italia. The non-compete and confidentiality agreement became effective on 22 April 2015 and will expire after 24 (twenty-four) months. Servizi Italia will pay Luciano Facchini the gross sum of Euro 1,000,000.00 (one million/00), with no interest, in two instalments.

On 22 April, the Board of Directors:

- resolved to launch the programme for the purchase and avail of treasury shares, in accordance with the resolution adopted by the ordinary Shareholders' Meeting;
- set up the board committees, approved the relative regulations and assigned the roles set forth in the Corporate Governance Code.

On 13 May 2015, based on the criteria of the Borsa Italiana Corporate Governance Code, the Board of Statutory Auditors and the Board of Directors checked the independence of the directors and also carried out the annual check of the requirements for remaining in the STAR segment pursuant to the Borsa Italiana Issuers' Regulations and the instructions to the Issuers' Regulations. The Company sent the required information within the terms set forth by Borsa Italiana.

Notice was received on 26 May 2015 of the conclusion of the preliminary investigations of criminal proceedings for an alleged offence pursuant to Italian Legislative Decree 231 of 2001 with which a company director, a former director and the Company have been charged, relating to the awarding of a tender for the assignment of the nine-year contract of the AOU Policlinico of Modena, so-called "Global Service", which took place by means of resolution of 19 December 2008, to the RTI (temporary joint consortium) established by Coopservice Soc.Coop.p.A., in its capacity as lead contractor, and other companies including Servizi Italia S.p.A., Padana Everest S.r.l. and Lavanderia Industriale ZBM S.p.A. (companies actually merged by incorporation in Servizi Italia S.p.A.). The Company, which is only involved in said proceedings for the purposes of the administrative liability of the legal entities pursuant to Italian Legislative Decree 231 of 2001, confirms that it is completely uninvolved in the events contested and promptly appointed a defence counsel to undertake any necessary action to prove this.

As part of these criminal proceedings, the subsidiary Servizi Italia Medical S.r.l. was also investigated for an alleged offence, pursuant to Italian Legislative Decree 231 of 2001, with which a former director has been charged, in relation to the awarding of the supply, based on piecework contracts, of single procedure kits, which took place by means of resolution dated 28 December 2009. The subsidiary, only involved in said proceedings for the purposes of the administrative liability of the legal entities pursuant to Italian Legislative Decree 231 of 2001, confirms that it is completely uninvolved in the events contested and promptly appointed a defence counsel to undertake any necessary action to prove this.

On 27 July 2015, the Company announced the signing of the agreement for the purchase of a stake in Ankateks Turizm Inşaat Tekstil Temizleme San. Ve Tic. Ltd. Şti ("Ankateks" or "Ankateks Group"), a leading Turkish operator operating under the Ankara Laundry brand in the linen washing sector for healthcare structures, predominantly in the Ankara and Izmir areas. For more information, please refer to the press release available on Company's website.

In the course of July 2015, production activities were launched at the industrial laundry facility in New Delhi, India, which has recorded increasing volumes of linen wash-hire services.

On 13 October 2015, the tax administration sent a notice of its report on findings regarding direct taxes, VAT and IRAP for the year 2010 with respect to Padana Everest S.r.l., which was incorporated into Servizi Italia S.p.A. in 2012, claiming a higher tax base on the presumption that income was unduly reduced in connection with the detaxation of investments set forth in Decree Law No. 78 of 1 July 2009 (also known as “Tremonti-ter”). On 19 February 2016, Servizi Italia submitted an appeal against the notice, asking for it to be cancelled as it deems the tax claim to be illegitimate and objectively groundless.

On 15 October 2015, the Company announced the closing for the purchase of a 40.0% stake in Ankateks Turizm Inşaat Tekstil Temizleme San. Ve Tic. Ltd. Şti, a leading Turkish operator operating under the "Ankara Laundry" brand in the linen washing sector for healthcare structures, predominantly in the areas of Ankara and - through the subsidiary Ergülteks Temizlik Tekstil Ltd. Şti - Izmir. The transaction, the signing of which was announced on 27 July, consisted of the purchase of a stake of 40.0% in Ankateks for a preliminary consideration fixed at 16.5 million Turkish Lira (around Euro 4.9 million at the EUR/TRY exchange rate of 3.3473 at 14 October 2015). The stake was purchased by making recourse to bank borrowing. A portion of the price was paid in cash and a portion was withheld by Servizi Italia as a guarantee. The final transaction price will be recalculated and will be based on the 2016 profit of Ankateks and of the subsidiary Ergülteks. On approval of the 2016 results, moreover, Servizi Italia will have the chance to obtain control of the Group through the acquisition of an additional 15.0% of Ankateks's share capital (rising to a stake of 55.0%) based on the same pricing criterion. With reference to Ankateks's governance, Servizi Italia appoints two of the five members of the Board of Directors, which may rise to three if Servizi Italia increases its stake to 55.0% in accordance with the procedure mentioned above. With reference to the provisions of art. 71 of the Issuers' Regulations, the transaction is deemed "not significant" in light of the parameters laid out under applicable regulations.

On 2 November 2015, further to the closure of the Third and last Exercise Period (from 1 October until 30 October 2015) of the "Warrant Servizi Italia S.p.A. 2012 – 2015", the Company announced that 9,311,120 Warrants had been exercised and consequently 2,327,780 newly-issued ordinary Servizi Italia shares had been subscribed (at a ratio of 1 new share for each 4 warrants exercised) at a price of Euro 3.30 each, admitted for listing on the Borsa Italiana screen-based stock market (MTA), with a par value of Euro 1.00 each, with regular dividend rights and the same characteristics as the ordinary Servizi Italia shares in circulation as of the issue date (the "Conversion Shares"), for a total equivalent value of Euro 7,681,674. Due to the closure of the Third Exercise Period, the 2012-2015 Warrants are no longer exercisable or traded on the Regulated Market.

Further to the afore-mentioned subscriptions, the new share capital of Servizi Italia therefore amounted to Euro 30,699,266, represented by 30,699,266 ordinary shares with a par value of Euro 1.00 each. The related certification pursuant to Article 2444 of the Italian Civil Code was filed care of the Parma Business Register as of the same date.

On 13 November 2015, with the favourable opinion of the Related Party Transactions Committee, the Servizi Italia S.p.A. Board of Directors also approved the amendment to the Regulations for Related Party Transactions, which were updated to take into account the company’s changed organisational needs, with a view to boosting the efficiency of information flows and examination procedures relating to related party transactions.

On 14 December 2015, the company announced that it had entered into a contract that it was awarded - along with other partners with which it established an ad hoc company in Albania - for the ten-year concession by the Albania Ministry of Health for the following services: (i) sterilisation, maintenance and rental of surgical instruments, (ii) re-usable material sterilisation management, (iii) the supply of single-use medical devices and other accessory services at all state and regional hospitals in Albania. For more information, please refer to the press release available on the Company's website.

On 23 December 2015, the Company announced that it had entered into an acquisition agreement and as a result acquired 100% of the Brazilian company Aqualav Serviços De Higienização Ltda, one of the leading market operators in the State of São Paulo (Brazil) in the linen washing segment for healthcare structures. In agreement between the parties, Servizi Italia acquired 100% of the company from the seller in exchange for consideration of R$ 13.6 million (approximately Euro 3.1 million at the Euro/R$ exchange rate of 4.37292 at 22 December 2015), without prejudice to adjustments to be applied as a result of the precise calculation of the net financial position, which must be determined by the end of January 2016. A portion of the price was paid in cash and a portion was withheld by Servizi Italia as a guarantee for any indemnities, contingent liabilities and the price adjustment mechanism. As part of the negotiation, Servizi Italia also obtained real estate guarantees provided by the seller to cover potential future liabilities not associated with Servizi Italia’s management. The shareholdings were acquired via the wholly owned subsidiary SRI Empreendimentos e Participações L.t.d.a and the acquisition was financed by bank borrowings. With reference to the provisions of art. 71 of the Issuers' Regulations, the transaction is deemed "not significant" in light of the parameters laid out under applicable regulations. For more information, please refer to the press release available on the Company's website.

On 23 December 2015, the Servizi Italia S.p.A. Board of Directors approved the update of the Organisation, Management and Control Model prepared pursuant to Italian Legislative Decree No. 231 of 8 June 2001 to include the new types of crime introduced. The updated Model is available on the Company’s website in the Sustainability section.

On 28 December 2015, the Company announced its acquisition of 50.0% of the share capital of Finanza e Progetti S.p.A. from Lend Lease Cemea Investments B.V., an Australian multinational company working in the infrastructure segment, operating in Italy via the subsidiary Lend Lease S.r.l., as well as its signing of a contract for the assignment of wash-hire and sterilisation services and the maintenance and rental of textiles and surgical instruments at Treviso LHA 9 starting in January 2018 for a period of 15 years (until 2032). For the acquisition of 50.0% of Finanza e Progetti, the parties agreed on a price of Euro 4,000,000.00 (four million/00), defined by using potential cash flows expected to arise from the Company’s activities as a reference. To support the activities of Ospedal Grando in the Treviso Cittadella Sanitaria project, Servizi Italia also committed to providing additional financial resources (in the form of a share capital increase or shareholder loan) to Finanza e Progetti totalling up to Euro 8.0 million, expected to be paid out over the next 7 years. The outlays will be financed by Servizi Italia via bank borrowings. Pursuant to Italian Antitrust Authority communication dated 5 August 2013 and the amendments made to Art. 16 of Italian Law No. 287/90 and Italian Decree Law 1/2012, this acquisition did not trigger the obligation to notify the Antitrust Authority; on the basis of Art. 71 of the Issuers’ Regulations, this acquisition is “not significant” considering the parameters set forth in applicable law. For more information, please refer to the press release available on the Company's website.

The main characteristics of the contracts awarded during the year, which have an annual contract value of more than Euro 50 thousand, are provided below:

Customer	**Service provided**	**Duration years**	**Contract value per year (thousands of Euros)**
AAS 1 Triestina – Trieste (awarded as part of a temporary joint consortium)	Linen wash-hire and linen store support services.	1.25	107
Azienda Provinciale per i Servizi Sanitari della Provincia di Trento (awarded as part of a temporary joint consortium)	Linen wash-hire service.	4.33	3,487
Azienda Ospedaliera della Provincia di Pavia (in compliance with the procedure fulfilled by Azienda Ospedaliera Mellino Mellini di Chiari Brescia)	Linen wash-hire service.	3.7	1,892
ASP Opera Pia Coianiz – Tarcento (UD)	Supply and reconditioning of sanitary linen.	4	129
Istituto Europeo di Oncologia S.r.l. - Milan (awarded as part of a temporary joint consortium)	Linen wash-hire service at Istituto Europeo di Oncologia (IEO) and Centro Cardiologico Monzino (CCM) in Milan.	5	843
Azienda Ospedaliera San Carlo di Milano	Integrated rental, reconditioning and logistics service relating to textile devices and mattresses.	3	1,046
ESTAR - Pisa	Linen wash-hire service.	5	280
Azienda Ospedaliera Ospedali Riuniti Marche Nord Pesaro	Linen wash-hire service, flat and packed linen, mattresses, cushions, mattress covers, wool blankets, sterile sets in trilaminate and microfibre fabric.	3	443
Azienda Ospedaliera Carlo Poma di Mantova	Integrated rental, reconditioning and logistics service relating to textile devices	4	3,156
ASL 4 Chiavarese	Linen wash-hire service.	1	1,080
Azienda Ospedaliera Ospedale di Circolo di Busto Arsizio*	Surgical instrument sterilisation, maintenance and rental service, inclusive of works to complete the sterilisation centre.	8	1,382
Azienda Ospedaliera Ospedale di Circolo di Busto Arsizio*	Linen wash-hire service.	6	1,304
Azienda Ospedaliera della Provincia di Lodi* (awarded as part of a temporary joint consortium)	Linen and packed linen wash-hire service.	6	106
Azienda Ospedaliera Ospedale di Circolo di Melegnano	Wash-hire, reconditioning and logistics service relating to textile devices and mattresses.	4	1,294

*New Customer

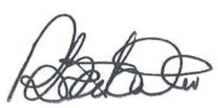
15 SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

On 29 February 2016, a binding agreement was entered into for the acquisition of 100.0% of a newly incorporated company to be named “Tintoria Lombarda Divisione Sanitaria S.r.l.”, to which the operations business unit of the company Tintoria Lombarda di Fasoli Aldo S.p.A., one of the main Italian linen wash-hire companies for healthcare facilities, will be transferred. The finalisation of this transaction, the closing of which is planned for June 2016, is subject to a series of conditions precedent, including the completion of the union communication and consultation procedure regarding the contribution and the acquisition of consent from certain commissioning bodies for wash-hire contracts. Pursuant to Italian Antitrust Authority communication dated 5 August 2013 and the amendments made to Art. 16 of Italian Law No. 287/90 and Italian Decree Law 1/2012, this acquisition did not trigger the obligation to notify the Antitrust Authority; on the basis of Art. 71 of the Issuers’ Regulations, this acquisition is “not significant” considering the parameters set forth in applicable law. For more information, please refer to the press release available on the Company's website.

On 11 March 2016, the Company announced that up until 11 March 2016 it had acquired 279,891 treasury shares on the organised market managed by Borsa Italiana, equal to 0.912% of the share capital.

At the date of approval of the draft financial statements, the Board of Directors called a meeting with the following item on the agenda: the exercise of the mandate granted by the Extraordinary Shareholders’ Meeting on 26 September 2014 pursuant to Art. 2443 of the Italian Civil Code to carry out a divisible share capital increase against payment for an overall maximum amount of Euro 4,000,000.00, inclusive of any share premium, with the exclusion of the purchase option as per Article 2441, paragraph 4, second section of the Italian Civil Code, reserved for Steris UK Holding Limited, by means of the issue of up to 1,150,000 new ordinary shares with a par value of Euro 1 each, with the same characteristics as those outstanding. For further information, please refer to the documentation concerning the shareholders’ meeting of 26 September 2014, the “Lock-up” shareholders’ agreement and the press releases of 26 September and 6 October 2014 and subsequent communications available on the Company website.

The Chairman of the Board of Directors
(Roberto Olivi)



Certification of the separate financial statements pursuant to Article 154 bis of Italian Legislative Decree No. 58/98

Castellina di Soragna, 14 March 2016

In consideration of the provisions of Art. 154-bis, paragraphs 3 and 4 of Italian Legislative Decree No. 58 of 24 February 1998, the undersigned Enea Righi, in his capacity as CEO, and Ilaria Eugeniani, in her capacity as Financial Reporting Manager of Servizi Italia S.p.A., certify:

a) the adequacy in relation to the characteristics of the company and

b) the effective application of the administrative and accounting procedures for the formation of the separate financial statements during 2015.

It is also hereby stated that the separate financial statements as at 31 December 2015:

a) have been prepared in compliance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) correspond to the books and accounting entries;

c) are suitable for providing a true and fair view of the financial position, income and cash flows of the Company.

The Directors' report includes a reliable analysis of the operating performance and result, as well as of the issuer's situation, together with a description of the main risks and uncertainties it is exposed to.

The CEO

Enea Righi

The Financial Reporting Manager

Ilaria Eugeniani

Independent auditors' report on the separate financial statements of Servizi Italia S.p.A.

Deloitte.

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INDEPENDENT AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
SERVIZI ITALIA S.p.A.

Report on the Financial Statements

We have audited the accompanying financial statements of Servizi Italia S.p.A., which comprise the statement of financial position as at December 31, 2015, income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11, n° 3, of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Servizi Italia S.p.A. as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Other matter

The financial statements of Servizi Italia S.p.A. for the period ended as of December 31, 2014 have been audited by other auditors that on March 30, 2015 expressed an unmodified opinion on those financial statements.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of Servizi Italia S.p.A., with the financial statements of Servizi Italia S.p.A as at December 31, 2015. In our opinion the report on operations and the information included in the report on corporate governance referred to above] are consistent with the financial statements of Servizi Italia S.p.A as at December 31, 2015.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Farioli
Partner

Parma, Italy
March 29, 2016

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

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE GENERAL SHAREHOLDERS' MEETING OF

SERVIZI ITALIA S.P.A

(pursuant to Article 153 of Legislative Decree 58/1998 and to Article 2429, paragraph 3 of the Italian Civil Code)

FINANCIAL STATEMENT AS AT 31ST DECEMBER 2015

Dear Shareholders,

pursuant to article 2429 of the Italian Civil Code and to article 153, paragraph 1, of Legislative Decree no. 58 of 24th February 1998, we inform you that during the year ended 31st December 2015 we carried out the surveillance activities according to the provisions of the Civil Code, articles 149 and followings of the mentioned Legislative Decree, Revision of the Consolidated Law (Legislative Decree no. 39/2010) and the instructions contained in communications given by CONSOB, taking into account the principles of conduct recommended by the National Board of Accountants and Public Accountants.

This report was prepared pursuant to and in accordance with the applicable regulations relating to listed companies, considering the fact that SERVIZI ITALIA S.p.A.'s stakes are listed on the STAR segment of the markets managed by Borsa Italiana S.p.A. since 22nd June 2009.
Accordingly, we report about the supervision activity required by law that we have been carrying out during the year ended 31st December 2015.

In 2015, the extraordinary operations carried out by the company were:

a) Capital Increase

Third Exercise Period "Warrant Servizi Italia S.p.A. 2012 – 2015", from 1st October 2015 to 31st October 2015.

On 2nd November 2015, further to the closure of the Third Exercise Period of "Warrant Servizi Italia S.p.A. 2012 – 2015", the Company informed that a total of 9,311,120 warrants had been exercised and, consequently, 2,327,780 newly-issued ordinary Servizi Italia shares had been subscribed (in a ratio of 1 new share for each 4 warrants exercised) at a price of Euro 3.30 each, admitted for listing on the Borsa Italiana screen based stock-market (MTA), with a par value of Euro 1.00 each, with due dividend rights and the same characteristics as the ordinary Servizi Italia shares in circulation as of the issue date (the "Conversion Shares"), for a total equivalent value of Euro 7,681,674.00. Further to the afore-mentioned subscriptions, the new share capital of Servizi Italia therefore amounted to Euro 30,699,266, represented by 30,699,266 ordinary shares with a par value of Euro 1.00 each. Concerning the 16,649 warrants still on circulation, we herewith inform that, after the Third Exercise Period, warrants cannot be neither negotiated nor exercised anymore.

b) Acquisition of investments

On 20th January 2015, the Company informed to have acquired the remaining 50% of Lavsim Higienização Têxtil S.A. ("Lavsim"), whose other 50% was owned by Servizi Italia since 2nd July 2012 through the controlled company SRI Empreendimentos e Participações Ltda.

On 27th July 2015, the Company informed to have signed an agreement for the purchase of a stake in Ankateks Turizm Inşaat Tekstil Temizleme San. Ve Tic. Ltd. Şti ("Ankateks" or "Ankateks group"), main Turkish operator active under the brand Ankara laundry and operating in the healthcare laundry sector mainly in the areas of Ankara and Izmir. Later on, on 15th October, the Company announced the closing of the operation.

On 23rd December 2015, the Company informed the undersigning of the agreement and relevant acquisition of the 100% of the Brazilian company Aqualav Serviços De Higienização Ltda., among the main operators of the market and active in the healthcare laundry sector of the area of São Polo (Brazil).

On 28th December 2015, the Company informed to have acquired the 50% of Finanza & Progetti S.p.A. from the company Lend Lease Cemea Investments B.V., an Australian multinational corporation operating in the sector of infrastructures and active in Italy through the controlled company Lend Lease S.r.l.

c) Merging Operations

During 2015, the Company concluded the operations of merging by incorporation of the wholly-owned subsidiaries Lavanderia Industriale ZBM S.p.A. (to-be-merged company) and SI.GI. Servizi Ospedalieri S.r.l. (to-be-merged company). Fiscal and accounting effects started on 1st January 2015, while the effectiveness of the statutory merger were effective from 1st April 2015 on.

The Board of Auditors has been periodically informed by the Directors pursuant to article 150 Legislative Decree 5/98 and, throughout the year, have:

- Attended the meetings of the Board of Directors, for a total of 14 sessions, during which they have been informed on the activities and major operations performed by the company and its subsidiaries;
- Held 9 periodic meetings during which there were also a mutual exchange of information with the external auditors Deloitte & Touche S.p.A. and the CEO, ensuring that no gambling, risky or in potential conflict of interests operation have been implemented, against the law or in conflict with the resolutions of the Assembly or able to compromise the integrity of the assets of the company. Moreover, at each meeting of the Board, an action of systematic comparison with the CFO and the Manager responsible for preparing corporate accounting documents has been developed;
- Concluded the procedure for the identification of the new auditor and formulated a reasoned proposal, pursuant to art. 13 of Legislative Decree no. 27th January 2010 n. 39, that was submitted to the Shareholders' Meeting which was called, *inter alia*, for approving the financial statements for the year ended 31st December 2015 and to appoint the statutory audit service for the years 2015-2023.

- Supervised, as far as concerned, the adequacy of the Company organizational structure, in terms of compliancy to the principles of proper administration and the adequacy of instructions given to subsidiaries companies pursuant to article 114, paragraph 2 of Legislative Decree no. 58/1998. This has been made by collecting information from the heads of organizational functions in order to achieve a mutual exchange of data and significant information;
- Periodically studied, while evaluating the adequacy of the adopted internal control system, the updated map of all the risks connected to the Company and its subsidiaries and then we have received, from the Head of the Internal Auditing, a positive evaluation on the suitability of the system under examination to achieve an acceptable overall risk profile; the evaluation was based on the assessment of the risk map and the overall monitoring of the internal control system. The Board, together with the Risk and Control Committee, has also approved the audit planning proposed by the Internal Auditor;
- Verified, via the Supervisory Board, all aspects related to the adequacy and constant updating of the organizational model pursuant to Legislative Decree 231/01 also in relation to the regulation updates. More specifically, during the year a full review of the structure and content of the General Part of the Model has been carried out and, with reference to the special parts, all these have been updated as a result of legislative changes occurred in the years 2014 and 2015 with the inclusion, inter alia, of some jurisprudential hints in order to give greater substance to the indications contained therein. In particular, steps were taken to a full revision in view of the regulatory changes and special parties regarding: offenses in relation to the Public Administration; corporate crimes; recycling and self-laundering offenses; environmental crimes, market abuse.
- The Company, following the update of the Code of Conduct occurred in 2015, on voluntary basis decided to adopt a whistle-blowing procedure. The corporate governance bodies have promoted the introduction of a dedicated communication system with modalities that will ensure the confidentiality and anonymity of the informant, excluding the risk of retaliation and discrimination and avoiding areas of overlap with the provisions of the Organizational Model Management (MOG) pursuant to Legislative Decree. 231/01 and its current effective hedges on anticipated risks. The procedure is designed to ensure an adequate system of internal reporting by employees of any irregularity or violation of the regulations and internal procedures;
- Studied all the documentation related to financial, industrial and support operations among companies which can be reasonably considered compliant to the principles of good administrations and consistent with the statute of the company and the spirit of the law;
- Detected that no atypical and/or unusual operation has been carried out both within the Company and by related parties, as defined by CONSOB communication DEM/6064293 dated July 28, 2006, and as confirmed by the Board of Directors, the Audit Company and the Head of the Internal Audit;
- Supervised on the actual implementation of the corporate governance rules indicated by the Code of Conduct adopted by the Italian Stock Exchange;

- Adapted its supervisory functions, among other things, to the statutory audit of annual and consolidated accounts and to the independence of the statutory auditor, especially for what concerns the provision of non-audit services to the Company under statutory audit, pursuant to art. 17, paragraph 9, letter a) of the Legislative Decree 39/2010;

- Confirmed, the independence of the Audit Company as well as with reference to non-statutory audit services provided to the Company by the statutory auditors and by other legal entities belonging to the same network as specifically indicated in the financial statements. In this regard, the Board of Auditors underline that, during 2015, they had no evidence of other assignments (different from the statutory audit of annual and consolidated accounts) given to PriceWaterHouseCoopers up to the approval of 2014 financial statement and Deloitte & Touche S.p.A, with reference to year 2015. In particular there is no evidence of appointments given to entities belonging to the same network, to associates, directors, members of supervisory bodies and/or employees of such Audit Company, with the unique exception of the assignments relevant to consulting services to support the external development of the Company;

- Stated, on the basis of declarations made by the Directors and taken note of the evaluations expressed by the Board, that criteria and inspection procedures adopted by the Board itself for evaluating the independency of its members have been correctly applied (we have verified the independence of 3 Board members: Paola Schwizer, Romina Guglielmetti and Paola Galbiati);

- Carried out successfully the annual verification of compliance with the criteria of independence of each member, as required by the Code of Conduct and Regulation of Organized Markets managed by Borsa Italiana S.p.A;

- Carried out, pursuant to Borsa Italiana Issuers' Regulation, the compliance with the criteria for remaining in the STAR segment of Borsa Italiana (ref. art. 2.2.3, paragraph 10 of the Issuers' Regulation and IA.4.2.3., paragraph 3, of the instructions;

- Verified the correct compensations distribution to Directors within the Board, as approved by the Shareholders' Meeting on 22nd April 2015;

- Verified that the Directors, in accordance with CONSOB dispositions, have underlined in the Annual Financial Statement Report all transactions made with Group companies and related parties. The Board has verified, with the help of the Internal Control Responsible, the compliance to procedures which ensure that they were concluded under reasonable terms and in the interest of the Company;

- Stated that the Company is able to regularly and promptly comply with the reporting obligations required by law, pursuant to art. 114, 2nd paragraph of the Legislative Decree 58/1998 for subsidiaries being part of the consolidating scope;

- Attended the meetings of the Remuneration and Nomination Committee which were held during 2015 and taken note of what the Committee reported during the Board of Directors concerning the Annual Bonus System (ABS) for 2015 and the Long Term Incentive Cash Plan for the years 2015-2016-2017; and also on 8th March 2016, concerning the 2015 Report on remuneration plan for Directors with strategic responsibilities, Senior Managers and Executives;

- Examined the report on Corporate Governance and financial structure for 2015, approved by the Board of Directors on 14th March 2016;

- Supervised, pursuant to ex art. 19, paragraph 1 of the Legislative Decree 39/2010, on the financial informative process, on the efficiency of the internal control system, of the audit system and of the risk management;

- Received, pursuant to art. 19 paragraph 3 of the Legislative Decree 39/2010, the report of the Audit Company issued on 29th March 2016, explaining the key matters arisen from the statutory audit and any significant weakness connected to the internal control system and related to the financial informative process, where no deficiencies were detected.

Herewith, the Board gives also acknowledge of the following;

- The Company has adopted a Code of Conduct for what concerns internal dealing and consequent reporting requirements imposed on people considered as relevant subjects in purchases, sales, underwritings, trading and any other operation which transfers the ownership of Servizi Italia's shares or other financial instruments linked to such actions, even vicariously, by relevant persons;

- The Company activated an integrated risk management model based on the Enterprise Risk Management international principles whose continuous development is connected to the changing needs of the Company; this model works as support of administrative and control bodies of the Company;

- In compliance with what stated in the Legislative Decree 196/2003 and subsequent amendments about personal data processing, the Company has drawn up a safety policy document for the year 2015;

- For what concerns Safety Management System (SGS) and Environment Management System (SGA), the Company has maintained its certifications according to BS OHSAS 18001 and UNI EN ISO 14001 standards in all its production sites, in order to comply with what indicated in the Legislative Decree 81 dated April 9, 2008 "Consolidated health and safety at work" and Legislative Decree n. 152 dated April 3, 2006 "Environmental Regulations";

- The Company has drafted, in due times, the half-yearly report expected by art. 2428 of the Italian Civil Code; the Board of Auditors has been informed and then communication has been passed to CONSOB and deposited at the registered office in order to be available to members and also uploaded on the website www.si-servizitalia.com as required by law;

- The company continued its operations for accepting the new Brazilian Anti-Corruption Law, which considers the existence of mechanisms and procedures similar to what is required by Legislative Decree no. 231/01. During 2015, the Company has also agreed to update its Organization, Management and Control Model – drafted pursuant to Legislative Decree n. 231 of 8th June 2001.

Atypical and unusual operations

No atypical or unusual operations result.

Intercompany and with related parties operations

The transactions with related parties, as defined by the International Accounting Standard (IAS) 24, that the Company made during 2015 with subsidiaries, associates and joint-ventures are set pursuant to the current Regulation with related parties and mainly refer to: (i) relationships connected to commercial services; (ii) financial relationships, i.e. financing. From an economic, patrimonial and financial point of view, the transactions were ordinary and concluded at market or standard conditions, they are ruled by contracts which denote the effective fruition of services and their correct implementation in Company's, as finalised to a rationalisation in the use of Group's resources.

Information on transaction with related parties is included in the explanatory notes of the Annual Financial Statement and, for the Group as a whole, in the Consolidated Annual Fianncial Statement; the information herein reported looks adequate, taking into consideration size and structure of the Company; for this reason, we refer to those sections which also show the characteristics of the operations and relevant economic effects.

During the year, the Board of Auditors has not issued opinions in accordance with art. 2389 of the Italian Civil Code and it hasn't received any complaint from the Supervisory Board.

No omission, wrongful act or irregularity has been detected during the period of supervisory activity.

All this considered, as far as we are concerned, we have verified:

- The knowledge of laws, statutes and principles a correct administration must comply with;
- The adequacy of the organizational structure of the Company, of its internal control and accounting system, in their practical operation;
- The compliance with law for what concerns training and setting of the Company Annual Financial Statement and Group Consolidated Financial Statement, even doing direct testing and obtaining information from the Auditor Company;
- The compliance of the Procedure for Transactions with Related Parties, directly prepared by the Company, pursuant to Consob Regulation 17221 dated March 12, 2010, to principles included in the Regulation itself as well as the respect of the same Procedure by the Company;
- The adequacy of the instructions issued by the Company to its subsidiaries.

In addition to that, the Audit Company Deloitte & Touche S.p.A. has transmitted to the Board its own Reports about the Financial Statement and the Consolidated Financial Statement of the Group, pursuant to art. 14 of the Legislative Decree 39 dated January 27, 2010 where an non-relevant opinion on the Company financial statement and Consolidated Financial Statement of the Group is expressed.

In the minutes of meetings held during 2015, it has been reported on the activity of the Supervisory Board. For what concerns the Consolidated Financial Statement of the Group, Auditors analyzed all contents and they have no comments, pointing out that – pursuant to C.F.L., art. 165 paragraph1 bis, the independent auditors of your Company, as listed Parent Company, are fully responsible for the review of such Financial Statements.

Proposal to the General Shareholders' Meeting

The Board expresses its favorable opinion for approving the Financial Statement as at 31.12.2015 and agrees with the Net Income allocation proposed by the Board of Directors.

Castellina di Soragna – Italy, 29th March 2016

THE CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS

Marco Elefanti

STATUTORY AUDITORS

Annamaria Fellegara

Andrea Spollero

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DRAFT CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

SERVIZI ITALIA S.p.A.
Registered Office Via S. Pietro, 59/b
43019 Castellina di Soragna (PR)
Share Capital: € 30,699,266 fully paid-up
Tax code and Parma Business Register No.: 08531760158
Certified email: si-servizitalia@postacert.cedacri.it
Tel. +390524598511 Fax +390524598232
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Accounting schedules

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(thousands of Euros)	Notes	31 December 2015	*of which with related parties (Note 8)*	31 December 2014	*of which with related parties (Note 8)*
ASSETS					
Non-current assets					
Property, plant and equipment	**6.1**	120,736	-	129,724	-
Intangible assets	**6.2**	3,473	-	3,471	-
Goodwill	**6.3**	42,483	-	42,602	-
Equity-accounted investments	**6.4**	19,051	-	9,966	-
Equity investments in other companies	**6.5**	3,542	-	3,551	-
Financial receivables	**6.6**	3,234	*162*	2,714	-
Deferred tax assets	**6.7**	1,800	-	1,382	-
Other assets	**6.8**	6,108	-	4,067	-
Total non-current assets		**200,427**		**197,477**	
Current assets					
Inventories	**6.9**	4,409	-	4,295	-
Trade receivables	**6.10**	74,746	*1,139*	76,169	*1,392*
Current tax receivables	**6.11**	2,478	-	286	-
Financial receivables	**6.12**	8,067	*5,779*	7,791	*5,710*
Other assets	**6.13**	9,241	-	6,397	-
Cash and cash equivalents	**6.14**	7,082	-	5,178	-
Total current assets		**106,023**		**100,116**	
TOTAL ASSETS		**306,450**		**297,593**	
SHAREHOLDERS' EQUITY AND LIABILITIES					
Group shareholders' equity					
Share capital	**6.15**	30,444	-	27,906	-
Other reserves and retained earnings	**6.15**	78,543	-	68,903	-
Profit (loss) for the year		12,728	-	13,077	-
Total shareholders' equity attributable to shareholders of the parent		**121,715**		**109,886**	
Total shareholders' equity attributable to non-controlling interests		**379**		**1,702**	
TOTAL SHAREHOLDERS' EQUITY	**6.15**	**122,094**		**111,588**	
LIABILITIES					
Non-current liabilities					
Due to banks and other lenders	**6.16**	36,111	-	28,258	-
Deferred tax liabilities	**6.17**	1,867	-	2,265	-
Employee benefits	**6.18**	9,989	-	9,805	-
Provisions for risks and charges	**6.19**	2,277	-	126	-
Other financial liabilities	**6.20**	3,208	-	6,194	-
Total non-current liabilities		**53,452**		**46,648**	
Current liabilities					
Due to banks and other lenders	**6.16**	46,191	-	42,791	-
Trade payables	**6.21**	65,429	*8,607*	64,675	*9,095*
Current tax payables	**6.22**	365	-	1,023	-
Employee benefits	**6.18**	-	-	1,050	-
Other financial liabilities	**6.23**	1,078	-	5,799	-
Other payables	**6.24**	17,841	-	24,019	-
Total current liabilities		**130,904**	**-**	**139,357**	**-**
TOTAL LIABILITIES		**184,356**		**186,005**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**306,450**		**297,593**	

CONSOLIDATED INCOME STATEMENT

(thousands of Euros)	Notes	31 December 2015	*of which with related parties (Note 8)*	31 December 2014	*of which with related parties (Note 8)*
Revenues from sales	**7.1**	**229,983**	*997*	**234,347**	*1,068*
Other income	**7.2**	5,372	*568*	5,838	*725*
Raw materials and consumables	**7.3**	(23,775)	*(53)*	(27,194)	*(32)*
Costs for services	**7.4**	(72,881)	*(21,456)*	(72,722)	*(21,642)*
Personnel expense	**7.5**	(73,398)	*(4,255)*	(71,442)	*(4,777)*
Other costs	**7.6**	(1,652)	*(20)*	(2,001)	*(19)*
Depreciation, amortisation, impairment and provisions	**7.7**	(47,084)	-	(43,647)	-
Operating profit		**16,565**		**23,179**	
Financial income	**7.8**	3,315	*69*	1,350	*83*
Financial expense	**7.9**	(3,303)	-	(5,182)	-
Income/(expense) from equity investments in other companies	**7.10**	383	-	819	-
Revaluation/impairment of equity-accounted investments	**6.4**	(525)	-	65	-
Profit before tax		**16,435**		**20,231**	
Income taxes	**7.11**	(3,952)		(6,817)	
Profit (loss) for the year		**12,483**		**13,414**	
of which: Attributable to shareholders of the parent		12,728		13,077	
Attributable to non-controlling interests		(245)		337	
Basic earnings per share (in Euros)	**7.12**	**0.443**		**0.482**	
Diluted earnings per share (in Euros)	**7.12**	**0.443**		**0.470**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of Euros)		**31 December**	
	Notes	**2015**	**2014**
Profit (loss) for the year		12,483	13,414
Other comprehensive income that will not be reclassified to the Income Statement			
Actuarial gains (losses) on defined benefit plans	**6.18**	(70)	(937)
Income taxes on other comprehensive income	**6.7 6.17**	-	258
Other comprehensive income that may be reclassified to the Income Statement			
Gains (losses) from translation of foreign financial statements		(6,027)	(83)
Income taxes on other comprehensive income		-	-
Total other comprehensive income after taxes		**(6,097)**	**(762)**
Total comprehensive income for the period		**6,386**	**12,652**
of which: Attributable to shareholders of the parent		6,695	12,310
Attributable to non-controlling interests		(309)	342

CONSOLIDATED CASH FLOW STATEMENT

(thousands of Euros)	**Notes**	**As at 31 December 2015**	*of which with related parties (Note 8)*	**As at 31 December 2014**	*of which with related parties (Note 8)*
Cash flow generated (absorbed) by operations					
Profit (loss) before tax		16,436	-	20,231	-
Payment of current taxes		(7,463)	-	(6,131)	-
Amortisation and depreciation	**7.7**	46,317	-	42,932	-
Impairment and provisions	**7.7**	767	-	716	-
(Revaluation)/impairment of equity investments	**6.4 7.10**	142	-	(885)	-
Gains/losses on disposal	**7.2 7.6**	(252)	-	(22)	-
Interest income and expense accrued	**7.8 7.9**	(12)	-	3,832	-
Interest income collected		429	-	935	-
Interest expense paid		(2,740)	-	(3,763)	-
Provisions for employee benefits	**6.18**	429	-	269	-
		54,053		**58,114**	
(Increase)/decrease in inventories	**6.9**	(166)	-	(469)	-
(Increase)/decrease in trade receivables	**6.10**	(537)	*253*	8,267	*259*
Increase/(decrease) in trade payables	**6.21**	3,275	*(488)*	(5,854)	*176*
Increase/(decrease) in other assets and liabilities		(14,750)	-	(5,244)	-
Settlement of employee benefits	**6.18**	(1,506)	-	(574)	-
Cash flow generated (absorbed) by operations		**40,369**		**54,240**	
Cash flow generated (absorbed) from investment activities in:					
Intangible assets	**6.2**	(1,386)	-	(446)	-
Property, plant and equipment	**6.1**	(38,212)	-	(41,966)	-
Dividends received	**7.10**	240	-	423	-
Acquisitions	**3.3**	(3,062)	-	(947)	-
Equity investments	**6.4 6.5**	(8,496)	-	(234)	-
Cash flow generated (absorbed) by investment activities		**(50,916)**		**(43,170)**	
Cash flow generated (absorbed) from financing activities in:					
Financial receivables	**6.6 6.12**	(732)	*(69)*	953	*560*
Dividends paid	**6.15**	(4,504)	-	(3,781)	-
Net (purchase)/sales of treasury shares	**6.15**	942	-	(407)	-
Share capital increase	**6.15**	7,682	-	4,216	-
Current liabilities to banks and other lenders	**6.16**	3,486	-	(11,366)	-
Non-current liabilities to banks and other lenders	**6.16**	7,598	-	(123)	-
Cash flow generated (absorbed) from financing activities		**14,472**		**(10,508)**	
(Increase)/decrease in cash and cash equivalents		**3,925**		**562**	
Opening cash and cash equivalents	**6.14**	**5,178**		**4,559**	
Effect of exchange rate fluctuations		**2,021**		**(57)**	
Closing cash and cash equivalents	**6.14**	**7,082**		**5,178**	

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (Note 6.15)

(thousands of Euros)	**Share capital**	**Share premium reserve**	**Legal Reserve**	**Retained earnings**	**Translation reserve**	**Profit (loss) for the year**	**Reserves and profit (loss) of non-controlling interests**	**Total Shareholders' Equity**
Balance as at 1 January 2014	**27,032**	**40,297**	**3,126**	**19,623**	**(1,342)**	**8,830**	**1742**	**99,308**
Allocation of profit from the previous year	-	-	454	4,595	-	(5,049)	-	-
Distribution of dividends	-	-	-	-	-	(3,781)	-	(3,781)
Change in the scope of consolidation	-	-	-	(17)	-	-	(383)	(400)
Share capital increase	965	3,251	-	-	-	-	-	4,216
Treasury share transactions	(91)	(316)	-	-	-	-	-	(407)
Comprehensive income for the year	-	-	-	(680)	(88)	13,077	343	12,652
Balance as at 31 December 2014	**27,906**	**43,232**	**3,580**	**23,521**	**(1,430)**	**13,077**	**1,702**	**111,588**
Allocation of profit from the previous year	-	-	606	7,968	-	(8,574)	-	-
Distribution of dividends	-	-	-	-	-	(4,503)	-	(4,503)
Change in the scope of consolidation	-	-	-	1,013	-	-	(1,013)	-
Share capital increase	2,328	5,354	-	-	-	-	-	7,682
Treasury share transactions	210	732	-	-	-	-	-	942
Change in translation reserve	-	-	-	-	(5,962)	-	(66)	(6,028)
Comprehensive income for the year	-	-	-	(71)	-	12,728	(244)	12,413
Balance as at 31 December 2015	**30,444**	**49,318**	**4,186**	**32,431**	**(7,392)**	**12,728**	**379**	**122,094**

Explanatory Notes

1 INTRODUCTION

The consolidated financial statements of Servizi Italia S.p.A. comprising the statement of financial position, income statement, statement of comprehensive income, cash flow statement, statement of changes in shareholders' equity and notes, have been drawn up in compliance with the international accounting standards "International Financial Reporting Standards IFRS" issued by the International Financial Reporting Standards Board and the interpretations issued by the IFRS Interpretations Committee, on the basis of the text published in the Official Journal of the European Communities (O.J.E.C.).

These financial statements were approved by the Board of Directors on 14 March 2016; the latter authorised the publication of the same.

The accounting standards illustrated below have been applied on a consistent basis to all the periods presented.

The amounts shown in the notes are expressed in thousands of Euros, unless specified otherwise.

The financial statement schedules adopted by the group have the following characteristics:

- in the Statement of Financial Position, assets and liabilities are classified by maturity and are separated on the basis of whether they are current or non-current;
- in the Income Statement, costs and revenues are classified by nature;
- a separate Statement of Comprehensive Income has been provided;
- the Cash Flow Statement has been prepared using the indirect method, as permitted under IAS 7;
- the Consolidated Statement of Comprehensive Income has been prepared according to the provisions of IAS 1.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE SINCE JANUARY 1, 2015.

The following IFRS accounting standards, amendments and interpretations were first adopted by the Group starting January 1, 2015:

- On May 20, 2013, **IFRIC interpretation 21** – ***Levies*** was issued. The interpretation clarifies when a liability for levies (other than income taxes) imposed by government agencies should be recognised. This standard addresses both levies that are accounted for in accordance with IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*, and those for which the settlement timing and amount are certain. The interpretation applies retrospectively to reporting periods beginning on or after June 17, 2014.

- On December 12, 2013, the IASB issued document "***Annual Improvements to IFRSs: 2011-2013 Cycle***" implementing the amendments to some principles within the yearly improvement process. The main changes concern:
    - IFRS 3 *Business Combinations – Scope exception for joint ventures*. The amendment states that are excluded from the scope of the principle all types of joint arrangement, as defined by IFRS 11
    - IFRS 13 *Fair Value Measurement – Scope of portfolio exception.* The amendment clarifies that the *portfolio exception* applies to all contracts within the scope of IAS 39 regardless of whether they meet the definition of financial assets and liabilities provided by IAS 32
    - IAS 40 *Investment Properties – Interrelationship between IFRS 3 and IAS 40.* The amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and that, in order to determine whether the purchase of a property falls within the scope of IFRS 3 and IAS 40, reference should be made, respectively, the specific guidance provided by IFRS 3 or IAS 40.

The amendments apply to reporting periods beginning on or after January 1, 2015. The adoption of these amendments had no impact on the consolidated financial statements of the Group.

IFRS AND IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EUROPEAN UNION BUT NOT YET MANDATORY APPLICABLE AND NOT EARLY ADOPTED BY THE GROUP AS AT DECEMBER 31, 2015

- On November 21, 2013, IASB issued an amendment to IAS 19 "***Defined Benefit Plans: Employee Contributions***" (issued on November 21, 2013) concerning the recognition of contributions from employees or third parties to defined benefit plans. The need for such proposal has arisen with the introduction of the new IAS 19 (2011) , where it is believed that such contribution to be interpreted as part of a *post - employment benefits* , rather than a short-term benefit and , therefore , that this contribution is to be shared on the employee's years of service. The amendment applies at the latest for reporting periods beginning on February 1, 2015 or at a later date.
- On December 12, 2013, the IASB published documents "Annual Improvements to **IFRSs: 2010-2012** Cycle", which incorporates the amendments to certain standards as part of the annual improvement process of the same, the main changes concern:
    - IFRS 2 *Share Based Payments – Definition of vesting condition*. Some changes were made to the definitions of " *vesting condition* " and "*market condition*" and added further definitions of "*performance conditions*" and "*service condition*" (previously included in the "vesting condition definition")
    - IFRS 3 *Business Combination – Accounting for contingent consideration*. The amendment states that a variable price component (*contingent consideration*) as part of a business combination classified as an asset or a financial liability (differently with respect to those

classified as equity instrument) shall be remeasured at fair value at each measurement date and changes in fair value are recognized in the income statement or as a component within other comprehensive income on the basis of the requirements of IAS 39 (or IFRS 9) ;

- IFRS 8 *Operating segments – Aggregation of operating segments.* The amendments require an entity to give disclosure about assessments made by management in applying the aggregation criteria of operating segments , including a description of aggregate operating segments and economic indicators considered in determining whether these operating segments have similar economic characteristics
- IFRS 8 *Reconciliation of total of the reportable segments' assets to the entity's assets*. The amendments clarify that reconciliation between total assets of the operating segments and the total assets of the entity as a whole must be made if total assets of the operating segments are regularly reviewed by entity's chief operating decision maker.
- IFRS 13 *Fair Value Measurement – Short-term receivables and payables*). The Basis for Conclusions of this principle have been changed in order to clarify that with issuance of IFRS 13 , and consequential amendments to IAS 39 and IFRS 9 , still stands a chance to account for current receivables and trade payables no detect effects of discounting , where these effects result not material;
- IAS 16 *Property, plant and equipment and IAS 38 Intangible Assets – Revaluation method: proportionate restatement of accumulated depreciation/amortization.* The changes have eliminated the inconsistencies in the recognition of depreciation when a task tangible or intangible is subject to revaluation . The requirements of the amendments make clear that the gross carrying value is adjusted in extent consistent with the revaluation of the carrying amount and the accumulated depreciation is equal to the difference between the book value and the gross book value net of impairment losses recognized.
- IAS 24 *Related Parties Disclosures – Key management personnel.* It is clarified that in case of the services of key management personnel are provided by an entity (and not by a person), that entity is to be considered however, a related party.

The changes apply at the latest for annual periods beginning on or after February 1, 2015 or after date.

- On May 6, 2014, IASB issued an amendment to **IFRS 11 *Joint Arrangements*** – "***Accounting for acquisitions of interests in joint operations***" concerning the accounting for acquisitions of non-controlling interests in a joint operation when the operation constitutes a business, in the sense envisaged by IFRS 3. The changes require that for these cases apply the principles set forth by IFRS 3 relating to recognition of the effects of a business combination .The amendments apply as of January 1, 2016, though early adoption is allowed.

- On May 12, 2016 IASB issued an amendment to **IAS 16 *Property, plant and Equipment*** and **IAS 38 *Intangibles Assets*** – "***Clarification of acceptable methods of depreciation and amortisation***" establishing that a depreciation or amortisation method that is based on revenue is not appropriate, because the revenue arising from the operation of a business of which the asset under depreciation or amortisation is part reflects a different pattern from the mere use of the economic benefits arising from the asset, which is a pre-requisite for depreciation or amortisation. The amendments to IAS 38 introduce a rebuttable presumption, that a criterion of depreciation based on revenues is considered inappropriate for the same reasons set out by the amendments made to IAS 16. In the case of intangible assets, however, this presumption may be overcome, but only in limited and specific circumstances. The amendments apply as of January 1, 2016, though early adoption is allowed.

- On September 25, 2014 the IASB published documents "***Annual Improvements to IFRSs: 2012-2014 Cycle***". The amendments apply at the latest to the reporting periods on or after February 1, 2015 and reporting periods starting on or after January 1, 2016. The document introduces amendments to the following principles:
  - IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations.* The amended standard introduces specific guidelines in the event that an entity reclassify asset (or disposal group) from the *held- for- sale* category to the category *held -for -distribution* (or vice versa) , or when the requisites classification of an asset as *held -for -distribution* . The changes define that (*i*) for these reclassifications are valid the same classification and evaluation criteria ; (*ii*) the assets that no longer meet the classification criteria for the *held -for -distribution* should be treated the same way as an activity that ceases to be classified as *held -for -sale*;
  - IFRS 7 – *Financial Instruments: Disclosure*. The changes state introduction of further guidelines to clarify whether a servicing contract constitutes a continuing involvement in a transferred asset, disclosed as required in relation to the transferred assets. Moreover, it is clear that disclosure on the compensation of financial assets and liabilities is not normally explicitly required for interim financial statements, except in case of significant information.
  - IAS 19 – *Employee Benefits*. The standard introduces amendments to IAS 19 to clarify that *high quality corporate bonds* used to determine the discount rate for *post - employment benefits* should be the same currency used for the payment of benefits. The amendments specify that the range of the high quality corporate bonds market to consider is that at the level of currency and not the country of the entity subject to reporting.
  - IAS 34 – *Interim Financial Reporting.* The standard introduces changes in order to clarify the requirements to be met in the event that the information required is presented in the *interim financial report* , but outside the *interim financial statements*. The amendment specifies that such information be included through a cross -reference from the *interim*

financial statements to other parts of the *interim financial report* and that the document is available to readers of the financial statements in the same manner and with the same time the interim financial statements.

- On December 18, 2014 IASB issued an amendment to **IAS 1** – "***Disclosure Initiative***" (issued by IASB on December 18, 2014). The goal of the amendments is to provide some clarifications on disclosures and other elements that may be perceived as hindrance to a clear and intelligible presentation of financial statements. The changes made are as follows:

    - Materiality and aggregation: it is made clear that an entity must not obscure information aggregating or disaggregating and that the considerations relating to the material apply to the financial statements, and explanatory notes specific to the IFRS disclosure requirements. The document states that the disclosures required by IFRS specifically to be provided only if the information is material;
    - Statement of financial position and statement of other comprehensive income: it is clarified that the list of items specified by IAS 1 for these tables can be disaggregated and aggregated as appropriate. A guideline on the use of subtotals is also provided within the statements.
    - Presentation of items of Other Comprehensive Income (" OCI ") : it is clarified that the share of OCI of associates and joint ventures accounted for using the equity method should be presented in aggregated into a single item, in turn split between items subject to future reclassifications to the income statement or not ;
    - Notes: it is clarified that entities have flexibility in defining the structure of the notes and provides a guideline of how to set up a systematic order of the same notes , for example:
        - *iv)* Giving prominence to those that are most relevant to the understanding of the financial position (e.g., grouping information on particular activities);
        - *v)* Regrouping items measured in the same manner (e.g. assets measured at fair value);
        - *vi)* Following the order of the items presented in the statements.

The amendments apply as of January 1, 2016, though early adoption is allowed.

Directors do not expect any significant effect on the consolidated financial statements of the Group when these amendments are adopted.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

The European Union has not yet completed its endorsement process for the standards and amendments below reported at the date of these Consolidated Financial Statements.

- On 30 January 2014, the IASB issued IFRS 14 – Regulatory Deferral Accounts, which it permits only to those adopting IFRS for the first time to continue to detect the amounts related to activities subject to rate regulation ("Rate Regulation Activities") in accordance with previous accounting standards adopted. Since the Company / Group is not a first-time adopter, this principle is not applicable.

- On May 28, 2014, IASB issued the standard **IFRS 15** – ***Revenue from Contracts with Customers*** bound to replace IAS 18 – *Revenue* and IAS 11 – *Construction Contracts*, as well as the interpretations IFRIC 13 – *Customer Loyalty Programmes*, IFRIC 15 – *Agreements for the Construction of Real Estate*, IFRIC 18 – *Transfers of Assets from Customers* and SIC 31 – *Revenues-Barter Transactions Involving Advertising Services*. The standard provides for a new revenue recognition model, which will be applicable to all agreements made with customers, with the exception of those falling under the scope of other IFRSs such as leases, insurance contracts and financial instruments. The main steps for revenue recognition according to the new model are:
  - identifying the agreement in place with the customer;
  - identifying the performance obligations under the agreement;
  - defining the transaction price;
  - price allocation to the performance obligations under the agreement;
  - revenue recognition criteria when the entity satisfies each performance obligation.

  This standard is applicable as of January 1, 2018, though early adoption is allowed. Still, it is impossible to provide a reasonable estimate as to the effects until the Group completes a detailed analysis of the agreements in place with the customers.

- On July 24, 2014, IASB issued the final version of ***IFRS 9*** – ***Financial instruments***. The standard includes the results of steps relating to classification and measurement, impairment and hedge accounting, the IASB project aimed at replacing IAS 39. The new standard, which replaces earlier versions of IFRS 9 must be applied for financial statements that beginning on 1 January 2018 or later. The standard introduces new requirements for the classification and measurement of financial assets and liabilities. In particular, for financial assets the new standard uses a single approach based on how the management of financial instruments and on the characteristics of the contractual cash flows of the financial assets in order to determine the evaluation criteria, replacing the many different rules in IAS 39. For financial liabilities, the main change concerns the accounting treatment of fair value changes of a financial liability designated as a financial liability measured at fair value through profit or loss, if these variations are due to changes in the creditworthiness the issuer of the liability. Under the new standard these changes are recognized in "Other comprehensive income" and not in the income statement. With reference to the impairment , the new standard requires that the estimate of loan and receivables losses is made on the basis of the expected losses model (and not incurred losses on the model used by IAS 39) using supportable information available without unreasonable effort or expense that include historic, current and future . The standard requires that this impairment model applies to all financial instruments, namely financial assets measured at amortized cost, to those measured at fair value through other comprehensive income, receivables arising from leases and trade receivables. Finally, the standard introduces a new hedge accounting model in order to adapt the requirements of the current IAS 39 which sometimes were considered too stringent and not suitable to reflect the risk management policies of the company. The main news of the document include:

- the increase of transactions type eligible for hedge accounting , including the risks of non-financial assets / liabilities eligible to be managed in hedge accounting;
- the change in method of accounting for forward contracts and options when included in a report of hedge accounting in order to reduce the volatility of the income statement;
- Changes to hedge accounting by replacing the current rules based on the parameter of 80-125 % with the principle of "economic relationship" between the hedged item and the hedging instrument; moreover, it will no longer require a retrospective evaluation of the hedging relationship.

The greater flexibility of the new accounting rules are balanced by additional requests for information on the risk management activities of the company.

- On January 13, 2016, the IASB issued **IFRS 16** – ***Leases*** which is to replace IAS 17 – *Leases*, as well as IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases—Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The new standard provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to differentiate between lease and service agreements according to: asset identification, right to replacement of the asset, right to obtain all economic benefits arising out of use of the asset and right to control the use of the asset underlying the agreement.

The standard introduces a single lessee accounting model for recognising and measuring lease agreements, which provides for the underlying asset – including assets underlying operating leases – to be recognised in the statement of financial position as assets and lease financial liability. Lessees may elect to not recognise agreements for low-value assets or with a term of up to 12 months within the scope of this standard. No significant changes are introduced for lessor accounting.

The standard applies for reporting period beginning on or after January 1, 2019. Early application is only allowed for early adopters of IFRS 15 - Revenue from Contracts with Customers.

- On September 11, 2014 , the IASB issued an amendment to ***IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture.*** The document was published in order to resolve the current conflict between IAS 28 and IFRS 10. According to IAS 28, the gain or loss resulting from the sale or transfer of a non- monetary assets to a joint venture or associate in exchange for a share in the capital of the latter it is limited to the share in the joint venture or connected by other foreign investors to the transaction. In contrast, IFRS 10 requires the recording of the entire gain or loss in the event of loss of control of a subsidiary, even if the entity continues to hold a non-controlling stake in it, including in this case also the sale or transfer of a subsidiary to a joint venture or associate. The changes introduced provide that when a sale/transfer of an asset or a subsidiary to a joint venture or associate, the profit measure or loss is recognized in the financial statements of the assignor/transferor due to the fact that the activities or subsidiary sold/transferred or not constitute a business, as defined in the standard IFRS 3. in the event that the activities or the subsidiary companies sold/transferred represent a business, the entity shall recognize the gain or loss on entire investment held; while , if not, the share of profit or loss on the stake held by the entity still needs to be eliminated .
  At the time, the IASB has suspended the application of this amendment .

- Document "***Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)***" (issued on December 18, 2014) introduces certain changes to address issues arisen after the application of the consolidation exception granted to investment entities. The amendments apply at the latest as of the reporting period beginning on January 1, 2016 or at a later date. Early adoption is allowed.

- On September 11, 2014 the IASB issued an amendment to ***IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture***. The purpose of these amendments were to resolve the conflict between IAS 28 and IFRS 10 concerning the measurement of profit or loss arising from transfers or assignments of a non-monetary asset to a joint venture or associate in return for its shares. The IASB has suspended the application of these amendments for the time being.

With reference to IFRS 9, IFRS 15 and IFRS 16 principles described above , the Group is assessing the implementation of policies and impacts on the consolidated financial statements , while in reference to the other standards and interpretations detailed above , it is not expected that the adoption will have significant impacts the valuation of assets , liabilities , costs and revenues of the Group.

1.1 Activities

The Group primarily works in the domestic market and in the State of São Paulo (Brazil), in India and in Turkey, in supplying integrated rental, washing and sterilisation services for textiles and surgical instruments to social/welfare and public and private hospital facilities. In particular, the Company offers the following services: (a) wash-hire, including (i) planning and provision of integrated rental, reconditioning (disinfection, washing, finishing and packaging) and logistics (pick-up and distribution to usage centres) services for textile items, mattresses and accessories (pillowcases, curtains), (ii) rental and washing of high visibility “118” emergency service items and (iii) logistics and management of hospital wardrobes; (b) linen sterilisation services, including the planning and rental of sterile medical devices for operating theatres (linens for operating theatres and scrubs) packed in sets for the operating theatre, in cotton or in re-usable technical fabric, as well as personal protection equipment (gloves, masks); and (c) surgical instrument sterilisation services including (i) planning and provision of washing, packaging and sterilisation services for surgical instruments (owned or rented) and accessories for operating theatres and (ii) planning, installation and renovation of sterilisation centres.

2 GROUP

Servizi Italia S.p.A. is a subsidiary of the Coopservice S.Coop.p.A. group, registered offices in Reggio Emilia, which holds a controlling shareholding via the Company Aurum S.p.A., the same, therefore, indirectly controls the Servizi Italia Group.

3 CONSOLIDATION PRINCIPLES AND ACCOUNTING STANDARDS

3.1 Consolidation principles

The consolidated financial statements include the financial statements of Servizi Italia S.p.A. and of the companies over which it exercises direct or indirect control, beginning on the date on which it is acquired and until the date on which it is no longer held. Servizi Italia S.p.A. controls a company when, in exercising its power over it, it is exposed and entitled to its variable returns, through its involvement in management, and it also has the possibility of impacting the investee’s variable returns. The exercise of power over the investee is determined on the basis: (i) of the voting rights, also potential, held by the Group and by virtue of which the Group can exercise the majority of the votes exercisable during the company’s ordinary shareholders’ meeting; (ii) of the content of any agreements between shareholders or the existence of particular article of association clauses, which assign the Group the power to govern the company; (iii) of the control by the Group of a number of votes sufficient to exercise the de facto control of the company’s ordinary shareholders’ meeting.

Investments in associates and jointly controlled companies (joint ventures) are measured using the equity method. On the basis of the equity method, the equity investment is recognised in the statement of financial position at purchase cost, adjusted, upwards or downwards, for the portion pertaining to the Group of the changes in the net assets of the investee. The goodwill pertaining to the investee is included in the book value of the equity investment and is not amortised. The transactions generating internal gains realised by the Group with associates and joint ventures are eliminated limited to the holding owned by the Group. Adjustments are made to the financial statements of companies carries at equity, necessary for bringing the accounting standards into line with those adopted by the Group.

Joint operations are recognised by posting the amount of their assets and liabilities, costs and revenues pertaining to the company directly in the financial statements of the company party to the agreements.

The joint-control agreement in which the parties have rights on the net assets of the agreement are joint ventures, while joint-control agreements in which the parties have rights on the assets and obligations relating to the agreement are joint operations. Joint control is the sharing, on a contractual basis, of the control of an agreement, which exists solely when due to decisions relating to the significant activities the unanimous consent of all the parties which share the control is required.

The companies in which Servizi Italia is able to participate in the definition of the operating and financial policies despite the same not being subsidiaries or jointly-controlled parties, are associates.

The financial statements consolidated line-by-line were prepared as at 31 December 2015 and have been adjusted as required to bring them into line with the accounting standards of Servizi Italia S.p.A.:

- the assets and liabilities, expense and income are consolidated line-by-line allocating the minority shareholders, where applicable, the portion of shareholders’ equity and net result for the year due to the same;

- business merger transactions by virtue of which control over an entity is acquired, are recognised in the accounts by applying the purchase method. The purchase cost corresponds to the fair value as at the date of purchase of the assets sold, the liabilities undertaken, the equities issued and any other directly attributable accessory charge. The difference between the purchase cost and the fair value of the assets and liabilities acquired, if positive, is allocated to the asset item Goodwill; if it is negative, after having re-checked the correct measurement of the fair values of the assets and liabilities acquired and the purchase cost, it is recognised directly in the income statement, as income. Costs incurred for the acquisition are charged immediately to the income statement. If the acquisition agreement establishes a price adjustment which varies based on the profitability of the business acquired, during a specific time horizon or at a pre-established future date (“earn-out”), the adjustment, valued at fair value at the acquisition date, is included in the acquisition price as of the acquisition date, while subsequent changes are recognised in the income statement;

- acquisitions or disposals of non-controlling interests of non-controlling shareholders subsequent to acquisition of control, and if control is maintained, are recognised under shareholders' equity;

- significant gains and losses from transactions between companies consolidated line-by-line, not yet realised vis-à-vis third parties, are eliminated;

- receivable and payable transactions, costs and revenues, as well as the financial income and expense between companies consolidated line-by-line are eliminated;

- put options on non-controlling interests lead to the recognition of a financial liability at the current value of the outlay during the period. This liability reduces the non-controlling interests or the reserves of the Group in relation to the fact that the risks and benefits of said interests have been transferred or otherwise to the purchaser. Any changes in the estimate of the outlay are recognised in the income statement;

- the financial statements of each company belonging to the Group are prepared in the currency of the primary economic sphere in which it operates (reporting currency). For the purposes of the consolidated financial statements, the financial statements of each foreign entity are expressed in

Euros, which is the reporting currency of the Group and the presentation currency for the consolidated financial statements. All the assets and liabilities of foreign companies in currency other than Euros which fall within the scope of consolidation, are converted using the exchange rates existing as of the financial statement reference date (current exchange rate method). Income, costs and cash flows are converted at the average exchange rate for the period. The exchange differences deriving from the comparison between the opening shareholders' equity converted using the current rates and the same converted using the historical rates, as well as the difference between the profit/loss expressed using the average rates and that expressed using the current rates, are booked to other comprehensive income and recorded in a specific reserve;

- foreign currency transactions are recorded using the exchange rate in force as of the date of the transaction. Monetary assets and liabilities denominated in foreign currency are converted at the exchange rates existing as of the financial statement reference date. Non-monetary items valued at historical cost in foreign currency are converted using the exchange rate in force as of the date of initial recognition of the transaction. Non-monetary items recorded at fair value are converted using the exchange rate as of the date of determining this value;

- the exchange rates used for the conversion into Euros of the financial statements of the companies included in the scope of consolidation are illustrated below.

Currency	**Exchange rate as at 31 December 2015**	**Average exchange rate for 2015**
Brazilian real	4.3117	3.7004
Turkish lira	3.1765	3.0255
Albanian lek	137.02	139.0021
Indian Rupee	72.0215	71.1956

3.2 Scope of consolidation

The scope of consolidation includes the following subsidiaries (consolidated line-by-line):

(thousands)	**Registered offices**	**Currency**	**Share capital as at 31 December 2015**	**Shareholding as at 31 December 2015**	**Shareholding as at 31 December 2014**
San Martino 2000 S.c.r.l.	Genoa	EUR	10	60%	60%
Se.sa.tre. S.c.r.l.	Genoa	EUR	20	60%	60%
Servizi Italia Medical S.r.l.	Castellina di Soragna (PR)	EUR	200	100%	100%
SRI Empreendimentos e Participacoes LTDA	São Paulo (Brazil)	R$	128,380	100%	100%
Lavsim Higienização Têxtil S.A.	São Roque (Brazil)	R$	550	100%	50%
Maxlav Lavanderia Especializada S.A.	Jaguariúna (Brazil)	R$	2,825	50.1%	50.1%
Vida Lavanderias Especializada S.A.	Santana de Parnaiba (Brazil)	R$	1,900	50.1%	50.1%
Aqualav Serviços De Higienização Ltda	Vila Idalina (Brazil)	R$	6,400	100%	-

The equity investments in Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A. are considered to be subsidiaries also due to the agreements with the local shareholders which assign Servizi Italia control as defined above. On 16 January 2015, Servizi Italia S.p.A. acquired the remaining 50% of the share capital of the company Lavsim Higienização Têxtil S.A. and on 23 December 2015 it acquired 100% of the Brazilian company Aqualav Serviços De Higienização Ltda, one of the leading market operators in the State of São Paulo (Brazil) in the linen washing segment for healthcare structures.

Investments in associates and jointly controlled companies are measured using the equity method and are as follows:

(thousands)	Registered offices	Currency	Share capital as at 31 December 2015	Shareholding as at 31 December 2015	Shareholding as at 31 December 2014
Centro Italia Servizi S.r.l.	Arezzo	EUR	10	50%	50%
CO.SE.S S.c.r.l.	Perugia	EUR	10	25%	25%
PSIS S.r.l.	Padua	EUR	10,000	50%	50%
Ekolav S.r.l.	Lastra a Signa (FI)	EUR	100	50%	50%
AMG S.r.l.	Busca (CN)	EUR	100	50%	50%
Steril Piemonte S.c.r.l.	Turin	EUR	4,000	50%	50%
Iniziative Produttive Piemontesi S.r.l.	Turin	EUR	2,500	37.63%	37.63%
SE.STE.RO. S.r.l.	Castellina di Soragna (PR)	EUR	400	25%	25%
Piemonte Servizi Sanitari S.c.r.l.	Turin	EUR	10	30%	30%
Finanza & Progetti S.p.A.	Padua	EUR	550	50%	-
Saniservice Sh.p.k.	Tirana, Albania	LEK	2,746	30%	-
Shubhram Hospital Solutions Private Limited	New Delhi - India	INR	85,200	51%	51%
SAS Sterilizasyon Servisleri A.Ş.	Istanbul, Turkey	TL	500	51%	51%
Ankateks Turizm İnsaat Tekstil Temizleme Sanayi Ve	Ankara, Turkey	TL	5,000	40%	-

With reference to Shubhram Hospital Solutions Private Limited and SAS Sterilizasyon Servisleri A.Ş., the governance and the handling of the operating and strategic policies are disciplined by agreements entered into with local partners which assign the shareholders joint control over the two companies.

The Albania Ministry of Health’s awarding on 14 December 2015 of the sterilisation services management concession entailed the establishment of a new company, Saniservice Sh.p.k., headquartered in Tirana, to develop and provide the concession services.

On 15 October 2015, the acquisition was completed of a 40.0% stake in Ankateks Turizm Inşaat Tekstil Temizleme San. Ve Tic. Ltd. Şti, a leading Turkish operator operating under the "Ankara Laundry" brand in the linen washing sector for healthcare structures, predominantly in the areas of Ankara and - through the subsidiary Ergülteks Temizlik Tekstil Ltd. Şti - Izmir.

On 28 December 2015, Servizi Italia completed the acquisition of 50.0% of the share capital of Finanza e Progetti S.p.A. This transaction enabled Servizi Italia S.p.A. to acquire 80% of Ospedal Grando S.r.l., a project company for the construction and management of the Treviso Cittadella Sanitaria hospital. Ospedal Grando also engaged Servizi Italia S.p.A. for the management and provision of linen and mattress wash-hire services, the reconditioning and sterilisation of textiles and surgical instruments and the relative accessory services at the Treviso ULSS (local health unit) 9 starting in January 2018, for a period of 15 years.

3.3 Information relating to the acquisition transactions carried out during the year

3.3.1 Aqualav Serviços De Higienização Ltda

On 23 December 2015, the Company announced that it had entered into an acquisition agreement and as a result acquired 100% of the Brazilian company Aqualav Serviços De Higienização Ltda, one of the leading market operators in the State of São Paulo (Brazil) in the linen washing segment for healthcare structures. In agreement between the parties, Servizi Italia acquired 100% of the company from the seller for a consideration of R$ 13,817,817.78. A portion of the price was paid in cash and a portion was withheld by Servizi Italia as a guarantee for any indemnities, contingent liabilities and the price adjustment mechanism. As part of the negotiation, Servizi Italia also obtained real estate guarantees provided by the seller to cover potential future liabilities not associated with Servizi Italia's management. The shareholdings were acquired via the wholly owned subsidiary SRI Empreendimentos e Participações L.t.d.a and the acquisition was financed by bank borrowings.

The fair value of the assets and liabilities of Aqualav Serviços De Higienização Ltda with respect to the overall price led to the determination of goodwill for Euro 2,325 thousand attributable to the synergies, in particular production and cost related, that can be obtained in the Brazilian production context. Consequently, this goodwill is allocated to the Brazil CGU for the purposes of assessing recoverability (impairment test).

The comparison between the book value as per the IFRS standards and the fair value of the assets and liabilities acquired and the goodwill generated by the acquisition, is presented below:

	23 December 15	
	Fair value	**Book value**
	(thousands of Euros)	*(thousands of Euros)*
Property, plant and equipment	1,454	1,454
Intangible assets	-	-
Other non-current assets	1,860	1,860
Deferred tax assets	-	-
Inventories	26	26
Trade and other receivables	1,556	1,556
Employee benefits and risk provisions	(2,157)	(2,157)
Deferred tax liabilities	-	-
Non-current financial payables	(434)	(434)
Current financial payables	(391)	(391)
Trade payables	(187)	(187)
Current tax payables	(196)	(196)
Other non-current payables	(793)	(793)
Cash and cash equivalents as at the acquisition date	143	143
Fair value of the net assets acquired	**880**	
Total acquisition price	**3,205**	
Goodwill deriving from the acquisition	**2,325**	

The fair values of the company acquired correspond to the book values.

3.4 Summary of the accounting standards and basis of preparation

The consolidated financial statements have been drawn up in accordance with the criterion of cost, except in the cases specifically described in the following notes, for which the current value (“fair value”) has been applied.

A. *Property, plant and equipment*

Property, plant and equipment include land and buildings, machinery and plant, returnable assets, industrial and commercial equipment, linen and other assets benefiting future periods.

The fixed assets are stated at purchase or production cost, inclusive of the related costs and costs necessary for making the asset available for use, net of accumulated depreciation. The costs subsequent to purchase are included in the value of the asset or recorded as a separate asset only if it is probable that the Company will receive future economic benefits associated with the assets and the cost can be measured. Maintenance and repairs are recognised in the income statement in the period in which they are incurred.

The depreciation of property, plant and equipment is determined using the linear methods so as to spread the value of the assets over the estimated useful life according to the following categories:

	Years
Industrial buildings	33
Plant and machinery	12
General plant	7
Industrial and commercial equipment	4
Specific equipment	8
Linen	3
Furniture and fixtures	8
Electronic machinery	5
Cars	4
Other vehicles	5

The useful lives are reviewed, and adjusted if necessary, at the end of each period.

The individual components of an asset which are characterised by a different useful life are depreciated separately and on a consistent basis with their duration according to an approach by components. According to this standard, the value of the land and that of the buildings which exist on the same are separated and only the building is depreciated. Returnable assets are depreciated over the residual duration of the contract within the sphere of which they are realised.

If there are indicators of impairment, the assets are subject to an impairment test as per the following section E; any impairment may be subject to subsequent value write-backs if the reasons for the impairment cease to exist. These assets include the costs for the creation of the sterilisation and washing installations care of the customers which are used exclusively by the Company. These assets are depreciated over the useful life of the assets or the residual duration of the wash-hire contract, whichever is the shorter. The ownership of the asset is transferred to the customer on termination of the contract.

The financial expense is capitalised if directly attributable to the purchase, construction or production of an asset.

B. *Leasing*

A lease is defined as financial if it entails the substantial transfer of all risks and rewards deriving from ownership of the asset. Assets acquired via financial lease agreements are recognised under property, plant and equipment with the recognition under the liabilities of a financial payable for the same amount. The payable is progressively reduced on the basis of the repayment plan for the principal amounts included in the fees contractually envisaged, while the value of the assets recorded among property, plant and equipment is systematically depreciated in relation to the economic-technical life of said asset.

On the other hand, for operating leases, the fees are recognised in the income statement on a straight-line basis during the useful life of the contract.

C. *Intangible assets*

Only identifiable assets, controlled by the enterprise, which are able to produce future economic benefits, can be defined as intangible assets.

These assets are recorded in the financial statements at purchase or production cost, inclusive of the related charges as per the criteria already indicated for property, plant and equipment. The development costs are also capitalised provided that the cost can be reliably determined and that it can be demonstrated that the asset is able to produce future economic benefits.

The intangible assets with a defined useful life are amortised systematically as from the moment the asset is available for use over the envisaged period of utility. They are mainly represented by software licences acquired for a consideration capitalised on the basis of the cost incurred. These costs are amortised using the straight-line method in relation to their estimates useful life (3 years). The value attributed upon acquisition to the customer order book is amortised throughout the remaining useful life of the same contracts, in proportion with the distribution over time of the resulting benefits.

D. *Goodwill*

Goodwill represents the additional costs incurred with respect to the fair value of the net assets identified at the time of acquisition of a subsidiary, associate or business. In the consolidated financial statements, the goodwill relating to the acquisition of associates and jointly-controlled companies is included in the item “Equity-accounted investments”.

All the goodwill is checked annually to identify any impairment losses (“impairment test”) and is recognised net of the impairments made.

The impairments possibly recognised are not reinstated.

For the purposes of the impairment test, the goodwill is allocated to the individual cash generating units (“CGUs”) or groups of CGUs which it is believed will provide the benefits relating to the acquisition to which the goodwill refers.

E. *Impairment test*

F. In situations that could potentially generate impairment losses, property, plant and equipment and intangible assets are tested for impairment by estimating the asset's recoverable value and comparing it with the net book value. If the recoverable value is lower than the book value, the latter is adjusted accordingly. This reduction constitutes an impairment loss, which is recognised in the income statement. For assets other than goodwill, if there is no longer a reason to continue recognising a previously recognised impairment loss, the book value is restored to the new value estimated, although this value cannot exceed the net book value that would have been attributed to the asset if no impairment loss had been recognised. The write-back is also recognised in the income statement.

The goodwill and the assets with an indefinite useful life or assets not available for use are subject at least once a year to an impairment test so as to check the recoverability of the value. The assets which are amortised/depreciated are subject to the impairment test on the occurrence of events and circumstances which indicate that the book value might not be recoverable. In such cases, the book value of the asset is written down until reaching the recoverable value. Write-backs are permitted for other intangible assets, but not on goodwill.

The recoverable value is the greater between the fair value of the assets net of selling costs and the value in use. For the purposes of the impairment test, the assets are grouped together at cash generating units ("CGUs") or groups of CGUs level.

As of each financial statement date, steps are taken to check any recovery of the impairments made on the non-financial assets further to impairment tests.

G. Equity investments

Investments in associates and jointly controlled companies are measured using the equity method.

H. Financial assets and liabilities

These include the equity investments available for sale and the other non-current financial assets such as securities held with the intention of maintaining them in the portfolio until maturity, non-current loans and receivables, trade receivables and other receivables originating from the company and the other current financial assets such as cash and cash equivalents.

Cash and cash equivalents are bank and post office deposits, marketable securities which represent temporary investments of liquidity and financial receivables due within three months.

They also include financial payables, trade payables and other payables and the other financial liabilities as well as derivative instruments.

The financial assets and liabilities are initially recognised at fair value. Their initial recognition takes into account the transaction costs directly attributable to the purchase or the issue costs which are included in the initial recognition of all the assets and liabilities which can be defined as financial instruments. Subsequent recognition depends on the type of instrument. In detail:

- trading assets are recognised at fair value with recording of the changes in the income statement;

- available-for-sale assets ("Equity investments in other companies") are recognised at fair value and the gains or losses which emerge are recorded under other comprehensive income as from the moment of the effective disposal when they reverse to the income statement. The losses from recognition at fair value are by contrast directly booked to the income statement in cases when objective evidence exists that the financial asset has undergone impairment even if the asset has not yet been disposed of. Unlisted equity investments in relation to which the fair value cannot be reliably measured are by contrast recognised at cost less impairment. This category includes the equity investment held for a percentage of less than 20%.

- the financial assets with certain and pre-determined flows and with a pre-established maturity which one intends to maintain until maturity, other than equity investments, are recognised at amortised cost, using the original effective interest rate and, consequently, the future cash flows are discounted back to the financial statement date on the basis of the effective rate. Furthermore, the recognition of the receivables takes into account the solvency of the creditors as well as the credit risk characteristics indicative of the ability of the individual debtors to pay. Only the receivables factored without recourse which satisfy the requirements envisaged for derecognition indicated in IAS 39 are eliminated from the financial statements;

- the other financial liabilities are recognised at amortised cost. Specifically, the costs incurred for the acquisition of loans (transaction costs) and any issue discount or premium directly adjust the face value of the loan. The financial expense is calculated according to the effective interest rate method;

- derivative instruments are recorded in the statement of financial position and are recognised at fair value and the gains and losses determined are respectively recorded in the income statement if the derivatives cannot be defined as hedges as per IAS 39 or they hedge a price risk (fair value hedge) or under other comprehensive income if they hedge a future cash flow or a future contractual commitment already undertaken as at the financial statement date (cash flow hedge);

- trade receivables and payables and other receivables and payables are recorded under current or non-current assets/liabilities in relation to the envisaged date of collection or payment.

I. Other assets

Other current assets are recorded, at the time of initial recognition, at fair value and subsequently at amortised cost on the basis of the effective interest rate method. If there is objective evidence of impairment indicators, the asset is written down to an extent so that it is equal to the discounted back value of the flows which can be obtained in the future.

Impairment losses are recognised in the income statement. If in subsequent periods, the reasons for the previous impairments cease to exist, the value of the assets is reinstated up to the extent of the value which would have derived from the application of the amortised cost if the impairment had not been made.

The white certificates are allocated in relation to the achievement of energy savings via the application of efficient systems and technologies.

The white certificates are recognised in the accounts on an accruals basis under "Other income", in proportion to the TOE (tonne of oil equivalent) savings effectively made in the period.

The recognition of the same is carried out at the average annual market value unless the year end market value is significantly lower. The decreases due to sales of white certificates matured during the period or in previous periods are valued at the disposal price. The capital gains and losses deriving from the sales of certificates in periods different to those of maturity are recorded respectively under "Other income" or "Other costs".

J. Inventories

Inventories are recognised at purchase or production cost, inclusive of accessory charges, determined by applying the weighted average cost method or the estimated realisable value calculated on the basis of the market trend net of the sales costs, whichever is the lower.

K. Employee benefits

<u>Post-employment plans</u>

Consequent to the changes made to the employee severance indemnity (TFR) by Italian Law No. 296 dated 27 December 2006 ("2007 Finance Bill") and subsequent Decrees and Regulations issued in the first few months of 2007, within the sphere of the supplementary welfare reform the related Provision is recognised as follows:

- Employee severance indemnity fund accruing as from 1 January 2007: this falls within the category of *defined-contribution plans* both in the event of opting for supplementary welfare and in the case of assignment to the Treasury Fund care of INPS. The accounting treatment is similar to that existing for other kinds of contributory payments.

- Employee severance indemnity fund accrued as at 31 December 2006: this remains to be a *defined-benefits plan* determined by applying an actuarial-type method; the amount of the rights accrued in the period by the employees is booked to the income statement under the item payroll and related costs while the figurative financial expense which the company would incur if a loan was requested from the market for an amount equal to the severance indemnity is booked to net financial income (expense). The actuarial gains and losses which reflect the effects deriving from changes in the actuarial hypotheses used are recognised under other comprehensive income in accordance with the matters envisaged by IAS 19 Employee benefits, section 93A.

<u>Remuneration plans under the form of participation in the capital</u>

According to the matters envisaged by IFRS 2, stock options are classified within the sphere of "share-based payments" and envisage for the type classified as "equity-settled" (where the payment is regulated using instruments representative of equity) the determination - as of the date of assignment of the fair value - of the option rights issued and the related recognition as personnel expense to be spread in a linear manner over the period of accrual of the rights (so-called vesting period) with the recording of a matching balance under shareholders' equity reserves. This treatment is carried out on the basis of the estimate of the rights which will effectively accrue in favour of the employees, taking into consideration the conditions of availability of the same not based on the market value of the rights.

<u>Other long-term benefits</u>

The accounting treatment of other long-term benefits is similar to that for the post-employment benefit plans, with the exception of the fact that the actuarial gains and losses and costs deriving from prior employment services are recognised in the income statement in full in the period they accrue.

L. *Provisions for risks and charges*

Provisions for risks and charges are provided for exclusively in the presence of a current obligation, consequent to past events, which can be legal, contractual in type or derive from declarations or conduct of the company such as to lead third parties to validly expect that the company itself is responsible or assumes responsibility for fulfilling an obligation (so-called implicit obligations). If the financial effect of time is significant, the liability is discounted back; the effect of this discounting back is recorded under financial expense.

No provision is made against risks for which the occurrence of a liability is only possible. These risks are mentioned in the section on commitments and risks and no provision is recognised.

M. *Revenue and cost recognition*

Revenues and income, costs and expense are recognised net of returns, discounts, allowances and premiums as well as the taxes directly associated with the sale of the goods and the provision of the services.

Sales revenues are recognised at the time ownership is transferred, which as a rule takes place on delivery or shipment of the goods. Revenues for the provision of services are recognised with reference to the stage of completion of the activities to which they refer; in particular, revenues for washing, wash-hire, sterilisation and other services are recognised in the period in which they were provided, even if not yet invoiced, and are determined by supplementing those recognised by means of advance payment invoicing with appropriate estimates.

The revenues are recognised at fair value in consideration of what has been received and represent the amount of the goods supplied and/or services provided.

The costs are correlated to goods and services sold or consumed in the period or deriving from systematic allocation, or when it is not possible to identify the future utility of the same, they are recognised and booked directly to the income statement.

Financial income and expense is recognised on an accruals basis. Financial expense is capitalised as part of the cost of property, plant and equipment and intangible assets to the extent it refers to the purchase, construction or production of the same. Dividends are recognised when the right to collection by the shareholder arises; this normally takes place in the period the shareholders' meeting of the investee company which resolves the distribution of profits or reserves is held.

N. *Income taxes*

Current income taxes are recognised on the basis of an estimate of the taxable income in compliance with the rates and current provisions, or essentially approved at the year-end date.

Prepaid and deferred taxes are calculated on the timing differences between the value assigned to an asset or liability in the financial statements and the corresponding values recognised for tax purposes, on the basis of the rates in force at the time the timing differences will reverse. Prepaid taxes are only recorded to the extent that it is probable that there is taxable income available against which they can be used. The recoverability of the prepaid taxes recorded in previous years is valued as of closure of each set of financial statements

When the changes in the assets and liabilities to which they refer are directly recognised under other comprehensive income, the current taxes, prepaid tax assets and deferred tax liabilities are also directly booked to other comprehensive income.

Deferred tax assets and liabilities are offset only if there is a legal right to set-off and the entity intends to settle on a net basis or realise the asset and settle the liability simultaneously.

O. *Earnings per share*

The basic earning per share is calculated by dividing the profit/loss of the Servizi Italia Group by the weighted average of the ordinary shares in circulation during the period, excluding treasury shares. For the purpose of calculating the diluted earning per shares, the weighted average of the shares in circulation is altered undertaking the conversion of all the potential shares which have a dilutive effect.

P. *Used of estimated values*

The drafting of the financial statements requires the directors to apply accounting standards and methods which, under certain circumstances, rest on difficult and subjective valuations and estimates based on past experience and assumptions which are from time to time considered reasonable and realistic in relation to the related circumstances. The application of these estimates and assumptions influences the amounts shown in the financial statement schedules as well as the disclosure provided. The final results of the financial statement items for which the afore-mentioned estimates and assumptions have been used, may differ from those shown in the financial statements which reveal the effects of the occurrence of an event subject to estimation, due to the uncertainty which characterises the assumptions and conditions on which they are based.

Q. *Particularly significant accounting standards*

The accounting standards which, more than others, require greater subjectivity by the directors when making the estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the consolidated financial data restated, are briefly described below.

- Goodwill: in accordance with the accounting standards adopted for the drafting of the financial statements, the Company checks the goodwill each year so as to ascertain the existence of any impairment to be recognised in the income statement. In detail, the check in question involves the allocation of the goodwill to cash flow generating units and the subsequent determination of the related recoverable value. If it should emerge as lower than the book value of the cash flow generating units, steps shall have to be taken to impairment the goodwill allocated to the same. The allocation of the goodwill to the cash flow generating units and the determination of the latter leads to the adoption of estimates which depend on factors which may change over time with consequent effects, possibly significant, with respect to the valuations made by the directors.

- Linen assets: the economic life of the Company's linen used in the production process has been estimated taking into consideration numerous factors which influence the same, such as for example the wear and tear deriving from use and from the washing cycles. These factors are liable to changes over time and could significantly affect the depreciation of the linen.

- Deferred taxation: the recognition of deferred tax assets is carried out on the basis of the expectations of income envisaged in future periods. The valuation of the expected income for the purposes of recognition of the deferred taxation depends on factors which may vary over time and determine significant effects on the valuation of the deferred tax assets.

- Provisions for risks and charges: in the presence of legal and tax-related risks, provisions are recognised representative of the risk of losing lawsuits. The value of the provisions recorded in the financial statements relating to these risks represents the best estimate as of the financial statement date made by management. This estimate involves the adoption of assumptions which depend on factors which may change over time and which therefore could have significant effects with respect to the current estimates made by the directors for the drafting of the consolidated financial statements of the Servizi Italia Group.

- Revenues from sales and services: the revenues for services underway in relation to contracts which envisage invoicing of advance payments and the balance on the basis of the data communicated by the customer (days of hospitalisation, number of operations) are estimated internally on the basis of the past data supplemented by the most up-to-date information available. This estimate involves the adoption of hypotheses on the performance of the variable to which the payment is linked.

- Financial liabilities for put options on non-controlling interests: these financial liabilities are valued at the current value of the disbursement envisaged as of the date of their exercise. This estimate is based on the income statement and statement of financial position values taken from long-term plans whose underlying conditions and hypotheses may undergo changes over time with consequent significant impacts on the estimate of the liabilities.

4 RISK MANAGEMENT POLICY

The management of the financial risks within the Servizi Italia Group is carries out centrally within the sphere of precise organisational directives which discipline the handling of the same and the control of all the transactions which have strict relevance in the composition of the financial and/or trade assets and liabilities.

The Servizi Italia Group's activities are exposed to various risk types, including interest rate fluctuations and credit, liquidity, cash flow risks and currency-type risks.

To minimise such risks, the Servizi Italia Group has adopted timescales and control methods which allow the company management to monitor risks and inform the Board of Directors so that it may approve all transactions involving a commitment by the Company with respect to third parties.

4.1 Type of risks hedged

When carrying out its activities, the Group is exposed to the following financial risks:

- price risk;
- interest rate risk;

- credit risk;
- liquidity risk;
- exchange rate risk.

Price risk

This is the risk associated with the volatility of the prices of the raw materials and the energy commodities, with particular reference to electricity and gas used in the primary production processes and of cotton to which the purchase cost of the linen is linked. Within the sphere of the tenders, the Group avails itself of clauses which permit it to adjust the price of the services provided in the event of significant cost changes. The price risk is also controlled by means of the entering into of purchase agreements with price blocks and on-average annual timescales, joined by constant monitoring of the performance of the prices so as to identify opportunities for making savings.

Interest rate risk

The Group's net financial debt primarily comprises short-term payables which, as at 31 December 2015, represent approximately 56.12% of its debt, at an average annual rate of around 1.92%. In relation to the global financial crisis, the Company is monitoring the market and assessing the appropriateness of taking out hedging transactions on the rates in order to limit the negative impacts of changes in interest rates on the company's income statement. The table below demonstrates the effect that would be generated by a 0.5% increase or decrease in rates (in thousands of Euros).

(thousands of Euros)	**0.5% rate increase**		**0.5% rate decrease**	
	31 December 2015	**31 December 2014**	**31 December 2015**	**31 December 2014**
Financial receivables	+67	+66	(67)	(66)
Financial payables	+428	+449	(428)	(449)
Factoring of receivables	+379	+507	(379)	(507)

Credit risk

The receivables, since they are essentially due from public bodies, are deemed certain in terms of collectability and, due to their nature, are not subject to the risk of loss. The collection times depend on the loans received, the Local Health Authorities, the Hospitals and the Regional Authorities and at present average collection days are 117.

A summary of the trade receivables net and gross of the related bad debt provisions and the stratification by maturity of receivables not written down, is presented below:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Gross trade receivables	80,277	81,504
Bad debt provisions	(5,531)	(5,335)
Net trade receivables	**74,746**	**76,169**
Guarantees in portfolio	None	None
Falling due	44,148	44,750
Past due by less than 3 months	12,946	15,287
Past due by more than 3 months	6,434	3,318
Past due by more than 7 months	11,217	12,814

The credit risk is constantly monitored by means of periodic processing of past due situations which are subject to the analysis of the Group's financial structure. The Group is also equipped with recovery procedures for problem receivables and avails itself of the assistance of legal advisors in the event of disputes being established. Having taken into account the characteristics of the credit, the risk in question could become more significant in the event of an increase in the private customer component, however this aspect is mitigated by a careful selection and financing of the customers. The absolutely predominant presence of receivables due from public bodies makes the credit risk absolutely marginal and shifts attention more towards the collection times rather than the possibility of losses.

Liquidity risk

In relation to the Group, the liquidity risk is linked to two main factors:

- delay in the payments from the public customer;
- maturity of the short-term loans.

Concentrating its business on orders contracted with the Public Administration Authorities, the Group is exposed to risks associated with delays in the payments for the receivables. In order to balance this risk, factoring agreements have been entered into with the without-recourse formula, renewed also for 2015.

To correctly manage the liquidity risk, an adequate level of cash and cash equivalents must be maintained. In light of the predominantly public nature of the group's customers and the average collection times, cash and cash equivalents are mainly obtained from accounts receivable financing and medium-term loans. The Company has entered into covenants relating to the mortgage loans with Cassa di Risparmio in Bologna S.p.A., Banca Nazionale del Lavoro S.p.A., Cassa di Risparmio di Parma e Piacenza SpA and Banca Popolare di Milano S.Coop.a r.l., therefore the possibility of early repayment of these loans with respect to the repayment plan, is envisaged. As at 31 December 2015, the Company had observed the covenants entered into.

The following table analyses the "worst case" scenario with reference to the financial liabilities (including trade payables and other payables) in which all the flows indicated are un-discounted future nominal cash flows, determined with reference to the residual contractual maturities, both for the principal portion and the interest portion. The loans have been included on the basis of the first maturity on which the repayment can be requested and the non-revolving loans are considered to be callable on demand. The financial payables with a maturity of less than or equal to 3 months are almost entirely characterised by self-liquidating bank loans for invoice advances which, in as such, are replaced on maturity by new advances on newly-issued invoices. It should also be considered that the company only partially uses the short-term bank credit facilities available.

(thousands of Euros)	Financial payables		Trade and other payables		Total	
	31 December 2015	**31 December 2014**	**31 December 2015**	**31 December 2014**	**31 December 2015**	**31 December 2014**
Less than or equal to 3 months	35,962	36,761	66,188	64,330	102,150	101,091
3 to 12 months	11,141	12,220	16,632	24,597	27,773	36,817
1 to 2 years	11,455	10,303	-	-	11,455	10,303
More than 2 years	29,292	27,430	-	-	29,292	27,430
Total	**87,850**	**86,714**	**82,820**	**88,927**	**170,670**	**175,641**

Exchange rate risk

The investments in Brazil, Turkey and India, and recently in Albania, launch the Group into an international context, exposing it to exchange rate risk generated by fluctuations in the Euro/Real, Euro/Turkish Lira, Euro/Indian Rupee and Euro/Albanian Lek exchange rates.

The exchange rate risk must only be hedged if it has a significant impact on the cash flows with respect to the reference currency. The costs and risks associated with a hedging policy must be acceptable both from a financial and commercial standpoint and accordingly the Company has decided not to enter into hedging transactions on exchange rates since no inflows of capital are envisaged over the short term.

4.2 Fair value hierarchy and information

IFRS 13 requires that the classification of the financial instruments at fair value be determined on the basis of the quality of the sources of the inputs used in the valuation of the fair value.

The classification of IFRS 13 involves the following hierarchy:

- Level 1: determination of the fair value on the basis of prices listed (unadjusted) on active markets for identical assets or liabilities.
- Level 2: determination of the fair value on the basis of inputs other than the listed prices included in "Level 1" but which are directly or indirectly observable.
- Level 3: determination of the fair value on the basis of valuation models whose inputs are not based on observable market data.

The types of financial instruments present in the financial statement items are shown in the following table, with indication of the accounting treatment applied. Note that no financial instrument has been valued at fair value. With regard to the financial instruments valued at amortised cost, it is believed that the book value also represents a reasonable approximation of their valuation at fair value. With regard to equity investments in other companies, prices listed on active markets are not available. Therefore, their fair value cannot be measured reliably. For the same reason, they are measured at cost, possibly written down due to impairment.

Thousands of Euros	**Financial assets**				**Financial liabilities**	
	at fair value through profit and loss	**held to maturity**	**loans and receivables**	**available for sale**	**at fair value through profit and loss**	**at amortised cost**
Measurement criteria	*fair value*	*amortised cost*	*amortised cost*	*cost*	*fair value*	*amortised cost*
Non-current assets						
Equity investments in other companies				3,542		
Financial receivables			3,234			
Other assets			6,108			
Current assets						
Trade receivables			74,746			
Current tax receivables			2,478			
Financial receivables			8,067			
Other assets			9,241			
Non-current liabilities						

Due to banks and other lenders	36,111
Other financial liabilities	3,208
Current liabilities	
Due to banks and other lenders	46,191
Trade payables	65,429
Current tax payables	365
Other financial liabilities	1,078
Other payables	17,841

4.3 Supplementary information on the capital

The Group's objectives, in relation to the management of the capital and the financial resources, involve safeguarding the ability of the Group to continue to operate with continuity, remunerate the shareholders and the other stakeholders and at the same time maintain an optimum capital structure so as to minimise the related cost.

For the purpose of maintaining or adapting the structure of the capital, the Group may adjust the amount of the dividends paid to the shareholders, reimburse or issue new shares or sell assets to reduce the debt. On a consistent basis with other operators, the Group controls capital on the basis of the debt ratio (gearing) calculated as the ratio between the net financial debt and net invested capital.

(thousands of Euros)	**Year ended as at 31 December**		**Change 15/14**	**Change 15/14**
	2015	**2014**		**%**
Shareholders' equity (B)	122,094	111,588	10,506	9.4%
Net financial debt (a) (A)	67,153	58,079	9,074	15.6%
Net invested capital (C)	**189,247**	**169,667**	**19,580**	**11.5%**
Gearing (A/C)	**35.5%**	**34.2%**		

a) The management has defined net financial debt as the sum of amounts Due to banks and other lenders net of Cash and cash equivalents and current financial receivables.

With regard to the main dynamics which have affected the debt, see section 6.25.

On 2 November 2015, further to the closure of the Third and last Exercise Period (from 1 October 2015 until 30 October 2015) of the "Warrant Servizi Italia S.p.A. 2012 – 2015", the Company announced that 9,311,120 Warrants had been exercised and consequently 2,327,780 newly-issued ordinary Servizi Italia shares had been subscribed (at a ratio of 1 new share for each 4 warrants exercised) at a price of Euro 3.30 each, admitted for listing on the Borsa Italiana screen-based stock market (MTA), with a par value of Euro 1.00 each, with regular dividend rights and the same characteristics as the ordinary Servizi Italia shares in circulation as of the issue date (the "Conversion Shares"), for a total equivalent value of Euro 7,681,674. Due to the closure of the Third Exercise Period, the 2012-2015 Warrants are no longer exercisable or traded on the Regulated Market.

Further to the afore-mentioned subscriptions, the new share capital of Servizi Italia therefore amounted to Euro 30,699,266, represented by 30,699,266 ordinary shares with a par value of Euro 1.00 each. In detail, further to the two transactions, the share capital was increased by Euro 2,328 thousand and a share premium paid to the subscriber amounting to Euro 5,354 thousand was recorded in the specific reserve.

5 SEGMENT REPORTING

The Servizi Italia Group's segment reporting is defined as follows:

- *Wash-hire:* this includes (i) planning and provision of integrated rental, reconditioning (disinfection, washing, finishing and packaging) and logistics (pick-up and distribution to usage centres) services for textile items, mattresses and accessories (pillowcases, curtains), (ii) rental and washing of high visibility "118" emergency service items and (iii) logistics, transport and management of hospital wardrobes;

- *Linen sterilisation (Steril B):* this includes the planning and rental of sterile medical devices for operating theatres (linens for operating theatres and scrubs) packed in kits for the operating theatre, in cotton or in re-usable technical fabric, as well as personal protection equipment (gloves, masks);

- *Surgical instrument sterilisation (Steril C):* includes (i) planning and provision of washing, packaging and sterilisation services for surgical instruments (owned or rented) and accessories for operating theatres and (ii) planning, installation and renovation of sterilisation centres.

In terms of geographical areas, please note that the Servizi Italia Group:

- works almost exclusively in Italy, except for the Brazilian companies Lavsim Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A. and Aqualav Serviços De Higienização Ltda (acquired in December 2015), held through the subsidiary SRI Empreendimentos e Participações Ltda.

- offers the same types of services in each geographical area in Italy and abroad.

As a result, information is not presented by geographical area, with the exception of revenue, which is broken down by region in paragraph 7.1.

The segment reporting reflects the structure of the reporting periodically analysed by management so as to manage the business, and is subject to periodic HQ reporting.

(thousands of Euros)	**Year ended as at 31 December 2015**			
	Wash-hire	**Steril B**	**Steril C**	**Total**
Revenues from sales and services	173,453	19,002	37,528	229,983
Other income	2,940	342	2,090	5,372
Raw materials and materials	(16,410)	(4,893)	(2,472)	(23,775)
Costs for services	(53,823)	(5,810)	(13,248)	(72,881)
Personnel expense	(57,277)	(4,339)	(11,782)	(73,398)
Other costs	(1,322)	(70)	(260)	(1,652)
EBITDA (a)	**47,561**	**4,232**	**11,856**	**63,649**
Depreciation, amortisation and impairment	(38,194)	(2,181)	(6,709)	(47,084)
Operating profit (EBIT)	**9,367**	**2,051**	**5,147**	**16,565**
Financial income and expense and income and expense from equity investments in other companies				(130)
Profit before tax				**16,435**
Income taxes				(3,952)
Profit (loss) for the year				**12,483**
Of which portion attributable to non-controlling interests				(245)
Of which portion attributable to shareholders of the parent				**12,728**

(thousands of Euros)	Year ended as at 31 December 2014			
	Wash-hire	**Steril B**	**Steril C**	**Total**
Revenues from sales and services	176,594	20,456	37,297	234,347
Other income	3,064	405	2,369	5,838
Raw materials and materials	(16,673)	(5,577)	(4,944)	(27,194)
Costs for services	(55,521)	(5,591)	(11,610)	(72,722)
Personnel expense	(56,359)	(4,323)	(10,760)	(71,442)
Other costs	(1,210)	(164)	(627)	(2,001)
EBITDA (a)	**49,895**	**5,206**	**11,725**	**66,826**
Depreciation, amortisation, impairment and provisions	(35,595)	(2,065)	(5,987)	(43,647)
Operating profit (EBIT)	**14,300**	**3,141**	**5,738**	**23,179**
Financial income and expense and income and expense from equity investments in other companies				(2,948)
Profit before tax				**20,231**
Income taxes				(6,817)
Profit (loss) for the year				**13,414**
Of which portion attributable to non-controlling interests				(337)
Of which portion attributable to shareholders of the parent				**13,077**

(a) EBITDA is not an accounting measurement under the IFRSs endorsed by the European Union. The Company management has defined EBITDA as the difference between the value of sales and services and operating costs before depreciation, amortisation, impairment and provisions.

In absolute terms, wash-hire represented 75.4% of group revenue, a decrease of 1.8% compared to 2014. The approximately 18.6% average exchange loss of the BRL in 2015 with respect to the average exchange in 2014 significantly impacted the turnover of the wash-hire line. In Brazil, at constant exchange rates revenue would have risen by Euro 3,845 thousand. New contracts such as ASL (LHA) Frosinone, ASL Torino 3, I.N.M.I. - Lazzaro Spallanzani, Istituto Europeo di Oncologia S.r.l., Centro Cardiologico Monzino S.p.A., AUSL (Local Health Authority) of Piacenza, Pessina Gestioni S.r.l. for Garbagnate Hospital, Circolo di Busto Arsizio Hospital and Fatebenefratelli e Oftalmico Hospital had a positive impact on wash-hire segment turnover. It is important to note that certain wash-hire agreements expired during the year, such as those with Rome LHA C and IRCCS Foundation “National Cancer Institute”. In terms of margins, the wash-hire EBITDA margin was 27.4% compared to 28.3% in the previous year, and the EBIT margin decreased from 8.1% to 5.4%, while depreciation, amortisation, impairment and provisions rose by Euro 2,599 thousand compared to 2014. At EBIT level, amortisation, depreciation, impairment and provisions recorded growth due to higher linen depreciation of the Brazilian companies and due to the impact of the amortisation of the customer portfolio of the incorporated companies Si.Gi. Servizi Ospedalieri S.r.l. and Lavanderia Industriale Z.B.M. S.p.A.

Revenues from linen sterilisation services decreased by 7.1% to Euro 19,002 thousand, accounting for 8.6% of total sales. The fall in line revenue is linked to the end of the contract with the Legnano Hospital and the reduction in the turnover of the customer Careggi Hospital of Florence (in the latter case, the use of sterilised technical textile for the operating theatre decreased since the entity has opted for the single-use product), despite the increase in turnover of the customer ESTAV Centro. In terms of margins, the EBITDA margin of the linen sterilisation business stood at 22.3% compared to 25.4% in the previous year, and the EBIT margin decreased to 10.8% from 15.4%.

Turnover in the surgical instrument sterilisation segment grew by 0.6% compared to 2014. This growth is mainly attributable to the gradual increase in turnover from customers such as the Udine University Hospital, Trieste Hospital and Careggi Hospital in Florence and the new contract for the Spedali Civili Hospital in Brescia. In 2014, this line’s turnover was impacted by the transfer of the surgical instrument sterilisation centres care of the Brescia Spedali Civili hospital and the Arezzo LHU for the San Donato hospital for a total of Euro 2,261 thousand. Surgical instrument sterilisation is the segment with the highest profitability in terms of EBITDA, at 31.6%, while its EBIT amounted to 13.7%. The greater incidence of amortisation of the surgical instrument sterilisation activities is linked to the nature of the business which requires high investments for the creation, adaptation of the structural and plant engineering works and the purchase of surgical instruments. These investments are usually reimbursed over the duration of the contract by the customer. With respect to 2014, margins were affected by greater depreciation of surgical instruments deriving from the ramp-up phases of the new contracts and the maintenance costs on said instruments.

The information in the tables below represents the assets directly attributable to investments by business segment:

(thousands of Euros)	**Year ended as at 31 December 2015**			
	Wash-hire	**Steril B**	**Steril C**	**Total**
Total revenues from sales and services	**173,453**	**19,002**	**37,528**	**229,983**
Investments in property, plant and equipment and intangible assets	33,429	2,032	4,614	40,075
Depreciation of property, plant and equipment and amortisation of intangible assets	37,427	2,181	6,709	46,317
Net book value of property, plant and equipment and intangible assets	**85,315**	**5,281**	**33,613**	**124,209**

(thousands of Euros)	**Year ended as at 31 December 2014**			
	Wash-hire	**Steril B**	**Steril C**	**Total**
Total revenues from sales and services	**176,594**	**20,456**	**37,297**	**234,347**
Investments in property, plant and equipment and intangible assets	34,976	1,718	5,861	42,555
Depreciation of property, plant and equipment and amortisation of intangible assets	34,879	2,066	5,987	42,932
Net book value of property, plant and equipment and intangible assets	**91,355**	**6,007**	**35,833**	**133,195**

As things stand, the disclosure regarding the book value of the segment assets and liabilities is deemed to be insignificant.

6 STATEMENT OF FINANCIAL POSITION

6.1 Property, plant and equipment

Changes in property, plant and equipment and the associated accumulated depreciation are shown in the table below.

(thousands of Euros)	**Land and Buildings**	**Plant and machinery**	**Returnable assets**	**Equipment**	**Other assets**	**Assets under construction**	**Total**
Historical cost	2,170	111,068	31,394	48,586	98,244	9,475	300,937
Accumulated depreciation	(854)	(58,858)	(16,059)	(30,175)	(65,059)	-	(171,005)
Balance as at 1 January 2014	**1,316**	**52,210**	**15,335**	**18,411**	**33,185**	**9,475**	**129,932**
Translation differences	1	88	12	1	71	1	174
Change in the scope of consolidation	-	-	-	4	14	-	18
Increases	84	5,711	1,138	5,485	28,727	970	42,115
Decreases	-	(170)	(6)	(11)	(27)	(161)	(375)
Depreciation	(115)	(7,660)	(2,894)	(5,179)	(26,292)	-	(42,140)
Reclassifications	-	1,497	2,871	3,483	72	(7,923)	-
Balance as at 31 December 2014	**1,286**	**51,676**	**16,456**	**22,194**	**35,750**	**2,362**	**129,724**
Historical cost	2,308	117,113	37,834	56,335	91,098	2,362	307,050

Accumulated depreciation	(1,022)	(65,437)	(21,378)	(34,141)	(55,348)	-	(177,326)
Balance as at 1 January 2015	**1,286**	**51,676**	**16,456**	**22,194**	**35,750**	**2,362**	**129,724**
Translation differences	(19)	(2,048)	(360)	(16)	(896)	(8)	(3,347)
Change in the scope of consolidation	-	944	256	28	226	-	1,454
Increases	62	3,503	541	2,842	29,574	2,155	38,677
Decreases	(1)	(262)	(36)	(9)	(146)	(315)	(769)
Depreciation	(114)	(7,878)	(2,997)	(5,830)	(28,184)	-	(45,003)
Reclassifications	-	326	5	913	93	(1,337)	-
Balance as at 31 December 2015	**1,214**	**46,261**	**13,865**	**20,122**	**36,417**	**2,857**	**120,736**
Historical cost	2,289	121,686	35,777	59,045	112,993	2,857	334,647
Accumulated depreciation	(1,075)	(75,425)	(21,912)	(38,923)	(76,576)	-	(213,911)
Balance as at 31 December 2015	**1,214**	**46,261**	**13,865**	**20,122**	**36,417**	**2,857**	**120,736**

Notes on the main changes:

The change in the scope of consolidation refers to the acquisition of Aqualav Serviços De Higienização Ltda.

Plant and machinery

The investments in 2015 mainly related to the washing, ironing and folding systems, as well as new sterilisation systems, steam, water treatment systems and air induction and cooling systems.

Returnable assets

For the year ended 31 December 2015, the investments mainly concerned the building and plant engineering works linked to the achievement of improvements and the adaptation of the existing installations used for the washing and sterilisation activities. Therefore, the Company maintains control over, obtains benefits from and bears the operating risks of these plants. The entity maintains ownership of the plants at the end of the wash-hire/washing/sterilisation contract.

On the basis of contractual commitments, the Group bore the cost of the partial renovation of premises of the industrial laundry facilities owned by the contracting entities, to increase the efficiency of the rented linen washing and sanitation service. These costs have been amortised in accordance with the amortisation schedules linked to the duration of the existing contract with the contracting entities, which is less than the useful life of the works completed.

Industrial and commercial equipment

The item presents an increase of Euro 2,842 thousand in the year ended 31 December 2015 for the purchase of industrial and commercial equipment, of which Euro 1,622 thousand for surgical instruments.

Reclassifications of equipment regard primarily the start of use of surgical instruments for the Udine sterilisation centre (Euro 638 thousand) and for the Baggiovara centre (Euro 201 thousand).

Other assets

(thousands of Euros)	**As at 31 December**	**As at 31 December**
	2015	**2014**
Linens and mattresses	34,357	33,547
Furniture and fixtures	155	174

Electronic machinery	973	885
Cars	43	65
Motor vehicles	821	1,012
Telephone switchboards	62	55
Other	6	12
Total	**36,417**	**35,750**

Purchases made during the period refer primarily to investments in linens, for a total of Euro 28,740 thousand, so as to ensure increasingly efficient inventory management, both for the partial renewal of contracts and for the first supply relating to contracts acquired during the year in question.

Assets under construction

These are mainly returnable assets as per the previous point, under construction at period end.

The item is broken down as follows as at 31 December 2015:

(thousands of Euros)	**As at 31 December**
	2015
Sterilisation centre investments	2,198
Laundering facility investments	493
Investments on contracts	135
Investments at the production sites of the subsidiaries Lavsim Higienização Têxtil S.A. and Maxlav Lavanderia Especializada S.A.	31
Total	**2,857**

There is no property, plant and equipment under guarantee in favour of third parties.

A breakdown by category as at 31 December 2015 and 2014 of the assets under financial lease is provided below:

(thousands of Euros)	**Land and Buildings**	**Plant and machinery**	**Equipment**	**Other assets**	**Total**
Historical cost	59	12,692	844	378	13,973
Accumulated depreciation	(59)	(11,546)	(844)	(378)	(12,827)
Balance as at 1 January 2015	-	**1,146**	-	-	**1,146**
Historical cost	59	11,410	729	371	12,569
Accumulated depreciation	(59)	(10,714)	(729)	(371)	(11,873)
Balance as at 31 December 2015	-	**696**	-	-	**696**

A breakdown as at 31 December 2015 and 2014 of the commitments for operational leasing fees is provided below:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Within 12 months	3,386	3,530
Between one and five years	7,898	9,731
Beyond 5 years	5,522	7,140
Total	**16,805**	**20,400**

6.2 Intangible assets

This item changed as follows:

(thousands of Euros)	Trademarks and Software	Customer contract portfolio	Other intangible assets	Assets under construction	Total
Historical cost	2,684	4,378	-	506	7,568
Accumulated amortisation	(2,195)	(3,261)	-	-	(5,456)
Balance as at 1 January 2014	**489**	**1,117**	**-**	**506**	**2,112**
Translation differences	-	-	-	2	2
Change in the scope of consolidation	-	1,708	-	-	1,708
Increases	80	-	-	360	440
Decreases	-	-	-	-	-
Amortisation	(395)	(396)	-	-	(791)
Reclassifications	302	-	-	(302)	-
Balance as at 31 December 2014	**476**	**2,429**	**-**	**566**	**3,471**
Historical cost	2,916	3,643	-	566	7,125
Accumulated amortisation	(2,440)	(1,214)	-	-	(3,654)
Balance as at 1 January 2015	**476**	**2,429**	**-**	**566**	**3,471**
Translation differences	(1)	-	-	(67)	(68)
Change in the scope of consolidation	-	-	-	-	-
Increases	270	-	1,016	112	1,398
Decreases	-	-	-	(14)	(14)
Amortisation	(506)	(455)	(353)	-	(1,314)
Reclassifications	223	-	-	(223)	-
Balance as at 31 December 2015	**462**	**1,974**	**663**	**374**	**3,473**
Historical cost	3,317	3,613	1,016	374	8,320
Accumulated amortisation	(2,855)	(1,639)	(353)	-	(4,847)
Balance as at 31 December 2015	**462**	**1,974**	**663**	**374**	**3,473**

The column “Customer contract portfolio” represents the residual value assigned to the contracts held by Lavanderia Industriale Z.B.M. S.p.A. and by Si.Gi. Servizi Ospedalieri S.r.l (sole shareholder company) at the time of allocation of the purchase price. The value of these contracts is amortised on a consistent basis with the period in which they will generate benefits. Assets under construction mainly concern the management software being implemented.

The increase in “Other intangible assets” is essentially due to the accounting of the non-compete agreement stipulated with the previous CEO which provides for the obligation not to carry out, in the areas identified, activities in competition with the Group for a period of two years. This amount is amortised using the pro rata temporis method based on the duration of the agreement which expires on 22 April 2017.

6.3 Goodwill

Goodwill is allocated to the Servizi Italia Group's cash generating units identified on the basis of geographical area, which reflects the areas of operation of the companies acquired over the years.

Goodwill is allocated by geographical area as follows:

(thousands of Euros)	**As at 31 December 2014**	**Increases/ (Decreases)**	**Translation differences**	**As at 31 December 2015**
Italy CGU	32,943	-	-	32,943
Brazil CGU	9,659	2,325	(2,444)	9,540
Total	**42,602**	**2,325**	**(2,444)**	**42,483**

All goodwill identified is included in the Wash-hire operating segment as defined for the purposes of segment reporting set forth in IFRS 8. The change in the value of the goodwill of the Brazil CGU is due to the process for the book allocation of the purchase price for Aqualav Serviços De Higienização Ltda and the translation differences due to the increase in the Brazilian Real exchange rate.

The impairment test is carried out by comparing the overall book value of each goodwill item and the series of net assets autonomously able to produce cash flow (CGU), which the same can be reasonably allocated to, with the value in use of the CGU or that recoverable from the same via sale, whichever is the higher. In detail, the value in use was determined by applying the "discounted cash flow" method discounting back the operating flows emerging from economic-financial projections relating to a period of five years. The long-term plans which have been used for the impairment tests were approved by advance by the Boards of Directors of the subsidiaries and/or by the parent company Servizi Italia S.p.A. The underlying hypotheses of the plans used reflect past experience, and the information gathered at the time of purchase for the Brazilian market and are consistent the external sources of information available. With reference to the explicit period, the Company took into consideration expected trends set forth in the 2016-2020 business plan.

The terminal value is determined by applying a perpetual growth factor of 1.0% for the Italy CGU and 4.5% for the Brazil CGU to the operating cash flow relating to the last year of the plan appropriately standardised, essentially representative on the one part of the inflation rate expected in Italy and in Brazil to which the prices of services offered are indexed and on the other part of the uncertainties which characterise the Italian and Brazilian markets. The discount rate used to discount back the cash flows of the CGUs located in Italy is 5.54% (6.64% last year), while it is 12.09% for the Brazil CGU (11.60% last year). These rates reflect the current valuations of the market with reference to the current value of money and the specific risks associated with the activities. The discount rates have been estimated net of taxes, on a consistent basis with the cash flows considered, by means of the determination of the weighted average cost of the capital (WACC).

Sensitivity analysis was carried out on the recoverability of the book value of the goodwill in line with the change in the main assumptions used for determining the value in use, also in consideration of the prudent approach used to select the financial parameters specified above. On the basis of the assumptions made as per the model for the goodwill, the changes in the values of the growth rate and the WACC, which would make the recoverable value of the CGUs equal to the book value, are presented below:

(thousands of Euros)	**% Reduction in the growth rate of the terminal values**	**% Increase in the WACC discount rate**
Italy CGU	70%	10%
Brazil CGU	11%	3%

With reference to 31 December 2015 and the previous years, the impairment tests carried out did not reveal any impairment to be booked to the recorded goodwill.

6.4 Equity-accounted investments

This item changed as follows:

(thousands of Euros)	Change in 2015					
	1 January 2015	**Increases**	**Decreases**	**Revaluations**	**Impairments**	**31 December 2015**
Associates and jointly controlled companies						
Saniservice Sh.p.k.	-	6	-	-	(46)	(40)
Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve	-	4,469	-	16	-	4,485
Finanza & Progetti S.p.A.	-	5,100	-	-	(9)	5,091
Centro Italia Servizi S.r.l.	390	-	(240)	7	-	157
CO.SE.S S.c.r.l.	3	-	-	-	-	3
PSIS S.r.l.	3,957	-	-	187	-	4,144
Ekolav S.r.l.	55	-	-	6	-	61
Steril Piemonte S.c.r.l.	1,973	-	-	-	-	1,973
AMG S.r.l.	2,198	-	-	57	-	2,255
Iniziative Produttive Piemontesi S.r.l.	1,149	-	-	-	(43)	1,106
SE.STE.RO. S.r.l.	123	-	-	-	-	123
Piemonte Servizi Sanitari S.c.r.l.	3	-	-	-	-	3
SAS Sterilizasyon Servisleri A.Ş.	52	-	-	-	(27)	25
Shubhram Hospital Solutions Private Limited	63	267	-	-	(665)	(335)
Total	**9,966**	**9,842**	**(240)**	**273**	**(790)**	**19,051**

This item in question changed as follows in 2014:

(thousands of Euros)	Change in 2014					
	1 January 2014	**Increases**	**Decreases**	**Revaluations**	**Impairments**	**31 December 2014**
Associates and jointly controlled companies						
Si.Gi. Servizi Ospedalieri S.r.l.	518	-	(696)	178	-	-
Centro Italia Servizi S.r.l.	149	-	-	241	-	390
CO.SE.S S.c.r.l.	3	-	-	-	-	3
PSIS S.r.l.	4,106	-	-	-	(149)	3,957
Ekolav S.r.l.	49	-	-	6	-	55
Steril Piemonte S.c.r.l.	1,973	-	-	-	-	1,973
AMG S.r.l.	2,117	-	-	81	-	2,198
Iniziative Produttive Piemontesi S.r.l.	1,166	1	-	-	(18)	1,149
SE.STE.RO. S.r.l.	168	-	(50)	5	-	123
Piemonte Servizi Sanitari S.c.r.l.	3	-	-	-	-	3
SAS Sterilizasyon Servisleri A.Ş.	-	86	-	-	(34)	52
Shubhram Hospital Solutions Private Limited	-	308	-	-	(245)	63
Total	**10,252**	**395**	**(746)**	**511**	**(446)**	**9,966**

The total values of the current and non-current assets, current and non-current liabilities, revenues, costs and profit/loss of the equity investments carried at equity are presented below:

(thousands)	As at 31 December 2015								
Company Name	**Currency**	**Non-current assets**	**Current assets**	**Non-current liabilities**	**Current liabilities**	**Shareholders' equity**	**Revenues**	**Costs**	**Profit/ (Loss)**
SAS Sterilizasyon Servisleri A.Ş.	TL	1	340	-	183	158	607	736	(129)
Saniservice Sh.p.k.	LEK	313	58,686	35,006	42,285	(18,292)	-	21,038	(21,038)
Shubhram Hospital Solutions Private Limited	INR	598,898	46,185	441,869	250,582	(47,368)	19,571	114,114	(94,543)
Ankateks Turizm İnsaat Tekstil Temizleme Sanayi Ve	TL	11,799	4,685	6,621	7,955	1,908	14,038	13,255	783
Finanza & Progetti S.p.A.	EUR	2,282	1,243	26	589	2,910	-	235	(235)
Centro Italia Servizi S.r.l.	EUR	274	797	264	493	314	1,844	1,830	14
CO.SE.S S.c.r.l.	EUR	6	2,547	123	2,420	10	2,600	2,600	-
PSIS S.r.l.	EUR	25,093	6,174	3,539	19,440	8,288	9,271	8,897	374
Ekolav S.r.l.	EUR	1,616	1,096	676	1,913	123	2,559	2,547	12
Steril Piemonte S.c.r.l.	EUR	5,678	1,531	-	3,264	3,945	2,891	2,891	-
AMG S.r.l.	EUR	2,215	2,746	484	2,058	2,419	4,219	4,104	115
SE.STE.RO. S.r.l.	EUR	15	1,718	42	1,201	490	1,052	1,050	2
Iniziative Produttive Piemontesi S.r.l.	EUR	867	3,891	281	2,789	1,688	5,684	5,799	(115)
Piemonte Servizi Sanitari S.c.r.l.	EUR	41	1,412	-	1,443	10	2,301	2,301	-

The overall values of cash and cash equivalents, current and non-current financial liabilities, impairments and amortisation/depreciation, interest income, interest expense and income taxes of the jointly-controlled companies as at 31 December 2015, are presented below:

(thousands)	As at 31 December 2015							
Company Name	**Currency**	**Cash and cash equivalents**	**Current fin. liabilities**	**Non-current fin. liabilities**	**Impairments and amortisation/depreciation**	**Interest income**	**Interest expense**	**Income taxes**
SAS Sterilizasyon Servisleri A.Ş.	TL	71	-	-	1	10	-	-
Shubhram Hospital Solutions Private Limited	INR	2,225	213,903	441,791	10,910	259	19,803	-
Saniservice Sh.p.k.	LEK	2,038	-	-	-	-	382	-
Finanza & Progetti S.p.A.	EUR	577	-	-	5	-	-	-
Centro Italia Servizi S.r.l.	EUR	77	-	-	220	-	2	14
PSIS S.r.l.	EUR	214	13,666	3,539	2,541	-	521	53
AMG S.r.l.	EUR	1,115	1,000	-	585	2	6	83

6.5 Equity investments in other companies

The item in question did not change during 2015:

(thousands of Euros)	Change in 2015			
	1 January 2015	**Increases**	**Impairment losses/Decreases**	**31 December 2015**
Asolo Hospital Service S.p.A.	464	-	-	464
Prosa S.p.A.	462	-	-	462
PROG.ESTE S.p.A.	1,212	-	-	1,212
Progeni S.p.A.	380	-	-	380
Sesamo S.p.A.	353	-	-	353
CCFS Consorzio Coop. Finanziario	14	-	-	14
Gesteam S.r.l.	9	-	-	9

Consorzio Lani Energie	1	-	-	1
Summano Sanità S.p.A.	11	-	-	11
Project Ca' Arnaldi S.r.l.	9	-	(9)	-
Consorzio Nazionale Servizi	13	-	-	13
Synchron Nuovo San Gerardo S.p.A.	344	-	-	344
SPV Arena Sanità	278	-	-	278
Other	1	-	-	1
Total	**3,551**	**-**	**(9)**	**3,542**

This item in question changed as follows in 2014:

(thousands of Euros)	**Change in 2014**			
	1 January 2014	**Increases**	**Impairment losses/Decreases**	**31 December 2014**
Asolo Hospital Service S.p.A.	464	-	-	464
Prosa S.p.A.	462	-	-	462
PROG.ESTE S.p.A.	1212	-	-	1,212
Progeni S.p.A.	380	-	-	380
Sesamo S.p.A.	353	-	-	353
Italia Servizi Integrati S.p.A.	15	-	(15)	-
CCFS Consorzio Coop. Finanziario	14	-	-	14
Gesteam S.r.l.	9	-	-	9
Consorzio Lani Energie	1	-	-	1
Summano Sanità S.p.A.	11	-	-	11
Project Ca' Arnaldi S.r.l.	9	-	-	9
Consorzio Nazionale Servizi	13	-	-	13
Synchron Nuovo San Gerardo S.p.A.	344	-	-	344
SPV Arena Sanità	208	70	-	278
Other	1	-	-	1
Total	**3,496**	**70**	**(15)**	**3,551**

The total values of the assets, liabilities, revenues and profit/loss, on the basis of the last set of available financial statements, of the main equity investments in other companies held by the Company are presented below, along with related shareholding held as at 31 December 2015:

(thousands of Euros)		**Financial statement figures as at 31 December 2014**				**% holding**
	Registered Offices	**Assets**	**Liabilities**	**Revenues**	**Profit/ (Loss)**	**as at 31 December 2015**
Asolo Hospital Service S.p.A.	Asolo (TV)	114,748	104,169	43,760	875	7.03%
Prosa S.p.A.	Carpi (MO)	11,893	6,773	5,926	935	13.20%
Progeni S.p.A.	Milan	303,170	292,754	41,825	(80)	3.80%
Sesamo S.p.A.	Carpi (MO)	43,993	36,478	18,001	2,225	12.17%
Prog.este. S.p.A.	Carpi (MO)	218,887	209,968	35,374	332	10.14%

6.6 Financial receivables

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Prosa S.p.A.	321	434

Sesamo S.p.A.	353	353
Saniservice Sh.p.k.	162	-
Progeni S.p.A.	982	982
Prog.Este S.p.A.	531	531
Summano Sanità S.p.A.	3	6
Arena Sanità	446	21
Syncron	254	-
Ospedale Irmandade de Santa Casa de Misericordia de São Paulo	182	387
Total	**3,234**	**2,714**

Financial receivables relate to interest-bearing loans granted to the companies Prosa S.p.A. (rate equal to 1.60% plus 3-month Euribor), Sesamo S.p.A. (rate equal to 3% plus 20-year IRS rate), Progeni S.p.A. (rate equal to 5.06% + 2.25%), Prog.Este S.p.A. (rate equal to 4.7135% + 1.75%), Summano Sanità S.p.A. (rate equal to 3.8% + 2.30%) and Arena Sanità S.p.A. (rate equal to 3.4% + 6-month Euribor) and with a term equal to the global service agreements for which they were established (expiring on 21 February 2031, 31 December 2037, 31 December 2033, 31 December 2031, 31 December 2030 and 20 August 2032, respectively). The loan in favour of Prosa S.p.A. decreased due to a partial repayment which took place in 2015, while the loan to Irmandade de Santa Casa de Misericordia Hospital in São Paulo decreased as a result of the collection of instalments paid as per the repayment plan. The loan granted to Arena Sanità S.p.A. rose by Euro 425 thousand and, in the course of 2015, two new loans were disbursed, to Saniservice Sh.p.k. (Euro 162 thousand, with a rate of 7%) and Synchron S.p.A. (Euro 254 thousand, with a rate of 8%).

6.7 Deferred tax assets

This item changed as follows:

(thousands of Euros)	**Share capital increase costs**	**Property, plant and equipment**	**Employee benefits**	**Other costs with deferred deductibility**	**Total**
Deferred taxation as at 1 January 2014	**79**	**-**	**-**	**574**	**653**
Change in the scope of consolidation	-	-	-	2	2
Changes recognised in the income statement	(26)	430	-	143	547
Changes recognised under shareholders' equity	40	-	-	-	40
Changes recognised in other comprehensive income	-	-	140	-	140
Deferred taxation as at 31 December 2014	**93**	**430**	**140**	**719**	**1,382**
Changes recognised in the income statement	(45)	354	-	115	424
Changes recognised under shareholders' equity		-	-	-	-
Changes recognised in other comprehensive income	-	-	(6)	-	(6)
Deferred taxation as at 31 December 2015	**48**	**784**	**134**	**834**	**1,800**

Following the approval of the 2016 Stability Law (Italian Law No. 208 of 28 December 2015), which lowered the IRES rate from 27.5% to 24% starting on 1 January 2017, deferred tax assets were adjusted accordingly. This adjustment had a negative effect of Euro 24 thousand. There are no deferred tax assets not recognised in the financial statements because they were considered non-recoverable.

6.8 Other assets

The item is broken down as follows:

(thousands of Euros)	As at 31 December	
	2015	**2014**
Substitute tax Italian D.L. 185 subsequent years	1,880	2,139
Receivables for IRES reimbursement request pursuant to Art. 2c.1-quater Italian D.L. 201	1,834	1,832
Aqualav receivable in escrow account	1,860	-
Other non-current assets	534	96
Total	**6,108**	**4,067**

Other non-current assets rose from Euro 4,067 thousand as at 31 December 2014 to Euro 6,108 thousand as at 31 December 2015. The increase in this item is due to the recognition of the escrow account of Aqualav Serviços De Higienização Ltda for Euro 1,860 thousand, estimated in the financial statements of the Brazilian subsidiary. The drop in substitute tax is due to the release to the income statement for the pertinent deduction of the goodwill released in 2013 and previous years. This substitute tax was recognised as prepaid current taxes and is released to the income statement over the period of time in which the Group benefits from the tax deductions connected with the goodwill.

6.9 Inventories

Inventories at year-end primarily included single-use, washing products, chemical products, packaging and consumables. No impairments were made to the value of the inventories in the current and previous years.

6.10 Trade receivables

The item is broken down as follows:

(thousands of Euros)	As at 31 December	
	2015	**2014**
Due from third parties	73,983	75,009
Due from associates	643	814
Due from parent companies	120	346
Total	**74,746**	**76,169**

6.10.1 Trade receivables due from third parties

The item is broken down as follows:

(thousands of Euros)	As at 31 December	
	2015	**2014**
Due from customers	79,514	80,344
Bad debt provision	(5,531)	(5,335)
Total	**73,983**	**75,009**

The Company took part in a number of transactions concerning the transfer of receivables described below:

- four factoring transactions were carried out on trade receivables without recourse, with Credem Factor, for a total of Euro 45,826 thousand for a consideration of Euro 45,613 thousand;
- trade receivables were factored without recourse to Unicredit Factoring, due from Lazio Regional local health units and hospitals for Euro 8,956 thousand, for a consideration of Euro 8,901 thousand;
- trade receivables were factored without recourse to Mediofactoring S.p.A. for Euro 13,692 thousand, for a consideration of Euro 13,619 thousand.
- trade receivables were factored without recourse to Unicredit Factoring S.p.A. for Euro 7,289 thousand, for a consideration of Euro 7,251 thousand.

The bad debt provision changed as follows in 2015 and in 2014:

(thousands of Euros)	
Balance as at 1 January 2014	**5,138**
Uses	(454)
Adjustments	(26)
Provisions	677
Balance as at 31 December 2014	**5,335**
Uses	(160)
Adjustments	(40)
Provisions	396
Balance as at 31 December 2015	**5,531**

6.10.2 Trade receivables due from associates and parent companies

The balance as at 31 December 2015 of trade receivables due from associates and jointly-controlled companies, amounting to Euro 643 thousand, is essentially represented by trade receivables due from PSIS S.r.l. for Euro 172 thousand, Steril Piemonte S.c.r.l. for Euro 160 thousand, AMG S.r.l. for Euro 149 thousand, SE.STE.RO. S.r.l. for Euro 67 thousand, Saniservice Sh.p.k. for Euro 36 thousand and Ekolav S.r.l. for Euro 22 thousand.

Furthermore, there is a credit balance due from the parent company Coopservice Soc.Coop. p.A. for Euro 120 thousand.

6.11 Current tax receivables

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Tax receivables	5,679	7,793
Tax payables	(3,201)	(7,507)
Total	**2,478**	**286**

6.12 Financial receivables

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Asolo Hospital Service S.p.A.	1,563	1,648
P.S.I.S. S.r.l.	3,856	3,800
Ekolav S.r.l.	172	170
AMG S.r.l.	502	500
Steril Piemonte S.c.r.l.	1,156	1,150
Iniziative Produttive Piemontesi S.r.l.	91	90
Gesteam S.r.l.	328	300
Other	399	133
Total	**8,067**	**7,791**

Financial receivables are for loans granted to the companies indicated above, which are due within the year or repayable on demand. The increase compared to 31 December 2014 is essentially due to interest accrued on individual loans and still not collected. In 2015, a partial repayment of Euro 182 thousand was made on the interest-bearing loan granted to Asolo Hospital Service S.p.A. The item "Other" discloses the interest-bearing loan (rate of 11.4%) for Euro 108 thousand in favour of the customer Irmandade de Santa Casa de Misericordia Hospital in São Paulo (Brazil) granted by the subsidiary SRI Empreendimentos e Participações L.t.d.a..

6.13 Other assets

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Due from others	8,205	5,502
Prepayments	831	826
Guarantee deposits receivable	156	69
Accrued income	49	-
Total	**9,241**	**6,397**

The item Receivables due from others is made up of the amount due to the subsidiaries Se.Sa.Tre. S.c.r.l. and San Martino 2000 from the consortium Servizi Ospedalieri S.p.A. totalling Euro 2,263 thousand and, for the remaining amount, advances and amounts due from social security and welfare institutions, all due within 12 months.

6.14 Cash and cash equivalents

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Bank and postal deposits	7,057	5,110
Cheques	-	25
Cash at bank and in hand	25	43
Total	**7,082**	**5,178**

This item increased by Euro 1,904 thousand compared to 31 December 2014. This increase is essentially linked to the cash and cash equivalents of the Brazilian subsidiary SRI Empreendimentos e Participações Ltda, which will be used in 2016 to finance local investments.

6.15 Shareholders' equity

6.15.1 Share capital and reserves

On 2 November 2015, further to the closure of the Third and last Exercise Period (from 1 October until 30 October 2015) of the "Warrant Servizi Italia S.p.A. 2012 – 2015", the Company announced that 9,311,120 Warrants had been exercised and consequently 2,327,780 newly-issued ordinary Servizi Italia shares had been subscribed (at a ratio of 1 new share for each 4 warrants exercised) at a price of Euro 3.30 each, admitted for listing on the Borsa Italiana screen-based stock market (MTA), with a par value of Euro 1.00 each, with regular dividend rights and the same characteristics as the ordinary Servizi Italia shares in circulation as of the issue date (the "Conversion Shares"), for a total equivalent value of Euro 7,681,674. Due to the closure of the Third Exercise Period, the 2012-2015 Warrants are no longer exercisable or traded on the Regulated Market.

During 2015, the Company purchased 186,890 treasury shares with a value of Euro 797 thousand, equivalent to 0.61% of the share capital, at the average book price of Euro 4.27 per share and sold 397,000 treasury shares for a value of Euro 1,739 thousand, equating to 1.29% of the share capital at an average price of Euro 4.38 per share. Following these transactions, the Company held 255,616 treasury shares amounting to 0.83% of the share capital as at 31 December 2015. The equivalent value of the treasury shares held on 31 December 2015, equal to Euro 1,101 thousand, was classified as decreasing the share capital for the par value of the same, equating to Euro 256 thousand, and as reducing the share premium reserve for the excess of the purchase value with respect to the par value, amounting to Euro 845 thousand.

The legal reserve and other reserves increased due to the allocation of the 2014 profit, along with the payment of dividends for Euro 4,503 thousand and the reduction due to the translation difference associated with the assets of the Brazilian companies as a result of decline in value of the Brazilian real compared to the Euro.

6.16 Due to banks and other lenders

The item is broken down as follows:

(thousands of Euros)	As at 31 December 2015			As at 31 December 2014		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Due to banks	44,361	35,589	79,950	41,667	27,013	68,680
Due to other lenders	1,830	522	2,352	1,124	1,245	2,369
Total	**46,191**	**36,111**	**82,302**	**42,791**	**28,258**	**71,049**

6.16.1 Due to banks

The portion of the payable falling due within 12 months relating to the item Due to banks as at 31 December 2015 presents an increase with respect to 31 December 2014 of Euro 2,694 thousand as a result of greater recourse to self-financing credit lines for supplier payments.

The portion of the payable falling due beyond 12 months relating to the item Due to banks as at 31 December 2015 presents an increase with respect to 31 December 2014 of Euro 8,576 thousand. This portion includes the unsecured loan taken out from Cassa di Risparmio in Bologna S.p.A. (remaining payable beyond 12 months of Euro 9,000 thousand). The change with respect to 31 December 2014 is connected to the repayment of the loan instalments which fell due during the year, the early repayment of Euro 6,500 thousand on the mortgage taken out from Banca Popolare dell'Emilia Romagna and of Euro 7,560 thousand on the loan from Banca del Mezzogiorno – MedioCredito Centrale S.p.A., and the subscription of new mortgages with the bank Carige Italia S.p.A. in the amount of Euro 10,000 thousand (remaining payable beyond 12 months of Euro 6,562 thousand) on 31 March 2015 with a duration of five years, with Cassa di Risparmio di Parma e Piacenza SpA in the amount of Euro 10,000 thousand (remaining payable beyond 12 months of Euro 6,304 thousand) on 27 April 2015 with a duration of four years and with Banca Popolare di Milano S.Coop.a r.l. for a total of Euro 15,000 thousand (remaining payable beyond 12 months of Euro 12,800 thousand) on 2 November 2015 with a duration of five years. The loan taken out with Cassa di Risparmio in Bologna S.p.A. in 2012 requires a net financial position of less than 1.5 times the value of shareholders' equity (covenant) to be maintained, a condition which had been met as at 31 December 2015. The loan stipulated with Banca Nazionale del Lavoro S.p.A. requires the maintenance of a net financial position of less than 2 times the value of shareholders' equity and less than 2.5 times the Ebitda (covenant), conditions which had been met as at 31 December 2015. The loans stipulated with Cassa di Risparmio in Bologna S.p.A. in 2014 and with Cassa di Risparmio di Parma e Piacenza S.p.A. require the maintenance of a net financial position of less than 1.5 times the value of shareholders' equity and less than 2.5 times the Ebitda (covenant), conditions which had been met as at 31 December 2015. The loan stipulated with Banca Popolare di Milano S.Coop.a r.l. requires the maintenance of a net financial position of less than 2 times the value of shareholders' equity and less than 2 times the Ebitda (covenant), conditions which had been met as at 31 December 2015.

The portion of debt due beyond 12 months also includes the medium-term debt of the Brazilian subsidiaries Lavsim Higienização Têxtil S.A. for a total of Euro 169 thousand, Maxlav Lavanderia Especializada S.A. for a total of Euro 162 thousand, Vida Lavanderias Especializada S.A. for a total of Euro 157 thousand and Aqualav Serviços De Higienização Ltda for a total of Euro 434 thousand.

Amounts due to banks are shown below by maturity:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Less than or equal to 6 months	38,759	34,285
6 to 12 months	5,602	7,383
1 to 5 years	34,820	27,012
More than 5 years	769	-
Total	**79,950**	**68,680**

Non-current amounts due to banks are broken down by maturity as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
1 to 2 years	11,109	9,625
2 to 5 years	23,711	17,387

More than 5 years	769	-
Total	**35,589**	**27,012**

The average effective interest rates as at 31 December 2015 were as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Advances on invoices	1.92%	2.04%
Bank loan	2.17%	3.89%

6.16.2 Due to other lenders

Amounts due to other lenders as at 31 December 2015, for the current portion, are mainly represented by the amount due to the Viterbo Hospital authority for Euro 50 thousand relating to a double payment made in our favour, the amount due to Credem Factor for invoices factored without recourse of Euro 206 thousand, mistakenly paid in our favour by the customer, the debt contracted by the subsidiary Se.Sa.Tre. S.c.r.l. vis-à-vis Servizi Ospedalieri S.p.A. for Euro 706 thousand (Euro 719 thousand as at 31 December 2014), and the debt of the Brazilian subsidiaries for a total of Euro 868 thousand.

As at 31 December 2015, the non-current portion was attributable to the debt contracted by the subsidiary Se.Sa.Tre. S.c.r.l. vis-à-vis Servizi Ospedalieri S.p.A. for Euro 515 thousand (Euro 1,202 thousand as at 31 December 2014), and the debt of the Brazilian subsidiaries for a total of Euro 7 thousand.

Payables to other lenders are broken down by maturity below.

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Less than or equal to 6 months	1,113	377
6 to 12 months	717	747
1 to 5 years	522	1,245
More than 5 years	-	-
Total	**2,352**	**2,369**

Non-current amounts due to other lenders are broken down by maturity as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
1 to 2 years	522	721
2 to 5 years	-	525
More than 5 years	-	-
Total	**522**	**1,245**

The following table shows the breakdown of the amounts due to other lenders by type of rate:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Floating rate	2,096	2,029
Fixed rate	256	340

Total	**2,352**	**2,369**

6.17 Deferred tax liabilities

Deferred tax liabilities are broken down below by nature of the timing differences that generated them:

(thousands of Euros)	**Leasing**	**Employee benefits**	**Property, plant and equipment and intangible assets**	**Goodwill**	**Other**	**Total**
Deferred tax liabilities as at 1 January 2014	**376**	**125**	**396**	**1,091**	**-**	**1,988**
Change in the scope of consolidation	-	-	536	-	-	536
Changes recognised in the income statement	(138)	(7)	(111)	115	-	(141)
Changes recognised in other comprehensive income	-	(118)	-	-	-	(118)
Deferred tax liabilities as at 31 December 2014	**238**	**-**	**821**	**1,206**	**-**	**2,265**
Change in the scope of consolidation	-	-	-	-	-	-
Changes recognised in the income statement	(130)	-	(236)	(32)	-	(398)
Changes recognised in other comprehensive income	-		-	-	-	-
Deferred tax liabilities as at 31 December 2015	**108**	**-**	**585**	**1,174**	**-**	**1,867**

Following the approval of the 2016 Stability Law (Italian Law No. 208 of 28 December 2015), which lowered the IRES rate from 27.5% to 24% starting on 1 January 2017, deferred tax liabilities were adjusted accordingly. This adjustment had a positive effect of Euro 199 thousand.

There are no deferred taxes which have not been recognised since the related payment is deemed unlikely.

6.18 Employee benefits

This item changed as follows:

(thousands of Euros)		**Year**
	2015	**2014**
Opening balance	**10,855**	**9,732**
Change in the scope of consolidation	-	219
Provision	430	271
Financial expense	140	273
Actuarial (gains)/losses	70	937
Transfers (to)/from other provisions	-	-
(Uses)	(1,506)	(577)
Closing balance	**9,989**	**10,855**

This item includes the employee severance indemnity as well as the amount accrued on the LTI-Cash 2015-2017 variable remuneration plan for Directors, Managers, Senior Managers and Executives, based on which a bonus is disbursed at the end of the three-year period if certain economic and financial targets are met and in relation to the Servizi Italia share price, and the termination indemnity accrued by the CEO.

With the approval of the financial statements as at 31 December 2014, the vesting period of the LTI Cash 2012-2013-2014 Plan was completed. On 12 March 2015, the Remuneration Committee provided in-depth disclosure and support to the Board of Directors, highlighting the achievement of the performance target and therefore proposing the disbursement of the bonus to the Beneficiaries under the terms and as per the formalities established in the regulations. The proposal was approved by the Board of Directors and the Board of Statutory Auditors, in fact decreeing the closure of said plan and disbursement to the beneficiaries of around Euro 1,050 thousand.

6.18.1 Financial hypotheses adopted

The valuation techniques were carried out on the basis of the hypotheses described by the following table:

		Year
	2015	**2014**
Technical annual discounting back rate	1.39%	1.50%
Annual inflation rate	1.75%	1.75%
Annual growth rate of the severance indemnity	2.81%	2.81%

With regard to the discount rate, the iBoxx Eurozone Corporates AA 7 - 10 index as of the valuation date was taken as reference for the valuation of this parameter. The duration of the liability is 10 years.

6.18.2 Demographic hypotheses adopted

- With regard to the probabilities of demise, those established by the State General Accounting Office, known as RG48, differentiated by gender:
- for the probabilities of disability those, differentiated by gender, adopted in the INPS model for the projections through 2010. These probabilities have been created starting off from the distribution by age and gender of the pensions in force as at 1 January 1987 as from 1984, 1985 and 1986 relating to lending industry personnel;
- with regard to the retirement period for the active generic the achievement of the first of the pension requirements valid for Mandatory General Insurance was presupposed;
- for the probabilities of leaving employment for reasons other than demise, on the basis of statistics provided by the Company, the annual frequencies of 7.50% have been considered;
- with regard to the probability of advance, a year by year value of 3.00% was supposed.

Further to the supplementary welfare reform as per Italian Legislative Decree No. 252 dated 5 December 2005, for employees who have decided to allocate the indemnity as from 1 January 2007 to the INPS Treasury Fund, the advances as per Article 2120 of the Italian Civil Code are calculated on the entire value of the severance indemnity accrued by the worker.

These advances are disbursed by the employer within the limits of the capacity of the amounts accrued by virtue of the provisions made up until 31 December 2006. If the amount of the advance is not covered by the amount accrued care of the employer, the difference is disbursed by the Treasury Fund set up care of INPS.

With regard to the matters set forth above and for just the employees who have complied with the Treasury Fund and who have not requested advances on the indemnity, corrections have been made in the actuarial valuations increasing the requested percentage to be applied to the Fund accrued as at 31 December 2006 and revalued until the calculation date.

6.18.3 Sensitivity analysis

In accordance with the matters required by the reviewed version of IAS 19, sensitivity analysis is presented below in line with the change in the main actuarial hypotheses included in the calculation model.

(thousands of Euros)	**Discount rate**		**Inflation rate**		**Duration**	
	+0.50%	**-0.50%**	**+0.25%**	**-0.25%**	**+1 year**	**-1 year**
Change in liabilities	(356)	379	107	(105)	(51)	274

6.19 Provisions for risks and charges

The item is broken down as follows:

(thousands of Euros)		**Year**
	2015	**2014**
Opening balance	**126**	**343**
Provisions	2,199	64
Uses	(33)	(281)
Other changes	(15)	-
Closing balance	**2,277**	**126**

The provision shown as at 31 December 2015 was due to the recognition of a provision for labour disputes of Aqualav Serviços De Higienização Ltda in the amount of Euro 1,860 thousand estimated in the financial statements of the Brazilian subsidiary. This amount is guaranteed by the sellers so that any future liabilities do not negatively impact the company’s income statement.

6.20 Other financial liabilities

The item is broken down as follows:

(thousands of Euros)		**As at 31 December**
	2015	**2014**
Deferred price Aqualav Serviços De Higienização Ltda	522	-
Payable for put options Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A.	2,686	6,194
Total	**3,208**	**6,194**

The item decreased by Euro 2,986 thousand from Euro 6,194 thousand to Euro 5,241 thousand. The decrease compared to 31 December 2014 derives from the redetermination of the value of the payable for put options connected with the acquisition of the remaining 49.9% of the companies Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A., the depreciation of the real compared to the Euro, and the payment of sums withheld to guarantee the price paid for the acquisition of Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A. This item includes the non-current portion of sums withheld to guarantee the price paid for the acquisition of Aqualav Serviços De Higienização Ltda, amounting to Euro 522 thousand.

6.21 Trade payables

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Due to suppliers	58,091	56,477
Due to associates	3,711	3,621
Due to parent companies	3,627	4,577
Total	**65,429**	**64,675**

6.21.1 Due to suppliers

The balance as at 31 December 2015 refers entirely to trade payables due within 12 months.

6.21.2 Due to associates, jointly controlled and parent companies

The balance as at 31 December 2015 mainly refers to trade payables due to Steril Piemonte S.c.r.l. (Euro 704 thousand), Ekolav S.r.l. (Euro 552 thousand), Se.Ste.Ro. S.r.l. (Euro 549 thousand), Co.Se.S. S.c.r.l. (Euro 432 thousand), AMG S.r.l. (Euro 425 thousand), Piemonte Servizi Sanitari S.c.r.l. (Euro 390 thousand) and Centro Italia Servizi S.r.l. (Euro 322 thousand).

Trade payables due to the parent company Coopservice S.Coop.p.A. amount to Euro 3,627 thousand.

6.22 Current tax payables

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Tax receivables	2,438	4,972
Tax payables	(2,803)	(5,995)
Total	**(365)**	**(1,023)**

The amount refers to current tax payables of consolidated companies.

6.23 Other financial liabilities

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Payable to Ankateks shareholders	962	-
Payable for put options and earn-out on Lavsim Higienização Têxtil S.A.	-	5,722
Deferred price Aqualav Serviços De Higienização Ltda	58	-
Payable for earn-out on Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A.	58	77
Total	**1,078**	**5,799**

The change in this item arose from the payment on 16 January 2015 of the amount due for the exercising of the put option relating to the acquisition of the remaining 50% of the share capital of the company Lavsim Higienização Têxtil S.A., in which Servizi Italia S.p.A. has held an equity investment since 2 July 2012 through the subsidiary SRI Empreendimentos e Participações Ltda. This item also includes Euro 962 thousand recognised in relation to the remaining payable to other shareholders for the acquisition of the 40.0% stake in Ankateks Turizm Inşaat Tekstil Temizleme San. Ve Tic. Ltd. Şti. This item includes the current portion of sums withheld to guarantee the price paid for the acquisition of Aqualav Serviços De Higienização Ltda, amounting to Euro 58 thousand.

6.24 Other payables

The table below provides a breakdown of other current liabilities.

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Accrued liabilities	18	12
Deferred income	800	964
Due to social security and welfare institutions	5,115	4,937
Other payables	11,908	18,106
Total	**17,841**	**24,019**

6.24.1 Due to social security and welfare institutions

Amounts due to social security include contributions to INPS/INAIL/INPDAI (National Social Security Institution/Italian Institution for Insurance Against Workplace Accidents/National Welfare Institute for Industrial Managerial Employees) totalling Euro 5,115 thousand, all falling due within the year.

6.24.2 Other payables

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Due to employees	8,859	8,980
Employee/professional IRPEF (personal income tax) payable	1,972	1,711
Current and deferred VAT payable	-	6,761
Other payables	1,077	654
Total	**11,908**	**18,106**

The reduction in payables compared to the previous year was mainly due to the decrease in the VAT payable for invoices issued to the public administration due to the application as of 1 January 2015 of the split payment regulation introduced in Italy with the 2015 Stability Law. The increase in the item Other payables is due mainly to the recognition of the current payable for the non-compete agreement amounting to Euro 516 thousand.

6.25 Net financial debt

The Group's net financial debt as at 31 December 2015 and as at 31 December 2014 is shown below.

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Cash and cash equivalents in hand	25	68
Cash at bank	7,057	5,110

Cash and cash equivalents	**7,082**	**5,178**
Current financial receivables	8,067	7,791
Current liabilities to banks and other lenders	(46,191)	(42,791)
Current net financial debt	**(38,124)**	**(35,000)**
Non-current liabilities to banks and other lenders	(36,111)	(28,257)
Non-current net financial debt	**(36,111)**	**(28,257)**
Net financial debt	**(67,153)**	**(58,079)**

The increase in net financial debt essentially resulted from the payment made for the acquisition of the remaining 50% of the share capital of Lavsim Higienização Têxtil S.A., amounting to Euro 6,094 thousand, calculated based on the exchange rate of 3.0357 at the payment date of 16 January 2015 and the payment made for the acquisition of Aqualav Serviços De Higienização Ltda, amounting to Euro 3,160 thousand, calculated based on the exchange rate of 4.37292 at the payment date of 22 December 2015.

The rise in financial debt was also caused by the acquisition of a 40.0% stake in the Turkish company Ankateks Turizm Inşaat Tekstil Temizleme San. Ve Tic. Ltd. Şti for approximately Euro 3.5 million, as well as the acquisition of 50.0% of the share capital of Finanza e Progetti S.p.A., which will provide services at Treviso LHA 9.

In particular, examining the individual items, there was an increase of Euro 1,904 thousand in cash and cash equivalents as a result of the liquidity deposited in current accounts of the Brazilian subsidiary SRI Empreendimentos e Participações Ltda, which will be used to finance future local investments.

The increase of Euro 276 thousand in financial receivables compared to 31 December 2014 was basically caused by interest accrued on individual loans and not yet collected and the partial repayment of the loans granted to Ospedale Irmandade de Santa Casa de Misericordia de São Paulo and Asolo Hospital Service S.p.A.

Current amounts due to banks and other lenders rose by Euro 3,400 thousand due to greater recourse to self-liquidating credit lines for the payment of suppliers.

Non-current amounts due to banks and other lenders rose by Euro 7,854 thousand as a result of the repayment of the loan instalments which fell due during the period, the early repayment of Euro 6,500 thousand on the mortgage taken out from Banca Popolare dell'Emilia Romagna and of Euro 7,560 thousand on the loan from Banca del Mezzogiorno – MedioCredito Centrale S.p.A., and the subscription of new mortgages with the bank Carige Italia S.p.A. in the amount of Euro 10,000 thousand on 31 March 2015, with Cassa di Risparmio di Parma e Piacenza SpA in the amount of Euro 10,000 thousand on 27 April 2015 and with Banca Popolare di Milano S.Coop.a r.l. for a total of Euro 15,000 thousand on 2 November 2015.

The net financial position below has been prepared in accordance with CESR, now ESMA, recommendation of 10 February 2005, and reports the value of "Other current financial liabilities" in "Other current financial payables" and the value of "Other non-current financial liabilities" in "Other non-current payables".

(thousands of Euros)	**As at 31 December 2015**	*of which with related parties*	**As at 31 December 2014**	*of which with related parties*
A. Cash	25	-	68	-

B. Other cash equivalents	7,057	-	5,110	-
C. Securities held for trading	-	-	-	-
D. Cash and cash equivalents (A) + (B) + (C)	**7,082**		**5,178**	
E. Current financial receivables	8,067	*5,779*	7,791	*5,710*
F. Current bank borrowings	(31,648)	-	(26,391)	-
G. Current portion of non-current borrowings	(14,544)	-	(16,400)	-
H. Other current financial payables	(1,078)	-	(5,799)	-
I. Current financial debt (F) + (G) + (H)	**(47,269)**		**(48,590)**	
J. Current net financial debt (I) - (E) - (D)	**(32,120)**		**(35,621)**	
K. Non-current bank borrowings	(36,111)	-	(28,258)	-
L. Bonds issued	-	-	-	-
M. Other non-current payables	(3,208)	-	(6,194)	-
N. Non-current financial debt (K) + (L) + (M)	**(39,318)**		**(34,452)**	
O. Net financial debt (J) + (N)	**(71,439)**		**(70,073)**	

6.26 Financial guarantee contracts

The table below lists the guarantees given, existing as at 31 December 2015:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Guarantees issued by banks and insurance companies for tenders	59,838	51,229
Guarantees issued by banks and insurance companies for lease agreements and utilities	577	549
Guarantees issued by banks and insurance companies in favour of third parties	36,962	34,215
Owned assets held by third parties	49	49
Pledge on Asolo Hospital Service shares to back loans granted to the Project Companies	464	464
Pledge on Sesamo shares to back loans granted to the Project Companies	237	237
Pledge on Prog.Este shares to back loans granted to the Project Companies	1,212	1,212
Pledge on Progeni shares to back loans granted to the Project Companies	380	380
Total	**99,719**	**88,335**

Guarantees issued by banks and insurance companies for tenders: these were issued on behalf of the company in favour of customers or potential customers for participation in tenders, to guarantee the correct execution of the service.

Guarantees issued by banks and insurance companies for lease agreements and utilities: these were issued on behalf of the company to guarantee the payment of lease instalments and invoices for the supply of electricity and gas.

Guarantees issued by banks and insurance companies in favour of third parties: these are guarantees issued to back the payment of the company's portion of the project financing and guarantees issued in favour of PSIS S.r.l., Steril Piemonte S.c.r.l., I.P.P. S.r.l., Ekolav S.r.l. and Shubhram Hospital Solutions Private Limited to back loan agreements.

Mortgage loans on owned property: the company has not granted liens on owned property and has no mortgage loans.

Pledge on Asolo Hospital Service, Sesamo, Progeni and Prog.Este shares to back loans granted to the project companies: this pledge was granted to the banks providing the project financing on the shares representing the company's shareholding in the special purpose entity.

7 Income Statement

7.1 Revenues from sales

The item is broken down as follows by business:

(thousands of Euros)	Year ended as at 31 December	
	2015	**2014**
Wash-hire	173,453	176,594
Steril B	19,002	20,456
Steril C	37,528	37,297
Total	**229,983**	**234,347**

Revenues and services by geographical area are broken down as follows:

(thousands of Euros)	**31 December 2015**	**31 December 2014**
Abruzzo	12	13
Basilicata	402	441
Campania	44	40
Emilia Romagna	32,066	32,250
Friuli Venezia Giulia	17,270	15,247
Lazio	12,708	13,440
Liguria	27,892	32,280
Lombardy	42,979	44,751
Marche	3,499	3,444
Piedmont	9,972	10,102
Sicily	3,178	3,101
Tuscany	25,969	27,620
Trentino Alto Adige	5,698	5,590
Umbria	255	260
Valle D'Aosta	1,193	1,248
Veneto	25,845	21,920
EU revenues	14	27
Non-EU revenues	20,987	22,573
Total	**229,983**	**234,347**

7.2 Other income

This balance comprises ordinary gains of Euro 294 thousand from the disposal of assets, recoveries of costs and personnel attributable to third parties for Euro 1,026 thousand, chargebacks of Euro 2,567 thousand for consortium costs, non-recurring income of Euro 422 thousand, income for Euro 1,025 thousand and rents receivable for Euro 38 thousand.

7.3 Raw materials and consumables

Consumption of raw materials, amounting to Euro 23,775 thousand, decreased by Euro 3,419 thousand with respect to the previous year. This reduction was caused primarily by the costs incurred last year for the construction of the instrument sterilisation centres of the Arezzo LHU for the San Donato hospital and the Brescia Spedali Civili hospital sold to the customers. The consolidation of the Brazilian companies weighed in on the item for Euro 2,432 thousand.

7.4 Costs for services

The item is broken down as follows:

(thousands of Euros)	As at 31 December	
	2015	**2014**
External laundering and other industrial services	(20,229)	(20,397)
Travel and transport	(12,148)	(12,134)
Utilities	(12,027)	(11,926)
Administrative costs	(3,156)	(3,272)
Consortium and sales costs	(9,021)	(8,983)
Personnel expense	(2,007)	(2,024)
Maintenance	(5,555)	(5,101)
Use of third-party assets	(7,639)	(7,752)
Other services	(1,099)	(1,133)
Total	**(72,881)**	**(72,722)**

External laundering and other industrial services fell by Euro 168 thousand compared to 2014. The reduction in this item is attributable essentially to lower use of the external laundering service, partially offset by the increase in the linen store service at new customers such as Istituto Europeo di Oncologia S.r.l. and Centro Cardiologico Monzino S.p.A., and the increase in the service at existing customers like the Reggio Emilia Hospital, Local Health Unit no. 3 Alto - Collinare - Medio Friuli and Niguarda Ca' Granda Hospital in Milan.

Travel and transport costs increased slightly by Euro 14 thousand as a result of the redefinition of the Group's production logistics and services provided for new customers, while in Brazil transport costs declined by Euro 109 thousand.

Administrative costs declined from Euro 3,272 thousand in 2014 to EUR 3,156 thousand in 2015 essentially as a result of lower expenses for collaborations, while there were rising costs for extraordinary transactions linked to the acquisition of the new companies Aqualav Serviços De Higienização Ltda, Ankateks Turizm Inşaat Tekstil Temizleme San. Ve Tic. Ltd. Şti and Tintoria Lombarda Divisione Sanitaria S.r.l. and legal consulting for appeals on the awarding of contracts.

Consortium and sales costs increased from Euro 8,983 thousand in 2014 to Euro 9,021 thousand in 2015. The lower charge-backs of costs received for the temporary joint consortia of the customers LHA AL of Alessandria and Arezzo LHA 8 are in contrast to the higher sales consultancy costs for participation in tenders due to new procedures required under the new tender regulations.

The rise in the cost for maintenance services by Euro 454 thousand was basically due to higher maintenance expenses at the surgical instrument sterilisation centres (in particular the surgical instrument maintenance expense rose by Euro 372 thousand) and for machinery. The cost for maintenance services planned in Brazil was up by Euro 13 thousand compared to the same period of last year.

The reduction in costs for the use of third-party assets was caused by the decrease in rentals of anti-decubitus mattresses deriving from lower turnover from customers.

7.5 Personnel expense

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Costs for directors' fees	(1,302)	(1,131)
Salaries and wages	(50,936)	(49,429)
Temporary work	(1,502)	(2,202)
Social security charges	(16,603)	(16,041)
Employee severance indemnity	(2,853)	(2,594)
Other costs	(202)	(45)
Total	**(73,398)**	**(71,442)**

The rise in personnel expense compared to the same period in the previous year is essentially related to the increase in wages and salaries as established in the national collective labour agreement in two contractual instalments: the first starting in January 2015 and the second as of June 2015. These increases were augmented by the hiring of new personnel at the surgical instrument sterilisation centres in Brescia and Udine.

The table below shows the average breakdown of personnel:

	As at 31 December	
	2015	**2014**
Executives	15	11
Middle managers	19	21
White-collar staff	185	181
Blue-collar staff	2,992	2,800
Total	**3,211**	**3,013**

7.6 Other costs

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Tax-related expense	(175)	(179)
Contingent liabilities	(405)	(636)
Membership fees	(205)	(201)
Gifts to customers and employees	(118)	(182)
Other	(749)	(803)
Total	**(1,652)**	**(2,001)**

7.7 Depreciation, amortisation, impairment and provisions

The item is broken down as follows:

(thousands of Euros)	As at 31 December	
	2015	**2014**
Amortisation of intangible assets	(1,314)	(792)
Depreciation of property, plant and equipment	(45,003)	(42,140)
Other write-downs of intangible assets and property, plant and equipment	(6)	-
Impairment of receivables	(634)	(651)
Other provisions	(127)	(64)
Total	**(47,084)**	**(43,647)**

The amortisation of intangible assets rose by 65.91%, while the amortisation of intangible assets rose by 6.79%. The change in the amortisation of intangible assets refers to the recognition of the non-compete agreement stipulated with the previous CEO and the impact of the customer portfolio of the incorporated single shareholder company Si.Gi. Servizi Ospedalieri S.r.l.

The increase in the depreciation of property, plant and equipment was linked mainly to investments in linens and the increase of surgical instrument depreciation, whose relative impact increased due to the ramp-up phases of the new sterilisation contracts.

The increase in the item Impairment of receivables is attributable to the provision for the partial impairment of the amount due from several customers in relation to which bankruptcy proceedings are probable.

7.8 Financial income

The item is broken down as follows:

(thousands of Euros)	As at 31 December	
	2015	**2014**
Bank interest income	177	144
Default interest	517	415
Interest income on loans to third-party companies	348	228
Other financial income	2,273	563
Total	**3,315**	**1,350**

The increase in “bank interest income” derives from careful financial management of cash and cash equivalents present in the current account of the subsidiary SRI Empreendimentos e Participações Ltda care of BNP Paribas in São Paulo as a consequence of the investments made in Brazil. Despite the overall improvement in collections, “default interest” was up following payment delays by some specific customers. “Interest income on loans” rose as a result of new loans granted, while “other financial income” was impacted by the sharp increase in financial income associated with the redetermination of the value of the payable for put options connected with the acquisition of the remaining 49.9% of the companies Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A.

7.9 Financial expense

The item is broken down as follows:

(thousands of Euros)	**As at 31 December**	
	2015	**2014**
Interest expense and bank commission	(1,951)	(2,562)
Interest and expense to other lenders	(433)	(926)
Financial expense on employee benefits	(150)	(289)
Foreign exchange gains and losses	(133)	-
Other financial expense	(636)	(1,405)
Total	**(3,303)**	**(5,182)**

The decrease in "Interest expense and bank commission" resulted from the cancellation of loans with higher rates and the subscription of new, lower-rate loans, as well as the renegotiation of rates on self-liquidating credit lines. The decrease in the item "Interest and expense to other lenders" was caused by the reduction in both the spreads renegotiated with the banks and the total amount transferred as part of without recourse factoring transactions. Foreign exchange losses derive from the revaluation as at 31 December 2015 of the remaining payable in Turkish currency to other company shareholders for the acquisition of the 40.0% stake in Ankateks Turizm Inşaat Tekstil Temizleme San. Ve Tic. Ltd. Şti. (Euro 24 thousand) and the foreign exchange difference on the payment for machinery acquired in foreign currency by the Brazilian subsidiary Maxlav Lavanderia Especializada S.A. (Euro 109 thousand). The item "Other financial expense" rose due mainly to financial expense on the liabilities for the put options associated with the acquisition of the remaining 49.9% of the companies Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A. and are down following the payment made for the acquisition of the remaining 50% of the share capital of Lavsim Higienização Têxtil S.A., which generated costs of Euro 545 thousand in 2014.

7.10 Income and expense from equity investments in other companies

The item income and expense from equity investment is represented by dividends collected in 2015 for Euro 383 thousand. In detail, Euro 117 thousand was collected from the investee company Prosa S.p.A. established for the handling of the Vaio - Fidenza (PR) hospital project and Euro 266 thousand as the portion of the reserve from Asolo Hospital Service S.p.A..

7.11 Income taxes

The item is broken down as follows:

(thousands of Euros)	**Year ended as at 31 December**	
	2015	**2014**
Current taxes	(4,867)	(7,507)
Deferred tax assets/(liabilities)	915	690
Total	**(3,952)**	**(6,817)**

The incidence of the taxes on the pre-tax result is reconciled with the theoretical rate in the table below:

(thousands of Euros)	2015	Incidence	2014	Incidence
IRES (company earnings tax) reconciliation				
Profit before tax from Income statement	16,435		20,231	
Theoretical taxes	**4,520**	**27.5%**	**5,564**	**27.5%**
Tax effects of the permanent differences:				
on increases	206	1.4%	409	2.0%
on decreases	(2,273)	-11.9%	(1,747)	-8.6%
substitute taxes	258	1.8%	272	1.3%
differential on foreign taxes	362	2.5%	400	2.0%
Total effective IRES taxes	**3,073**	**21.3%**	**4,897**	**24.2%**
IRAP (regional business tax)	879	6.1%	1,920	9.5%
Total effective taxes	**3,952**	**27.4%**	**6,817**	**33.7%**

The tax rate declined from 33.7% in 2014 to 27.4% in 2015. The decrease in the tax charge was mainly determined in the Italian area by the new IRAP regulations introduced by the 2015 Stability Law which makes provision, from 1 January 2015, for the deduction, in addition to flat-rate and analytical deductions relating to the cost of labour, of the amount relating to the difference between the total cost of labour (relating to open-ended contracts) and deductions due.

7.12 Earnings per share

Basic and diluted earnings per share are calculated in the tables below.

(thousands of Euros/thousands of shares)	**Year ended as at 31 December**	
	2015	**2014**
Profit/loss attributable to shareholders of the parent company:	12,728	13,077
Average number of shares	28,737	27,143
Basic earnings per share	**0.443**	**0.482**

(thousands of Euros/thousands of shares)	**Year ended as at 31 December**	
	2015	**2014**
Profit/loss attributable to shareholders of the parent company:	12,728	13,077
Average number of shares outstanding	28,737	27,143
Number of shares with dilutive effect	-	670
Average number of shares used to calculate diluted EPS	28,737	27,813
Diluted earnings per share	**0.443**	**0.470**

The average number of shares outstanding rose compared to the 2014 financial statements following the share capital increase in October 2015 with the subscription of 9,311,120 “Warrant Servizi Italia S.p.A. 2012 – 2015”, equivalent to 2,327,780 shares.

8 TRANSACTIONS WITH GROUP COMPANIES AND RELATED PARTIES

Servizi Italia S.p.A.'s transactions with subsidiaries, associates, jointly controlled companies and parent companies are entered into in compliance with the Regulations for related party transactions in force, and mainly relate to:

- dealings associated with commercial service agreements;
- financial dealings, represented by loans.

In terms of income, the financial position and cash flows, the main transactions are ordinary transactions concluded at arm's length or standard conditions, governed by dedicated contracts. These transactions consist of the accumulation of uniform transactions carried out starting from the reference year, in execution of a unitary plan, which are not individually qualifiable as of greater significance. In addition, considered on a cumulative basis, the group of these transactions activated during the reference year is not qualified as of greater significance. During the reference year, the final amount recognised in the financial statements was generated by the renewal of contracts in place or contracts activated during the period.

Income statement, statement of financial position and financial transactions with companies of the Servizi Italia Group in 2015 are presented below:

(thousands of Euros)	31 December 2015						
Income statement	Sale of goods and services	Other income	Purchase of goods and services	Personnel expense	Purchases of property, plant and equipment and intangible assets	Other costs	Financial income
Coopservice S.Coop.p.A. (parent company)	281	36	10,610	-	1	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-	-
Centro Italia Servizi S.r.l. (joint control)	3	6	924	-	-	-	-
Consorzio Co.Se.S. (associate)	-	-	650	-	-	-	-
SE.STE.RO. S.r.l. (associate)	32	65	496	-	-	2	-
PSIS S.r.l. (associate)	198	105	34	-	26	5	56
Amg S.r.l. (associate)	311	3	878	-	-	-	3
Ekolav S.r.l. (associate)	4	-	1,354	-	1	-	2
Steril Piemonte S.c.r.l. (associate)	13	312	1,458	-	-	-	6
Piemonte Servizi Sanitaria S.c.r.l. (associate)	-	-	690	-	-	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	121	-	472	-	-	-	-
SAS Sterilizasyon Servisleri A.Ṣ. (associate)	-	-	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (associate)	-	-	-	-	-	-	-
Saniservice Sh.p.k. (associate)	-	36	-	-	-	-	2
Elettrica Gover S.r.l. (affiliated company)	-	-	1	-	12	-	-
Focus S.p.A. (affiliated company)	-	-	2,502	-	-	13	-
Archimede S.p.A. (affiliated company)	-	5	-	1,118	-	-	-
Electric System S.r.l. (affiliated company)	-	-	1	-	-	-	-
New Fleur S.r.l. (affiliated company)	34	-	810	-	-	-	-
Ad Personam S.r.l. (affiliated company)	-	-	25	-	-	-	-
Padana Emmedue S.r.l. (related party)	-	-	288	-	-	-	-
Padana Emmedue S.p.A. (related party)	-	-	136	-	-	-	-
Limpar Serviços Especializados e Comércio de Produtos Ltda (related party)	-	-	142	-	-	-	-
Lilian Promenzio Rodrigues Affonso (related party)	-	-	38	-	-	-	-

Total	**997**	**568**	**21,509**	**1,118**	**40**	**20**	**69**

(thousands of Euros)

Income statement	31 December 2014						
	Sale of goods and services	**Other income**	**Purchase of goods and services**	**Personnel expense**	**Purchases of property, plant and equipment and intangible assets**	**Other costs**	**Financial income**
Coopservice S.Coop.p.A. (parent company)	361	46	10,431	-	4	7	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-	-
Centro Italia Servizi S.r.l. (joint control)	1	8	983	-	-	-	-
Consorzio Co.Se.S. (associate)	-	-	626	-	-	-	-
SE.STE.RO. S.r.l. (associate)	37	64	505	-	-	-	-
PSIS S.r.l. (associate)	222	217	-	-	20	-	65
Amg S.r.l. (associate)	291	65	980	-	-	-	3
Ekolav S.r.l. (associate)	-	-	1,208	-	2	-	3
Steril Piemonte S.c.r.l. (associate)	15	311	1,621	-	-	-	11
Piemonte Servizi Sanitaria S.c.r.l. (associate)	-	-	702	-	-	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	124	-	656	-	-	-	1
SAS Sterilizasyon Servisleri A.Ş. (associate)	-	13	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (associate)	-	-	-	-	-	-	-
Elettrica Gover S.r.l. (affiliated company)		1	19	-	116	-	-
Focus S.p.A. (affiliated company)	-	-	2,551	-	-	12	-
Archimede S.p.A. (affiliated company)	-	-	-	2,071	-	-	-
Electric System S.r.l. (affiliated company)	-	-	1	-	-	-	-
New Fleur S.r.l. (affiliated company)	17	-	1,365	-	-	-	-
Ad Personam S.r.l. (affiliated company)	-	-	26	-	-	-	-
Total	**1,068**	**725**	**21,674**	**2,071**	**142**	**19**	**83**

Aside from the figures shown above, as at 31 December 2015 income statement transactions with related parties include directors' fees of Euro 1,361 thousand and executive personnel expense of Euro 1,776 thousand. As at 31 December 2014, directors' fees amounted to Euro 1,179 thousand, while executive personnel expense came to Euro 1,527 thousand.

(thousands of Euros)

Statement of financial position	31 December 2015				
	Amount of trade receivables	**Amount of trade payables**	**Amount of financial receivables**	**Amount of financial payables**	**Amount of other liabilities**
Coopservice S.Coop.p.A. (parent company)	120	3,627	-	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-
Centro Italia Servizi S.r.l. (joint control)	9	322	-	-	-
Consorzio Co.Se.S. (associate)	-	432	-	-	-
SE.STE.RO. S.r.l. (associate)	84	549	-	-	-
PSIS S.r.l. (associate)	437	108	3,856	-	-
Amg S.r.l. (associate)	149	425	502	-	-
Ekolav S.r.l. (associate)	21	552	172	-	-
Steril Piemonte S.c.r.l. (associate)	160	704	1156	-	-
Piemonte Servizi Sanitaria S.c.r.l. (associate)	-	390	-	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	42	230	91	-	-
Shubhram Hospital Solutions Private Limited (associate)	9	-	-	-	-
Saniservice Sh.p.k. (associate)	36	-	164	-	-
Elettrica Gover S.r.l. (affiliated company)	-	-	-	-	-

Focus S.p.A. (affiliated company)	-	2	-	-	-
Archimede S.p.A. (affiliated company)	-	142	-	-	-
Electric System S.r.l. (affiliated company)	-	-	-	-	-
New Fleur S.r.l. (affiliated company)	72	637	-	-	-
Ad Personam S.r.l. (affiliated company)	-	1	-	-	-
Padana Emmedue S.r.l. (related party)	-	96	-	-	-
Padana Emmedue S.p.A. (related party)	-	375	-	-	-
Limpar Serviços Especializados e Comércio de Produtos Ltda (related party)	-	-	-	-	-
Lilian Promenzio Rodrigues Affonso (related party)	-	15	-	-	-
Total	**1,139**	**8,607**	**5,941**	**-**	**-**

(thousands of Euros)	**31 December 2014**				
Statement of financial position	**Amount of trade receivables**	**Amount of trade payables**	**Amount of financial receivables**	**Amount of financial payables**	**Amount of other liabilities**
Coopservice S.Coop.p.A. (parent company)	346	4,577	-	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-
Centro Italia Servizi S.r.l. (joint control)	8	637	-	-	-
Consorzio Co.Se.S. (associate)	-	314	-	-	-
SE.STE.RO. S.r.l. (associate)	184	507	-	-	-
PSIS S.r.l. (associate)	353	34	3,800	-	-
Amg S.r.l. (associate)	208	488	500	-	-
Ekolav S.r.l. (associate)	120	522	170	-	-
Steril Piemonte S.c.r.l. (associate)	109	507	1,150	-	-
Piemonte Servizi Sanitaria S.c.r.l. (associate)	-	416	-	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	35	196	90	-	-
SAS Sterilizasyon Servisleri A.Ş. (associate)	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (associate)	2	-	-	-	-
Elettrica Gover S.r.l. (affiliated company)	2	113	-	-	-
Focus S.p.A. (affiliated company)	-	-	-	-	-
Archimede S.p.A. (affiliated company)	-	280	-	-	-
Electric System S.r.l. (affiliated company)	-	-	-	-	-
New Fleur S.r.l. (affiliated company)	25	494	-	-	-
Ad Personam S.r.l. (affiliated company)	-	10	-	-	-
Total	**1,392**	**9,095**	**5,710**	**-**	**-**

The most significant dealings, for which the transactions of the individual contracts are part of the Company’s ordinary business operations, are broken down by company below.

Coopservice S.Coop.p.A.

Revenues from sales and the associated trade receivables as at 31 December 2015 refer primarily to linen and textile washing services provided to the parent company.

The Servizi Italia Group acquires the following from the parent company: (i) road transport of textile items and/or surgical instruments for Euro 9,050 thousand; (ii) wardrobe management services at customers for Euro 536 thousand; (iii) the use of third-party personnel for Euro 18 thousand; (iv) technical cleaning services provided at certain production sites/operating locations of Servizi Italia and security/surveillance services provided in some locations through night patrols and alarm systems, for Euro 765 thousand.

Centro Italia Servizi S.r.l.

As at 31 December 2015, revenues from sales of goods and services and the related trade receivables due from Centro Italia Servizi S.r.l. refer to the sale of assets to be used in the wash-hire business carried out by this associate at the Arezzo hospital. On the other hand, purchase costs and the relative trade payables regard the charge-back of costs incurred by Centro Italia Servizi S.r.l., which are divided amongst the shareholders on the basis of their shareholdings.

Consorzio CO.SE.S. S.c.r.l.

As at 31 December 2015, revenues from the sale of goods and services and purchase costs vis-à-vis Consorzio CO.SE.S S.c.r.l. refer to the chargeback of costs incurred by the Company and by the Consortium for surgical instrument sterilisation activities at the San Giovanni Addolorata hospital in Rome.

SE.STE.RO. S.r.l.

Purchases of goods and services and the related trade payables due in relation to Se.Ste.Ro. S.r.l. are primarily for the sale of single-use medical devices for Euro 25 thousand and the sterilisation service for Bambino Gesù Paediatric Hospital in Rome.

PSIS S.r.l.

As at 31 December 2015, revenues from the sale of goods and services to PSIS S.r.l. mainly refer to the chargeback of administrative management services for Euro 86 thousand and the sale of single-use medical devices for Euro 197 thousand. The financial receivable relates to a loan granted for Euro 3,856 thousand to support current investments.

AMG S.r.l.

At the end of 2015, economic transactions were mainly for external laundering services at the Asti, Casale Monferrato and Vercelli and Turin 3 LHAs (Euro 869 thousand); the revenues derive from linen sterilisation services and the supply of single-use medical devices for surgical procedures. The financial receivables of Euro 502 thousand are for internal financing granted to support current investments.

Ekolav S.r.l.

Purchases of goods and services and the related trade payables due in relation to Ekolav S.r.l. are primarily for laundering (Euro 1,047 thousand) and transport (Euro 89 thousand) services. The financial receivable is for a Euro 172 thousand loan granted to the associate.

Steril Piemonte S.c.r.l.

As at 31 December 2015, revenue from the sale of goods and services and purchase costs linked to Steril Piemonte S.c.r.l. refer to the chargeback of costs incurred by the Company and by the Consortium for surgical instrument sterilisation activities at ASL (Local Health Authority) AL Piedmont Region.

Piemonte Servizi Sanitari S.c.r.l.

As at 31 December 2015, income statement and statement of financial position transactions with Piemonte Servizi Sanitari S.c.r.l. refer to the handling of tenders relating the Novara and Turin 4 LHAs.

Iniziative Produttive Piemontesi S.r.l.

Revenues from the sale of goods and services to Iniziative Produttive Piemontesi S.r.l. as at 31 December 2015 primarily relates to the sale of single-use Medical Devices for Euro 121 thousand, whereas purchase costs relate to chargebacks for supplies of sterile kits for the Ordine Mauriziano Hospital in Turin and the Desio & Vimercate hospital for Euro 472 thousand. The financial receivable is for a Euro 91 thousand loan granted to the associate.

Focus S.p.A.

Transactions with Focus S.p.A. relate to lease agreements on the Castellina di Soragna, Montecchio Precalcino, Ariccia and Genoa Bolzaneto properties. The first agreements are for six years and renewable for another six, while the Genoa Bolzaneto agreement is for fourteen years and renewable for another six. Servizi Italia S.p.A.'s transactions with Focus S.p.A. in relation to lease agreements are entered into in compliance with the Regulations for related party transactions in force. The total consideration for leased properties amounted to Euro 2,502 thousand in 2014.

Archimede S.p.A.

Transactions with Archimede S.p.A. are associated with temporary staff leasing service agreements.

Padana Emmedue S.p.A.

Transactions with Padana Emmedue S.p.A. relate to six-year lease agreements on the Travagliato and Podenzano properties, which are renewable for another six years. The total consideration for leased properties amounted to Euro 288 thousand in 2015. Servizi Italia S.p.A.'s transactions with Padana Emmedue S.p.A. in relation to lease agreements are entered into in compliance with the Regulations for related party transactions in force.

Padana Emmedue S.r.l.

Servizi Italia S.p.A. purchases linen washing services from Padana Emmedue S.r.l. In 2015, the relative consideration amounted to Euro 136 thousand.

Limpar Serviços Especializados e Comércio de Produtos Ltda

Purchases of goods and services and the related trade payables due in relation to Limpar Serviços Especializados e Comércio de Produtos Ltda are primarily for cleaning services for Euro 94 thousand at the Maxlav Lavanderia Especializada S.A. facility and for Euro 48 thousand at Vida Lavanderias Especializada S.A.

Lilian Promenzio Rodrigues Affonso

Transactions with Lilian Promenzio Rodrigues Affonso relate to the ten-year lease agreement on the Maxlav Lavanderia Especializada S.A. property. The total consideration for leased properties amounted to Euro 38 thousand in 2015.

9 INCOME FROM NON-RECURRING, ATYPICAL AND/OR UNUSUAL TRANSACTIONS

There are no income components deriving from events or transactions whose occurrence is non-recurrent or from those transactions or events which do not take place frequently during the usual performance of the business, as defined by point 2 of the Consob resolution No. 15559 dated 27 July 2006.

During the year, there were no atypical and/or unusual transactions as defined in Consob communication No. 6064293 dated 28 July 2006.

10 TREASURY SHARES

On 22 April 2015, the Shareholders' Meeting revoked the programme for the purchase and sale of treasury shares approved by the Shareholders' Meeting on 22 April 2014, and approved a new plan, the launch of which was approved by the Board of Directors on 22 April 2015.

The details of the programme are provided below pursuant to Art. 144-bis of the Issuers' Regulations. The plan for the purchase and sale of treasury shares complies with the need to gain access to opportunities for the efficient investment of company liquidity and to have the possibility of using it for strategic transactions and/or to complete subsequent share purchase and sale transactions, to the extent allowed by permitted market practices. The plan will have a maximum duration of 18 months as from 22 April 2015, date of issue of the authorisation by the shareholders' meeting. The maximum number of shares which can be purchased, not exceeding 20% of the company's share capital as at the shareholder resolution date, is 5,674,297 ordinary shares. The purchases and sales of treasury shares will be carried out on the organised market, in compliance with the applicable legislative and regulatory provisions, according to the operating formalities established by Article 132 of the CFL, Article 144 bis of the Issuers' Regulations, in compliance with the EC Regulation 2273/2003 dated 22 December 2003 and in observance of the shareholders' meeting resolution dated 22 April 2015. Treasury shares will be purchased for a maximum equivalent value to the extent to which can be covered by distributable reserves and available reserves as set forth in the latest duly approved financial statements. The treasury shares will be purchased at a minimum purchase price of no less than 20% of the weighted average of official share prices recorded by Borsa Italiana in the 3 days preceding each individual transaction and at a maximum purchase price of no higher than 20% of the weighted average of official share prices recorded by Borsa Italiana in the 3 days preceding each individual transaction.

The intermediary engaged to execute the treasury shares purchase programme is INTERMONTE SIM S.p.A.
As at 31 December 2015, the number of treasury shares in the portfolio amounted in total to 255,616 shares, corresponding to 0.8326% of the share capital.

On 11 March 2016, the Company announced that up until 11 March 2016 it had acquired 279,891 treasury shares on the organised market managed by Borsa Italiana, equal to 0.912% of the share capital.

11 REMUNERATION PAID TO THE MEMBERS OF THE MANAGEMENT AND AUDIT BODIES, THE GENERAL MANAGER AND THE EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

Remuneration paid for 2015 to the members of the management and audit bodies, the general managers and the executives with strategic responsibilities with other offices in the Group companies, is summarised below. All the amounts are expressed in thousands of Euro.

Office within the Servizi Italia Group	Remuneration as at 31 December 2015 (thousands of Euros)
Directors	1,026
Board of Statutory Auditors	89
Supervisory Body	69

For further details relating to the remuneration paid to the members of the management and audit bodies in office and no longer in office, the general managers and the executives with strategic responsibilities identified by the Board of Directors, please see the Remuneration Report drawn up in accordance with Article 123-ter of the CFL for 2015.

12 PAYMENT PLANS BASED ON FINANCIAL INSTRUMENTS

There were no payment plans based on financial instruments as at 31 December 2015.

13 SIGNIFICANT EVENTS AND TRANSACTIONS

On 20 January 2015, the Company announced that the acquisition of the remaining 50% of the share capital of the company Lavsim Higienização Têxtil S.A. ("Lavsim") had been completed, already invested in as from 2 July 2012 by Servizi Italia S.p.A. via the subsidiary SRI Empreendimentos e Participações Ltda.

On 26 February 2015, the Company disclosed that it had drawn up the deeds for the merger via incorporation of the wholly-owned subsidiaries Si.Gi. Servizi Ospedalieri S.r.l. (sole shareholder company) and Lavanderia Industriale Z.B.M. S.p.A. within Servizi Italia S.p.A. The statutory effectiveness of the merger applied as from 1 April 2015. As from that date, the absorbing company (Servizi Italia S.p.A.) took over all the income and expense-generating legal relations relating to the absorbed companies, all the directors and officers of the absorbed companies fell from office and all the powers of attorney previously issued ceased.

On 22 April 2015, the Shareholders' Meeting approved the financial statements as at 31 December 2014 and the distribution of a gross dividend of Euro 0.16 per share outstanding on the coupon date, excluding treasury shares. Payment took place on 29 April 2015, with a coupon payment on 27 April 2015.

At the same meeting, the Shareholders:

- resolved to engage the independent auditors Deloitte & Touche S.p.A. to audit the accounts for nine years, from 2015 to 2023;
- appointed the Board of Directors for the years 2015, 2016 and 2017.

The Shareholders' Meeting authorised the Board of Directors to purchase and sell treasury shares, subject to revocation of the resolution of 22 April 2014. The Shareholders' Meeting authorised the Board of Directors to purchase and sell treasury shares. The plan responds to the need to gain access to opportunities for the efficient investment of company liquidity and to have the possibility of using it for strategic transactions and/or to complete subsequent share purchase and sale transactions, to the extent allowed by permitted market practices. The authorisation is for a maximum number of Servizi Italia S.p.A. ordinary shares equating to 20% of the share capital, taking into account the treasury shares already held, for a period of 18 months as of the Shareholders' Meeting resolution. The purchase transactions will be carried out on the market at a price of up to 20% more or less than the weighted average official prices in the 3 days preceding the individual transaction.

As announced on 1 April 2015, as of 22 April 2015 Mr Luciano Facchini is no longer director of the Italian subsidiaries. In the interest of the Group, Servizi Italia S.p.A. entered into a non-compete and confidentiality agreement with Mr Facchini, under which he agreed not to carry out any activity and not to do business in competition with the activities carried out by Servizi Italia. The non-compete and confidentiality agreement became effective on 22 April 2015 and will expire after 24 (twenty-four) months. Servizi Italia will pay Luciano Facchini the gross sum of Euro 1,000,000.00 (one million/00), with no interest, in two instalments.

On 22 April, the Board of Directors:

- resolved to launch the programme for the purchase and sale of treasury shares, in accordance with the resolution adopted by the ordinary Shareholders' Meeting;
- set up the board committees, approved the relative regulations and assigned the roles set forth in the Corporate Governance Code.

On 13 May 2015, based on the criteria of the Borsa Italiana Corporate Governance Code, the Board of Statutory Auditors and the Board of Directors checked the independence of the directors and also carried out the annual check of the requirements for remaining in the STAR segment pursuant to the Borsa Italiana Issuers' Regulations and the instructions to the Issuers' Regulations. The Company sent the required information within the terms set forth by Borsa Italiana.

Notice was received on 26 May 2015 of the conclusion of the preliminary investigations of criminal proceedings for an alleged offence pursuant to Italian Legislative Decree 231 of 2001 with which a company director, a former director and the Company have been charged, relating to the awarding of a tender for the assignment of the nine-year contract of the AOU Policlinico of Modena, so-called "Global Service", which took place by means of resolution of 19 December 2008, to the RTI (temporary joint consortium) established by Coopservice Soc.Coop.p.A., in its capacity as lead contractor, and other companies including Servizi Italia S.p.A., Padana Everest S.r.l. and Lavanderia Industriale ZBM S.p.A. (companies actually merged by incorporation in Servizi Italia S.p.A.). The Company, which is only involved in said proceedings for the purposes of the administrative liability of the legal entities pursuant to Italian Legislative Decree 231 of 2001, confirms that it is completely uninvolved in the events contested and promptly appointed a defence counsel to undertake any necessary action to prove this.

As part of these criminal proceedings, the subsidiary Servizi Italia Medical S.r.l. was also investigated for an alleged offence, pursuant to Italian Legislative Decree 231 of 2001, with which a former director has been charged, in relation to the awarding of the supply, based on piecework contracts, of single procedure kits, which took place by means of resolution dated 28 December 2009. The subsidiary, only involved in said proceedings for the purposes of the administrative liability of the legal entities pursuant to Italian Legislative Decree 231 of 2001, confirms that it is completely uninvolved in the events contested and promptly appointed a defence counsel to undertake any necessary action to prove this.

On 27 July 2015, the Company announced the signing of the agreement for the purchase of a stake in Ankateks Turizm Inşaat Tekstil Temizleme San. Ve Tic. Ltd. Şti ("Ankateks" or "Ankateks Group"), a leading Turkish operator operating under the Ankara Laundry brand in the linen washing sector for healthcare structures, predominantly in the Ankara and Izmir areas. For more information, please refer to the press release available on the Company's website.

In the course of July 2015, production activities were launched at the industrial laundry facility in New Delhi, India, which has recorded increasing volumes of linen wash-hire services.

On 13 October 2015, the tax administration sent a notice of its report on findings regarding direct taxes, VAT and IRAP for the year 2010 with respect to Padana Everest S.r.l., which was incorporated into Servizi Italia S.p.A. in 2012, claiming a higher tax base on the presumption that income was unduly reduced in connection with the detaxation of investments set forth in Decree Law No. 78 of 1 July 2009 ("Tremonti-ter"). On 19 February 2016, Servizi Italia submitted an appeal against the notice, asking for it to be cancelled as it deems the tax claim to be illegitimate and objectively groundless.

On 15 October 2015, the Company announced the closing for the purchase of a 40.0% stake in Ankateks Turizm Inşaat Tekstil Temizleme San. Ve Tic. Ltd. Şti, a leading Turkish operator operating under the "Ankara Laundry" brand in the linen washing sector for healthcare structures, predominantly in the areas of Ankara and - through the subsidiary Ergülteks Temizlik Tekstil Ltd. Şti - Izmir. The transaction, the signing of which was announced on 27 July, consisted of the purchase of a stake of 40.0% in Ankateks for a preliminary consideration fixed at 16.5 million Turkish Lira (around Euro 4.9 million at the EUR/TRY exchange rate of 3.3473 at 14 October 2015). The stake was purchased by making recourse to bank borrowing. A portion of the price was paid in cash and a portion was withheld by Servizi Italia as a guarantee. The final transaction price will be recalculated and will be based on the 2016 profit of Ankateks and of the subsidiary Ergülteks. On approval of the 2016 results, moreover, Servizi Italia will have the chance to obtain control of the Group through the acquisition of an additional 15.0% of Ankateks's share capital (rising to a stake of 55.0%) based on the same pricing criterion. With reference to Ankateks's governance, Servizi Italia appoints two of the five members of the Board of Directors, which may rise to three if Servizi Italia increases its stake to 55.0% in accordance with the procedure mentioned above. With reference to the provisions of art. 71 of the Issuers' Regulations, the transaction is deemed "not significant" in light of the parameters laid out under applicable regulations.

On 2 November 2015, further to the closure of the Third and last Exercise Period (from 1 October 2015 until 30 October 2015) of the "Warrant Servizi Italia S.p.A. 2012 – 2015", the Company announced that 9,311,120 Warrants had been exercised and consequently 2,327,780 newly-issued ordinary Servizi Italia shares had been subscribed (at a ratio of 1 new share for each 4 warrants exercised) at a price of Euro 3.30 each, admitted for listing on the Borsa Italiana screen-based stock market (MTA), with a par value of Euro 1.00 each, with regular dividend rights and the same characteristics as the ordinary Servizi Italia shares in circulation as of the issue date (the "Conversion Shares"), for a total equivalent value of Euro 7,681,674. Due to the closure of the Third Exercise Period, the 2012-2015 Warrants are no longer exercisable or traded on the Regulated Market.

Further to the afore-mentioned subscriptions, the new share capital of Servizi Italia therefore amounted to Euro 30,699,266, represented by 30,699,266 ordinary shares with a par value of Euro 1.00 each. The related certification pursuant to Article 2444 of the Italian Civil Code was filed care of the Parma Business Register as of the same date.

On 13 November 2015, with the favourable opinion of the Related Party Transactions Committee, the Servizi Italia S.p.A. Board of Directors also approved the amendment to the Regulations for Related Party Transactions, which were updated to take into account the company’s changed organisational needs, with a view to boosting the efficiency of information flows and examination procedures relating to related party transactions.

On 14 December 2015, the company announced that it had entered into a contract that it was awarded - along with other partners with which it established an ad hoc company in Albania - for the ten-year concession by the Albania Ministry of Health for the following services: (i) sterilisation, maintenance and rental of surgical instruments, (ii) re-usable material sterilisation management, (iii) the supply of single-use medical devices and other accessory services at all state and regional hospitals in Albania. For more information, please refer to the press release available on the Company's website.

On 23 December 2015, the Company announced that it had entered into an acquisition agreement and as a result acquired 100% of the Brazilian company Aqualav Serviços De Higienização Ltda, one of the leading market operators in the State of São Paulo (Brazil) in the linen washing segment for healthcare structures. In agreement between the parties, Servizi Italia acquired 100% of the company from the seller in exchange for consideration of R$ 13.6 million (approximately Euro 3.1 million at the Euro/R$ exchange rate of 4.37292 at 22 December 2015), without prejudice to adjustments to be applied as a result of the precise calculation of the net financial position, which must be determined by the end of January 2016. A portion of the price was paid in cash and a portion was withheld by Servizi Italia as a guarantee for any indemnities, contingent liabilities and the price adjustment mechanism. As part of the negotiation, Servizi Italia also obtained real estate guarantees provided by the seller to cover potential future liabilities not associated with Servizi Italia’s management. The shareholdings were acquired via the wholly owned subsidiary SRI Empreendimentos e Participações L.t.d.a and the acquisition was financed by bank borrowings. With reference to the provisions of art. 71 of the Issuers' Regulations, the transaction is deemed "not significant" in light of the parameters laid out under applicable regulations. For more information, please refer to the press release available on the Company's website.

On 23 December 2015, the Servizi Italia S.p.A. Board of Directors approved the update of the Organisation, Management and Control Model prepared pursuant to Italian Legislative Decree No. 231 of 8 June 2001 to include the new types of crime introduced. The updated Model is available on the Company’s website in the Sustainability section.

On 28 December 2015, the Company announced its acquisition of 50.0% of the share capital of Finanza e Progetti S.p.A. from Lend Lease Cemea Investments B.V., an Australian multinational company working in the infrastructure segment, operating in Italy via the subsidiary Lend Lease S.r.l., as well as its signing of a contract for the assignment of wash-hire and sterilisation services and the maintenance and rental of textiles and surgical instruments at Treviso LHA 9 starting in January 2018 for a period of 15 years (until 2032). For the acquisition of 50.0% of Finanza e Progetti, the parties agreed on a price of Euro 4,000,000.00 (four million/00), defined by using potential cash flows expected to arise from the Company’s activities as a reference. To support the activities of Ospedal Grando in the Treviso Cittadella Sanitaria project, Servizi Italia also committed to providing additional financial resources (in the form of a share capital increase or shareholder loan) to Finanza e Progetti totalling up to Euro 8.0 million, expected to be paid out over the next 7 years. The outlays will be financed by Servizi Italia via bank borrowings. Pursuant to Italian Antitrust Authority communication dated 5 August 2013 and the amendments made to Art. 16 of Italian Law No. 287/90 and Italian Decree Law 1/2012, this acquisition did not trigger the obligation to notify the Antitrust Authority; on the basis of Art. 71 of the Issuers’

Regulations, this acquisition is “not significant” considering the parameters set forth in applicable law. For more information, please refer to the press release available on the Company's website.

The main characteristics of the contracts awarded during the year, which have an annual contract value of more than Euro 50 thousand, are provided below:

Customer	Service provided	Duration years	Contract value per year (thousands of Euros)
AAS 1 Triestina – Trieste (awarded as part of a temporary joint consortium)	Linen wash-hire and linen store support services.	1.25	107
Azienda Provinciale per i Servizi Sanitari della Provincia di Trento (awarded as part of a temporary joint consortium)	Linen wash-hire service.	4.33	3,487
Azienda Ospedaliera della Provincia di Pavia (in compliance with the procedure fulfilled by Azienda Ospedaliera Mellino Mellini di Chiari Brescia)	Linen wash-hire service.	3.7	1,892
ASP Opera Pia Coianiz – Tarcento (UD)	Supply and reconditioning of sanitary linen.	4	129
Istituto Europeo di Oncologia S.r.l. - Milan (awarded as part of a temporary joint consortium)	Linen wash-hire service at Istituto Europeo di Oncologia (IEO) and Centro Cardiologico Monzino (CCM) in Milan.	5	843
Azienda Ospedaliera San Carlo di Milano	Integrated rental, reconditioning and logistics service relating to textile devices and mattresses.	3	1,046
ESTAR - Pisa	Linen wash-hire service.	5	280
Azienda Ospedaliera Ospedali Riuniti Marche Nord Pesaro	Linen wash-hire service, flat and packed linen, mattresses, cushions, mattress covers, wool blankets, sterile sets in trilaminate and microfibre fabric.	3	443
Azienda Ospedaliera Carlo Poma di Mantova	Integrated rental, reconditioning and logistics service relating to textile devices	4	3,156
ASL 4 Chiavarese	Linen wash-hire service.	1	1,080
Azienda Ospedaliera Ospedale di Circolo di Busto Arsizio*	Surgical instrument sterilisation, maintenance and rental service, inclusive of works to complete the sterilisation centre.	8	1,382
Azienda Ospedaliera Ospedale di Circolo di Busto Arsizio*	Linen wash-hire service.	6	1,304
Azienda Ospedaliera della Provincia di Lodi* (awarded as part of a temporary joint consortium)	Linen and packed linen wash-hire service.	6	106
Azienda Ospedaliera Ospedale di Circolo di Melegnano	Wash-hire, reconditioning and logistics service relating to textile devices and mattresses.	4	1,294

*New Customer

14 SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

On 29 February 2016, a binding agreement was entered into for the acquisition of 100.0% of a newly incorporated company to be named “Tintoria Lombarda Divisione Sanitaria S.r.l.”, to which the operations business unit of the company Tintoria Lombarda di Fasoli Aldo S.p.A., one of the main Italian linen wash-hire companies for healthcare facilities, will be transferred. The finalisation of this transaction, the closing of which is planned for June 2016, is subject to a series of conditions precedent, including the completion of the union communication and consultation procedure regarding the contribution and the acquisition of consent from certain commissioning bodies for wash-hire contracts. Pursuant to Italian Antitrust Authority communication dated 5 August 2013 and the amendments made to Art. 16 of Italian Law No. 287/90 and Italian Decree Law 1/2012, this acquisition did not trigger the obligation to notify the Antitrust Authority; on the basis of Art. 71 of the Issuers' Regulations, this acquisition is "not significant" considering the parameters set forth in applicable law. For more information, please refer to the press release available on the Company's website.

On 11 March 2016, the Company announced that up until 11 March 2016 it had acquired 279,891 treasury shares on the organised market managed by Borsa Italiana, equal to 0.912% of the share capital.

At the date of approval of the draft financial statements, the Board of Directors called a meeting with the following item on the agenda: the exercise of the mandate granted by the Extraordinary Shareholders' Meeting on 26 September 2014 pursuant to Art. 2443 of the Italian Civil Code to carry out a divisible share capital increase against payment for an overall maximum amount of Euro 4,000,000.00, inclusive of any share premium, with the exclusion of the purchase option as per Article 2441, paragraph 4, second section of the Italian Civil Code, reserved for Steris UK Holding Limited, by means of the issue of up to 1,150,000 new ordinary shares with a par value of Euro 1 each, with the same characteristics as those outstanding. For further information, please refer to the documentation concerning the shareholders' meeting of 26 September 2014, the "Lock-up" shareholders' agreement and the press releases of 26 September and 6 October 2014 and subsequent communications available on the Company website.

The Chairman of the Board of Directors
(Roberto Olivi)

Certification of the consolidated financial statements pursuant to Article 154 bis of Italian Legislative Decree No. 58/98

Castellina di Soragna, 14 March 2016

In consideration of the provisions of Art. 154-bis, paragraphs 3 and 4 of Italian Legislative Decree No. 58 of 24 February 1998, the undersigned Enea Righi, in his capacity as CEO, and Ilaria Eugeniani, in her capacity as Financial Reporting Manager of Servizi Italia S.p.A., certify:

a) the adequacy in relation to the characteristics of the company and

b) the effective application of the administrative and accounting procedures for the formation of the consolidated financial statements during 2015.

It is also hereby stated that the consolidated financial statements as at 31 December 2015:

a) have been prepared in compliance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) correspond to the books and accounting entries;

c) are suitable for providing a true and fair view of the financial position, income and cash flows of the Company and all the companies included in the scope of consolidation.

The Directors' report includes a reliable analysis of the operating performance and result, as well as of the issuer's situation and that of all the companies included in the scope of consolidation, together with a description of the main risks and uncertainties it is exposed to.

The CEO

Enea Righi

The Financial Reporting Manager

Ilaria Eugeniani

Independent auditors' report on the consolidated financial statements of the Servizi Italia Group

Deloitte.

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INDEPENDENT AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
SERVIZI ITALIA S.p.A.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Servizi Italia S.p.A. and its subsidiaries (the "Servizi Italia Group"), which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated income statement, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11, n° 3, of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Servizi Italia Group as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Other matter

The consolidated financial statements of Servizi Italia Group for the period ended as of December 31, 2014 have been audited by other auditors that on March 30, 2015 expressed an unmodified opinion on those consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the consolidated financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of Servizi Italia S.p.A., with the consolidated financial statements of the Servizi Italia Group as at December 31, 2015. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the consolidated financial statements of the Servizi Italia Group as at December 31, 2015.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Farioli
Partner

Parma, Italy
March 29, 2016

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