



Partner della sanità  
Health Service Partner



**Servizitalia**

## **INTERIM MANAGEMENT REPORT AS AT 31 MARCH 2010**

**SERVIZI ITALIA S.p.A.**

**Headquarters Via S. Pietro, 59/b**

**43019 Castellina di Soragna (PR) Italy**

Share Capital :Euro 16,200,000 fully paid-up.

Tax ID, VAT No. and Parma Business Register No. 08531760158

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# 1 COMPANY BODIES AND COMPANY INFORMATION

## Board of Directors

In office until the approval of the Financial Statement as at 31 December 2011

Name and Surname	Office
Luciano Facchini	Chairperson and Chief Executive Officer
Enea Righi	Deputy Chairperson and Director
Ilaria Eugeniani	Director
Stefano Ghidoni	Director
Bruno Giglio	Director
Roberto Olivi	Director
Mauro Paoloni	Independent Director
Mauro Pizzigati	Independent Director
Renzo Torchiani	Independent Director

## Board of Statutory Auditors

In office until the approval of the Financial Statement as at 31 December 2010

Name and Surname	Office
Marco Elefanti	Chairperson
Fabio Lancellotti	Statutory Auditor
Laura Verzellesi	Statutory Auditor
Davide David	Substitute Auditor
Fabrizio Maiocchi	Substitute Auditor

## Remuneration Committee

In office until the approval of the Financial Statement as at 31 December 2011

Name and Surname	Office
Stefano Ghidoni	Committee Chairperson
Mauro Paoloni	Committee Member
Mauro Pizzigati	Committee Member

## Internal Control Committee

In office until the approval of the Financial Statement as at 31 December 2011

Name and surname	Office
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Stefano Ghidoni	Committee Chairperson
Mauro Paoloni	Committee Member
Mauro Pizzigati	Committee Member

## Supervisory Body

In office until 2 February 2013

Name and Surname	Office
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Veronica Camellini	Chairperson
Laura Verzellesi	Member
Francesco Magrini	Member

## Independent Auditors

In office until the approval of the Financial Statement as at 31 December 2014

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PricewaterhouseCoopers S.p.A.  
Via Monte Rosa, 91 - 20149 Milan, Italy

## Headquarters and Company details

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Servizi Italia S.p.A.  
Via S. Pietro, 59/b - 43019 Castellina di Soragna (PR) - Italy  
Phone: +39 0524598511, Fax+39 0524598232  
Share Capital : Euro 16,200,000 fully paid-up  
Tax ID, VAT No. and Parma Business Register N: 08531760158  
Year of incorporation:1986  
Stock Exchange Listing Segment: Mercato Telematico Azionario segmento STAR of Borsa Italiana S.p.A.  
ISIN Codes: IT 0003814537, BLOOMBERG: SRI IM, REUTERS: SRI.MI  
www.si-servizitalia.com

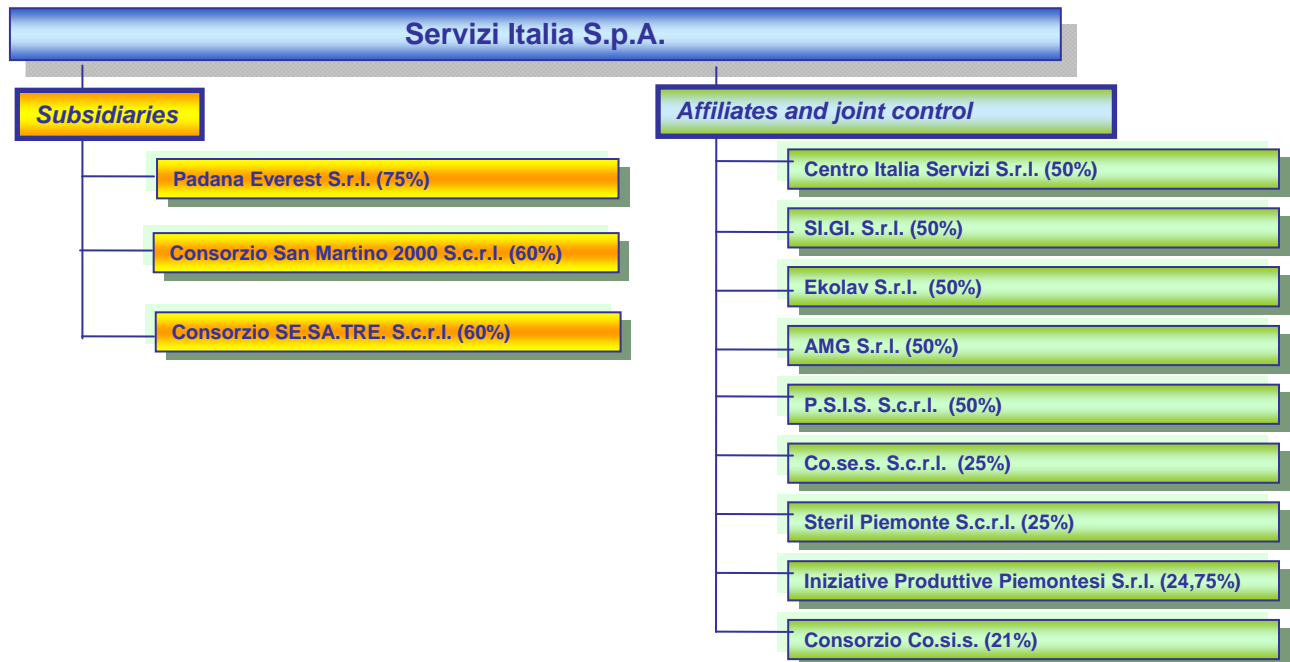
## Investor Relator

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Giovanni Manti  
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Phone: +39 0524598511, Fax+39 0524598232

## 2 GROUP'S STRUCTURE

As at 31 March 2010, the Servizi Italia Group consisted of the following Companies:



### 3 DIRECTORS' NOTES ON MANAGEMENT PERFORMANCE

In the first quarter of the year 2010, the Group achieved very favourable results with increases in terms of both turnover volumes and profitability, obtaining a net result exceeding three million Euro, thus increasing by almost 20% compared with the same period of the previous year.

The Group's main economic, asset and financial data relating to the first quarter of 2010 are given below comparing them to the same period last year. The data have been prepared pursuant to IAS/IFRS International Accounting Standards. Where "alternative performance indicators" have been used in the economic and asset analysis, the relative definitions are given in footnotes to the tables.

#### Main consolidated economic figures

The main consolidated Profit and Loss Account data as of 31st March 2010 compared to the consolidated Profit and Loss Account as of 31st March 2009, expressed in thousands of Euro, are as follows:

<i>(Euro thousand)</i>	<b>31 March 2010</b>	<b>31 March 2009</b>	<b>Variations</b>	<b>%</b>
Revenues	48,329	44,997	3,332	7.4%
EBITDA (a)	14,132	12,752	1,380	10.8%
<i>EBITDA %</i>	<i>29.2%</i>	<i>28.3%</i>		
Operating result (EBIT)	5,658	5,160	498	9.7%
<i>Operating result (EBIT) %</i>	<i>11.7%</i>	<i>11.5%</i>		
Profit before tax	5,229	4,408	821	18.6%
<i>Profit before tax %</i>	<i>10.8%</i>	<i>9.8%</i>		
Net profit	3,082	2,571	511	19.9%
<i>Net profit %</i>	<i>6.4%</i>	<i>5.7%</i>		

- (a) EBITDA has not been identified as an accounting measure according to the IFRS adopted by the EU. EBITDA has been defined by the Company's management as the difference between the value of sales and services and operating costs before depreciation and write-downs.

#### Main consolidated Balance Sheet figures

The main consolidated balance sheet and financial figures as of 31st March 2010 compared to the consolidated balance sheet and financial figures as of 31st December 2009 and as of 31st March 2009, expressed in thousands of Euro, are as follows:

<i>(Euro thousand)</i>	<b>31 March 2010</b>	<b>31 December 2009</b>	<b>31 March 2009</b>
Net operating circulating capital (a)	21,196	18,377	34,879
Other short term assets/liabilities (b)	(22,861)	(20,734)	(28,316)
<b>Net Circulating Capital</b>	<b>(1,665)</b>	<b>(2,357)</b>	<b>6,563</b>
Fixed assets - medium/long term funds	122,293	113,153	95,322
<b>Invested capital</b>	<b>120,628</b>	<b>110,796</b>	<b>101,885</b>
Shareholders' Equity	64,248	62,081	58,183
Net financial debt	56,380	48,715	43,702
<b>Invested capital (c)</b>	<b>120,628</b>	<b>110,796</b>	<b>101,885</b>

- (a) Net operating circulating capital has not been identified as an accounting measure according to the IFRS adopted by the EU. Net operating circulating capital has been defined by the Company's management as the algebraic sum of inventories, commercial receivables and commercial payables.
- (b) Other short-term assets/liabilities have been defined as the difference between other current assets, receivables and payables for current taxes and other current liabilities.
- (c) Invested capital has not been identified as an accounting measure according to the IFRS adopted by the EU. Invested capital has been defined by the Company's management as the sum of the Shareholders' equity and net financial debt.

### **The Company's situation and overall management performance**

The management performance, in the first quarter of 2010, showed an increase in the consolidated turnover improve of the Servizi Italia Group, with revenues from sales and services amounting to a total of Euro 48,329 thousand, thus recording a 7.4% increase compared with the interim financial statement as at 31 March 2009. The increases in turnover recorded by the Parent Company are mainly ascribable to the re-awarding of contracts in tenders at better conditions (NHS Hospital San Paolo Milan, Italy, and NHS Hospital of Gallarate, Italy), to the starting of new contracts (NHS Hospital Umberto I in Ancona, Italy, and a sub-contract for linen washing and linen warehouse management services for the Local NHS agency 3 in Bassano del Grappa, Italy) and the starting of the new sterilization centres in Trieste and Treviso (Italy).

The consolidated **EBIDTA** went from Euro 12,752 thousand in the first quarter of 2009 to Euro 14,131 thousand in the first quarter of 2010 increasing by 10.8%; this has been achieved thanks to a significant decrease in the costs of utilities and to a lower weight of the costs for services, which decreased by about one percentage point compared to the figure recorded in the first quarter of 2009.

The **consolidated operating profit (EBIT)** went up from Euro 5,160 thousand to Euro 5,658 thousand with a 9.7% increase vs. the previous year, after provisions for depreciation and write-downs of Euro 8,474 thousand. Compared with the same period of the previous year, depreciations relating to the intangible asset "Customer contract portfolio" were entered deriving from the acquisition of Padana Everest S.r.l. for Euro 194 thousand.

The **result before taxes** rose from Euro 4,408 thousand to Euro 5,229 thousand with a growth of 18.6% compared to the same period of the previous year. This increase has been achieved by the financial management thanks to a reduction of gross financial costs (amounting to 42.9%) resulting from an interest rate decrease, despite a higher financial exposure following investments made in 2009 and in the first months of 2010.

The interim Consolidated Financial Statement as at 31st March 2010, therefore, closed with a **net profit** amounting to Euro 3,082 thousand with a 19.9% increase compared with Euro 2,571 thousand achieved in the first quarter of 2009, the consolidation of the subsidiary Padana Everest S.r.l. contributed to the profits

for the period by Euro 608 thousand with profit pertaining to minority interests amounting to Euro 152 thousand.

### **Significant events and operations**

On 13th January 2010, Servizi Italia S.p.A. in its capacity as representing leader of a Temporary Joint Venture was awarded a new tender in Tuscany, for the supply of sterilization services to the Local NHS Agency 10 in Florence. For Servizi Italia this contract has a total value amounting to about Euro 11.8 million for the entire duration of the contract, envisaging a duration of 6 years and price adjustment based on ISTAT (Italian National Statistical Institute) index. In further detail, the object of the tender, which was called by the National Health Service ESTAV Centro, is the hiring of surgical instruments and the production of sterile medical devices for instruments for all the hospitals of the Local NHS Agency 10 in Florence.

On 14th January 2010, the Board of Directors approved the proposed participation of the Company in the procedures of non-recourse credit transfer to Banca Unicredit Factoring, promoted by Lazio Regional Government, and regarding the invoices issued in 2010 for NHS Hospitals and Local NHS Agencies pertaining to the same Region.

On 21st January 2010, Servizi Italia S.p.A., in its capacity as representing leader of a Temporary Joint Venture was awarded a new tender in Lazio, for the supply of wash-hire services for linen and of all textiles and sterile clothes in general for operating rooms to the NHS Hospital S. Camillo – Forlanini in Rome. This contract has a total value amounting to about Euro 22.5 million for Servizi Italia for the entire duration of the contract, envisaging a duration of 5 years and price adjustment based on ISTAT (Italian National Statistical Institute) index. More in detail, Servizi Italia shall provide linen and mattress wash-hire services, as well as the supply of textile sets and sterile surgery equipment, disposable articles, additional materials, including the management of linen warehouses, and transport, collection and distribution services. With regard to sterilization services, the Company, in its capacity as representing leader of a Temporary Joint Venture was awarded a further tender called by the NHS Hospital S. Camillo – Forlanini in Rome for the outsourcing of the intramural sterilization centre for the performance of disinfection, washing and sterilization services for surgical instruments kits and sterilization services for textiles used by health institutions that are customers of the contractor. Being awarded the management of this centre for a duration of 6 year, renewable for further 6 years, Servizi Italia will have a new production site available to carry out sterilization services that, after modernizing the buildings, technologic structures as well as validation and testing complying with the regulation in force, will be able to requirements of the same NHS Hospital S. Camillo – Forlanini in Roma, those of other hospitals in the region.

On 2 February 2010, within the scope of a framework contract signed with Credemfactor S.p.A., the Board of Directors resolved to proceed with new non-recourse credit transfers continuing the operations performed in 2007, 2008 and 2009.

On 2 February 2010, the Board of Directors renewed, for further three years, the appointment of the members of the Supervisory Body.

On 9th March 2010, the Board of Directors carried out the co-optation, pursuant to Article 2.386 of the Italian Civil Code and to the Articles of Association currently in force, of Roberto Olivi as Director, replacing Augusto Torreggiani, who resigned on 5 March 2010 from office as Director and Chairperson of the Company. On the same date, the Board appointed, pursuant to the Articles of Association currently in force, the Chief Executive Officer Luciano Facchini as Chairperson; the Board appointed also the Director Enea Righi as Deputy Chairperson.

### **Significant Events Occurred after the Closing of the Quarter**

On 1<sup>st</sup> April 2010 the Customer, which was already in portfolio, the Local NHS Agency 8 Arezzo, renewed for a further two-year period the contract for the management of the surgical instruments sterilization centre and relating services for the hospitals in Valdarno, Casentino and Valtiberina.

On 16<sup>th</sup> April 2010 Servizi Italia S.p.A.'s Shareholder Meeting approved the consolidated Financial Statement for the year as at 31 December 2009.

Moreover, the General Meeting resolved to purchase and dispose of treasury shares, pursuant to Articles 2357 and 2357-ter of the Italian Civil Code.

On 16<sup>th</sup> April 2010, the Board of Directors appointed, pursuant to Borsa Italiana's Self Regulatory Code, as Lead Independent Director of the Company, Professor Mauro Paoloni.

On 30<sup>th</sup> April 2010 the minutes of the General Shareholders' Meeting held on 16 April 2010 was filed and published with the bodies envisaged by the law for the purpose.

### **Foreseeable Management Trend**

The favourable results achieved by the Group in the first quarter of 2010, confirm the growth and development estimate plans established for the current year, which envisage a substantial plan of industrial re-organization for the Group companies, in order to pursue the cost reduction targets and the achievement of further production efficiency relying upon technologically state-of the art platforms, in particular:

- the construction of the new production site in Genova Bolzaneto, equipped with highly-automated technological systems, will be started;

- the production rationalization process in the production sites of the North-Western area will be started with the exploitation of the intra-Group production synergies.

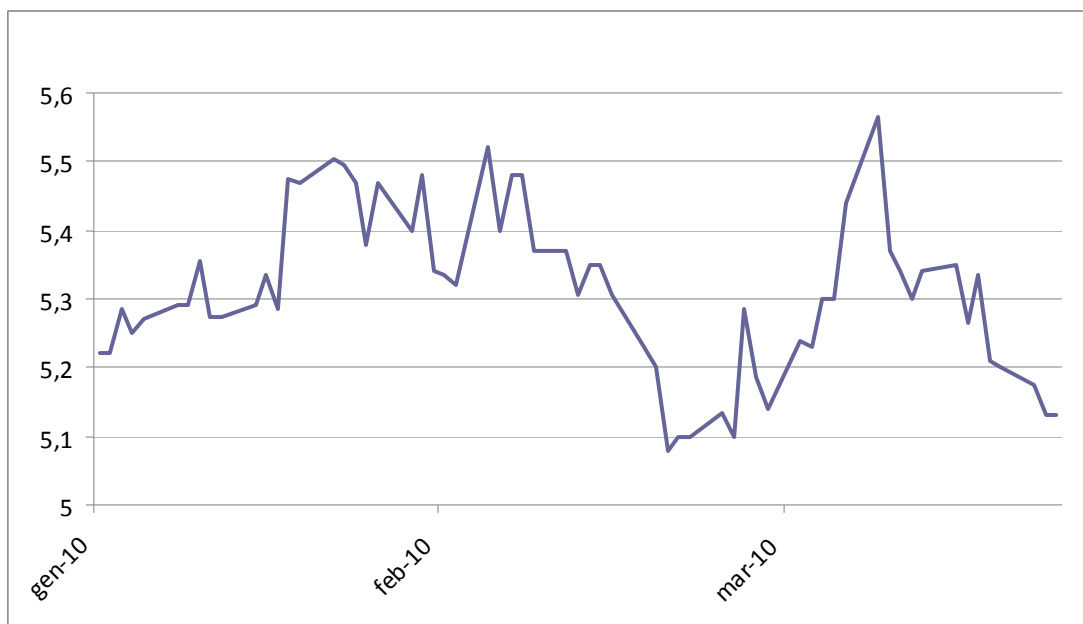
The Group's industrial growth is taking place mostly through investments in new production lines and machinery, for which the Company has already obtained suitable credit lines; the greater part of these investments will be made by 30 June 2010 and will be entitled to the tax benefits as envisaged by Legislative Decree 1<sup>st</sup> July 2009, No. 78, ratified, with amendments, by Law No. 102 of 3 August 2009 – Article 5 – deducting 50% of the value of these investments from the corporate taxable income.

### Servizi Italia S.p.A. and the financial markets

The Company shares are traded on the STAR segment of the Italian Mercato Telematico Azionario (Italy's electronic equities market) (MTA) of Borsa Italiana S.p.A. The following table shows the main share and stock exchange figures relating to 31 March 2010 and the share price performance in Euro:

Share and stock exchange figures	31 March 2010
Placement price – Expandi market on 4th April 2007	8.50
Market	5.13
Highest price	5.57
Lowest price	5.08
Stock Exchange capitalization	83,106,000
No. of shares making up the share capital	16,200,000
Volumes traded	487,638

### Share price performance as at 31<sup>st</sup> March 2010 (Euro)



## 4 ACCOUNTING STATEMENTS

### CONSOLIDATED BALANCE SHEET-FINANCIAL SITUATION

<i>(Euro thousand)</i>	<b>31 March 2010</b>	<b>31 December 2009</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Tangible Fixed Assets	105,993	96,886
Intangible fixed assets	1,761	1,990
Goodwill	21,844	21,844
Equity investments valued at shareholders' equity	4,251	4,274
Equity investments in other companies	2,123	2,121
Financial receivables	2,390	2,157
Deferred tax assets	533	591
Other assets	411	466
<b>Total non-current assets</b>	<b>139,304</b>	<b>130,329</b>
<b>Current assets</b>		
Inventories	2,812	2,837
Commercial receivables	88,203	82,306
Current taxes receivables	-	-
Financial receivables	6,239	6,242
Other assets	6,890	6,744
Cash and valuables on hand and cash equivalents	3,408	3,822
<b>Total current assets</b>	<b>107,552</b>	<b>101,951</b>
<b>TOTAL ASSETS</b>	<b>246,857</b>	<b>232,280</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Group's assets</b>		
Share capital	15,771	15,771
Reserves	28,838	28,838
Profits carried forward and period result	19,236	16,991
<b>Total shareholders' equity of the Group</b>	<b>63,845</b>	<b>61,600</b>
<b>Total assets pertaining to minority interests</b>	<b>403</b>	<b>482</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>64,248</b>	<b>62,082</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Payables due to Banks and other lenders	18,553	19,930
Deferred tax liabilities	2,464	2,542
Termination Indemnity/Retirement Funds	9,454	9,594
Provisions for Risks and Charges	-	-
Other liabilities	5,094	5,040
<b>Total non-current liabilities</b>	<b>35,565</b>	<b>37,106</b>
<b>Current liabilities</b>		
Payables due to Banks and other lenders	47,474	38,850
Commercial payables	69,819	66,765
Payables for current taxes	2,765	642
Other liabilities	26,986	26,835
<b>Total current liabilities</b>	<b>147,044</b>	<b>133,092</b>
<b>Total Liabilities</b>	<b>182,609</b>	<b>170,198</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>246,857</b>	<b>232,280</b>

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

<i>(Euro thousand)</i>	<b>31 March 2010</b>	<b>31 March 2009</b>
<b>Revenue from sales</b>	<b>48,329</b>	<b>44,997</b>
Other Income	782	618
Raw materials and consumables used	(5,082)	(4,559)
Costs of services	(15,967)	(15,279)
Cost of staff	(13,510)	(12,866)
Other costs	(420)	(159)
Depreciations and write-downs	(8,474)	(7,592)
<b>Operating profit</b>	<b>5,658</b>	<b>5,160</b>
Financial income	152	239
Financial costs	(559)	(971)
Income/costs from equity investments	-	-
Revaluation/write-downs of equity investments valued at equity	(23)	(20)
<b>Result before taxes</b>	<b>5,229</b>	<b>4,408</b>
Current and deferred taxes	(2,147)	(1,837)
<b>Net Income</b>	<b>3,082</b>	<b>2,571</b>
<b>of which: Group's share</b>	<b>2,930</b>	<b>2,445</b>
<b>Minority interests' share</b>	<b>152</b>	<b>126</b>

## OVERALL CONSOLIDATED PROFIT AND LOSS ACCOUNT

<i>(Euro thousand)</i>	<b>31 March 2010</b>	<b>31 March 2009</b>
<b>Economic result for the period</b>	<b>3,082</b>	<b>2,571</b>
<i>Other items of the overall result</i>		
Actuarial Profits (Losses)	-	-
Income taxes on the other items of the overall result	-	-
<b>Total of other items of the overall result net of taxes</b>	<b>-</b>	<b>-</b>
<b>Total overall economic result for the period</b>	<b>3,082</b>	<b>2,571</b>
<b>of which: Group's share</b>	<b>2,930</b>	<b>2,445</b>
<b>Minority interests' share</b>	<b>152</b>	<b>126</b>

## NET CONSOLIDATED FINANCIAL POSITION

<i>(Euro thousand)</i>	<b>As at 31 March 2010</b>	<b>As at 31 December 2009</b>	<b>As at 31 March 2009</b>
Cash and valuables on hand and cheques	24	23	37
Banks – available current accounts	3,384	3,799	3,506
<b>Cash and valuables on hand and cash equivalents</b>	<b>3,408</b>	<b>3,822</b>	<b>3,543</b>
Current financial receivables	6,239	6,242	5,036
Payables to banks and other current lenders	(47,474)	(38,850)	(42,111)
<b>Net current financial debt</b>	<b>(41,235)</b>	<b>(32,607)</b>	<b>(37,075)</b>
Payables to banks and other non-current lenders	(18,553)	(19,930)	(10,170)
<b>Net non-current financial debt</b>	<b>(18,553)</b>	<b>(19,930)</b>	<b>(10,170)</b>
<b>Net financial debt</b>	<b>(56,380)</b>	<b>(48,715)</b>	<b>(43,702)</b>

## 5 EXPLANATORY NOTES

### 5.1 Introduction

The interim management report as at 31<sup>st</sup> March 2010 was drawn up in compliance with the provisions of Article 154-ter of the Italian Consolidated Financial Act (TUF).

The accounting principles and standards adopted for drawing up this Interim Management Report as at 31<sup>st</sup> March 2010, which is not subject to auditing, are in line with those used for drawing up the Annual Financial Statement. In compliance with CONSOB communication No. DEM/5073567 dated 4th November 2005, the Company has availed itself of the possibility of providing fewer details than those envisaged by International Accounting Standard 34 (Interim Financial Reporting).

The companies subject to consolidation using the full consolidation method are the subsidiaries S. Martino S.c.r.l., Se.Sa.Tre S.c.r.l. and Padana Everest S.r.l..

For drawing up the Interim Report, no significant changes have been made to the estimate criteria used in drawing up the Annual Financial Statement. It is worth mentioning that, to guarantee the standardization of comparative figures, in the Profit and Loss Account as at 31<sup>st</sup> March 2009, positive and negative adjustments in item “Revenues from sales” have been reclassified, which were recorded upon communication from the relevant bodies of the final figures compared to advance invoicing; before, these figures were recorded in the item “Other revenues” and “Other costs” respectively.

This Interim Management Report was approved by the Board of Directors on 10<sup>th</sup> May 2010.

### 5.2 Performance per business sector and geographical area

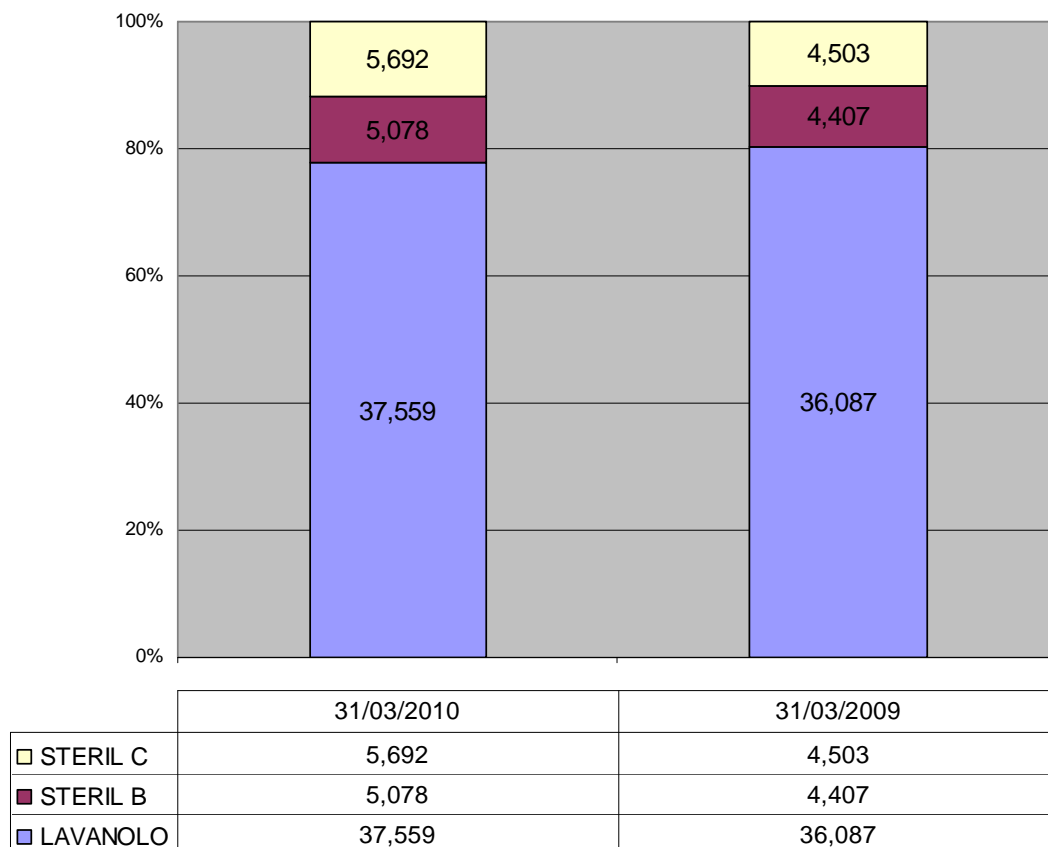
The revenues from sales and services of the Servizi Italia Group, subdivided by business line, for the periods closed as at 31<sup>st</sup> March 2010 and 2009, showed the following figures and changes:

<i>(Euro thousand)</i>	<b>31 March 2010</b>	<b>%</b>	<b>31 March 2009</b>	<b>%</b>	<b>Variations</b>
Wash-hire	37,559	77.7%	36,087	80.2%	4.1%
Sterilization of linen (STERIL B)	5,078	10.5%	4,407	9.8%	15.2%
Surgical Instruments Sterilization (STERIL C)	5,692	11.8%	4,503	10.0%	26.4%
<b>Revenue from sales</b>	<b>48,329</b>	<b>100.0%</b>	<b>44,997</b>	<b>100.0%</b>	<b>7.4%</b>

Revenues deriving from wash-hire services rose from Euro 36,087 thousand in the first quarter of 2009 to Euro 37,559 thousand in the first quarter of 2010, up by 4.08%. This growth is partly due to ISTAT price adjustments and to the renewal of some contracts at better conditions. In relative terms, wash-hire as at 31<sup>st</sup> March 2010 represented 77.7% of total revenues from sales and services, down compared with 31<sup>st</sup> March 2009 (80.2%).

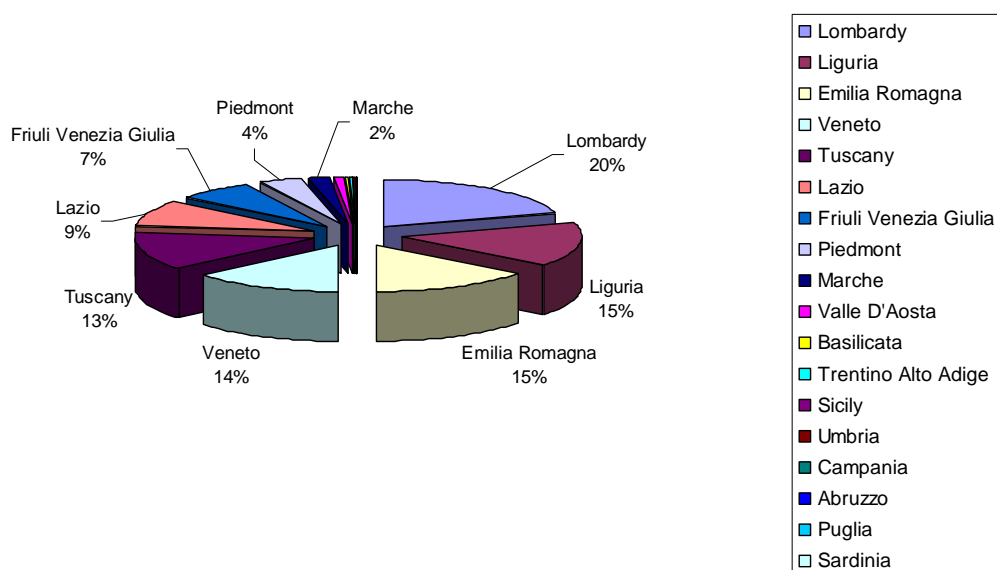
The revenues resulting from linen sterilization services show a 15.2% increase due to the awarding of contract with new customers such as the University Hospital in Modena, the NHS Hospital Bolognini in Seriate and due to the extension of new supplies of disposable items to current customers.

The turnover generated by surgical instruments sterilization shows a 26.4% growth compared with the same period of the previous year. This growth is ascribable mainly to the opening of the centres in Trieste and Treviso, which took place at the end of 2009, and to the awarding of the new contract starting from July 2009 for the Hospital Circolo in Varese.



The following table shows the revenues from sales and services for the Servizi Italia Group, subdivided by geographical area and listed alphabetically, for the periods closed as at 31<sup>st</sup> March 2010 and 2009:

<i>(Euro thousand)</i>	<b>31 March 2010</b>	<b>%</b>	<b>31 March 2009</b>	<b>%</b>	<b>Variations</b>
Basilicata	161	0.3%	113	0.3%	42.7%
Campania	10	0.0%	2	0.0%	-
Emilia Romagna	7,030	14.5%	6,616	14.7%	6.3%
Friuli Venezia Giulia	3,339	6.9%	2,939	6.5%	13.6%
Lazio	4,378	9.1%	4,233	9.4%	3.4%
Liguria	7,309	15.1%	7,257	16.0%	0.7%
Lombardy	9,854	20.4%	8,756	19.5%	12.5%
Marche	901	1.9%	673	1.5%	33.9%
Piedmont	1,870	3.9%	1,683	3.7%	11.1%
Sicily	106	0.2%	53	0.1%	100.4%
Tuscany	6,246	12.9%	6,225	13.8%	0.3%
Trentino Alto Adige	126	0.3%	125	0.3%	0.4%
Umbria	64	0.1%	17	0.0%	268.5%
Valle D'Aosta	356	0.7%	349	0.8%	2.0%
Veneto	6,578	13.6%	5,952	13.2%	10.5%
EEC revenues	-	0.0%	2	0.0%	-
<b>Total</b>	<b>48,329</b>	<b>100.0%</b>	<b>44,997</b>	<b>100.0%</b>	<b>7.4%</b>



### 5.3 Notes on the main assets changes

#### Tangible Fixed Assets

The investments in tangible fixed assets made in the first three months of 2010 amount to a total of Euro 17,307 thousand, of which Euro 6,723 thousand in linen, whereas Euro 8,472 thousand of current fixed assets pertain to transferable works still under construction as at the quarter closing date (of which Euro 5,577 for the new plant in Genova Bolzaneto and Euro 2,193 for the contract of Ferrara – Cona).

Moreover, we have recognised Euro 731 thousand relating to re-classification due to the start-up of the new sterilization centre in S.Dorligo della Valle (TS). Depreciations amount to Euro 8,189 thousand.

#### Non-current financial receivables

The item is composed as follows:

<i>(Euro thousand)</i>	31 March 2010	31 December 2009
Prosa S.p.A.	741	741
Sesamo S.p.A.	353	353
Progeni S.p.A.	852	624
PROG.ESTE S.p.A.	439	439
Summano Sanità S.p.A.	5	-
<b>Total</b>	<b>2,390</b>	<b>2,157</b>

Financial receivables relate to receivable interest-bearing financing granted to Società Prosa S.p.A. (rate equal to 1.60% plus 3-month Euribor), Sesamo S.p.A. (rate of 3% + 20-year IRS rate), Progeni S.p.A. (rate of 5.06% + 1.75%), Prog.Este S.p.A. (rate of 4.7135% + 1.75%) and Summano Sanità S.p.A. (rate of 2.30% + IRS) and with duration equal to that of global service contracts for which the companies have been set-up (expiries respectively on 21 February 2031, 31 December 2037, 31 December 2033, 31 December 2031 and 31 December 2035).

### **Commercial receivables**

As at 31<sup>st</sup> March 2010, commercial receivables amount to a total total of Euro 88,203 thousand up by Euro 5,897 thousand compared with 31<sup>st</sup> December 2009. This increase has been due to the delay in payment collection due both to the closure for Christmas holidays of the treasury offices of the public customers and to the regional elections held at the end of March, which delayed the payment to the month of April. On 29<sup>th</sup> March commercial receivables for Euro 15,195 thousand were transferred with non-recourse clause to Credem Factor S.p.A. for a consideration of Euro 15,100 thousand.

### **Other current assets**

The increase is mainly due to the deferred costs recognised for rents and insurance premiums, which were recognized at the beginning of the year.

### **Shareholders' Equity**

As at 31<sup>st</sup> March 2010 the shareholders' equity amounts to Euro 64,248 thousand (of which Euro 403 thousand pertaining to minority interests) compared to Euro 62,082 thousand (of which Euro 482 thousand pertaining to minority interest) as at 31<sup>st</sup> December 2009.

As at 31<sup>st</sup> March 2010, the Company holds 428,935 treasury shares equal to approximately 2.65% of the Share Capital. The value of the treasury shares, equal to Euro 2,160 thousand, has been classified as a reduction of the Share Capital for the nominal value of the same of Euro 429 thousand, and as a reduction in the Share Premium Reserve for surplus of the purchase value compared to the nominal value of Euro 1.731 thousand.

### **Payables to banks and other non-current lenders**

Non-current payables due to Banks and other lenders show a decrease down from Euro 19,930 thousand as at 31 December 2009 to Euro 18,553 thousand in the first quarter of 2010. The balance decrease amounting to Euro 1,377 thousand is essentially relating to the refunding of the mortgage instalments expired during the period.

### **Payables to banks and other current lenders**

Current payables due to Banks and Other lenders show an increase up from Euro 38,850 thousand as at 31 December 2009 to Euro 47,474 thousand in the first quarter of 2010. The balance increase amounting to Euro 8,624 thousand has been essentially due to delays in payments by the public bodies and hospitals, which accrued during the quarter and to an increase in payments to suppliers relating to the investments for the construction of the new plant in Genova Bolzaneto and the new sterilization centre in Ferrara.

### **Commercial payables**

Commercial payables rose from Euro 66,765 thousand as at 31<sup>st</sup> December 2009 to Euro 69,819 thousand as at 31<sup>st</sup> March 2010 relating to payment extensions granted by the main suppliers.

## 5.4 Notes on the main economic changes

### Costs of services

The item in reference consists of the following:

<i>(Euro thousand)</i>	<b>31 March 2010</b>	<b>31 March 2009</b>
External laundry services and other industrial services	(4,951)	(4,716)
Travel and transport	(2,484)	(2,335)
Utilities	(2,855)	(3,314)
Administration costs	(605)	(498)
Co-operative and commercial costs	(2,211)	(1,755)
Staff costs	(260)	(233)
Maintenance	(860)	(745)
Costs for use of third parties' properties	(1,595)	(1,500)
Other services	(146)	(183)
<b>Total</b>	<b>(15,967)</b>	<b>(15,279)</b>

External laundry services and other industrial services increased, partly due to the activation of services to new customers (for example the NHS Hospital Umberto I° in Ancona and the Local NHS agency 3 Bassano del Grappa).

Utilities decreased by Euro 459 thousand. This decrease was due mainly to the decrease in the gas consumption rate, thanks also to the re-negotiation of a few supply contracts.

Co-operative and commercial costs went from Euro 1,755 thousand as at 31 March 2009 to Euro 2,211 thousand as at 31<sup>st</sup> March 2010. This increase in comparison with the first quarter of 2009 was due mainly to cost reversal based on the co-operative percentages charged by P.S.I.S. S.c.r.l. relating to the completion of the construction of the sterilization centre in Padua and to the starting of the relevant contract.

### Staff costs

The item in reference consists of the following:

<i>(Euro thousand)</i>	<b>31 March 2010</b>	<b>31 March 2009</b>
Costs for directors' compensations	(206)	(205)
Salaries and remunerations	(8,988)	(8,802)
Temporary jobs	(702)	(467)
Welfare costs	(3,025)	(2,903)
Employee termination benefits	(544)	(471)
Other costs	(45)	(18)
<b>Total</b>	<b>(13,510)</b>	<b>(12,866)</b>

The following table shows the staff average composition

	<b>31 March 2010</b>	<b>31 March 2009</b>
Executives	9	10
Managers	14	13
Office staff	143	138
Workers	1,493	1,537
<b>Total</b>	<b>1,659</b>	<b>1,698</b>

## Depreciations and write-downs

Depreciation of tangible and intangible assets and write-downs were 11.6% higher than they were as at 31 March 2009; this increase was due also to the depreciation of the fixed asset “Customer contract portfolio” of Padana Everest S.r.l., which as at 31<sup>st</sup> March 2010 amounted to Euro 194 thousand.

## 5.5 Net financial position

The increase in net financial debt was essentially brought about by a reduction in payment collection in the first three months of 2010 and by an increase in payments made with respect to investments concerning the construction of the new plant located in Genova Bolzaneto and of the new surgical instruments sterilization centre in Ferrara.

In particular, analysing the single items, an essential stability is shown of the financial resources available on bank current accounts, whose decrease amounting to Euro 414 thousand compared with 31 December 2009, is to be ascribed to the payments to suppliers made at the end of the quarter.

Financial receivables have proved stable compared to 31 December 2009, whereas an increase in current payables due to Banks and other lenders was recorded, leading to an increase in the current financial debt by Euro 8,628 thousand compared with 31 December 2009, resulting from the lower payment collection and higher payments made for planned investments, as already set forth above.

Non-current payables due to Banks and other lenders proved to be decreasing due to the instalment refunding as envisaged by mortgage depreciation plans.

Hereinafter, the net financial position drawn up pursuant to the CESR Recommendation of 10 February 2005 is given, which shows, in the Items “Other current financial payables” and “Other non-current payables”, the debt relating to the third instalment of the payment of the purchase price for Company Padana Everest S.r.l. and for Put Minority of Padana Everest S.r.l.

<i>(Euro thousand)</i>	<b>As at 31 March 2010</b>	<b>As at 31 December 2009</b>
A. Cash	24	23
B. Other cash and valuables on hand	3,384	3,799
C. Securities held for trading	-	-
<b>D. Liquidity (A) + (B) + (C)</b>	<b>3,408</b>	<b>3,822</b>
E. Current financial receivables	6,239	6,242
<i>of which towards related parties</i>	670	670
F. Current payables to banks	(41,754)	(32,721)
G. Current portion of non-current debt	(5,719)	(6,128)
H. Other current financial payables	(5,230)	(5,185)
<b>I. Current financial debt (F) + (G) + (H)</b>	<b>(52,703)</b>	<b>(44,034)</b>
<b>J. Net current financial debt (I) – (E) – (D)</b>	<b>(43,056)</b>	<b>(33,970)</b>
K. Non-current payables to banks	(18,553)	(19,930)
L. Bonds issued	-	-
M Other non-current payables	(5,071)	(5,018)
<b>No. Non-current financial debt (K) + (L) + (M)</b>	<b>(23,624)</b>	<b>(24,948)</b>
<b>O. Net financial debt (J) + (N)</b>	<b>(66,680)</b>	<b>(58,918)</b>

The Chairperson of the Board of Directors

(Luciano Facchini)

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The Manager responsible for the preparation of the company accounting documentation, Ilaria Eugeniani, stated, pursuant to paragraph 2 of article 154 bis of the Consolidated Text of Finance Laws, that the accounting disclosure contained in this document corresponds to the documentary outcome, accounting records and books.

The Manager responsible for the preparation of the Company accounting documentation.

(Ilaria Eugeniani)