



30
YEARS
1986 - 2016

Servizitalia

SERVIZI ITALIA S.p.A.

Registered Office Via S. Pietro, 59/b

43019 Castellina di Soragna (PR)

Share capital: € 31,809,451 fully paid-up

Tax code and Parma Business Register No. 08531760158

Certified email: si-servizitalia@postacert.cedacri.it

Tel. +390524598511 Fax +390524598232

www.si-servizitalia.com

INTERIM MANAGEMENT STATEMENT

AS AT 31ST MARCH 2016

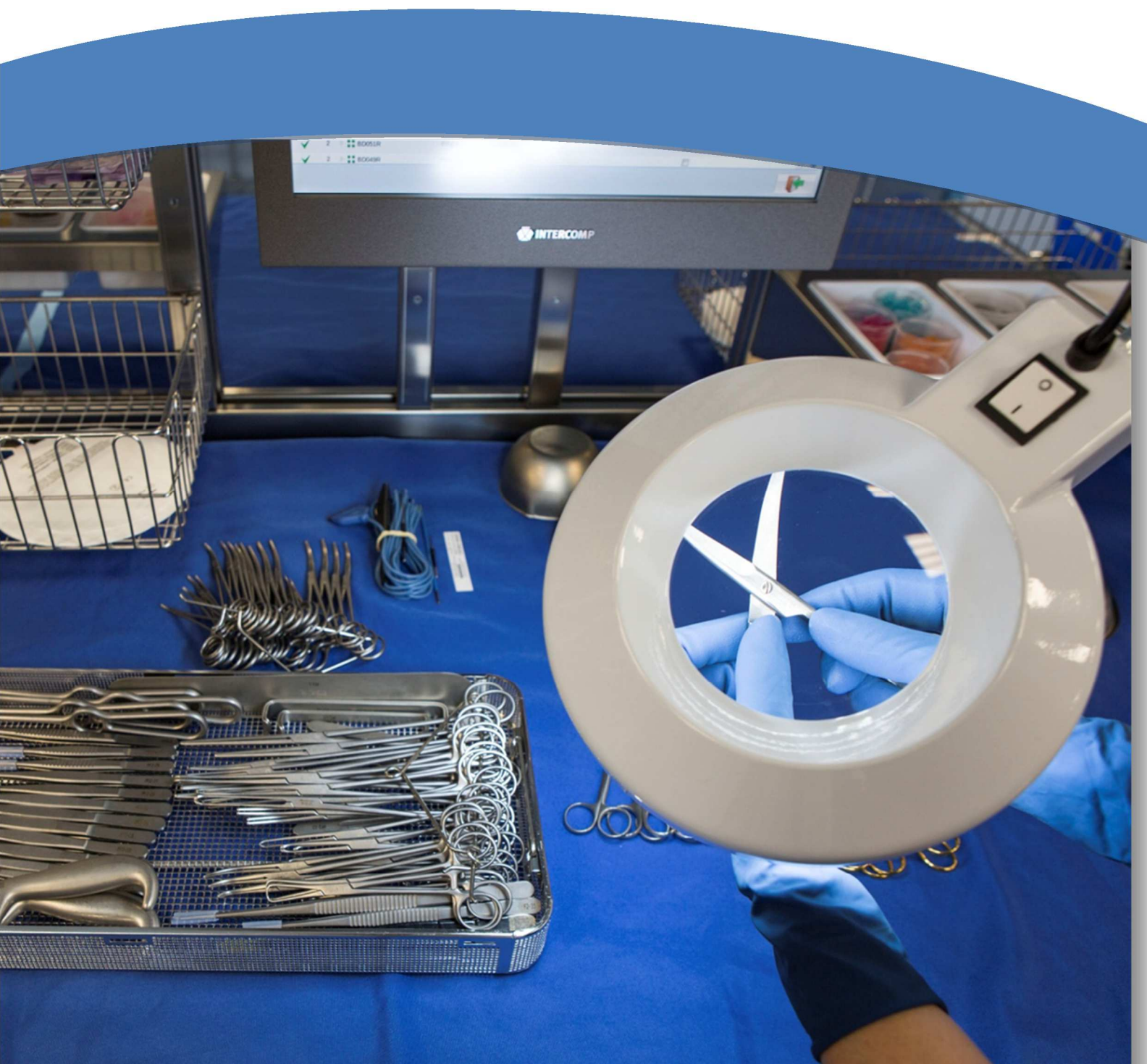


TABLE OF CONTENTS

1	Company officers and corporate information	3
2	Group structure.....	4
3	Directors' report	5
4	Accounting schedules.....	11
5	Notes	13
5.1	Introduction	13
5.2	Performance by business segment and geographical area.....	13
5.3	Notes on the main changes in the statement of financial position.....	15
5.4	Notes on the main changes in the income statement	19
5.5	Net financial position	21

1 COMPANY OFFICERS AND CORPORATE INFORMATION

Board of Directors (in office until approval of the 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 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 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.+39 0524598511, Fax+39 0524598232, website: www.si-servizitalia.com;

Share Capital: € 31,809,451 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

e-mail: investor@si-servizitalia.com – Tel. +390524598511, Fax +390524598232

2 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 facilities in central and northern Italy, in the state of São Paulo in Brazil, in India and Turkey.

As at 31 March 2016, 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 Ltda	São Paulo (SP) - Brazil	R\$ 28,379,652	100%
Servizi Italia Medical S.r.l.	Spino D'Adda (CR) - 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, Stato di San Paolo - Brasile	R\$ 6,400,000	100% ^(*)

(*) Held through SRI Empreendimentos e Participações Ltda

(**) We inform that since 5th April 2016, the share capital has changed into Euro 31,809,451.

Company Name Associates and Jointly-controlled Companies	Registered Offices	Share capital	% interest
Centro Italia Servizi S.r.l.	Arezzo - Italy	EUR 10,000	50%
PSIS S.r.l.	Padua - Italy	EUR 10,000,000	50%
Arezzo Servizi S.c.r.l.	Arezzo - Italy	EUR 10,000	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. in liquidazione (**)	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	TL 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 since 1st January 2016.

3 DIRECTORS' REPORT

This Interim Report as at 31 March 2016 includes the condensed consolidated financial statements as at 31 March 2016. The Group achieved positive results during the first quarter of 2016, with a net profit of Euro 3.7 million.

The consolidated subsidiaries are San Martino 2000 S.c.r.l., Se.Sa.Tre. S.c.r.l., Servizi Italia Medical S.r.l., SRI Empreendimentos e Participações Ltda, Lavsim Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A. and Aqualav Serviços De Higienização Ltda.

The Group's main financial highlights for the first quarter of 2016 are shown below along with the comparative information in compliance with IAS/IFRS. 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).

Main consolidated income statement figures

The table below presents a comparison of the main consolidated income statement figures as at 31 March 2016 with the results as at 31 March 2015 (in thousands of Euros).

<i>(thousands of Euros)</i>	31 March 2016	31 March 2015	Changes	Change %
Revenues	57,240	58,098	(858)	-1.5%
EBITDA (a)	16,504	16,168	336	2.1%
EBITDA %	28.8%	27.8%		
Operating profit (EBIT)	5,206	5,409	(203)	-3.8%
Operating profit (EBIT)%	9.1%	9.3%		
Profit before tax	4,808	4,436	372	8.4%
Profit before tax %	8.4%	7.6%		
Net profit	3,673	3,111	562	18.1%
Net profit %	6.4%	5.4%		

(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 March 2016 with the figures as at 31 December 2015 and 31 March 2015 (in thousands of Euros):

<i>(thousands of Euros)</i>	31 March 2016	31 December 2015	31 March 2015
Net operating working capital (a)	13,694	13,726	10,879
Other current assets/liabilities (b)	(2,035)	(7,565)	(13,822)
Net working capital	11,659	6,161	(2,943)
Non-current assets - medium/long-term provisions	183,218	183,086	175,698
Invested capital	194,877	189,247	172,754

Shareholders' equity	126,845	122,094	113,688
Net financial debt (d)	68,032	67,153	59,066
Invested capital (c)	194,877	189,247	172,754

- (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 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.

Company information and business performance

Servizi Italia Group recorded a consolidated turnover amounting to Euro 57,240 thousand. The contribution to turnover, amounting to Euro 1,054 thousand, of the new consolidated Brazilian company Aqualav Higienização De Serviços Ltda and the increase in turnover on the surgical instrument sterilization line (Euro 569 thousand) have contained the reduction in revenues to 1.5%, compared to the same period last year. The turnover in the Brazilian area is mostly affected by seasonality and a loss in value of Real average exchange rate, compared to the average rate in the first quarter of 2015, of approximately 33.6% (at constant exchange rates the increase revenues would have been Euro 1,863 thousand); while the Italian area, on wash-hire and linen sterilization lines, has been affected by the renegotiation of existing contracts for the application of the spending review and the conclusion of the contractual relationship with some customers.

Consolidated **EBITDA** passed from Euro 16,168 thousand of the first quarter 2015 to Euro 16,504 thousand of the first quarter 2016, recording an increase of 2.1% determined by a reduction in costs of raw materials, industrial services, utilities, maintenance and administrative costs. Moreover it should be noted a reduction in absolute terms by 2.1% in personnel costs, primarily on the Brazilian area, due to the resizing of the workforce, connected to lower volumes treated in the period. Even in terms of relative incidence, **EBITDA** is rising from 27.8% in the first quarter of 2015 to 28.8% in the first quarter of 2016.

The consolidated **operating profit (EBIT)** passed from Euro 5,409 thousand to Euro 5,206 thousand after recognising depreciation and amortisation of Euro 11,298 thousand, with a reduction of 3.8%, while – in relative terms – **EBIT margin** remains substantially in line with the compared quarter.

In the quarters under comparison, in 2016 it is detected an increase of 1.2% in the incidence of depreciation and amortization on revenues. This increase has been determined in the Brazilian area by the increase of the amortization for linen and new production lines, while in the Italian area by the increase of the amortization for surgical instruments, for investments made for construction and installation works connected to contracts and linens for new customers' supplies. Among Parent Company's amortization of intangible assets, it is also to note the effect of recording the non-competition agreement signed with the former CEO.

Profit before taxes rose from Euro 4,436 thousand to Euro 4,808 thousand, increasing by 8.4% in absolute value. Financial management showed a reduction of the relative load of net financial expenses compared to

the same period of the previous year: in absolute value by 59.1%, amounting to 0.7% of turnover (1.7% on 2015 turnover), following the reduction of rates charged on loans.

Therefore, the interim consolidated financial statements as at 31 March 2016 close with **net profit** of Euro 3,673 thousand, recording an increase of 18.1% compared to Euro 3,111 thousand in the first quarter of 2015, also thanks to the decrease of the incidence of the tax rate passing from 29.9% in the first quarter of 2015 to 23.6% in the first quarter of 2016.

Significant events and transactions

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 operational 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, whose closing is planned by the end of June 2016, is subject to a series of precedent conditions, 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.

On 14 March 2016, 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.

The main characteristics of the awarded contracts, 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)
ESTAR – AO Careggi of Florence (awarded as part of a temporary joint consortium)	Sterilization service at Traumatological and Orthopaedic Centre of Florence	1	1,121
ASP Emanuele Brignole di Genova	Wash-hire service	2	151
Ospedale Evangelico Internazionale di Genova	Supply of surgical operations sterile kits composed of reusable and disposable textiles	4	191

Significant events after the end of the quarter

On 6 April, Servizi Italia S.p.A. informed about the new composition of its share capital, following the increase of the equity shares of STERIS Corporation (through its wholly owned indirect subsidiary STERIS UK Holding Limited) in the shareholding structure of Servizi Italia through a Delegated Capital Increase for a total amount of Euro 3,999,996.56 (share premium included), with exclusion of the right of option pursuant to Art. 2441, paragraph 4, second period of the Italian Civil Code, reserved to STERIS UK Holding Limited, through the issuing of 1,110,185 Company's ordinary shares at the issue price of Euro 3.6030. No treasury shares have been transferred for the Delegated Capital Increase. As of today, Steris UK Holding Limited holds the 5.9% of Servizi Italia's share capital. The certificate of exercise of the share capital increase was filed at the Parma Register of Business on 5 April 2016.

On 20 April, the Shareholders Meeting approved the financial statements as at 31 December 2015 and the distribution of a gross dividend of Euro 0.15 per share outstanding on the coupon date, excluding treasury shares. Payment took place on 27 April 2016, with a coupon payment on 25 April 2016.

The Shareholders' Meeting authorised the Board of Directors to purchase and sell treasury shares, subject to revocation of the resolution of 22 April 2015.

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.

The extraordinary meeting has also approved the amendments to art. 2 of Company's Articles of Association regarding "corporate purposes". These amendments are aimed at articulating and better specify the corporate purpose activities, actually adjusting them to current market conditions in which the Company operates. The modifications neither result in any change in company activity, which remains substantially unchanged in its scope, nor entail possible changes in entrepreneurial risk and/or advisability. Therefore they do not give shareholders the possibility to exercise the right of withdrawal provided under current regulations.

The Board of Directors, which took place on 20 April 2016, resolved to launch the programme for the purchase and sale of treasury shares, in accordance with the resolution adopted by the ordinary shareholders' meeting.

On 4 May, the Company announced that, pursuant to article 131 of CONSOB Regulation nr. 11971/1999 and following amendments – the shareholders' agreements contained in the Lock-up documents signed on 4 August 2014 between Servizi ITALIA S.p.A., STERIS Corporation and Steris UK Holding Limited and taking into consideration no. 1,877,607 ordinary shares, equal to 5.90% of Servizi Italia's share capital, are now ceased with no need of amendments or other integrations.

Business outlook

The results achieved in the first quarter of 2016 confirm the estimates and income statement and cash flow projections set forth in the plan. For the year 2016, the Group foresees results that take into consideration the commitment to consolidate the investments in the countries in which it operates, the consolidation of Group's organizational structure; as well as the achievement of significant operating efficiency targets in order to maintain and improve the levels of margins and profitability of the business.

Servizi Italia and the financial markets

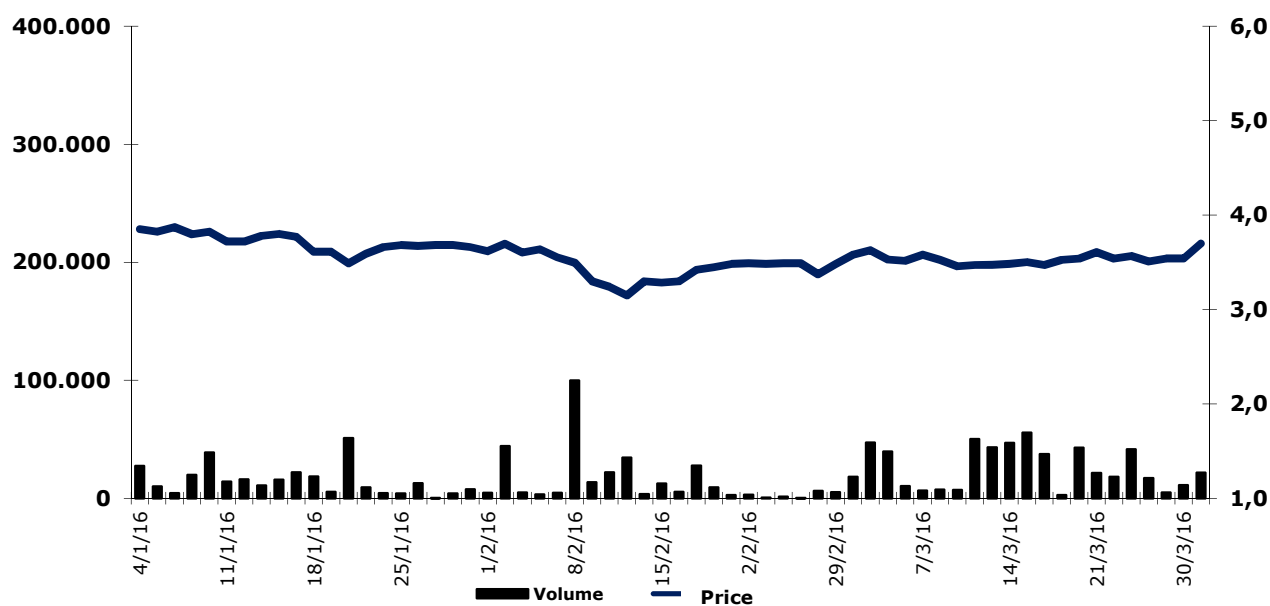
The Company shares have been traded on the STAR segment of the Borsa Italiana S.p.A. electronic stock market since 22 June 2009.

The main share and stock exchange data as at 31 March 2016 are reported below along with share volume and price trends (in Euros):

Share and stock exchange data	31 March 2015
No. of shares making up the share capital	30,699,266(**)
Price at IPO: 4 April 2007	8.50
Price as at 31 March 2016	3.70
Maximum price during the period	3.87
Minimum price during the period	3.14
Average price during the period	3.56
Volumes traded during the period	1,151,424
Average volumes during the period	18,571

(**) We inform that since 5th April 2016, the share capital changed into Euro 31,809,451.

Share volumes and prices as at 31 March 2016



During the period, 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 quarter, the Company met with investors at the “STAR Conference” event in Milan organised by Borsa Italiana.

4 ACCOUNTING SCHEDULES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(thousands of Euros)</i>	31 March 2016	31 December 2015
ASSETS		
Non-current assets		
Property, plant and equipment	119,862	120,736
Intangible assets	3,411	3,473
Goodwill	42,933	42,483
Equity-accounted investments	19,413	19,051
Equity investments in other companies	3,552	3,542
Financial receivables	3,847	3,234
Deferred tax assets	1,881	1,800
Other assets	6,019	6,108
Total non-current assets	200,918	200,427
Current assets		
Inventories	4,464	4,409
Trade receivables	76,295	74,746
Current tax receivables	1,524	2,478
Financial receivables	9,535	8,067
Other assets	14,214	9,241
Cash and cash equivalents	4,688	7,082
Total current assets	110,720	106,023
TOTAL ASSETS	311,638	306,450
SHAREHOLDERS' EQUITY AND LIABILITIES		
Group shareholders' equity		
Share capital	30,414	30,444
Other reserves and retained earnings	92,361	78,543
Profit (loss) for the period	3,672	12,728
Total shareholders' equity attributable to shareholders of the parent	126,447	121,715
Total shareholders' equity attributable to non-controlling interests	398	379
TOTAL SHAREHOLDERS' EQUITY	126,845	122,094
LIABILITIES		
Non-current liabilities		
Due to banks and other lenders	38,211	36,111
Deferred tax liabilities	1,843	1,867
Employee benefits	10,049	9,989
Provisions for risks and charges	2,376	2,277
Other financial liabilities	3,432	3,208
Total non-current liabilities	55,911	53,452
Current liabilities		
Due to banks and other lenders	44,044	46,191
Trade payables	67,065	65,429
Current tax payables	213	365
Employee benefits	-	-
Other financial liabilities	1,073	1,078
Other payables	16,487	17,841
Total current liabilities	128,882	130,904
TOTAL LIABILITIES	184,793	184,356
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	311,638	306,450

CONSOLIDATED INCOME STATEMENT

<i>(thousands of Euros)</i>	31 March 2016	31 March 2015
Revenues from sales	57,240	58,098
Other income	916	1,390
Raw materials and consumables	(5,827)	(6,158)
Costs for services	(17,348)	(18,245)
Personnel expense	(18,117)	(18,499)
Other costs	(360)	(418)
Depreciation, amortisation, impairments and provisions	(11,298)	(10,759)
Operating profit	5,206	5,409
Financial income	418	268
Financial expense	(663)	(1,250)
Income/(expense) from equity investments in other companies	-	-
Revaluation/impairment of equity-accounted investments	(153)	9
Profit before tax	4,808	4,436
Income taxes	(1,135)	(1,325)
Profit (loss) for the period	3,673	3,111
of which: Attributable to shareholders of the parent	3,672	3,197
Attributable to non-controlling interests	1	(86)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(thousands of Euros)</i>	31 March 2016	31 March 2015
Profit (loss) for the period	3,673	3,111
<i>Other comprehensive income that will not be reclassified to the Income Statement</i>		
Actuarial gains (losses) on defined benefit plans	-	-
Income taxes on other comprehensive income	-	-
<i>Other comprehensive income that may be reclassified to the Income Statement</i>		
Gains (losses) from translation of foreign financial statements	1,185	(2,072)
Income taxes on other comprehensive income	-	-
Total other comprehensive income after taxes	1,185	(2,072)
Total comprehensive income for the period	4,858	1,039
of which: Attributable to shareholders of the parent	4,839	1,104
Attributable to non-controlling interests	18	(65)

CONSOLIDATED NET FINANCIAL POSITION

<i>(thousands of Euros)</i>	31 March 2016	31 December 2015	31 March 2015
Cash and cash equivalents in hand	32	25	44
Cash at bank	4,656	7,057	7,851
Cash and cash equivalents	4,688	7,082	7,895
Current financial receivables	9,535	8,067	7,790
Current liabilities to banks and other lenders	(44,044)	(46,191)	(47,201)
Current net financial debt	(34,509)	(38,124)	(39,411)
Non-current liabilities to banks and other lenders	(38,211)	(36,111)	(27,550)
Non-current net financial debt	(38,211)	(36,111)	(27,550)
Net financial debt	(68,032)	(67,153)	(59,066)

5 NOTES

5.1 Introduction

The Interim Report as at 31 March 2016 has been prepared in compliance with Art. 154-ter of the Consolidated Law on Finance.

The accounting principles and criteria adopted to prepare this Interim Report as at 31 March 2016, which has not been audited, are the same as those used to prepare the annual financial statements. As required by Consob communication No. DEM/5073567 of 4 November 2005, the Company has exercised the option to provide less detail than is required under IAS 34 (Interim Financial Reporting).

The subsidiaries San Martino 2000 S.c.r.l., Se.Sa.Tre. S.c.r.l., Servizi Italia Medical S.r.l., SRI Empreendimentos e Participações Ltda, Lavsim Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A. and Aqualav Serviços De Higienização Ltda. are all consolidated line-by-line.

The estimation criteria used to prepare the Interim Report are basically the same as those applied in the Annual Financial Statements.

This Interim Report is approved by the Board of Directors on 12 May 2016.

5.2 Performance by business segment and geographical area

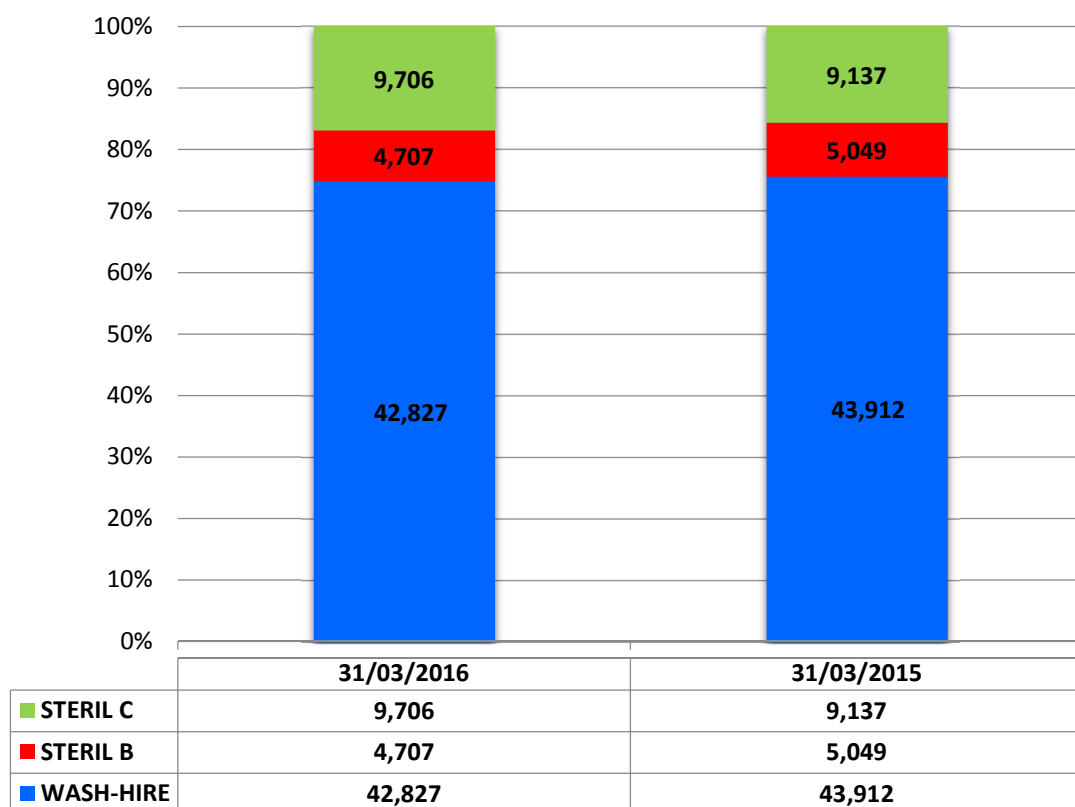
The revenue from sales and services of the Servizi Italia Group is shown below divided by business line for the periods ending 31 March 2016 and 2015.

(thousands of Euros)	31 March 2016	%	31 March 2015	%	Changes
Wash-hire	42,827	74.8%	43,912	75.6%	-2.5%
Linen sterilisation (STERIL B)	4,707	8.2%	5,049	8.7%	-6.8%
Surgical instrument sterilisation (STERIL C)	9,706	17.0%	9,137	15.7%	6.2%
Revenues from sales	57,240	100.0%	58,098	100.0%	-1.5%

Revenues from wash-hire services decreased from Euro 43,912 thousand in the first quarter of 2015 to Euro 42,827 thousand in the first quarter 2016. In relative terms, comparing the data to total sales and service revenues, wash-hire as at 31 March 2016 amounted to 74.8%, broadly in line with the same period of the previous year (75.6% as at 31 March 2015). The loss of value of the average exchange rate of the Real in the first quarter 2016, compared to the average in the same period of 2015, significantly impacted the turnover of the wash-hire line. The wash-hire turnover is positively affected by revenues coming from new contracts, i.e. Circolo Hospital of Busto Arsizio, Hospital Fatebenefratelli and Ophthalmic, European Institute of Oncology S.r.l, Monzino Cardiology Centre S.p.A. and Pessina Gestioni S.r.l. for the Hospital of Garbagnate, from other existing orders (such as Piacenza Local Health Unit) and from the increase in revenues coming from the Brazilian area, thanks to the consolidation of Aqualav Higienização De Serviços Ltda. It is also worth to note the end of some wash-hire contracts in the period, i.e. Roma C LHU and the Specialization Clinical Institutes.

Revenue from linen sterilisation recorded a decrease by 6.8%, amounting to Euro 4,707 thousand, with an incidence of 8.2% on total turnover. This decrease in revenue was caused by the end of contract with Legnano Hospital and the Specialization Clinical Institutes, as well as by the decrease in turnover from some other customers.

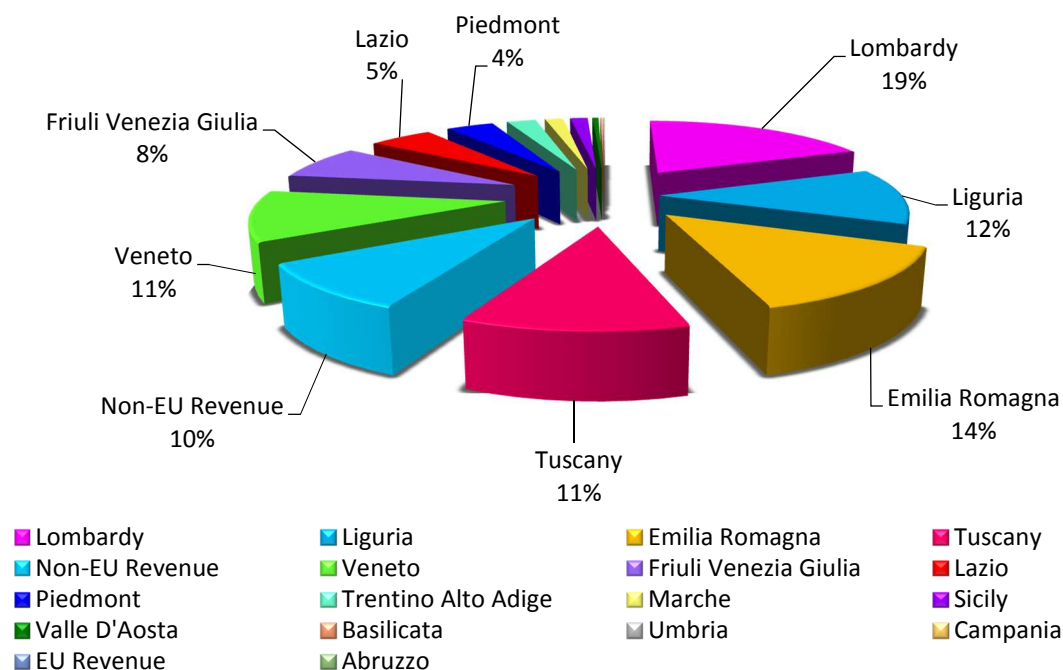
The turnover from the surgical instrument sterilization recorded a growth equal to 6.2% compared to the same period in 2015. This increase is mainly attributable to the gradual increase in turnover from customers such as the Spedali Civili di Brescia Hospital, Meyer University Hospital and Careggi Hospital in Florence.



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 March 2016 and 2015:

(thousands of Euros)	31 March 2016	%	31 March 2015	%	Changes
Abruzzo	2	-	2	-	0.0%
Basilicata	107	0.2%	106	0.2%	0.9%
Campania	12	-	10	-	20.0%
Emilia Romagna	8,128	14.2%	7,980	13.8%	1.9%
Friuli Venezia Giulia	4,336	7.6%	4,262	6.5%	1.7%
Lazio	2,914	5.1%	3,383	5.7%	-13.9%
Liguria	7,077	12.4%	6,991	13.8%	1.2%
Lombardy	10,789	18.9%	10,637	19.1%	1.4%
Marche	856	1.5%	885	1.5%	-3.3%
Piedmont	2,199	3.8%	2,549	4.3%	-13.7%
Sicily	824	1.4%	772	1.3%	6.7%
Tuscany	6,479	11.3%	6,638	11.8%	-2.4%
Trentino Alto Adige	1,368	2.4%	1,406	2.4%	-2.7%

Umbria	65	0.1%	64	0.1%	1.6%
Valle D'Aosta	289	0.5%	307	0.5%	-5.9%
Veneto	6,258	10.9%	6,427	9.4%	-2.6%
EU Revenue	-	-	6	-	-100.0%
Non-EU Revenue (BRAZIL)	5,537	9.7%	5,673	9.6%	-2.4%
Total	57,240	100.0%	58,098	100.0%	-1.5%



5.3 Notes on the main changes in the statement of financial position

Property, plant and equipment

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

<i>(thousands of Euros)</i>	Land and Buildings	Plant and machinery	Returnable assets	Equipment	Other assets	Assets under construction	Total
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

Translation differences	2	351	62	4	171	2	592
Increases	3	452	88	627	7,222	1,031	9,423
Decreases	-	(8)	-	(1)	(11)	(4)	(24)
Depreciation	(28)	(2,027)	(877)	(1,416)	(6,517)	-	(10,865)
Reclassifications	4	35	79	205	-	(323)	-
Balance as at 31 March 2016	1,195	45,064	13,217	19,541	37,282	3,563	119,862
Historical cost	2,301	119,773	36,001	59,889	120,459	3,563	341,986
Accumulated depreciation	(1,106)	(74,708)	(22,785)	(40,348)	(83,177)	-	(222,124)
Balance as at 31 March 2016	1,195	45,065	13,216	19,541	37,282	3,563	119,862

The translation difference regards exchange rate fluctuations for the Brazilian companies Lavsim Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A., SRI Empreendimentos e Participações Ltda. and Aqualav Serviços de Higienização Ltda.

Investments in property, plant and equipment in the first quarter of 2016 amount to Euro 9,423 thousand, including Euro 7,020 thousand for linens, Euro 1,031 thousand for assets under construction relating to returnable assets under construction at the end of the quarter (of this, Euro 430 thousand is for investments made for the new sterilisation centre in Busto Arsizio and Euro 105 thousand is for investments in equipment, plant and machinery for the site of Travagliato), Euro 399 thousand for surgical instruments and Euro 452 thousand for plant and machinery mainly for the Brazilian companies (Euro 186 thousand) and for the laundry sites of Udine and Montecchio (Euro 159 thousand).

Furthermore, reclassifications of Euro 323 thousand have been recognised for assets under construction, primarily relating to the start of use of instruments at the Baggiovara Hospital (Euro 205 thousand).

Trade receivables

Trade receivables amount to Euro 76,295 thousand as at 31 March 2016, up by Euro 1,549 thousand compared to 31 December 2015. On 22 March 2016, Euro 8,666 thousand in trade receivables were transferred without recourse to Credem Factor S.p.A. for a price of Euro 8,644 thousand. During the quarter, trade receivables due from public customers were transferred to Unicredit Factoring S.p.A., including those based in the Lazio region totalling Euro 1,776 thousand for a price of Euro 1,768 thousand and those based in other regions totalling Euro 8,008 thousand for a price of Euro 7,989 thousand.

Current tax receivables

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 March 2016	as at 31 December 2015
Tax receivables	7,697	5,679
Tax liabilities	(6,173)	(3,201)
Total	1,524	2,478

Financial receivables

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 March 2016	as at 31 December 2015
Asolo Hospital Service S.p.A.	1,591	1,563
P.S.I.S. S.r.l.	3,868	3,856
Ekolav S.r.l.	172	172
AMG S.r.l.	502	502
Steril Piemonte S.c.r.l.	1,157	1,156
Iniziativa Produttive Piemontesi S.r.l.	91	91
Gesteam S.r.l.	331	328
Escrow purchase of the participation of Tintoria Lombarda Divisione Sanitaria S.r.l.	1,420	-
Others	403	399
Total	9,535	8,067

Financial receivables relate to active loans granted to the companies mentioned above and due within next year or repayable on demand and to the down payment deposited in an escrow account paid for the purchase of the participation of Tintoria Lombarda Divisione Sanitaria S.r.l. The increase of active loans compared to 31 December 2015 is due to accrued interests on single loans and not yet collected.

Other current assets

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 March 2016	as at 31 December 2015
Due from others	12,297	8,205
Prepayments	1,752	831
Guarantee deposits receivable	118	156
Accrued income	47	49
Total	14,214	9,241

Other current assets passed from Euro 9,241 thousand as at 31 December 2015 to Euro 14,214 thousand as at 31 March 2016. The item includes guarantee deposits relating to energy utilities and rentals. Receivables due from others increased since 31 December 2015 due to the increase in the receivable of the subsidiaries Se.Sa.Tre. S.c.r.l. and San Martino 2000 S.c.r.l. due from the consortium Servizi Ospedalieri S.p.A. and because of the increase of VAT credit. Prepayments increased primarily as a result of rentals and insurance premiums that were recognised at the beginning of the year.

Cash and cash equivalents

This item decreased by Euro 2,394 thousand compared to 31 December 2015. This decrease was mainly associated with the use of cash in the BNP Paribas account of the Brazilian subsidiary SRI Empreendimentos e Participações Ltda to finance group growth in Brazil.

Shareholders' equity

As at 31 March 2016, shareholders' equity totalled Euro 126,845 thousand (including Euro 398 thousand attributable to non-controlling interests) compared to Euro 122,094 thousand (including Euro 379 thousand attributable to non-controlling interests) as at 31 December 2015.

The Company held 285,391 treasury shares, equivalent to approximately 0.93% of the share capital, as at 31 March 2016. The value of treasury shares was Euro 1,208 thousand. Their nominal amount, of Euro 285 thousand, was classified as a decrease to share capital, and the value exceeding the nominal amount, totalling Euro 923 thousand, was recognised as a reduction in the share premium reserve.

Non-current payables to banks and other lenders

Non-current payables to banks and other lenders increased from Euro 36,111 thousand as at 31 December 2015 to Euro 38,211 thousand in the first quarter of 2016. This difference of Euro 2,100 thousand resulted from the subscription on 28 January of a new 3-year Euro 7,000 thousand loan taken out from Banca Popolare dell'Emilia Romagna soc. Coop. and the repayment of loan instalments falling due in the period.

Current payables to banks and other lenders

Current payables to banks and other lenders decreased by Euro 2,147 thousand from Euro 46,191 thousand as at 31 December 2015 to Euro 44,044 thousand in the first quarter of 2016. This decrease resulted from a precise financial policy enacted by the group in order to maintain a proper balance between short-term lines and medium-term lines.

Trade payables

Trade payables increased from Euro 65,429 thousand as at 31 December 2015 to Euro 67,065 thousand as at 31 March 2016 due to payment extensions obtained from the main suppliers.

Other current payables

The table below provides a breakdown of other current liabilities.

<i>(thousands of Euros)</i>	as at 31 March 2016	as at 31 December 2015
Accrued liabilities	82	18
Deferred income	892	800
Due to social security and welfare institutions	3,792	5,115
Other payables	11,721	11,908
Total	16,487	17,841

The item decreased by Euro 1,354 thousand from Euro 17,841 thousand as at 31 December 2015 to Euro 16,487 thousand as at 31 March 2016. This difference was caused by the decrease in amounts due to social security and welfare institutions.

5.4 Notes on the main changes in the income statement

Raw materials and consumables

Acquisitions of raw materials and consumables decreased, passing from Euro 6,158 thousand at 31 March 2015 to Euro 5,827 thousand at 31 March 2016. This decrease was primarily due to a minor acquisition of disposable items and procedure kits.

Costs for services

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 March 2016	as at 31 March 2015
External laundering and other industrial services	(4,726)	(4,945)
Travel and transport	(2,998)	(3,031)
Utilities	(3,056)	(3,124)
Administrative costs	(520)	(755)
Consortium and sales costs	(2,006)	(2,159)
Personnel expense	(567)	(509)
Maintenance	(1,243)	(1,421)
Use of third-party assets	(1,966)	(2,028)
Other services	(266)	(273)
Total	(17,348)	(18,245)

Costs for external laundering and other industrial services decreased from Euro 4,945 thousand as at 31 March 2015 to Euro 4,726 thousand as at 31 March 2016. The decrease in this item was essentially due to a decrease in the use of the external laundry service and surgical instruments sterilization service by third parties, partly offset by the increased wardrobe service to customers such as European Institute of Onchology S.r.l., Monzino Cardiology Centre S.p.A. and Busto Arsizio Circolo Hospital, whose contracts started during 2015.

Utilities costs recorded a decrease, from Euro 3,124 thousand as at 31 March 2015 to Euro 3,056 thousand as at 31 March 2016. This decrease is due to a reduction of gas costs, thanks to a renegotiation of prices, and to a consumption containment that was possible thanks to wider productive efficiencies.

Administrative costs decreased from Euro 755 thousand as at 31 March 2015 to Euro 520 thousand as at 31 March 2016 due basically to higher expenses in 2015 incurred by SRI Empreendimentos e Participações Ltda for the acquisition of the remaining 50% of the company Lavsim Higienização Têxtil S.A.

Consortium and sales costs decreased from Euro 2,159 thousand as at 31 March 2015 to Euro 2,006 thousand as at 31 March 2016. This item was down primarily due to lower charge-backs of costs received for the temporary joint consortia working with the customers LHA TO 4 of Ivrea and Desio e Vimercate Hospital.

Maintenance costs decreased by Euro 178 thousand due to minor maintenance expenses, particularly in Brazilian plants.

Personnel expense

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 March 2016	as at 31 March 2015
Costs for directors' fees	(365)	(253)
Salaries and wages	(12,664)	(12,951)
Temporary work	(326)	(369)
Social security charges	(3,994)	(4,321)
Employee severance indemnity	(711)	(594)
Other costs	(57)	(11)
Total	(18,117)	(18,499)

Personnel expense decreased from Euro 18,499 thousand as at 31 March 2015 to Euro 18,117 thousand as at 31 March 2016. The downsizing of the workforce in Brazil, despite the consolidation of the company Aqualav Serviços de Higienização Ltda., had positive effects on the item, equal to Euro 295 thousand. In the Italian area, the redefinition of timings on some productive units and the restructuring of Servizi Italia Medical S.r.l. had positive effects too.

The table below shows the average breakdown of personnel:

	31 March 2016	31 March 2015
Executives	14	12
Middle managers	19	19
White-collar staff	192	179
Blue-collar staff	2,891	2,813
Total	3,116	3,023

Depreciation, amortisation and impairment

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 March 2016	as at 31 March 2015
Amortisation of intangible assets	(326)	(213)
Depreciation of property, plant and equipment	(10,866)	(10,452)
Impairment of receivables	(106)	(94)
Total	(11,298)	(10,759)

The variation in amortisation of intangible assets, equal to 53.1%, mainly refers to the effects of the accounting – starting from the second semester 2015 – of the non-competition agreement with former CEO, as well as to the impact of the amortization of customers' portfolio coming from the incorporated company Si.Gi. Servizi Ospedalieri S.r.l.

The increase in depreciation of plant and machinery, from Euro 10,452 thousand to Euro 10,866 thousand, is primarily due to the investments in linen, as a result of increased supply to new customers both in Italy and Brazil.

5.5 Net financial position

The increase of Euro 879 thousand in net financial debt as at 31 March 2016 compared to 31 December 2015 resulted from more payments made to suppliers.

In particular, examining the individual items, there was a decrease of Euro 2,394 thousand in cash and cash equivalents in current accounts at banks compared to 31 December 2015 essentially as a result of the decrease in liquidity in the BNP Paribas account of the Brazilian subsidiary SRI Empreendimentos e Participações Ltda, which has been used to finance group growth in Brazil.

Financial receivables recorded an increase equal to Euro 1,468 thousand with respect to 31 December 2015 and this is mainly due to the payment of a deposit of Euro 1,420 in an escrow account as part of the determined price for the acquisition of Tintoria Lombarda Divisione Sanitaria S.r.l., whose closing is scheduled within June 2016 and submitted to various conditions.

Current payables to banks and other lenders recorded a decrease of Euro 2,147 thousand, while non-current payables to banks and other lenders recorded an increase of Euro 2,100 thousand as a result of a subscription, on 28 January 2016, of a new 3-year Euro 7,000 loan taken out from Banca Popolare dell'Emilia Romagna soc. Coop.

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".

<i>(thousands of Euros)</i>	as at 31 March 2016	as at 31 December 2015
A. Cash	32	25
B. Other cash equivalents	4,656	7,057
C. Securities held for trading	-	-
D. Cash and cash equivalents (A) + (B) + (C)	4,688	7,082
E. Current financial receivables	9,535	8,067
F. Current bank borrowings	(24,283)	(31,648)
G. Current portion of non-current borrowings	(19,761)	(14,544)
H. Other current financial payables	(1,073)	(1,078)
I. Current financial debt (F) + (G) + (H)	(45,116)	(47,269)
J. Current net financial debt (I) - (E) - (D)	(30,893)	(32,120)
K. Non-current bank borrowings	(38,211)	(36,111)
L. Bonds issued	-	-
M. Other non-current payables	(3,432)	(3,208)
N. Non-current financial debt (K) + (L) + (M)	(41,643)	(39,318)
O. Net financial debt (J) + (N)	(72,537)	(71,439)

Chairman of the Board of Directors

(Roberto Olivi)

The Financial Reporting Manager Ilaria Eugeniani states pursuant to paragraph 2, Article 154 *bis* of the Consolidated Law on Finance that the accounting information presented in this document corresponds to the documented results, books and accounting entries.

The Financial Reporting Manager

(Ilaria Eugeniani)