

30 June 2017

## Half-year Financial Report



**Registered Offices: Via S. Pietro, 59/b**

**43019 Castellina di Soragna (PR) – ITALY**

Share Capital: Euro 31,809,451 fully paid-up

Tax Code and Register of Companies no.: 08531760158

Certified email: [si-servizitalia@postacert.cedacri.it](mailto:si-servizitalia@postacert.cedacri.it)

Tel. +39 0524 598511 Fax +39 0524 598232

[www.si-servizitalia.com](http://www.si-servizitalia.com)

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## 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 with proxy
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

(\*) It should be noted that the Director handed in his resignation from office on 31 July 2017.

### Board of Statutory Auditors (in office until approval of the Financial Statements as at 31 December 2019)

Name and Surname	Position
Gianfranco Orlandi	Chairman
Anna Maria Fellegara	Statutory auditor
Simone Caprari	Statutory auditor
Chiara Ferretti	Alternate auditor
Paolo Alberini	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 (in office until approval of the Separate Financial Statements as at 31 December 2023)

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

### Registered offices 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](http://www.si-servizitalia.com);

Share Capital: Euro 31,809,451 fully paid-up

Tax code and Parma Business Register No.: 08531760158; Certified email: [si-servizitalia@postacert.cedacri.it](mailto: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

LEI Code: 815600C8F6D5ACBA9F86

### Investor Relations

Giovanni Manti – IR, Chiara Peterlini - IR assistant

e-mail: [investor@si-servizitalia.com](mailto:investor@si-servizitalia.com) – Tel. +390524598511, Fax +390524598232

## GROUP STRUCTURE

Servizi Italia S.p.A., registered offices in Castellina di Soragna (PR), listed in the STAR segment of the Borsa Italiana S.p.A. MTA stock exchange, is the leading Italian operator in the supply of integrated services for the wash-hire and sterilisation of textile materials and surgical instruments for hospital facilities. With a technologically advanced production platform broken down into laundering 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 Turkey, India and Albania.

As at 30 June 2017, the Servizi Italia Group included the following Companies:

<b>Company name Parent Company and Subsidiaries</b>	<b>Registered office</b>	<b>Share capital</b>	<b>Interest of equity investments</b>
Servizi Italia S.p.A.	Castellina di Soragna (Parma) - Italy	EUR 31,809,451	Parent
SRI Empreendimentos e Participações L.t.d.a.	City of São Paulo, State of São Paulo - Brazil	R\$ 142,913,102	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, State of São Paulo - Brazil	R\$ 550,000	100% (*)
Maxlav Lavanderia Especializada S.A.	Jaguariúna, State of São Paulo - Brazil	R\$ 2,825,060	50.1% (*)
Vida Lavanderias Especializada S.A.	Santana de Parnaíba, State of São Paulo - Brazil	R\$ 3,600,000	50.1% (*)
Aqualav Serviços De Higienização Ltda	Vila Idalina, Poá, State of São Paulo - Brazil	R\$ 15,400,000	100% (*)

(\*) Held through SRI Empreendimentos e Participações Ltda

<b>Company name Associates and Jointly-controlled Companies</b>	<b>Registered office</b>	<b>Share capital</b>	<b>% holding</b>
Arezzo Servizi S.c.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%
Iniziativa 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 (in liquidation)	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 3,502,000	51%
Shubhram Hospital Solutions Private Limited	New Delhi - India	INR 270,171,720	51%
Ankateks Turizm Insaat Tekstil Ltd.	Ankara - Turkey	TRY 5,000,000	40% (**)

Finanza & Progetti S.p.A.	Vicenza - Italy	EUR	550,000	50%
Brixia S.r.l.	Milan - Italy	EUR	10,000	23%
Saniservice Sh.p.k.	Tirana – Albania	LEK	2,745,600	30%
Servizi Sanitari Integrati Marocco S.a.r.l.	Casablanca - Morocco	MAD	122,000	51%

<sup>(\*)</sup> Indirect shareholding of 15.05% through Iniziative Produttive Piemontesi S.r.l.

<sup>(\*\*)</sup> Effective from 19 July 2017 the stake is 55%.

## INTERIM REPORT

This half-year financial report as at 30 June 2017 includes the half-year condensed consolidated financial statements as at 30 June 2017 prepared in compliance with IAS 34 on interim financial reporting, as approved by Regulation (EC) No. 1606/2002. In order to also allow for a better evaluation of the economic and financial performance, the following summary tables show some “Alternative performance indicators”, not provided by the IFRS International Accounting Standards. The footnotes of said tables indicate the calculation method used and the composition of these ratios, in line with the guidelines 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 30 June 2017 with the results as at 30 June 2016 (in thousands of Euros).

<i>(thousands of Euros)</i>	30 June 2017	30 June 2016	Change	Chg. %
Revenues	125,333	115,483	9,850	8.5%
EBITDA (a)	34,565	32,653	1,912	5.9%
EBITDA %	27.6%	28.3%		
Operating profit (EBIT)	7,991	9,215	(1,224)	-13.3%
Operating profit (EBIT)%	6.4%	8.0%		
Net profit	7,082	7,246	(164)	-2.3%
Net profit %	5.7%	6.3%		

(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 income statement figures felt the effects of the non-recurring and one-off components and, therefore, the main adjusted indicators are reported below:

<i>(thousands of Euros)</i>	30 June 2017	(1)	30 June 2017 <i>(adjusted)</i>	30 June 2016	Changes adj.	Change % adj.
Revenues	125,333		125,333	115,483	9,850	8.5%
EBITDA (a)	34,565	925	35,490	32,653	2,837	8.7%
EBITDA %	27.6%		28.3%	28.3%		
Operating profit (EBIT)	7,991		8,916	9,215	(299)	-3.2%
Operating profit (EBIT)%	6.4%		7.1%	8.0%		
Pre-tax profits	8,840		9,765	9,085	680	7.5%
Profit before tax %	7.1%		7.8%	7.9%		
Net profit	7,082	(135)	7,872	7,246	626	8.6%
Net profit %	5.7%		6.3%	6.3%		



(1) the adjusted data do not take account of non-recurring costs relating to the restructuring and industrial reorganisation of the North-West area for Euro 564 thousand, in particular incentives, indemnities and Nاسpi, before the tax effect of Euro 135 thousand and one-off costs of the payment of registration tax and accessory charges for the acquisition of Lavanderia Industriale Z.B.M. S.p.A. for Euro 361 thousand.

## Main consolidated statement of financial position figures

The table below presents a comparison of the main consolidated statement of financial position figures as at 30 June 2017 with the figures as at 31 December 2016:

<i>(thousands of Euros)</i>	<b>30 June 2017</b>	<b>31 December 2016</b>	<b>Change</b>	<b>Chg. %</b>
Net operating working capital (a)	10,742	12,608	(1,866)	-14.8%
Other current assets/liabilities (b)	(6,260)	(11,692)	5,432	-46.5%
<b>Net working capital</b>	<b>4,482</b>	<b>916</b>	<b>3,566</b>	389.3%
Non-current assets - medium/long-term provisions	211,806	216,457	(4,651)	-2.1%
<b>Invested capital</b>	<b>216,288</b>	<b>217,373</b>	<b>(1,085)</b>	-0.5%
Shareholders' equity (B)	138,894	137,756	1,138	0.8%
Net financial debt (d) (A)	77,394	79,617	(2,223)	-2.8%
<b>Invested capital (c)</b>	<b>216,288</b>	<b>217,373</b>	<b>(1,085)</b>	-0.5%
<b>Gearing [A/(A+B)]</b>	<b>35.8%</b>	<b>36.6%</b>		
<b>Debt/Equity (A/B)</b>	<b>55.7%</b>	<b>57.8%</b>		

- (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 30 June 2017 and as at 30 June 2016 (in thousands of Euros).

<i>(thousands of Euros)</i>	<b>30 June 2017</b>	<b>30 June 2016</b>	<b>Change</b>
Cash flow generated (absorbed) by operations	29,150	26,451	2,699
Net cash flow generated (absorbed) by investment activities	(24,270)	(20,667)	(3,603)
Net cash flow generated (absorbed) by financing activities	(5,931)	(6,965)	1,034
Increase/(decrease) in cash and cash equivalents	(1,051)	(1,181)	130
Opening cash and cash equivalents	5,463	7,082	(1,619)
Effect of exchange rate fluctuations	214	(665)	879
Closing cash and cash equivalents	4,198	6,566	(2,368)

## Company information and business performance

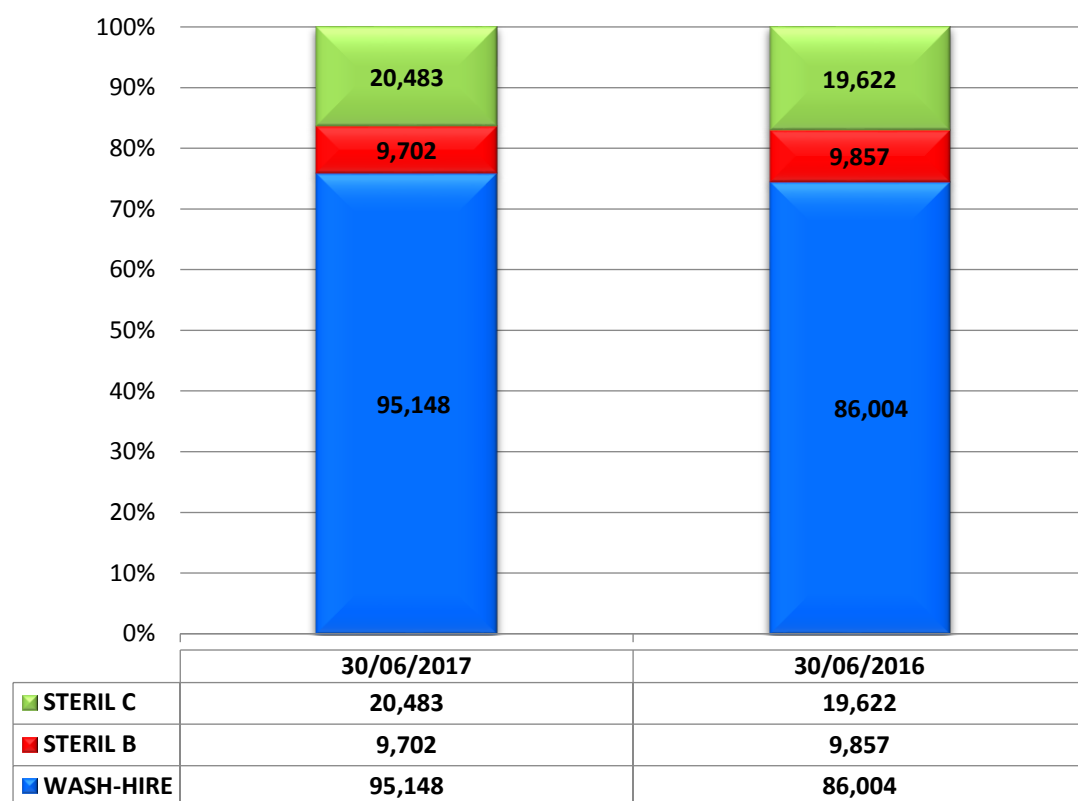
As regards the business performance, in the first half of 2017, the Servizi Italia Group recorded an increase in consolidated turnover, with revenues from sales and services amounting to a total of Euro 125,333 thousand, up by 8.5% compared to the half-year financial statements as at 30 June 2016. The increase in Group turnover derives mainly from the wash-hire line which, in absolute terms, represents 75.9% of the revenue of the Group,

an increase of 10.6% compared with the same period in the previous year. The consolidated turnover of the line rose in both Italy (+6.6%) and Brazil (+34.9%); in Italy, the line was mainly impacted by the acquisition, on 7 July 2016, of the company Tintoria Lombarda Divisione Sanitaria S.r.l. (on a like-for-like basis, the increase in turnover of the wash-hire line would be roughly 2.6%), while in Brazil, aside from the increase in turnover recorded on new jobs, turnover was impacted by the revaluation, of approximately 16.6%, in the Real/Euro exchange rate with respect to the same period of the previous year. In addition, an increase of 4.4% was recorded in turnover in the surgical instrument sterilisation line, while the textiles sterilisation line registered a reduction of 1.6% in revenues due to the renegotiation of contracts in the portfolio because of the application of the spending review and the termination of contracts with some customers.

Please note the following as regards revenue from sales and services by sector in the first half of 2017 and 2016:

- Revenue from wash-hire services increased by 10.6% from Euro 86,004 thousand in the first half of 2016 to Euro 95,148 thousand in the first half of 2017.
- Revenue from linen sterilisation services decreased by 1.6% from Euro 9,857 thousand in the first half of 2016 to Euro 9,702 thousand in the first half of 2017.
- Revenue from surgical instrument sterilisation increased by 4.4% from Euro 19,622 thousand in the first half of 2016 to Euro 20,483 thousand in the first half of 2017.

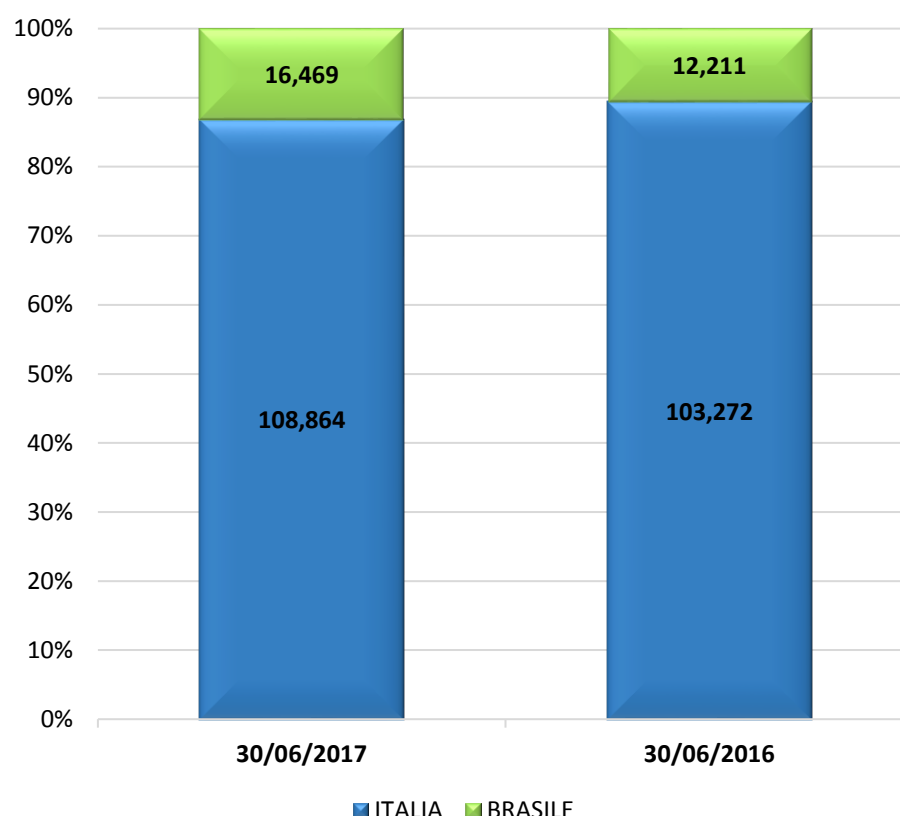
The graph below shows the details of revenue by business line.



The table below shows revenue from sales and services of the Servizi Italia Group by region, broken down by geographical area, for the periods ending on 30 June 2017 and 2016:

<i>(thousands of Euros)</i>	30 June 2017	%	30 June 2016	%	Changes
Revenues - Italy	108,864	86.9%	103,272	89.4%	5.4%
Revenues - Brazil	16,469	13.1%	12,211	10.6%	34.9%
<b>Sales revenues</b>	<b>125,333</b>	<b>100.0%</b>	<b>115,483</b>	<b>100.0%</b>	<b>8.5%</b>





Consolidated **EBITDA** increased by 5.9% from Euro 32,653 thousand in the first half of 2016 to Euro 34,565 thousand in the first half of 2017. On a like-for-like basis, without the acquisition of Tintoria Lombarda Divisione Sanitaria S.r.l., EBITDA would be around 0.6% in absolute value. EBITDA was positively impacted by the increase in sales revenues in both the wash-hire line and the surgical instrument sterilisation line, with a greater reduction in operating costs in relative terms such as utilities, rentals and the use of third-party personnel, while it was negatively impacted by a significant increase in personnel expense, in particular in the Brazilian area, due primarily to the effects of the adjustments to the inflation rate of the labour agreements of the state of São Paulo (Brazil), and the increase in labour units following a growth in the laundry services thanks to the awarding of new contracts and the revaluation of the Real/Euro exchange rate. The EBITDA ratio was also negatively impacted, for Euro 925 thousand, by one-off costs relating to expenses for restructuring and industrial reorganisation following the termination of activities of the Barbariga (BS) site, incentives, indemnities and Naspi (acronym for Italian monthly compensation for unemployment) for Euro 564 thousand and the payment of registration tax and accessory charges for the acquisition of Lavanderia Industriale Z.B.M. S.p.A. for Euro 361 thousand. Net of one-off components, **EBITDA adjusted**, amounting to Euro 35,490 thousand, rose by 8.7% in absolute terms, with unchanged relative incidence.

The **consolidated operating profit (EBIT)** decreased from Euro 9,215 thousand to Euro 7,991 thousand after recognising depreciation, amortisation and impairment of Euro 26,574 thousand, up 0.9% compared to the relative incidence in the same period of the previous year, determined by the increase in depreciation of linen

due to initial acquisitions of new jobs, amortisation of the customer portfolio which emerged from the acquisition of the company Tintoria Lombarda Divisione Sanitaria S.r.l. and the write-down of trade receivables of some private customers.

**Profit before tax** decreased from Euro 9,085 thousand to Euro 8,840 thousand. Financial management revealed a reduction compared to the same period of the previous year in net financial expense, due to the decrease in the rates on loans and an increase in financial income, also due to the recognition in the period of a positive difference on exchange rates due to the reduction in the Turkish Lira/Euro exchange rate compared to 31 December 2016. The result was also positively impacted by the revaluation of equity investments measured using the equity method, the Turkish company Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi in particular.

Therefore, the consolidated financial statements as at 30 June 2017 closed with **net profit** of Euro 7,082 thousand, down compared to Euro 7,246 thousand in the first half of 2016. **Adjusted net profit** rose by 8.6% to Euro 7,774 thousand compared with the same period of the previous year.

#### **Transactions with parent companies and associates**

Servizi Italia S.p.A.'s transactions with subsidiaries, associates, jointly controlled companies and parent companies mainly relate to: (i) dealings associated with commercial service agreements; (ii) financial dealings, represented by loans. These transactions are described in detail in the explanatory notes to the consolidated half-year financial statements as at 30 June 2017, in section 8.

It should also be noted that, in addition to the Regulations adopted by Consob by means of resolution No. 17221 dated 12 March 2010, as amended, on 24 November 2010, the Board of Directors approved the Regulations for related party transactions, subsequently updated on 13 November 2015 and 12 May 2017, which are posted on the company website.

#### **Information on treasury shares and/or shareholdings in parent companies**

On 20 April 2017, the Company's ordinary 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 purchases may be made at any time, on one or more occasions, effective from 20 April 2017.

As at 30 June 2017, the company held 9,000 treasury shares, equal to 0.0283% of share capital, as a result of the purchases and sales made on the market regulated and managed by Borsa Italiana.

### **Significant events and transactions**

On 10 February 2017, the merger by incorporation of the wholly-owned subsidiary Tintoria Lombarda Divisione Sanitaria S.r.l. into Servizi Italia S.p.A., was finalised. The merger took effect from 1 March 2017 for statutory purposes. As from that date, the merging company (Servizi Italia S.p.A.) took over all the income and expense-generating legal relations relating to the merged company, with the execution of the organisational integration of the administrative and production processes targeted at achieving greater management efficiency and integration. The merger also made provision for the termination of the production activities provided by the Barbariga (BS) site, which were shifted to other laundry sites with the available production capacity and, in agreement with the trade union organisations, the reallocation of part of the workforce to other production sites.

On 13 February 2017, the Company announced its presence in Morocco, for the primary purpose of developing and strengthening the surgical sterilisation business through the Moroccan company Servizi Italia Marocco S.a.r.l.. To this end, Servizi Italia purchased 51.0% of Servizi Sanitari Integrati Marocco S.a.r.l., a company that on 10 February 2017 signed a preliminary contract for the establishment of Servizi Italia Marocco S.a.r.l., which will be 50% owned by Servizi Sanitari Integrati Marocco S.a.r.l. and 50% owned by local partner Blue Field Healthcare S.a.r.l..

On 28 March, the company published its fourth Sustainability Report, proof of the company's constant commitment to economic and social sustainability, based on the gradual prospect of shared value. The Report is testimony to the company's commitment to making strategic content regarding Corporate Social Responsibility available to stakeholders.

On 20 April, the Shareholders' Meeting approved the financial statements as at 31 December 2016 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 26 April 2017, with a coupon payment on 24 April 2017. The shareholders' meeting also appointed the members of the Board of Statutory Auditors and its Chairman for the years 2017–2018–2019; and determined the related remuneration.

The Shareholders' Meeting authorised the Board of Directors to purchase and sell treasury shares, subject to revocation of the resolution of 20 April 2016. 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. Additional information on the event is available on the company's website.

The Board of Directors meeting, held on 20 April 2017, resolved to launch the programme for the purchase and sale of treasury shares, in implementation of the resolution issued by the ordinary Shareholders' Meeting.

On 12 May 2017, the Board of Directors verified that the statutory auditors met the independence requirements, based on the checks performed by the Board of Statutory Auditors after the appointment, in compliance with the provisions of the Corporate Governance Code. The Board of Directors also verified the requirements for remaining in the STAR segment (ref. 2.2.3, paragraph 10 of the Regulation of Borsa Italiana and IA.4.2.3, paragraph 3, of the Instructions), in order to comply with the terms and methods set forth in the Issuers' Regulations of Borsa Italiana and the instructions in the Issuers' Regulations. In addition, it also approved the legislative update to the Regulations for Related Party Transactions.

On 16 May 2017, the company announced the exercising of the option to purchase an additional 15% stake in the Turkish company Ankateks, obtaining control of the Group on 19 July 2017, and strengthening its position in the market. Additional information on the event is available on the company's website.

The main characteristics of the contracts awarded in Italy, 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)
<b>ASL AL ASTI</b> (awarded as part of a temporary joint consortium)	Wash-hire service	5	195
<b>EGAS Udine</b> (awarded as part of a temporary joint consortium)	Supply of sterile TNT material	1	757
<b>Terme di Comano (TN)</b> (awarded as part of a temporary joint consortium)	Laundry service	1	117
<b>IRE Venezia</b> (awarded as part of a temporary joint consortium)	Wash-hire service	2	79
<b>EGAS Udine for the Oncologic Research center of Aviano</b> (awarded as part of a temporary joint consortium)	Integrated services relating to sterilisation, logistics, rental and maintenance of surgical instruments and other medical devices for operating rooms, outpatient facilities, services and hospital stays	8	213
<b>ASL 1 Imperia</b> (awarded as part of a temporary joint consortium)	<u>Participation in the ARS Liguria tender.</u> Linen wash-hire, mattresses, pillows and linen store management	3	1,722
<b>ASL 1 Imperia</b> (awarded as part of a temporary joint consortium)	<u>Participation in the ARS Liguria tender.</u> Sterile linen kits in TTR and TNT	2.5	470

<b>ASL 5 La Spezia</b> (awarded as part of a temporary joint consortium)	<u>Participation in the ARS Liguria tender.</u> Linen wash-hire, mattresses, pillows and linen store management	3.5	1,631
<b>E.O. Galliera Genova</b> (awarded as part of a temporary joint consortium)	<u>Participation in the ARS Liguria tender.</u> Linen wash-hire, mattresses, pillows and linen store management	3.5	975
<b>Ospedale Evangelico Internazionale</b> (awarded as part of a temporary joint consortium)	<u>Participation in the ARS Liguria tender.</u> Linen wash-hire, mattresses, pillows and linen store management	3.5	380
<b>ASL 4 Chiavari</b> (awarded as part of a temporary joint consortium)	<u>Participation in the ARS Liguria tender.</u> Linen wash-hire, mattresses, pillows and linen store management	3.5	769

### Significant events after the end of the half

On 11 July 2017, the company announced that Servizi Italia S.p.A.'s Board of Directors and the shareholders' meeting of Servizi Italia Medical S.r.l. approved the merger by incorporation of the wholly-owned subsidiary Servizi Italia Medical S.r.l. in Servizi Italia S.p.A. The merger will presumably be completed by 2017, therefore it will take effect from 1 January 2017 for tax and accounting purposes. For more details and information, refer to the documents available on the company's website.

On 2 August 2017, the company announced that, pursuant to the applicable regulations, Marco Marchetti stepped down from the role of executive Director and manager Servizi Italia S.p.A. For more information please visit the company's website.

On 5 September 2017, the company announced the acquisition of the majority of the share capital of Steritek S.p.A., a leading Italian operator in providing validation services for sterilisation cycles, for surgical instrument washing systems and accessory services for healthcare facilities. Thanks to this transaction, Servizi Italia diversifies its existing business lines, expanding the range of high value added and similar services to its sterilisation activities. For more information and details of the characteristics of the transaction, please refer to the press release available on the company's website.

### Business outlook

The results achieved in the first half of 2017 confirm the estimates and income statement and cash flow projections set forth in the plan. For the year 2017, 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 and organisational efficiency targets which are related, among other things, to meeting customer quality requirements, but also further enhancing the value of social sustainability, considered increasingly more pertinent to all areas of the business.

## Derivatives

As at 30 June 2017, the Group held no derivatives.

## 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.

### **Information on proceedings in progress**

Aside from that reported in the section “Significant events and transactions”:

Servizi Italia S.p.A. 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;

Servizi Italia S.p.A. has proceedings in progress for the administrative liability of the legal entities, pursuant to Italian Legislative Decree 231 of 2001, for an alleged offence charged to a Director and a former Director, concerning the award of a tender for a nine year contract of the AOU Policlinico di Modena - so-called “Global Service” - decided with resolution of 19.12.2008, 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 merged by incorporation into Servizi Italia S.p.A.). The Company, which confirms its absolute lack of involvement in the events contested, has promptly appointed a defence counsel in order to undertake any legal action that would prove it, which will start in the autumn.

On 3 April 2017, as part of the preliminary hearing relating to the proceedings which involved the subsidiary Servizi Italia Medical S.r.l., the Preliminary Hearing Judge ruled that there was no need to give a decision as the fact did not constitute an offence. The proceedings which involved the company solely for the purposes of the administrative liability of the legal entities pursuant to Italian Legislative Decree 231 of 2001, which charged a former Director with reference to the awarding, by means of a determination on 28/12/2009, of a tender contract of nine years of the AOU Policlinico di Modena, for the assignment of a supply, based on a piecework contract, of disposable procedure kits, were therefore closed.



On 13 October 2015, the tax authorities sent a Tax Audit Report Notice concerning direct taxes, VAT and IRAP relating to 2010, against Padana Everest S.r.l., merged into Servizi Italia S.p.A. in 2012, where a higher taxable amount was disputed, based on the assumption of an undue decrease in income concerning the tax exemption of investments set forth in Law-Decree no. 78 of 1 July 2009 (so-called Tremonti-ter). On 23 December 2015, the tax authorities sent a formal Tax Assessment Notice to Servizi Italia, which, totally acknowledging the remark of the Tax Audit Report Notice, contested the tax exemption according to the Tremonti-ter of part of the investments. In 2016, Servizi Italia filed an appeal against the notice, asking it to be cancelled; the Provincial Tax Commission of Brescia rejected the appeal presented and, on 22 March 2017, Servizi Italia S.p.A. filed an appeal to the Regional Tax Commission, believing the tax claim to be illegitimate and objectively unfounded. The appeal hearing has not been scheduled yet.

On 30 September 2016, upon the delivery of a Tax Audit Report Notice issued by the Italian Inland Revenue - Regional Directorate Office of Emilia Romagna – Major Tax Payers Office, tax audit activities regarding income taxes, VAT and IRAP, for the 2013 tax period and the operations related to this period for any possible impact on the previous and subsequent tax periods for the Parent Company, were completed. The following was extrapolated from the Formal Notice of Assessments:

- the non-valuation of active intercompany transactions with the Brazilian subsidiary SRI Empreendimentos e Participações L.t.d.a. concerning the costs for services incurred by the Parent Company for the acquisition of the Brazilian operative companies and which should have been subject to charge-back;
- the identification of components deriving from the factoring fees to be fiscally treated according to the regulations on tax losses instead of the regulations on financial items;
- the deduction of negative income items set out contractually and identified according to the IAS 18 standards and recorded under risk provision.

On 9 August 2017 the Company received, with regard to the years 2012 and 2013, the invitations to appear from the tax authorities, in compliance with the adversarial principle; neither the Tax Audit Report Notice, nor the invitations to appear envisage payments. The Company, considering the factual and legal arguments concerning the economical and therefore fiscal reasons of the choices made, formalized to the tax authority in specific pleadings, believes to have correctly comply with all the fiscal duties. The Company is also evaluating the most appropriate defense and/or settlement of the dispute, to be individuated and activated after the meetings with the relevant offices.

## **Risk Factors**

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

To minimise such risks, 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-party lenders.

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.

### **Other information**

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.

Servizi Italia S.p.A., pursuant to article 3 of the Consob Resolution no. 18079 of 20 January 2012, decided to join the out-put regime set forth in article 70, paragraph 8, and 71, paragraph 1-bis, of the Consob Regulations n. 11971/99 (as amended), availing itself of the right to derogate from the obligation to publish the information documents as set forth in annex 3B of the above mentioned Consob Regulations when carrying out significant merging, demerging, share capital increases through contributions in kind, acquisitions and transfer operations.

With reference to the changes made in 2016 to the regulatory framework, Servizi Italia S.p.A. will publish the additional periodical information notwithstanding the obligations set forth for the issuers listed in the STAR segment, as specified in articles 2.2.3, par. 3, of the Regulations of the Markets organised and managed by Borsa Italiana S.p.A. and in the notice no. 7578 issued by Borsa Italiana on 21 April 2016.

### **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 preset 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.

During the reference period:

- the applicable Managers carried out the audits planned in the company departments as well as at production sites;
- accredited third party Certification Bodies successfully completed the renewal audits to maintain existing certifications and to obtain them for the new production sites.

### **Occupational Health and Safety**

Several occupational health and safety informational/training/instructional meetings were held during the period involving the top management, the operational managers, the Prevention and Protection Service and the Company Physicians.

In the first half of 2017, the safety team's activities included:

- a review and update of the Risk Assessment Documents;
- 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 agreements with third-party companies;
- safety coordination at temporary work sites for existing facility renovation work;
- continuous monitoring of indicators.

### **Environmental Regulations and energy saving activities**

To conduct its business, Servizi Italia S.p.A. is required to comply with 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”). The main elements for which the Company has obtained due authorisation from the applicable entities for all production sites are emissions into the atmosphere, water, withdrawals and discharges.

Waste management is implemented at each production site that produces waste: the Company regularly updates the waste register with information on the qualitative and quantitative characteristics of waste and, in line with the methods and timing established and in compliance with binding legislation, it has also registered its operating sites for the application of the electronic waste tracking control system (SISTRI).

During the period, the Company continued with additional energy efficiency actions aimed at primary energy savings, through the reduction of natural gas consumption by production site plants. In fact, an application was made to the GSE (Energy Services Operator) to request the certification of these energy savings and the issuing of the relevant Energy Efficiency Certificates, 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 20/07/04, gas Italian Ministerial Decree 20/07/04), as subsequently amended and supplemented by the Italian Ministerial Decrees 21/12/07 and 28 December 2012.

### Human resources and industrial relations

The Servizi Italia Group's total employees, including those of the consolidated companies, were as follows as at 30 June 2017:

Company	Executives and Middle managers	White-collar staff	Blue-collar staff	Total
Servizi Italia S.p.A.	8 executives and 25 middle managers	164	1,646	1,843
Servizi Italia Medical S.r.l.	-	-	1	1
Lavsim Higienização Têxtil S.A.	2 executives	22	382	406
Maxlav Lavanderia Especializada S.A.	4 executives	13	433	450
Vida Lavanderias Especializada S.A.	-	5	191	196
Aqualav Serviços De Higienização Ltda	1 executive	8	239	248
<b>Total</b>	<b>15 executives and 25 middle managers</b>	<b>212</b>	<b>2,892</b>	<b>3,144</b>

### 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), which expired on 30 June 2015. The Industry Executives national collective labour agreement is applied for the Company's managerial staff.

In 2017, 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 particular, in the reference period, the Human Resources Department interacted with the area trade union organisations and the trade union representatives, for the management of the project for the renovation of the production sites in the North-west, aimed at rationalising and saturating the production activities in that area. Therefore, a plan was drafted for the handling of excess staff, following the termination

of activities of the Barbariga (BS) site, which was confirmed through the transfer of personnel to the neighbouring production sites and incentivised exits.

On 11 May 2017, an agreement was signed for the renewal of the national collective labour Agreement for employees of companies in the integrated industrial system of textile and related medical services. The agreement solidifies what was agreed by the social parties in the outline agreement of 13 July 2016.

### **Training and development**

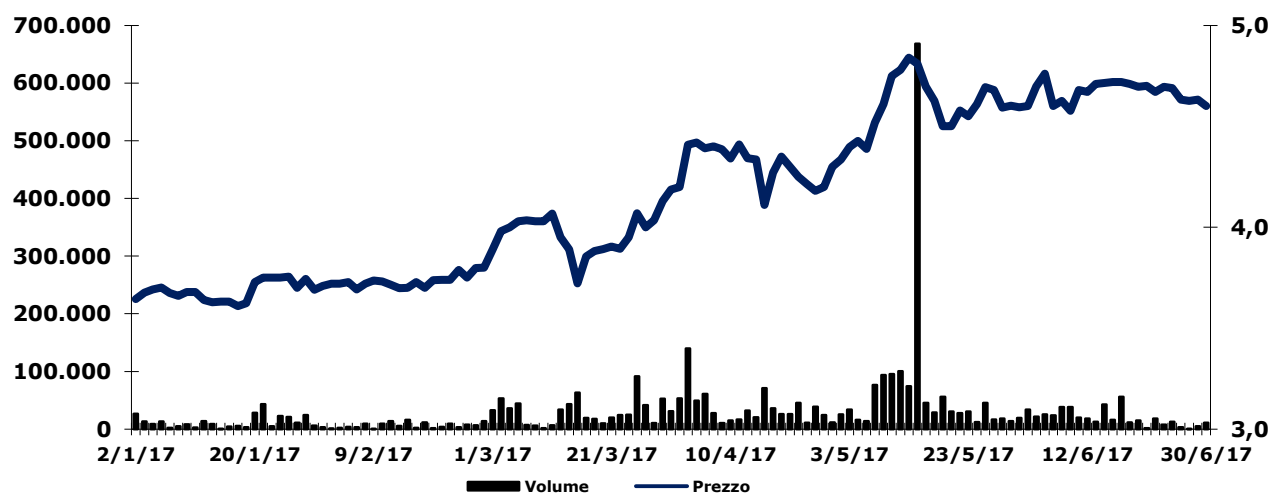
In line with the annual training Plan, the training activities carried out in the first half of 2017 focused on updating the knowledge of all personnel, supporting professional growth for operating as well as technical positions and strengthening the skills of those with roles of responsibility, with the awareness that training represents a strategic leverage for development and company growth. During the half, training activities also addressed the integrated quality/environment/safety system, the use of IT systems, as well as regulatory updates applicable to the various company departments.

### **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 30 June 2017 are reported below along with share volume and price trends (in Euros):

<b>Share and stock exchange data</b>	<b>30 June 2017</b>
No. of shares making up the share capital	31,809,451
Price at IPO: 4 April 2007	8.50
Price as at 30 June 2017	4.6
Maximum price during the period	4.84
Minimum price during the period	3.61
Average price during the period	4.16
Volumes traded during the period	3,766,315
Average volumes during the period	29,656.02

### Share volumes and prices as at 30 June 2017



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 reference period, the Company met with investors at the “STAR Conference” event in Milan organised by Borsa Italiana and MIDCAP Forum organised by MidCap – LCM in Paris.

The Chairman of the Board of Directors  
(Roberto Olivi)

**Half-year condensed consolidated financial statements of the Servizi Italia Group as at 30 June 2017**  
**Accounting schedules**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<i>(thousands of Euros)</i>	<b>Note</b>	<b>30 June 2017</b>	<i>of which with related parties (Note 8)</i>	<b>31 December 2016</b>	<i>of which with related parties (Note 8)</i>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	<b>6.1</b>	122,037	-	125,795	-
Intangible assets	<b>6.2</b>	5,215	-	6,028	-
Goodwill	<b>6.3</b>	54,183	-	55,234	-
Equity-accounted investments	<b>6.4</b>	32,425	-	28,764	-
Equity investments in other companies	<b>6.5</b>	3,612	-	3,629	-
Financial receivables	<b>6.6</b>	7,758	4,741	7,826	4,809
Deferred tax assets	<b>6.7</b>	2,329	-	2,351	-
Other assets	<b>6.8</b>	5,556	-	7,651	-
<b>Total non-current assets</b>		<b>233,115</b>		<b>237,278</b>	
<b>Current assets</b>					
Inventories	<b>6.9</b>	5,187	-	5,011	-
Trade receivables	<b>6.10</b>	71,427	3,404	71,141	1,613
Current tax receivables	<b>6.11</b>	1,470	-	2,865	-
Financial receivables	<b>6.12</b>	7,869	5,554	8,188	5,606
Other assets	<b>6.13</b>	12,929	-	12,203	-
Cash and cash equivalents	<b>6.14</b>	4,198	-	5,463	-
<b>Total current assets</b>		<b>103,080</b>		<b>104,871</b>	
<b>TOTAL ASSETS</b>		<b>336,195</b>		<b>342,149</b>	
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
<b>Group shareholders' equity</b>					
Share capital	<b>6.15</b>	31,800	-	31,461	-
Other reserves and retained earnings	<b>6.15</b>	99,293	-	95,299	-
Profit (loss) for the period		7,021	-	10,451	-
<b>Total shareholders' equity attributable to shareholders of the parent</b>		<b>138,114</b>		<b>137,211</b>	
<b>Total shareholders' equity attributable to non-controlling interests</b>		<b>780</b>		<b>545</b>	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>6.15</b>	<b>138,894</b>		<b>137,756</b>	
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Due to banks and other lenders	<b>6.16</b>	42,628	-	45,237	-
Deferred tax liabilities	<b>6.17</b>	2,562	-	2,633	-
Employee benefits	<b>6.18</b>	11,295	-	11,218	-
Provisions for risks and charges	<b>6.19</b>	2,556	-	2,798	-
Other financial liabilities	<b>6.20</b>	4,896	-	4,172	-
<b>Total non-current liabilities</b>		<b>63,937</b>		<b>66,058</b>	
<b>Current liabilities</b>					
Due to banks and other lenders	<b>6.16</b>	46,833	-	48,031	-
Trade payables	<b>6.21</b>	65,872	9,514	63,544	8,365
Current tax payables	<b>6.22</b>	63	-	22	-
Other financial liabilities	<b>6.23</b>	368	-	8,072	-
Other payables	<b>6.24</b>	20,228	-	18,666	-
<b>Total current liabilities</b>		<b>133,364</b>	-	<b>138,335</b>	
<b>TOTAL LIABILITIES</b>		<b>197,301</b>		<b>204,393</b>	
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>336,195</b>		<b>342,149</b>	



## CONSOLIDATED INCOME STATEMENT

<i>(thousands of Euros)</i>					
	Note	30 June 2017	of which with related parties (Note 8)	30 June 2016	of which with related parties (Note 8)
<b>Sales revenues</b>	<b>7.1</b>	<b>125,333</b>	2,274	<b>115,483</b>	457
Other income	<b>7.2</b>	2,075	319	2,149	303
Raw materials and consumables	<b>7.3</b>	(13,050)	(11)	(12,127)	(4)
Costs for services	<b>7.4</b>	(37,795)	(10,081)	(35,116)	(10,102)
Personnel expense	<b>7.5</b>	(41,117)	(2,306)	(37,096)	(1,908)
- of which non-recurring		(564)			
Other costs	<b>7.6</b>	(881)	(10)	(640)	(11)
Depreciation, amortisation, impairment and provisions	<b>7.7</b>	(26,574)	-	(23,438)	-
<b>Operating profit</b>		<b>7,991</b>		<b>9,215</b>	
Financial income	<b>7.8</b>	1,314	297	899	69
Financial expenses	<b>7.9</b>	(913)	-	(1,119)	-
Income/(expense) from equity investments in other companies	<b>7.10</b>	252	-	-	-
Revaluation/impairment of equity-accounted investments	<b>6.4</b>	196	-	90	-
<b>Profit before tax</b>		<b>8,840</b>		<b>9,085</b>	
Income taxes	<b>7.11</b>	(1,758)		(1,839)	
- of which non-recurring		(135)			
<b>Profit (loss) for the period</b>		<b>7,082</b>		<b>7,246</b>	
of which: Attributable to shareholders of the parent		7,021		7,182	
Attributable to non-controlling interests		61		64	
<b>Basic earnings per share (in Euros)</b>	<b>7.12</b>	<b>0.22</b>		<b>0.23</b>	
<b>Diluted earnings per share (in Euros)</b>	<b>7.12</b>	<b>0.22</b>		<b>0.23</b>	

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(thousands of Euros)</i>		
	30 June 2017	30 June 2016
<b>Profit (loss) for the period</b>	7,082	7,246
<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	(3,084)	5,244
Income taxes on other comprehensive income	-	-
<b>Total other comprehensive income after taxes</b>	<b>(3,084)</b>	<b>5,244</b>
<b>Total comprehensive income for the period</b>	<b>3,998</b>	<b>12,490</b>
of which: Attributable to shareholders of the parent	3,989	12,343
Attributable to non-controlling interests	9	147

## CONSOLIDATED CASH FLOW STATEMENT

<i>(thousands of Euros)</i>					
	Note	as at 30 June 2017	of which with related parties (Note 8)	as at 30 June 2016	of which with related parties (Note 8)
<i>Cash flow generated (absorbed) by operations</i>					
Profit (loss) before tax		8,840	-	9,085	-
Payment of current taxes		(58)	-	(326)	-
Amortisation and depreciation	7.7	26,061	-	23,161	-
Impairment and provisions	7.7	513	-	277	-
(Revaluation)/impairment of equity investments	6.4 7.10	(448)	-	(90)	-
Gains/losses on disposal	7.2 7.6	(313)	-	(136)	-
Interest income and expense accrued	7.8 7.9	(401)	-	220	-
Interest income collected	7.8	673	-	462	-
Interest expense paid	7.9	(617)	-	(913)	-
Provisions for employee benefits	6.18	380	-	326	-
		<b>34,630</b>		<b>32,066</b>	
(Increase)/decrease in inventories	6.9	(234)	-	(359)	-
(Increase)/decrease in trade receivables	6.10	(2,693)	(1,791)	(446)	(240)
Increase/(decrease) in trade payables	6.21	4,063	1,149	1,986	1,263
Increase/(decrease) in other assets and liabilities	6.8 6.13 6.19 6.20 6.23 6.24	(6,271)	-	(6,569)	-
Settlement of employee benefits	6.18	(345)	-	(227)	-
<b>Cash flow generated (absorbed) by operations</b>		<b>29,150</b>		<b>26,451</b>	
<i>Net cash flow generated (absorbed) from investment activities in:</i>					
Intangible assets	6.2	(120)	-	(297)	-
Property, plant and equipment	6.1	(22,954)	-	(19,297)	-
Dividends received	7.10	252	-	-	-
Equity investments	6.4 6.5	(1,448)	-	(1,073)	-
<b>Net cash flow generated (absorbed) by investment activities</b>		<b>(24,270)</b>		<b>(20,667)</b>	
<i>Cash flow generated (absorbed) from financing activities in:</i>					
Financial receivables	6.6 6.12	665	120	(4,700)	(2,672)
Dividends paid	6.15	(4,707)	-	(4,728)	-
Net (purchase)/sales of treasury shares	6.15	1,627	-	(174)	-
Share capital increase	6.15	-	-	4,000	-
Shareholders' equity	6.15	246	-	-	-
Current liabilities to banks and other lenders	6.16	(1,164)	-	459	-
Non-current liabilities to banks and other lenders	6.16	(2,598)	-	(1,822)	-
<b>Cash flow generated (absorbed) from financing activities</b>		<b>(5,931)</b>		<b>(6,965)</b>	
<b>(Increase)/decrease in cash and cash equivalents</b>		<b>(1,051)</b>		<b>(1,181)</b>	
<b>Opening cash and cash equivalents</b>	6.14	<b>5,463</b>		<b>7,082</b>	
<b>Effect of exchange rate fluctuations</b>		<b>214</b>		<b>(665)</b>	
<b>Closing cash and cash equivalents</b>	6.14	<b>4,198</b>		<b>6,566</b>	

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(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
<b>Balance as at 1 January 2016</b>	<b>30,444</b>	<b>49,318</b>	<b>4,186</b>	<b>32,431</b>	<b>(7,392)</b>	<b>12,728</b>	<b>379</b>	<b>122,094</b>
Allocation of profit from the previous year	-	-	586	7,414	-	(8,000)	-	-
Distribution of dividends	-	-	-	-	-	(4,728)	-	(4,728)
Change in the scope of consolidation	-	-	-	-	-	-	-	-
Share Capital increase	1,110	2,890	-	-	-	-	-	4,000
Treasury share transactions	(93)	(241)	-	-	-	-	-	(334)
Change in translation reserve	-	-	-	-	6,525	-	102	6,627
Other changes	-	-	-	(234)	-	-	-	(234)
Comprehensive income for the year	-	-	-	(184)	-	10,451	64	10,331
<b>Balance as at 31 December 2016</b>	<b>31,461</b>	<b>51,967</b>	<b>4,772</b>	<b>39,427</b>	<b>(867)</b>	<b>10,451</b>	<b>545</b>	<b>137,756</b>
Allocation of profit from the previous year	-	-	594	5,144	-	(5,738)	-	-
Distribution of dividends	-	-	-	-	-	(4,713)	-	(4,713)
Change in the scope of consolidation	-	-	-	-	-	-	226	226
Share capital increase	-	-	-	-	-	-	-	-
Treasury share transactions	339	1,288	-	-	-	-	-	1,627
Change in translation reserve	-	-	-	-	(3,032)	-	(52)	(3,084)
Other changes	-	-	-	-	-	-	-	-
Comprehensive income for the year	-	-	-	-	-	7,021	61	7,082
<b>Balance as at 30 June 2017</b>	<b>31,800</b>	<b>53,255</b>	<b>5,366</b>	<b>44,571</b>	<b>(3,899)</b>	<b>7,021</b>	<b>780</b>	<b>138,894</b>

## Explanatory Notes

### 1 INTRODUCTION

These half-year condensed consolidated financial statements as at 30 June 2017 of the Servizi Italia Group, subject to limited audit, have been prepared in compliance with Art. 154 ter of Italian Legislative Decree 58/1999 as amended as well as the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), on the basis of the text published in the Official Journal of the European Communities (OJEC). These half-year financial statements have been prepared in “condensed” form as established by IAS 34, and therefore must be read together with the Group’s consolidated financial statements as at 31 December 2016.

The condensed half-yearly financial report includes the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the statement of changes in consolidated shareholders’ equity, the cash flow statement and the notes, in line with the requirements of IFRS.

The half-year condensed consolidated financial statements were drafted in compliance with the IFRS issued by the International Accounting Standards Board and approved by the European Union at the time of drafting of these financial statements. IFRS mean also all revised international accounting standards (IAS) and all interpretations of the International (IFRS) Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

Given that no new IFRS accounting standards, amendments and interpretations are expected to enter into force on 1 January 2017, the Group drafted the half-year condensed consolidated financial statements using the same accounting standards used to prepare the consolidated financial statements for the year ended 31 December 2016.

#### **IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union, but not yet mandatorily applicable and not early adopted by the Group as at 30 June 2017**

- Principle **IFRS 15 – Revenue from Contracts with Customers** (issued on 28 May 2014 and supplemented with additional clarifications published on 12 April 2016), 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 application of other IAS/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 applies as from 1 January 2018, though early application is permitted. The amendments to IFRS 15, *Clarifications to IFRS 15 – Revenue from Contracts with Customers*, published by IASB on 12 April 2016, have not yet been approved by the European Union.

- Final version of the **IFRS 9 – Financial Instruments** (issued on 24 July 2014). The standard includes the results of the IASB project, pending the replacement of IAS 39:
  - it introduces new criteria to classify and measure financial assets and liabilities;
  - with reference to the impairment model, the new standard requires the losses on receivables to be estimated based on the expected losses model (instead of the incurred losses model of IAS 39) using information that can be evidenced, available free of charge or without unreasonable effort and including historic, current and forecast data;
  - a new hedge accounting model is introduced (additional types of transactions can be designated for hedge accounting, different accounting method for forward contracts and options when they are included in a hedge accounting transaction, changes to effectiveness test).

The new standard must be applied in the financial statements beginning on 1 January 2018 or later.

### **IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union.**

At the reference date of these half-year consolidated financial statements, the competent bodies of the European Union have not yet concluded the endorsement process needed for the adoption of the amendments and standards described below.

- Standard **IFRS 16 – Leases** (issued on 13 January 2016), intended to replace IAS 17 – *Leases*, as well as the 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 control (right of use) of an asset to differentiate between leasing and service agreements, by identifying the following distinguishing factors: asset identification, right of replacement of the asset, right to obtain substantially

all the economic benefits deriving from the 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 the recognition and measurement of lease agreements which provides for the recording of the leased asset, under assets with a counter entry under financial liabilities, with the possibility of not recognising as leasing the contracts that have “low-value assets” and the leasing with a contract duration of up to 12 months. On the other hand, the Standard does not include significant changes for the lessor.

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

- Amendment to **IAS 12 “Recognition of Deferred Tax Assets for Unrealised Losses”** (issued on 19 January 2016). This document provides clarifications on the recognition of deferred tax assets for unrealised losses under certain circumstances and on the estimation of taxable income for future periods. These amendments, published by the IASB in January 2016 and applicable from 1 January 2017, were not adopted by the Group as at 30 June 2017, as they have yet to be approved by the European Union.
- Amendment to **IAS 7 “Disclosure Initiative”** (issued on 29 January 2016). This document provides some clarifications to improve the information on financial liabilities. Specifically, the amendments require such disclosures as to allow the recipients of the financial statements to understand changes in liabilities generated by financing operations. These amendments, issued by the IASB in January 2016 and applicable from 1 January 2017, were not adopted by the Group as at 30 June 2017, as they have yet to be approved by the European Union.
- Amendment to **IFRS 2 “Classification and measurement of share-based payment transactions”** (issued on 20 June 2016). This document provides clarifications on how to account for the effects of vesting conditions in cash-settled share-based payments, how to classify share-based payments that include net settlement features and how to account for changes to the terms and conditions of a share-based payment that turn cash-settled share-based payment to equity-settled share-based payment. The amendments apply as from 1 January 2018, though early adoption is allowed.
- Document “**Annual Improvements to IFRSs: 2014-2016 Cycle**”, issued on 8 December 2016 (including IFRS 1 *First-Time Adoption of International Financial Reporting Standards* - Deletion of short-term exemptions for first-time adopters, IAS 28 *Investments in Associates and Joint Ventures* – Measuring investees at Fair value through profit or loss: an investment-by-investment choice or a consistent policy choice, IFRS 12 *Disclosure of Interests in Other Entities* – Clarification of the scope of the Standard) which partially supplement the pre-existing standards.
- Interpretation of **IFRIC 22 “Foreign Currency Transactions and Advance Consideration”** (issued on 8 December 2016). This interpretation provides guidelines on foreign currency transactions when non-monetary advance consideration paid or received is recognised before recognition of the relating asset, expense or income. This document clarifies how an entity has to determine the date of the transaction and

consequently the spot exchange rate to be used for foreign currency transactions whose consideration is paid or received in advance. IFRIC 22 applies as from 1 January 2018, though early adoption is allowed.

- Amendment to **IAS 40 “Transfers of Investment Property”** (issued on 8 December 2016). These amendments provide clarifications on the transfer of properties to, or from, investment properties. Specifically, an entity should only reclassify a property asset to or from investment property when there is evidence of a change in use of that asset. Such change in use must be supported by a specific event occurred in the past. A change in intention by the entity’s management alone is not sufficient. These amendments apply as from 1 January 2018, though early adoption is allowed.
- On 7 June 2017, the IASB published the interpretative document **IFRIC 23 – Uncertainty over Income Tax Treatments**. This interpretation provides guidelines on how to determine the accounting tax position when there is uncertainty over income tax treatments and requires that the uncertainty on the determination of liabilities or asset for income taxes should be recognized in the financial statements when it is probable that entity will pay or receive the amount in question. Therefore, the interpretation does not provide any new mandatory disclosure; however, the entity should assess whether is necessary to provide disclosures on the management consideration done in relation to the uncertainty inherent to the recognition of the income taxes, in accordance with IAS 1.

This interpretation applies as from 1 January 2019, though early adoption is allowed.

- Amendments to **IFRS 10 and IAS 28 “Sales or Contribution of Assets between an Investor and its Associate or Joint Venture”** (issued on 11 September 2014). The purpose of these amendments was 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 described above, the Group is evaluating the implementation criteria and the impacts on its consolidated financial statements, however, it is not possible to estimate the effects until the Group has completed a detailed analysis, while with reference to the other standards and interpretations detailed above, it is not expected that the adoption will lead to significant impacts on the measurement of the assets, liabilities, costs and revenues of the Group.

The half-year financial report is approved by the Board of Directors of Servizi Italia S.p.A. on 11 September 2017.

## 1.1 Core Business

The Group primarily works in the domestic market and in the State of São Paulo (Brazil), in India, in Turkey and in Albania, 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 THE COMPANY AS PART OF A GROUP**

Servizi Italia S.p.A. is part of the Coopservice S.Coop.p.A. Group, an Italian company with registered offices in Reggio Emilia, which holds a controlling shareholding via the wholly-owned company Aurum S.p.A., with registered offices at Via Rochdale no. 5, Reggio Emilia.

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.c.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. In fact, Servizi Italia S.p.A. operates under conditions of corporate and entrepreneurial autonomy and operates autonomously in commercial dealings with its customers and suppliers and independently defines its industrial plans and/or budgets. Furthermore, Servizi Italia - in compliance with the provisions of 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, the appointment of a Lead Independent Director and the adoption of regulations regarding transactions with related parties) which permit it not to be subject to management and co-ordination activities.

## **3 CONSOLIDATION PRINCIPLES AND ACCOUNTING STANDARDS**

### **3.1 Consolidation principles**

The half-year condensed consolidated financial statements as at 30 June 2017 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. Control is exercised based on a direct or indirect holding of the majority of shares with voting rights, or the exercise of dominant influence, i.e., the power to determine, including indirectly on the basis of contractual or legal agreements, the financial and operating decisions of the entity and obtain the relative benefits, even regardless of shareholding. Control is determined by considering the existence of potential voting rights that may be exercised at the reporting date.

The financial statements consolidated line-by-line were prepared as at 30 June 2017 and have been adjusted as required to bring them into line with the accounting standards of Servizi Italia S.p.A.

The consolidation criteria are the same as those applied in the Group's consolidated financial statements as at 31 December 2016.

### 3.2 Scope of Consolidation

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

<i>(thousands)</i>					
	Registered office	Currency	Share capital as at 30 June 2017	Percent. of shareholding as at 30 June 2017	Percent. of shareholding as at 31 December 2016
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\$	142,913	100%	100%
Lavsim Higienização Têxtil S.A.	São Roque, State of São Paulo (Brazil)	R\$	550	100%	100%
Maxlav Lavanderia Especializada S.A.	Jaguariúna, State of São Paulo (Brazil)	R\$	2,825	50.10%	50.10%
Vida Lavanderias Especializada S.A.	Santana de Parnaíba SP (Brazil)	R\$	3,600	50.10%	50.10%
Aqualav Serviços De Higienização Ltda	Vila Idalina, Poá, State of São Paulo (Brazil)	R\$	15,400	100.00%	100.00%

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

<i>(thousands)</i>					
	Registered office	Currency	Share capital as at 30 June 2017	Percentage of shareholding as at 30 June 2017	Percentage of shareholding as at 31 December 2016
CO.S.E.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. in liquidazione (in liquidation)	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%	50%
Arezzo Servizi S.c.r.l.	Arezzo	Eur	10	50%	50%
Brixia S.r.l.	Milan - Italy	Eur	10	23%	18.3%
Saniservice Sh.p.k.	Tirana – Albania	Lek	2,746	30%	30%
Shubhram Hospital Solutions Private Limited	New Delhi - India	INR	270,172	51%	51%
SAS Sterilizasyon Servisleri A.Ş.	Istanbul, Turkey	TL	3,502	51%	51%
Servizi Sanitari Integrati Marocco S.a.r.l.	Casablanca - Morocco	MAD	122	51%	-
Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve	Ankara, Turkey	TL	5,000	40%	40%

The following exchange rates were used to consolidate the companies that prepare their financial statements in a currency other than the Euro, which is used in the consolidated financial statements of the Servizi Italia Group:

Currency	Average exchange rate as at 30 June 2017	Final exchange rate as at 30 June 2017	Average exchange rate as at 30 June 2016	Final exchange rate as at 31 December 2016
Brazilian Real (R\$)	3.443113	3.76	4.129549	3.4305
Turkish Lira (TL)	3.9391	4.0134	3.259274	3.7072
Albanese Lek	135.010243	132.521	138.179544	135.23
Indian Rupee (INR)	71.176017	73.7445	75.00187	71.5935
Moroccan Dhiram (MAD)	10.81603	11.0095	-	-

### 3.3 Accounting standards and basis of preparation

The accounting standards and basis of preparation, reported in the introduction to the Notes to the financial statements, are the same as those used to prepare the consolidated financial statements as at 31 December 2016, which should be referred to for a description.

The condensed consolidated half-year financial statements as at 30 June 2017 were drafted on the basis of the going concern assumption.

## 4 RISK MANAGEMENT POLICY

Within the Servizi Italia Group, specific organisational directives centrally govern risk management and control over all transactions relevant to the composition of 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 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.

The principal internal and external risks to which the Group is exposed are described in the directors' report accompanying the separate financial statements. A description of market risks and the relative hedging policies is provided below.

### 4.1 Type of risks hedged

#### *Exchange rate risk*

The investments in Brazil, Turkey, India, Albania and Morocco have positioned the Group in an international context, exposing it to exchange rate risk generated by fluctuations in the Euro/Real, Euro/Turkish Lira, Euro/Indian Rupee, Euro/Albanian Lek and Euro/Moroccan Dirham 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.

#### *Credit risk*

There are significant concentrations of credit by customer and geographical area, and extended collection timescales. Around 20.6% of turnover comes from customers in the Lombardy Region, roughly 12.9% from customers in the Emilia Romagna Region, around 11.1% from customers in the Liguria Region, roughly 10.8% from customers in the Tuscany Region and approximately 10.1% from customers in the Veneto Region. In light of the fact that customers are predominantly public companies, default risk is deemed low. However, these customers have extended payment times which depend on loans received by the local health units and hospitals from the Regions. Currently, the average days sales outstanding are 104.

#### *Liquidity risk*

To correctly manage 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 obtained primarily from accounts receivable financing and, to a lesser extent, from medium-term, unsecured credit lines. The Group also uses factoring without recourse.

#### *Interest rate risk*

The Group's net financial debt primarily comprises short-term payables which, as at 30 June 2017, represent approximately 52.35% of its debt, at an average annual rate of around 0.47%. 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).

<i>(thousands of Euros)</i>	<b>0.5% rate increase</b>		<b>0.5% rate decrease</b>	
	<b>30 June 2017</b>	<b>31 December 2016</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
Financial receivables	+39	+90	(39)	(90)
Financial payables	+252	+487	(252)	(487)
Factoring of receivables	+235	+428	(235)	(428)

## **4.2 Fair value information**

The Group does not hold financial instruments measured at fair value. Therefore, no classification based on input quality is provided. Financial assets and financial liabilities are recognised at amortised cost. For equity investments in other companies, price quotations in active markets are not available. Therefore, their fair value

cannot be measured reliably. Such equity investments are measured at cost, if applicable less impairment losses or capital repayments.

## 5 SEGMENT REPORTING

The Servizi Italia Group's segment reporting is organised as follows:

- *Wash-hire*: this includes (i) planning and provision of integrated hire, 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): this 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 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 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 Servizi Italia Group considers the breakdown by business area to be more significant. The core business areas are identified based on how the Group is managed, how management responsibilities are attributed and how business reporting is analysed by the management.

(thousands of Euros)	Half-year ended as at 30 June 2017			
	Wash-hire	Steril B	Steril C	Total
Revenues from sales and services	95,148	9,702	20,483	125,333
Other income	837	112	1,126	2,075
Raw materials and materials	(8,836)	(2,980)	(1,234)	(13,050)
Costs for services	(28,618)	(2,482)	(6,695)	(37,795)
Personnel expense	(32,628)	(2,244)	(6,245)	(41,117)
Other costs	(707)	(48)	(126)	(881)
<b>EBITDA (a)</b>	<b>25,196</b>	<b>2,060</b>	<b>7,309</b>	<b>34,565</b>
Depreciation, amortisation and impairment	(21,885)	(994)	(3,695)	(26,574)
<b>Operating profit EBIT</b>	<b>3,311</b>	<b>1,066</b>	<b>3,614</b>	<b>7,991</b>
Financial income and expense and income and expense from equity investments in other companies				849
<b>Profit before tax</b>				<b>8,840</b>
Income taxes				(1,758)
<b>Profit (loss) for the year</b>				<b>7,082</b>
Of which portion attributable to non-controlling interests				61
<b>Of which portion attributable to shareholders of the parent</b>				<b>7,021</b>

(thousands of Euros)	Half-year ended as at 30 June 2016			
	Wash-hire	Steril B	Steril C	Total
Revenues from sales and services	86,004	9,857	19,622	115,483
Other income	1,098	168	883	2,149
Raw materials and materials	(8,316)	(2,536)	(1,275)	(12,127)
Costs for services	(25,578)	(3,110)	(6,428)	(35,116)
Personnel expense	(28,781)	(2,262)	(6,053)	(37,096)
Other costs	(548)	(24)	(68)	(640)
<b>EBITDA (a)</b>	<b>23,879</b>	<b>2,093</b>	<b>6,681</b>	<b>32,653</b>
Depreciation, amortisation and impairment	(18,815)	(956)	(3,667)	(23,438)
<b>Operating profit EBIT</b>	<b>5,064</b>	<b>1,137</b>	<b>3,014</b>	<b>9,215</b>
Financial income and expense and income and expense from equity investments in other companies				(130)
<b>Profit before tax</b>				<b>9,085</b>
Taxes				(1,839)
<b>Profit (loss) for the year</b>				<b>7,246</b>
Of which portion attributable to non-controlling interests				64
<b>Of which portion attributable to shareholders of the parent</b>				<b>7,182</b>

(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.

The wash-hire line which, in absolute terms, represents 75.9% of the revenue of the Group, recorded an increase of 10.6% compared with the same period in the previous year. The consolidated turnover of the line rose in both Italy (+6.6%) and in Brazil (+34.9%); in Italy, the line was mainly impacted by the acquisition, on 7 July 2016, of the company Tintoria Lombarda Divisione Sanitaria S.r.l., while in Brazil, aside from the increase in turnover recorded on new jobs, turnover was impacted by the revaluation in the Real/Euro exchange rate with respect to the same period of the previous year. On a like-for-like basis, the increase in turnover in the wash-hire line would be around 2.6%, relating in particular to the Brazilian area, given that the share of

Italian turnover was negatively impacted by the renegotiation of contracts in the portfolio due to the application of the spending review and the termination of contracts with some customers.

In terms of margins, the wash-hire EBITDA was 26.5% compared to 27.8% in the previous year, and EBIT decreased from 5.9% to 3.5%, with an increase of Euro 3,070 thousand in amortisation/depreciation, impairment and provisions. At EBIT level, amortisation, depreciation, impairment and provisions recorded growth due to higher linen depreciation of the Brazilian companies and of Tintoria Lombarda Divisione Sanitaria S.r.l. and, in addition, for the latter, the effects of the amortisation of the customer portfolio. On a like-for-like basis, EBITDA would amount to roughly 26.6% and EBIT approximately 4%. It should also be noted that the line was impacted in full by the one-off components relating to the cessation of activities at the Barbariga (BS) facility.

Revenues from linen sterilisation services decreased by 1.6% to Euro 9,702 thousand, accounting for 7.7% of total sales. As regards the revenues of the linen sterilisation line, the loss of turnover owing to the conclusion of contracts with some customers and the redefinition of contracts already in the portfolio had a negative impact, partly mitigated by the increase in turnover from the start of the tender contract for disposable supplies to “Ente per la Gestione Accentrata dei Servizi Condivisi di Udine”. In terms of margins, the EBITDA margin of the linen sterilisation business stood at 21.2%, in line with the previous year, and the EBIT margin increased from 11.0% to 11.5%.

Turnover in the surgical instrument sterilisation segment grew by 4.4% compared to 30 June 2016. This increase is due primarily to the gradual increase in turnover from customers such as Azienda Ospedaliera Careggi (Florence), ASST of Valle Olona for the hospital of Busto Arsizio, Azienda Ospedaliera Universitaria Policlinico Messina “G. Martino” and A.S.U.I. of Udine. Surgical instrument sterilisation is the segment with the highest profitability in terms of EBITDA, at 35.7%, while its EBIT amounted to 17.6%, an increase compared to the same period in the previous year.

The information in the tables below represents the assets directly attributable to investments by business segment.

<i>(thousands of Euros)</i>	Half-year ended as at 30 June 2017			
	Wash-hire	Steril B	Steril C	Total
<b>Total revenue from sales and services</b>	<b>95,148</b>	<b>9,702</b>	<b>20,483</b>	<b>125,333</b>
Investments in property, plant and equipment and intangible assets	20,879	1,064	1,359	23,302
Depreciation of property, plant and equipment and amortisation of intangible assets	21,372	994	3,695	26,061
<b>Net book value of property, plant and equipment and intangible assets</b>	<b>95,903</b>	<b>4,333</b>	<b>27,016</b>	<b>127,252</b>



(thousands of Euros)	Half-year ended as at 30 June 2016			
	Wash-hire	Steril B	Steril C	Total
<b>Total revenue from sales and services</b>	<b>86,004</b>	<b>9,857</b>	<b>19,622</b>	<b>115,483</b>
Investments in property, plant and equipment and intangible assets	16,848	1,230	2,225	20,303
Depreciation of property, plant and equipment and amortisation of intangible assets	18,538	956	3,667	23,161
<b>Net book value of property, plant and equipment and intangible assets</b>	<b>86,238</b>	<b>5,040</b>	<b>32,276</b>	<b>123,554</b>

## 5.1 Seasonality

The Group's economic and financial performance is not affected by particular significant cyclical or seasonal trends.

## 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	2,289	119,299	35,775	59,045	112,993	2,857	332,258
Accumulated depreciation	(1,075)	(73,038)	(21,910)	(38,923)	(76,576)	-	(211,522)
<b>Balance as at 1 January 2016</b>	<b>1,214</b>	<b>46,261</b>	<b>13,865</b>	<b>20,122</b>	<b>36,417</b>	<b>2,857</b>	<b>120,736</b>
Translation differences	13	1,840	310	16	727	8	2,914
Change in the scope of consolidation	3,349	898	119	140	3,355	-	7,861
Increases	43	4,311	1,585	2,854	30,766	2,964	42,523
Decreases	-	(211)	(4)	(61)	(257)	(27)	(560)
Depreciation	(154)	(8,201)	(3,836)	(5,732)	(29,756)	-	(47,679)
Reclassifications	4	731	1,229	667	47	(2,678)	-
<b>Balance as at 31 December 2016</b>	<b>4,469</b>	<b>45,629</b>	<b>13,268</b>	<b>18,006</b>	<b>41,299</b>	<b>3,124</b>	<b>125,795</b>
Historical cost	6,356	129,852	39,110	62,383	129,449	3,124	370,274
Accumulated depreciation	(1,887)	(84,223)	(25,842)	(44,377)	(88,150)	-	(244,479)
<b>Balance as at 31 December 2016</b>	<b>4,469</b>	<b>45,629</b>	<b>13,268</b>	<b>18,006</b>	<b>41,299</b>	<b>3,124</b>	<b>125,795</b>
Translation differences	(5)	(878)	(133)	(25)	(426)	(47)	(1,514)
Increases	4	1,601	780	979	18,454	1,366	23,184
Decreases	-	(137)	(1)	(106)	(17)	(7)	(268)
Depreciation	(97)	(4,068)	(1,870)	(2,871)	(16,254)	-	(25,160)
Reclassifications	-	1,125	821	70	19	(2,035)	-
<b>Balance as at 30 June 2017</b>	<b>4,371</b>	<b>43,272</b>	<b>12,865</b>	<b>16,053</b>	<b>43,075</b>	<b>2,401</b>	<b>122,037</b>
Historical cost	6,351	130,831	40,504	63,126	146,548	2,401	389,761
Accumulated depreciation	(1,980)	(87,559)	(27,639)	(47,073)	(103,473)	-	(267,724)
<b>Balance as at 30 June 2017</b>	<b>4,371</b>	<b>43,272</b>	<b>12,865</b>	<b>16,053</b>	<b>43,075</b>	<b>2,401</b>	<b>122,037</b>

Notes on the main changes:

#### *Plant and machinery*

The increases in Plant and machinery in the first half of 2017, amounting to Euro 1,601 thousand, mainly concern the investments made by the Brazilian companies Maxlav Lavanderia Especializada S.A. (Euro 391 thousand), Aqualav Serviços De Higienização Ltda (Euro 606 thousand), Lavsim Higienização Têxtil S.A. (Euro 39 thousand) and Vida Lavanderias Especializada S.A. (Euro 38 thousand).

Investments were made in the Italian area, in Castellina di Soragna (Euro 116 thousand), Florence (Euro 71 thousand) and Ariccia (Euro 57 thousand) facilities.

The item also included reclassifications of Euro 1,125, relating primarily to the commissioning of plants and machinery in both the Italian (Euro 955 thousand) and Brazilian areas (Euro 170 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.

On the basis of contractual commitments, the Group bore the cost of the partial renovation and expansion 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.

The item was impacted, as at 30 June 2017, by increases of Euro 780 thousand, of which Euro 185 thousand relating to the adjustment of the premises of Spedali Civili di Brescia, Euro 219 thousand invested in the construction of the new Ariccia sterilisation centre and Euro 192 thousand relating to the Brazilian companies Maxlav Lavanderia Especializada S.A. and Aqualav Serviços De Higienização Ltda.

Reclassifications, amounting to Euro 821 thousand, concern the adjustment, upgrade and expansion of Italian industrial laundering facilities (Euro 146 thousand), the Brazilian laundering facilities of the companies Maxlav Lavanderia Especializada S.A. and Aqualav Serviços De Higienização Ltda (Euro 230 thousand) and the launch of the Ariccia surgical instrument sterilisation centre (Euro 444 thousand).

### *Industrial and commercial equipment*

The changes in the half ended at 30 June 2017 relate to increases of Euro 979 thousand, of which Euro 336 thousand relating to the purchase of surgical instruments and Euro 643 thousand for the purchase of industrial equipment.

### *Other assets*

The item is broken down as follows:

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
Linens and mattresses	41,516	39,488
Furniture and fixtures	120	134
Electronic machinery	878	923
Cars	24	32
Motor vehicles	469	649
Telephone switchboards	68	73
<b>Total</b>	<b>43,075</b>	<b>41,299</b>

Increases in the first half of 2017 refer primarily to investments in linens (Euro 18,279 thousand), 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 investments under way at the end of the first half.

The item in question is broken down as follows as at 30 June 2017:

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
Sterilisation centre investments	739	1,240
Laundering facility investments	824	389
Investments on contracts	666	951
Investments at the production sites of the subsidiaries Lavsim Higienização Têxtil S.A., Maxlav L.E. S.A. and Aqualav Serviços De Higienização Ltda	170	537
<b>Total</b>	<b>2,399</b>	<b>3,117</b>

Investments in sterilisation centres in the first half of 2017 primarily concerned the construction or renovation of surgical instrument sterilisation centres. These investments concern, in particular, the construction of the new surgical instrument sterilisation centre at ASST of Valle Olona for the hospital of Busto Arsizio (Euro 134 thousand) and extension of the sterilisation service of a sub-centre at Azienda Ospedaliera Careggi - Florence (Euro 294 thousand).

The item laundering facility investments was impacted by investments made in the Soragna facility for the redevelopment of the production area (Euro 521 thousand) and for the supply of new machinery for the washing line (Euro 183 thousand).

## 6.2 Intangible assets

This item changed as follows:

<i>(thousands of Euros)</i>					
	Trademarks and software	Customer contracts portfolio	Other intangible assets	Intangible assets in progress and payments on account	Total
Historical cost	3,317	3,613	1,016	374	8,320
Accumulated/amortisation	(2,855)	(1,639)	(353)	-	(4,847)
<b>Balance as at 1 January 2016</b>	<b>462</b>	<b>1,974</b>	<b>663</b>	<b>374</b>	<b>3,473</b>
Translation differences	(4)	-	-	51	47
Change in the scope of consolidation	12	3,822	-	-	3,834
Increases	454	-	-	43	497
Decreases	(3)	-	-	-	(3)
Amortisation	(490)	(822)	(508)	-	(1,820)
Reclassifications	395	-	-	(395)	-
<b>Balance as at 31 December 2016</b>	<b>826</b>	<b>4,974</b>	<b>155</b>	<b>73</b>	<b>6,028</b>
Historical cost	4,466	7,435	1,016	73	12,990
Accumulated amortisation	(3,640)	(2,461)	(861)	-	(6,962)
<b>Balance as at 31 December 2016</b>	<b>826</b>	<b>4,974</b>	<b>155</b>	<b>73</b>	<b>6,028</b>
Translation differences	(30)	-	-	-	(30)
Increases	72	-	-	46	118
Decreases	-	-	-	-	-
Amortisation	(216)	(530)	(155)	-	(901)
Reclassifications	47	-	-	(47)	-
<b>Balance as at 30 June 2017</b>	<b>699</b>	<b>4,444</b>	<b>-</b>	<b>72</b>	<b>5,215</b>
Historical cost	4,345	7,435	1,016	72	12,868
Accumulated amortisation	(3,646)	(2,991)	(1,016)	-	(7,653)
<b>Balance as at 30 June 2017</b>	<b>699</b>	<b>4,444</b>	<b>-</b>	<b>72</b>	<b>5,215</b>

The increase in intangible assets is essentially due to investments in software in the Italian area amounting to Euro 70 thousand.

## 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:

<i>(thousands of Euros)</i>	as at 31 December 2016	Increases /(decreases)	Translation differences	as at 30 June 2017
CGU Italy	43,243	-	-	43,243
CGU Brazil	11,991	-	(1,051)	10,940
<b>Total</b>	<b>55,234</b>	<b>-</b>	<b>(1,051)</b>	<b>54,183</b>

The change in the first half is entirely attributable to differences from the translation into Euros of goodwill arising from acquisitions in Brazil.

At the date of approval of these half-year consolidated financial statements, no facts or events have taken place that may indicate an impairment loss in the goodwill recognised and tested for impairment at the end of 2016.

#### 6.4 Equity-accounted investments

The item Equity-accounted investments changed as follows:

(thousands of Euros)	Change during the half as at 30 June 2017					
	1 January 2017	Increases	Decreases	Revaluations	Impairment	30 June 2017
<b>Associates and jointly controlled companies</b>						
Saniservice Sh.p.k.	(296)	-	-	270	-	(26)
Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve	13,441	-	(317)	326	-	13,450
Finanza & Progetti S.p.A.	5,194	600	-	-	(12)	5,782
Brixia S.r.l.	-	3,002	-	11	-	3,013
Arezzo Servizi S.c.r.l.	5	-	-	-	-	5
CO.SE.S S.c.r.l.	3	-	-	-	-	3
PSIS S.r.l.	4,201	-	-	-	(306)	3,895
Ekolav S.r.l.	69	-	-	35	-	104
Steril Piemonte S.c.r.l.	1,973	-	-	-	-	1,973
AMG S.r.l.	2,329	-	(62)	58	-	2,325
Iniziative Produttive Piemontesi S.r.l.	1,127	-	-	57	-	1,184
SE.STE.RO. S.r.l. in liquidazione (in liquidation)	112	-	-	8	-	120
Piemonte Servizi Sanitari S.c.r.l.	3	-	-	-	-	3
Servizi Sanitari Integrati Marocco S.a.r.l.	-	88	-	-	-	88
SAS Sterilizasyon Servisleri A.Ş.	266	153	-	-	(31)	388
Shubhram Hospital Solutions Private Limited	337	-	-	-	(219)	118
<b>Total</b>	<b>28,764</b>	<b>3,843</b>	<b>(379)</b>	<b>765</b>	<b>(568)</b>	<b>32,425</b>

The increase in the change in equity investments derives primarily from the increase in the share already held by Tintoria Lombarda Divisione Sanitaria S.r.l. in Brixia S.r.l., a company which handles Facility Management services in the hospital ASST Spedali Civili di Brescia, with a subsequent increase in the turnover achieved in the relevant contract and the subscription of a new tranche of the share capital increase in the company Finanza & Progetti S.p.A. The decreases refer to the dividends resolved by Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve and AMG S.r.l., relating to the positive results achieved by the associates in 2016.

#### 6.5 Equity investments in other companies

This item changed as follows in the first half of 2017:

(thousands of Euros)	Change during the half as at 30 June 2017				as at 30 June 2017
	1 January 2017	Increases	Impairment losses/Decreases		
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
Synchron Nuovo San Gerardo S.p.A.	344	-	-	344
SPV Arena Sanità	278	-	-	278
Futura S.r.l.	25	-	-	25
Brixia S.r.l.	2	-	(2)	-
Other	109	-	(15)	94
<b>Total</b>	<b>3,629</b>	<b>-</b>	<b>(17)</b>	<b>3,612</b>

## 6.6 Non-current financial receivables

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 June 2017	as at 31 December 2016
Prosa S.p.A.	255	255
Sesamo S.p.A.	353	353
Progeni S.p.A.	982	982
PROG.ESTE.. S.p.A.	531	531
Saniservice Sh.p.K.	4,000	4,000
Summano Sanità S.p.A.	2	2
Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve	741	809
SPV Arena Sanità	461	461
Synchron Nuovo San Gerardo S.p.A.	275	275
Futura S.r.l.	158	158
<b>Total</b>	<b>7,758</b>	<b>7,826</b>

Financial receivables relate to interest-bearing loans granted to the companies Prosa S.p.A., Sesamo S.p.A., Progeni S.p.A., Prog.Este S.p.A., Summano Sanità S.p.A., Arena Sanità S.p.A., Synchron S.p.A. and Futura S.r.l. 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 2035, 20 August 2032, 14 June 2042 and 31 December 2035 respectively), as well as the loans granted to foreign investees Saniservice Sh.p.K. and Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi, whose value in foreign currency fell due to the write-down of the Turkish Lira.

## 6.7 Deferred tax assets

This item changed as follows:

<i>(thousands of Euros)</i>	Share Capital increase costs	Property, plant and equipment	Employee benefits	Previous tax losses	Other costs with deferred deductibility	Total
<b>Deferred taxation as at 1 January 2016</b>	<b>48</b>	<b>784</b>	<b>134</b>	<b>416</b>	<b>418</b>	<b>1,800</b>
Change in the consolidation area	-	-	12	-	7	19
Changes recognised in the income statement	(36)	(28)	-	502	32	470
Changes recognised under shareholders' equity	-	-	-	-	-	-
Changes recognised in other comprehensive income	-	-	62	-	-	62

<b>Deferred taxation as at 31 December 2016</b>	<b>12</b>	<b>756</b>	<b>208</b>	<b>918</b>	<b>457</b>	<b>2,351</b>
Changes recognised in the income statement	(4)	17	-	(88)	53	(22)
Changes recognised under shareholders' equity	-	-	-	-	-	-
Changes recognised in other comprehensive income	-	-	-	-	-	-
<b>Deferred taxation as at 30 June 2017</b>	<b>8</b>	<b>773</b>	<b>208</b>	<b>830</b>	<b>510</b>	<b>2,329</b>

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

## 6.8 Other non-current assets

The item is broken down as follows:

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
Substitute tax Italian D.L. 185 subsequent years	3,014	3,313
Receivables for IRES reimbursement request pursuant to Art. 2 par. 1-quater Italian Decree Law No. 201	175	1,833
Aqualav receivable, in escrow account	2,133	2,343
Other non-current assets	234	162
<b>Total</b>	<b>5,556</b>	<b>7,651</b>

Other non-current assets fell from Euro 7,651 thousand as at 31 December 2016 to Euro 5,556 thousand as at 30 June 2017. The reduction in the item is due to the collection in June 2017 of part of the receivable of the IRES refund request pursuant to art. 2, paragraph 1-quater Decree Law no. 201. 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. The reduction in the receivable in escrow account of Aqualav Serviços De Higienização Ltda is due to the devaluation of the Real.

## 6.9 Inventories

Inventories at year-end primarily included washing products, chemical products, packaging, consumables, spare parts, single-use materials and procedure kits.

## 6.10 Trade receivables

The item is broken down as follows:

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
Due from third parties	68,385	69,878
Due from associates	2,797	896
Due from parent companies	244	366
Receivables from companies under the control of the parent companies	1	1
<b>Total</b>	<b>71,427</b>	<b>71,141</b>

### *Trade receivables due from third parties*

The item is broken down as follows:

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
Due from customers	74,106	75,380
Bad debt provision	(5,721)	(5,502)
<b>Total</b>	<b>68,385</b>	<b>69,878</b>

During the half, the Servizi Italia Group carried out some transactions involving the disposal of the receivables described below:

- transfer without recourse to Credemfactor S.p.A. of Euro 30,715 thousand in trade receivables for consideration of Euro 30,638 thousand;
- participation in the transfer without recourse to Unicredit Factoring S.p.A. of Euro 324 thousand in trade receivables due from Lazio Region local health units and hospitals for consideration of Euro 323 thousand;
- trade receivables were factored without recourse to Unicredit Factoring S.p.A. for Euro 15,867 thousand, for a consideration of Euro 15,836 thousand.

The bad debt provision changed as follows in the first half of 2017 and in 2016:

<i>(thousands of Euros)</i>	
<b>Balance as at 1 January 2016</b>	<b>5,531</b>
Uses	(533)
Adjustments	(81)
Provisions	585
<b>Balance as at 31 December 2016</b>	<b>5,502</b>
Uses	(33)
Adjustments	(260)
Provisions	512
<b>Balance as at 30 June 2017</b>	<b>5,721</b>

### *Trade receivables due from associates and jointly controlled companies*

The balance of Euro 2,797 thousand as at 30 June 2017 includes trade receivables mainly from the companies Brixia S.r.l. (Euro 1,242 thousand), Saniservice Sh.p.k. (Euro 342 thousand), AMG S.r.l. (Euro 262 thousand), PSIS S.r.l. (Euro 191 thousand) and Steril Piemonte S.c.r.l. (Euro 125 thousand). The change when compared to the 31 December 2016 figure is primarily attributable to the company Brixia S.r.l. and more services contracted with ASST Spedali Civili di Brescia.



## 6.11 Current tax receivables

The item is broken down as follows:

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
Tax receivables	7,412	5,859
Tax payables	(5,942)	(2,994)
<b>Total</b>	<b>1,470</b>	<b>2,865</b>

## 6.12 Current financial receivables

The item is broken down as follows:

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
Asolo Hospital Service S.p.A.	1,721	1,673
P.S.I.S. S.r.l.	3,869	3,847
Ekolav S.r.l.	175	174
Arezzo Servizi S.c.r.l.	401	151
Steril Piemonte S.c.r.l.	651	1,153
Iniziative Produttive Piemontesi S.r.l.	90	90
Gesteam S.r.l.	319	313
Other	643	787
<b>Total</b>	<b>7,869</b>	<b>8,188</b>

Financial receivables are for loans granted to the companies indicated above, which are due within the year or repayable on demand. The item recorded a change with respect to 31 December 2016 owing to the partial repayment of the loan of the company Steril Piemonte S.c.r.l. and the increase in the loan to the company Arezzo Servizi S.c.r.l.

## 6.13 Other current assets

The item is broken down as follows:

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
Due from others	10,801	11,223
Prepayments	1,948	836
Guarantee deposits receivable	117	137
Accrued income	63	7
<b>Total</b>	<b>12,929</b>	<b>12,203</b>

Other non-current assets rose from Euro 12,203 thousand as at 31 December 2016 to Euro 12,929 thousand as at 30 June 2017. Prepayments increased with respect to 31 December 2016 as a result of rentals and insurance

premiums falling due in the second half of the year. The item also includes guarantee deposits relate to energy utilities and rentals.

#### 6.14 Cash and cash equivalents

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 June 2017	as at 31 December 2016
Bank and postal deposits	4,169	5,434
Cheques	1	1
Cash at bank and in hand	28	28
<b>Total</b>	<b>4,198</b>	<b>5,463</b>

Cash and cash equivalents as at 30 June 2017 recorded a drop of Euro 1,265 thousand compared to 31 December 2016. The changes in cash and cash equivalents can be better analysed by looking at the development of the cash flow statement which shows the positive or negative contribution from the other balance sheet items to the final result, in terms of the creation and absorption of liquidity.

#### 6.15 Shareholders' equity

As at 30 June 2017, the fully subscribed and paid-up share capital of Servizi Italia S.p.A. was broken down into 31,809,451 ordinary shares with a nominal amount of Euro 1 each. During the first half of 2017, the Company purchased 52,200 treasury shares with a value of Euro 213 thousand, equivalent to 0.16% of the share capital, at the average purchase price of Euro 4.07 per share and sold 391,420 treasury shares for a value of Euro 1,840 thousand, equating to 1.23% of the share capital at an average price of Euro 4.70 per share. Following these transactions, the Company held 9,000 treasury shares amounting to 0.03% of the share capital as at 30 June 2017. Their nominal amount as at 30 June 2017, of Euro 42 thousand, was classified as a decrease to share capital, and the value exceeding the nominal amount, totalling Euro 33 thousand, was recognised as a reduction in the share premium reserve. The legal reserve and retained earnings/(losses) increased due to the allocation of the profit from 2016, after the payment of dividends for Euro 4,707 thousand. The negative impact for Euro 3,084 thousand on the translation reserves of equity of the Brazilian companies, following the devaluation of the Real/Euro exchange rate, should also be noted.

#### 6.16 Due to banks and other lenders

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 June 2017			as at 31 December 2016		
	Current	Non-current	Total	Current	Non-current	Total
Bank borrowing	46,225	42,628	88,853	47,368	45,237	92,605
Due to other lenders	608	-	608	663	-	663
<b>Total</b>	<b>46,833</b>	<b>42,628</b>	<b>89,461</b>	<b>48,031</b>	<b>45,237</b>	<b>93,268</b>

### Bank borrowing

The portion of the payable falling due beyond 12 months relating to the item Due to banks changed as at 30 June 2017 when compared to 31 December 2016, due to the reimbursement of the amounts due in the year and the taking out of a new unsecured loan with Unicredit Banca S.p.A. for Euro 10,000 thousand (residual debt falling due after 12 months of Euro 6,667 thousand), with a duration of three years, targeted at the payment of both the deferred price for the share of 40% held, and the acquisition of an additional 15% stake in the Turkish company Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi, maintaining a balanced ratio of short to medium-term borrowing. The item in question also includes unsecured loans taken out with Cassa di Risparmio di Parma e Piacenza S.p.A. (residual debt beyond 12 months of Euro 7,871 thousand), with Banca Carige Italia S.p.A. (residual debt beyond 12 months of Euro 3,563 thousand), with Cassa di Risparmio in Bologna S.p.A. (residual debt beyond 12 months of Euro 4,500 thousand), with Banca Popolare di Milano S. Coop.a r.l. (residual debt beyond 12 months of Euro 8,347 thousand), with con Banca Popolare Emilia Romagna Soc. (residual debt falling due after 12 months of Euro 1,771 thousand), with Banca Nazionale del Lavoro S.p.A. (residual debt falling due after 12 months of Euro 9,800 thousand) and the portion of payables falling due after the year of the Brazilian subsidiaries amounting to Euro 110 thousand. The loan stipulated with Banca Nazionale del Lavoro S.p.A. requires the maintenance of a net financial position of less than 1.5 times the value of shareholders' equity and less than 2.0 times the Ebitda (covenant), conditions which had been met as at 30 June 2017. The loans stipulated with Cassa di Risparmio in Bologna S.p.A., Unicredit S.p.A. and Cassa di Risparmio di Parma e Piacenza SpA 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 30 June 2017. 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 30 June 2017.

Amounts due to banks are shown below by maturity:

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
Less than or equal to 6 months	35,289	37,991
6 to 12 months	10,936	9,377
1 to 5 years	42,628	45,237
More than 5 years	-	-
<b>Total</b>	<b>88,853</b>	<b>92,605</b>

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

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
1 to 2 years	21,253	18,524
2 to 5 years	21,375	26,713
More than 5 years	-	-
<b>Total</b>	<b>42,628</b>	<b>45,237</b>

### *Payables due to other lenders*

Amounts due to other lenders as at 30 June 2017, for the current portion, are represented mainly 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 from the subsidiary Se.Sa.Tre. S.c.r.l. to the non-controlling shareholder Servizi Ospedalieri S.p.A. of Euro 516 thousand (Euro 524 thousand as at 31 December 2016), and the financial payables of the Brazilian subsidiaries amounting to Euro 37 thousand.

No amounts due to other lenders have been recorded under non-current liabilities as at 30 June 2017.

Payables to other lenders are broken down by maturity below:

<i>(thousands of Euros)</i>	as at 30 June 2017	as at 31 December 2016
Less than or equal to 6 months	608	663
6 to 12 months	-	-
1 to 5 years	-	-
More than 5 years	-	-
<b>Total</b>	<b>608</b>	<b>663</b>

### **6.17 Deferred taxes liabilities**

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

<i>(thousands of Euros)</i>	Leasing	Property, plant and equipment and intangible assets	Goodwill	Total
<b>Deferred tax liabilities as at 1 January 2016</b>	<b>108</b>	<b>585</b>	<b>1,174</b>	<b>1,867</b>
Change in the scope of consolidation	-	1,320	-	1,320
Changes recognised in the income statement	(64)	(593)	103	(554)
Changes recognised in other comprehensive income	-	-	-	-
<b>Deferred tax liabilities as at 31 December 2016</b>	<b>44</b>	<b>1,312</b>	<b>1,277</b>	<b>2,633</b>
Changes recognised in the income statement	(11)	(111)	51	(71)
Changes recognised in other comprehensive income	-	-	-	-
<b>Deferred tax liabilities as at 30 June 2017</b>	<b>33</b>	<b>1,201</b>	<b>1,328</b>	<b>2,562</b>

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:

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
<b>Opening balance</b>	<b>11,218</b>	<b>9,989</b>
Change in the scope of consolidation	-	882
Provision net of transfers to pension funds	380	502
Financial expenses	42	136
Actuarial (gains)/losses	-	242
Transfers (to)/from other provisions	-	-
(Uses net of transfers to pension funds)	(345)	(533)
<b>Closing balance</b>	<b>11,295</b>	<b>11,218</b>

The item includes the Provision for Employee Severance Indemnity recognised to the employees of Italian group companies and identified as a defined benefit plan.

This item also 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.

## 6.19 Provisions for risks and charges

The item is broken down as follows:

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
<b>Opening balance</b>	<b>2,798</b>	<b>2,277</b>
Provisions	-	52
Uses	(7)	(67)
Other changes	(235)	536
<b>Closing balance</b>	<b>2,556</b>	<b>2,798</b>

The reduction in the item is due to the devaluation of the Real/Euro exchange rate on the provision set aside for disputes with employees in 2015 by the Brazilian company Aqualav Serviços De Higienização Ltda.

## 6.20 Other non-current financial liabilities

The item is broken down as follows:

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
Deferred price Aqualav Serviços De Higienização Ltda	323	354
Payable for put options on Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A.	3,573	3,724
Due to Area S.r.l.	1,000	-
Other payables	-	94
<b>Total</b>	<b>4,896</b>	<b>4,172</b>

The increase, compared with 31 December 2016, is due to the payable due to Area S.r.l. for the acquisition of shares in Brixia S.r.l, while the effects of the devaluation of the Real/Euro exchange rate reduced the value of the payable for the put options associated with the purchase of the residual 49.9% of the companies Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A.

## 6.21 Trade payables

The item is broken down as follows:

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
Due to suppliers	57,207	56,156
Due to associates	2,583	2,649
Due to parent companies	4,696	4,445
Payables to companies under the control of the parent companies	1,386	294
<b>Total</b>	<b>65,872</b>	<b>63,544</b>

### *Due to suppliers*

The balance as at 30 June 2017 refers entirely to trade payables due within 12 months.

### *Due to associates and the parent company*

The balance as at 30 June 2017 is composed mainly of trade-related payables due to the associates Steril Piemonte S.c.r.l. (Euro 546 thousand), Ekolav S.r.l. (Euro 504 thousand), AMG S.r.l. (Euro 500 thousand) and SE.STE.RO. S.r.l. in liquidation (Euro 403 thousand).

### *Due to parent companies*

Trade payables due to the parent company Coopservice S.Coop.p.A. are mainly for transport services.

### *Payables to companies under the control of the parent companies*

Trade-related payables to companies under the control of parent companies relate to amounts due to Focus S.p.A. (Euro 1,084 thousand) and Archimede S.p.A. (Euro 302 thousand).

## 6.22 Current tax payables

The item is broken down as follows:

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
Tax receivables	1,778	1,767
Tax payables	(1,841)	(1,789)
<b>Total</b>	<b>(63)</b>	<b>(22)</b>

The amount refers to current tax payables of consolidated companies.

## 6.23 Other current financial liabilities

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
Payables to shareholders Ankateks Turizm İnşaat Tekstil Temizleme San. Ve Tic. Ltd. Şti	-	7,625
Deferred price Aqualav Serviços De Higienização Ltda	302	375
Payable for earn-out on Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A.	66	72
<b>Total</b>	<b>368</b>	<b>8,072</b>

The change in the item is connected, in particular, with the balance of the amount due for the payment of the deferred price for the purchase of the 40.0% shareholding in Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi.

## 6.24 Other current payables

The table below provides a breakdown of other current liabilities:

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
Accrued liabilities	168	115
Deferred income	626	712
Due to social security and welfare institutions	4,287	5,319
Other payables	15,147	12,520
<b>Total</b>	<b>20,228</b>	<b>18,666</b>

The item increased by Euro 1,562 thousand from Euro 18,666 thousand as at 31 December 2016 to Euro 20,228 thousand as at 30 June 2017. The increase is attributable to the item 'other payables', where, during the period, an amount of Euro 1,000 thousand was recognised under other payables due to Area S.r.l. for the acquisition of an additional shareholding in Brixia S.r.l.

### *Social security contributions*

Amounts due to social security include contributions to INPS/INAIL/INPDAl (National Social Security Institution/Italian Institution for Insurance Against Workplace Accidents/National Welfare Institute for Industrial Managerial Employees) totalling Euro 4,287 thousand, all falling due within the year.

### *Other payables*

The item is broken down as follows:

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
Due to employees	9,963	9,502
Employee/professional IRPEF (personal income tax) payable	1,624	2,031
Other payables	3,560	987
<b>Total</b>	<b>15,147</b>	<b>12,520</b>

The increase in the item is the result of the rise in payables to the employees of the Brazilian companies compared to the close of the year as at 31 December 2016.

## 6.25 Net financial debt

The Group's net financial debt as at 30 June 2017 and as at 31 December 2016 is shown below:

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
Cash and cash equivalents in hand	29	29
Cash at bank	4,169	5,434
<b>Cash and cash equivalents</b>	<b>4,198</b>	<b>5,463</b>
Current financial receivables	7,869	8,188
Current liabilities to banks and other lenders	(46,833)	(48,031)
<b>Current net financial debt</b>	<b>(38,964)</b>	<b>(39,843)</b>
Non-current liabilities to banks and other lenders	(42,628)	(45,237)
<b>Non-current net financial debt</b>	<b>(42,628)</b>	<b>(45,237)</b>
<b>Net financial debt</b>	<b>(77,394)</b>	<b>(79,617)</b>

The decrease in net financial debt as at 30 June 2017 compared to 31 December 2016, amounting to Euro 2,223 thousand, is the result of careful cash flow management.

In particular, an analysis of the individual items shows that there was a decrease of Euro 1,265 thousand in cash and cash equivalents in current accounts at banks compared to 31 December 2016, essentially as a result of the reduction in liquidity in the BNP Paribas account of the Brazilian subsidiary SRI Empreendimentos e Participações Ltda, which was used to finance group growth in Brazil.

Financial receivables recorded a decrease of Euro 319 thousand, compared to 31 December 2016, due mainly to the partial repayment of the loan granted to the associate Steril Piemonte S.c.r.l. and the increase in the loan to the associate Arezzo Servizi S.c.r.l..

Current liabilities to banks and other lenders decreased by Euro 1,198 thousand compared to 31 December 2016, as a result of lower use of self-liquidating lines.

Non-current liabilities to banks and other lenders recorded a drop of Euro 2,609 thousand, as a result of the repayment of loan instalments in the period.

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 payables" and the value of "Other non-current financial liabilities" in "Other non-current payables".



<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<i>of which with related parties</i>	<b>as at 31 December 2016</b>	<i>of which with related parties</i>
A. Cash	29	-	29	-
B. Other cash equivalents	4,169	-	5,434	-
C. Securities held for trading	-	-	-	-
<b>D. Cash and cash equivalents (A)+(B)+(C)</b>	<b>4,198</b>		<b>5,463</b>	
E. Current financial receivables	7,869	5,554	8,188	5,436
F. Current bank borrowings	(24,284)	-	(28,558)	-
G. Current portion of non-current borrowings	(22,549)	-	(19,473)	-
H. Other current financial payables	(368)	-	(8,072)	-
<b>I. Current financial debt (F) + (G) + (H)</b>	<b>(47,201)</b>		<b>(56,103)</b>	
<b>J. Current net financial debt (I) - (E) - (D)</b>	<b>(35,134)</b>		<b>(42,452)</b>	
K. Non-current bank borrowings	(42,628)	-	(45,237)	-
L. Bonds issued	-	-	-	-
M. Other non-current payables	(4,896)	-	(4,172)	-
<b>N. Non-current financial debt (K) + (L) + (M)</b>	<b>(47,524)</b>		<b>(49,409)</b>	
<b>O. Net financial debt (J)+(N)</b>	<b>(82,658)</b>		<b>(91,861)</b>	

## 6.26 Financial guarantee contracts

The table below lists the guarantees given by the company, existing as at 30 June 2017 and as at 31 December 2016:

<i>(thousands of Euros)</i>	<b>as at 30 June 2017</b>	<b>as at 31 December 2016</b>
Guarantees issued by banks and insurance companies for tenders	62,535	66,448
Guarantees issued by banks and insurance companies for lease agreements and utilities	602	603
Guarantees issued by banks and insurance companies in favour of third parties	40,586	40,417
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
<b>Total</b>	<b>106,065</b>	<b>109,810</b>

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 shares Asolo Hospital Service, Sesamo, Progeni and Prog.Este to back the loans granted to 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)	Half-year ended as at 30 June	
	2017	2016
Wash-hire	95,148	86,004
Steril B	9,702	9,857
Steril C	20,483	19,622
<b>Sales revenues</b>	<b>125,333</b>	<b>115,483</b>

Revenue and services by geographical area are broken down as follows:

(thousands of Euros)	Half-year ended as at 30 June	
	2017	2016
Abruzzo	3	4
Basilicata	226	219
Campania	25	24
Emilia Romagna	16,110	16,244
Friuli Venezia Giulia	10,071	8,758
Latium	5,788	5,945
Liguria	13,857	14,281
Lombardy	25,969	21,241
Marches	1,951	1,718
Piedmont	3,450	4,086
Sicily	1,846	1,647
Tuscany	13,439	13,276
Trentino Alto Adige	2,930	2,737
Umbria	133	130
Valle D'Aosta	250	571
Veneto	12,700	12,350
NON-EU revenues	116	41
NON-EU revenues (BRAZIL)	16,469	12,211
<b>Total</b>	<b>125,333</b>	<b>115,483</b>

## 7.2 Other income

This balance mainly comprises ordinary gains of Euro 324 thousand from the disposal of assets, recoveries of costs and personnel attributable to third parties for Euro 480 thousand, charge-backs of Euro 639 thousand for consortium costs, non-recurring income of Euro 255 thousand and other income of Euro 377 thousand.

## 7.3 Raw materials and consumables

As at 30 June 2017, consumption of raw materials amounted to Euro 13,050 thousand, up by Euro 923 thousand compared to the same period of the previous year, primarily associated with washing products, chemical products, packaging, consumables, spare parts, single-use materials and procedure kits.

## 7.4 Costs for services

The item is broken down as follows:

(thousands of Euros)	Half-year ended as at 30 June	
	2017	2016
External laundering and other industrial services	(10,872)	(9,764)
Travel and transport	(7,168)	(6,014)
Utilities	(5,674)	(5,866)
Administrative costs	(1,177)	(933)
Consortium and sales costs	(4,412)	(4,147)
Personnel expense	(1,231)	(1,266)
Maintenance	(2,814)	(2,573)
Use of third-party assets	(3,609)	(3,897)
Other services	(838)	(656)
<b>Total</b>	<b>(37,795)</b>	<b>(35,116)</b>

The item Costs for services increased by Euro 2,679 thousand compared with the same period of the previous year, while the relative incidence on revenues fell by 0.3%. This increase was impacted by the acquisition, within the Italian area, of Tintoria Lombarda Divisione Sanitaria S.r.l., acquired on 7 July 2016.

Costs for external laundering and other industrial services increased from Euro 9,764 thousand as at 30 June 2016 to Euro 10,872 thousand as at 30 June 2017.

The increase in the item is attributable to the rise in the use of external laundry service and the increase in the linen store service for customers of the former company Tintoria Lombarda Divisione Sanitaria S.r.l.

Costs for travel and transport showed an increase of Euro 1,154 thousand compared with 30 June 2016 due to the outsourcing of the transport service of the Brazilian company Lavsim Higienização Têxtil S.A. following the redefinition of the production logistics and the increase in the services due to the awarding of new contracts.

Costs of utilities fell from Euro 5,866 thousand to Euro 5,674 thousand. This decrease is due to a reduction in gas tariffs for the renegotiation of contracts and a contraction in consumption made possible by greater production efficiencies.

Consortium and sales costs were down from Euro 4,147 thousand as at 30 June 2016 to Euro 4,412 thousand as at 30 June 2017. The increase in the item is due mostly to the higher charge-backs of costs received by ATI and the increase in consortium percentages relating to the service at Azienda Usl Toscana Sud Est for the hospital of Arezzo.

The item 'use of third party assets' showed a decrease of Euro 288 thousand, which is connected, in particular, with the new contracts with some customers, which do not include the supply of anti-decubitus mattresses.

## 7.5 Personnel expense

The item is broken down as follows:

(thousands of Euros)	Half-year ended as at 30 June	
	2017	2016
Costs for directors' fees	(780)	(743)
Salaries and wages	(28,366)	(25,842)
Temporary work	(1,131)	(681)
Social security charges	(9,139)	(8,286)
Employee severance indemnity	(1,578)	(1,431)
Other costs	(123)	(113)
<b>Total</b>	<b>(41,117)</b>	<b>(37,096)</b>

The increase in personnel expense (of Euro 4,021 thousand) was impacted, as regards the Italian area, by the restructuring of the production sites in the North-West, where a plan was drafted for the handling of excess staff, following the termination of activities of the Barbariga (BS) site, which was confirmed through the transfer of personnel to the neighbouring production sites and incentivised exits. Within the Brazilian area, an increase in personnel costs was registered, due primarily to the effects of the adjustments to the inflation rate of the labour agreements of the state of São Paulo (Brazil), and to the increase in labour units following growth in the laundry services thanks to the awarding of new contracts and the revaluation of the Real/Euro exchange rate.

The table below shows the average breakdown of personnel:

	Personnel as at 30 June	
	2017	2016
Executives	15	16
Middle managers	24	19
White-collar staff	201	191
Blue-collar staff	2,905	2,924
<b>Total</b>	<b>3,145</b>	<b>3,150</b>

## 7.6 Other costs

The item is broken down as follows:

<i>(thousands of Euros)</i>	Half-year ended as at 30 June	
	2017	2016
Tax-related expense	(182)	(87)
Contingent liabilities	(283)	-
Membership fees	(91)	(87)
Gifts to customers and employees	(3)	(1)
Other	(322)	(465)
<b>Total</b>	<b>(881)</b>	<b>(640)</b>

Contingent liabilities are composed of one-off costs for the payment of registration tax and accessory charges for the acquisition of Lavanderia Industriale Z.B.M. S.p.A. for Euro 361 thousand.

## 7.7 Depreciation, amortisation, impairment and provisions

The item is broken down as follows:

<i>(thousands of Euros)</i>	Half-year ended as at 30 June	
	2017	2016
Amortisation of intangible assets	(901)	(667)
Depreciation of property, plant and equipment	(25,161)	(22,494)
Write-down of receivables	(512)	(277)
<b>Total</b>	<b>(26,574)</b>	<b>(23,438)</b>

The change in amortisation of intangible assets is due to the impact of the customer portfolio of Tintoria Lombarda Divisione Sanitaria S.r.l. The increase in the item amortisation of intangible assets, up from Euro 22,494 thousand to Euro 25,161 thousand, is due primarily to the investments in linen owing to the increase in equipment at the new customers in both the Italian and Brazilian areas.

The increase in the item impairment and provisions is due to more allocations for the write-down of the receivables from customers.

## 7.8 Financial income

The item is broken down as follows:

(thousands of Euros)	Half-year ended as at 30 June	
	2017	2016
Bank interest income	130	181
Default interest	298	340
Interest income on loans to third-party companies	345	216
Exchange rate earnings and losses	210	66
Other financial income	331	96
<b>Total</b>	<b>1,314</b>	<b>899</b>

Bank interest income fell compared to 30 June 2016, as a result of lower financial income generated by the cash and cash equivalents present in the BNP Paribas account of the Brazilian subsidiary SRI Empreendimentos e Participações L.t.d.a., given part of these resources were used to finance the investments made. Interest on arrears recorded a decrease due to the improvement in the average collection times. Interest income on loans to third party companies rose as a result of the new loans granted to the companies Saniservice Sh.p.K. and Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi. Exchange gains (losses) recorded an increase due to the devaluation of the Turkish Lira, which generated exchange gains of Euro 339 thousand, recognised at the time of payment to shareholders of the purchase differential of 40% of the portion of share capital of Ankateks Turizm İnşaat Tekstil Temizleme Sanayi VE. The item other financial income mainly includes interest income on tax refunds of previous years.

## 7.9 Financial expenses

The item is broken down as follows:

(thousands of Euros)	Half-year ended as at 30 June	
	2017	2016
Interest expense and bank commission	(462)	(706)
Interest and expense to other lenders	(129)	(121)
Financial expense on employee benefits	(43)	(64)
Other financial expenses	(279)	(228)
<b>Total</b>	<b>(913)</b>	<b>(1,119)</b>

The fall in the item “Interest expense and bank commission” is essentially linked to the reduction in the rates applied by banks to the credit facilities used. The decrease in the item “Interest and expense to other lenders” is a result of the reduction in the spreads renegotiated with the banks. Other financial expense rose primarily due to the increase in expenses accrued on the payable relating to the put options associated with the acquisition

of the remaining 49.9% of the Brazilian companies Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A.

## 7.10 Income and expense from equity investments

The item Income and expense from equity investments is represented by the dividends collected in the half.

## 7.11 Income taxes

The item is broken down as follows:

<i>(thousands of Euros)</i>	<b>Half-year ended as at 30 June</b>	
	<b>2017</b>	<b>2016</b>
Current taxes	(1,887)	(2,518)
Deferred tax assets/(liabilities)	129	679
<b>Total</b>	<b>(1,758)</b>	<b>(1,839)</b>

## 7.12 Earnings per share

Basic and diluted earnings per share are calculated in the tables below.

<i>(thousands of Euros)</i>	<b>Half-year ended as at 30 June</b>	
	<b>2017</b>	<b>2016</b>
Profit/loss attributable to shareholders of the parent company	7,021	7,182
Average number of shares	31,560	30,968
<b>Basic earnings per share</b>	<b>0.22</b>	<b>0.23</b>

<i>(thousands of Euros)</i>	<b>Half-year ended as at 30 June</b>	
	<b>2017</b>	<b>2016</b>
Profit/loss for the year attributable to the Group:	7,021	7,182
Average number of shares outstanding	31,560	30,968
Number of shares with dilutive effect	-	-
Average number of shares used to calculate diluted EPS	31,560	30,968
<b>Diluted earnings per share</b>	<b>0.22</b>	<b>0.23</b>

## 8 TRANSACTIONS WITH GROUP COMPANIES AND RELATED PARTIES

The transactions of the Servizi Italia Group with subsidiaries, associates, jointly controlled companies or parent companies are conducted in compliance with the applicable Regulations governing transactions with related parties and concern primarily:

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

From an economic, equity and financial point of view, the group of main transactions constitute ordinary transactions conducted under conditions equivalent to market or standard conditions and are regulated by the

appropriate contracts. With reference to the amount reported in the financial statements of the reference period, this was generated by the renewal of existing contracts or contracts stipulated in the period.

Transactions with related parties of the Servizi Italia Group with an impact on the income statement are shown below as at 30 June 2017 and as at 30 June 2016:

<i>(thousands of Euros)</i>							
<i>Economic transactions</i>	<b>30 June 2017</b>						
	<b>Sale of goods and services</b>	<b>Other income</b>	<b>Purchase of goods and services</b>	<b>Personnel expense</b>	<b>Purchases of property, plant and equipment and intangible assets</b>	<b>Other costs</b>	<b>Financial income</b>
Coopservice S.Coop.p.A. (parent company)	51	18	5,343	-	1	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-	-
Arezzo Servizi S.c.r.l. (associate)	5	6	587	-	-	-	1
Consorzio Co.Se.S. (associate)	-	-	290	-	-	-	-
SE.STE.RO. S.r.l. in liquidation (associate)	-	-	-	-	-	-	-
PSIS S.r.l. (associate)	95	72	3	-	8	-	22
Amg S.r.l. (associate)	154	3	339	-	-	-	-
Ekolav S.r.l. (associate)	15	4	620	-	1	-	1
Steril Piemonte S.c.r.l. (associate)	3	151	682	-	-	-	1
Piemonte Servizi Sanitaria S.c.r.l. (associate)	-	-	186	-	-	-	-
Iniziativa Produttive Piemontesi S.r.l. (associate)	20	1	39	-	1	-	-
SAS Sterilizasyon Servisleri A.Ş. (associate)	-	-	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (associate)	-	-	-	-	-	-	-
Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve (associate)	-	-	-	-	-	-	34
Saniservice Sh.p.k. (associate)	116	60	-	-	-	-	238
Finanza & Progetti (associate)	-	-	-	-	-	-	-
Brixia S.r.l. (associate)	1,802	-	-	-	-	-	-
Servizi Sanitari Integrati Marocco S.a.r.l. (associate)	-	-	-	-	-	-	-
Elettrica Gover S.r.l. (affiliated)	-	-	8	-	-	-	-
Focus S.p.A. (affiliated)	-	-	1,189	-	-	10	-
Archimede S.p.A. (affiliated)	-	-	2	695	-	-	-
Gesta S.p.A. (affiliated)	-	4	-	-	-	-	-
New Fleur S.r.l. (affiliated)	13	-	513	-	-	-	-
Ad Personam S.r.l. (affiliated)	-	-	-	-	-	-	-
Padana Emmedue S.r.l. (related party)	-	-	52	-	-	-	-
Padana Emmedue S.p.A. (related party)	-	-	143	-	-	-	-
Limpar Serviços Especializados e Comércio de Produtos Ltda (related party)	-	-	70	-	-	-	-
Lilian Promenzio Rodrigues Affonso (related party)	-	-	26	-	-	-	-
<b>Total</b>	<b>2,274</b>	<b>319</b>	<b>10,092</b>	<b>695</b>	<b>11</b>	<b>10</b>	<b>297</b>



(thousands of Euros)

Economic transactions

	30 June 2016						
	Sale of goods and services	Other income	Purchases 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)	67	20	5,285	-	-	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-	-
Centro Italia Servizi S.r.l. in liquidation (joint control)	2	1	156	-	-	-	-
Consorzio Co.Se.S. (associate)	-	-	320	-	-	-	-
SE.STE.RO. S.r.l. in liquidation (associate)	-	1	-	-	-	-	-
PSIS S.r.l. (associate)	117	58	12	-	22	-	24
Amg S.r.l. (associate)	159	-	365	-	-	-	1
Ekolav S.r.l. (associate)	1	-	669	-	-	-	1
Steril Piemonte S.c.r.l. (associate)	10	159	724	-	-	-	1
Piemonte Servizi Sanitari S.c.r.l. (associate)	-	-	183	-	-	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	40	-	180	-	-	-	-
Arezzo Servizi S.c.r.l. (associate)	8	2	251	-	-	-	-
Shubhram Hospital Solutions Private Limited (associate)	-	-	-	-	-	-	-
Saniservice Sh.p.k. (associate)	40	62	-	-	-	-	34
Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve (associate)	-	-	-	-	-	-	8
Elettrica Gover S.r.l. (affiliated)	-	-	-	-	-	-	-
Focus S.p.A. (affiliated)	-	-	1,406	-	-	11	-
Archimede S.p.A. (affiliated)	-	-	-	358	-	-	-
New Fleur S.r.l. (affiliated)	13	-	266	-	-	-	-
Ad Personam S.r.l. (affiliated)	-	-	8	-	-	-	-
Padana Emmedue S.r.l. (related party)	-	-	56	-	-	-	-
Padana Emmedue S.p.A. (related party)	-	-	143	-	-	-	-
Limpar Serviços Especializados e Comércio de Produtos Ltda (related party)	-	-	60	-	-	-	-
Lilian Promenzio Rodrigues Affonso (related party)	-	-	22	-	-	-	-
<b>Total</b>	<b>457</b>	<b>303</b>	<b>10,106</b>	<b>358</b>	<b>22</b>	<b>11</b>	<b>69</b>

As regards income statement transactions with related parties, aside from the figures shown above, “Personnel expense” as at 30 June 2017 includes directors’ fees of Euro 667 thousand (of which Euro 50 thousand for social security charges) and executive personnel expense of Euro 944 thousand. As at 30 June 2016, directors’ fees amounted to Euro 668 thousand (of which Euro 47 thousand for social security charges) and executive personnel expense came to Euro 882 thousand.

Transactions with related parties of the Servizi Italia Group with an impact on the statement of financial position are shown below as at 30 June 2017 and as at 31 December 2016:

(thousands of Euros)

30 June 2017

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)	243	4,696	-	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-
Arezzo Servizi S.c.r.l. (associate)	18	304	401	-	-
Consorzio Co.Se.S. (associate)	-	152	-	-	-
SE.STE.RO. S.r.l. in liquidation (associate)	83	403	-	-	-
PSIS S.r.l. (associate)	454	24	3,869	-	-
Amg S.r.l. (associate)	262	499	-	-	-
Ekolav S.r.l. (associate)	36	504	175	-	-
Steril Piemonte S.c.r.l. (associate)	129	546	651	-	-
Piemonte Servizi Sanitaria S.c.r.l. (associate)	-	141	-	-	-
Iniziativa Produttive Piemontesi S.r.l. (associate)	3	5	90	-	-
SAS Sterilizasyon Servisleri A.Ş. (associate)	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (associate)	11	-	-	-	-
Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve (associate)	275	-	822	-	-
Saniservice Sh.p.k. (associate)	484	-	4,282	-	-
Finanza & Progetti (associate)	69	-	-	-	-
Brixia S.r.l. (associate)	1,242	9	-	-	-
Servizi Sanitari Integrati Marocco S.a.r.l. (associate)	-	-	5	-	-
Elettrica Gover S.r.l. (affiliated)	-	8	-	-	-
Focus S.p.A. (affiliated)	-	1,084	-	-	-
Archimede S.p.A. (affiliated)	-	302	-	-	-
Gesta S.p.A. (affiliated)	1	-	-	-	-
New Fleur S.r.l. (affiliated)	94	520	-	-	-
Ad Personam S.r.l. (affiliated)	-	-	-	-	-
Padana Emmedue S.r.l. (related party)	-	43	-	-	-
Padana Emmedue S.p.A. (related party)	-	261	-	-	-
Limpar Serviços Especializados e Comércio de Produtos Ltda (related party)	-	9	-	-	-
Lilian Promenzio Rodrigues Affonso (related party)	-	4	-	-	-
<b>Total</b>	<b>3,404</b>	<b>9,514</b>	<b>10,295</b>	-	-

(thousands of Euros)

31 December 2016

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)	366	4,445	-	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-
Centro Italia Servizi S.r.l. in liquidation (associate)	-	-	-	-	-
Arezzo Servizi S.c.r.l. (associate)	9	192	150	-	-
Consorzio Co.Se.S. (associate)	-	234	-	-	-
SE.STE.RO. S.r.l. in liquidation (associate)	82	418	-	-	-
PSIS S.r.l. (associate)	400	19	3,847	-	-
Amg S.r.l. (associate)	144	347	1	-	-
Ekolav S.r.l. (associate)	13	481	174	-	-

Steril Piemonte S.c.r.l. (associate)	160	671	1,153	-	-
Piemonte Servizi Sanitari S.c.r.l. (associate)	-	135	-	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	26	161	90	-	-
SAS Sterilizasyon Servisleri A.Ş. (associate)	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (associate)	11	-	-	-	-
Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve (associate)	-	-	857	-	-
Saniservice Sh.p.k. (associate)	249	-	4,143	-	-
Finanza & Progetti (associate)	69	-	-	-	-
Elettrica Gover S.r.l. (affiliated)	-	4	-	-	-
Focus S.p.A. (affiliated)	-	97	-	-	-
Archimede S.p.A. (affiliated)	-	190	-	-	-
Gesta S.p.A. (affiliated)	2	-	-	-	-
New Fleur S.r.l. (affiliated)	82	645	-	-	-
Ad Personam S.r.l. (affiliated)	-	6	-	-	-
Padana Emmedue S.r.l. (related party)	-	43	-	-	-
Padana Emmedue S.p.A. (related party)	-	263	-	-	-
Limpar Serviços Especializados e Comércio de Produtos Ltda (related party)	-	10	-	-	-
Lilian Promenzio Rodrigues Affonso (related party)	-	4	-	-	-
<b>Total</b>	<b>1,613</b>	<b>8,365</b>	<b>10,415</b>	<b>-</b>	<b>-</b>

Shown below are the most significant relationships broken down by Companies where the transactions related to the individual contracts actually fall within the Company's ordinary business:

#### *Coopservice Soc.Coop.p.A.*

Revenue from sales and the associated trade receivables as at 30 June 2017 refer primarily to linen washing services provided to the parent company. From the parent company, the Servizi Italia Group purchases (i) road-based transport services for textiles and/or surgical instruments, for Euro 4,297 thousand; these transactions are basically a set of combined operations of a homogeneous nature carried out starting from the beginning of the reference year and based on a single design. Although these transactions are not qualifiable individually as being of greater importance, not even their combination, activated in the reference year and considered as cumulated, qualifies as being of greater importance in accordance with the Regulation on Related Party Transactions; (ii) linen store management services at customer sites, for Euro 494 thousand; (iii) technical cleaning services that are carried out at some production/operating sites of Servizi Italia and surveillance/security services provided to some facilities, through night patrols and alarm-based interventions, for Euro 396 thousand.

#### *Arezzo Servizi S.c.r.l.*

The company's purpose is the provision of wash-hire services to “Aziende dell'Area Vasta Sud-Est” and, to a lesser extent, to the hospital AUSL of Arezzo. As at 30 June 2017, revenue from sales of goods and services and the related trade receivables due from Arezzo Servizi S.c.r.l. refer to the sale of assets used in the wash-

hire business. On the other hand, purchase costs and the relative trade payables regard the charge-back of costs incurred by Arezzo Servizi S.c.r.l., which are divided amongst the shareholders on the basis of their shareholdings. The financial receivable is for a Euro 401 thousand loan granted to the associate.

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

As at 30 June 2017, revenues from the sale of goods and services and purchase costs concerning Consorzio CO.SE.S S.c.r.l. refer to the charge-back of costs incurred by the Company and by the Consortium for surgical instrument sterilisation services provided at Azienda Ospedaliera - Complesso Ospedaliero - San Giovanni Addolorata of Rome.

*PSIS S.r.l.*

Revenues from the sale of goods and services and the associated trade receivables due from PSIS S.r.l. are mainly for the administrative management service charge of Euro 43 thousand and sales of single-use medical devices for Euro 95 thousand. The financial receivables of Euro 3,869 thousand are for internal financing granted to support current investments.

*AMG S.r.l.*

Economic transactions carried out with AMG S.r.l. are mainly for external laundering services at the Asti, Casale Monferrato, Vercelli and Turin 3 LHAs for Euro 339 thousand, while revenue derives from linen sterilisation services.

*Ekolav S.r.l.*

Purchases of goods and services and the relative trade payables due to Ekolav S.r.l. are primarily for laundering and transport services. The financial receivable is for a Euro 175 thousand loan granted to the associate.

*Steril Piemonte S.c.r.l.*

As at 30 June 2017, revenues from the sale of goods and services and purchase costs associated with Steril Piemonte S.c.r.l. refer to the charge-back of costs incurred by the Company and by the Consortium for surgical instrument sterilisation activities at ASL (Local Health Authority) AL Piedmont Region. The financial receivable is for a Euro 651 thousand loan granted to the associate.

*Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi*

At 30 June 2017, financial income of Euro 34 thousand referred to the interest income accrued and not yet paid by the company Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi for the loan granted to this associate for Euro 822 thousand.

#### *Saniservice Sh.p.k.*

On 30 June 2017, the revenues from the sale of goods and services to Saniservice Sh.p.k. referred primarily to the supply of materials for the operations of the sterilisation facility for Euro 116 thousand and trade management services for Euro 60 thousand. The financial receivable is for a Euro 4,282 thousand loan granted to the associate.

#### *Brixia S.r.l.*

As at 30 June 2017, the revenues from the sale of goods and services to Brixia S.r.l., related primarily to the wash-hire service at ASST Spedali Civili di Brescia, amounting to Euro 1,802 thousand.

#### *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. The total consideration for leased properties amounted to Euro 1,189 thousand in the first half of 2017.

#### *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.r.l.*

Servizi Italia S.p.A. uses the linen wash services provided by Padana Emmedue S.r.l. As at 30 June 2017, the consideration for this service amounted to Euro 52 thousand. The transactions of Servizi Italia S.p.A. with Padana Emmedue S.p.A., referring to service agreements, are conducted in compliance with the applicable Regulations governing transactions with related parties.

#### *Padana Emmedue S.p.A.*

The business and equity relationships with Padana Emmedue S.p.A. concern the lease agreements of the properties of Travagliato and Podenzano, the duration of which is six years, renewable for an additional six years. The total consideration for leased properties amounted to Euro 143 thousand in the first half of 2017. The transactions of Servizi Italia S.p.A. with Padana Emmedue S.p.A., referring to lease agreements, are conducted in compliance with the applicable Regulations governing transactions with related parties.

#### *Limpar Serviços Especializados e Comércio de Produtos Ltda*

The purchase of goods and services and related trade payables to Società Limpar Serviços Especializados e Comércio de Produtos Ltda refer, primarily to cleaning services for Euro 54 thousand at the facility of Maxlav Lavanderia Especializada S.A. and Euro 16 thousand at the plant Vida Lavanderias Especializada S.A.

*Lilian Promenzio Rodrigues Affonso*

Trade and equity relationships with Lilian Promenzio Rodrigues Affonso concern primarily the lease agreement of the properties of Maxlav Lavanderia Especializada S.A., with a 10-year duration. The total consideration for leased properties amounted to Euro 26 thousand as at 30 June 2017.

### **8.1 Company officers' fees**

Economic transactions with the company officers as at 30 June 2017 are summarised below.

- Board of Directors: Euro 616 thousand (recognised as personnel expense);
- Board of Statutory Auditors: Euro 45 thousand (recognised as Costs for services).

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

During the half, income components were recorded deriving from non-recurring transactions, due to greater costs of Euro 564 thousand relating to incentives, indemnities and Naspi (acronym for Italian monthly compensation for unemployment) to employees, as a result of the company restructuring and reorganisation activities, which concerned the termination of the activities of the Barbariga (BS) facility.

The impacts of these components were outlined in the income statement and in the comments on the individual items in these explanatory notes.

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

The Chairman of the Board of Directors

(Roberto Olivi)

**Certification of the half-year condensed financial statements pursuant to Art. 81-ter of Consob regulation No. 11971 of 14 May 1999 as amended**

Castellina di Soragna, 11 September 2017

1. 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:
  - the adequacy in relation to the characteristics of the business and
  - the effective application of the administrative and accounting procedures to prepare the half-year condensed consolidated financial statements from 1 January 2017 to 30 June 2017.
2. It is also certified that:
  - 2.1. the half-year condensed consolidated financial statements:
    - a) Have been prepared in compliance with the applicable international accounting standards recognised in the European Community pursuant to Regulations (EC) no. 1606/2002 of the European Parliament and of the Council, dated 19 July 2002;
    - b) correspond to the books and accounting entries;
    - c) provide 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.
3. The interim directors’ report includes a reliable analysis of the significant events that took place in the first six months of the year and their impact on the half-year condensed financial statements, along with a description of the principal risks and uncertainties for the remaining six months of the year. The interim directors’ report also includes a reliable analysis of the information on related party transactions.

The CEO

Enea Righi

The Financial Reporting Manager

Ilaria Eugeniani

## REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**To the Shareholders of  
Servizi Italia S.p.A.**

### Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Servizi Italia S.p.A. and subsidiaries (the "Servizi Italia Group"), which comprise the statement of financial position as of June 30, 2017 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the Servizi Italia Group as at June 30, 2017 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Domenico Farioli**  
Partner

Parma, Italy  
September 12, 2017

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

Ancora Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Trento Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

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