Annual Report 2011

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The SEA Group attention paid to environmental protection has, through the adoption of specific initiatives, resulted in a significant reduction in direct and indirect CO_2 emissions.

In 2011, Malpensa and Linate were amongst the first European airports to obtain "Neutrality" level under the scope of the European Airport Carbon Accreditation initiative.

airport carbon accredited
NEUTRALITY

Contents

General information

Mission

The SEA Group mission is to create value for all parties directly involved in the Group business: shareholders, customers and employees. This objective is pursued through the offer of services and solutions to meet the growing demands of a market comprising multiple entities including passengers, airlines, airport operators and commercial partners, operating on Malpensa and Linate airports.
The airport infrastructures managed by SEA guarantee aircraft access towards major international destinations to a multitude of users operating in a catchment area that is amongst the most developed in Europe. The aim is to provide a point of reference for the growth of the economy and territory of the whole of Northern Italy.
The services provided by the SEA Group are guaranteed by the management and development of safe, avant-garde infrastructures. The social growth of the reference community and environmental protection are considered essential.

SEA Group profile

Corporate profile

On the basis of the forty-year agreement signed by SEA and Enac in 2001, the SEA Group manages Malpensa and Linate airports through a balanced, diversified system of airport capacity:

- Milan Malpensa 1, terminal devoted to business and leisure customers on national, international and intercontinental routes, with areas allocated to scheduled and charter air carriers;
- Milan Malpensa 2, terminal devoted to the higher end of low cost traffic;
- Milan Malpensa Cargo, infrastructure supporting cargo transport, enabling more than 500,000 tonnes of cargo to be managed each year;
- Milan Linate, airport serving a frequent flyer clientèle on high appeal domestic and intra-EU international flights.

The airport system managed by the SEA Group is amongst the top ten managers in Europe in terms of traffic volume, both in the passenger segment and in the cargo segment; in Italy it comes in a respective second and first place in these business areas. More specifically, Milan Malpensa Cargo moves more than 50% of national cargo traffic.

The airports managed by the Group are connected to an extensive road and railway network that continues to expand and guarantees around 14 million people access in reasonable time, in line with that of the major European international airports. Moreover, current work in progress on the road and rail networks will enable the reference basin of its airports to be extended to more than 20 million people.

The SEA Group companies guarantee all services connected with airport management, including the arrival and departure of aircraft, airport safety management and passenger and cargo handling services, in addition to a range of commercial services on offer to airport operators and users.
Through SEA Energia, the Group also produces both electricity and thermal energy intended to cover the demands of the airports and be sold to third parties.

Business areas

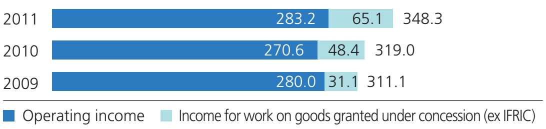
The SEA Group strategy is implemented through the subdivision of its business into four separate business units, each with its own competences and specific operative processes in order to maximise Group managerial efficiency.

Aviation

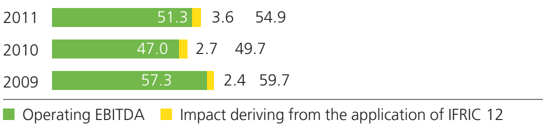
The Aviation business consists of the core airport activities in support of passenger and cargo aviation. They consist of the management, development and maintenance of the infrastructures and plants comprising the airports and of offering customers of the SEA Group services and activities connected with the arrival and departure of aircraft in addition to airport safety services.

The income generated by these activities is defined by a regulated tariff system. It comprises airport fees, fees for the use of centralised infrastructures and common goods in addition to fees for safety and tariffs for the use of space by airlines and handlers.

Income* (in millions of euros)



EBITDA* (in millions of euros)



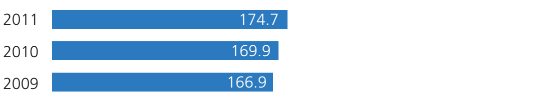
(*) Figures include non-recurring elements and, for the Handling Business Unit, the deconsolidation of MLE since 2010.

Non Aviation

Non Aviation business includes offering a wide, differentiated range of commercial services, both directly managed and subcontracted out to third parties, intended for passengers, operators and visitors to Milan's airports, in addition to real estate business.

The income of this area consists of market fees for the activities provided directly by SEA or, with reference to said activities carried out by third parties under a subcontracting agreement, of royalties expressed as percentages of income realised by the third party operator, generally speaking with some form of agreed guaranteed minimum.

Income* (in millions of euros)



EBITDA* (in millions of euros)

(*) Figures include non-recurring elements and, for the Handling Business Unit, the deconsolidation of MLE since 2010.

Handling

Handling - managed through SEA Handling, a subsidiary of SEA - consists of providing land-side assistance services to aircraft, passengers, luggage, cargo and post. The income generated by this segment consists of market fees for the "ramp" handling business (i.e. air-side provided services, including the boarding/disembarking of passengers, luggage and cargo, aircraft balancing, and luggage distribution and reconciliation) and for the "passenger" handling business (i.e. services provided land-side, including check-in and lost & found). These fees are negotiated independently by the SEA Group through SEA Handling with each airline.

Income* (in millions of euros)

EBITDA* (in millions of euros)

(*) Figures include non-recurring elements and, for the Handling Business Unit, the deconsolidation of MLE since 2010.

Energy

The segment business – provided through SEA Energia, a subsidiary of SEA – includes the generation and sale of electricity and thermal energy, intended both to cover the demands of its airports and for sale on the external market. Energy is produced by means of cogeneration plants situated in the airports managed by the SEA Group. More specifically, the Milan Malpensa cogeneration plant has a maximum annual production capacity of 613 GWh for electricity and 543 GWh for thermal energy. The Milan Linate plant has a maximum annual production capacity of 210 GWh for electricity and 157 GWh for thermal energy. All excess thermal energy produced by this latter plant, over and above the airport's needs, is sold to A2A for heating. The related income of this business area consists of market fees established per unit of measurement sold, multiplied by the quantity of energy supplied.

Income (in millions of euros)

EBITDA (in millions of euros)

SEA Group structure

SEA SpA

Airport management	Utilities	Commercial businesses	Other activities	Handling	Utilities
SACBO Bergamo SpA 30,98 %	Disma SpA 18,75 %	Dufrital SpA 40 %	Consorzio Malpensa Construction 51 %	SEA Handling SpA 100 %	SEA Energia SpA 100 %
Aeropuertos Argentina 2000 SA* 10 %		SEA Services Srl 30 %	Consorzio Milano Sistema (in liquidazione) 10 %	Malpensa Logistica Europa SpA 25 %	
			Romairport Srl 0,23 %		
			SITA Società Cooperativa arl 1 quota		
SBU Aviation		SBU Non Aviation		SBU Handling	SBU Energy

Key:

- Majority share
- Related share
- Share in other companies

(*) With reference to the equity investment of SEA in AA2000, please note that on 30 June 2011, in implementation of that agreed by contract on 9 August 2006, SEA SpA and Cedicor S.A. signed a contract for the sale by SEA of said investment in AA2000, subject to the issue by the Organismo Regulador del Sistema Nacional de Aeropuertos of the authorisation to said sale.

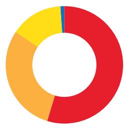
Share capital structure

The share capital of SEA totals € 27,500,000.00 and is divided up into 250 million shares, each with a face value of € 0.11. Of these, 137,023,805 shares are category A and 74,375,102 shares are category B, in accordance with that resolved by the shareholders' meeting on 29 December 2011.

In the event of the sale of the majority of the Company's capital, category A shareholders must guarantee category B shareholders a right to co-sale. Category A shareholders enjoy pre-emption rights in the event of the sale of shares by category B shareholders.
As of 31 December 2011, SEA did not hold any treasury shares; the ownership structure was as follows::

Public shareholders		%
14 entities/companies	Municipality of Milan	54.81
	ASAM	14.56
	Province of Varese	0.64
	Municipality of Busto Arsizio	0.06
	Other public shareholders	0.14
Total		**70.21**
Private shareholders		
	F2i - Fondi Italiani per le infrastrutture	29.75
	Other private shareholders(*)	0.04
Total		**29.79**

(*) 523 shareholders. In accordance with Consob communication no. DME 4059866, SEA is excluded from the list of issuers of widely distributed securities.



Shareholders	%
Municipality of Milan	54.81
F2i Sgr	29.75
ASAM SpA	14.56
Others	0.88

Corporate bodies

Board of Directors (1)	Chairman and CEO	Giuseppe Bonomi
	Directors	Renato Ravasio(2)(3)
		Raffaele Cattaneo(4)
		Lino Girometta
		Mauro Maia(4)
		Marco Lionello Pagnoncelli(3)(4)
		Alberto Ribolla(3)(5)
Board of Auditors	Chairman	Giancarlo Giordano
	Statutory Auditors	Aldo Londei
		Fabio Malcovati
		Maria Luisa Mosconi
		Raffaella Pagani
	Alternate Auditors	Antonella Chiametti
		Ambrogina Zanzi
Independent Auditing Firm		PricewaterhouseCoopers SpA

(1) On 29 December 2011, following the resolutions passed by the Shareholders' Meeting held on that date, the Board of Directors of SEA, appointed by the Shareholders' Meeting of 28 April 2010 for three years and scheduled to stand down upon approval of the 2012 financial statements, was taken from 5 to 7 members, of whom two appointed by F2i - Fondi Italiani per le infrastrutture (Mr. Ravasio and Mr. Maia), whose appointment shall end on the same date as specified previously (for more information, please refer to the Corporate Governance System).
(2) Deputy Chairman.
(3) Member of the SEA Group Internal Control Committee.
(4) Member of the Directors' Remunerations Committee.
(5) Member of the Ethics Committee.

Letter to shareholders

2011 closed with a major change to the SEA ownership structure, which, as from 29 December of this year, records F2i - Fondi Italiani per le infrastrutture - on the list of its shareholders, holding 29.75% of the capital purchased from the Municipality of Milan, which has, in any case, maintained its position as majority shareholder in the Company.
This took place after the filing with Consob (on 21 November 2011) of the SEA Registration Document. In fact, SEA had obtained the related authorisation from Consob early November and admission to listing on the stock exchange as part of the Company's listing process. This had been resolved by the shareholders' meeting of 3 May 2011 and was to be implemented by means of a public subscription bid over shares obtained through a specific capital increase.

The optimisation of a significant share of the equity investment of the Municipality of Milan in SEA confirms the Group's status as an important player on the Italian and international air transport scene, managing two airports positioned in one of the European areas showing greatest economic growth and which is able to attract new airlines and constantly increase the offer of business and leisure destinations in addition to managing a platform for the development of cargo transport in the Italian region with the greatest vocation for exports.

Despite a reference scenario that is amongst the most complex seen in the last decade in terms of the international and, Italian in particular, macroeconomic uncertainties and a context in which airlines have found themselves in increasing difficult, focussing on cost control and the rationalisation of their networks, these conditions have enabled the SEA Group to exceed 28 million passengers served and 456 thousand tonnes of cargo handled at end 2011 in the airports of Milan Malpensa and Milan Linate, which both recorded growth during 2011, albeit at different levels.

More specifically, Linate recorded a 9.2% increase of passengers, maintaining its role as primary Italian business airport, whilst Milan Malpensa 2 grew by more than 7%, confirming its status as major European continental base for easyJet and Milan Malpensa 1 recorded a 2% increase in passengers, despite the fact that a great many factors had a negative impact on its development, including some specific aspects such as the continued crisis in North Africa (a major destination for the airport) and the cessation of trading by Lufthansa Italia in November 2011, but which was preceded by a partial reduction in movements by the airline in the months prior to the announcement of the operative strategy (June 2011).

During the year, with more than 4% growth in cargo traffic, Milan Malpensa has earned a place as one of the most important European airports for growth in this business segment, consolidating the role of major Italian cargo airport, managing more than 50% of all cargo carried via air.
The 2011 results recorded by the SEA Group managed airports should be considered amidst a very varied context of international air traffic development, which at year end recorded a worldwide 5.9% increase in passengers and a 0.7% drop in cargo; these results were severely affected by a major slowing of growth seen during the second half of 2011, when the effects of the international economic crisis had a major impact on air traffic, particularly linked to the trend of the Gross Domestic Product of the individual reference geographic areas.

2011 was also particularly important as concerns the pursuit of the airport tariff adjustments applied to the airports managed by the SEA Group: on 23 September, the Programme Contract was signed by SEA and Enac and the new tariff plan will come into force following its approval by Decree of the President of the Council of Ministers (sixty days after publication in the Official Gazette).
Maintenance of the tariff gap with respect to the main European airports (with airport fees averaging a reduction of up to 40%) has not limited the business of the SEA Group, which in 2011 concentrated on some important infrastructures of Milan Malpensa, destined to extend not only the air-side offer of the airport, but also to strengthen growth opportunities in the relevant commercial and cargo management areas.
In particular, 2011 works on extending the terminal and developing the third satellite will enable new commercial areas to be opened as from early 2013, in the context of a very much innovative layout, also in terms of the panoramic lifts scheduled for start-up in 2012, and under the scope of a strengthening of higher-end passenger service infrastructures, destined to transit in these new areas, equipped with direct arrivals for class F aircraft, such as the A380. The work carried out in 2011 in the Milan Malpensa Cargo area, aimed at equipping it with a suitable system by which to access the existing road connection network of Milan Malpensa airport, was also developed with a view to ensuring further cargo traffic growth at the airport, given the demand for import/export services by local businesses, in many cases operating from European airports at the time boasting better cargo management capacities.
Despite this complex market scenario, in 2011 the SEA Group recorded further growth of income, which exceeded € 644.4 million (+4.9% on 2010), taking

EBITDA to € 150.7 million, in line with last year, which, however, benefited from non-recurring operations. Not considering the IFRIC component and non-recurring operations, the increased Group EBITDA for 2011 comes to 14.1%.
At the end of the year, the Group's profit stood at € 53.9 million (-14.6%); however, considering the weight of non-recurring operations that marked both financial years, the comparison of the 2011 and 2010 results on a normalised base highlights 1% growth, with year end profits of € 39.5 million, specifically not considering the valuation of the equity investments held in GESAC and AA2000 in 2011.
In 2011, the reduction also continued of the Group's net financial debt, which at year end reached € 320.3 million, up by more than € 24 million on last year. These results have been achieved with the support of all business units. More specifically, the most significant contribution, net of non-recurring items and works on assets granted under concession, is that of the Non Aviation segment, which with € 85.8 million, accounts for around 56.7% of Group EBITDA, at levels in excess of 2010. The Aviation area accounts for 36.1%, with the related EBITDA recording a 16.2% increase on 2010. The incidence of other business segments is negligible, with Energy accounting for 8.7% of the consolidated result (+6.3%) and Handling with managerial EBITDA showing clear improvement on 2010 (having recorded a reduction in the operating loss of 71% in the period).
In 2011, the SEA Group continued to apply social shock absorbers (extraordinary temporary redundancy fund and mobility proceedings) granted following the crisis determined by the dehubbing of Alitalia, albeit at lower levels than last year. Following the continuation of complex conditions in the aeronautical market, in July 2011, SEA and SEA Handling reached an agreement with the trade unions aimed at identifying a further recovery of efficiency for the Group and a definitive restoration of SEA Handling, sharing some measures aimed at coping with the continued state of crisis, such as the extraordinary temporary redundancy fund on an exceptional basis and mobility, which will also be used in the two years 2012-2013.

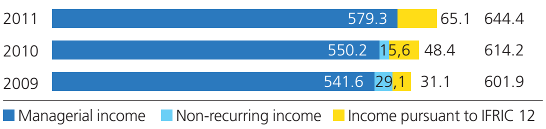
Finally, please note that the Parent Company SEA SpA has now also made the transition to accounting standards IAS/IFRS, confirming the SEA Group's attention to disclosure transparency.

In view of the results achieved in 2011 and the commitments for which the SEA Group will be called to answer over the coming months, also in view of the complex reference scenario, in view of the uncertain international, and Italian in particular, macroeconomic context, we would like to thank employees and commercial partners for their efforts and collaboration shown to date, and look forward to continuing our relations for a long time to come.

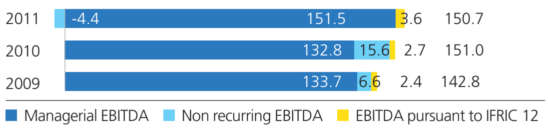
SEA Group numbers

Economic data

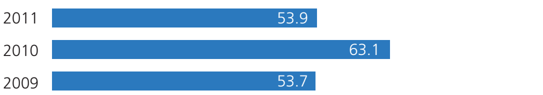
Total income (in millions of euros)



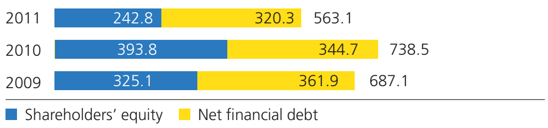
EBITDA (in millions of euros))



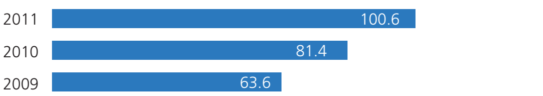
Net Group result (in millions of euros)



Net Group invested capital (in millions of euros)

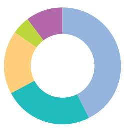


Infrastructural investments (in millions of euros)(*)



(*) Inclusive of infrastructures financed through State contributions pursuant to Italian Law no. 449/85

2011 consolidated income (*): € 644.4 million

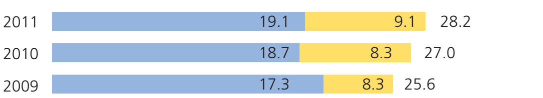


2011 consolidated income(*)	%
Aviation	42.5
Non Aviation	24.9
Handling	17.4
Energy	5.1
Income from application of IFRIC 122	10.1

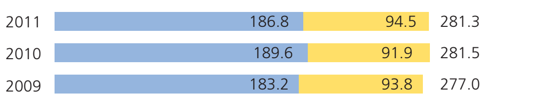
(*) Total income net of infra-group elisions. SEA income is generated by the Aviation and Non Aviation business units.

Traffic data

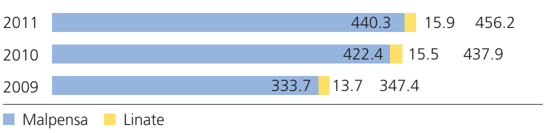
Passengers (,000,000)



Air transport movements (,000 tonnes)



Cargo (,000 tonnes)



Additional SEA Group economic-financial data

The SEA Group financial statements have been prepared applying the international accounting standards adopted by the European Union (hereinafter the “IAS/IFRS”).
In order to enable a better assessment of the trend of economic-financial operations for 2011, the tables below provide some data and indicators referring to the consolidated financial statements of the SEA Group as of 31 December 2011, compared with the two previous financial years.

In order to allow comparability to the trends of the income items and EBITDA during the three years, in which some non-recurring significant events have occurred, adjustments have been made to these items.

More specifically, 2010 has been adjusted, eliminating the effect of the refund by the Ministry of Transport totalling € 14.9 million (capital share of the compensation due for failure to recognise handling tariffs prior to the relevant liberalisation); 2009 does not consider the contribution made by Malpensa Logistica Europa (a 100% subsidiary of the SEA Group until November 2009) and some contributions towards traffic development.

Millions of euros	2011	2010	2009
Economic results			
Operating income(1)	579.3	565.8	570.7
EBITDA pursuant to IFRIC 12(2)	147.1	148.4	140.3
Managerial income(3)	579.3	550.2	541.6
Managerial EBITDA(4)	151.5	132.8	133.7
Net result	53.9	63.1	55.0
Balance Sheet			
Tangible fixed assets(5)	248.3	246.3	238.1
Intangible fixed assets	755.8	712.3	686.6
Economic-financial indicators			
EBITDA managerial margin(6)	26.1%	24.1%	24.7%
Leverage (net financial debt/EBITDA)(7)	2.1	2.3	2.5
Coverage ratio (EBITDA/Financial expense)	7.4	7.9	5.3
Personnel			
Number of employees at year end	5,090	5,178	5,313

(1) These do not include income for works on goods granted under concession (IFRIC 12)
(2) These do not include income and costs for works on goods granted under concession (IFRIC 12)
(3) Managerial income does not include non-recurring items and income for works on goods granted under concession (IFRIC 12)
(4) Managerial EBITDA does not include effects of non-recurring items and the adoption of IFRIC 12 interpretation
(5) Tangible fixed assets do not state the value of goods financed by the State, equal to € 500 million, € 499.5 million and € 499.4 million respectively at 31 December 2011, 31 December 2010 and 31 December 2009. These goods are in fact stated net of the related contributions received, in accordance with IAS 20
(6) Considering the IFRIC 12 interpretation and non-recurring items, the EBITDA margin is: 23.4% in 2011; 24.6% in 2010 and 23.7% in 2009
(7) Considering the resolutions passed by the shareholders’ meeting on 29 December 2011 as concerns the distribution of the extraordinary reserves of SEA for € 147.4 million to SEA shareholders as of 28 December 2011, the leverage index at end 2011 comes to 3.1

2011 Report on Operations

FY 2011: significant events

Forefront

Sale of a 29.75% share in the capital of SEA by the Municipality to F2i - Fondi Italiani per le infrastrutture

On 29 December 2011 the purchase of 29.75% of the capital of SEA by F2i - Fondi Italiani per le infrastrutture - was completed. The share had been sold by the Municipality of Milan for a total price of € 385 million, of which € 340 million were paid as the closing deed was signed. The remaining € 45 million will be paid by F2i within sixty days of publication in the Official Journal of the Decree by the President of the Council of Ministers with which the Programme Contract signed by SEA and Enac on 23 September 2011 will be approved (the changes made to the articles of association as a consequence of this operation are described in Corporate Governance System). The sale took place after filing the SEA Registration Document with Consob on 21 November 2011 and after having obtained the authorisation by Consob, on 10 November 2011, to publish, and on 7 November admission to listing by the Stock Exchange.

Programme Contract: signing and validity

In relation to the forecast adjustment of Italian airport fees, which at end 2011 also confirmed the significant gap with the European average (approximately 40% less), please note that on 23 September 2011 the Programme Contract was signed by SEA and Enac after approval, in May 2011, by the Board of Directors of Enac, of the text of the Programme Contract presented by the SEA Group on which the Ministry for Infrastructures and Transport and the Ministry for the Economy and Finance expressed a favourable opinion.
The new tariff plan will come into force following approval by means of Decree issued by the President of the Council of Ministers, within sixty days of publication in the Official Journal.

Traffic development

Milan Malpensa: new destinations and new airlines

In 2011, Milan Malpensa airport further extended its international connections, taking destinations served to 191 (as compared with the 168 of end 2010), thanks to the joining of new passenger and cargo airlines, also encouraged by the review of some bilateral agreements.
In the cargo segment, we note the business of Jade Cargo and Silk Way, with respectively 2 flights per week to Shanghai and 1 per week to Baku.
In the passenger segment, amongst others, Ethiopian Airlines began operating, introducing 5 flights a week with Addis Abeba, from where passengers can reach 40 different destinations in Africa; Biman Bangladesh, an important airline in the Indian area, which has introduced 2 flight a week to Dhaka; Air Europa, which with 2 flights a day to Madrid has entered the business segment previously covered by Lufthansa Italy; Transavia, which flies to Rotterdam 4 times a week.

easyJet: +9.2% movements and +11.5% passengers served

In 2011, easyJet further strengthened its presence on Milan Malpensa 2 introducing 37 new flights per week (of which 8 for the summer only) towards important international destinations, including Barcelona, Marrakesh, Paris and Amsterdam.
In 2011, approximately 5.5 million passengers were serviced by the airline in Milan Malpensa 2 with more than 42 thousand movements, thereby consolidating easyJet’s position as the most important customer of SEA on Malpensa, with a market share of 29% of the airport’s passengers.
2011 performance confirms Malpensa as the main continental base for easyJet’s business, with this airport accounting for 10% of total 2011 traffic for the airline and almost 78% of the company’s traffic in Italy.
easyJet is also present at Milan Linate where it served more than 253 thousand passengers during the year, with almost 1,800 movements.
It is precisely the relevance of the work on the airport system managed by SEA that led easyJet to review the economic terms of its relations with the SEA Group, with consequent positive impacts on airport management and handling. More specifically, the contract establishing the disbursement of incentives to easyJet for the development of Milan Malpensa 2 traffic is currently being finalised, in exchange for an effective commitment by the airline to guarantee significant traffic growth rates; the airline’s provision of different, innovative handling services is also continuing, with significant economic returns for SEA Handling.

Lufthansa Group strategy on the Milan airports

In May 2011, the Lufthansa Group notified its decision not to continue trading through Lufthansa Italy as from the coming winter, repositioning its business on the German airports. With this in mind and considering the particular relevance of the basin of users represented by the catchment area of Milan, the Lufthansa Group has implemented commercial strategies aimed at developing traffic towards the main airports of Germany, recording significant passenger increases on these routes.

Although these phenomena did not reduce the destinations served by Milan Malpensa (as the routes managed by Lufthansa Italy were already covered by other airlines), following a constant reduction in the business of this airline that began back in June 2011, a reduction was seen of almost 3,000 movements and 120 thousand passengers on Malpensa, which correspond respectively to a 9.8% and 5.5% reduction in movements and passengers of the Lufthansa Group with respect to 2010. This data confirms the fact that the strategy of the Lufthansa Group on Malpensa is to serve growing traffic towards the main German reference airports (with an increase of business to these routes in excess of 10%). If we also consider Linate, following the new strategy adopted in 2011, the Lufthansa Group recorded a total reduction of around 8% in movements and 2.6% in passengers over the whole system managed by the SEA Group.
Early 2012, the Lufthansa Group chose SEA Handling as its sole handler for Malpensa until 2017 and, in renegotiating its hangar management contract with SEA (through Lufthansa Technik), it confirmed the role of this airport as one of the main hubs of European traffic for its network development.

Malpensa is confirmed as Italy's top cargo airport: 440.3 thousand tonnes of cargo moved, up 4.2%
In 2011, showing growth of 4.2% in cargo transported, Malpensa confirmed its status as Italy's top cargo airport serving more than 50% of volumes carried by air in the country from one of Europe's highest potential areas, with a level of exports that was particularly strong throughout 2011 too, despite the complex world economic scenario.
The results achieved by Malpensa, Europe's best airport among those handling more than 400 thousand tonnes, were supported by the strong presence of airlines from the Middle East and Asia, geographic areas recording economic performances that exceeded the world average.

Infrastructural development

Pursuit of the approval procedure for the Malpensa master plan
As part of the infrastructural development plan involving the SEA Group, please note that in May 2011, Enac began the authorisation procedure in relation to the new Malpensa master plan, with regards to the Ministry for the Environment, aimed at performing the environmental impact assessment procedure in relation to which SEA has prepared the "Environmental Impact Study".

Milan Malpensa 2: new "low cost" hotel
June saw the signing of an agreement to develop a budget hotel at Milan Malpensa 2 airport by means of BOT. The new structure will be designed to meet the demands of the types of passengers using the airport and provide complementary services to those of Hotel Sheraton in Milan Malpensa 1.

Malpensa: growth continues for Milan Malpensa Cargo
The role played by Malpensa as one of Europe's most important cargo airports, its location in one of the continental areas with the greatest import/export opportunities and the need, in this context, to equip the airport with additional capacity by which to manage the growing quantities of cargo to be carried by air, means that the Malpensa cargo area development plan needs to be pursued; in 2011 work continued on its extension. This will make it possible, as from early 2014, to manage approximately 1 million tonnes of cargo by air (as compared to the current 560 thousand), also using the new aircraft parking areas and warehouses fitted out with office space.

Financial operations

Measurement of equity investments
In 2011, work continued to rationalise the equity investments held by the SEA Group, aimed at creating value for shareholders.
More specifically, two sales have been completed.

GESAC: sale of share held by the SEA Group
On 3 March 2011, SEA sold the equity investment held by the SEA Group in Gesac (5% of the share capital of the company managing Naples Capodichino airport) to F2i (which as of that date already held 65% of the capital of Gesac), for a price of € 8.2 million.

AA2000: sale of residual equity investment
On 30 June 2011, in implementation of the contract stipulated on 9 August 2006, SEA and Cedicor SA - the company controlling CASA, the majority shareholder of AA2000, which manages the 33 airports of the Argentinian airport system - signed a contract for the sale of the residual investment of the SEA Group in AA2000 (10% of its capital). The price for the share transfer (€ 14 million) was paid in two tranches (€ 8 million at the time of signing the contract and the remaining € 6 million at end 2011). The sale is in any case subject to authorisation by ORSNA.

SEA Group operations on financial debt
In 2011, the SEA Group carried out some operations aimed at extending the equivalent value of committed credit facilities (which had gone from € 170 million at end 2010 to € 225 million), thereby guaranteeing, amongst other matters, coverage of the Group's financial commitments for 2012 (and in particular payment of a first tranche of € 85 million of the extraordinary reserves of € 147.5 million resolved as able to be distributed by the shareholders' meeting of SEA held on 29 December 2011).

Under the scope of the financial risk management strategies, please note that in 2011 the SEA Group also stipulated derivative contracts to hedge the risk of fluctuation of the interest rate for an equivalent value of more than € 100 million in debt.

Other significant events

On-line strategy

During the first few months of 2011, the SEA Group began implementing a communication and marketing plan, which also uses an on-line communication and sales strategy.

The development of SEA e-commerce is based on a commercial platform that is part of the new web portal of the airports managed by the SEA Group. This tool already enables the direct sale of the services offered by SEA (including access to VIP rooms, parking, fast track) and will also enable the sale of goods and services of the Group's commercial partners, despite not operating directly on the airports.

SEA Handling continues the restoration process: -71.0% gross operating loss

During the year, the Company continued its restoration, reducing its operating loss by 71.0% on 2010, reaching € 2.2 million at end 2011 with respect to the € 7.7 million of the previous year (net of non-recurring items for € 14 million).

This improvement has been obtained despite the negative effect of the cessation of Lufthansa Italy business, served by SEA Handling in the ramp area, the increased cost of labour connected with the salary increases envisaged by the renewal of the collective national employment contract (in 2010) and the reduction of use of the extraordinary temporary lay-off fund. The result has also been supported by the growth of traffic of the other airlines served (including many of the new airlines operating in Milan since 2011) and the favourable renegotiation of some contracts, including that with easyJet, which was renewed in the last quarter of 2010 with innovative clauses introducing an adaptation of the service fee to the volumes of some activities provided.

Signing of new trade union agreements in 2012-2013

At end July 2011, under the scope of the process to recovery productivity and efficiency of the SEA Group, a framework agreement was signed with the main trade unions for 2012-2013. This agreement entails the pursuit during that period of the extraordinary temporary lay-off fund (previously scheduled to expire on 31 December 2011) at levels lower than those of previous years, by means of a rotation mechanism for all employees.

In 2011, a new voluntary mobility procedure was also agreed that may affect up to 250 employees of the SEA Group of whom around 100 SEA Handling.

Discounts for airlines using biofuels

Under the scope of the environmentally-friendly management policy of the airport business implemented by the SEA Group, in September an incentives programme was prepared for airlines intending to use biofuels in the stretches in arrival at and departing from the Group-managed airports.

Thus SEA intends to support the commitment of the airlines in replacing traditional fuels with reduced environmental impact products, reducing CO_2 emissions in the environment.

Focus on results

In 2011, the SEA Group records income of € 644.4 million, up 4.9% on last year.
Operating income, which does not include the effects of the application of the interpretation of IFRIC 12, came to € 579.3 million, recording a 5.3% increase on last year, not considering non-recurring operations that had a positive impact on 2010 income (in particular the capital share of compensation for damages by the Ministry for Transport on period handling tariffs for the years 1987, 1989 and 1990 of € 14.9 million).
The different areas of business had a different effect on that trend. More specifically, growth has been most sustained by the Aviation and Handling business segments, the managerial income of which with regards to third parties have increased respectively by 5.0% and 1.0%, by the significant increase in the sale of energy to third parties (+33.2%) and income with regards to third parties of the Non Aviation business (+4.0%).

Group EBITDA stands at € 150.7 million, basically stable on last year. If we do not consider the effects of the application of the interpretation IFRIC 12 and non-recurring elements, Group EBITDA stands at € 151.5 million (+14.1% on the managerial EBITDA of 2010 which was € 132.8 million).
On this result, the greatest contribution was made by the Non Aviation segment, which, with € 85.8 million, accounts for approximately 56.7% of Group EBITDA, settling slightly above the levels of 2010. The Aviation area accounts for 36.1%, recording a 17.9% increase of its gross operating margin, whilst the incidence of other segments of business is lower, with Energy accounting for 8.7% of the consolidated result (up by approximately 6.3%) and Handling with a contribution showing a net improvement on 2010 (-71.0% reduction of operating loss, which at end 2011 comes to € 2.2 million as compared with the € 7.7 million of 2010, not considering non-recurring elements).

Please refer to the comments on the individual areas of business for a deeper analysis of 2011 trends.

The 2011 operating result comes in at € 81.3 million, down on the € 97.9 million of 2010 (-16.9%). Net of extraordinary, non-recurring effects in the two years, the 2011 operating result is up 3.9% on 2010.

The pre-tax result comes to € 88 million as compared with the 102.4 million of 2010. The reduction in the result suffers not only the effects described above on the operating result but also other non-recurring items; these include, in 2011, the valuation of equity investments in AA2000 and GESAC (€ 18.7 million) and in 2010 the extraordinary financial income of € 27.4 million, relating to compensation for damages by the Ministry for Transport on handling tariffs for 1987, 1989 and 1990.

The net Group result comes to € 53.9 million, down 14.6%, but if we do not consider the non-recurring events marking both financial years, it would record growth of 1%, settling at € 39.5 million.

Net financial debt at 31 December 2011 stands at € 320.3 million, down € 24.4 million on the € 344.7 million of end 2010. For a more detailed analysis of the main items of the net financial position, please refer to the paragraph entitled "Economic, equity and financial trend of the SEA Group".

Finally, please note that the parent company SEA has made the voluntary transition to the international accounting standards (IAS/IFRS) as from the financial statements for 2011, with First Time Adoption (FTA) as from 1 January 2010.

Outlook

The reference macroeconomic context for the forthcoming months will show great uncertainty in connection with the international financial crisis underway and the action taken to identify solutions to it, in particular in the Eurozone, with consequent effects of possible further slowing of the growth of more advanced economy countries, albeit at different levels, in a context where production is reducing even in the areas showing greatest economic growth and particularly in South East Asia, with the consequent possible slowing of the world cargo scenario in 2012. In this scenario, market consensus for 2012 estimates air traffic growth for North America and Europe of around 2/3% in the passenger segment and indicates a slight recovery of the goods segment, which has been greatly penalised by market conditions and consumer spending, particularly depressed in the Eurozone, and very limited development (which, in some cases, such as Spain and Italy, is actually negative).
In this complex, volatile scenario, in which geopolitical conditions and in particular those of North Africa do not show any signs of significant improvement with respect to the last 12 months, the SEA Group confirms its commitment to ensuring growth in the different business areas managed, in the process of further recovering efficiency and developing the capacity to manage passenger and cargo traffic, considering that the current turbulence is one of the many stages of complexity in which the international air transport has operated in the last ten years; the effects of this have not, however, interrupted the medium/long-term segment growth trend, which is confirmed for the coming years by the

estimates of the main segment international research centres and the major manufacturers of air transport aircraft.
In this context, the SEA Group, whilst awaiting the coming into force of the Programme Contract and related tariff increase, believes that gross operating margins for 2012 may evolve positively, assuming the reference context does not undergo any radical changes, despite the continued instability of the Mediterranean basin and the difficult international, and Italian in particular, macroeconomic context.

Reference context, markets and legislation: evolution

The air transport segment is very much linked to economic trends, both international trends and those of the individual geographic areas. This makes an analysis of macroeconomic scenarios even more significant, and in particular those of recent years marked by major structural changes to the reference context in which airlines and airports operate, as they have become even more complex as from the start of the 2008 financial crisis.
These changes are having major effects on a wider range of production sectors, particularly in the more advanced economies, which, all too frequently, are called to cope with various critical issues, including the reduction of production volumes, the search for new outlet markets, growing competitive pressure from emerging countries and changes to consumer spending trends, in a context where we are seeing a reduction to buying power and an increase in production costs, also due to the increased prices of commodities.
Airlines, which traditionally record low profit margins, in market stages that are as complex as those seen today, are particularly exposed to market context risks: the difficult economic situation may have a negative effect on passenger tendency to fly, with related effects on the offer and consequent impact on the turnover of airlines, which are also forced to deal with great pressure on the cost side, particularly due to increased oil prices.
The complexity of the variables affecting the trend of the air transport segment force it to undergo massive change, which is now focussing on the interaction of airlines in order to achieve scale economies, also with a view to reducing operating costs. During this process, financially weaker airlines risk exclusion from the market and/or acquisition by more solid airlines, generally with an extensive international network and interested in a dimensional growth that will limit the impact of growing competitive pressure, in particular by low cost airlines.
Airport managers, whose business is very much linked to airline development strategies, suffer the volatility of the reference context and, particularly in Europe, in addition to suffering the effects of the crisis in the area, are operating in a highly competitive context, determined by the limited additional supply of airport capacity, which makes infrastructural investments intended to cover this gap particularly important, in order to meet the forecast increase in demand in the medium-term.
Please note that the air transport segment is subject to significant regulation, the evolution of which also affects the strategic choices made by airlines and airports, very often defining the related business paths.

Reference economic framework

2011: macroeconomic context
2011 has been marked by a worsening of international macroeconomic conditions, to which a multitude of factors have contributed that are strongly inter-linked: natural events (such as the earthquake in Japan); the worsening of the financial crisis in some Eurozone economies, which has given rise to great instability on the international capital markets; constant, persistent geopolitical tension in North Africa and the Middle East, which has contributed towards the significant increase in oil prices with a consequent overheating of world inflation and negative repercussions on international trade and consumption.
At end 2011, world economy growth, according to the estimates of the International Monetary Fund published in the January 2012 World Economic Outlook, stand at 3.8%, down on the trend recorded in 2010 (+5.2%), when a significant recovery had been seen, above all during the second half of the year, from the all-time lows of 2009, as the international economic and financial crisis worsened that had already reared its head towards the latter part of 2008.
In 2011 too, the world economy was marked by very different trends during the year, recording significant growth in the first quarter, followed by continuous deterioration of economic indicators in the following quarters, in particular in the more advanced

economies: the growth of the US GDP by 2.2% in the first quarter was down to 1.6% in the last three months; Japan went from -0.1% to -1%; in the Eurozone from +2.4% to +0.7%, with significant differences between the countries of the Union (Germany from +4.6% to +2%; France from +2.2% to +1.4%; Spain from +0.9% to +0.3%; and Italy from +1% to -0.5%).
The constant economic erosion recorded in these geographic areas, which at end 2011 determined GDP growth of 1.8% for the USA and 1.6% for the Eurozone and a 0.9% drop for Japan, took place in a context in which emerging countries, although showing a positive trend, have also slowed on last year, albeit at different rates. More specifically, India grew by 7.4% (as compared with the 9.9% recorded in 2010), China by 9.2% (10.4% in 2010), the ASEAN-5 area by 4.8% (6.9% in the previous year), MENA countries by 3.1% (as compared with 4.3%) and Brazil by 2.9% (at significantly lower levels than the 7.5% for 2010).

Geographic areas and related economic trend

In addition to the exceptional natural and geopolitical events that marked 2011, such as the Japan earthquake in March and the disorder in North Africa and the Middle East since the start of the year, which resulted in a reduction to the supply on the oil market (with a consequent price increase during the year of around 32%), we also saw a deterioration of the structural situation of the debt of the Eurozone countries, where the crisis, as from August, worsened particularly, bringing about major cost increases in the public debt of peripheral countries, including Spain and Italy. The impact of the crisis on the European public debt has had major repercussions on the banking market, the assets of which have suffered the reduction in book values of public securities held in the portfolio, determining a liquidity crisis on the inter-banking market with important negative effects on the offer of credit to businesses and consumers.
The measures adopted by the ECB in 2011, with the purchase of government securities and the release of liquidity onto the banking system at a very low provisioning cost, together with the launch of significant financial correction manoeuvres adopted in some European countries, including Italy and Spain, have enabled a partial reduction in the difference in the cost of the debt of public securities of these countries in the early months of 2012, the effects on which on the great volatility of European capital markets should be seen during the first half of the year.
However, the public finance measures adopted may further weaken consumption and employment in some European countries, helping outline a recession for 2012, also incorporated by the declassification by the main ratings agencies of the public debt of numerous European countries including France, Austria, Spain, Portugal and Italy, followed by the downgrading of bank and industrial securities in the respective areas.
The difficult context of the Eurozone, in which in 2012 rationalisation is forecast of public spending and the redefinition of supranational bodies intervening structurally on the public debt, has been juxtaposed by the trend of the US economy and that of emerging countries.

In the USA, problems with the public debt have been faced with expansive monetary policies that were not able to be adopted by the ECB, with a greater speed of absorption of the related risks on the financial markets and consequent support to the economic recovery of the country which, in the last quarter of the year, showed an improvement of some macroeconomic indicators, in particular in terms of employment in the item production and service sector.

In this extremely volatile context of the more developed economies, despite a significant slowing to world exports to areas with a demand crisis, in 2011 the emerging countries showed solid GDP growth trends, even if at levels that are generally below those recorded in recent years, and which have also been negatively affected by the reduction of investment flows from western countries (according to the World Bank, approximately 120 billion dollars less inflow to these countries in 2011 alone with respect to the previous year). In 2011, the economies of these countries were significantly sustained by the mentioned commodity price growth, in particular oil, but a further slowing to the world economy over the coming months may depress the price of raw materials, with consequent negative effects on the capacity of emerging economies to maintain these growth levels.

2012 prospects

In the complex macroeconomic context that marked 2011 and in particular the last quarter, the International Monetary Fund in the January 2012 World Economic Outlook further reduced growth estimates during the year for the world economy, taking them to 3.3% (from the 4% identified in September and the 4.3% of June).

2012 will also show a significant differentiation in economic growth amongst the different geographic areas. More specifically, despite fears for possible negative effects deriving from exogenous recession factors, emerging economies show solid growth rates, with particularly high increases for BRIC countries: Brazil (+3.0%), Russia (+3.3%), India (+7.0%) and China (+8.2%).
As concerns the advanced economies, forecasts post growth of 1.8% for the USA (in line with the figure

recorded in 2011), a 1.7% increase in the GDP of Japan (also thanks to the recovery from the 2011 tsunami), whilst a recession for the Eurozone, with a drop by 0.5% of the GDP over the entire region.

In line with recent years, the Eurozone records fairly substantial differences between the different Member States: whilst Germany and France have growth forecast, albeit marginal (respectively +0.3% and +0.2%), forecasts for Spain and Italy are recession, with reductions in the GDP respectively of 1.7% and 2.2%.

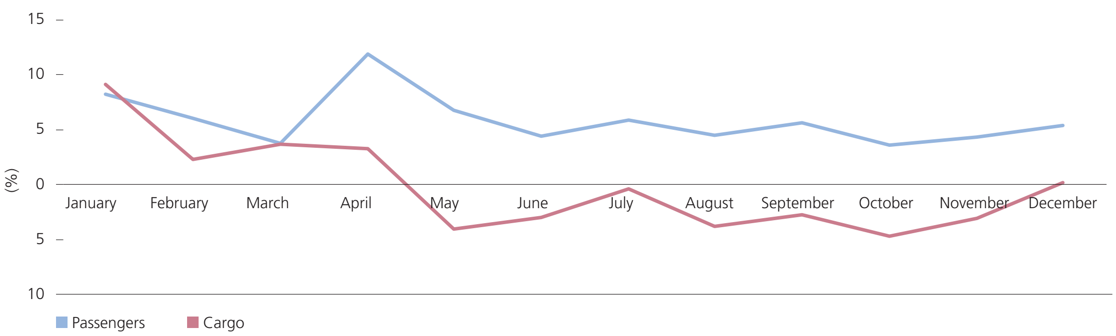
The evolution of these elements is destined to also affect development of world trade: after the major drop in growth seen in 2011, when total volumes of goods exchanged grew by 6.6% (as compared with 12.4% in 2010), the forecast is for a further slowing of trade in 2012, which may record growth of just over 4.5% (World Bank Global Economics Prospect - January 2012).

Air transport and airports

2011: world air transport trend

World air transport in 2011, also suffering the reference economic conditions, was marked by significantly different trends recorded in the two halves: during the first half of 2011, significant growth was recorded, mainly in the passenger segment, which worldwide during the period marked a 6.5% increase (continuing to recover the traffic that had marked 2010 with respect to the minimum levels of 2009); in the second half, on the other hand, a significant, progressive worsening was recorded in passenger traffic growth rates, which at year end recorded a 5.9% increase. In line with air cargo traffic trends, which tend to be one step ahead of the inversion of the economic cycle, worldwide the cargo segment recorded major drops as from the first half of 2011, when growth reached just 1.2%, closing the year with a 0.7% reduction.

Traffic trend - monthly YoY change (source: IATA



The graph shows some phenomena, not connected with the economic trend, which, however, have affected growth in 2011; in particular:

- the recovery of mainly passenger traffic in April 2011, which can be compared with the corresponding month of 2010 when much of Central and Northern Europe was affected by the diffusion of Icelandic volcanic ash clouds, with the consequent virtually complete closure of the related air space for prolonged periods;
- a partial recovery in December, of both passenger and goods traffic, affected to a large extent by the penalisation of traffic in December 2010, characterised by severe weather conditions in North and Central Europe, which resulted in days of a complete block to air traffic in a great many skies of the area.

Airline strategies

In this complex market scenario, traditional airlines, seeking to limit the competitive pressure of low cost options and in pursuing their profit objectives also through cost control achieved through scale economies, continued their integration and partnerships that have been seen in the segment for some years now.
More specifically, please note the purchase of British Midland (BMI), member of the Lufthansa Group, by the International Airlines Group (IAG, founded in 2010 from the union of British Airways and Iberia), currently being examined by the respective antitrust bodies, and the increased shareholding in Air Berlin by Ethiad, which with 29% of the capital, is now the major shareholder of one of the most dynamic European low cost airlines, ensuring the Middle Eastern company a direct penetration of the European market.
Italian airlines were also involved in consolidation operations: Alitalia is considering an integration with Blue Panorama and Wind Jet, with a view to strengthening its network and competing incisively on the charter and low cost flight markets; in October 2011 Air Italy was acquired by Meridiana Fly, with the

aim of establishing a group that was able to achieve industrial and operative synergies, operating on five reference aeronautical bases, including the SEA Group airports.
The great competitive pressure and consequent need for airlines to limit operating costs has also determined significant adjustments to the strategies of some important international airlines. In the USA, at end 2011 American Airlines applied the Chapter 11 procedure in order to significantly restructure its business. In some emerging countries too, despite being sustained by significant traffic growth, the airlines recorded situations of economic difficulty like in India where, despite the fact that 2011 recorded 16% growth in the domestic passenger market, the country's main airlines booked significant losses caused by increasing costs connected with the high prices of oil and strong tax pressure, without a corresponding tariff increase, given the intense competition on its market.

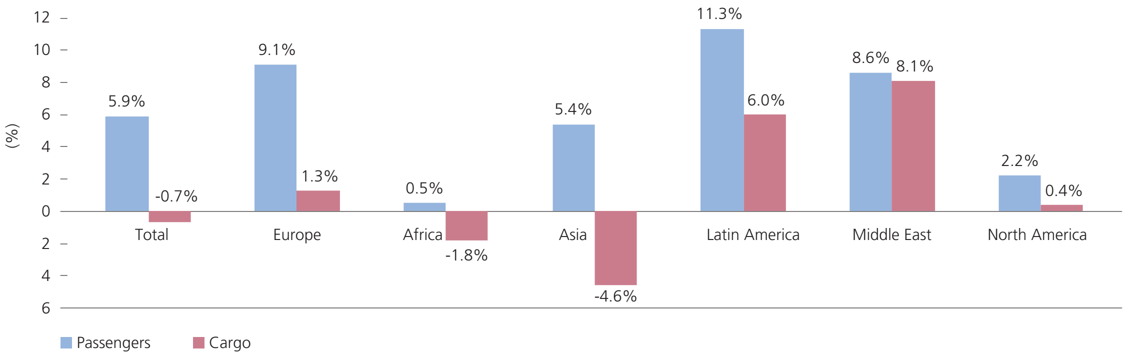
In Europe, the area's difficult economic context has caused some airlines, including Ryanair, to reduce the capacity offered for the 2011 winter season and has made work necessary on networks and cost structures by major European companies such as Air France, which has launched a plan to support its profitability, forecasting a reduction in costs over the next three years set to total € 3 billion; Iberia, which has announced the creation of a low cost airline (Iberia Express) operating on short and medium-range routes to recover market shares operated by international low cost airlines. Lufthansa has also announced a cost containment plan as from 2014 (approximately € 1.5 billion less over the next three years), which continues the airline's strategy to reposition its network on German airlines, as begun in 2011, under the scope of which the decision was made to sell 100% of BMI and to cease trading of Lufthansa Italy, whose aircraft is used to allow the airline to limit competition by eastern companies on the German airports on which Lufthansa operates.
The difficult segment context and the worsening of the economic crisis in the early months of 2012 brought about the bankruptcy of Spanair, Spanish airline based in Barcelona, and Malev, Hungarian company (for more information, please refer to "Significant events after year end").

Air traffic trend broken down according to geographic area

In 2011 too, international air traffic recorded very different trends for different geographic areas, also influenced by the different growth prospects of the respective economies and the strategies implemented by the airlines of each area.
The greatest growth in the passenger segment was recorded in the emerging countries: Asia grew by 5.4% (despite the weight of Japan affected negatively by the March 2011 tsunami), the Middle East by 8.6% and Latin America by 11.3%. The trend of developed countries instead differed insofar as North America recorded a 2.2% increase in passengers, basically in line with the area GDP growth, whilst Europe recorded 9.1% growth, affected by non-economic factors as described previously, represented by the recovery of traffic in some months of 2011 with respect to the total block to operations recorded in the same periods of 2010.

We should also specify that IATA data taken as reference for Europe includes not only the 27 EU countries but also a great many surrounding areas including Turkey and Israel, in which traffic growth in most of the States not included in the European Community has been particularly significant, also given the great presence, on the related airports, of low cost airlines still showing growth from start-up.
Cargo traffic was even more affected by the different economic conditions of the reference areas, with emerging countries recording 8.1% growth for the Middle East and 6% for Latin America, whilst Asia, which was greatly affected by the Japanese events, recorded a definite reduction (-4.6%). Advanced economies instead posted basic stability, with Europe up by 1.3% and North America by 0.4%, negatively affected by the worsening of economic conditions in the second half of 2011 (as shown by the fact that these same areas, at end June, recorded respective growth of 4.8% and 2.5%).

Growth of passenger and cargo traffic in 2011, broken-down according to geographic area (source: IATA)



In Italy, 2011 passenger traffic recorded a 6.4% increase on last year, with almost 148.8 million passengers transported in Italian airports and more limited growth in movements (+0.9%) concentrated on smaller airports used by low cost companies on point-to-point route.
In the same period, the cargo segment recorded a 2.3% increase in volumes transported with respect to 2010, above European averages thanks to the recovery of exports of Italian businesses, which, according to Istat figures, at end 2011 grew by 11.4% on last year, with a major contribution made by producers residing in Lombardy.

2011: traffic trend on European airports and airport manager strategies

In 2011, traffic managed by European airports benefited from the recovery with respect to two exceptional factors that marked the previous year: the block of business recorded in April and May 2010 by virtue of the Icelandic volcanic ash and the prolonged interruption of air service caused by the heavy snowfall of December 2010; these phenomena mainly involved the airports of North and Central Europe with different impacts, reflected in the significant difference seen in growth levels recorded by European airports at end 2011.
As confirmation of this, please note that growth at end 2011 was seen in some of the main European intercontinental airports: London Heathrow +5.5% passengers (as compared with a reduction of 0.2% in 2010); Amsterdam +10.0% (as compared with +3.8%); Paris Charles de Gaulle +4.8% (+0.4%); Frankfurt +6.5% (+4.1%); Rome Fiumicino +3.7% (as compared with growth of 7.5% in 2010 when it also benefited from the transit of flights normally flying over the areas affected by the volcanic ash); and Madrid -0.4% (+2.9% in 2010).
In this context, in 2011 the airports managed by the SEA Group recorded 4.2% growth with respect to the 5.3% increase of 2010, during which time the traffic recovery had exceeded the European average both due to the lesser impact of volcanic ash on Milan with respect to other countries of Central and Northern Europe and for the significant recovery of traffic underway.

In the cargo traffic segment, the impact of the phenomena described previously is not particularly relevant and the development trend has been strongly linked to the economic trend and the characteristics of the individual airports that have recorded reducing or substantially stable trends, such as Vienna, which recorded a reduction of 8.9%, Fraport of 2.8%, Rome Fiumicino of 7.1% and Amsterdam, Zurich and London Heathrow at levels not very different from those of last year.
In this context, in 2011 the SEA Group showed significant growth (4.1%), sustained by the appeal of Malpensa as the most important Italian cargo airport serving more than 50% of cargo transport by air for the country, from one of Europe's highest potential areas, whose export levels were particularly good in 2011, too.

During the year, the main European airports continued to implement major infrastructural works intended to adjust capacity to the forecast growth in demand in the medium-term; these include Fraport, which has completed the work to develop the fourth runway at end October 2011 and Vienna, in the conclusive stages of developing the new terminal. Other airport managers too, such as Zurich, Heathrow and Munich have also notified their intent to assess further infrastructural developments.

In 2011, investors' interest in the airport sector continued, although it did suffer the effects of market conditions which, in some cases and in Europe in particular, did not enable the closure of sales, generally implemented by public entities as for the sales procedure of the airports of Barcelona and Madrid.
In October, work continued to redefine the Ferrovial airport scope by means of the sale of a 5.88% share in BAA, company heading the management, amongst others, of the airports of London Heathrow and Stansted.

Some of the main European airport managers have shown interest in the possible privatisation underway in the segment in South America, where in Brazil, early 2012, there was the sale to a local consortium of three important airports in the country (including Brasilia and São Paulo), which will be followed by further sales.

2012 air traffic prospects

The latest market analyses show a highly complex scenario in terms of air traffic trends in 2012, with continued international economic and financial uncertainty meaning that a further reduction may be seen in the premium segment of the passenger market, with growth in North America and Europe of around 2/3% and a minor recovery of cargo traffic; this latter is, however, subject to uncertain market condition trends and consumer spending capacity, in particular in the Eurozone.

In this context, market research forecasts a significant reduction to profitability of the air transport segment, which, in 2012, should record operating results of 8.7 billion dollars with respect to the 13.2 billion dollars of 2011, with a major risk of a reduction in the event of a further worsening of the macroeconomic conditions and any additional shocks on oil prices.
In this context, one factor that may have a major, negative impact on the economic results of airlines in 2012 is the application of the ETS, i.e. the CO_2 Emissions Trading Scheme by airlines departing from

and/or arriving in the European Union, to which a great many non-EU airlines are opposing, and it may reduce and alter the traffic managed on the European airports in relation to any changes in network that may be decided by these companies.
To this end, please note that the application of ETS and the continued difficult macroeconomic outlook, in particular in Europe, have caused Air Asia X, an important low cost Malaysian airline, also operating on long-haul flights, to cancel flights to Europe as from end 2011.

Reference legislative and regulatory framework

Airport fees and prices paid

The negative difference, which has always marked Italian tariff levels with respect to those recognised in the main European airports, also at end 2011 recorded no reduction.
At end 2011, airport fees in Italy were around 40% below the main international European airports, which in recent years have enjoyed major tariff increases in order to successfully deal with the drop in traffic and the current economic crisis.
This tariff gap is a factor that limits the development capacity of the Italian air transport system, not enabling the definition of investment plans supported by suitable remuneration levels.
The signing of Programme Contracts will help make the situation in which airport management companies operate more definite, encouraging growth of the entire air transport system. In relation to the procedure for defining Programme Contracts and under the scope of exceptions granted to nationally important airport systems with traffic in excess of 8 million passengers (Art. 17, paragraph 34-bis of Italian Law no. 102 of 3 August 2009 as subsequently amended), please note that on 23 September 2011 SEA and Enac signed the Programme Contract.
The contract will come fully into force with publication in the Official Journal of the Italian Republic of the related Decree of approval by the President of the Council of Ministers and the new pricing plan will come into force sixty days after publication in the Official Journal.

European Commission investigation of SEA Handling

In relation to the examination by the European Commission of provisions adopted by SEA from 2002 to 2005 with a view to remedying the period losses suffered by SEA Handling, considered incompatible with EU rules on State aid, please note that in January 2011 the European Commission published its decision in the OJEU to begin proceedings against Italy for alleged State aids issued in favour of SEA Handling.
In March 2011, SEA and SEA Handling, as parties concerned, filed their comments in this regard and showed willing, with regards to the Commission Services, to meet to present the characteristics of the business model chosen and the relevant market; this meeting was held in May.
The meeting enabled the presentation to the representatives of the European Commission of the market position of the European and Italian handling company, with specific reference to the comparable figures of SEA Handling.
Moreover, at the start of June 2011, the Municipality of Milan filed a brief replying to the comments of third parties involved by the proceedings for alleged State aid.
Through Italrap, SEA has also filed a presentation on the market position of the European and Italian handling company and an economic study aimed at showing how the conduct of SEA with regards to the subsidiary SEA Handling is comparable and in line with the conduct of any private entrepreneur operating on a market economy.
In July 2011, the European Commission forwarded a request for information and supplementation of the documentation already produced by the Municipality of Milan and by SEA Handling with reference, in particular, to the economic data of SEA Handling in relation to the entire period 2002-2011 (from constitution to the most recent period). In September, the Municipality of Milan sent this documentation, subsequently integrating it in October, with comments relating to the compatibility of the measures taken by SEA with regards to SEA Handling with the domestic market.
According to that reported by the lawyers assisting SEA in the proceedings in question, it is feasible to provide for a decision by the European Commission on the case in question, in 2012.
If this decision should establish the obligation of the Italian State (through the Municipality of Milan) to “recover all unlawful aid from the beneficiary” determining the obligation for SEA Handling, following the request of the Municipality of Milan, to return SEA the entire amount of the funds used to cover losses; an appeal can be brought against this decision before the General Court of the European Union, determining the suspension of the recovery of funds for the entire duration of the proceedings.

Capacity of Milan Linate

On 5 December 2011, the Antitrust Authority, in application of Italian Law no. 166 of 27 October 2008 began proceedings to identify the effects on the market of the Alitalia-Cai merger.
The proceedings will be ascertaining the constitution or strengthening of dominant positions following this

operation and their continuation on the Milan Linate-Rome Fiumicino route and another 17 national connections.
The proceedings for which the Authority has resolved an extension, should be concluded by 26 April 2012.
The Authority has established 28 October 2012, in line with the winter IATA 2012/2013 season, as terms by which the operator is to eliminate any monopoly or dominance situations that should be ascertained.
On 23 December 2011, the Authority accepted the request for admission to the proceedings presented by SEA.

Handler certification regulation
In February 2011, Enac adopted a new regulation on the certification of airport service providers of land-side assistance. This was then reviewed in March following numerous observations also sent by Assaeroporti on the new deed.
This regulation entails new requirements to be fulfilled by the airport manager in order to guarantee compliance with handler certification procedures and new provisions on the criteria for obtaining certification by handling companies.

In consideration of the coming into force of these new provisions, all existing certificates and new ones, must be adjusted to meet the new provisions by end 2011.
As airport manager, SEA must therefore implement and organise structures and resources aimed at fulfilling the new tasks.
Please note that considering the expense of the works relating to the application of this new regulation, investigations are underway into its application.
The SEA Group is, however, becoming organised, both as airport manager and handler, to comply with the parts for which it is competent.
In this respect, please note that in November 2011, SEA Handling submitted a request to Enac to renew the certification. SEA submitted a request for renewal in January 2012.

Some land-side assistance service operators have appealed against the regulation in question before the local administrative court of Lazio, which, on 1 December 2011 ruled, upholding the censures made to the Article of the Regulation that limited the faculty to subcontract to just some activities.
At the same time, the renewal procedure continued of certifications of operators on Malpensa and Linate airports.

Inclusion of the air segment in the European ETS (Emission Trading Scheme)
As from 1 January 2012, the air segment will be included in the European ETS (Emission Trading Scheme); this aims to reduce segment CO_2 emission through the purchase and sale of emission permits by airlines departing from or arriving in the EU.
These permits will partly be assigned to companies according to historic emissions and partly allocated by means of competitive auction. It is estimated that the implementation of this regulation will increase costs for airlines by over one billion euros in 2012; a figure that will then increase over the following years.
The EU decision is giving rise to great protest by airlines.

In this respect, we note the petition to the European Court of Justice brought by ATA (Air Transport Association) and the threats of commercial reprisal of some countries, including China.

Airport Package
On 1 December 2011 the European Commission adopted the "Airport Package", a set of measures aimed at improving the capacity of European airports and the quality of services offered to passengers.
The package entails three legislative proposals concerning: a) take-off and landing time bands; b) land-side assistance; c) noise pollution.
In particular:

a) time bands - the proposal introduces transparent market mechanisms for the exchange of slots amongst airlines and measures aimed at guaranteeing the effective use of these by airlines, taking the threshold of the regulation envisaging the loss of time slots if unused from 80% to 85%.
These provisions would enable the management of 24 million passengers more per year by 2025, with a value of € 5 billion for the European economy and the possibility of creating up to 62,000 jobs from 2012 to 2025.
The need for interventions to modify the regulation of slots derives from the fact that as of today 5 airports are operating at the top of their capacity (Düsseldorf, Frankfurt, London Gatwick, London Heathrow and Milan Linate) and that, in line with forecast traffic increases, this number should rise to 19 in 2030, including, for example, Paris Charles de Gaulle, with extremely severe consequences in terms of delays and air traffic congestion.

b) Land-side assistance: an increase is proposed to the minimum number of service providers, currently limited in large airports, for each category of services providing for minimum quality standards that must be met by all operators. Member States will also be allowed to adopt more incisive measures by which to protect workers' rights, in order to guarantee that the same employment conditions are maintained if a contract is transferred to a new service provider, essential to guaranteeing stable employment conditions and maintaining highly qualified staff in a segment that is highly labour intensive.

c) Noise pollution: the proposal looks to improve transparency of the process establishing restrictive regulations limiting noise pollution caused by airports and assigns the European Commission a supervisory role (which does not replace that of the Member States, which shall have the final say). The proposals do not concern the objectives as much as the decision-making process.

The Commission's proposals must now be ratified by the European Parliament and Council by means of joint decision.
Adoption will probably take effect in 2013.

Aviation

2011 Highlights

Malpensa and Linate: +1.1 million passengers (+4.2%)

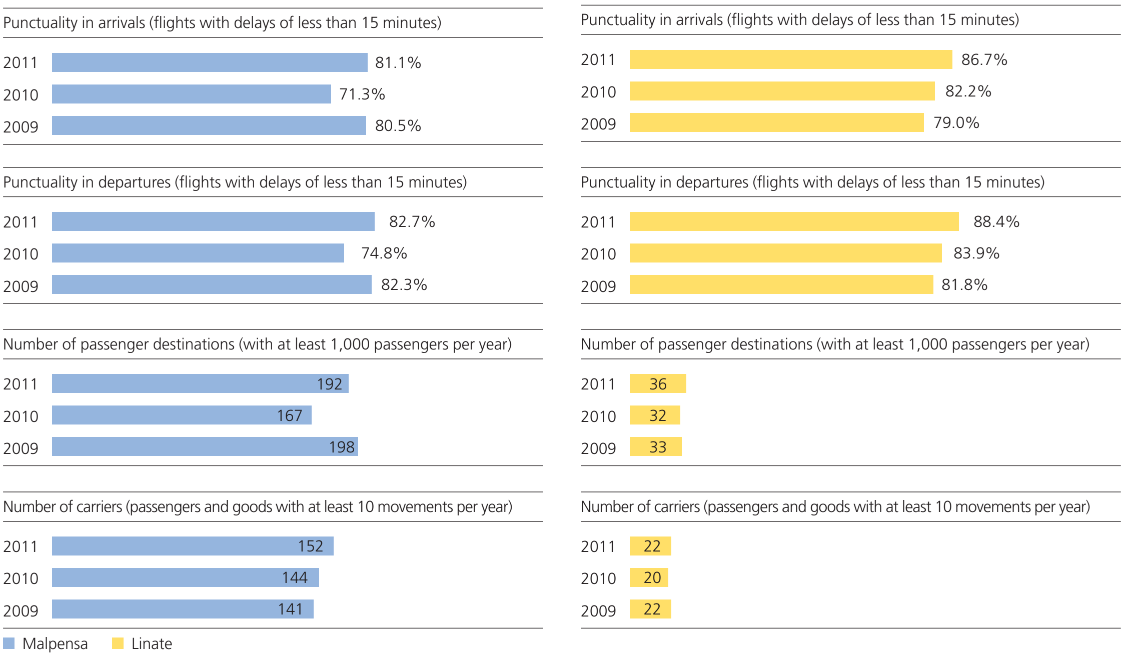
Malpensa: +17,800 tonnes of goods carried by aeroplane (+4.2%) - confirmation of the leadership role played in Italy for the cargo sector

Malpensa: 191 destinations served at end 2011 (+14.4% on 2010)

Malpensa: +24.1% passengers to and from BRIC countries

ViaMilano: from project to operative reality during the launch and development in 2012

Performance indicators



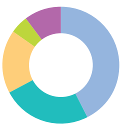
Traffic 2011

	Movements			Passengers[1]			Cargo (tonnes)[2]		
	31/12/2011	31/12/2010	%[3]	31/12/2011	31/12/2010	%[3]	31/12/2011	31/12/2010	%[3]
Malpensa	186,780	189,580	-1.5	19,087,098	18,714,187	2.0	440,258	422,429	4.2
Linate	94,547	91,907	2.9	9,061,749	8,295,436	9.2	15,853	15,520	2.1
Airport system managed by the SEA Group	**281,327**	**281,487**	**-0.1**	**28,148,847**	**27,009,623**	**4.2**	**456,111**	**437,949**	**4.1**

(1) The number of passengers in transit is only considered once
(2) Tonnes of cargo transiting and lorry carried air cargo are not considered
(3) Percentage differences relate to the same period of the previous financial year

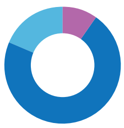
Summary data

2011 consolidated income(*): € 644.4 million



	%
Aviation	42.5
Non Aviation	24.9
Handling	17.4
Energy	5.1
Income from application of IFRIC 12	10.1

2011 Aviation SBU income € 283.2 million(**)



	%
Use of space in regulated regime	9.9
Centralised infrastructures and rights	71.5
Safety	18.6

(*) 2011 consolidated income is stated net of infra-group elisions
(**) Income from the Aviation SBU is stated gross of infra-sector income

Millions of euros	2011	2010(*)	Var. %	2009	Var. %
Aviation operating income(**)	283.2	270.6	4.7	280.0	(3.4)
Infra-group elisions	(9.5)	(9.8)	3.1	(11.0)	10.9
Income for work on goods granted under concession	65.1	48.4	34.5	31.1	55.6
Aviation total income	348.3	319.0	9.2	300.2	3.0
EBITDA	54.9	49.7	10.6	59.7	(16.7)
Managerial EBITDA	54.6	47.0	16.2	52.2	(11.3)
EBITDA managerial margin	19.2	17.4	10.3	19.0	(8.4)
Investments	65.1	48.4	34.7%	31.1	55.3%

(*) Please note that EBITDA, managerial EBITDA and EBITDA margin have been reclassified with respect to the figures stated on the 2010 financial statements
(**) Operating income (operating income net of non-recurring items) came to € 269.9 million in 2010, € 274.9 million in 2009.

Economic trend

In 2011, against 4.2% growth in passengers and a substantial stability of movements, income of the Aviation business segment stood at € 348.3 million, up 9.2% on 2010 when it came in at € 319 million. More specifically, managerial income came to € 283.2 million, up € 12.6 million as compared with end 2010 when it totalled € 270.6 million.

Managerial income is affected by the trends of income from centralised infrastructures and rights and the management of security controls which have recorded increases of € 12.2 million (+6.4%) and € 3.1 million (+6.2%), supported by the traffic trends, with which they are directly related, and the adjustment of the unit price to forecast inflation, as envisaged by legislation. During the period, fees for the use of space under a regulated regime have recorded a drop of around € 2.7 million (-8.7%), mainly due to the lack of use of certain spaces.

At year end, Managerial EBITDA of Aviation stood at € 54.6 million, up 16.2% on last year when it came to € 47.0 million, with a managerial EBITDA margin of 19.2%, up on 2010 when it came to 17.1%. In addition to the dynamics described for income, this result was also affected by the trend of costs.

More specifically, the increased cost of labour deriving from the application of the collective national employment contract signed in 2010 and the lesser use of the Extraordinary Temporary Lay-off Fund has been offset by the significant reduction in the costs for consumable materials, positively affected by the reduction in purchases of liquid for de-icing, determined by the more favourable weather conditions seen early 2011.

As concerns EBITDA of the Aviation business segment, please note that this stands at € 54.9 million (+10.5% on 2010), affected by the positive effect of € 3.6 million deriving from the application of the IFRIC 12 interpretation and offset by non-recurring cost items related to the costs of the IPO operation for € 3.3 million.

Cargo and passenger traffic trend

Passenger traffic

In 2011, despite the negative repercussions on international air transport of the geopolitical tension in Mediterranean Africa, an important destination for Malpensa, of the natural events in Japan, which particularly penalised cargo traffic and, during the second half of the year, the worsening of the world financial economic crisis, with respect to the same period of the previous year, the airports managed by the SEA Group recorded an increase of more than 1.1 million passengers (+4.2%), keeping the volume of movements virtually unchanged (-0.1%); significantly different trends were, however, recorded between the airport of Malpensa, whose passengers grew by 2% as compared with a 1.5% drop of movements, and Linate, which saw a 9.2% increase in passengers and a 2.9% rise in movements.

Passenger traffic at airports managed by the SEA Group was supported by the growth recorded towards domestic (+3.2%) and intra-European destinations (+8.0%); this more than offset the reduction in inter-continental traffic (-3.9%) affected by the crisis factors described previously, in particular tension in North Africa, with a consequent reduction of around 440 thousand passengers with respect to 2010 and the suspension of the Livingston business (-311 thousand passengers).

In 2011, the trend of traffic on airports managed by the SEA Group was also penalised by another factor, represented by the change in the Lufthansa group in the management of its European network which, amongst other matters, resulted in the definitive cessation of the Lufthansa Italia business as from November 2011, but which also determined a constant, growing reduction in the business of this airline in Malpensa as from June, where implementation of this policy began.

In line with that recorded by world air traffic, the airports managed by the SEA Group showed different trends in the two halves of 2011, with the first six months of the year that showed higher growth rates (+7.7% passengers), driven by the effects of the partial recovery of the European economy seen since end 2010 and limits to traffic due to the clouds of volcanic ash in the first part of 2010. The second half was instead marked by a significantly lower increase in passengers (+1.2%) consequent to the worsening, as from the summer months, of the international economic financial crisis, and Italian in particular, and, for Malpensa, the implementation of the Lufthansa group strategy.

At end 2011, the limited concentration of traffic of airlines operating on the airports of Malpensa and Linate was confirmed: during the year the top airlines in terms of passengers carried is the Alitalia Group, which represents 28.1% of total airport traffic (equal to more than 7.9 million passengers, mainly served in Linate), followed by easyJet at 20.4% (with 5.8 million passengers, of whom more than 95% managed in Malpensa).

Milano Malpensa

At end 2011, Malpensa saw 2.0% growth in passenger traffic, equal to around 373 thousand passengers more than the same period of last year.

The increase of some of the most important airlines operating on the airport, with easyJet having grown by more than 390 thousand passengers, Neos by approximately 99 thousand, Windjet by almost 90 thousand and the Alitalia Group by 142 thousand (mainly through the Airone brand), successfully limited the negative impact of the choice of the Lufthansa Group not to pursue the business of Lufthansa Italia as from the 2011 winter season, for a repositioning of its business on German airports, towards which it has instead strengthened departures from the Milan airports. Although this decision did not reduce the destinations served by Milan Malpensa (as the routes managed by Lufthansa Italia were already covered by other airlines), following a constant reduction in the business of this airline that began back in June 2011, a reduction was seen of almost 3,000 movements and 120 thousand passengers on Milan Malpensa 1, which correspond respectively to a 9.8% and 5.5% reduction in movements and passengers of the Lufthansa Group with respect to 2010. This data confirms the fact that the strategy of the Lufthansa Group on Malpensa is to serve growing traffic towards the main German reference airports (with an increase of business to these routes in excess of 10%).

In 2011, Malpensa recorded a significant increase in passenger traffic to and from the BRIC countries (Brazil, Russia, India and China), which account for more than 40% of the world population and which are connected with Milan by at least one flight a day. Along these traffic directives, the passengers served by Malpensa recorded an increase of 24.1%, despite the penalisation deriving from the cancellation of the Alitalia flight for São Paulo (as from March 2010) and the suspension of Livingston business, a charter airline with routes that also included Brazil; this airline ceased operations as from the second half of 2010 but is set to resume business on short and medium distance routes as from March 2012 (for more information, please refer to Significant events after year end). In 2011, an improvement was seen in the punctuality of aircrafts leaving Malpensa, measured as the percentage of line flights that departed on time or with a delay of up to 15 minutes. 82.7% of flights left on time, thereby recording a 10.6% increase.

Airline alliances

During the period, Malpensa confirmed the presence of all the main international airline alliances: at end 2011 Star Alliance accounted for 23.2% of passengers, Skyteam for 16.5% and Oneworld for 5.2%.

The airport is therefore confirmed as an important hub for Star Alliance traffic which recorded 1% growth during the year in passengers carried, above all thanks to the trend of Singapore Airlines (+30.2%), Brussels Airlines (+27.1%), TAP Air Portugal (+21.3%), Turkish Airlines (+12.1%) and Swiss (+7.5%), which have more than offset the cessation of business by Lufthansa Italia. Skyteam also recorded growth of traffic (+4.2%) during the year, thanks to the positive trend of Aeroflot (+12.5%) and Alitalia (+8.0%); Oneworld recorded a reduction in passengers carried (-2.1%), affected by the reduction in the business of British Airways (-4.0%), Iberia (-4.8%) and Royal Jordanian Airlines (-24.3%).

ViaMilano

In order to encourage traffic development, overcoming the concept of the creation of passengers in transit through the presence of a hub carrier or airline alliances, in 2011 the SEA Group introduced the innovative concept baptised "ViaMilano"; by means of a web platform and dedicated airport assistance system, this enables passengers to build connections between flights, even if operated by airlines with no commercial agreements stipulated.

In 2011, the SEA business focussed on the definition of the characteristics of this product, aimed at obtaining full operations from the early months of 2012; this will also entail the implementation of further action involving airlines, passengers and tourist agencies, marketing campaign targets and business development agreements (for more information, please refer to Significant events after year end).

Below is an analysis of the traffic trend in 2011, broken down between the two airport terminals.

Milano Malpensa 1

In 2011, Milan Malpensa 1 was more greatly exposed to factors that have negatively affected the trend of traffic of airports managed by the SEA Group: the geopolitical tension in the countries of Mediterranean Africa (-271 thousand passengers for Egypt, -120 thousand for Tunisia and -12 thousand for Libya) and the worsening, in the second half of the year, of the world economic, financial crisis. In this difficult context, the airport stood at 13.6 million passengers, confirming the same traffic volumes as last year; this performance was affected not only by the same factors that have affected the trend of world traffic, but also by:

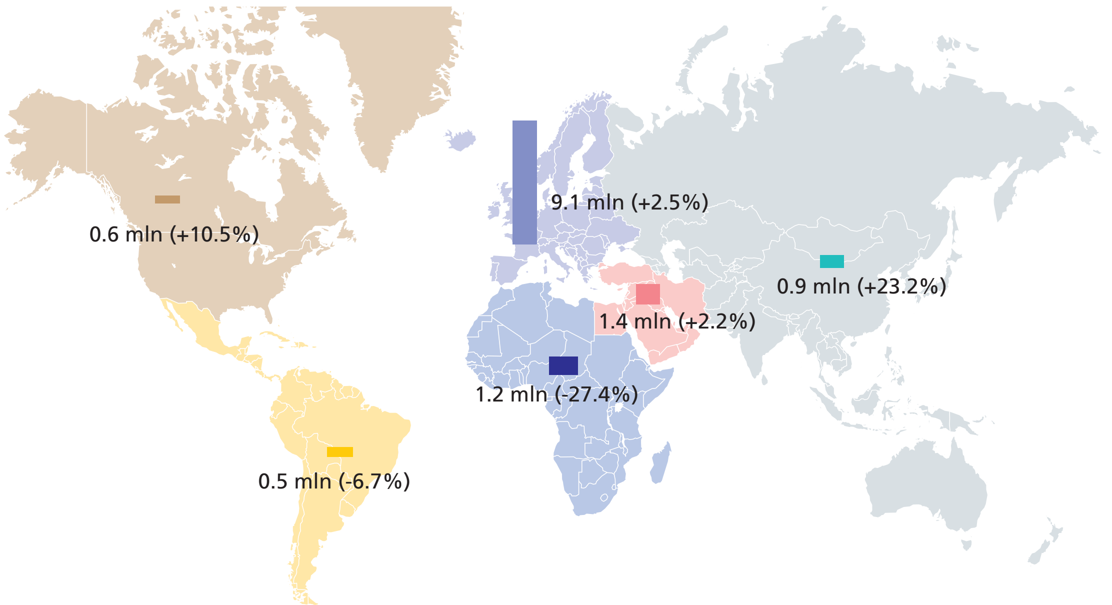
- the joining of new international airlines: Ethiopian Airlines (5 flights a week to Addis Abeba), Transavia (operating on Amsterdam), Air Europa (2 flights a day for Madrid), Biman Bangaldesh (2 flights a week to Dhaka) and Gulf Air (4 flights a week to Bahrein), which became operative following the positive review of the related bilateral agreement in 2010;
  the increased business of the airlines already present. More specifically, airlines increasing their presence include:

- Delta Airlines, from 5 to 7 flights a week for Atlanta;
- Thai Airways, 1 more flight a week for Bangkok;
- China Airlines, 3 connections a week with Beijing;
- Ethiad Airways, 2 more flights a week to Abu Dhabi;
- Alitalia Group, which has introduced 1 more connection a week to New York;
- Cathay Pacific, from 4 to 7 flights a week for Hong Kong;
- Gulf Air, 2 more flights to Bahrain;
- Vueling, LOT and TAP have respectively introduced 1 more flight a day to Barcelona, 3 more flights a week to Warsaw and 4 more flights a week to Lisbon;
- Aer Lingus, Belle Air and Egypt Air have changed seasonal flights to annual ones.

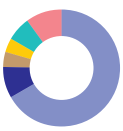
The positive effects of the growth of the business of these airlines have been reduced by the suspension of business by some airlines during the second half of 2010 (Livingston -311 thousand passengers and JAL -98.6 thousand passengers) as well as by the decision of the Lufthansa Group not to pursue the business of Lufthansa Italia as from winter 2011.
These phenomena, in addition to the trend of the world economy, had a different impact on the evolution of Milan Malpensa 1 passenger traffic during the year. The growth recorded during the first six months of the year (+3.3%), supported by the effects of the partial recovery of the European economy that have more than offset the geopolitical tension of Mediterranean Africa, towards which the airport is particularly exposed, has been offset by a second half that has recorded a 2.9% reduction in passengers following the worsening of the international, and Italian in particular, economic crisis and the cessation of Lufthansa Italia business in November.

In 2011, the traffic trend on Milan Malpensa 1 was supported by the growth of passengers towards Schengen area destinations (+2.5%) which has more than offset the reduction in traffic on non-Schengen routes (-3.2%) most greatly penalised by the events of North Africa and Japan and by the reduction in traffic towards Latin America (with the exception of Brazil, which has grown by 4.5%).
Inter-continental routes, which in 2011 recorded the most significant traffic increases in terms of passengers with the final destination falling within this geographic area, are the Far East (+23.2%), driven by the trend of its economy and North America (+10.5%), most greatly penalised in recent years.

Passenger traffic according to geographic area 2011 vs. 2010



Milan Malpensa 1:13.6 million passengers



	%
Europe	66.8
Africa	8.6
North America	4.3
Central/South America	3.9
Far East	6.4
Middle East	10.0

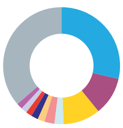
Milano Malpensa 2

In 2011, Milan Malpensa 2 served more than 5.5 million passengers (+7.4% on 2010), supported by the significant increase in traffic towards Schengen destinations (+9.0%) which has more than offset the lack of increase on non-Schengen routes (-0.4%) through easyJet, the airport's reference airline, which, during the period, recorded a passenger increase of 7.6% (+390 thousand), also thanks to the introduction of 37 additional flights, some of which (Paris and Prague for example), with the aim of benefiting from the share of passenger traffic no longer served by Lufthansa Italia on these routes.

Despite the good result, Milan Malpensa 2 also showed very different growth rates during the two halves of the year, with passengers of the first six months of 2011 up by 12.0%, also due to the severe effects of the Icelandic volcanic ash clouds on easyJet traffic; and the second half which suffered the repercussions of the economic crisis on traffic, recording total growth of 3.3%.

The increase in easyJet business, which accounts for 28.8% of Malpensa passenger traffic, confirms the role of Milan Malpensa 2 as an important base for the airline for continental Europe, accounting for 10% of the airline's passengers in 2011 and 77.6% of those carried by easyJet in Italy in the same period.

Malpensa: passenger traffic, top 10 airlines



	%
easyJet	28.8
Lufthansa Group	10.6
Alitalia Group	10.1
Meridiana	2.7
Neos	2.6
Emirates	2.0
Vueling	1.9
Air France	1.8
Blue Panorama	1.7
Air Berlin	1.6
Other airlines	36.3

Linate

In Linate, which was subject to the traffic limitations established by Ministerial Decrees 03/03/2000 and 05/01/2001, as compared with 2010, 9.2% growth was recorded of passengers (+766 thousand passengers), supported by the trend of the Alitalia Group (+339 thousand passengers) and, above all, that of other airlines (+427 thousand passengers).

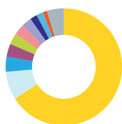
In particular: British Airways (+60 thousand passengers), Lufthansa (+55 thousand passengers) and easyJet (+54 thousand passengers). Please also note that period traffic has been positively influenced by the start of operations, during the second half of 2010, of some new airlines such as Air Baltic, Air Malta and Carpatair and by the strengthening of the flights made in 2011 by Air France and by the start-up of operations by Air Italy in November 2011 following its integration with Meridiana Fly.

In line with the evolution of the international economy, and that of Italy in particular, traffic on the Linate airport shows different trends in the two halves of the year:

- during the first six months of 2011, more significant growth was recorded in passenger traffic (+12.3% on the same period of last year), thanks to the effects of the partial recovery of the European economy, the pricing policy applied by some airlines, also with a view to limiting the effects of competition offered by alternative means of transport and the limits to traffic caused by the volcanic ash clouds in the first part of 2010;
- during the second half of the year, the increase to passenger traffic was more limited (+6.6%), suffering the negative effects on air traffic deriving from the worsening of the economic crisis.

At end 2011, with almost 6.0 million passengers Alitalia is the most important airline of the Milan Linate airport (66.1% of airport traffic).

Linate: passenger traffic, top 10 airlines



	%
Alitalia Group	66.1
Meridiana	7.9
British Airways	4.1
Lufthansa	3.5
Wind Jet	3.2
Air France	2.9
easyJet	2.8
Iberia	2.0
KLM	1.9
Scandinavian	1.1
Other airlines	4.7

In 2011, with 88.4% of flights punctual (measured as a percentage of scheduled flights departing on time or with a maximum delay of 15 minutes), Linate has further improved the already good results recorded for last year, which came in at 83.9% (+5.4%).

Cargo

In 2011, the cargo traffic managed by Malpensa and Linate airports recorded some of the greatest growth of all European international airports (+4.1%), confirming the importance of the great presence of carriers of the Middle and Far East in Malpensa, which accounts for more than 59% of airport cargo traffic.
The specific geographic breakdown of airlines operating in Malpensa has enabled the airport to limit the effects of the reduction in cargo traffic consequent to the events of Japan that have negatively impacted world cargo traffic, in the first part of the year, and, in the second half of the year, the significant slowing to the world economy.
This good performance (456.1 thousand tonnes at end 2011) confirmed the role played by SEA and Malpensa in particular, as a focus point for the management of air-shipped cargo traffic in Italy: during the year, Malpensa and Linate airports handled more than 55% of cargo shipped by air in Italy.

Milano Malpensa

The significant growth of the airlines operating on the airport, which in 2011 carried almost 18 thousand tonnes of cargo more than in 2010, in Malpensa resulted in a recording of an increase of 4.2% of cargo traffic, recording increases in both the cargo segment (+2.3%), which accounts for 72% of the airport's cargo traffic and in mixed flights (+9.3%). The cargo transport segment, even more than the passenger segment, also showed very different trends during the two halves of the year, recording significant growth in the first six months of 2011 (+11.4%), sustained by the good trend of cargo traffic (+13.0%) and a reversal of trend in the second half of the year (-2.3%) following the worsening of performance of cargo airlines (-7.1%), which are most exposed to the consequences of the international economic crisis.

The positive result recorded by the cargo sector, which confirms the interest of the primary international cargo airlines for the airport, has been sustained by the growth of the export segment (+10.4%), which has more than offset the reduction of import (-2.6%), which has suffered the reduction of domestic demand following the economic crisis, which is particularly severe in Italy.

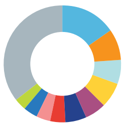
In 2011, the appeal of Malpensa as a cargo airport, the new route and flight development policy implemented by the SEA Group in this business segment too, and the continuation of the review of bilateral agreements have resulted in:

- the joining of two new cargo airlines: Jade Cargo and Silk Way, which began operating respectively 2 weekly connections to Shanghai (from early May) and 1 flight a week to Baku (from the end of the same month), which doubled at the start of November;
- the doubling of weekly flights by Saudi Arabian on the Milan-Jeddah-Riad route;
- the introduction of 1 extra cargo flight a week on Istanbul by Turkish Airlines.

Please note that at end 2011, Cargoitalia ceased trading, a cessation that was caused by the financial crisis; during the year, this airline had carried approximately 38 thousand tonnes of cargo, also thanks to the increased flights started up in the previous year on the Milan-New York-Atlanta routes (1 more flight a week) and the Milan-Shanghai (from 2 to 3 flights a week) and the introduction of 1 flight a week to Togo.

In 2011, the airlines recording the most significant growth in the cargo area include: Ethiad Airways (+28.4%), China Cargo Airlines (+101.1%), Asiana Airlines (+37.9%) and Federal Express (+5.3%).

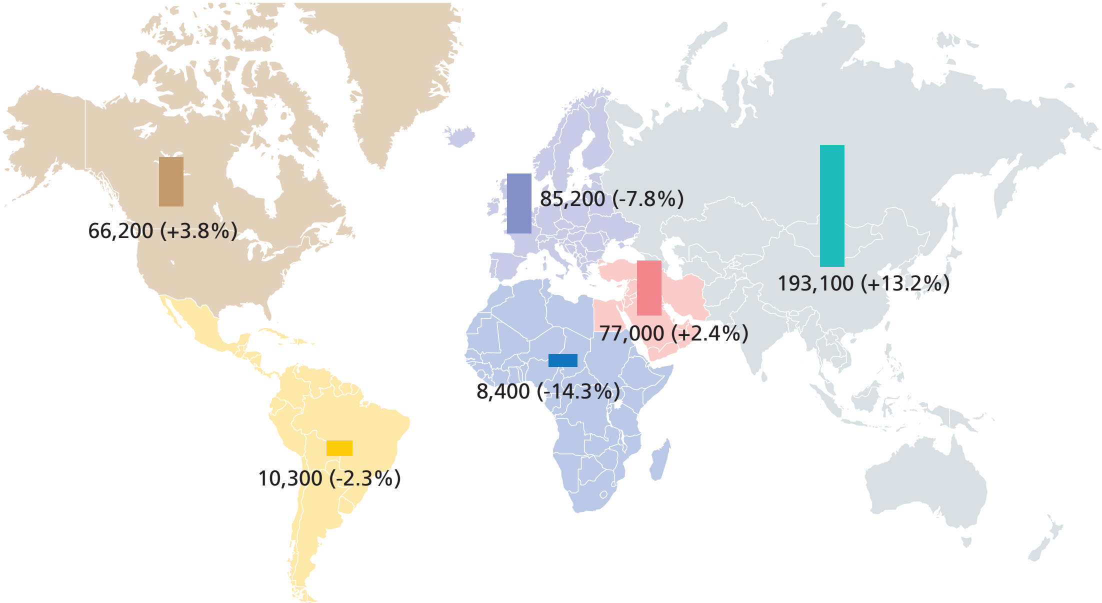
Goods traffic: top 10 carriers of Malpensa in 2011



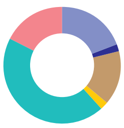
	%
Cargolux Group	15.4
Cargoitalia	8.6
Federal Express	6.9
Korean Air	6.8
Cathay Pacific	5.9
China Cargo Airlines	5.8
Emirates	4.2
Qatar Airways	4.0
Air China Intl.	3.7
Ethiad Airways	3.6
Other airlines	35.4

The graph below reports the cargo traffic served by Malpensa broken down according to final destination areas and highlights growing trends on routes towards the Far East (+13.2% or more than 22 thousand extra tonnes), North America (+3.8% or 2,400 extra tonnes) and the Middle East (+2.4% for approximately 1,800 extra tonnes).
More specifically, destinations recording the greatest traffic increases in 2011 include: Shanghai (+46.3%), Seoul (+10.7%), Memphis (+8.3%) and Abu Dhabi (+30.7%).

Milan Malpensa: 440,300 tonnes of goods



Milan Malpensa: 440,300 tonnes of goods



	%
Europe	19.3
Africa	1.9
North America	15.0
Central/South America	2.3
Far East	44.0
Middle East	17.5

Linate

In 2011, cargo traffic of Linate airport (which is limited to only goods that can be carried in the hold of passenger flights and courier flights) recorded an increase of more than 300 tonnes (+2.1%) thanks to the increase of TNT Airways, active in courier transport, which recorded growth of an equal amount of the cargo handled.

Aviation commercial policy

In 2011, the SEA Group continued to promote the development of passenger and cargo traffic, in particular on Malpensa airport, through a policy to extend routes and flights, focussed on both the airlines already present and on new companies, in particular on the routes to and from the companies experiencing greatest economic growth, interested in operating on European airports with a significant supply of capacity and which is able to develop it further.

This strategy, implemented with a view to creating the conditions in Malpensa for the development of a system of inter-dependent connections through the integration of different industrial models and networks, comes under the scope of a new airport management logic, which plays the role of director and promoter of the airlines' business.

The significant number of important domestic and international destinations served directly by Milan Malpensa and the numerous airlines present, including low cost options, have, in fact, caused the SEA Group to prepare a new commercial strategy by which to support growth of Milan Malpensa traffic: during the year, upon completion of a pilot stage, the ViaMilano service became operative on the airport.

This innovative concept takes the form of a web platform enabling passengers to construct connections between flights, even if operated by airlines with no commercial agreements stipulated in that sense, and a system of passenger assistance at Malpensa airport, which facilitates transit between the two flights. In 2011, ViaMilano made it possible to double the number of potential connections between flights offered by Milan Malpensa airport, thereby encouraging further development of self-hubbing on the airport.

Following the announcement that Lufthansa Italia would be ceasing trading, despite the fact that this did not result in any reduction in the destinations served by Milan (as the routes managed by Lufthansa Italia were already run by other airlines), the SEA Group undertook to identify airlines that may be able to replace it, with a view to avoiding any reduction to the capacity offered on these routes to passengers departing from Milan Malpensa.

Please also note that in 2011, the SEA Group continued to support the policy for liberalising traffic fees undertaken by the Italian Aeronautical Authorities and with the programme of financial incentives for the start-up of new long-haul services.

As part of the traffic development policy, we note the positive conclusion of the definition of economic aspects of the negotiation of the contract with easyJet, currently being finalised, which provides for the disbursement of incentives for the development of Milan Malpensa 2 traffic in exchange for an effective commitment by the airline to guarantee the annual growth rates of contractually identified traffic, starting from a guaranteed minimum 3% increase.

As part of the activities aiming to guarantee that airlines operating on Milan Malpensa airport can make the most of a wide range of services in line with their needs, in 2011 renegotiation began of the contract with Lufthansa Technik for the management of the Malpensa hangar and related activities. This brought about the signing of new agreements in January 2012, which, amongst other aspects, confirm the operator's presence until 2013 (for more information, please refer to Significant events after year end).

2011 review of bilateral agreements

In 2011, as part of its strategies implemented to increase traffic on Malpensa and Linate airports, the SEA Group confirmed its commitment to encouraging the definition and review of some bilateral agreements governing access to the international non-EU air transport market on the basis of specific understandings of the states.

Thanks to the great efforts of the SEA Group and the interest that Malpensa airport creates in a great many airlines, the period saw the signing of aeronautical agreements between Italy and the Ukraine, Israel, India, Hong Kong, China and Saudi Arabia. These new understandings involve an increase in the capacity that can be operated of the airlines on Milan, a greater operative flexibility and, in some cases, sanction that established by provisional non-bilateral authorisations granted by Enac, on the basis of that established by the 2009 Financial Law for the start-up of trading of new airlines.

Please also note that the new agreement signed by the European Commission and Brazil will gradually entail an extensive liberalisation of the air routes between the 27 European Union Member States and one of the main markets of Latin America. In September, an agreement was also reached by Italy and the ex Yugoslavian Republic of Macedonia (FYROM), on which basis national airlines may operate with third and fourth liberty rights of Italy and all FYROM European Union Member States, the companies of which will also be able to operate, with no limits, on Italian airports.

In 2011, Singapore Airlines confirmed its desire to offer 1 direct Milan Malpensa - New York flight, to be implemented as an extension of the current daily connection between Singapore and Milan, as indicated in the request already submitted to the Ministry for Transport.

Investments in the Aviation Area

In 2011, despite the continued significant divide between Italian and European airport tariffs and the difficult international, and Italian in particular, economic context, the SEA Group continued in its commitment to develop the infrastructures in support of the Group's development strategic plan.
To this end, we would point out that in May 2011, Enac began the authorisation process with regards to the Ministry for the Environment, aimed at carrying out the environmental impact assessment procedure in relation to the new master plan for Milan Malpensa airport; this procedure should draw to a close in spring 2012.

Milano Malpensa

Milano Malpensa 1

In 2011 works continued to extend the terminal and develop the third satellite; these will be completed by end 2014. We would, however, point out that the third satellite, the design of which also includes the development of two gates enabling the direct boarding of passengers onto aircraft code F (e.g. Airbus A380) and some commercial areas of the terminal will be operative as from early 2013. Upon completion of all works (2014), Milan Malpensa 1 will have around 128 thousand m^2 additional space, of which approximately 67 thousand devoted to passengers and commercial activities and 20 thousand to the third satellite alone.
During the year, work also begun on the replacement of one of the satellite B boarding walkways used by non-Schengen flights, in order to provide airlines, as from early 2012, with the possibility of boarding directly onto class F aircraft and, in particular, for the A380.
In order to further improve the use of the Milan Malpensa 1 terminal by passengers, friends and airport operators, during the year works were started to develop some new lifts, which will be operative in 2012.

Milano Malpensa 2

In 2011, Milan Malpensa 2 airport was also subject to some requalification works aimed at improving its use by passengers. A connection stairway has been built with the boarding area, whilst works on the construction of an escalator are currently being completed, intended to help the flow of passengers towards the arrivals hall.

Milano Malpensa Cargo

In 2011, works continued to develop the preliminary works to the construction of the new logistics pole in the area of Milan Malpensa Cargo; more specifically, works relating to the roofing of the railway hub were completed and the works needed to urbanise this new area began, with a view to giving it a suitable system to access the existing road connection network of Milan Malpensa airport.

Linate

2011 recorded completion of the conservative restoration works of the air-side façade of the terminal building designed by Aldo Rossi and visible to passengers at their arrival to or departure from the airport. During the period, the requalification works of the boarding area were also completed, resulting in the development of approximately 450 m^2 more commercial spaces (for more information, please refer to Non Aviation - Commercial business trend).

Moreover, modernisation and requalification works began on the baggage reclaim area in order to make it more functional, also creating spaces that were more easily used for lost & found.

Flight infrastructures

In 2011, works were completed for the requalification of the aircraft apron of Milan Malpensa 2; these mainly involved the lighting system on the taxi runways, the electricity distribution grid and the development of a centralised fuel distribution system.
Works are also being completed on the extension of the aircraft apron of Milan Malpensa Cargo; these entail the development of a further 122 thousand m^2 to be used to house 8 new stands for aircraft used by cargo hauliers.

Non Aviation

2011 Highlights

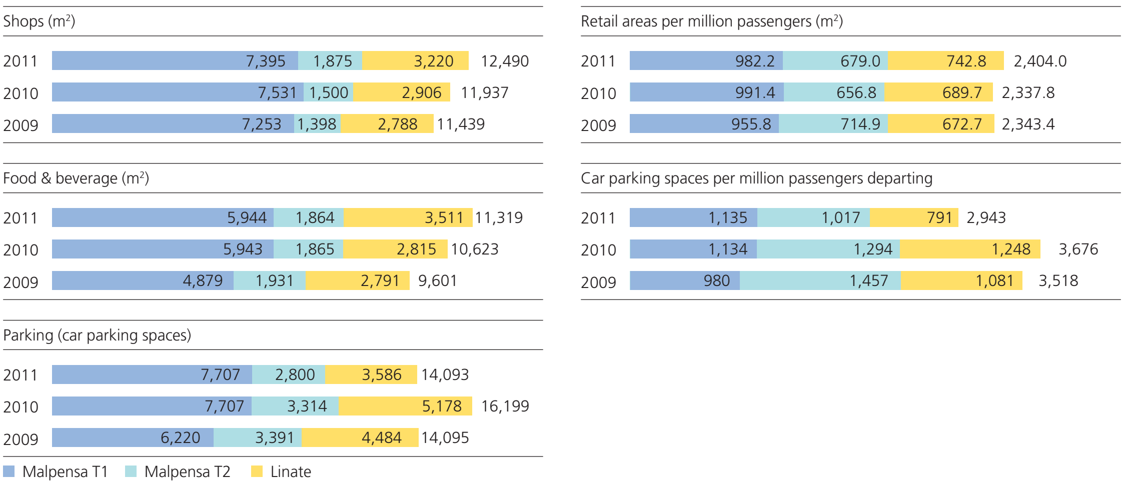
Malpensa: strengthening of retail and Food & Beverage business

Linate: 450 m^2 new commercial areas

Parking: introduction of innovative payment systems, new marketing policies

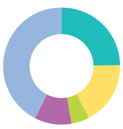
E-commerce: start-up of on-line sales on single SEA Group products and services platform

Performance indicators



Summary data

2011 consolidated income(*): € 644.4 million



2011 Non Aviation business income	%
Non Aviation	24.9
Handling	17.4
Energy	5.1
Income from application of IFRIC 12	10.1
Aviation	42.5

2011 Non Aviation SBU income: € 174.7 million(**)

2011 Non Aviation business income	%
Retail	45.3
Parking	24.3
Cargo areas	5.9
Services and other income	24.4

(*) 2011 consolidated income is stated net of infra-group elisions
(**) Income from the Non Aviation SBU is stated gross of infra-sector income

Millions of euros	2011	2010(*)	Var. %	2009	Var. %
Income from Non Aviation business	174.7	169.9	2.8	166.9	1.8
Infra-group elisions	(14.1)	(15.4)	8.4	(18.0)	14.4
Non Aviation income from third parties	160.6	154.5	3.9	148.9	3.8
EBITDA	84.7	81.7	3.7	95.3	(8.6)
Managerial EBITDA	85.8	81.7	5.0	95.3	(8.6)
EBITDA managerial margin	49.1%	48.1%	2.1	57.1%	(18.7)
Investments	25.5	30.2	(15.7)	17.4	73.6

(*) Please note that EBITDA, managerial EBITDA and EBITDA margin have been reclassified with respect to the figures stated on the 2010 financial statements.

Economic trend

At end 2011, income from the "Non Aviation" business segment stood at € 174.7 million, up 2.8% on 2010 when it came to € 169.9 million.
This result was positively affected by the trends of all major areas of business:

- retail income (€ 79.2 million) was up around € 1.8 million (+2.4% on 2010), supported by increases recorded in income from shops (+3.8%) for growth of turnover from sales to the public in each of the terminals of Malpensa and Linate helped by the implementation of strategies aimed at adjusting the offer of each airport to meet the needs of its customers, by the increased income from bank business, determined by the introduction of new ATMs (able to meet the growing demands for instruments other than traditional branches) and the positive review of some contracts, the basic holding firm of income from advertising (this result, in a segment that is in crisis, is a sign of a partial recovery of said business segment, also thanks to the capacity of the Milan airports to offer particularly interesting locations for specific campaigns) and the increased income from car hire, particularly in Milan Malpensa 1, thanks to the demand of car park operators in the multi-storey car park paying higher tariffs. Income from Food & Beverage instead recorded a drop of around € 750 thousand (-4.7%) despite a generalised growth of turnover of the sales points in each of the SEA-managed airports, following a review of the guaranteed minimums of some new contracts stipulated in October 2010;
- income from parking, totalling € 42.5 million, is up by 5.0%, supported by a good trend of originating traffic, by the greater attention paid to settling "short stay" and the implementation of some interventions including a new pricing policy, the segmentation of the offer and the introduction of the possibility of booking and paying on-line and using the Telepass service;

- income from cargo areas (€ 10.4 million) stood at the same levels as 2010, in line with the provisions of current contracts;
- income from services and other income (€ 42.6 million) recorded a 2.2% increase following the agreement with Alitalia to use the VIP rooms (following restoration carried out over the last few years), the increase in price for the supply of fuel and lubricants, the sale of some buses to Ferrovie Nord (as part of the connection service between Milan Malpensa 1 and Milan Malpensa 2) and the increase of proceeds from the business of Hotel Sheraton at Milan Malpensa airport.

EBITDA of the Non Aviation business came in at € 84.7 million, up 3.7% on 2010, recording an EBITDA margin of 48.5%. This result is affected by some non-recurring costs connected with the IPO process equal to € 1.1 million; if we therefore consider the managerial data, which does not include non-recurring items, for 2011 we have managerial EBITDA of € 85.8 million, up 5.0% on 2010, with a managerial EBITDA margin of 49.1% (48.1% in 2010). In addition to the dynamics described for income, this result was also affected by the trend of costs. More specifically, the increased cost of labour deriving from the application of the collective national employment contract signed in 2010, the lesser use of the Extraordinary Temporary Lay-off fund, the greater costs for utilities following the opening of the new Linate multi-storey car park and the greater fuel costs following the assignment to the Non Aviation SBU of some activities entailing the use of vehicles, previously covered by the Handling SBU.

Commercial business trend

Retail

Under the scope of the retail business not carried out directly but through the subcontracting of third party operators, a process has been undertaken that entails a significant characterisation of the commercial offer of each terminal, identifying:

- Milan Malpensa 1, as the airport devoted to luxury shopping and duty free;
- Milan Malpensa 2 as terminal dedicated to low cost;
- Milan Linate as the airport for high-range commercial proposals specialised in business customers.

In line with this offer segmentation policy, in 2011 new brands were introduced and new methods of organisation, presentation and use of retail areas have been designed and implemented.

Shops

Milan Malpensa 1

With a view to implementing the commercial policy described above and looking to transform Milan Malpensa 1 over the coming years into one of the most prestigious areas of fashion and luxury on the Italian and international airport scene, in 2011 the SEA Group further strengthened the presence of fashion luxury brands at Milan Malpensa 1 airport with the introduction of Brooks Brothers, Tommy Hilfiger and Burberry brands into the Schengen boarding area. Moreover, in order to encourage consumption by passengers with high spending capacity, such as those from the Middle and Far East, in the non-Schengen boarding area, in addition to the opening of some new spaces by important international brands (including Guess, Burberry, Ferragamo and Zegna), some major commercial spaces have been reclassified (including Bric's and Bruno Magli), which have also extended the range of products offered. In 2011, works also continued to extend the terminal, which by the end of 2014 should result in a larger commercial area, with an additional 128 thousand m^2, of which 20 thousand should already be ready by early 2013.

As part of the SEA Group partnership with the Dufry Group, one of the world's most important airport retail operators, in 2011 the duty free areas of the Milan Malpensa 1 terminal, previously devoted to fashion, were converted for new products including prestigious label wine & food.

Collaboration with the Dufry Group, which also extends to include the sale of newspapers and books in Milan Malpensa and Milan Linate airports, brought about the further dissemination of the Hudson News brand during the financial year, at the newsagents of Milan Malpensa airport, virtually entirely reclassifying them. And this scope also includes the restyling and more favourable positioning of the newspaper and magazine sales point at the non-Schengen boarding area, now marked by an offer that is better suited to the demands of the international customers, and the opening of a new Hudson News space in the check-in area.

This policy of extending the offer, in line with the demands of customers of Milan Malpensa 1, enabled a 7.5% increase of the average receipt issued by terminal shops, as well as increasing the number of people using the services. These phenomena also resulted in an increase in turnover from shops in Milan Malpensa 1 (+4.6%).

Milan Malpensa 1 - Average receipt (in euros)

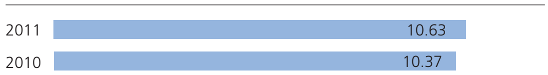
Milan Malpensa 2

In 2011, in line with the commercial policy described previously and with the aim of characterising Milan Malpensa 2 as a low cost, yet high level airport, the commercial offer continued to be extended with the opening of a Kiko branded make-up store in the boarding area, a Tosca Blu leather goods store in departures and a Tally Weijl clothing store in departures. A Toys4you space was also introduced for children's products (Giochi Preziosi) and some vending machines selling Mediaworld consumable electronic goods.

In departures, in line with the re-branding and restyling of the newspapers and books, the Hudson News space was extended.

In 2011, the choice to alter the commercial offer, bringing it closer into line with the needs of the low cost customers using the terminal and thereby increasing the number of users of services, resulted in a 2.5% increase to the average receipt, accompanied by a 3.4% increase in turnover of Milan Malpensa 2 shops.

Milan Malpensa 2 - Average receipt (in euros)



Linate

In line with the SEA Group policy to extend and requalify commercial areas with a view to making the offer more modern, coherent and more in line with the demands and tastes of the airport customers, in 2011 the extension and restyling works on the airport retail offer were completed, bringing about the development of additional commercial spaces for around 450 m^2 in the boarding area. During the year, this new area saw the opening of sales outlets for some major national and international brands: BM39, Kiko, Tosca Blu and Dixons Travel, with the latter being a major operator in the sale of electronic consumer goods, a merchandising category that previously did not exist in the airport. Please also note that a Brooks Brothers shop and a Swarovski shop have been opened on the airport's main commercial gallery, positioned immediately after the security filters area, a Guess brand shop and a TIM store have been opened in the check-in area; the Lottomatica space in the arrivals hall has also been restructured and extended.

The major requalification of the airport's commercial offer, encouraging the inclusion of products meeting the demands of the business customers to whom the airport is devoted, has enabled an 11.9% increase in average receipts issued by shops at Linate to be recorded, which, in turn, has resulted in an increase in turnover for airport shops (+16.9%).

Linate - average receipt (in euros)

Food & beverage

Milan Malpensa 1

In 2011, the SEA Group continued its policy of extending the Food & Beverage offer by restyling catering areas and introducing new concepts very much marked as "proper Italian". More specifically, the period saw a further strengthening of the partnership with the major sector operators already in the terminal, which resulted in the opening, in the arrivals hall of Mokà, Mr Panino and Saporé outlets and the extension of the space devoted to Panino Giusto as part of the restructuring of the food court in the check-in area. And, confirming the very Italian nature of the airport's Food & Beverage offer, a Lavazza café and a "Pane Vino e San Daniele" wine bar have been established in the Schengen boarding area.

This policy of extending the offer, in line with the needs of Milan Malpensa 1 customers, has made it possible to increase passenger consumption trends, determining a 3.8% increase to the average receipt of Food & Beverage in the terminal. This increase in the average receipt has resulted in an according increase to turnover for the segment in Milan Malpensa 1 (+0.9%).

Milan Malpensa 1 - Average receipt (in euros)

Milan Malpensa 2

The centrality of Food & Beverage in an airport devoted to low cost customers was the reason behind the SEA Group works in 2011.

More specifically, after the introduction of the Briciole bar format in the boarding area at end 2010, in July a takeaway pizza corner (Rosso Sapore) was opened at check-in, and in December a Burger King was opened in the free flow area of the first floor of the check-in area.

The introduction of these new formats, which are more greatly in line with the demands of the airport's customers, has helped give rise to a 6.1% increase in the average receipt of Food & Beverage of Milan Malpensa 2 and the increase in the number of users of the relevant service.

These factors, also backed by the growth of airport traffic, have been reflected in the 0.9% increase in Food & Beverage in Milan Malpensa 2.

Milan Malpensa 2 - Average receipt (in euros)

Linate

In 2011, the airport's vocation as showcase for Milan was also seen in the choices made by the SEA Group for Food & Beverage. With this in mind, during the year, the Gran Cafè kiosk in boarding underwent a restyling, with the introduction of a more appealing format and the restructuring of the Spizzico area in arrivals and the introduction of the innovative "Tentazioni" brand in check-in.

These interventions and the favourable economic dynamic seen during the first part of 2011 have enabled an 8.0% increase to be achieved in the average receipt issued by Food & Beverage points in Linate. The increase in the average receipt and good traffic trends at the airport have resulted in a consequent increase to turnover in relation to the airport Food & Beverage segment (+7.7%).

Linate - average receipt (in euros)

Parking

In 2011, the SEA Group further improved the commercial offer relating to parking, better adapting it to the needs of the different types of passengers using the airports of Milan Malpensa and Milan Linate. To this end, a series of initiatives has been undertaken, including:

- very much differentiated pricing policies, aimed at keeping the already high market share of business customers and further extending the basin of originating passengers, partly also attracted by the parking areas surrounding the airports. With this in mind, Linate has introduced variable tariffs according to the days of the week, whilst in Malpensa special "packages" have been developed specifically for long-stay requirements;
- possibility of making payment using Telepass technology, making entry to/exit from the car park much quicker;
- on-line sale of car parking spaces in the car parks of Milan Malpensa 1, Milan Malpensa 2 and Milan Linate via www.viamilanoparking.eu, which also showcases the many different commercial and promotional offers;
- attention to marketing, in particular in support of the communication of innovations and promotions being run, both through the specialised press and with participation in sector trade fairs.

Milan Malpensa 1
In 2011, the SEA Group was able to use all car parking spaces at Milan Malpensa 1 for the entire year, after the 2009 penalisation (which also extended into part of 2010) caused by work underway on the airport. Despite this opportunity, the commercial policies implemented by the SEA Group in the car parks of other terminals were not seen in full in Milan Malpensa 1 following the failure to control the business development levers by the SEA Group, deriving from the fact that in this terminal, differently from Milan Malpensa 2 and Linate, car parking spaces are managed by subcontract. The difficulties experienced in the management of this business model caused the SEA Group to review the strategy, starting 2011 taking negotiations with the subcontractor in order to move from a "leased" management to a "management contract" forecast to become operative as from April 2012 (for more information, please refer to Significant events after year end).
This specific condition has also been reflected in a reduction in average spending per originating passenger.

Car parking Milan Malpensa 1 - average expenditure per originating passenger (in euros)

Milan Malpensa 2
In 2011, the parking offer at Milan Malpensa 2 was penalised by the lack of availability of a portion of spaces (more than 30% capacity), in particular of car park P5, due to restructuring works aimed at obtaining a requalification of the infrastructure.

In order to promote the use of this car park, despite the problems deriving from the work underway, a specific pricing policy has been implemented that was designed to attract reference customers, in line with the policy of flexibility and opportunism in managing the parking offer. The renewal of the offer and the positive response by customers of the parking areas is shown by the increase in average spending per passenger originating from Milan Malpensa 2 at levels that are higher (+14%) than the corresponding traffic increase (+7.2%).

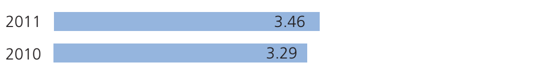
Car parking Milan Malpensa 2 - average expenditure per originating passenger (in euros)

The need to recover flights of customers towards competition parking areas and to rationalise the offer, in 2011 led to the start-up of a more careful regulation of "short-term", the effects of which were reflected in a growth of income and a better use of the areas in front of the Malpensa terminal.

Linate
In 2011, restyling works were completed on the car park P1, granting direct access to the airport check-in area and, following completion of car park P2, approximately 3,000 more prestigious car park spaces were made available with respect to the same period of the previous financial year. Full availability of all car parking spaces in Linate was limited, however, by the fact that since May 2011, the 1,225 car parking spaces of car park P3 have been unusable due to the start of works to develop the M4 subway, which should be completed by the end of 2015; these have forced the SEA Group to manage a lesser offer of car parking spaces on which to apply specific, competitive pricing policies despite filling coefficients, which, in some cases, stood at around 80% of available places.

In Linate too, just as for Milan Malpensa 2, the marketing policy, tariff proposals and public reaction have enabled an increase to be recorded in the average spending per originating passenger.

Car parking Linate - average expenditure per originating passenger (in euros)



Cargo areas

In 2011, with a view to establishing partnerships with the operators on airports managed by the SEA Group and striving to make optimal use of the areas, contracts were reviewed with ALHA and Malpensa Logistica Europa in exchange for a different allocation of the cargo spaces assigned them.

E-commerce

In line with the policy for reviewing their image adopted by the SEA Group early 2011, the institutional website also underwent significant innovation during the year, also becoming a portal by which to access the commercial platform; through this, since the first few months of the year, the SEA Group has developed a multi-channel web and mobile sales outlet for the distribution of some of its products and services (specifically VIP rooms, fast track and parking) to its customers. Specific advertising campaigns will be prepared in support of this strategy, also implemented through the main internet search engines.

ViaMilano Program

In 2011, the customer loyalty programme of Malpensa and Linate airports continued through the loyalty cards launched during the second half of 2009, also through a communication strategy aimed at guiding conduct of passengers and users, implemented jointly with the shops present in the Milan Malpensa and Milan Linate airports and with external partners.

The initiative's success is also confirmed by the increased use of the card, in particular in the retail sector (+10%); please also note that in 2011, a more than 30% increase was recorded in the average value of purchased made using it.

Advertising

2011 showed some signs of a recovery to the advertising market, after a period marked by significant difficulties, negatively affected by some simultaneous factors such as the negative international economic outlook, the reduced end consumption trends and the prevalence of television as the preferred advertising vehicle of advertisers.
In this context we would point out that Milan Linate was identified as an important advertising support in the campaigns of some financial operators; more specifically, during the year, the "ambient media" operation was begun, run by American Express on security controls. Please also note that in September, during the Formula 1 Grand Prix in Monza, the Pirelli Group organised an event at the baggage reclaim rooms of Milan Malpensa 1 airport, where for the first time an "augmented reality experience" (participation in virtual three-dimensional realities) was organised and proved to be of particular interest to passengers.

Going against the trend of the advertising market, which has recorded a reduction during the last few months of 2011, the Milan Malpensa and Milan Linate airports continued to show signs of improvement during this same period, thereby successfully increasing turnover generated by this business.

Real estate business trend

Under the scope of the transformation of the Milan airports into "Airport City", the SEA Group is developing and strengthening the Real Estate business aimed at supporting the development of the airport in this sense. More specifically, the policy is hinged on the following factors:

- a harmonic development of the airports, at the same time in line with the specific characteristics of each;
- a segmentation of the offer, not only in terms of the types of services offered (hotel, industrial and logistics business, tertiary and commercial business) as well as marketing and prices;
- a range of added value services for businesses choosing to use the airports managed by the SEA Group as platforms on which to develop their business.

The hotel business in Milan Malpensa

In June 2011, a contract was signed for the development of a budget hotel in Milan Malpensa 2, in line with the demands of the type of passengers now characterising the terminal.

The new structure will have more than 150 rooms and will be easily reachable on foot from the terminal building, making synergic use possible of the services offered by the hotel and those of Food & Beverage present in the airport.

Business support activities

In line with the opportunities offered up by the airport development in its role as "Airport City", in 2011 market scouting continued, showing the interest by several sector operators in the use of the cargo spaces currently under development; works continued on these for their urbanisation.
Moreover, as part of the further development of the cargo business at Milan Malpensa Cargo, analyses and verifications continued for the development of a logistics pole.

Requalification of Linate areas

As concerns the requalification project for certain areas of Milan Linate airport, during the period contact was made to verify the potential of these areas (approximately 8,000 m^2), also in the development of the hotel business, with a view to extending the range of services available from the airport and better meet the demands of passengers and users of Milan Linate airport.
During the year, in-depth studies were also carried out for the requalification of a first portion of the areas overlooking the seaplane base (approximately 30,000 m^2), today only partially used. This initial development may be followed by a subsequent intervention on the area currently used as a fuel depot (approximately 45,000 m^2), partly already being reclaimed.

Non Aviation commercial policy

In line with the route undertaken by the SEA Group in their bid to become lead players in the commercial development of the Milan airports, through the optimisation, extension and innovation of the range of goods and services available to the many different customers and users of their airports, the development of the Non Aviation business involves the development of different strategies on the different terminals of the Milan Malpensa and Milan Linate airports with a view to meeting the demands of the different types of passengers and users of the terminals.

This strategy, the implementation of which will continue over the forthcoming years, has been developed and laid out with a view to assuring collaboration and partnership with the main sector operators and has resulted not only in the introduction of innovative sales models and the extension of the portfolio of brands operating on the Milan airports, but also the use of analysis tools (including customer profiling, specific marketing plans and quality control systems); these enable a better identification and satisfaction of customer demands.

In line with the business renewal process and the image overhaul involving the SEA Group last year, with a view to further strengthening the Group identity and at the same time making it more easily identified, the Non Aviation business segment also renewed the image of its services.

The new Group brand has in fact been established to consider all products and services offered directly by SEA under the scope of the Non Aviation business.

In 2011, this policy also resulted in the implementation of a new e-commerce strategy that enriched the portal of Malpensa and Linate airports with a section devoted to the on-line sale of car parking and VIP room access as well as the redefinition of parking development strategies, also through the offer of innovative sales channels (first innovative channels including e-commerce).

The further development of this strategy entails the implementation of actions aimed at encouraging the cross-selling of the products offered by the SEA Group by means of bundling them, thereby encouraging their use by customers. This commercial policy is also facilitated by the new on-line strategy implemented by the SEA Group since early 2011: through the new web portal, all passenger services can be purchased from a single platform.

During the year, SEA Group's interest was confirmed in the development of the Real Estate business, focussing on the development of service infrastructures external to the airport terminals, with a view to transforming Milan's airports into Airport City, also helped by their geographic location and the role they play in the economic development of their reference area.

Handling

2011 Highlights

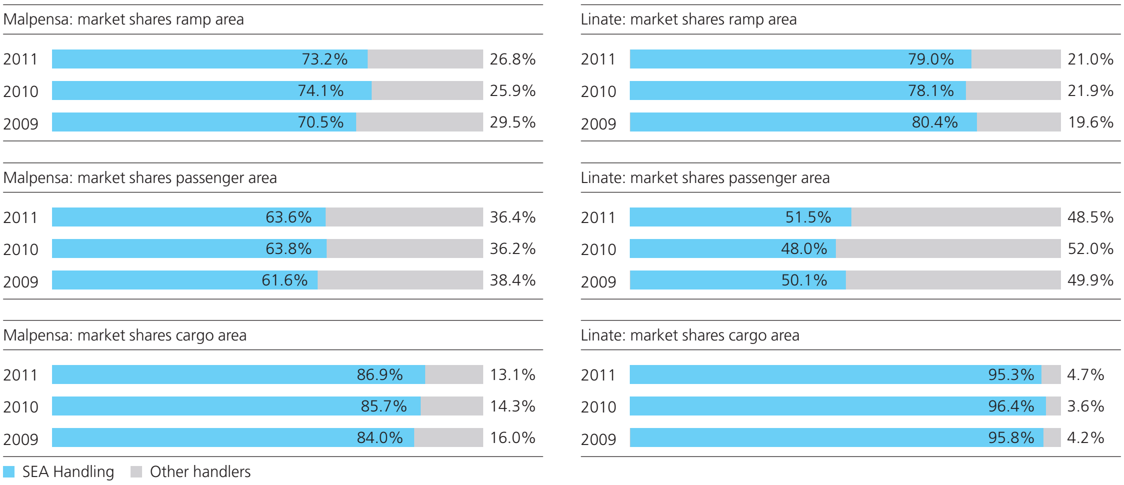
Further recovery of operating profitability: 71.0% reduction in operating loss

3.6% growth in operating income

Strengthening of market share in cargo area: 87.2% (as compared with 86.1% for 2010)

Performance indicators

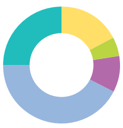
Traffic 2011



	Airport system			Milan Malpensa			Milan Linate		
	31/12/2011	**31/12/2010**	%	**31/12/2011**	**31/12/2010**	%	**31/12/2011**	**31/12/2010**	%
Passengers served	**16,817,003**	**15,927,939**	**5.6**	**12,148,359**	**11,942,048**	**1.7**	**4,668,644**	**3,985,891**	**17.1**
Passenger area market share	59.7%	59.0%		63.6%	63.8%		51.5%	48.0%	
Movements served	**211,417**	**212,335**	**-0.4**	**136,708**	**140,561**	**-2.7**	**74,709**	**71,774**	**4.1**
Ramp area market share	75.1%	75.4%		73.2%	74.1%		79.0%	78.1%	
Cargo served (tonnes)	**397,772**	**377,052**	**5.5**	**382,667**	**362,097**	**5.7**	**15,105**	**14,956**	**1.0**
Cargo area market share	87.2%	86.1%		86.9%	85.7%		95.3%	96.4%	
Airport passengers	28,148,847	27,009,623	4.2	19,087,098	18,714,187	2.0	9,061,749	8,295,436	9.2
Airport movements	281,327	281,487	-0.1	186,780	189,580	-1.5	94,547	91,907	2.9
Airport cargo (tonnes)	456,111	437,949	4.1	440,258	422,429	4.2	15,853	15,520	2.1

Summary data

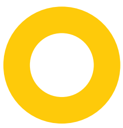
2011 consolidated income(*): € 644.4 million



	%
Handling	17.4
Energy	5.1
Income from application of IFRIC 12	10.1
Aviation	42.5
Non Aviation	24.9

(*) 2011 consolidated income is stated net of infra-group elisions.

2011 Non Aviation SBU income € 129.1 million(**)



	%
Handling	100

(**) Income from the Non Aviation SBU is stated gross of infra-sector income.

millions of euros	2011	2010	Var. %	2009	Var. %
Handling operating income(*)	129.1	139.5	(7.5)	147.1	(5.2)
Infra-group elisions	(16.8)	(13.4)	(25.4)	(12.8)	(4.7)
Handling income with regards to third parties	112.3	126.1	(10.9)	134.3	(6.1)
EBITDA	(2.2)	7.2	(130.6)	(21.1)	134.1
Operating EBITDA	(2.2)	(7.7)	71.0	(22.6)	65.9
EBITDA operating margin	(1.7)	(6.9)	75.3	(20.5)	66.3
Investments	1.0	1.1	(15.8)	1.1	-

(*) Operating income (operating income net of non-recurring items) came to € 124.6 million in 2010, € 123.1 million in 2009. More specifically, income does not include non-recurring items and, for financial year 2009, the income of Malpensa Logistica Europa, deconsolidated since the end of that year (at end 2009, this income came to € 28.1 million). In 2010, non-recurring items consisted of the capital share of the compensation from the Ministry for Infrastructures and Transport, € 14.9 million, for damages suffered due to the unlawful cutting of handling tariffs for 1987/1989 and 1990.

Economic trend

In 2011, operating income for the "Handling" business segment reached € 129.1 million, thereby recording growth of € 4.5 million (+3.6%) on last year. This was despite the basic stability of movements served (-0.4%) affected, particularly since June 2011, negatively by the choice made by Lufthansa Italia to cease trading, which was, however, offset by an approximately 5.5% growth in passengers and cargo.

Despite having suffered the level of movements served (main driver of handling turnover), income trends were supported by an array of factors:

- renegotiation of some contracts at more favourable conditions, including the contract in place with easyJet which was renewed during the second half of 2010 to include some innovative clauses introducing the adjustment of the fee for the service provided according to business volumes;
- the acquisition of new clients amongst airlines operating on both airports managed by the SEA Group;
- growth of inter-company revenues as a consequence of the adjustment made to the tariffs of some services such as the centralised baggage management in Linate and the provision of certain services under the scope of the ViaMilano project in relation to passenger and baggage management.

During the year, the cost of labour increased by virtue of the application of the collective national employment contract signed in 2010 and the reduction of more than 72 thousand hours of application of the extraordinary temporary redundancy fund, offset by a reduction in the workforce (-42 HDE vs. 2010) and lesser use of overtime (-30%). A reduction was also recorded in other operating costs following the renegotiation of contracts for outsourced activities, such as cabin cleaning.

These factors have enabled the operating loss for 2011 to be reduced to € 2.2 million, down by 71.0% as compared with the 2010 loss (€ 7.7 million, net of non-recurring items totalling € 14 million).

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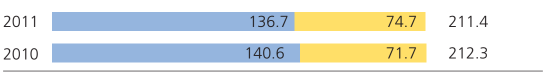
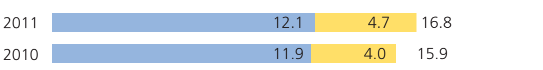
Handling trends

In 2011, the SEA Group managed the ramp handling, passengers and cargo business through the subsidiary SEA Handling, in a complex market context which remained highly competitive, indeed with this aspect increased by ever more challenging demands by airlines. During the year, SEA Handling recorded an increase in business of around 890 thousand passengers (+5.6%) and almost 21 thousand tonnes of cargo (+5.5%), keeping the volume of movements served virtually unchanged (-0.4%). This result was assisted by the capacity of SEA Handling to maintain its customer portfolio, using the review of some relevant contracts applied at end 2010 for the entire year, and to acquire important new customers amongst the airlines that began operating on Malpensa during the year. Thus the Company successfully offset the reduction in movements as a consequence to the cessation of trading by Lufthansa Italia in November 2011, but with a reduction of flights that actually began in June (without this, the movements served by SEA Handling would have recorded a 1.3% increase over the year).

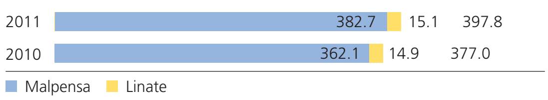
Ramp handling: movements served (thousands of movements)



Passenger handling: passengers served (millions of passengers)



Cargo handling: tonnes of cargo served (thousands of tonnes)



Passenger and ramp handling

Milan Malpensa

In 2011, handling managed by the SEA Group on the airport recorded different trends in the two business areas: passengers saw an increase of more than 206 thousand units (+1.7%), settling at a growth rate that is virtually in line with that recorded by the airport (+2.0%); ramps recorded a drop of around 3,900 movements (-2.7%), mainly due to the Lufthansa Italia cessation of trading in November 2011, which resulted in a constant reduction in the number of flights offered by the airline as from summer 2011 and a loss of almost 3,400 movements and the transfer of Malev, Continental and Pakistan International Airlines to another handler and the transfer of Air Malta to Milan Linate.

Airlines supporting the work of SEA Handling on the airport include some companies who were already customers, including easyJet, the Alitalia Group, Neos, Turkish Airlines, Swiss Airlines and Delta Airlines and some airlines that began operating on the airport during the year (including Ethiopian Airlines and Biman Bangladesh Airlines).

Below is an analysis of the passenger and ramp handling business on the two airport terminals.

Milan Malpensa 1

In 2011, SEA Handling, settling at approximately 94.5 thousand movements serviced in Milan Malpensa 1 and almost 6.7 million passengers, showed a reduction in business with respect to 2010, both as concerns the ramp and passenger areas, respectively coming in at 6.1% and 2.7%. Despite the increased traffic managed by some customer airlines of SEA Handling, including the Alitalia group (+8.0%), Delta Airlines (+11.7%), Neos (+24.7%), Swiss Airlines (+8.5%) and Turkish Airlines (+12.1%) and the acquisition of new clients (including Ethiopian Airlines, Biman Bangladesh Airlines, Air Europa, Albastar and Air Explore), this result was negative affected by various factors, including:

- the November cessation of trading by Lufthansa Italia (a ramp only customer of SEA Handling), preceded by a reduction of its flights starting from summer 2011;
- the suspension of Livingston flights in the second half of 2010, during which it had carried more than 311 thousand passengers, with almost 1,900 movements;
- the move to another handler by Malev, which in 2010 had carried around 89 thousand passengers with more than 1,200 movements;
- the geographical-political tension in Mediterranean Africa, which significantly penalised the business of some customers of SEA Handling, including EgyptAir and Tunis Air, which respectively recorded declines of 16.2% and 31.3% in the number of passengers and 12.7% and 36.2% in movements.

SEA Handling market share on Milan Malpensa 1

Ramp area	%
SEA Handling	65.4
Other handlers	34.6

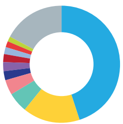
Passenger area	%
SEA Handling	48.9
Other handlers	51.1

Milan Malpensa 2

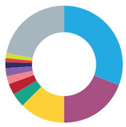
The increased traffic served by SEA Handling on the Milan Malpensa 2 airport is mainly due to the significant growth enjoyed by easyJet, customer of the handler in the ramp and passenger area, which during the year recorded more than 42 thousand movements and almost 5.5 million passengers with growth respectively of 5.7% and 7.6%.

At end 2011, easyJet was confirmed as the main customer of SEA Handling in Malpensa, accounting for 30.9% of traffic in ramps and 45.2% in passengers.

Malpensa: top 10 clients



Passenger area	%
easyJet	45.2
Alitalia Group	15.8
Gruppo Air Italy-Meridiana	5.5
Neos	4.1
Blue Panorama	2.6
Turkish Airlines	2.4
Swiss Airlines	2.2
Delta Airlines	1.9
SAS	1.7
Wind Jet	1.5
Others	17.0



Ramp area	%
easyJet	30.9
Lufthansa Group	19.3
Alitalia Group	12.5
Air Italy-Meridiana Group	3.7
Swiss Airlines	3.1
Neos	2.4
Turkish Airlines	2.2
Blue Panorama	1.5
SAS	1.3
Germanwings	1.2
Others	21.9

Linate

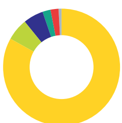
In Linate, 2011 saw the passenger and ramp handling area managed by SEA Handling increase more significantly than the airport itself: more than 2,900 movements and almost 683 thousand passengers more than 2010.

This trend was positively affected by various factors, including:

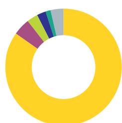
- the acquisition of new customers, including Blue Panorama and Meridiana, previously served by another handler (following the agreement reached by this airline with Air Italy, already a SEA Handling customer in Malpensa and operating on Linate since November 2011). 2011 also saw full effect of the acquisition of important customers in the ramp and passenger area, such as easyJet in October 2010;
- the increase recorded in passenger traffic by the Alitalia group on routes served by SEA Handling (which does not include flights for Rome and Naples served in the passenger area by EAS, the handling company of the Alitalia Group), totalling more than 331 thousand passengers (+9.5%).

At end 2011, the Alitalia group accounted for 83.2% of the Linate market served by SEA Handling in the passenger area and 85.0% in the ramp area.

Linate: top 5 clients



Passenger area	%
Alitalia Group	83.2
Windjet	6.2
easyJet	5.4
Air Italy-Meridiana Group	2.4
SAS	2.1
Others	0.8



Ramp area	%
Alitalia Group	85.0
Lufthansa Group	4.7
Wind Jet	2.9
easyJet	2.4
Air Italy-Meridiana Group	1.5
Others	3.5

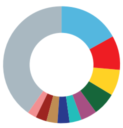
Cargo handling

SEA Handling cargo activities are concentrated on Malpensa airport, where the company offers cargo handling services to almost all cargo hauliers at the airport.

In 2011, cargo handling managed by the company in Malpensa increased by more than 20 thousand tonnes (+5.7%), settling at growth rates that are higher than those recorded by the airport. This result was affected by the positive trends of some airlines, such as Ethiad Airways (+28.4%), Saudi Arabian Airways (+47.5%), Air Bridge Cargo (+19.4%), Asiana Airlines (+37.9%), European Air Transport (+3.6%) and China Cargo Airlines (+101.1%), and by the acquisition of new cargo airline customers that began operating in Malpensa in 2011, Jade Cargo and Silk Way.
At end 2011, the market share managed by SEA Handling in the cargo area of Malpensa came to 86.9% (up 1.4% on 2010, when it was 85.7%). The positive trend recorded in cargo handling was supported by the great expertise of SEA Handling in this type of operations, which require specific staff training, also in the use of particularly complex equipment.

Please note that at end 2011, Cargoitalia ceased trading. With 37,600 tonnes of goods transported, this was the second largest customer of SEA Handling in the cargo sector and the trend of market share in 2012 may well therefore be affected by this.

Cargo handling: top 10 customers



Cargo managed by SEA Handling on Malpensa and Linate airports	%
Cargolux Group	17.0
Cargoitalia	9.5
Korean Air	7.3
China Cargo Airlines	6.4
Cathay Pacific Airways	4.4
European Air Transport	3.4
Air Bridge Cargo	3.3
Asiana Airlines	3.1
Nippon Cargo Airlines	3.0
Qatar Airways	2.5
Others	40.2

Handling commercial policy

In 2011, SEA Handling pursued its focus and specialisation on the core business of the handling segment (passengers, ramp and cargo), mainly concentrating on supplying high quality services and very much focussed on different customer demands. This aimed to maintain the market shares served at the airports managed by the SEA Group and confirming its status as top operator in the handling business.
More specifically, the company confirmed its capacity to provide airlines with a wide range of activities, including full handling services, provision of specific services to meet airline demands and specialisation in the ramp business devoted to cargo airlines requiring special expertise amongst dedicated staff and vehicles used.

These objectives were pursued through the update of professional figures and by means of the maintenance of quality certificates attesting to the high quality of the services offered.

Energy

2011 Highlights

+10.5% electricity sold

Development of direct sales to end customers

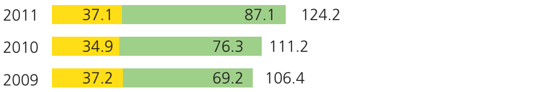
Linate plant: assignment of green certificates continues following the supply of heat to remote heating grids

Performance indicators

Milan Malpensa - Electricity sold (Gwh)

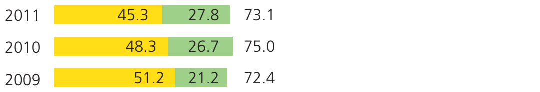
Milan Malpensa - Thermal energy sold (Gwh)

Milan Linate - Electricity sold (Gwh)



SEA Terzi

Milan Linate - Thermal energy sold (Gwh)

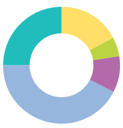


Thermal energy and green certificates

* The quantity of green certificates for 2011 is a figure estimated by SEA, subject to verification by the authority

Summary data

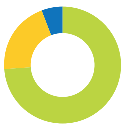
2011 consolidated income(*): € 644.4 million



	%
Energy	5.1
Handling	17.4
Income from application of IFRIC	10.1
Aviation	42.5
Non Aviation	24.9

(*) 2011 consolidated income is stated net of infra-group elisions.

2011 SBU Energy(**): € 62.4 million



	%
Sale of electricity	73.9
Sale of thermal energy	20.5
Other income and services	5.6

(**) Income from the Energy SBU is stated gross of infra-sector income.

Millions of euros	2011	2010	Var. %	2009	Var. %
Energy operating income	62.4	52.9	18.0	46.2	14.5
Infra-group elisions	(29.7)	(28.4)	(4.6)	(27.7)	(2.5)
Energy third party income	32.7	24.5	33.5	18.5	32.4
EBITDA	13.2	12.4	6.5	8.8	40.9
Managerial EBITDA	13.2	12.4	6.5	8.8	40.9
EBITDA managerial margin	21.1	23.5	(10.2)	19.1	23.0
Investments	1.8	1.3	37.8	3.6	(64.0)

Economic trend

Income from the Energy segment, totalling € 62.4 million in 2011, grew by 18.0% on last year, supported by the increased electricity sales made to third parties (+33.5%) and an associated increase in market prices. Income from sales of thermal energy are basically unchanged (down € 565 thousand on an equivalent value of just under € 12.8 million at end 2011), despite an increase in unit prices offset by a lesser absorption, by SEA, due to the milder weather conditions for winter 2011 and which have resulted in a 10.6% reduction in the quantity of thermal energy sold. During the period, further green certificates were assigned obtained from the powering of remote heating systems by means of the Milan Linate plant.

Against the increased costs for the purchase of gas to fuel the Malpensa and Linate plants, EBITDA came in at € 13.2 million (+6.5% as compared with end 2010, in which the Energy segment suffered the temporary block of operation of one of the Milan Malpensa plant turbines, resulting in a consequent reduction of energy production). The EBITDA margin instead recorded a 10.2% drop, settling at 21.1% at end 2011, as compared with the 23.5% of 2010.

Energy production and sale business trend

In 2011 thermal energy and electricity production continued through the subsidiary SEA Energia, meeting the demands of the airports of Milan Malpensa and Milan Linate and for sale to third parties, recording a particularly significant increase in the electrical segment, in which the search for new customers continued, both in the airport sector and in unrelated business areas.

Electricity

In 2011, electricity sales by SEA Energia recorded a 10.5% increase (+47.8 million kWh) on FY 2010, coming in at 501.5 million kWh.
This significant increase in quantities sold has also been made possible by the possibility of using both production cycles of the Malpensa plant for the whole year; in 2010 these had been penalised by the malfunction of the lubrication system of one of the plant's turbines in February, the effects of which then continued through to May 2010.
The increased production of the Milan Malpensa and Milan Linate cogeneration plants occurred at a time when demands by SEA for electricity were decreasing; in 2011, it consumed approximately 13 million kWh less than the previous financial year (-6.8%) following the pursuit of the energy savings plan in place since 2009. Please note that despite this energy savings plan, the demand by SEA for electricity for Milan Linate recorded an increase related to the start-up of some important infrastructures in 2011, such as the new multi-storey car park P2 and the opening of additional commercial areas for approximately 450 m^2.
And it was amidst this situation that the growth was seen in the production of electricity for sale to third parties, implemented through the Power Exchange and with bilateral contracts, reporting a 19.6% increase of this business on 2010.
Please note that in 2011 the entire share for the sale of electricity to third parties by means of bilateral contracts, equal to approximately 4% of electricity not required by the airports managed by the SEA Group is connected with the supply to Bergamo Orio al Serio airport (13.4 million kWh). In 2011, the Malpensa Hotel Sheraton, another direct customer of SEA Energia, did not use the electricity produced by the Company whilst awaiting connection to the local distribution grid (scheduled for the early months of 2012).
In 2011, marketing continued aimed at identifying new customers interested in bilateral agreements and which, in November, resulted in the award of the tender for electricity supply to Aeroporti di Roma. This contract establishes a maximum quantity of energy to be supplied of 16 million kWh per year as from February 2012.

Thermal energy

In 2011, thermal energy production by SEA Energia recorded a 5.9% reduction (-20.4 million kWh) on last year, coming in at 325.6 million kWh. This drop in production suffers the lesser demand for thermal energy by SEA (-10.6% on the same period of the previous financial year, equal to 33.4 million kWh less), connected to the energy savings plan implemented and the weather conditions of 2011, which featured a milder winter and less warm summer, with consequently lesser demands for heating and air-conditioning.
The reduction in the demand by SEA has been partially offset by the increased sales of thermal and cooling energy to third parties, which have gone from 30.2 million kWh in 2010 to approximately 43.2 million kWh at end December 2011 (+43.1%). The growth in the demand for thermal energy by third parties in 2011 was supported by the need of the Malpensa Hotel Sheraton for provisions, whilst the thermal energy produced by the Linate plant, and intended for remote heating in the district of Milan Santa Giulia, in the same period did not record any significant increases (+4.1%).

Green certificates

In 2011 too, on the production site of Linate and thanks to the cogeneration thermal energy production intended for remote heating in both the district of Santa Giulia and the airport, SEA Energia was able to confirm that it met criteria for the award of green certificates (approximately 45 thousand, proportionally to said production).

Emission trading

CO_2 emissions

In regulating CO_2 emissions, please note that at end 2011, after the assignment by the Ministry for the Environment to the cogeneration plants of SEA Energia, the Company now has approximately 305 thousand units of EUA (European Union Allowance) certificates.
In line with the limits established by the regulations, in order to optimise the economic management of these certificates, during the year SEA Energia sold 23 thousand EUAs on the market, acquiring an equal amount of CERs (Certified Emission Reduction), which have lower market value and are intended to be included in the units for offsetting to be used by 2013. To this end, please note that at end 2011, CO_2 emissions ascribed to SEA Energia by virtue of the fuel used to produce energy came to around 243 thousand tonnes and, therefore, during the early months of 2012, the SEA Group will need to return the Ministry for the Environment an equal amount of units of EUA and CER certificates. Upon completion of this operation, SEA Energia will still have more than 61 thousand units of EUA certificates, which it can use to offset any emissions exceeding the share of certificates assigned for 2012 or sell on the market.

White certificates

Ministerial Decree of 05/09/2011 introduced a new economic support system for high performance cogeneration plants (CAR), acknowledging the possibility of obtaining the assignment of white certificates from the energy services management. High performance cogeneration energy producers are identified on the basis of various production energy efficiency indicators, including the Energy Saving Index, the Thermal Limit and the PES, also on plants that were started-up after April 1999.

The characteristics of the Malpensa plant, which meet all CAR requirements, have enabled SEA Energia to request white certificates since 2011 for a period of 5 years and up to the limit of 30% of the incentives acknowledged for newly-developed high performance cogeneration plants.

Energy commercial policy

In 2011, SEA Energia continued to further improve production and increase efficiency of the management of production levels, in order to guarantee the correct provisioning of the airports of Malpensa and Linate, also increasing electricity production for sale to third parties and, in particular, on the Power Stock Exchange, with a view to improving the overall return of the plants used. To this end, in order to define a daily plan for the use of plants, which will successfully maximise the return of the production system and proceeds from sales made on the electricity market, in the last few months of 2011, SEA Energia began using an innovative production optimisation system. SEA Energia also increased production of thermal energy for sale to third parties, thereby also confirming the achievement of the green certificates in relation to the use of the Linate plant production.

In 2011, through a commitment to producing energy with low environmental impact, SEA Energia managed once again to make the most of the opportunities provided by energy legislation, gaining economic advantage from them, with effects that also span several years.

Corporate Social Responsibility

2011 Highlights

4 Corporate Citizenship projects started-up

First Stakeholder Survey completed

Neutral level confirmed in the Airport Carbon Accreditation

Continued development of energy saving strategies, including with regards to the communication and promotion of such behaviour amongst employees and passengers

The SEA Group sustainable development policy

Strategy

The SEA Group strategy on sustainable development is inspired by value sustainable generation criteria, considering it constantly in its multi-dimensional aspect (economic, environmental, social) and with a view to the mutual strengthening of the three components.

The SEA Group therefore defines its strategies in such a way that the resources, actions and tools focused on a social and environmental scope can be characterised as investments and that, as such, they are functional to correct business risk management and Group growth.
The sustainable development strategy of the SEA Group is laid out into the following areas:

- identification of initiatives by which to develop a socially responsible approach to the design and management of the SEA Group business in order to guarantee its integration with social and environmental claims, also with reference to the establishing and management of relations with stakeholders;
- planning and operative control of initiatives that have been approved, with a view to ensuring continuous improvement;
- participation by the SEA Group in associations and entities that are significant in terms of corporate social responsibility;
- promotion, by agreement of the competent departments, of development and integration of matters of corporate social responsibility into the internal communication system, also helping identify any employee training and information interventions;
- coordination of the contents and policies of external communication and information on corporate social responsibility;
- preparation of official documents and reports on sustainability performance;
- verification of coherence of all official documents on corporate social responsibility intended for stakeholders;
- monitoring of scenarios and guidelines emerging with regards to corporate social responsibility, in order to promote any benchmarks.

Governance

Design and decision-making governance as concerns sustainable development is entrusted to the Sustainability Committee, established for the following purpose:

- to propose guidelines to senior management for the development, implementation and monitoring of sustainability policies to be integrated into the SEA Group business model;
- under the scope of the approved guidelines, to oversee the reasoned mapping of the main stakeholders and propose objectives and methods by which to involve them in defining business choices or in the related implementation;
- to assure the development of synergies between the initiatives of the competent departments set up or in any case relevant to the achieving of sustainability objectives;
- in line with the objectives defined and maximising synergy with information and operative flows that have already been established, to ensure the definition of the integrated reporting model on sustainability performance (including the Sustainability Report) and oversee its function;
- to monitor the trend of indicators relating to business sustainability performance and propose any corrective action.

The Sustainability Committee is chaired by the Chairman and Chief Executive Officer. It is called to meet once a quarter and involves the Chief Corporate Officer, the Chief Operating Officer & Deputy CEO and managers of the company departments most involved in the sustainable development process.

The “social” dimension

In 2011, SEA defined a policy concerning “business citizenship” initiatives, the main elements of which are:

- the relevance of corporate citizenship is defined by the intensity of their connection with the business strategy and not by the extent of the resources used;
- corporate citizenship activities are carried out in compliance with the need to protect prerogatives:
  - of shareholders, with regards to the most correct, efficient and fruitful use of the resources managed by the management;
  - of “social” stakeholders (non-profit entities) with regards to the need for transparency and objectivity of the criteria with which the business chooses its partners for social investment;
  - of the business itself, with regards to the protection of its credibility and reputation, not only as concerns approval but above all with regards to rejecting requests for contribution made by the non-profit world;
- the hub of SEA’s corporate citizenship activities is represented by the project financed, the credentials of which (completeness, endorsement by national and international institutions, scalability, clarity of objectives, measurability, accountability) prevail over the credentials of the proposers. Projects are preferred that are coherent with the identity, characteristics and distinctive features of the SEA Group, which plays an active role (i.e. not merely donor, but partner) in managing the initiative, considering, therefore, as the possibility of mobilising the participation of the business community and the opportunity of conciliating current needs on the reference territory of the airports with international scopes as important factors for the choice of the project.

On the basis of these considerations, in 2011 the SEA Group initiated four projects:

- access to renewable energy for the rural areas of Malawi. The project, promoted by COOPI, seeks to promote the use of renewable energy by some communities in Malawi, in order to improve the quality of life of approximately 14,900 beneficiaries and slow deforestation. The project also entails the creation of micro businesses in the agricultural and tourism sector, using solar energy and wind power to promote a self-sustainable economic development process;

- investing in people - Fighting against child labour. The project is promoted by CESVI and consists in the fight against poverty through qualified development programmes. More specifically, the project involving the SEA Group aims to help fight child labour in Kenya, initiating “child labour free zones” (CLFZ) connected with the creation of a specific certification. The intervention is set to involve local authorities, children and educational and social institutions as well as the businesses themselves and comes under the scope of the campaign “Stop Child Labour: School is the best place to work”. It aims to sensitise Italy and Europe to the matter of the exploitation of child labour, starting from concrete projects in the world’s south;

- restoration of the Nemo Clinic. The initiative fits in perfectly with SEA’s commitment over recent years to Telethon. The collaboration came about to support the expansion of the Nemo Clinic, which represents an absolute excellence of the Lombardy health service and is intended for those suffering from neuromuscular disease, in particular muscular dystrophy and their families. The restoration works underway will successfully double the space available, significantly increasing the structure’s operative capacity, taking annual requests for assistance that are able to be met to 2,000 (from the current 1,200).

English takes off from MXP. This project comes under the collaboration agreement in place between the SEA Group and the Lombardy Schooling Department. The initiative proposes the early dissemination of English in local communities in the peripheral area of Milan Malpensa airport.
More specifically, the project is intended for the students and English teachers of 16 primary schools in the 9 municipalities of CUV and entails teaching English with the help of a mother-tongue tutor and the preparation of an English language learning environment that interweaves with other subjects studied at first school.
As part of this project, in 2011-2014, annual schooling activities will be carried out for around 2,600 students and training provided for 36 state teachers.

Relational policies with the stakeholders adopted by the Group also include, in an increasingly extensive fashion, the activation of tools by which to listen to stakeholders, through which the company gathers opinions, perceptions and assessments on its image positioning, on the satisfaction with services delivered and on the relations established with the general public.
In 2011, the SEA Group defined a structured, systematic process for investigation with stakeholders, from June to September starting up the first edition entrusted to the specialised research institute SWG

and based on the listening to four targets:

- 855 adults residing in Lombardy;
- 262 passengers, or users of the Milan airports during the last year;
- 208 people registered with the ViaMilano Program, selected from within the ViaMilano Community;
- 101 stakeholders, i.e. Aviation customers, Non Aviation customers, control authorities, suppliers, influential people of the world of banking and finance, influential people of the society and territory and journalists.

The survey aimed to identify and measure:

- the perceived reputation of SEA, outlining a descriptive and evaluation framework;
- the congruousness of commitments made and activities realised;
- the level of expectation accrued by stakeholders in terms of sustainable development and optimisation of relations with the SEA Group.

The environmental dimension

SEA is specifically committed to combining the essential value of respect and the safeguarding of the environmental heritage with development.

SEA environmental policy is inspired by the following principles:

- high compliance with rules and regulations;
- continuity in the commitment to improve environmental performance;
- sensitisation and involvement of all players involved in the airport system for a responsible commitment focussed on respect and the safeguarding of the common heritage represented by the environment in which they work;
- constant level of monitoring and verification of phenomena characterising interaction with the ecosystem;
- high level of listening and communication from/to an extensive range of external interlocutors with a view to transparency and sharing;
- identification of the sources and control of CO_2 emissions produced under the scope of the greenhouse gas emissions reduction programme established by the Kyoto Protocol.

The environmental management system

The constant commitment of the SEA Group to increase the efficiency and effectiveness of the environmentally-friendly management of airport activities has also been seen in the implementation, since 2004, of an environmental management system, which was certified ISO 14001 in 2006, certification that was then confirmed once again in 2009 for the following three years.
The operating instructions and procedures comprising the system enable the identification and monitoring of areas for improvement of environmental issues connected with the SEA Group business. And the SEA website (www.seamilano.eu) makes a wide array of detailed information available and, with a view to ensuring a further increase in mutual communication and transparency, makes specific requests for greater detail possible. In the constant, attentive monitoring of the environmental impact of its business, the SEA Group collaborates and acts jointly with all external entities assigned responsibilities relating to the environment and territory.

Climate change, protection of the air and energy consumption

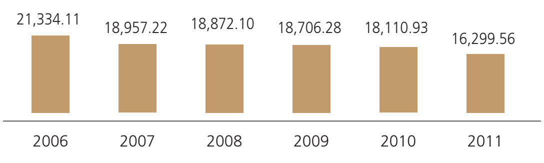
Despite the significant growth in air transport in recent years, connected with the growing globalisation of business, including commercial business, the pollution assigned to the Aviation sector accounts for just 2% of global CO_2 emissions (Prof. Ulrich Schumann, Head of the Institute of Atmospheric Physics, German Aerospace Center - 2009). The SEA Group is actively striving to limit the impact of its business on climate change, monitoring and intervening on factors that can particularly influence air quality protection systems and energy consumption.

Carbon Neutrality
The SEA Group strategy on CO_2 emissions provides for the attainment of traffic growth managed by its airports in a context where the environmental impact that such development may generate is controlled. This aims to maintain the “neutrality” level obtained in 2010, as also confirmed in 2011, under the scope of the Airport Carbon Accreditation initiative promoted by ACI Europe.

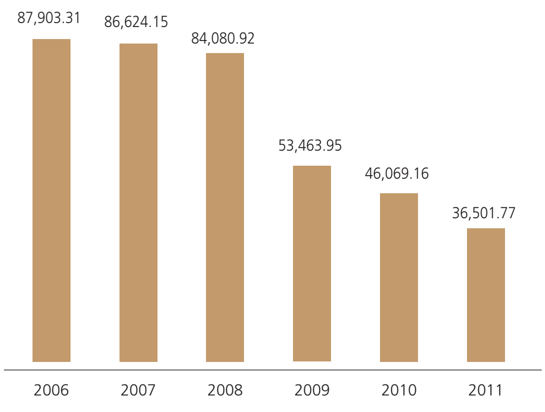
This project entails a voluntary involvement of airports and the activation by airport management of a series of actions by which to control and reduce direct and indirect CO_2 emissions.
In relation to the latter, please note that those over which the SEA Group cannot exercise any influence or increase awareness are not included, i.e. emissions of aircraft and the operating vehicles needed for handling (with the exception of those used by SEA Handling, a 100% subsidiary of SEA).

In 2006-2011, partly thanks to the policies adopted by the SEA Group, a significant, constant reduction has been seen in CO_2 emissions, almost 52% less.

CO_2 emissions trend - Linate



CO_2 emissions trend - Malpensa



Achieving this objective has confirmed the commitment by the SEA Group to reducing CO_2 emissions and has placed the airports of Milan Malpensa and Milan Linate in a national leadership position and amongst the most advanced in Europe.

Energy production and consumption

The SEA Group pays careful attention to issues concerning climate change and energy consumption, which is also seen in the choices for the provisioning of electricity and thermal energy: the airports of Milan Malpensa and Milan Linate are therefore equipped with two cogeneration plants guaranteeing electricity and thermal needs. Both plants use natural gas as their main fuel, enabling atmospheric emissions of sulphur oxide, powders, carbon oxide and volatile organic compounds to be minimised. With equal energy used, in fact, the carbon dioxide produced by the combustion of natural gas is 25-30% less than oil products and 40-50% less than carbon. Nitrogen oxide emissions are also below those produced by carbon combustion and liquid fuels.

Energy saving strategies

In relation to energy savings, the SEA Group has implemented an important energy savings project, which, after an initial stage analysing energy consumption by the SEA Group buildings and infrastructures, has enabled energy savings measures to be adopted without penalising the level of service.

These interventions mainly concerned the optimisation of operating parameters and cycles of the conditioning plants and the rationalisation of internal and external lighting, also by turning off the lights on the runways that are not used by night, according to the anti-noise scenario, and introducing low energy consumption and LED bulbs.
The implementation of this policy, which began in 2010, has enabled energy consumption to be reduced in Milan Malpensa and to be effectively controlled in Milan Linate, despite the infrastructural extensions that have marked the airport during the last two years (new multi-storey car park and additional commercial space).
In line with the attention paid by the SEA Group to environmental matters, in 2011 a communication project was realised to sensitise employees and passengers to energy saving and, more generally, to respect for the environment. The campaign, which takes place over 12 months (from June 2011 to June 2012), using both the on-line and off-line channel, looks to:

- increase public awareness of the great commitment, of the results achieved and of the future plans of the SEA Group in terms of limiting energy consumption;
- develop a sense of belonging and responsibility by the business community with regards to environmental matters;
- stimulate “green” behaviour by the SEA community, intended both with regards to employees and citizens.

More specifically, the campaign messages are focussed on:

- management of electric/electronic equipment and water consumption in the workplace;
- mobility choices for travelling to and from home and work and for business travel;
- information and advice on energy saving in the home environment.

Waste, noise and water management

The SEA Group has always paid careful attention to managing “pollution” phenomena traditionally connected with the environmentally-friendly nature of the airport infrastructures, in which to pursue challenging objectives through constant monitoring and control of the activities generating these pollution factors.

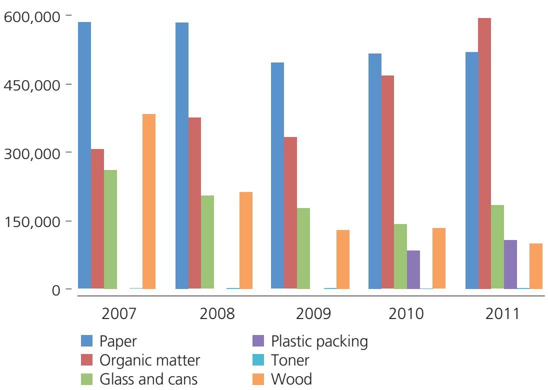
Waste

In 2011, the SEA Group confirmed its commitment to carrying out separate waste collection of the waste produced in the airports of Milan Malpensa and Milan Linate, implementing projects and extending them to the shops and restaurants in the airports and making them more easily applied by all users.

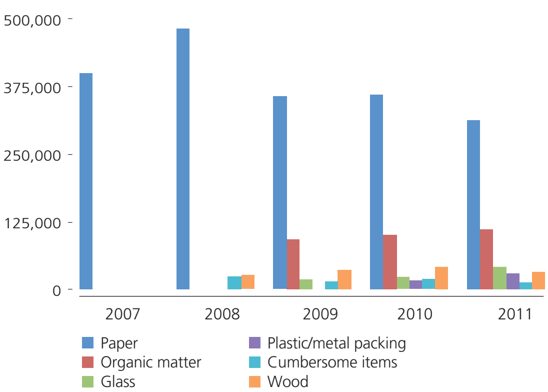
Please also note that in both airports, ecological islands are in place also enabling the management of special waste in relation to airport activities (e.g. used oil, fuel).

At end 2011, the differentiation levels achieved on the airports managed by the SEA Group had grown on 2010; more specifically these were, for Milan Malpensa, +0.66% for paper, +27.03% for organic matter, +28.43% for glass and cans, -25.14% for wood, +47.21% for toner and +27.02% for plastic packaging. In Milan Linate we have -29.82% for cumbersome items, -13.16% for paper (less conferral of magazines by CNA), +10.42% for organic matter, +83.49% for glass, +77.55% for plastic and metal and -21.86% for wood (less use of wooden pallets).

Separate waste collection Milan Malpensa (kg)



Separate waste collection Linate (kg)



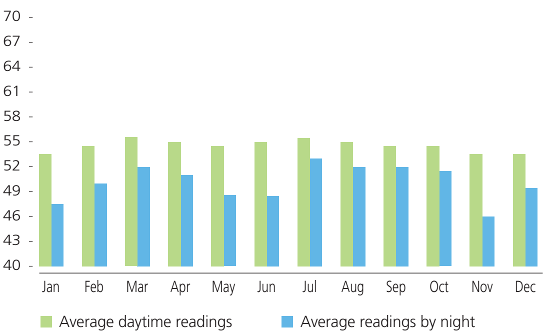
Noise

Since 2001, the SEA Group has been committed to monitoring aeronautical origin noise in the airports of Milan Malpensa and Milan Linate and has implemented a detection system comprising 24 fixed stations (18 in Malpensa and 6 in Linate) and 5 mobile stations (used for specific measurement campaigns); such system is distinctive both nationally and internationally.

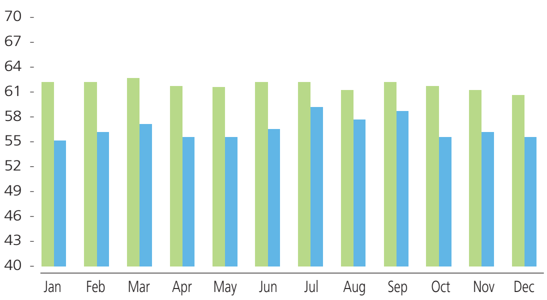
As part of its work to monitor the acoustic impact of its business and safeguard the surrounding territories, the SEA Group operates in collaboration and under the close control of the Agency for Regional Environmental Protection (ARPA). As concerns the acoustic zoning plan of Milan Malpensa, after the 2009 definition of that of Linate, we note that it has not yet been completed, also due to the petition, brought by the Municipality of Casorate Sempione, against the decision made by the Airport Commission to redistribute traffic on existing outgoing routes and, consequently, determine a fairer distribution of noise.

Until the case is settled, it looks likely that no unanimous decision will be reached within the Commission with regards to the definition of the airport acoustic zoning plan.

Milan Malpensa: 2011 – Noise monitoring



Milan Linate: 2011 – Noise monitoring

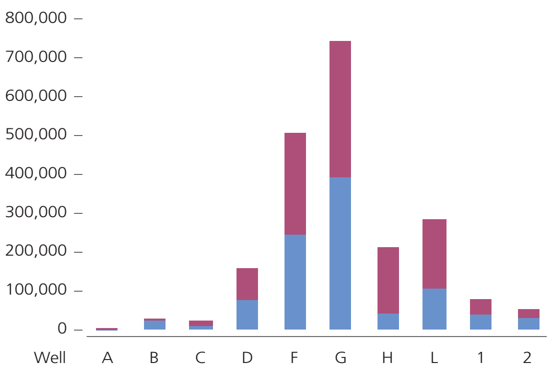


Water

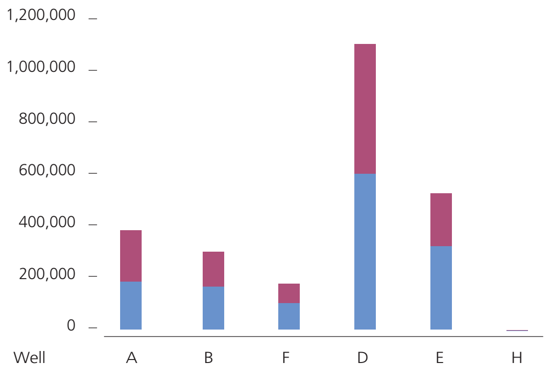
In industrialised countries, water policies are currently undergoing significant changes, in line with the needs for a complex, effective qualitative and quantitative management of water resources, looking to safeguard them and apply principles of sustainable development.
In line with current legislation, the SEA Group, which supplies its airports by means of the wells established on airport territory, has, in collaboration with Airline Health and the local health authorities, prepared a quality monitoring plan of the water supplied, with a view to guaranteeing that it is healthy and avoiding any negative effects of any contamination by constantly controlling the complete cycle, from collection from the wells to distribution throughout the network and the final return of waste water back into the environment. The controls carried out in 2011, as indeed for previous years, have confirmed the good quality of the water distributed in both airports, highlighting parameters that fall well within the limits permitted.

As concerns the disposal of sewage water, both airports managed by the SEA Group are equipped with a drains network connected to the San Antonino purifiers for Milan Malpensa and those of Peschiera Borromeo for Linate. As concerns rainwater, in both airports this is treated using oil-water (degreasing) separation plants before being sent for disposal.

Water collections - Malpensa 2011 (m^3)



Water collections - Linate 2011 (m^3)



1st Semester 2nd Semester

International collaboration

The SEA Group has always considered a comparison of its environmental problem management activities and international best practices essential with a view to assuring sustainable management; this is why it is a member of the Environmental Strategy Committee and the Technical and Operational Safety Committee of ACI Europe and has progressively increased its presence in European project partnerships with major airport, territorial and scientific operators.

At end 2011, the SEA Group was actively involved in the research projects ADDPRIV (Automatic Data relevancy Discrimination for a Privacy - sensitive video surveillance with Linate, as test area in the study of effective, non-intrusive video surveillance solutions); CASCADE (ICT for Energy Efficient Airports, with a focus on Malpensa) and S4EeB (ICT for Energy-efficient Buildings and Spaces of Public Use, tested on Linate), both aimed at analysing and implementing the best possible combination of energy efficiency and airport comfort.

For sustainable connectivity

For the SEA Group, mobility from and to Milan Malpensa and Milan Linate airports is a significant element, not only for the fallout in terms of quality of services, but also for the implications it entails on emissions connected with the transport means used.

With this in mind, the SEA Group is encouraging the development of new ways of using cars (car pooling) including electrically-powered (with the possibility of charging them up directly in the airport), is encouraging the use of public transport, particularly by employees, as part of a territorial process in which connections with Malpensa and Linate are being further improved, both in terms of road and rail transport.

In this context, a series of initiatives should be noted, which were started in 2011 and are intended to further affect the reduction of the environmental impact of the connectivity system:

- signing of the Convention between the SEA Group and Guidami-ATM for the car pooling service at Linate airport with a service dedicated to airport operators and employees, in addition to passengers;
- start-up of the ecological car sharing service from Milan Malpensa where, as from July 2011, electric cars are available for full-day hire, with the related charging points;
- continuation of incentives for SEA Group employees to signing subscriptions with ATM (local public transport company for Milan) at beneficial rates, with the extension to also include TLN (joint venture of Ferrovie Nord Milano and Trenitalia) for rail transport;
- institution of the direct connection of the urban line 73 (73 Express) between Linate airport and the city centre, reducing travel time and consequently encouraging the use of public transport also by passengers.

As concerns the connection system, please note that interventions and projects developed in 2011 include those intended to significantly reduce the environmental impact of connections:

- a further increase to the high speed railway connections available to Milan Malpensa with the activation of a connection to Rogoredo, inter-connection station with the Milan subway line;
- consolidation of the daily offer of Malpensa Express, standing at 130 daily routes following last year's increases;
- feasibility study on the activation in Milan Malpensa airport, following approval of the three-year transport plan, of a public transport system for the municipalities around the airport;
- start-up of preliminary works to the development of the subway line 4 in Linate airport forecast for 2014.

Quality of service and Airport safety

2011 Highlights

Creation of the Cargo Service Charter

Achievement of high customer satisfaction levels (96%)

Development of new on-line strategies for customer care

Confirmation of airport safety as an essential component of quality of service offered

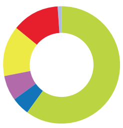
Customer Care

The opinion of its users - passengers, their friends, visitors and employees - is extremely important for the SEA Group, which, thanks to this feedback, implements a constant policy of monitoring and improving quality and the standard of services offered to the different parties involved with the SEA Group business.
More specifically, the survey carried out in 2011 by a major market research institute and concerning the services provided in Milan Malpensa and Milan Linate airports, showed a stable, more than positive level of passenger satisfaction: more than 96% declared that overall they were satisfied with their experience in the airports managed by the SEA Group.

Milan Malpensa

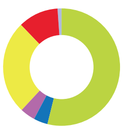
As a whole, Milan Malpensa airport revealed positive opinions on the quality of services offered, also recording a significant improvement in the perception of airport connectivity in terms of road and rail connectivity, including at high speeds, with which more than 80% of passengers are satisfied. Below is a presentation of the methods to travel to and from Malpensa, divided up according to type of vehicle used (for more information, please refer to Corporate Social Responsibility, paragraph "For sustainable connectivity").

Milan Malpensa 1 - 2011: vehicles used



	%
Own car	60
Hire car	5
Taxi	7
Road line services	14
Rail line services	13
Other	1

Milan Malpensa 2 - 2011: vehicles used



	%
Own car	54
Hire car	4
Taxi	4
Road line services	26
Rail line services	11
Other	1

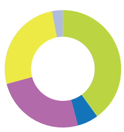
Users are also impressed by check-in and boarding services (more than 85% of passengers satisfied) and by the information systems, which during the year improved in the way they were perceived by passengers, particularly as concerns loudspeaker announcements.

The positive results of the perception of the service offered were obtained thanks to the attention paid by the SEA Group to the continuous improvement in the quality of services, which have reached levels that are better than those specified as the objective in the Service Charter.
More specifically, for baggage reclaim times, the improvements made to the service jointly with the handlers operating on Malpensa airport, have enabled the first baggage to be collected from Milan Malpensa 1 airport within 27 minutes for approximately 96.3% of flights and from Milan Malpensa 2 for approximately 95.6%, at levels that are better than those described on the Service Charter of 90% (in the same period of 2010, respectively 95.1% and 95.0%).
During the same period, the number of lost luggage items at Milan Malpensa 1 decreased significantly (-27.6%) coming in as 4.2 bags every 1,000 passengers departing, whilst in Milan Malpensa 2 the good levels already achieved in 2010 were confirmed, with 0.8 bags lost every 1,000 departing passengers.

Milan Linate

For Milan Linate, user surveys showed a generally perceived improvement in the quality of services offered and in particular with regards to the airport comfort levels; this is also thanks to the restyling and modernisation by SEA of the terminal during the last two years. Baggage reclaim times also improved significantly for incoming passengers, enabling the first item of luggage to be collected within 18 minutes for 96.6% of flights (as compared with the 95.2% recorded in 2010 and the 90% stated on the airport Service Charter). Moreover, the quantity of lost luggage in 2011 came to 4.8 per thousand outgoing passengers, an improvement on 2010 which was 5.
The attention paid by the SEA Group to mobility to and from its airports has also involved Linate airport, which has been subject to a multitude of interventions (for more details, see "Connectivity").
The introduction of new forms of public connection with the airport and the strengthening of those already existing have enabled 26% of departing passengers to reach the airport with collective means of transport.

Milan Linate - 2011: vehicles used



	%
Own car	40
Hire car	6
Taxi	25
Road line services	26
Other	3

Passenger services

Customer Relationship Management

In line with the development of the on-line strategy adopted by the SEA Group in 2011, a support technological platform has been created to manage relations with the passenger, with specific regards to the management of issue relating to complaints, lost items and flight tracking.
As concerns this latter service, as from December 2011, an automatic flight search system has been activated on the company website. This enables passengers to check the time of the flight requested by keying in the flight number with no need to contact the call centre operator. This service provides information on the flights of both airports in relation to the date of the request, the day before or afterwards and, if requested, also sends a confirmation message to the mobile telephone.

Airport Contingency Plan

The first year of the Airport Contingency Plan adopted in 2010 by the SEA Group with a view to providing greater assistance to passengers if events should significantly limit operations of the airports managed by the SEA Group, made it possible to consistently improve the perception of the airport experience by passengers in the case of exceptional events; more specifically perception rates of abandonment in the event of a critical situation went from 60% to 15%.

PRM (Passengers with Reduced Mobility) assistance service

The service level of assistance provided to passengers with reduced mobility is recognised by airlines as a distinctive trait of the Milan Malpensa and Milan Linate airports, where not only the service parameters envisaged are systematically respected, but the level of user satisfaction is particularly high (in excess of 85%) and complaints are virtually nil (in 2011, just three complaints were made).

In order to further consolidate the good result achieved and meet the new demands of the users of these services, in 2011 the SEA Group undertook a path for improvement that concerns infrastructural works (reconfirming certificate D-4001:2008 in relation to the access requirements of sites for people with motor difficulties) and organisational aspects, with the definition of a technical regulation, shared with the main category associations and with the User Committee, which describes the assistance service requirements and which, at end 2011, received the certificate of conformity from TÜV Italy.

Cargo service charter

In 2011, the SEA Group prepared the “Cargo Service Charter” for Milan Malpensa airport. This aims to provide operators using the airport cargo services with a document highlighting the main performance indicators and service levels that the SEA Group proposes guaranteeing under the scope of the cargo business.
The quality objectives thus defined relate to two key elements:

- reliability: it reports on “how” airport services are provided for goods transport and mainly on the fact that they should not be damaged, should fly on the scheduled flight and completely, without risking the safety and security of the flight;
- punctuality: this refers to the expected punctuality of the service and mainly to the fact that the goods are available for collection within the terms envisaged in order to enable any continuation.

The Safety Management System

The SEA Group has always considered that the airport safety system should be seen as an integral part of the attention paid to customers, with “customers” meaning all subjects operating on the airports managed by the Group.

From this standpoint, airport safety is inspired by the need to implement and maintain over time a system of infrastructures, equipment and operating procedures that continues to meet the increasingly high national and international standards of safety and quality of service, in addition to the need to implement suitable staff training on the safeguarding of the safety, quality, regularity and efficiency of the services provided.

Under this scope, the SEA Group has equipped itself with a Safety Management System that has been validated and controlled by Enac and is operative on both airports. Through monthly meetings (Safety Board, Linate Safety Committee, Malpensa Safety Committee), systematically deals with any events and consequent actions, involving all operators of Milan Malpensa and Milan Linate; it has the following aims:

- identification of measures by which to assign responsibility and maximum priority for operative safety in the activities carried out by each party operating in the airports;
- reduction of risks connected with ground operations and, in particular, those connected with the aircraft;
- maintenance and improvement of safety levels, also through the constant sensitisation and communication in order that all events potentially able to affect safety are signalled and subsequently examined.

Health and safety at work

Aiming to optimise and make the prevention of risks to the health and safety of workers yet more effective, in compliance with the subjects of the Safety Management System, in 2011 the SEA Group continued its policy to consolidate the prevention and protection measures already in place for the main activities and infrastructures present on the airports managed and worked to prepare and update further safety procedures, in particular for activities involving potential risk. This enabled us to confirm the reduction in accidents seen over the last few years for 2011, too (-10% accidents at work in 2011 on last year, when a reduction of 5.5% had already been recorded). The many activities carried out during the year include, in particular:

- training courses for emergency fire-fighting staff held at the new fire drill field on the grounds of Malpensa, which resulted in the certification of around 200 new employees operating on the airports of Milan Linate and Milan Malpensa for SEA and SEA Handling;
- the delivery of training courses, aimed at improving control and safety of tendered works, which have involved all technical staff in charge of in coordinating activities on-field;
- assessment of work-related stress through the application of specific guidelines proposed by INAIL. The investigation performed showed the presence of a risk level that can be defined as “low”, which has enabled us to close the assessment stage and activate the regular monitoring envisaged by the guidelines;
- the update, in collaboration with external specialists, of the assessment of risk from manual moving of loads for all duties/activities of the SEA Group where this risk exists;
- the continuation of health check-ups aimed at ascertaining any drug dependency of workers assigned to specific duties where there is a particular risk in relation to third parties; this has confirmed the situation whereby the phenomenon is almost entirely absent and well below that reported nationally.

HR Management

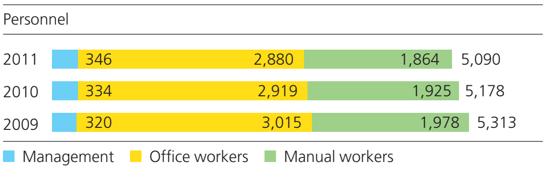
2011 Highlights

Agreements signed with trade union organisations:
- to continue use of social shock absorbers
- to recover the efficiency and productivity of some key figures in the operative management of the airports

Corporate welfare: new initiatives in favour of employees and their families

Training: focus on customer relations

Human resources



Accurate data in HDC

In line with the SEA Group vision whereby the development of competences required by the business and reference market evolution is seen as a priority, 2011 again saw the optimisation of human capital aimed at maintaining and developing competences and managing human resources as an opportunity for business development.

Workforce

As of 31 December 2011, the total number of resources of the SEA Group stood at 5,090 (in terms of HDC), down around 90 members on end 2010 following the mobility proceedings that began in September 2009 and came to an end in July 2011 and the lesser use of seasonal staff, also thanks to the lesser use of the Extraordinary Temporary Lay-off Fund (CIGS).
To this end, please note that during the year, use of the CIGS, granted following the crisis determined by the de-hubbing of Alitalia, continued for SEA and SEA Handling. The application of this tool by corporate functions, staff and operations took place in a carefully-focussed manner: at end 2011, total hours of CIGS applied came to 892 thousand (down by more than 180 thousand hours on 2010).
The reduction in the number of hours of CIGS is connected with the growth in traffic and, in particular, for SEA Handling, to the need to supply additional services under the scope of the ViaMilano project. These factors have given rise to a greater need for workforce, at a time when the staff available is being reduced and costs are being limited (consequent to the policy to reduce overtime); the response has been one of ensuring greater production efficiency and lesser use of the CIGS.
Once again, 2011 saw the SEA Group confirm a major female presence, with women accounting for 30% of all employees and fairly distributed in the various different levels.

Managerial and operative processes

In 2011, various different organisation projects were started up and completed, aimed at optimising processes and the development of business, also with a view to adapting them to the new strategies adopted by the SEA Group.
In order to further rationalise and optimise the managerial and administrative processes in human resources, some initiatives have been developed, including the implementation of the on-line access to payslips, giving all employees the option of accessing their payslips and CUD declaration forms for the last five years. A telephone contact centre has also been instituted that, thanks to a large database, is able to provide employees with a great deal of information on their employment, and an automatic answering machine, active 24 hours a day, through which to notify any absences for sickness and which automatically generates informative e-mails for the company areas concerned. Finally, procedures have been developed for the automated computer management of the authorisation process for overtime, transfers and recalls back to service.

Development and training

Once again in 2011 the offer of training opportunities concerned all company roles, responsibility levels, professional families and individuals, with the aim of motivating resources and increasing their professional value, in harmony with the development of the company and evolution of the business culture. More specifically, during the year emphasis was given to customer relations and training was delivered to develop capacities to manage these types of relations, through courses run for front line employees and their managers, who interface daily with passengers and airlines.

To this end, more than 850 front line area employees were trained, considered particularly important in improving operative management and increasing customer satisfaction; these included check-in, lost & found, ticketing and security.
Company management was also involved in training relating to the relevance and centrality of the customer through the "Acceleration and adherence" project, which was hinged on workshops devoted to innovation and development projects on matters focussed on the customer; these resulted in the identification of 15 intervention projects.

Welfare

In 2011 and on the basis of the results of a survey run in 2010 to define the level of employee satisfaction with regards to company welfare, the SEA Group implemented two initiatives in the field of health: improvement to the check-up protocol with the introduction of new specialist check-ups and new examinations and the implementation of a free cancer prevention campaign.

2011 also saw support continue to employees and their families, intervening on the methods by which summer camps reserved to the children of employees can be accessed, with a significant increase in the number of adhesions, which were up by 28.5% on last year. Please note that at year end, a winter camp was also proposed, receiving a very satisfactory response from workers.
Finally, the signing of the trade union agreement on 6 October 2011 laid the basis for the reorganisation of the SEA welfare governance, defining a modern, integrated management model through the creation of bilateral and equal participation entities. This new model, which aims to improve employee quality of life by providing a wider range of services than is currently available, will result in the constitution of a new association involving the two company CRALs and a coherent restructuring of the supplementary welfare fund.

Industrial relations

In pursuing the trend in place for several years now, the productive discussions with trade union organisations concentrated particularly on the identification of measures aimed at helping the SEA Group recover efficiency and definitively restore the health of SEA Handling. It is under this scope that we can consider the agreements signed in March in relation to some professional figures, in particular of the handling area: for the ramp agent, an extension was envisaged of the activities assigned and a variable nature of salaries, partially connected with the achieving of specific objectives and effective attendance at work; for Milan Linate, a unification of competence has been introduced for flight control and weight & balance; in Malpensa document and flight control activities have been rationalised.
In July 2011, SEA and the trade unions signed an important framework agreement aimed at defining a new shareholder agreement with which to cope with the continued state of crisis, achieving positive operating results for SEA Handling and laying the basis by which to bring the Group margins into line with those of the major comparable airports in Europe.
The cornerstones of this agreement include continued use of the Extraordinary Temporary Lay-off Fund for 2012-2013 (which will involve around 200 employees of SEA and the same number in SEA Handling and for which the related agreements have already been authorised by the ministry) and the start-up of new mobility proceedings affecting around 150 employees of SEA and 100 of SEA Handling, identified mainly from those who will accrue the right to retire during these two years.

Corporate governance system

Profile

The corporate governance system is based on the traditional organisational model comprising the Shareholders' Meeting, Board of Directors and Board of Auditors.
SEA and the Group companies are not listed on the stock exchange but despite this, as from 27 June 2001, they have voluntarily implemented a corporate governance system inspired by the standards and recommendations given in the "Self-Regulatory Code of listed companies" prepared by Borsa Italiana, where applicable.

SEA believes that the adoption of a corporate governance model, such as that recommended by the Self-Regulatory Code - inspired by standards of transparency and a correct balance of management and control, is an essential requirement and effective tool by which to pursue values underlying its mission.

The Company is not subject to management and coordination in accordance with Arts. 2497 et seq. of the Italian Civil Code.

Shareholders' Meeting

The Shareholders' Meeting is the body that represents all shareholders; through its resolutions, it expresses the company desires.
The Shareholders' Meeting will take all decisions relevant to the company's life, including the appointment of corporate bodies, approving the financial statements and amending the articles of association.

Board of Directors

The Company's Board of Directors in office as of the date of this report numbers seven members, five of which appointed by the Shareholders' Meeting on 28 April 2010 and a further two on 29 December 2011, following amendments to the articles of association that raised the number of directors to seven.
The Board of Directors in its present form shall remain in office until approval of the financial statements as of 31 December 2012.
The SEA Board of Directors consists of executive and non-executive directors; it is assisted by committees it has instituted which make suggestions and recommendations (Remunerations Committee and Group Internal Control Committee).

Committees

The committees consist exclusively of non-executive directors without operative powers of attorney; they go about their business through meetings of which the relevant minutes are prepared and kept on the Company's files.
The duties assigned to said Committees are those envisaged by applicable legislation and the Self-Regulatory Code and are specified in the resolution constituting them.

Internal control system

The Company has an internal control system comprising rules, procedures and organisational structures aimed at monitoring:

- the efficiency and effectiveness of business processes;
- the reliability of financial information;
- compliance with laws, regulations, the articles of association and internal procedures;
- the safeguarding of the company's equity.

For these activities, the Board of Directors collaborates with the Group Internal Control Committee. The Committee, which was instituted by the Board of Directors on 25 July 2002/15 July 2003, is an internal committee of the Board of Directors numbering two non-executive directors with advisory and guiding roles on internal control and corporate risk management; in addition to assessing the suitability of the internal control system, it also works as a go-between for the Board of Directors, Board of Auditors, independent auditing firm and Supervisory Body pursuant to Italian Legislative Decree no. 231/2001.

In its control, the Group Internal Control Committee uses the Auditing Management.
In FY 2011, the Company updated to the Organisational, management and control model pursuant to Italian Legislative Decree no. 231/2001, introducing "environmental crime".

Monitoring of the effectiveness and suitability of the "Organisational, management and control model" is assigned to the Supervisory Body, appointed by the Company's Board of Directors and numbering three members (two external independent members and the Auditing Manager).

Board of Auditors

The Board of Auditors in office as of the date of this report was appointed by the Shareholders' Meeting on 28 April 2010, in compliance with the provisions of the articles of association; it will remain in office until approval of the financial statements as of 31 December 2012.

Code of Ethics

In April 2000, SEA equipped itself with a "Code of Ethics" defining the Company's ethical and moral values and indicating behavioural lines to be implemented by staff and members of the corporate bodies in relations within the company and externally; in 2011 SEA updated its Code of Ethics to adjust it to the relevant "best practices" and the status of company able to be listed. The Company has appointed the "Ethics Committee" to spread awareness of and ensure compliance with it.

The Code of Ethics is available for consultation on www.seamilano.eu in the IR section.

Corporate Governance Report

The Company prepares an annual Report on Corporate Governance and Ownership Structures; this report can be viewed on www.seamilano.eu under the IR section.

Privacy compliance

With regards to legislation on the protection of personal data (point 26 of Annex B to Italian Legislative Decree no. 196/2003 - "Technical regulations on minimum security requirements"), it is acknowledged that the Data security policy is updated as of 31 December 2011.

SEA Group economic, equity and financial trend

Economic trend

Comprehensive consolidated income statement

	Financial year ended on 31 December				
(thousands of euros)	2011	%	2010	%	% var. 2011/2010
Operating income	579,306	89.9	565,791	92.1	2.4
Income for work on goods granted under concession	65,137	10.1	48,366	7.9	34.7
Total income	**644,443**	**100.0**	**614,157**	**100.0**	**4.9**
Operating costs					
Payroll costs	251,594	39.0	248,459	40.5	1.3
Consumables	53,059	8.2	48,344	7.9	9.8
Industrial costs	89,087	13.8	87,027	14.2	2.4
Administrative costs	38,512	6.0	33,593	5.5	14.6
Costs for work on goods granted under concession	61,507	9.5	45,691	7.4	34.6
Total operating costs	**493,759**	**76.6**	**463,114**	**75.4**	**6.6**
Gross operating margin/EBITDA	**150,684**	**23.4**	**151,043**	**24.6**	**-0.2**
Amortisation/Depreciation	41,384	6.4	36,913	6.0	12.1
Allocations and impairment	27,991	4.3	16,265	2.6	72.1
Operating result	**81,309**	**12.6**	**97,865**	**15.9**	**-16.9**
Income (expense) from equity investments	21,681	3.4	5,567	0.9	n.s.
Financial expense	(20,327)	-3.2	(19,222)	-3.1	5.7
Financial income	5,371	0.8	18,203	3.0	-70.5
Pre-tax result	**88,034**	**13.7**	**102,413**	**16.7**	**-14.0**
Period tax	34,127	5.3	39,280	6.4	-13.1
Net result	**53,907**	**8.4**	**63,133**	**10.3**	**-14.6**
Third party share of result	3	n.s.	2	n.s.	28.1
Group result	**53,904**	**8.4**	**63,131**	**10.3**	**-14.6**

Operating income

The operating income for FY 2011 stands at € 579,306 thousand, up 2.4% on FY 2010.
Operating income includes Aviation income, Non Aviation income, Handling income and Energy income.
For comments on the trend of operating income, please refer to the segment reporting given over the previous pages.

Income for work on goods granted under concession goes from € 48,366 thousand in FY 2010 to € 65,137 thousand in FY 2011, showing a 34.7% increase.
This income corresponds to the works realised on goods granted under concession, increased by a mark-up that is representative of the remuneration of internal costs for works management and design. The trend of this item is closely linked to the related investments.

Cost of labour

In FY 2011, the Group cost of labour increased by € 3,135 thousand (+1.3%) on FY 2010, going from € 248,459 thousand in 2010 to € 251,594 thousand in 2011.
The increased cost of labour is mainly affected by the renewal of the collective national employment contract, which had expired on 31 December 2011. In 2011, the Group benefited to a lesser extent (with respect to 2010) from use of the Extraordinary Temporary Lay-Off Fund (CIGS) with reference to SEA and SEA Handling. More specifically, use of social shock absorbers came to € 15.5 million in 2011 and € 17.9 million in 2010 (corresponding respectively to 892 thousand hours for 2011 and 1,074 thousand hours for 2010).
As of 31 December 2011, total resources of the SEA Group numbered 5,090, down 88 mainly due to continuation of the mobility proceedings that had been initiated in 2009 and were in place until July 2011, and the lesser use of seasonal staff.

Consumables

In FY 2011, costs for consumables increased by € 4,715 thousand (+9.8%) on FY 2010, going from € 48,344 thousand in 2010 to € 53,059 thousand in 2011, mainly by virtue of the increased consumption and the higher price of methane in connection with the increased electricity production of the subsidiary SEA Energia. This increase was partly offset by the reduction in purchases for stocks of the parent company SEA due to reduced purchases of de-icing liquid in 2011 with respect to 2010, following better weather conditions seen in early 2011.

Industrial costs

The table below provides a breakdown of industrial cost items:

Industrial costs						at 31 December
(thousands of euros and percentage of income)	**2011**	**%**	**2010**	**%**	**Change**	**%**
Ordinary maintenance costs	33,961	5.3	38,198	6.2	(4,237)	(11.1)
Airport fire-fighting service	6,277	1.0	6,462	1.1	(185)	(2.9)
Purchases of industrial services	32,720	5.1	31,608	5.1	1,112	3.5
Other industrial costs	16,129	2.5	10,759	1.8	5,370	49.9
Total	**89,087**	**13.8**	**87,027**	**14.2**	**2,060**	**2.4**

In FY 2011, industrial costs increased by € 2,060 thousand on last year (2.4%), going from € 87,027 thousand in 2010 to € 89,087 thousand in 2011. The net increase of € 2,060 thousand is mainly due to:

- greater capital losses connected with the 2011 demolition of plants and property for € 4,570 thousand;
- greater expenses for utilities and vigilance for € 1,076 thousand;
- lesser costs for scheduled maintenance for € 4,237 thousand;
- greater industrial costs totalling € 1,204 thousand, which, amongst others, include services to VIP room, connections with the Malpensa terminal, commercial and marketing costs.

Administrative costs

The table below provides a breakdown of administrative cost items:

Administrative costs						at 31 December
(thousands of euros and percentage of income)	**2011**	**%**	**2010**	**%**	**Change**	**%**
Concession charges	6,164	1.0	5,828	0.9	336	5.8
Charges relative to licenses to use hardware and software	5,990	0.9	5,721	0.9	269	4.7
Other administrative costs	26,358	4.1	22,044	3.6	4,314	19.6
Total administrative costs	**38,512**	**6.0**	**33,593**	**5.5**	**4,919**	**14.6**

In 2011, administrative costs increased by € 4,919 thousand on 2010 (+14.6%), going from € 33,593 thousand to € 38,512 thousand.
Concession charges increased by € 336 thousand on 2010 by virtue of the increased traffic. Charges relating to licenses to use hardware and software remain basically unchanged in the two periods. Other administrative costs include professional provisions of legal and technical services, strategic consulting, advertising expenses, rental expenses, tax expenses and other lesser costs.

This item is affected by costs for consulting, mainly following the action taken as part of the project to list SEA, for € 4,445 thousand.

Costs for work on goods granted under concession

Costs for work on goods granted under concession go from € 45,691 thousand in 2010 to € 61,507 thousand in FY 2011 as of 31 December 2011.
These represent the cost for works realised on goods granted under concession. The trend of this item is closely linked to the related investments.

Amortisation/Depreciation

The table below provides a breakdown of amortisation/depreciation:

Amortisation/Depreciation						As at 31 December
(thousands of euros and percentage of income)	**2011**	**%**	**2010**	**%**	**Change**	**%**
Amortisation of intangible fixed assets	24,709	3.8	21,975	3.6	2,734	12.4
Depreciation of tangible fixed assets	16,675	2.6	14,938	2.4	1,737	11.6
Total amortisation/depreciation	**41,384**	**6.4**	**36,913**	**6.0**	**4,471**	**12.1**

Allocations and impairment

The table below provides a breakdown of allocations and impairment.

Allocations and impairment						As at 31 December
(thousands of euros and percentage of income)	**2011**	**%**	**2010**	**%**	**Variazioni**	**%**
Net impairment of receivables	6,392	1.0	1,865	0.3	4,527	n.s.
Amortisation/Depreciation of fixed assets	0	0.0	(2,764)	(0.5)	2,764	(100.0)
Net allocations to provisions for future expenses	10,957	1.7	7,186	1.2	3,771	52.5
Allocations to the provision for restoration and replacement	10,642	1.7	9,978	1.6	664	6.7
Total allocations and impairment	**27,991**	**4.3**	**16,265**	**2.6**	**11,726**	**72.1**

In 2011, allocations and impairment increased by € 11,726 thousand (+72.1%) on the same period of last year, going from € 16,265 thousand in 2010 to € 27,991 thousand in 2011, mainly by virtue of the greater write-down of receivables and greater allocations to the reserve for future charges.

Net impairment of receivables (€ 6,392 thousand) is up by € 4,527 thousand on last year due to allocations made, as for previous years, to consider both the risk of a deterioration to the financial trends of the main operators with which disputes are underway and the write-down of receivables subjected to bankruptcy proceedings. Allocations to reserves for future charges, of € 10,957 thousand, mainly refer to work-related expenses deriving from trade union agreements stipulated at end July, to counter-claims underway for the companies under extraordinary administration of the Alitalia Group and expenses for acoustic zoning.
Allocations to provisions for restoration and substitution of € 10,642 thousand include allocations for maintenance and replacements aimed at ensuring the function of the infrastructures granted under concession.

Income and expense from equity investments

The table below provides a breakdown of income and expense from equity investments:

Income (expense) from equity investments				at 31 December
(thousands of euros)	**2011**	**2010**	**Change**	**%**
Value on shareholders' equity of investments	2,326	5,412	(3,086)	(57.0)
Other income from equity investments	19,355	155	19,200	n.s.
Total income (expense) from equity investments	**21,681**	**5,567**	**16,114**	**n.s.**

In 2011, net income from equity investments were up by € 16,114 thousand, going from € 5,567 thousand in 2010 to € 21,681 thousand in 2011.

This increase, partly offset by a lesser income for € 3,086 thousand from the measurement at equity value of associates, is mainly due to the following income registered in 2011 and not in 2010:
- capital gain of € 5,811 thousand relative to the sale of GESAC;
- capital gain of € 12,889 thousand relative to the signing of the sales agreement for AA2000;
- dividends for € 655 thousand received from AA2000.

Financial income and expense

The table below provides a breakdown of financial income and expense:

Financial income (expense)				at 31 December
(thousands of euros)	**2011**	**2010**	**Change**	**%**
Exchange gains	24	74	(50)	(67.6)
Other financial income	5,347	18,129	(12,782)	(70.5)
Total financial income	**5,371**	**18,203**	**(12,832)**	**(70.5)**
Interest expense on loans	(7,371)	(7,466)	95	(1.3)
Other interest expense	(12,956)	(11,756)	(1,200)	10.2
Total financial expense	**(20,327)**	**(19,222)**	**(1,105)**	**5.7**
Total financial income (expense)	**(14,956)**	**(1,019)**	**(13,937)**	**n.s.**

In FY 2011, net financial expense was up by € 13,937 thousand, going from € 1,019 thousand in 2010 to € 14,956 thousand in 2011. This effect was mainly caused by the reduction in "Other financial income", which, in FY 2010, included the interest share received following collection compensation for damages on handling tariffs for 1987-1989-1990, for a total of € 12,456 thousand, and the positive effect, in 2010, of the fair value measurement of derivatives that had entailed the recording of income of € 3,556 thousand (in 2011 the fair value measurement of derivatives had resulted in net income of € 899 thousand).

Interest expense on medium and long-term loans is basically in line in the two periods; "Other interest expense" recorded an increase of € 1,200 thousand. This item includes financial expense for the application of IFRIC 12 in connection with the discounting of the restoration fund of € 3,660 thousand in 2011 (3,819 in 2010).

Period tax

Below are details of tax:

Tax				at 31 December
(thousands of euros)	**2011**	**2010**	**Change**	**%**
Current tax	36,913	29,103	7,810	26.8
Deferred tax	(2,785)	10,177	(12,962)	n.s.
Total tax	**34,128**	**39,280**	**(5,152)**	**(13.1)**

Net result

The period net result has reduced by € 9,227 thousand, going from € 63,133 in 2010 to € 53,906 thousand in 2011.

Equity and financial trend

(thousands of euros)	at 31 December 2011	at 31 December 2010
Activity		
Intangible fixed assets	755,816	712,310
Tangible fixed assets[(1)]	248,341	246,316
Real estate investments	3,421	3,406
Equity investments in associates	36,973	35,656
Equity investments available for sale	26	15,726
Other non-current receivables	922	1,187
Deferred tax assets	22,770	15,825
Fixed capital (A)	**1,068,268**	**1,030,426**
Trade receivables	171,539	190,141
Other current receivables	14,775	13,158
Inventories	9,261	9,693
Short-term operating assets	**195,576**	**212,992**
Trade payables	185,417	148,415
Other payables	181,771	87,413
Period tax payables	42,804	41,351
Short-term operating liabilities	**409,992**	**277,179**
Working capital (B)	**(-214,416)**	**(-64,187)**
Provisions for risks and charges (C)	(-159,894)	(-154,927)
Personnel-related provisions (D)	(-68,527)	(-72,825)
Other non-current liabilities	(-62,307)	0
Net invested capital (A+B+C+D)	**563,124**	**738,487**
Group shareholders' equity	242,707	393,713
Third party shareholders' equity	83	80
Net financial debt	320,334	344,694
Total sources of finance	**563,124**	**738,487**

(1) Tangible fixed assets do not state the value of goods financed by the State, equal to € 500 million (€ 499.5 million at 31 December 2010). These goods are in fact stated net of the related contributions received, in accordance with IAS 20.

As of 31 December 2011, net invested capital totalled € 563,124 thousand, down 175,363 thousand on 31 December 2010.

Fixed capital (€ 1,068,268 thousand) is up by € 37,842 thousand on 31 December 2010, mainly by virtue of net period investments (€ 88,121 thousand), partially absorbed by period amortisation (€ 41,384 thousand), the sales of equity investments available for sale in GESAC and Aeropuertos Argentina 2000 (€ 15,700 thousand), the increase in deferred tax assets (€ 6,945 thousand) and the increase in financial fixed assets as a consequence of the measurement as equity of related equity investments (€ 1,317 thousand).

Net working capital (€ -214,146 thousand) is down by € 150,229 on 31 December 2010, basically by virtue of the increased trade payables connected with the management of working capital and the increased Other payables by virtue of the current share (€ 85,063 thousand) of the extraordinary dividend (€ 147,370) to be distributed as resolved by the Shareholders' Meeting on 29 December 2011.
We also note an increase of € 10,847 thousand in relation to period tax payables.
At end 2011, the net financial position came to € 320,334 thousand, up € 24,360 thousand as compared with end 2010 when it totalled € 344,694 thousand.
The trend of the net financial debt level has been affected differently by a range of factors, including:

a) the further reduction of medium/long-term debt of the Group as a consequence of the continued amortisation of a significant part of loans in place (during the period, capital shares were repaid for € 37,793 thousand), partially offset by the disbursement of € 30,000 thousand in loans on EIB funds, intermediated by Banca Intesa Infrastrutture e Sviluppo, with a twenty-year term;
b) the zeroing of short-term financial debt connected with treasury needs (down € 20,500 on end 2010);
c) repayment of the State grant financial advance facility (€ 9,277 thousand at end 2010) following the May collection of equivalent receivables from Enac;
d) the negative change to the fair value of derivatives (which went from € -1,142 thousand at end 2010 to € -7,924 thousand at 31 December 2011) following expiry of contracts in place at end 2010 with a particularly reduced time value, and the negotiation of new rate risk hedging transactions with terms

ranging from 5 to 10 years;

e) the December payment of the ordinary dividend of € 41,846 thousand;

f) the substantial stability of Group liquidity, which stands at e 24,062 thousand (€ 23,465 thousand at end 2010), invested in treasury current accounts guaranteeing significant profitability. The trend of liquidity, in addition to being sustained by the operative management trend, was also sustained by a range of other factors:

- the taking out of a new medium/long-term debt as per point a), which has also replaced the short-term debt as per point b);
- measurements of some corporate equity investments generating extraordinary income of € 22,000 thousand (of which € 8,200 thousand deriving from the sale of 5% of the share capital of GESAC and the remaining as the first tranche of collection of the sale of the equity investment in the share capital of AA2000).

Consolidated Statement of Cash Flows

Summary Statement of Cash Flows of the SEA Group

	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Cash flow deriving from operations	148,206	91,022
Cash flow deriving from investments	(64,257)	(61,814)
Cash flow deriving from financing	(83,352)	(31,517)
Increase/(decrease) of liquid funds	597	(2,309)
Opening liquid funds	23,465	25,774
Closing liquid funds	24,062	23,465

During the financial year ended on 31 December 2011, cash flow from operations enabled investments made to be covered, in addition to the needs deriving from financing.

Below is a summary of the main phenomena influencing the trend of cash flow in the years examined.

Net cash flow deriving from operations

	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Cash flow deriving from operations prior to changes in working capital(1)	**121.787**	**110.644**
Changes in inventories	432	(419)
Changes in trade and other receivables	10,404	(13,889)
Changes in other non-current assets	293	304
Changes in trade and other payables	50,094	(6,325)
Cash flow deriving from changes to working capital	**61,224**	**(20,329)**
Income tax paid	(34,806)	(26,632)
Ministry of Transport compensation (including interest share)	0	27,339
Cash flow deriving from operations	**148,206**	**91,022**

(1) Cash flow deriving from operations prior to the changes in working capital includes period profits, mainly adjusted by non-monetary items (such as, for example, amortisation, depreciation and impairment, allocations).

Operations generates liquid funds for € 121,787 thousand in 2011 (€ 110,644 thousand in 2010), up € 11,143 thousand on FY 2010.
More specifically, the financial cash flow trend deriving from operations in FY 2011 benefited from a better management of working capital. In contrast, cash flow for FY 2010 included the collection of € 27,339 thousand relative to non-recurring compensation by the Ministry for Infrastructures and Transport, of damages suffered by virtue of the unlawful reduction of handling tariffs in 1987, 1989 and 1990.

Net cash flow absorbed by investments

	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Investments in fixed assets:		
- intangible	(67,351)	(49,166)
- tangible	(22,405)	(25,442)
- financial	0	0
Divestments of fixed assets:		
- tangible	1,635	269
- financial	22,200	6,525
Dividends received	1,663	6,000
Cash flow deriving from investments	**(64,257)**	**(61,814)**

Cash flow absorbed by investments is up from € 61,814 thousand as of 31 December 2010 to € 64,257 thousand as of 31 December 2011. The change in cash flow is mainly due to the valuation of some equity investments in 2011. 2011 cash flow includes:

- the collection of € 14,000 thousand connected with the agreement for the sale of Aeropuertos Argentina 2000;
- the collection of € 8,200 thousand from the sale of the equity investment in GESAC;
- the collection of dividends for € 1,663 thousand, as follows: € 659 thousand from SACBO; € 654 thousand from AA2000, € 190 thousand from Disma; and € 160 thousand from CID.

By contrast, FY 2010 included the collection of the price connected with the sale of Malpensa Logistica Europa, for € 6,525 thousand.
Investments in tangible and intangible fixed assets generated a total demand for liquid funds of € 89,756 thousand in 2011 and € 74,609 thousand in 2010.

Net cash flow generated by financing

	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Change to gross financial debt		
- increases/(decrease) of debt in the short and medium/long-term	(28,293)	(18,990)
- increases/(decrease) of financial advances on State grants	(9,277)	(13,201)
Decrease/(increase) in receivables for State grants	7,182	14,632
Increase in capital and shareholders' equity reserves	0	0
Net increase/(decrease) to other financial liabilities	(2,546)	(1,878)
Dividends distributed	(41,846)	0
Interest paid	(8,572)	(12,080)
Cash flow deriving from financing	**(83,352)**	**(31,517)**

Financing in FY 2011 used cash for € 83,352 thousand, up € 51,835 thousand on FY 2010. This change is mainly due to the following factors:

- the reduction in debt, affected by the continued amortisation of a significant part of the medium/long-term debt in place and the extinguishing of short-term loans (in the period capital shares were repaid worth € 37,793 thousand), repayment of € 20,494 thousand in “hot money”, offset by the disbursement of new twenty-year loans for a total of € 30,000 thousand on EIB funds;
- the extinguishing of the financial advance line on State contributions in May, for € 9,277 thousand following collection of corresponding receivables, of which at end June 2011, a further € 2,114 thousand remain, which are not related to financial advances;
- the negative change to the fair value of derivatives (which went from € -1,142 thousand at end 2010 to € -7,924 thousand at 31 December 2011) following expiry of contracts in place at end 2010 and the negotiation of new rate risk hedging transactions;
- distribution of dividends for € 41,846 thousand, as resolved by the Shareholders’ Meeting of 3 May 2011.

SEA Group risk factors

Strategic risk

The strategic risk factors to which the SEA Group is subject may have particularly significant effects on long-term performance, with consequent possible review of the SEA Group development policies.

Evolution and structure of the market of air transport

The airport segment trend is greatly affected by the growth in the total volume of air traffic, in turn connected with various factors such as the trend of the economy or the development of fast, alternative means of transport, particularly on rail.

Risks connected with the choice of airline

As for other airport operators, the future development of business significantly depends on the strategic choices made by the airlines, which, in turn, are also related to the evolution of the world economic-financial situation.

More specifically, in recent years, traditional airlines have implemented processes aimed at creating international alliances, which have strengthened their market position and, more generally, altered the structure of the demand; in the same period, there was also a significant change in the demand generated by a strengthening of the presence of low cost operators, with consequently increased competition of airports, enabling the development of outlying, smaller airports.

Conventional regime

A significant part of the income of the SEA Group comes from the activities implemented on the basis of the Convention stipulated between SEA - Società per azioni esercizi aeroportuali and ENAC, in force until 4 May 2041. The Convention sets out a series of obligations concerning the management and development of the Milan airport system and hypotheses of early withdrawal in the event of serious breach by SEA and hypothesised termination in the event of a delay of more than twelve months in making payment of amounts due by SEA or in the event of declaration of bankruptcy of SEA.

Upon termination of the Convention, SEA is required to return all state assets pertaining to Malpensa and Linate airports and to transfer all plants, works and infrastructures as may have been developed by SEA on said assets, to the State, free of charge.

Uncertainties deriving from the evolution of regulations

The work of the SEA Group, as for all Italian airport managers, is subject to a high level of regulation. This particularly affects the assignment of slots, air traffic control and the determination of fees relating to services that can only be performed by the airport manager (airport fees, fees for security controls, fees for the use of common assets and centralised handling service infrastructures).
Moreover, as for the other companies of the segment, the work of the SEA Group is subject to the application of numerous laws and regulations on environmental protection, in force on a European Community, national, regional and local level.

Risks related to the airport handling business

The trend of the airport handling segment is affected by the evolution and structure of the air transport market and the risks connected with the choices made by airlines. The latter have a major influence on the handlers' business, as the relative contracts are subject to withdrawal faculties that are particularly favourable for airlines. The major competition experienced by airport handlers also entails risks of significant variability to the market shares they serve.

Risks connected with the European Commission proceedings on State aids provided to SEA Handling

In 2010, considering that SEA's coverage of the losses accrued by SEA Handling from 2002 to 2005 took place through "State aid", the European Commission initiated proceedings aimed at ascertaining if the disbursement of said funds was compatible with European Community legislation seeking to guarantee free competition. Should the European Commission decision rule that it was indeed "State aid" in breach of EU legislation, it may mean that the Italian State (through the Municipality of Milan) is required to "recover all unlawful aid from the beneficiary", thereby meaning that following the demand by the Municipality of Milan, SEA Handling would be required to return to SEA the entire amount of the funds used to cover the losses. An appeal can be lodged against such a decision on the part of the European Commission, expected for end March 2012, before the General Court of the European Union; this would determine the suspension of the recovery of funds for the entire duration of the proceedings. (for more information, please refer to Reference legislative and regulatory framework).

Operational risk

This type of risk, related to the way in which the SEA Group manages the main business processes, although having an effect on the short and long-term performance, does not have any significant consequence on strategic choices.
These risks are managed by the parent company, which identifies measures and takes all suitable action able to prevent and limit the consequences connected with the arising of said risk factors.

Airport system traffic management

The SEA Group is committed to avoiding all interruptions to business and service; despite this commitment, such conditions may occur following:

- strikes and other forms of interruption of the work of its staff, that of the airlines, air traffic control service staff and emergency public service operators;
- incorrect, untimely provision of services by third parties such as, for example, ENAV staff appointed to air traffic control services, emergency and safety public service operators, airline staff or other operators involving in providing handling services;
- adverse weather conditions (snow, fog, etc.).

To limit the impact of these risks, the SEA Group oversees the correct function of the computer systems used to operatively manage the airports and coordinates the services and activities necessary to the correct operation of airports, including in emergency conditions.

Risks associated with the management of safety and security

In compliance with the obligations assigned to the airport manager by Enac Regulation of 21 October 2003 for the construction and running of airports, by means of the Safety Management System the SEA Group guarantees that the airport operations take place in pre-established safety conditions and assesses the effectiveness of this system in terms of intervening to correct any deviations seen as deriving from the conduct of any airport operator.
Under this scope, the SEA Group guarantees that flight infrastructures, systems, equipment, processes and operating procedures comply with national and international standards; it also constantly trains staff in order to safeguard safety, quality levels and regularity of service and its efficiency as far as possible.
In implementing the Safety Management System, the SEA Group considers achievement of the following objectives as both strategic and essential:

- acceptance of responsibility for safety issues by all management and by individual collaborators, at the different functional levels and in the different business activities;
- the priority of operative safety;
- minimisation of risks connected with all operations on ground and, in particular, those connected with the aircraft;
- the obligation to maintain safety standards for all operators, companies and external entities operating by any title on airport grounds;
- maintenance and improvement of safety levels and system traceability.

For more information, please refer to “Airport safety and quality of services”.

Risks associated with unexpected interruptions of business

Amongst other risks, the SEA Group is exposed to the risk of fire, flooding, interruption due to technical dysfunction and explosion. Should such events occur, they may have negative effects on operative, economic and financial management, including prospectively.
As well as ensuring the constant update of the control and prevention systems, an insurance policy has been drawn up to cover the economic and financial effects of any such events (including terrorist events).

Commodity risk

The SEA Group is exposed to the changes in price, and the related trade, of energy commodities processed, i.e. gas and, to a lesser degree, electricity. These risks depend on the purchase of said energy commodities.

For more information, please refer to paragraph 4 "Risk Management" of the Notes to the consolidated financial statements.

Financial risk

The financial risk is managed by the parent company, which identifies measures and takes all suitable action able to prevent and limit the consequences connected with the arising of said risk factors. For more information, please refer to paragraph 4 "Risk Management" of the Notes to the consolidated financial statements.

Significant events after year end

Passenger and cargo traffic trends in the first two months of 2012

During the first two months of 2012, the airports managed by the SEA Group recorded an overall reduction in traffic with respect to the same period of 2011, equal to 1.3% for passengers and 9.3% for cargo, thereby respectively standing at figures of around 3.8 million travellers and 62 thousand tonnes of cargo.
These results were negatively affected by various contingent factors, such as the cessation of business by Lufthansa Italy and Cargoitalia, the difficult macroeconomic outlook, particularly as concerns Italy (with a drop in industrial production in January 2012 that is 5% below that of last year) and the comparison with the first two months of 2011, when the recovery of traffic internationally was particularly significant.

This situation has had a negative impact, above all on the trend of some European and national routes, whilst airlines headed to areas of greater economic development have recorded positive trends, in particular Emirates (+12.3%), Turkish Airlines (+18.2%), Aeroflot (+9.2%), Qatar (+21.9%), Cathay Pacific (+64.6%), Air China (+42.3%), Ethiad (41.6%) and Singapore Airlines (+29.7%).

Malpensa

At end February 2012, Malpensa recorded a 4.3% drop in passengers against a 12.4% drop in movements and 9.8% in cargo, settling at around 2.5 million travellers served and almost 60 thousand tonnes of cargo handled. Passenger traffic suffered a downward trend in both terminals: Milan Malpensa 1 recorded a reduction of 5.3%; Milan Malpensa 2 of 2.0%.
These results were significantly affected by a particularly negative trend recorded for the first month of 2012 in both the passenger and cargo segments (which recorded respective reductions of 5.3% and 18% on January 2011), juxtaposed by a basic stability seen in February.

Milan Malpensa 1
During the first two months of 2012, terminal traffic reached almost 1.8 million passengers, down around 100 thousand units on the same period of last year; this result was influenced by the reduction in traffic of the Lufthansa Group (approximately 145 thousand fewer passengers) also connected with the cessation of Lufthansa Italy business and the transfer of Air France flights to Linate (approximately 40 thousand fewer passengers in Milan Malpensa 1). The impact of these phenomena was partly offset by the increase on the terminal of Alitalia passengers (up almost 70 thousand units) and the good performance by some European airlines such as Vueling and Air Europa, which also covered the routes no longer offered by Lufthansa Italy and the growth of Middle Eastern and Asian airlines, as described previously.

Milan Malpensa 2
At end February 2012, Milan Malpensa 2 recorded a drop in traffic with respect to the same period of 2011, equalling approximately 54 thousand passengers, with easyJet which, during the first two months of the year, carried around 750 thousand passengers to and from Malpensa, in any case suffering the difficult macroeconomic context of the Eurozone.

Milan Malpensa Cargo
During the first two months of 2012, Milan Malpensa Cargo recorded a 9.8% drop in the volumes of cargo transported (equal to approximately 6 thousand tonnes less), affected by the cessation of business of Cargoitalia and the negative performance of some airlines, including Korean Air (-26.9%) and Cathay Pacific (-14.2%), partially offset by the growth of other cargo airlines, including Cargolux (+6.3%), Fedex (+5.5%), Ethiad (+30.1%) and European Air Transport (+9.5%).

Linate

In Linate, which was subject to the traffic limitations established by Ministerial Decrees 03/03/2000 and 05/01/2001, during the first two months of 2012, significant growth was recorded in passenger traffic (+5.5%), supported by the increase in business of some important airlines operating on the airport, including Lufthansa (which recorded a 3.6% increase), easyJet (up by 32.5%), British Airways (+15.9%) and the impact of the transfer of Air France flights to Linate.

Cessation of business of some European airlines: Spanair and Malev

The difficult reference macroeconomic context at the end of January 2012 resulted in the cessation of business of Spanair, the Spanish low cost airline, and the Hungarian national company Malev. The SEA Group was only slightly affected by these events, as the Hungarian airline only accounted for 0.5% of passenger traffic for Malpensa in 2011 and was not a customer of the SEA Group for handling services.

Milan Malpensa: development of the network of services and destinations

Also during the first few months of 2012, some airlines showed an interest in increasing their business on Milan Malpensa airport: as from end March, Airone will be introducing 2 new daily flights to London and Munich, and as from early June, it will begin offering 1 flight a day to Warsaw, as well as doubling daily connections with Olbia; easyJet will be offering new destinations in Greece in the summer and will be increasing flights to Catania and Copenhagen and, as from end June, this latter destination will also be served by Norwegian. Additionally, important airlines of the Middle and Far East will also be strengthening their presence at the airport: as from June, Emirates will be taking daily connections with Dubai up to 3, as form April, weekly flights offered by Qatar Airways to Doha will go from 11 to 14 and Air China will make the connection with Shanghai available daily. Two new airlines will be starting to operate from Malpensa over the coming months: Monarch Airlines will connect Malpensa and London Gatwick, Manchester and Birmingham; Armavia will begin operating on the Milan-Yerevan route. As from summer 2012, Livingston confirms the start-up of new operations, choosing Malpensa as its base for the operation of a new charter model offering additional, tailor-made services to passengers initially using four A320s. Please also note that in June, Wizzair will also begin operating on Milan Malpensa; this is an important Eastern Europe low cost company that will connect the airport with Budapest and Bucharest, respectively with 11 and 4 flights a week.

ViaMilano - the self-hubbing project on Malpensa continues

During the first few months of 2012, the promotion and development of the ViaMilano platform continued, also through the definition of further operative strategies to be implemented during the year. In communication terms, action has been taken and further interventions will also be implemented aimed at ensuring marketing towards individual passengers through the activation of video and audio advertising messages in Milan Malpensa 1 and 2, the use of the in-flight magazines of easyJet and Windjet, to travel agencies and the main airlines by means of the participation in various tourism fairs including, in particular, the Milan BIT in February 2012, to the target airports of this initiative, mainly represented by Southern Italy airports.

Lufthansa Technik confirms the use of the Milan Malpensa hangar

At the end of January 2012, Lufthansa Technik confirmed its partnership with the SEA Group by signing new agreements for the use of the Malpensa hangar, which, amongst other matters, confirm the presence of the operator through to 2013. The company provides aircraft maintenance services as well as providing the Lufthansa Group, of which it is a member, several operators on the airport, thereby equipping the airport with a vaster range of services to be offered to airlines.

Lufthansa chooses SEA Handling for passenger services

As from early February 2012, Lufthansa, already a customer of SEA Handling in the ramp area, has begun using its services in the passenger area too, on the basis of a full handling contract. The acquisition of this new customer and the expectations for the trend of traffic served in the passenger area, have resulted in the need to increase staff devoted to this segment of business; therefore, as from early February, some professionals obtained form handlers previously serving Lufthansa in the passenger area, have been transferred to SEA Handling, thereby maintaining the service level guaranteed to the airline, thanks to the knowledge, by the new employees, of the procedures required by the company.

New car park management strategy for Milan Malpensa 1

In April 2012, a new commercial agreement will come into force that redefines the relationship between the SEA Group and APCOA, the current direct manager (by virtue of a sub-concession agreement) of the car parks at Milan Malpensa 1. According to this agreement, the relationship will be regulated by a management contract which will see APCOA as the sole operative manager of the business, leaving SEA Group full control over the commercial and promotional levers, including in these car parks, in line with that already in place on car parking spaces at Milan Malpensa 2 and Linate. This strategy seeks to increase the turnover of this business, by recovering market shares from competitors and the greater visibility that will be assigned to the ViaMilano Parking brand.

Proposals to the Shareholders' Meeting

Proposals to approve the financial statements and allocate the period profits

Dear Shareholders,

We would ask you to approve the financial statements for the year ended on 31 December 2011, which have been drawn up in accordance with international accounting standards IFRS.
We would also ask you to approve allocation of the FY 2011 result totalling € 49,403,324, as follows:

- € 17,738,884 to Shareholders by way of dividend, without prejudice to rounding-off depending on the split unit value;
- € 31,664,440, without prejudice to said rounding-off, to the extraordinary reserve;
- to pay the above dividend as from 14 December 2012.

The Chairman of the Board of Directors
Giuseppe Bonomi

SEA Group

Consolidated financial statements

Accounting schedules

Consolidated balance sheet

(thousands of euros)	Notes	at 31/12/2011	Of which to related parties	at 31/12/2010	Of which to related parties
Activity					
Intangible fixed assets (*)	7.1	755,816		712,310	
Tangible fixed assets (**)	7.2	248,341		246,316	
Real estate investments	7.3	3,421		3,406	
Equity investments in associates	7.4	36,973		35,656	
Equity investments available for sale	7.5	26		15,726	
Deferred tax assets	7.6	22,770		15,825	
Other receivables	7.7	922		1,187	
Total non-current assets		**1,068,268**		**1,030,426**	
Inventories	7.8	9,261		9,693	
Trade receivables	7.9	171,539	10,344	190,141	10,515
Other receivables	7.10	16,889		22,662	
Cash in hand and at bank	7.11	24,062		23,465	
Total current assets		**221,751**		**245,961**	
TOTAL ASSETS		**1,290,019**		**1,276,387**	
LIABILITIES					
Share capital		27,500		27,500	
Other reserves		161,303		303,082	
Period profits		53,904		63,131	
Group shareholders' equity	**7.12**	**242,707**		**393,713**	
Third party shareholders' equity		**83**		**80**	
Consolidated shareholders' equity of Group and third parties	**7.12**	**242,790**		**393,793**	
Provision for risks and charges	7.13	159,894		154,927	
Personnel-related provisions	7.14	68,527		72,825	
Non-current financial liabilities	7.15	310,049		304,380	
Other non-current liabilities	7.16	62,307			
Total non-current liabilities		**600,777**		**532,132**	
Trade payables	7.17	185,417	3,315	148,415	1,902
Period tax payables	7.18	42,804		41,351	
Other payables	7.19	181,771		87,413	
Current financial liabilities	7.15	36,460		73,283	
Total current liabilities		**446,452**		**350,462**	
TOTAL LIABILITIES		**1,047,230**		**882,594**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,290,019**		**1,276,387**	

(*) Intangible fixed assets include goods granted under concession (finished and under construction) for € 1,044.4 million and € 992.9 million, respectively at 31 December 2011 and 31 December 2010.

(**) Tangible fixed assets do not state the value of goods financed by the State, equal to € 500.0 million and € 499.5 million respectively at 31 December 2011 and 31 December 2010. These goods are in fact stated net of the related contributions received, in accordance with IAS 20.

Comprehensive consolidated income statement

		Financial year ended on 31 December					
(thousands of euros)	Notes	2011	Of which to related parties	Of which non-recurring	2010	Of which to related parties	Of which Non recurring
Operating income	8.1	579,306	29,475		565,791	27,562	15,605
Income for work on goods granted under concession	8.2	65,137			48,366		
Total income		**644,443**			**614,157**		
Operating costs							
Cost of labour	8.3	(251,594)	(248)		(248,459)	(78)	
Consumables	8.4	(53,059)			(48,344)		
Industrial costs	8.5	(89,087)	(2,978)		(87,027)	(559)	
Administrative costs	8.6	(38,512)	(34)	(4,400)	(33,593)		
Costs for work on goods granted under concession	8.7	(61,507)			(45,691)		
Total operating costs		**(493,759)**			**(463,114)**		
Gross operating margin/EBITDA		**150,684**			**151,043**		
Amortisation/Depreciation	8.8	(41,384)			(36,913)		
Allowance and impairment	8.9	(27,991)			(16,265)		
Operating result		**81,309**			**97,865**		
Income (expense) from equity investments	8.10	21,681		18,700	5,567		
Financial expense	8.11	(20,327)			(19,222)		
Financial income	8.11	5,371			18,203		12,456
Pre-tax result		**88,034**			**102,413**		
Period tax	8.12	(34,127)			(39,280)		
Net result		**53,907**			**63,133**		
Third party share of result		3			2		
Group result		**53,904**			**63,131**		
Earnings per share	8.13						
Basic (€)		0.22			0.25		
Diluted (€)		0.22			0.25		
Other items of comprehensive income:							
Income from the measurement of financial assets available for sale at fair value		(12,200)			5,811		
Tax effect relating to the measurement of financial assets available for sale at fair value		2,049			(292)		
Measurement at fair value of derivative financial instruments		(7.681)					
Measurement at fair value of derivative financial instruments - tax effect		**2,112**					
Total other items of comprehensive income		**(15,720)**			**5,519**		
Total comprehensive income for the year		38,186			68,652		
Attributable to:							
- parent company shareholders		38,183			68,650		
- minority interests		3			2		

Consolidated Statement of Cash Flows

	Financial year ended on 31 December			
(thousands of euros)	2011	Of which to related parties	2010	Of which to related parties
Cash flow deriving from operations				
Pre-tax result	88,034		102,413	
Adjustments:				
Amortisation and depreciation of tangible and intangible fixed assets	41,384		36,913	
Net allocations to provisions (including personnel provision)	(2,209)		(7,640)	
Net financial expense	14,957		1,019	
Income from equity investments	(21,682)		(5,567)	
Ministry of Transport compensation (excluding interest share)			(14,883)	
Other non-monetary changes	1,304		(1,611)	
Cash flow deriving from operations prior to changes in working capital	**121,787**		**110,644**	
Changes in inventories	432		(419)	
Changes in trade and other receivables	10,404	(171)	(13,889)	97
Changes in other non-current assets	293		304	
Changes in trade and other payables	50,094	(1,412)	(6,325)	(1,775)
Cash flow deriving from changes to working capital	**61,224**		**(20,329)**	
Income tax paid	(34,806)		(26,632)	
Ministry of Transport compensation (including interest share)			27,339	
Cash flow deriving from operations	**148,206**		**91,022**	
Investments in fixed assets:				
- intangible	(67,351)		(49,166)	
- tangible	(22,405)		(25,442)	
- financial				
Divestments of fixed assets:				
- tangible	1,635		269	
- financial	22,200		6,525	
Dividends received	1,663	1,663	6,000	6,000
Cash flow deriving from investments	**(64,257)**		**(61,814)**	
Change to gross financial debt				
- increases/(decreases) in short and m/l-term debt	(28,293)		(18,990)	
- increases/(decrease) of financial advances on State grants	(9,277)		(13,201)	
Decrease/(increase) in receivables for State grants	7,182		14,632	
Increase in capital and shareholders' equity reserves				
Net increase/(decrease) to other financial liabilities	(2,546)		(1,878)	
Dividends distributed	(41,846)			
Interest paid	(8,572)		(12,080)	
Cash flow deriving from financing	**(83,352)**		**(31,517)**	
Increase/(decrease) of liquid funds	**597**		**(2,309)**	
Opening liquid funds	**23,465**		**25,774**	
Closing liquid funds	**24,062**		**23,465**	

Statement of Changes in Equity

Balance at 31/12/2009 Restated	Capital	Legal reserve	Other reserves and income (loss) carried forward	Adj. eq. inv. related	Reserve hedge accounting contracts derivatives	Adj. to fair value of assets financial available for sale	Result of period	Cons. share-holders' equity	Capital and reserves of third parties	Cons. share-holders' equity of the Group and third parties
(thousands of euros)	**27,500**	**5,500**	**228,432**	**4,000**		**4,632**	**55,026**	**325,090**	**78**	**325,168**
Transactions with sha-reholders										
Allocation of profits for FY 2009			55,026				(55,026)			
Distribution of dividends										
Other changes										
Measurement of financial assets available for sale at fair value						5,519		5,519		5,519
Period result							63,131	63,131	2	63,133
Balance at 31/12/2010	**27,500**	**5,500**	**283,458**	**4,000**		**10,151**	**63,131**	**393,740**	**80**	**393,820**
Balance at 31/12/2010	**27,500**	**5,500**	**283,458**	**4,000**		**10,151**	**63,131**	**393,740**	**80**	**393,820**
Transactions with shareholders										
Allocation of profits for FY 2010			63,131				(63,131)			
Dividends distributed			(41,846)					(41,846)		(41,846)
Resolution to distribute dividends of 29 December 2011			(147,370)					(147,370)		(147,370)
Other changes										
Result of other items of the comprehensive income statement					(5,569)	(10,151)		(15,720)		(15,720)
Period result							53,904	53,904	3	53,906
Balance at 31/12/2011	**27,500**	**5,500**	**157,373**	**4,000**	**(5,569)**		**53,904**	**242,708**	**83**	**242,790**

Notes to the consolidated financial statements

1. General information

Società per Azioni Esercizi Aeroportuali SEA is a joint stock company incorporated and domiciled in Italy and organised in accordance with the legal order of the Italian Republic (the "Company").
The Company has its registered office at Milan Linate airport in Segrate (Milan).
The Company and its subsidiaries (jointly the "Group" or the "SEA Group") manage Milan Malpensa airport and Milan Linate airport under the 2001 Convention signed by SEA and Enac in 2001 and running for forty years (in renewal of the previous Convention of 7 May 1962).
More specifically, in running these airports, SEA and the Group companies manage, develop and maintain the infrastructures and systems comprising them, offer their customers all flight-related services and activities, such as the landing and departure of aircrafts and airport security services (Aviation business); these companies also provide a very wide, differentiated range of services, both under direct management and subcontracted out to third parties, of commercial services for passengers, operators and visitors (Non Aviation business).
Through SEA Handling, a subsidiary of SEA, the SEA Group also provides land-side assistance services to aircrafts, passengers, luggage, cargo and post (the Handling business).
Additionally, through SEA Energia, the SEA Group produces electricity and thermal energy intended both to cover the demands of their airports and for sale on the external market.

As of the date on which this document was prepared, the Company held a 51% share in the share capital of the Malpensa Construction Consortium, which provides engineering services and carries out works on the airports and connected infrastructures. Please also note that the Group:

- through an investment held by SEA of 40% of the share capital of Dufrital, is also involved in the management and supply of commercial activities in other Italian airports, such as Bergamo, Genoa and Verona;
- through the share capital Malpensa Logistica Europa (the share capital of which, as of 31 December 2011, was held 25% by SEA), operates in integrated logistics;
- through the equity investment (30% of the share capital) in SEA Services, operates in the Food & Beverage segment at the Milan airports;
- through an equity investment held in the share capital of Disma (18.75%), operates in the management of a plant for the storage and distribution of aviation fuel for use at Milan Malpensa airport.

With a 30.98% equity investment in the share capital, the Company is also the major shareholder of SACBO, the company to which the management of Bergamo Orio al Serio airport is entrusted.
The business of the SEA Group, as described in brief above, is therefore structured into the following macro areas, corresponding to an equal number of business units, in relation to each of which the Group earns income as specified below:

- the Aviation business (core airport business in support of passenger and cargo aviation); the income generated by these activities is defined by a regulated tariff system. It comprises airport fees, fees for the use of centralised infrastructures and common goods in addition to fees for safety and tariffs for the exclusive use of space by airlines and handlers. In this regard, please note that the fees and payments for security are established by ministerial decree, whilst the fees for the use of the centralised infrastructures and common use goods are subject to Enac vigilance, which verifies congruousness;
- Non Aviation business (commercial services offered to passengers and airport users in the Milan airports) the income of which is represented by the market fees paid for the Non Aviation business carried out directly by SEA and/or with reference to said activities carried out by third parties under a sub-concession arrangement and royalties expressed as percentages of sales made by the third party operator, with the provision of a guaranteed minimum;
- Handling business (land-side assistance services to aircrafts, passengers, luggage, cargo and post); the relevant income consists of market fees for the "ramp" handling business (i.e. services provided air-side, including the boarding/disembarking of passengers, luggage and cargo, aircraft balancing, and luggage distribution and reconciliation) and for the "passenger" handling business (i.e. services provided land-side, including check-in and lost & found). These fees are negotiated independently by the SEA Group with each airline;
- Energy (generation and sale of electricity and thermal energy), the income of which is represented by market prices established per unit of measurement, to be multiplied by the quantity of energy supplied.

Please refer to Note 6 below for economic-equity information on the individual business units.
On 29 December 2011, the tender was closed called for the sale of an equity investment in SEA held by the Municipality of Milan; the F2i fund - Italian Funds for infrastructures, which won the tender, acquired 29.75% of the share capital meaning that as of this reporting date, the Municipality of Milan held

the direct control of SEA by means of a 54.81% equity investment in the share capital.

2. Summary of the accounting standards adopted

Below are the main accounting criteria and standards applied in the preparation of the financial statements as of 31 December 2011, as defined below.
The financial statements as of 31 December 2011 have been prepared in thousands of euros, as have the tables included in the explanatory notes.

2.1 Basis for preparation

The consolidated financial statements include the consolidated statement of equity and finances as of 31 December 2011 and 31 December 2010, the consolidated comprehensive income statement, the consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity as of 31 December 2011 and 2010 and related explanatory notes.

As concerns the method of presentation of the tables of the financial statements, for the equity and financial position, the "current/non-current" distinction has been drawn; for the comprehensive income statement, the scalar scheme has been used, with the classification of costs according to nature; and for the Statement of Cash Flows, the indirect representation method has been used.

The consolidated financial statements have been prepared on the basis of the conventional historic cost criteria, except for the measurement of the financial assets and liabilities, including derivatives, in cases where the application of the fair value criteria is compulsory.
The consolidated financial statements have been prepared on the basis of the company as a going concern, as the directors have verified that there are no financial, managerial or other indicators that may show critical issues concerning the Group capacity to fulfil its commitments in the foreseeable future and, in particular, over the next 12 months.

Please note that as compared with the consolidated financial statements of SEA closed as of 31 December 2010, the Company has chosen to change the method by which derivative financial instruments are booked, as permitted by IAS 39. More specifically, with reference to the contracts signed up until 31 December 2010, as of the stipulation date, they were booked at fair value and changes in fair value noted after the first entry were treated as items of the period economic-financial result. For new contracts signed as from 1 January 2011, the Company has, where applicable, applied the "hedge accounting" method. Please refer to paragraph 2.6 below for a description of this method.

In these consolidated financial statements, the data given for comparison in the tables of changes, with reference to the balances as of 31 December 2009 are specified as "Restated", insofar as they consider the first application of IFRIC 12, as described in the consolidated financial statements as of 31 December 2010.

The consolidated financial statements are audited by the independent auditing firm PricewaterhouseCoopers, the auditors of the Company and Group.

2.2.1 Accounting standards, amendments and interpretations applicable in 2011

Below are the international accounting standards and interpretations that have come into force as from 1 January 2011 and are applicable to the SEA Group as of 1 January 2011. The adoption of these amendments and interpretations has had no effect on the Group result or financial position.

Description	Date of approval	Publication in OJEU	Date of effect envisaged by the standard	Date of effect for SEA
Amendments to IAS 32: classification of issue rights	23 Dec 2009	24 Dec 2009	Financial years that start after 31 Jan 10	1 Jan 11
Amendments to IFRS 1 and IFRS 7: limited exemption from the comparative disclosure established under IFRS 7 for new users	30 June 10	01 July 10	Financial years that start after 30 June 10	1 Jan 11
IAS 24: disclosure on related party transactions and consequent amendments to IFRS 8	19 July 10	20 July 10	Financial years that start after 31 December 10	1 Jan 11
Amendments to IFRIC 14: early payments in relation to a provision for minimum contribution	19 July 10	20 July 10	Financial years that start after 31 December 10	1 Jan 11
IFRIC 19: Extinguishing financial liabilities with equity instruments	23 July 10	24 July 10	Financial years that start after 30 June 10	1 Jan 11

It is specified that the IAS 24 revised had already been applied early by the Company.
In May 2010, the IASB issued the following changes to the IFRS (improvements):

- Improvement to IFRS 3 - Business combinations, measurement of minority shares;
- Improvement to IAS 27 - Separate and consolidated financial statements;
- Improvement to IFRS 7 - Financial instruments: supplementary information and changes to supplementary information;
- Improvement to IAS 1 - Presentation of the Statement of Changes in Equity;
- Improvement to IAS 34 - Interim financial reporting, significant events and transactions;
- Improvement to IFRIC 13 - Customer fidelity programmes, fair value of premium points;
- Improvement to IFRS 1 - First application of IFRS.

2.2.2 Accounting standards, amendments and interpretations not yet applicable and not adopted early by the Group

Below are the international accounting standards, interpretations of and amendments to existing accounting standards and interpretations, where specific provisions contained in the standards and interpretations approved by the IASB are not yet approved for adoption in Europe as of the date on which this document is approved:

Description	Date of effect established by the standard
Provisions of IAS 39 relating to fair value hedge of interest rate risk associated with a portfolio including core deposits	Date of First Time Adoption
IFRS 9: Financial instruments	Financial years as from 1 Jan 2013
Amendments to IFRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	Financial years as from 1 July 2011
Amendments to IAS 12: Deferred Tax: Recovery of Underlying Assets	Financial years as from 1 Jan 2012
IFRS 10 "Consolidated Financial Statements" and the updated version of IAS 27 "Separate Financial Statements"	Financial years as from 1 Jan 2013
IFRS 11 "Joint Arrangements" and the updated version of IAS 28 "Investments in Associates and Joint Ventures".	Financial years as from 1 Jan 2013
IFRS 12 "Disclosure of Interests in Other Entities"	Financial years as from 1 Jan 2013
IFRS 13 "Fair Value Measurement"	Financial years as from 1 Jan 2013
Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"	Financial years as from 1 July 2012
New version of IAS 19 "Employee Benefits"	Financial years as from 1 Jan 2013

The Group is assessing the effects that the application of these standards may have on the Group consolidated financial statements.

2.3 Consolidation methods and criteria

The accounting positions of the companies included in the consolidation area are prepared with reference to the financial year ended on 31 December 2011; they have been suitably adjusted as necessary to bring them into line with the Group accounting standards.

The Group's consolidated financial statements include the financial statements of the Company and the companies over which it directly or indirectly holds a controlling position, as from the date on which said control was acquired and until such time as it ceases. In the situation at hand, control is exercised by virtue of the direct possession of the majority of shares with voting rights.
Subsidiaries are consolidated in accordance with the line-by-line method. The criteria adopted for line-by-line consolidation is as follows:

- the assets and liabilities, income and expense of the entities are consolidated line-by-line, assigning minority shareholders, where applicable, the share of shareholders' equity and the net period result due them; these shares are stated separately under the consolidated income statement and shareholders' equity;
- business combinations are reported according to the acquisition method. According to this method, the price paid in a business combination is measured at fair value, calculated as the sum of the fair value of the assets transferred and liabilities assumed by the Group as of the acquisition date and the equity instruments issued in exchange for the control of the business acquired. Accessory costs of the transaction are generally stated on the income statement when they are incurred. As of the acquisition date, the assets that can be identifiable as acquired and the liabilities assumed are stated at fair value on the acquisition date; the following items are an exception to this, which are instead measured according to the reference standard:

- deferred tax assets and liabilities;
- assets and liabilities for employee benefits;
- liabilities or equity instruments relative to share-based payments of the business acquired or share-based payments relative to the Group issued in lieu of the contracts of the business acquired;
- assets held for sale and discontinued operations;
- acquisitions of minority shares relative to entities for which control is already in place are not considered

as such, but rather as operations on shareholders' equity; the Group books any difference between the cost of acquisition and the related share of the shareholders' equity acquired to shareholders' equity;
- significant profits and losses, with the related tax effects, deriving from operations performed by companies consolidated fully and not yet realised with regards to third parties, are eliminated, without prejudice to unrealised losses that are not eliminated, if the transaction provides evidence of a reduction in the value of the asset transferred. If significant, mutual debts and credits are also eliminated, along with costs and revenues, financial income and expense;
- profit or loss deriving from the sale of investment shares held in consolidated companies that entail loss of control are allocated to the income statement for the amount equating to the difference between the sales price and the corresponding share of the consolidated shareholders' equity sold.

Related companies

Related companies are those over which the Group exercises significant influence, which is presumed to exist when the equity investment ranges from 20% to 50% of the voting rights. Investments in related companies are measured using the equity method. The equity method is described below:

- the book value of these equity investments is in line with the shareholders' equity, adjusted as necessary to reflect the application of the IFRS and including the recording of the greater values assigned to the assets and liabilities and any goodwill identified at the time of acquisition;
- the profits and losses pertaining to the Group are booked as of the date on which the significant influence starts and until the date on which the significant influence ceases; if, by virtue of the losses, the company measured using the method specified should record negative shareholders' equity, the book value of the investment is cancelled and any excess pertaining to the Group (where the latter has committed to fulfilling any legal or implicit commitments of the subsidiary or in any case to cover its losses) is recorded in a specific provision; changes in equity of companies measured using the equity method and not represented by the result of the income statement are booked directly adjusting the provisions of shareholders' equity;
- significant unrealised profits and losses generated on transactions implemented by the parent company/ subsidiaries and the subsidiary measured by means of the equity method are eliminated according to the value of the share held by the Group in the subsidiary; any unrealised losses are eliminated, with the exception of where they are representative of loss of value.

2.4 Consolidation area and relevant changes

Below is data relating to the registered office and share capital (as of 31 December 2011) of the companies included in the consolidation as of 31 December 2011 using the line-by-line method and equity method:

Company name	Registered office	Share capital at 31 December 2011(in euros)
SEA Handling SpA	Malpensa airport - Terminal 2 - Somma Lombardo (VA)	38,050,394
SEA Energia SpA	Milan Linate airport - Segrate (MI)	5,200,000
Malpensa Construction Consortium	Via del Vecchio Politecnico, 8 - Milan	51,646
Dufrital SpA	Via Lancetti, 43 - Milan	258,250
CID Italia SpA	Via Lancetti, 43 - Milan	208,000
SACBO SpA	Via Aeroporto, 13 - Orio al Serio (BG)	17,010,000
SEA Service Srl	Via Val Formazza, 10 - Milan	105,000
Malpensa Logistica SpA	Milan Linate airport - Segrate (MI)	6,000,000
DISMA SpA	Milan Linate airport - Segrate (MI)	2,600,000

Below are details of the companies included in the consolidation area as of 31 December 2011, specifying the respective consolidation methods:

Company name	% held at 31 December	Consolidation method at 31 December
SEA Handling SpA	100.000	Line-by-line
SEA Energia SpA	100.000	Line-by-line
Malpensa Construction Consortium	51.000	Line-by-line
Dufrital SpA	40.000	Shareholders' equity
CID Italia SpA	40.000	Shareholders' equity
SACBO SpA	30.979	Shareholders' equity
SEA Service Srl	30.000	Shareholders' equity
Malpensa Logistica SpA	25.000	Shareholders' equity
Disma SpA	18.750	Shareholders' equity

Please note that there have been no changes with respect to 31 December 2010.

2.5 Conversion of transactions carried in a currency other than the functional currency
Transactions carried in a currency other than the functional currency of the entity implementing the transaction are translated using the exchange rate in place as of the transaction date.
Exchange gains and losses generated by the transaction or by the conversion performed at year end of assets and liabilities held in foreign currencies, are recorded on the income statement.

2.6 Measurement criteria

Intangible fixed assets

Intangible fixed assets consist of non-monetary items that can be identified but have no physical consistency, they can be controlled and are able to generate future economic benefits. These elements are stated at purchase and/or production cost, inclusive of costs directly attributed to them to prepare the asset for its use, net of accumulated amortisation/depreciation and any impairment. The following are the types of intangible assets:

(a) **Rights on goods held under concession**
Rights on goods held under concession" represent the right of the concession holder to use the goods granted under concession (the "intangible asset" method), in consideration of the costs incurred for the design and construction of the asset with the obligation to return it at the end of the concession. The value corresponds to the fair value of the design and construction increased by capitalised financial expense, in respect of the requirements of IAS 23 during construction. The fair value of construction services is determined on the basis of the costs effectively incurred increased by a 6% mark-up, representative of the remuneration of internal costs for works management and design carried out by the Group. The logic behind the determination of the fair value lies in the fact that the concession holder must apply the provisions of paragraph 12 of IAS 18 and, therefore, if the fair value of the services received (in the specific case, the right to use the asset) cannot be reliably determined, the income is calculated on the basis of the fair value of the construction services provided.
Construction services underway as of the financial statements end date are measured according to works progress and in compliance with IAS 11; this measurement is recorded on the line of the income statement entitled "Income for works on goods held under concession".
Restoration or replacement works are not capitalised and are included in the estimate of the provision for restoration and replacement as discussed below.
The goods granted under concession are amortised throughout the duration of the concession, as it is assumed that the future economic benefits of the asset will be used by the concession holder.
The amortisation/depreciation provision and the provision for restoration and replacement, when considered jointly, ensure that the following charges are covered:

- free return to the State upon expiry of the concession, of all assets that can be returned free of charge with a useful life that exceeds the duration of the concession;
- restoration and replacement of components subject to wear of the goods granted under concession.

If events occur that lead us to believe that there is a reduction in the value of these intangible assets, the difference between the book value and the recovery value is allocated to the income statement.

(b) **Patents, concessions, licenses, trademarks and similar rights**
Trademarks and licenses are amortised on a straight-line basis, according to their useful life.

(c) **Computer software**
Costs for software licenses are amortised on a straight-line basis over 3 years; costs relating to the maintenance of software programmes are spent when incurred.

Tangible fixed assets

Tangible fixed assets include owned goods and goods that can be returned free of charge and are State-financed. With regards to goods that can be returned free of charge and are State-financed, please refer to the paragraph below.

State-financed goods that can be returned free of charge
State-financed goods that can be returned free of charge are technical assets acquired by the Group in compliance with the 2001 Convention (which renewed the previous convention of 7 May 1962). The 2001 Convention entails the obligation by the Group to maintain and run all airport assets that are instrumental to the business, and the right to develop works on airport territory, which remain the property of the Group until expiry of the 2001 Convention (established as 4 May 2041). These technical fixed assets are returned free of charge to the State Administration upon expiry of the Convention. In the consolidated financial statements, the assets financed through the State, in accordance with Italian Law no. 449/85, are stated net of these grants.

Owned goods

Owned goods are technical fixed assets acquired in exchange for payment by the Group and not subject to compulsory return free of charge.
Property, plants and machinery related to both owned

goods and State-financed goods to be returned free of charge are stated at purchase or production cost and, only with reference to owned goods, net of accumulated depreciation and any impairment losses. The cost includes expenses incurred directly to prepare the assets for use and any expenses involved in dismantling and removing them which may be incurred as a consequence to contractual obligations requiring the asset to be restored to its original condition.
Expenses incurred for ordinary and/or cyclical maintenance and repair works are directly allocated to the income statement as they are incurred. The capitalisation of costs relating to the extension, modernisation and improvement of structural elements owned or used by third parties takes place up to the limits where they meet the requirements to be separately classified as assets or part of an assets, applying the "component approach" criteria, according to which each item subject to independent assessment of the useful life and related value must be treated individually.
Amortisation and depreciation is allocated on a straight-line basis once a month at rates that enable the amortisation/depreciation of the assets within their useful life. When the asset being amortised/depreciated consists of elements that can be individually identified, and whose useful life differs significantly from that of the other parts comprising the asset, amortisation/depreciation is applied separately for each part, in application of the "component approach" method. Assets to be returned free of charge and financed by SEA are amortised/depreciated over the duration of the concession or the useful life of the components, if shorter.
Below is a list of amortisation/depreciation percentages for owned goods for which specific components have not been identified:

	%
Loading and unloading means	10
Runway equipment	31.5
Miscellaneous and sundry equipment	25
Furniture and furnishings	12
Vehicles	20
Cars	25
Electro-mechanical and electronic machines	20

The useful life of property, plants and machinery and their residual value are reviewed and updated as necessary and at least at the end of each year.

Impairment of property, plants and machinery and intangible fixed assets

At each reference date, the property, plant and machinery, intangible assets and equity investments held in related parties are analysed with a view to identifying the existence of any impairment indicators. If such indicators should be seen, an estimate is prepared of the value that can be recovered from said assets, allocating any impairment with respect to the relevant book value to the income statement. The value that can be recovered for an asset is the greater of its fair value, reduced by the cost of sales and value of use, where the latter is the current value of future cash flow estimated for this asset. For assets that do not generate independent cash flow, the realisation value is determined in relation to the cash generating unit to which the asset belongs. In determining the fair value, the purchase cost is considered of a specific assets, which takes due account of a depreciation coefficient (this coefficient considers the effective condition of the asset). In determining the value of use, forecast future cash flow is discounted at a rate that reflects the current market valuation of the cost of money in relation to the investment period and the specific risks of the business. A reduction of value is recognised on the income statement when the book value of the asset exceeds the value that can be recovered.

If the basis for previously-applied impairment should cease to exist, the book value of the asset is restored and allocated to the income statement, up to the limits of the net book value that the asset in question would have had if no impairment had been applied but amortisation/depreciation had been regular.

Real estate investments

This item includes property of a non-instrumental nature. Real estate investments are initially booked at cost and in subsequent years are measured using the amortised cost method, net of accumulated depreciation and any impairment.

Financial assets

At the time they are initially booked, financial asset are classified under one of the following categories depending on the relevant nature and the purpose for which they were acquired:

- financial assets at fair value on the income statement;
- loan income and receivables;
- assets available for sale.

Financial assets are recorded amongst the assets on the balance sheet when the company becomes party to the contracts connected with them. Financial assets sold are derecognised from the assets of the balance sheet, when the right to receive cash flow is transferred together with all risks and benefits associated with the ownership.
Purchases and sales of financial assets are booked as at the value date of the related transactions. Financial assets are measured as follows:

a) **Financial assets at fair value on the income statement**
Financial assets are classified under this category if purchased with a view to being sold in the short-term. Assets in this category are classified as current and measured at fair value; changes in fair value are recognised on the income statement during the period in which they are noted, if significant.

(b) **Loan income and receivables**
Loan income and receivables refers to financial instruments, mainly relative to receivables due from customers, non-derivatives and not listed on an active market, from which fixed or determinable payments are expected. Loan income and receivables are included under current assets, with the exception of those with contractual due dates in excess of twelve months after the reporting date, which are classified under non-current assets. These assets are measured at amortised cost on the basis of the effective interest rate method.
If there is objective evidence of elements indicating a reduction in value, the asset is reduced to an extent that it is equal to the value discounted from the cash flow that can be obtained in the future. Impairment is recorded on the income statement. If in subsequent periods the reasons for earlier impairment should cease to exist, the value of the asset is restored up to the value that would have been applied by virtue of the amortised cost method.

(c) **Financial assets available for sale**
Assets available for sale are non-derivative financial instruments specifically designated under this category, i.e. which are not classified under any of the previous categories and are included in non-current assets unless management intends selling them within 12 months of the reporting date. These financial assets are measured at fair value and any profits or losses arising from the measurement or allocated to a provision in shareholders' equity relating to "Other items of comprehensive income" (other components of the account); they are allocated to the income statement only when the financial asset is effectively sold or, in the event of accumulated negative changes, when it is considered that the reduction in value already recorded on shareholders' equity will no longer be able to be recovered in the future.
For equity investments classified as financial assets available for sale, a prolonged or significant decline in the fair value of the equity investment to below the initial cost is considered an indicator of impairment.

Derivative financial instruments

Derivatives are classified as hedge instruments when the relationship between the derivative and the subject of the hedge is formally documented and the effectiveness of the hedge, which is verified on a regular basis, is high. When hedging derivatives hedge the risk of a change in the fair value of the hedged instruments (fair value hedge, e.g. hedging the variability of the fair value of the asset/liability at a fixed rate), derivatives are noted at fair value, allocating the effects to the income statement; coherently with this, the instruments hedged are suitably able to reflect the changes in fair value associated with the risk hedged. When derivatives hedge the risk of changes to cash flow in the instruments hedged (cash flow hedge), the hedges are designated against exposure to variability of the cash flow assigned to the risks that may, at a later date, affect the income statement. The effective part of the change to the fair value of the part of the derivative contracts that has been designated as a hedge according to the requirements of IAS 39 is suspended in a provision of shareholders' equity (and, more specifically, in "other items of the comprehensive income statement"); this provision is then allocated to the income statement during the period in which the transaction hedged affects the income statement. The ineffective part of the change in fair value of the part of derivative contracts, as for the entire change in fair value of derivatives not designated as hedges or not meeting the requirements of IAS 39, is instead booked directly to "financial income/expense" on the income statement.
The fair value of the listed financial instruments is based on the current offer price. If the market of a financial asset is not active (or refers to unlisted securities), the Group defines the fair value using measurement techniques that include: reference to advanced negotiations underway, reference to securities that have the same characteristics, analyses based on cash flow, pricing models based on the use of market indicators and, as far as possible, that are aligned to the asset to be measured.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured according to the amortised cost method, net of the provision for the write-down of receivables. If there is objective evidence of elements indicating a reduction in value, the asset is reduced to an extent that it is equal to the value discounted from the cash flow that can be obtained in the future.
Objective evidence of loss of value is verified considering, amongst other aspects, significant breach of contract, major financial difficulties and risk of counterparty insolvency. Receivables are stated net of allocations to the impairment provision. If the loss in value of the asset is ascertained subsequently, the impairment provision is used; alternatively, if the reasons for the earlier write-down should cease to apply, the value of the assets is restored up to the value that would have been obtained from the application of amortised cost

where impairment had not been applied.

Inventories

Inventories are recorded at the lesser of the average weighted purchase or production cost and the net realisation value. Measurement of inventories does not include financial expense.

Cash in hand and at bank

Cash in hand and at bank (or liquid funds) includes cash, unrestricted bank deposits and other forms of short-term investment maturing within three months. As of the reporting date, current account overdrafts were classified amongst financial debt, amongst current liabilities on the balance sheet. The elements included in cash in hand and at bank are measured at fair value.

Provisions for risks and charges

The provisions for risks and charges have been established against losses and expenses of a determined nature, certain or likely existence, for which, however, the amount and/or date cannot be specifically determined. The registration is only noted when there is a current (legal or implicit) obligation for a future economic outgoing as a result of past events and it is likely that this outgoing is required to fulfil the obligation. This amount represents the best estimate of the expense required to extinguish the obligation.
The risks for which the arising of a liability is only possible are stated in the specific disclosure section on commitments and risks and for which no allocations are made.

Provision for the restoration and replacement of assets under concession

In accordance with IFRIC 12, the accounting treatment of the interventions that the concession holder implements on goods held under concession differs according to the different nature of the interventions: interventions entailed in the normal maintenance of the asset are considered ordinary maintenance and are therefore recorded on the income statement; interventions involving the replacement and scheduled maintenance of the asset on a future date, considering that IFRIC 12 does not involve recording a physical asset but only a right, must be noted, in accordance with IAS 37 - "allocations and potential liabilities" - with an allocation on the income statement and another offsetting this, in the form of a provision for charges, on the balance sheet.
The provision for replacing and restoring assets held under concession therefore comprises the best current estimate of the value of the expenses accrued as of the financial statements closing date for maintenance scheduled for the forthcoming years and aimed at assuring the function, operation and security of the assets granted under concession.
Please note that the provision for the restoration and replacement of assets only refers to fixed assets falling under the scope of the application of IFRIC 12.

Personnel-related provisions

Pension provisions

Group companies have both defined contribution plans and defined benefits plans in place.
A defined contribution plan is a plan in which the Group participates by making fixed payments to third party managers of funds and in relation to which there are no legal or other obligations to pay additional contributions if the fund does not have sufficient assets to meet its commitments with regards to employees for the current and previous periods. For defined contribution plans, the Group pays voluntary or contractually-established contributions to public and private insurance pension provisions. Contributions are recorded as personnel costs on an accruals basis. Prepaid contributions are recorded as an asset to be repaid or offset against future payments, where due.
A defined benefits plan is a plan that cannot be classified as a contribution plan. In defined benefits plans, the amount of the benefit to be disbursed to the employee can be quantified only after cessation of the employment and is linked to one or more factors, such as age, years of service and salary; the relevant expense, therefore, is allocated to the correct income statement on the basis of the actuarial calculation. The liability recorded on the financial statements for defined benefit plans corresponds to the current value of the obligation on the reporting date, net, where applicable, of the plan asset fair value. Obligations for defined benefit plans are determined once a year by an independent actuary using the projected unit credit method. The current value of the defined benefits plan is determined by discounting future cash flow at an interest rate equal to that of bonds (high quality corporate) issued in the currency in which the liability will be liquidated and which considers the term of the related pension plan. Actuarial gains and losses deriving from these adjustments and variations in actuarial hypotheses are allocated directly to the income statement.

Please note that following the changes made to the regulation of the Severance indemnity provision by Italian Law no. 296 of 27 December 2006 and subsequent decrees and regulations issued during the first half of 2007, the Severance indemnity provision due to employees, in accordance with Article 2120 of the Italian Civil Code, is classed as a defined benefit plan for the part accrued prior to the application of the new legislation and as defined contribution plan

for the part accrued after the application of the new legislation.
Employment severance indemnity benefits
Employee severance indemnity benefits are paid to employees when the employee terminates his employment before the normal retirement date or when an employee agrees to voluntarily rescind from the contract. The Group books benefits for the termination of employment when it can be shown that the closure of an employment is in line with a formal plan defining the termination of the employment or when the disbursement of the benefit is the result of a process providing incentives to leave.

Financial liabilities

Financial liabilities and other obligations to be paid are initially recorded at fair value, net of directly allocated accessory costs and are subsequently measured at amortised cost, applying the effective interest rate criteria. If there is a change in forecast cash flow and there is a possibility of estimating it reliably, the value of the liabilities is recalculated to reflect this change on the basis of the current value of new forecast cash flow and the internal rate of return initially determined. Financial liabilities are classified amongst current liabilities unless the Group has the unconditional right to defer their payment for at least 12 months after the reference date.
Purchases and sales of financial liabilities are booked as at the value date of the related settlement.
Financial liabilities are derecognised from the financial statements when extinguished and when the Group has transferred all risks and charges relative to the instrument.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured according to the amortised cost method.

Recognition of income

Income is recorded at the fair value of the price received for the provision of ordinary management services of the Group business. Income is recognised net of value added tax, incentives and discounts. Income, mainly relating to the provisions of services, is recognised in the accounting period in which the services are provided.

Income for work on goods granted under concession

Income accrued during the period in relation to construction works is recorded in relation to works progress, according to the method of the percentage completion and on the basis of costs incurred for this business, increased by a 6% mark-up to represent remuneration of internal costs for the works management and design carried out by the Group.

Public grants

Where there is a formal resolution of assignment, public grants are recorded on an accruals basis, directly linked to costs incurred (IAS 20).

Contributions on capital account

Public contributions on capital account referring to property, plant and machinery are recorded as a reduction of the purchase value of the assets to which they relate.

Contributions on working account

Contributions other than contributions on capital account are credited to the income statement.

Recognition of costs

Costs are recognised with they relate to goods and services purchased or consumed during the financial year or according to systematic allocation.

Financial income

Financial income is recorded on an accruals basis and includes interest income on invested funds, exchange gains and income from financial instruments, when not offset under the scope of hedging transactions. Interest income is allocated to the income statement at the time it is accrued, considering the effective return.

Financial expense

Financial expense is recorded on an accruals basis and includes interest expense on financial payables calculated using the effective interest method and exchange losses. Financial expense incurred against investment in activities for which a certain period of time must usually pass before the asset is ready for use or sale (qualifying asset) is capitalised and amortised throughout the useful life of the type of asset to which it refers; this is in compliance with the new version of IAS 23.

Tax

Current tax is calculated on the basis of period taxable income, applying the tax rates in force as of the reporting date.
Deferred tax is calculated against all differences emerging between the tax basis of an asset or liability and the related book value, with the exception of

goodwill. The share of prepaid tax that is not offset by deferred tax liabilities is recognised in the amount to which it is likely that there will be taxable income in the future against which to recover it. Deferred tax is calculated using the tax rates envisaged as being applicable during the financial years in which the differences are realised or extinguished. Prepaid tax assets are recorded when it is considered likely that they will be recovered.
Current and deferred tax is recorded on the income statement, with the exception of that relating to items directly debited or credited to shareholders' equity, in which case the tax effect is recognised directly on shareholders' equity. Tax is offset when it is applied by the same tax authority and when there is a legal right to offset it and liquidation is forecast of the net balance.
Other non income-related tax, such as property tax, is included under "administrative costs".

Dividends

The payable for dividends to be distributed to shareholders is recorded during the financial year in which distribution is approved by the shareholders' meeting. Please also refer to that stated in Note 15.

Earnings per share

Basic
The basic earnings per share are calculated by dividing the Group economic result by the weighted average of ordinary shares in issue during the financial year.

Diluted
The diluted earnings per share are calculated by dividing the Group economic result by the weighted average of ordinary shares in issue during the financial year, excluding any own shares. For the purpose of calculating the diluted income per share, the weighted average of shares in issue is modified, assuming the conversion of all potential shares with a dilution effect, whilst the net Group result is adjusted to consider the effects of the conversion, net of tax.

3. Estimates and assumptions

In order to prepare the financial statements, directors have to apply accounting standards and methods that, in some cases, are based on difficult, subjective evaluations and estimates based on past experience and assumptions considered reasonable and realistic on the basis of the relevant circumstances. The application of these estimates and assumptions affects the amounts stated on the financial statements, such as the balance sheet, income statement and the statement of cash flow, as well as the disclosure provided.

Below is a brief description of the accounting standards that, in relation to the Group, require the highest levels of subjectivity on the part of directors when preparing estimates and for which a change, in the conditions underlying the assumptions used, may have a significant impact on the consolidated financial data.

(a) Asset impairment
Tangible and intangible assets and equity investments in related companies are verified in order to ascertain if a reduction of value has occurred; in this case, it should be noted by means of impairment where indications are seen that forecast difficulty in recovering the net book value through use. Verification of the existence of said indicators requires directors to make subjective evaluations based on information available within the Group and from the market, as well as on past experience. Moreover, if it is considered that there may be a potential loss of value, the Group proceeds to determine these using measurement techniques that are considered appropriate. The correct identification of elements indicating impairment and the estimates by which to determine it, depend on factors that may vary over time, thereby affecting the evaluations and estimates prepared by the directors.

(b) Amortisation and depreciation
Amortisation and depreciation of fixed assets is a significant cost for the Group. The cost of property, plant and machinery is depreciated on a straight-line basis throughout the useful life estimated for the related assets and components. The useful economic life of the Group assets is determined by the directors when the asset is acquired; it is based on past experience for similar fixed assets, market conditions and advances concerning future events that may affect the useful life, such as changes in technology. Therefore, the effective economic life may differ from the useful life estimated. The Group regularly evaluates technological and sector changes in order to update residual useful life. This regular update may entail a change to the amortisation/depreciation period and, therefore, also to the shares for future financial years.

(c) Provisions for risks and charges
Allocations are made for risks of a legal and employment law nature to represent the risk of a negative outcome to the obligations in place as of the reporting date. The value of the provisions recorded on the financial statements in relation to these risks is the best estimate as of the date, made by the directors. This estimate involves the making of assumptions that depend on factors that may change over time and which may, therefore, have significant effects with respect to current estimates by directors in preparing the Group consolidated financial statements. Moreover, the provision for replacing and restoring assets held under concession recorded in

application of IFRIC 12, therefore comprises the best current estimate of the value of the expenses accrued as of the financial statements closing date for maintenance scheduled for the forthcoming years and aimed at assuring the function, operation and security of the assets granted under concession.

(**d**) **Trade receivables**
If there is objective evidence of elements that indicate reductions in the value of trade receivables, they are reduced to their presumed realisation value by means of the establishment of an impairment provision. The value of the provision for the write-down of receivables is the best estimate to date prepared by the directors. This estimate is based on facts and expectations that may change over time and which may, therefore, have significant effects with respect to current estimates by directors in preparing the Group consolidated financial statements.

4. Risk management

The Group's risk management strategy seeks to minimise potential negative effects on the Group's financial performance. Some types of risk are mitigated through the use of derivatives.
The parent company manages these risks, identifying, measuring and hedging financial risks in close collaboration with the other Group units.

4.1 Credit risk
The credit risk is the exposure of the SEA Group to potential losses deriving from failure by counterparties to fulfil commercial and financial commitments.
This risk arises first and foremost from factors of a typically economic-financial nature, i.e. the possibility of counterparty default, in addition to more strictly technical-commercial or administrative-legal issues.
For the SEA Group, exposure to credit risk is mainly connected with the deterioration of the financial trends of the main airlines, which on the one hand are subject to seasonal aspects connected with airport operations and on the other suffer the consequences of geopolitical events that have an effect on the air transport segment (wars, epidemics, atmospheric events, a rise in oil prices and economic-financial crisis).

In order to control this risk, the SEA Group has implemented procedures and actions by which to monitor forecast incoming cash flow and potential recovery actions.
In application of the internal policies on credit, customers are asked to procure the release of guarantees: these are typically first demand bank or insurance guarantees issued by major credit players or caution deposits.

With regards to payment terms applied, for most customers, due dates are within thirty days of invoice.
Trade receivables are stated on the financial statements net of any impairment that may be applied for reasons of prudence at different rates depending on the level of dispute as of the reporting date. Any impairment necessary to bring the nominal value down to what appears likely to be collected is determined by analysing all individual receivables and using all information available on the situation of the individual debtor. Faced with past due receivables, disputed receivables or those for which legal or bankruptcy proceedings are underway, the SEA Group uses the same impairment percentages.
Below is a summary of trade receivables and the related impairment provisions.

(thousands of euros)	at 31 December 2011	at 31 December 2010
Trade receivables due from customers gross of impairment	265,624	279,832
- of which past due	187,744	216,363
Provision for the write-down of trade receivables	104,428	100,207
Total trade receivables	**161,196**	**179,625**

The reduction in trade receivables as of 31 December 2011 with respect to 31 December 2010 derives from the closure of some disputes and the improvement in the management of past due items. The table below shows the seniority of receivables past due as of 31 December 2011.

(thousands of euros)	at 31 December 2011	at 31 December 2010
Trade receivables due from customers	265,624	279,832
- of which past due	187,744	216,363
by less than 180 days	58,724	67,962
by more than 180 days	129,020	148,401
% incidence of past due receivables	70.7	77.3
% incidence of past due receivables by less than 180 days	22.1	24.3
% incidence of past due receivables by more than 180 days	48.6	53.0

The table below shows gross trade receivables as of 31 December 2011 and a breakdown of receivables with regards to counterparties subject to bankruptcy proceedings and disputed receivables, specifying any bank and insurance guarantees and caution deposits established as a guarantee of the credit.

(thousands of euros)	at 31 December 2011	at 31 December 2010
Trade receivables due from customers	265,624	279,832
(i) receivables due from counterparties subjected to bankruptcy proceedings	72,113	66,759
(ii) disputed receivables	32,345	28,200
Total trade receivables net of the receivables under (i) and (ii)	**161,166**	**184,873**
Past due receivables other than those under (i) and (ii)	83,286	121,404
Surety and caution deposits	80,369	101,700
Percentage receivables backed by surety and caution deposits with respect to total trade receivables net of those under (i) and (ii)	49.9%	55.0%

4.2 Market risk

The market risk to which the SEA Group is exposed includes all types of risk directly and indirectly connected with the trend of reference market prices. In 2011, the market risks to which the SEA Group was subject were:

a) interest rate risk;
b) exchange rate risk;
c) commodity price risk, connected with the volatility of the prices of energy commodities with SEA Energia.

a) Interest rate risk

The SEA Group is exposed to the risk of changes to interest rates in relation to the need to fund its operations and use available liquid funds. Changes in interest rates may have a positive or negative effect on the SEA Group economic result, altering costs and returns of loans and investments.

The SEA Group manages this risk through suitable balancing of exposure at fixed rate with that of variable rate, with a view to mitigating the economic effect of the volatility of reference interest rates.

Variable rate exposure exposes the SEA Group to a risk originating from the volatility of interest rates (cash flow risk). In relation to this risk, for the purpose of the related hedging, the SEA Group can use derivative contracts which transform the variable rate into a fixed rate or limit the fluctuation of the variable rate to within a range of rates, thereby reducing the risk caused by rate volatility. It is specified that such derivative contracts, only subscribed to hedge the volatility of market rates, are represented in the accounts using the cash flow hedge method.

At end 2011, the gross financial debt of the SEA Group consisted of medium/long-term loans (medium/long-term and short-term share, the latter comprising instalments due over the next 12 months).

The medium/long-term debt is shown in the table below, in which the rate of each loan is expressed at face value (including a spread ranging from 0.20% to 1.20% and does not consider the effect of the hedges):

Medium/long-term loan contracts as at 31 December 2011

Loan	Type of rate	Disbursement date	Maturity date	31 December 2011 Amount inthousands of euros	31 December 2011 % rate	31 December 2010 Amount inthousands of euros	31 December 2010 % rate
SEA SpA							
EIB 1st disbursement [(a)]	F	17/12/1996	15/09/2011		7.70	3,499.00	7.70
EIB 2nd disbursement [(a)]	F	24/07/1998	15/03/2013	4,728.16	5.27	7,687.46	5.27
EIB 2nd disbursement [(a)]	V	24/07/1998	15/03/2013	3,873.43	1.83	6,455.71	1.43
Total direct EIB				**8,601.59**	**3.72**	**17,642.17**	**4.35**
Cariplo pool 1st disbursement	V	17/12/1996	15/09/2011			1,549.37	1.41
Cariplo pool 2nd disbursement	V	20/06/1997	15/03/2012	774.69	1.86	2,324.06	1.41
Cariplo pool 2nd disbursement	F	20/06/1997	15/03/2012	1,077.67	7.57	3,116.53	7.57
Cariplo pool 3rd disbursement	F	08/08/1997	15/03/2012	2,078.56	6.67	6,036.61	6.67
Cariplo pool 4th disbursement	F	08/04/1998	15/03/2013	9,618.55	5.44	15,613.92	5.44
Total EIB/Cariplo pool				**13,549.50**	**5.59**	**28,640.50**	**5.39**
BIIS (ex Comit) - EIB 1st disbursement	F	26/08/1999	15/03/2014	5,000.00	3.14	7,000.00	3.14
BIIS (ex Comit) - EIB 2nd disbursement [(**)]	V	30/11/2000	15/09/2015	4,000.00	1.81	5,000.00	1.36
BIIS (ex Comit) -EIB 3rd disbursement [(**)]	V	17/03/2003	15/09/2017	13,894.74	1.81	16,210.53	1.36
Total EIB/Comit				**22,894.74**	**2.10**	**28,210.53**	**1.80**
BNL-EIB 1st disbursement	V	22/11/1999	15/09/2014	6,000.00	1.76	8,000.00	1.31
BNL-EIB 2nd disbursement [(**)]	V	11/08/2000	15/03/2015	3,500.00	1.76	4,500.00	1.31
BNL-EIB 4th disbursement [(**)]	V	08/05/2003	15/03/2018	7,569.25	1.76	8,733.75	1.31
BNL-EIB 13/06/2006 1st disb.	V	04/09/2006	04/09/2026	11,000.00	1.81	11,000.00	1.36
BNL-EIB 13/06/2006 2nd disb.	V	04/09/2006	04/09/2026	11,000.00	1.81	11,000.00	1.36
BNL-EIB 13/06/2006 3rd disb. [(*)]	V	04/09/2006	04/09/2026	11,000.00	1.81	11,000.00	1.36
BNL-EIB 13/06/2006 4th disb. [(*)]	V	04/09/2006	04/09/2026	12,000.00	1.81	12,000.00	1.36
BNL-EIB 13/06/2006 5th disb. [(*)]	V	04/09/2006	04/09/2026	12,000.00	1.81	12,000.00	1.36
BNL-EIB 2007 1st disb. [(*)]	V	07/03/2007	07/03/2027	11,000.00	1.81	11,000.00	1.36
BNL-EIB 2007 2nd disb. [(*)]	V	07/03/2007	07/03/2027	11,000.00	1.81	11,000.00	1.36
Total EIB/BNL				**96,069.25**	**1.80**	**100,233.75**	**1.35**
UNICREDIT EIB 1st disb. [(*)]	V	08/09/2007	08/09/2027	10,000.00	1.98	10,000.00	1.21
UNICREDIT EIB 2nd disb. [(*)]	V	08/09/2007	08/09/2027	10,000.00	1.98	10,000.00	1.21
UNICREDIT EIB 3rd disb. [(*)]	V	16/02/2009	15/09/2028	15,000.00	2.21	15,000.00	1.44
Total EIB/UNICREDIT				**35,000.00**	**2.08**	**35,000.00**	**1.31**
BIIS-EIB 1st disb.[(*)]	V	25/02/2011	15/09/1930	10,000.00	2.35		
BIIS-EIB 2nd disb.[(*)]	V	25/02/2011	15/09/1930	5,000.00	2.35		
BIIS-EIB 3rd disb.	V	23/06/2011	15/03/1931	10,000.00	2.41		
BIIS-EIB 4th disb.	V	23/06/2011	15/03/1931	5,000.00	2.41		
Total EIB/BIIS				**30,000.00**	**2.38**		
Unicredit Mediobanca of which:	V	08/03/2006	08/03/2013	102,500.00	2.93	102,500.00	1.51
- unswapped portion				102,500.00	2.93	52,500.00	1.51
- swapped portion [(**)]				-		50,000.00	1.51
Total loans other than EIB				**102,500.00**	**2.93**	**102,500.00**	**1.51**
Total SEA SpA				**308,615.04**	**2.51**	**312,226.92**	**1.98**
SEA Energia							
BPM	V	20/06/2003	31/12/2014	7,318.00	2.50	8,342.00	1.91
UNICREDIT - BPM	V	20/06/2006	30/06/2014	15,318.65	2.40	18,475.92	1.75
Total SEA Energia				**22,636.65**	**2.43**	**26,817.92**	**1.80**
Total Group debt				**331,251.69**	**2.50**	**339,044.84**	**1.96**
		Total tranches swapped		107,000.00	32.3	84,444.28	24.9
		Fixed rate debt portion		22,502.94	6.8	42,953.51	12.7
		Unhedged debt portion		201,748.75	60.9	211,647.06	62.4

(a) Subject to EIF security
(*) Tranches subject to swap
(**) Tranches subject to swap at 31 December 2010 but not at 31 December 2011.

It is specified that the average cost of the Group's gross financial debt in the medium/long-term, following the rate risk hedging transactions, came to 2.59% at end 2011.

The fair value of the Group's debt in the medium/long-term owed to banks, which at end 2011 came to € 338,038 thousand (€ 346,322 thousand at end 2010), was calculated as follows:

- for fixed rate loans, the capital and interest share have been discounted using the spot rates for each contractual maturity date, extrapolated starting from reference market rates;
- for variable rate loans, the interest share has been calculated using the estimates of forecast rates at term for each contractual maturity, increased by the contractually defined spread. The interest share thus defined, and the capital shares maturing, have been discounted using the spot rates for each contractual maturity date, extrapolated starting from reference market rates.

The table below shows the derivatives used by the SEA Group to hedge the interest rate risk (measured according to the cash flow hedge method):

Interest rate hedges

(thousands of euros)	Notional	Residual debt	Stipulation date	Starting Date	Maturity	Fair value	Fair value
	at stipulation	at 31/12/2011				at 31/12/2011	at 31/12/2010
IRS	50,000		08/05/2006	13/09/2006	13/03/2011		(704.2)
	22,000		31/05/2006	15/03/2007	15/03/2011		(212.0)
	10,000	10,000	18/05/2011	15/09/2012	15/09/2021	(937.1)	
	5,000	5,000	18/05/2011	15/09/2012	15/09/2021	(468.6)	
	15,000	15,000	18/05/2011	15/09/2012	15/09/2021	(1,336.3)	
	11,000	11,000	18/05/2011	15/09/2011	15/09/2016	(650.6)	
	10,000	10,000	06/06/2011	15/09/2012	15/09/2021	(766.9)	
	11,000	11,000	06/06/2011	15/09/2012	15/09/2021	(816.3)	
	12,000	12,000	06/06/2011	15/09/2012	15/09/2021	(847.5)	
	12,000	12,000	06/06/2011	15/09/2012	15/09/2021	(847.5)	
Collar	11,645		07/06/2006	15/09/2006	15/03/2011		(108.9)
	17,500		07/06/2006	15/09/2006	15/03/2011		(116.8)
	10,000	10,000	06/06/2011	15/09/2011	15/09/2021	(622.2)	
	11,000	11,000	06/06/2011	15/09/2011	15/09/2021	(630.7)	
Total		**107,000.0**				**(7,923.8)**	**(1,141.9)**

b) Exchange rate risk

With the exception of the exchange risk connected with the commodity risk, the SEA Group is subject to a low risk of changes in foreign currency exchanges because, despite operating in an international context, transactions are mainly implemented in euros. Therefore, the SEA Group does not consider it necessary to establish specific hedges against this risk as the amounts in currencies other than the euro are modest and the related collections and payments tend to offset each other.

c) Commodity risk

The SEA Group is exposed to the changes in price, and the related trade, of energy commodities processed, i.e. gas. These risks depend on the purchase of said energy commodities, which mainly suffer the fluctuation in the reference fuel price carried in US dollars. These fluctuations are seen both directly and indirectly by means of formulae and index-linking used in the pricing structures. Risks are also seen during the sales stage, in relation to the fluctuation of the market price of electricity sold to third parties.

Please note that at end 2011, the SEA Group has not hedged this risk at all, although analyses and evaluations are underway for future periods. Please also note that during the year the SEA Group signed bilateral agreements for the supply of electricity and heat to third parties, linking the sales prices to the trend of the cost of gas and thereby implementing implicit hedges of the commodity risk.

d) Liquidity risk

The liquidity risk for the SEA Group can be seen where financial resources available do not suffice to meet the financial and commercial commitments made within the terms established.

Liquid funds, cash flow and the need for SEA Group financing are managed through policies and processes aimed at minimising the liquidity risk.

More specifically, the SEA Group:

- monitors and manages available financial resources centrally, under the control of Group Treasury, in order to guarantee an effective, efficient management of these, also prospectively;
- keeps suitable liquid funds available in treasury current accounts;
- has obtained committed (revolving and non) credit facilities able to cover the financial commitments of the Group over the next 12 months, as deriving from the investments plan and the repayment of financial debt;
- monitors prospective liquidity conditions in relation to the business planning process.

At end 2011, the SEA Group had irrevocable, unused credit facilities for € 225 million, with an average residual life of more than 4 years, broken-down as follows: € 90 million non-revolving credit facilities intermediated by major banks on EIB funds, related to the development of infrastructural works on Malpensa airport, € 50 million revolving credit facilities (which can be used in tranches with a duration between 1 and 12 months) and € 85 million a loan not yet disbursed intended to cover (in 2012) the first tranche of the extraordinary dividend, as resolved by the shareholders' meeting of 29 December 2011. At end December 2011, the SEA Group had € 23.7 million liquid funds invested in ordinary and treasury current accounts, of which € 23.6 million relative to SEA SpA.

Amounts due to suppliers are guaranteed by the SEA Group by means of careful management of working capital, including the balance of trade receivables and the related contractual payment conditions (also using indirect factoring relations that enable further financial lines to be made available as guarantee of suitable cash elasticity).

The tables below show the breakdown and maturity of the financial debt for the SEA Group (capital, interest and derivatives) and trade debt in place as of end 2011 and 2010:

(millions of euros)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
2011 liabilities					
Gross financial debt	41.5	176.1	40.3	143.3	401.2
Trade payables	185.4				185.4
Total debt	**226.9**	**176.1**	**40.3**	**143.3**	**586.7**

The table below shows the breakdown and maturity of the financial debt (capital, interest and derivatives) and trade debt in place during the same period of 2010:

(millions of euros)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
2010 liabilities					
Gross financial debt	75.8	171.2	49.5	119.5	416.0
Trade payables	148.4				148.4
Total debt	**224.2**	**171.2**	**49.5**	**119.5**	**564.4**

4.4 Sensitivity

In view of the fact that for the SEA Group the exchange rate risk is virtually irrelevant, the sensitivity analysis refers to the items of the balance sheet that may undergo changes in value by virtue of changes to interest rates.

More specifically, the analysis has considered:

- bank deposits
- loans
- interest rate risk hedging derivatives.

The hypotheses and calculation methods used in the sensitivity analysis carried out by the SEA Group are as follows:

a) Hypotheses: the effect on the income statement of the SEA Group has been considered as of 31 December 2011 and 31 December 2010 of a hypothetical change in market rates of +50 or -50 basis points.

b) Calculation methods:

- remuneration of bank deposits is connected with the trend of inter-bank rates. In order to estimate the increase/decrease in interest income as market conditions alter, the hypothesised change as per point a) has been applied to the average annual balance of the bank deposits of the SEA Group;
- the loans measured are those at variable rate on which interest expense is accrued, the amount of which is related to the Euribor 6 month trend. The increase/decrease in interest expense as market conditions alter has been estimated by applying the variation hypothesis pursuant to point a) to the capital share of loans in place during the year;
- interest rate hedging derivatives have been measured both in terms of flow and fair value (in terms of change with respect to the same period of last year). In both cases, values have been estimated by applying the change as per point a) to the forward curve forecast for the reference period.

Below are the results of the sensitivity analysis performed:

	31 December 2011		31 December 2010	
(thousands of euros)	**-50 bp**	**+50 bp**	**-50 bp**	**+50 bp**
Current accounts (interest income)	(285.96)	289.40	(155.78)	162.40
Loans (interest expense) (1)	1,539.33	(1,539.33)	1,588.73	(1,588.73)
Hedging derivatives (flows) (2)	(210.94)	210.94	(677.30)	677.30
Hedging derivatives (fair value on IS)	(67.08)	139.72	(211.92)	211.49
Hedging derivatives (fair value on BS)	(3,275.30)	3,037.95		

(1) + = less interest expense; - = greater interest expense
(2) + = income from hedging; - = cost of hedging

It is specified that the results of the sensitivity analysis carried out on some items of the tables above are affected by the low market interest rates, which, in the event of a change of -50 basis points would be negative and, therefore, have been stated as zero.

It is specified that some loans have the obligation to keep to specific financial covenants, with reference to the SEA Group's capacity to cover the annual and/or half-yearly financial needs (net of funds available and receivables due from the State), by means of the result of core business. It is specified that for some loans, surpassing the pre-determined thresholds of the level of the covenants results in the application, for the half-year following that during which the financial indicator is booked, of a related pre-determined spread (according to a price grid defined contractually).

At present, the SEA Group is not aware of the existence of any default situations connected with the loans in place nor of any breach of the above covenants.

5. Classification of financial instruments

The tables below provide a breakdown of financial assets and liabilities according to category as of 31 December 2011 and 31 December 2010 for the Group:

at 31 December 2011

(thousands of euros)	Financial assets and liabilities measured at fair value	Investments held to maturity	Loans and receivables	Financial assets available for sale	Financial liabilities at amortised cost	Total
Equity investments available for sale				26		26
Other non-current receivables			922			922
Trade receivables			171,539			171,539
Other current receivables			16,889			16,889
Cash in hand and at bank			24,062			24,062
Total			**213,412**	**26**		**213,439**
Non-current financial liabilities excluding leasing	7,924				299,524	307,448
Non-current financial liabilities for leasing					2,602	2,602
Other non-current liabilities					62,307	62,307
Trade payables					123,110	123,110
Period tax payables					42,804	42,804
Other current payables					244,078	244,078
Current financial liabilities excluding leasing					35,169	35,169
Current financial liabilities for leasing					1,292	1,292
Total	**7,924**				**810,884**	**818,808**

at 31 December 2010

(thousands of euros)	Financial assets and liabilities measured at fair value	Investments held to maturity	Loans and receivables	Financial assets available for sale	Financial liabilities at amortised cost	Total
Equity investments available for sale				15,726		15,726
Other non-current receivables			1,187			1,187
Trade receivables			190,141			190,141
Other current receivables			22,662			22,662
Cash in hand and at bank			23,465			23,465
Total			**237,455**	**15,726**		**253,181**
Non-current financial liabilities excluding leasing					301,252	301,252
Non-current financial liabilities for leasing					3,128	3,128
Trade payables					148,415	148,415
Period tax payables					41,351	41,351
Other current payables					87,413	87,413
Current financial liabilities excluding leasing	1,142				71,510	72,652
Current financial liabilities for leasing					631	631
Total	**1,142**				**653,700**	**654,842**

5.1 Fair value disclosure

In relation to the financial instruments measured at fair value, the table below provides information on the method chosen by the Group to calculate the fair value. The methods applicable are divided up into the following levels, on the basis of the source of available information, as described below:

- level 1: prices applied on active markets;
- level 2: technical evaluations based on market information that can be observed both directly and indirectly;
- level 3: other information.

The table below shows the Group's assets and liabilities measured at fair value as of 31 December 2011 and 31 December 2010:

(thousands of euros)			at 31 December 2011
	Level 1	**Level 2**	**Level 3**
Equity investments available for sale			26
Derivative financial instruments (liabilities net of assets)		7,924	
Total		**7,924**	**26**

(thousands of euros)			at 31 December 2010
	Level 1	**Level 2**	**Level 3**
Equity investments available for sale		15,700	26
Derivative financial instruments (liabilities net of assets)		1,142	
Total		**16,842**	**26**

6. Operating segment disclosure

The identification of operating segments and the related information given in this paragraph is based on elements that management uses to make its operative decisions. More specifically, the internal reporting reviewed and used regularly by the highest decision-making levels of the Group takes the following business units as reference, better described in Note 1 "General information": Aviation, Non Aviation, Handling and Energy.

Below is the main financial information for each segment of business:

(thousands of euros)				Financial year ended on 31 December 2011		
	Aviation	**Non Aviation**	**Handling**	**Energy**	**Elisions**	**Total**
Operating income with regards to third parties	273,723	160,618	112,297	32,667		579,305
Inter-segment operating income	9,476	14,047	16,754	29,708	(69,985)	
Income for work on goods under concession	65,137					65,137
Total income	**348,335**	**174,665**	**129,051**	**62,375**	**(69,985)**	**644,442**
Gross operating margin (EBITDA)	54,972	84,748	(2,233)	13,197		150,684
Amortisation/Depreciation	(21,566)	(14,243)	(1,613)	(3,962)		(41,384)
Allocations and impairment	(23,467)	655	(5,220)	42		(27,990)
Operating result						**81,310**
Income (expense) from equity investments						21,681
Financial income (expense)						(14,957)
Period tax						(34,127)
Net result						**53,906**
Equity investments in associates as of 31/12/2011	28,422	6,880	1,670			36,972
Investments in tangible and intangible fixed assets for the financial year ended on 31/12/2011	65,137	25,489	966	1,794		93,386
Intangible fixed assets at 31/12/2011	745,915	9,423	479			755,816
Tangible fixed assets at 31/12/2011		184,106	2,607	61,628		248,341

(thousands of euros)	Financial year ended on 31 December 2010					
	Aviation	Non Aviation	Handling	Energy	Elisions	Total
Operating income with regards to third parties	260,719	154,495	126,060	24,517		565,791
Inter-segment operating income	9,846	15,406	13,398	28,389	(67,039)	
Income for work on goods under concession	48,366					48,366
Total income	**318,931**	**169,901**	**139,458**	**52,906**	**(67,039)**	**614,157**
Gross operating margin (EBITDA)	49,712	81,742	7,175	12,414		151,043
Amortisation/Depreciation	(19,138)	(12,665)	(1,477)	(3,633)		(36,913)
Allocations and impairment	(11,706)	(637)	(3,611)	(311)		(16,265)
Operating result						**97,865**
Income (expense) from equity investments						5,567
Financial income (expense)						(1,019)
Period tax						(39,280)
Net result						**63,133**
Equity investments in associates as of 31/12/2010	29,048	4,845	1,763			35,656
Investments in tangible and intangible fixed assets for the financial year ended on 31/12/2010	48,366	30,226	1,147	1,302		81,041
Intangible fixed assets at 31/12/2010	705,114	6,205	991			712,310
Tangible fixed assets at 31/12/2010		179,777	2,742	63,797		246,316

Investments in related companies can be broken-down as follows according to business unit:
- Aviation: SACBO and Disma;
- Non Aviation: Dufrital, CID and SEA Services;
- Handling: Malpensa Logistica Europa;
- Energy: no investment.

Notes to the equity position and financial

7.1 Intangible fixed assets

The tables below summarise the changes for the financial years closed as of 31 December 2011 and 2010 in relation to intangible fixed assets:

(thousands of euros)	at 31/12/2010	Increases during the period	Reclassifications work in progress	Amort./Dep.	Destruction/ Non-exist./ Sales/Other changes	at 31/12/2011
Gross value						
Goods under concession	941,544	1,017	38,601		(14,164)	966,998
Airport concessions underway and advances	51,316	64,120	(38,601)		598	77,432
Industrial patent rights and use of intellectual works	35,153	3,207			(5,950)	32,411
Fixed assets in progress and advances	1,679	2,636			4	4,319
Other	15,262					15,262
Gross value	**1,044,954**	**70,980**	**0**		**(19,513)**	**1,096,422**
Amortisation/Depreciation provision						
Goods under concession	(287,746)			(21,566)	10,797	(298,515)
Airport concessions underway and advances						
Industrial patent rights and use of intellectual works	(29,636)			(3,143)	5,950	(26,829)
Fixed assets in progress and advances						
Other	(15,262)					(15,262)
Amortisation/Depreciation provision	**(332,644)**			**(24,709)**	**16,747**	**(340,606)**
Net value						
Goods under concession	653,798	1,017	38,601	(21,566)	(3,367)	668,482
Airport concessions underway and advances	51,316	64,120	(38,601)		598	77,432
Industrial patent rights and use of intellectual works	5,517	3,207		(3,143)		5,582
Fixed assets in progress and advances	1,679	2,636			4	4,319
Other						
Intangible fixed assets (net value)	**712,310**	**70,980**	**0**	**(24,709)**	**(2,766)**	**755,816**

In accordance with IFRIC 12, rights are recorded on goods under concession for € 668,482 thousand as of 31 December 2011 and € 653,798 thousand as of 31 December 2010. These rights are amortised on a straight-line basis through the duration of the State concession. Amortisation/Depreciation for financial year 2011 came to € 21,566 thousand.
In accordance with IFRIC 12, the SEA Group does not have control over these categories of assets, but is obliged to record a provision for restoration and replacement.
Investments deriving from the application of IFRIC 12 are classified amongst goods granted under concession and airport concessions underway mainly concerned:

- the requalification of the terminal 2 aircraft apron;
- progress of works to extend Terminal 1 and for the development of the third satellite;
- the extension of the cargo area and coverage of the railway connection.

The rights to use intellectual works (€ 5,582 thousand) as of 31 December 2011 refer to purchases for licenses for the company computer system, both airport and management, and the purchase of software components. Amortisation/depreciation comes to € 3,143 thousand.

7.2 Tangible fixed assets

The tables below summarise the changes for the financial years closed as of 31 December 2011 and 2010 in relation to tangible fixed assets:

(thousands of euros)	at 31/12/2010	Increases during the period	Reclass.	Destruction/ Non-exist./ Sales	Amort./Dep.	at 31/12/2011
Gross values						
Land and buildings	211,188		8,527	24,810		244,525
Plant and machinery	118,867	1,146	1,547	10,076		131,636
Industrial and commercial equipment	47,175	3,435		(2,078)		48,532
Other assets	95,606	4,871	3,425	(1,778)		102,124
Fixed assets in progress and advances	43,054	12,954	(13,498)	(25,096)		17,413
Total gross values	**515,890**	**22,405**	**0**	**5,934**		**544,229**
Amortisation, depreciation and impairment provisions						
Land and buildings	(74,779)			(90)	(7,499)	(82,367)
Plant and machinery	(63,675)			(11,222)	(4,086)	(78,983)
Industrial and commercial equipment	(46,488)			2,688	(981)	(44,781)
Other assets	(84,589)			1,775	(4,023)	(86,837)
Fixed assets in progress and advances	(43)			(2,877)		(2,920)
Total provisions for amortisation and depreciation and impairment	**(269,574)**			**(9,726)**	**(16,589)**	**(295,888)**
Net values						
Land and buildings	136,409		8,527	24,720	(7,499)	162,157
Plant and machinery	55,192	1,146	1,547	(1,147)	(4,086)	52,653
Industrial and commercial equipment	687	3,435		610	(981)	3,751
Other assets	11,017	4,871	3,425	(3)	(4,023)	15,287
Fixed assets in progress and advances	43,011	12,954	(13,498)	(27,973)		14,493
Total net values	**246,316**	**22,405**	**0**	**(3,792)**	**(16,589)**	**248,341**

Tangible fixed assets do not state the value of goods financed by the State, equal to € 500.0 million and € 499.5 million respectively as of 31 December 2011 and 2010.
Tangible fixed assets are in fact represented net of State grants in accordance with IAS 20.
Investments relative to FY 2011 mainly concerned works on the car parks of Linate, on the terminals of Linate and Malpensa and on complex equipment and purchases of push backs and ambulifts.

7.3 Real estate investments

Below is a table relative to real estate investments:

(thousands of euros)	at 31 December 2011	at 31 December 2010
Gross values	4,153	4,075
Amortisation/Depreciation provisions	(732)	(669)
Total net real estate investments	**3,421**	**3,406**

Changes to the amortisation/depreciation provision	Twelve-month period closed as of 31/12/2011
(thousands of euros)	
Opening balance	(669)
Amortisation/Depreciation	(63)
Closing balance	**(732)**

The item includes the values of civil buildings not instrumental to the Group's business (apartments and garages).

7.4 Equity investments in associates

Below are changes for the financial years closed as of 31 December 2011 and 31 December 2010 of the item "equity investments in associates":

Equity investments in associates				Changes
(thousands of euros)	**at 31/12/2010**	**Increases/ Write-backs**	**Decreases/ Write-downs**	**at 31/12/2011**
SACBO SpA	26,489		(761)	25,729
Dufrital SpA	4,038	1,851		5,889
CID Italia SpA	611	234	(160)	685
Disma SpA	2,559	324	(190)	2,693
Malpensa Logistica Europa SpA	1,763		(93)	1,670
SEA Services Srl	196	111		307
Total	**35,656**	**2,520**	**(1,204)**	**36,973**

Equity investments in associates				Changes
(thousands of euros)	**at 31/12/2009 restated**	**Increases/ Write backs**	**Decreases/ Write downs**	**at 31/12/2010**
SACBO SpA	22,443	4,046		26,489
Dufrital SpA	9,215	823	(6,000)	4,038
CID Italia SpA	390	221		611
Disma SpA	2,314	245		2,559
Malpensa Logistica Europa SpA	1,763			1,763
SEA Services Srl	118	78		196
Total	**36,243**	**5,413**	**(6,000)**	**35,656**

Subsidiaries are all resident in Italy.

The shareholders' equity of related companies has been adjusted to consider the adaptations to the Group accounting standards and measurement techniques of equity investments in accordance with IAS 28.

The adjusted shareholders' equity pertaining to the SEA Group as of 31 December 2011 came to € 36,973 thousand with respect to the € 35,656 thousand as of 31 December 2010.

7.5 Equity investments available for sale

Below is a list of equity investments available for sale:

Company name	% held at 31/12/2011	% held at 31/12/2010
GESAC SpA	0	5
Milano Sistema consortium, in liquidation	10	10
Romairport Srl	0.227	0.227
Aeropuertos Argentina 2000 SA	10	10

The tables below summarise details of changes to equity investments available for sale for FY 2011 and 2010:

Equity investments available for sale				Changes
(thousands of euros)	**at 31/12/2010**	**Increases/ Write-backs/ Reclassifications**	**Decreases/ Write-downs**	**at 31/12/2011**
GESAC SpA	8,200		(8,200)	
Milano Sistema consortium	25			25
Romairport Srl	1			1
Aeropuertos Argentina 2000 SA	7,500		(7,500)	
Total	**15,726**		**(15,700)**	**26**

Equity investments available for sale				Changes
(thousands of euros)	**at 31/12/2009 restated**	**Increases/ Write-backs/ Reclassifications**	**Decreases/ Write-downs**	**at 31/12/2010**
GESAC SpA	2,389	5,811		8,200
Milano Sistema consortium	25			25
Romairport Srl	1			1
Aeropuertos Argentina 2000 SA	7,500			7,500
Total	**9,915**	**5,811**		**15,726**

GESAC

On 3 March 2011, SEA stipulated a contract with F2i concerning the sale of the entire equity investment held in Società Gestione Servizi Aeroporti Campani SpA - company operating in the segment of the running, maintenance and development of airport services in the airports of Campania, which, in particular, manages Naples Capodichino airport - equal to 12,500 shares or 5% of the share capital in GESAC.
Shares in GESAC were transferred on the same date against the transfer of the price agreed, of € 8.2 million.

AA2000

On 30 June 2011, in implementation of the contract stipulated on 9 August 2006, an agreement was drawn up with Cedicor for the sale of 10% of the share capital of Aeropuertos Argentina 2000 (hereinafter "AA2000") held by SEA (21,973,747 ordinary class A shares with the right to one vote for each share).
The price has been established as a total of € 14 million that, as of 31 December 2011 has been collected in full.
The share transfer will only be completed with the authorisation by ORSNA (Organismo Regulador del Sistema Nacional de Aeropuertos); until that date, although remaining the principal of the investment, SEA will acknowledge administrative and equity rights to Cedicor (including the right to receive any dividends distributed and option rights relative to the equity investment sold). If ORSNA should fail to issue authorisation for the sale of 10% to Cedicor, the parties undertake to find a third party for five years as from the contract date, to which ORSNA will issue authorisation for the purchase of the shares in question.
Once the 5-year period has expired from the denial (if applicable) of authorisation by ORSNA for the sale of 10% of the shares in AA2000 to Cedicor and if said authorisation should not be issued to Cedicor and/or third parties, the contract will cease having all effect and SEA shall return to having full possession of all rights and obligations connected with AA2000 shares; this is without prejudice to that stated above on the price received by SEA and dividends received and/or additional shares subscribed by Cedicor during that period. The latter must, for a period of 5 years, obtain authorisation from ORSNA to transfer 10% of the shares in AA2000 to a third party. SEA in turn will guarantee an irrevocable power of attorney to Cedicor in order that the latter shall carry out all action necessary to obtain ORSNA authorisation and, in particular:

- notify the transfer of shares in AA2000 to ORSNA or alternative appointed Argentinian authority;
- sign all documentation necessary and monitor the related procedure required in order to obtain ORSNA authorisation.

Therefore, as of 31 December 2011 the SEA Group still holds 10% of the equity investment in AA2000. This is why the value of the equity investment has been kept booked as 1 euro.

In compliance with international accounting standards, on the accounts of the Group closed as of 31 December 2011, the income related to the price assigned to the economic rights transferred by virtue of the sales agreement (€ 12.9 million), has been noted on the income statement.

7.6 Deferred tax assets

Below are details of deferred tax assets:

(thousands of euros)	at 31/12/2011	at 31/12/2010
Prepaid tax assets	60,202	55,059
Deferred tax liabilities	(37,432)	(39,234)
Total net deferred tax assets	**22,770**	**15,825**

Changes in net deferred tax assets for the financial years closed as of 31 December 2011 and 2010 are summarised below:

(thousands of euros)

Description	Balance at 31/12/2010	Releases/Alloc. to the income statement	Releases/Alloc. to shareholders' equity	Balance at 31/12/2011
Deferred tax assets				
Non-deductible provisions	20,267	2,306		22,573
Asset impairment	15,482			15,482
Amortisation/Depreciation	17,819	1,168		18,987
Other timing differences	1,491	(443)	2,112	3,160
Total deferred tax assets	**55,059**	**3,031**	**2,112**	**60,202**
Deferred tax liabilities				
Amortisation/Depreciation	(13,150)	3,712		(9,438)
Employee benefits	(3,837)	331		(3,506)
Provision for risks	(4,092)	(4,588)		(8,680)
Measurement of equity investments at fair value	(2,047)		2,049	2
Financial lease	(624)	125		(499)
IFRIC 12	(14,358)			(14,358)
Other timing differences	(1,126)	173		(953)
Total deferred tax liabilities	**(39,234)**	**(247)**	**2,049**	**(37,432)**
Total net deferred tax assets	**15,825**	**2,784**	**4,161**	**22,770**

(thousands of euros)

Description	Balance at 31/12/2009	Releases/Alloc. to the income statement	Releases/Alloc. to shareholders' equity	Balance at 31/12/2010
Deferred tax assets				
Non-deductible provisions	27,076	(6,809)		20,267
Asset impairment	18,217	(2,735)		15,482
Amortisation/Depreciation	16,711	1,108		17,819
Other timing differences	1,557	(66)		1,491
Total deferred tax assets	**63,561**	**(8,502)**		**55,059**
Deferred tax liabilities				
Amortisation/Depreciation	(13,744)	594		(13,150)
Employee benefits	(3,568)	(269)		(3,837)
Provision for risks	(4,051)	(41)		(4,092)
Measurement of equity investments at fair value	(1,756)		(292)	(2,047)
Financial lease	-	(624)		(624)
IFRIC 12	(14,102)	(256)		(14,358)
Other timing differences	(46)	(1,080)		(1,126)
Total deferred tax liabilities	**(37,267)**	**(1,676)**	**(292)**	**(39,234)**
Total net deferred tax assets	**26,294**	**(10,178)**	**(292)**	**15,825**

As of 31 December 2011 there were no tax losses for which prepaid tax required recording.

7.7 Other non-current receivables

Below is a table of other non-current receivables:

Other non-current receivables	at 31/12/2011	at 31/12/2010
(thousands of euros)		
Tax receivables	575	757
Other receivables	346	430
Total non-current receivables	**922**	**1,187**

Tax receivables, respectively equal to € 575 thousand as of 31 December 2011 (€ 757 thousand as of 31 December 2010) mainly refer to the compulsory withdrawal from severance indemnity in relation to the subsidiary SEA Handling. Other receivables (€ 346 thousand as of 31 December 2011; € 430 thousand as of 31 December 2010) mainly refer to receivables due from employees and caution deposits.

7.8 Inventories

The table below summarises the amount of "inventories":

Inventories	at 31/12/2011	at 31/12/2010
(thousands of euros)		
Raw materials, ancillary materials and consumables	9,261	9,693
Total inventories	**9,261**	**9,693**

The item consists of consumable goods in the warehouse intended for airport activities.
As of 31 December 2011, no assets stored were pledged as a guarantee of loans or other transactions in place as of those dates. It is specified that the Company has not considered it necessary to record a provision for the write-down of inventories.

7.9 Trade receivables

Trade receivables are summarised in the table below:

Trade receivables	at 31/12/2011	at 31/12/2010
(thousands of euros)		
Trade receivables due from customers	161,195	179,625
Trade receivables due from related companies	10,344	10,516
Total net trade receivables	**171,539**	**190,141**

Trade receivables, stated net of the related provision for impairment, mainly includes receivables due from customers and allocations for invoices and credit notes to be issued. The criteria for the adjustment of receivables to the presumed realisation value considers measurements that are differentiated according to the state of the dispute.

The provision for the write-down of receivables showed the following changes:

Provision for the write-down of receivables	at 31/12/2011	at 31/12/2010
(thousands of euros)		
Opening provision	(100,207)	(141,229)
Increases	(16,970)	(9,765)
Uses/Releases	12,749	50,787
Closing provision for the write-down of receivables	**(104,428)**	**(100,207)**

Allocations to the provision (€ 16,970 thousand) were made to consider both the risk of a deterioration to the financial trends of the main operators with which disputes are underway and the write-down of receivables subjected to bankruptcy proceedings.

For details relating to past due amounts and their seniority, please refer to Note 4.1.

7.10 Other current receivables

The table below summarises the amount of "current receivables":

Other current receivables	at 31/12/2011	at 31/12/2010
(thousands of euros)		
Tax receivables	3,867	4,678
Fair value of derivatives		
Other receivables	13,023	17,984
Total other current receivables	**16,889**	**22,662**

Tax receivables as of 31 December 2011 refer for € 2,266 thousand (€ 2,266 thousand as of 31 December 2010) to the request for refund of 10% of IRAP paid in previous financial years, for € 913 thousand (€ 1,666 thousand as of 31 December 2010) to VAT receivables and € 688 thousand (€ 746 thousand as of 31 December 2010) to other VAT receivables. "Other receivables" stated net of the related write-down provision, can be detailed as follows:

Other receivables	at 31/12/2011	at 31/12/2010
(thousands of euros)		
Receivables due from the State for grants under law no. 449/85	2,114	9,504
Receivables due from the State for SEA/Ministry of Infrastructures and Transport case	3,369	3,195
Sundry receivables	7,149	4,606
Receivables due from employees and social security entities	1,868	1,928
Receivables due from the Ministry for Communication for the radio bridge	158	211
Provision for the write-down of receivables	(1,634)	(1,460)
Total other receivables	**13,023**	**17,984**

Receivables due from the State for grants in accordance with Italian Law no. 449/85 (€ 2,114 thousand as of 31 December 2011) relate to receivables due from the State by virtue of the Programme Agreement stipulated by Enac and SEA in January 1995 and reviewed in December 2004, which establishes the partial financial coverage, in accordance with Italian Law no. 449/85, of some infrastructural works to be developed in Malpensa airport. These receivables have been included in the net financial debt, as stated in Note 7.15 "Current and non-current financial liabilities".

The receivable due from the State for the SEA/ Ministry of Infrastructures and Transport case, consequent to the sentence of the Court of Cassation that had recognised the Company the failure to adjust handling tariffs for 1974-1981 in addition to interest and expenses incurred by the Company for € 3,369 thousand as of 31 December 2011 (€ 3,195 thousand as of 31 December 2010) relates to the residual credit position not collected by the Ministry for Infrastructures and Transport plus interest until 31 December 2011. "Sundry receivables" includes receivables of a miscellaneous nature (ticketing business, refunds, advances to suppliers, receivables due from insurance companies, arbitration with tenderers, receivables due from the company CRAL and other minor positions). The receivable due from employees and social security entities (€ 1,868 thousand as of 31 December 2011; € 1,928 thousand as of 31 December 2010) mainly refers to receivables due from INPS and the Volo Fund for the Extraordinary Temporary Lay-off Fund advanced to employees on behalf of said entities, and receivables due from INAIL.

The receivable due from the Ministry for Communication refers to the greater payments made on a provisional basis in previous years for instalments related to radio bridges and which will be offset with payments to be made in the future.

7.11 Cash in hand and at bank

The table below summarises the amount of "cash in bank and at hand":

Cash in hand and at bank	at 31/12/2011	at 31/12/2010
(thousands of euros)		
Bank and post office deposits	23,951	23,353
Cash in hand and at bank	111	112
Total	**24,062**	**23,465**

Liquid funds available as of 31 December 2011 consisted of the following assets: bank and post office deposits freely available for € 20,142 thousand (€ 13,691 thousand as of 31 December 2010), restricted bank deposits as guarantee of amortisation shares of the EIB loans due in the next 12 months for € 3,809 thousand (€ 9,662 thousand as of 31 December 2010), cash in hand and at bank for € 111 thousand (€ 112 thousand as of 31 December 2010).

7.12 Shareholders' equity

As of 31 December 2011 the Company's share capital came to € 27,500 thousand. As of 31 December 2011, the Company's organisational structure was as follows:

Name	% held
Municipality of Milan	54.81
ASAM	14.56
Province of Varese	0.64
Municipality of Busto Arstizio	0.06
Other public shareholders	0.14
Other public shareholders	**70.21**
F2i - Fondi Italiani per le infrastrutture	29.75
Other private shareholders	0.04
Other private shareholders	**29.79**
Total	**100.00**

Each share has a face value of € 0.11. Below are details of the breakdown of the shareholders' equity for the financial years closed as of 31 December 2011 and 2010.

(thousands of euros)	Capital	Legal reserve	Other reserves and income (loss) carried forward	Adj.eq. inv. related	Reserve hedge accounting contracts derivatives	Adj. to fair value of assets financial available for sale	Result of period	Consol. share-holders' equity	Capital and reserves of third parties	Cons. share-holders' equity of the Group and third parties
Balance at 31/12/2009 restated	**27,500**	**5,500**	**228,432**	**4,000**		**4,632**	**55,026**	**325,090**	**78**	**325,168**
Transactions with sha-reholders										
Allocation of profits for FY 2009			55,026				(55,026)			
Distribution of dividends										
Other changes										
Measurement of financial assets available for sale at fair value						5,519		5,519		5,519
Period result							63,131	63,131	2	63,133
Balance at 31/12/2010	**27,500**	**5,500**	**283,458**	**4,000**		**10,151**	**63,131**	**393,740**	**80**	**393,820**
Balance at 31/12/2010	**27,500**	**5,500**	**283,458**	**4,000**		**10,151**	**63,131**	**393,740**	**80**	**393,820**
Transactions with sha-reholders										
Allocation of profits for FY 2010			63,131				(63,131)			
Dividends distributed			(41,846)					(41,846)		(41,846)
Resolution to distribute dividends of 29 December 2011			(147,370)					(147,370)		(147,370)
Other changes										
Result of other items of the comprehensive income statement					(5,569)	(10,151)		(15,720)		(15,720)
Period result							53,904	53,904	3	53,906
Balance at 31/12/2011	**27,500**	**5,500**	**157,373**	**4,000**	**(5,569)**		**53,904**	**242,708**	**83**	**242,790**

7.13 Provisions for risks and charges

"Provisions for risks and charges", changed as shown in the table below, consists of the following:

Provisions for risks and charges	at 31/12/2010	Allocations/ Increases	Uses	Releases	at 31/12/2011
(thousands of euros)					
Provision for restoration and replacement	104,083	14,301	(7,168)		111,216
Provision for future charges	50,844	17,286	(10,722)	(8,731)	48,677
Total provision for risks and charges	**154,927**	**31,587**	**(17,890)**	**(8,731)**	**159,894**

Provisions for risks and charges	at 31/12/2009 restated	Allocations/ Increases	Uses	Releases	at 31/12/2010
(thousands of euros)					
Provision for restoration and replacement	101,994	13,798		(11,709)	104,083
Provision for future charges	59,715	11,105	(16,056)	(3,920)	50,844
Total provision for risks and charges	**161,709**	**24,903**	**(16,056)**	**(15,629)**	**154,927**

The provision for the restoration and replacement of goods granted under concession, established in accordance with IFRIC 12, equal to € 111,216 as of 31 December 2011 (€ 104,083 thousand as of 31 December 2010) represents the estimate of the shares of competence accrued in relation to the maintenance of goods granted under concession by the State to be performed in future years.

Below are details of changes to the provisions for future charges:

Provisions for future charges	at 31/12/2010	Allocations/ Increases	Uses	Releases	at 31/12/2011
(thousands of euros)					
Allocations to employment matters	16,705	10,818	(5,757)	(2,429)	19,337
Disputes with contractors	4,800			(2,800)	2,000
Commercial relations with airlines	144		(5)		139
Tax risks	3,030	27		(359)	2,698
Sundry provisions	26,165	6,442	(4,960)	(3,144)	24,503
Total provision for future charges	**50,844**	**17,287**	**(10,722)**	**(8,732)**	**48,677**

Provisions for future charges	at 31/12/2009 restated	Allocations/ Increases	Uses	Releases	at 31/12/2010
(thousands of euros)					
Allocations to employment matters	21,325	4,891	(9,511)		16,705
Disputes with contractors	6,235	2,600	(4,000)	(35)	4,800
Commercial relations with airlines	144				144
Tax risks	2,946	107	(23)		3,030
Sundry provisions	28,673	3,507	(2,130)	(3,885)	26,165
Other	392		(392)		
Total provision for future charges	**59,715**	**11,105**	**(16,056)**	**(3,920)**	**50,844**

"Sundry provisions" (€ 24,503 thousand as of 31 December 2011) consist of the following:

- € 8,415 thousand for legal disputes connected with operative airport management;
- € 9,421 thousand for risks relating to the state of cases for counterclaims received by the Company and in relation to airlines for which a state of insolvency has been declared;
- € 6,000 thousand related to expenses arising from acoustic zoning plans of the areas around the Milan airports (Law no. 447/95 and subsequent ministerial decrees);
- € 668 thousand for disputes with ENAV.

7.14 Personnel-related provisions

Changes in provisions relating to personnel are detailed as follows:

Personnel-related provisions	at 31/12/2011	at 31/12/2010
(thousands of euros)		
Opening provision	72,825	79,236
Cost of labour	12,051	11,631
Financial income/(expense)	(3,157)	3,096
Uses	(15,188)	(19,567)
Actuarial gains/(losses) allocated to the income statement	1,996	(1,571)
Total personnel-related provisions	**68,527**	**72,825**

The timely actuarial measurement of the provision for severance indemnity incorporates the effects of the reform of Italian Law no. 296 of 27 December 2006 and subsequent decrees and regulations.
The main actuarial assumptions used to determine pension requirement are stated below:

Main actuarial assumptions	% at 31/12/2011	% at 31/12/2010
Annual discounting rate	4.60	4.50
Annual inflation rate	2.00	2.00
Annual severance indemnity increase rate	3.00	3.00

7.15 Current and non-current financial liabilities

The table given below breaks down current and non-current financial liabilities as of 31 December 2011 and 31 December 2010:

		at 31/12/2011		at 31/12/2010
(thousands of euros)	**Current**	**Non-current**	**Current**	**Non-current**
Amounts due to banks	33,779	307,448	70,510	301,252
Amounts due to other lenders	2,681	2,602	2,773	3,128
Total financial liabilities	**36,460**	**310,049**	**73,283**	**304,380**

Below are details of the related items:

		at 31/12/2011		at 31/12/2010
(thousands of euros)				
	Current share	Non-current share	Current share	Non-current share
Long-term loans	31,728	299,524	37,793	301,252
Payable for expense on loan	2,051		1,798	
Short-term loans (hot money)	-		20,500	
Financial advances on grants by the State	-		9,277	
Fair value of derivatives		7,924	1,142	
Amounts due to banks	**33,779**	**307,447**	**70,510**	**301,252**
Payables due to factoring for the transfer of receivables with recourse	1,390	-	2,142	-
Payables for leasing	1,292	2,602	631	3,128
Amounts due to other lenders	**2,681**	**2,602**	**2,773**	**3,128**
Total current and non-current liabilities	**36,461**	**310,049**	**73,283**	**304,380**

As shown by the table above, the Group's financial debt mainly relates to a bank debt for medium/long-term loans. The payable for financial leasing relates to x-ray equipment.

The table below reconciles the payable due for financial lease and lease instalments to be paid as of 31 December 2011:

	at 31 December 2011
Lease instalments until contract maturity	4,474
Implicit interest	(1,306)
Current value of instalments until contract maturity	**3,168**
Amounts for unpaid invoices	726
Total payables for leasing (current and non-current)	**3,894**

For more details on loans taken out during FY 2011, the main information in relation to these loans and details of repayments that the Group is required to make on the basis of amortisation plans, please refer to that analysed in Note 4.

Below is the breakdown of the Group's net financial debt determined as of 31 December 2011 and 31 December 2010 according to the provisions of Consob communication of 28 July 2006 and in compliance with recommendations ESMA/2011/81:

(thousands of euros)		**at 31/12/2011**	**at 31/12/2010**
A.	Cash in hand and at bank	(24,062)	(23,465)
B.	Other liquid funds		
C.	Securities held for trading		
D.	**Liquid funds (A) + (B) + (C)**	**(24,062)**	**(23,465)**
E.	**Financial receivables**	**(2,114)**	**(9,504)**
F.	Current financial payables		20,500
G.	Current share of medium/long-term bank loans	31,728	37,793
H.	Other current financial payables	4,732	14,990
I.	**Payables and other current financial liabilities (F) + (G) + (H)**	**36,461**	**73,283**
J.	**Net current financial debt (D) + (E) + (I)**	**10,285**	**40,314**
K.	Non-current share of medium/long-term bank loans	299,524	301,252
L.	Bonds issued		
M.	Other non-current financial payables	10,525	3,128
N.	**Payables and other non-current financial liabilities (K) + (L) + (M)**	**310,049**	**304,380**
O.	**Net financial debt (J) + (N)**	**320,334**	**344,694**

7.16 Other non-current liabilities

As of 31 December 2011, "Other non-current liabilities" includes the non-current share (€ 62,307 thousand) relating to the payable due for the distribution of dividends resolved by the shareholders' meeting on 29 December 2011.

7.17 Trade payables

Below is a table showing a breakdown of trade payables:

Trade payables	at 31/12/2011	at 31/12/2010
(thousands of euros)		
Payables due to suppliers	177,874	142,476
Advances	4,228	4,037
Payables due to related companies	3,315	1,902
Total trade payables	**185,417**	**148,415**

Payables due to suppliers (which include payables for invoices receivable for € 97,563 thousand as of 31 December 2011 and € 86,269 thousand as of 31 December 2010) refer to the purchases of goods and services relative to the management and making of Group investments. As of 31 December 2011, this item had grown on the figure of 31 December 2010 by virtue of working capital management.
Payables for advances as of 31 December 2011 (€ 4,228 thousand; € 4,037 thousand as of 31 December 2010) are mainly attributable to customer advances.
Payables due to related companies are due to the provisions of services and sundry charges.

7.18 Period tax payables

Tax payables, equal to € 42,804 thousand as of 31 December 2011 (€ 41,351 thousand as of 31 December 2010) mainly consist of additional boarding fees established by Laws nos. 166/2008, 350/2003, 43/2005 and 296/2006 for € 30,970 thousand (€ 29,819 thousand as of 31 December 2010), the IRPEF payable on employed and autonomous work for € 3,887 thousand (€ 5,229 thousand as of 31 December 2010), the VAT payable for € 908 thousand (€ 1,026 thousand as of 31 December 2010), the IRES payable for € 4,910 thousand (€ 4,797 thousand as of 31 December 2010), the IRAP payable for € 1,464 thousand (€ 177 thousand as of 31 December 2010) and other tax payables for € 664 thousand (€ 303 thousand as of 31 December 2010).

For the periods in question, SEA adhered to national tax consolidation with the subsidiaries SEA Handling and SEA Energia.

7.19 Other current payables

The table below details the item "Other current payables":

Other current payables	at 31/12/2011	at 31/12/2010
(thousands of euros)		
Payables due to social security and welfare institutes	18,065	18,306
Other payables	163,706	69,107
Total other current payables	**181,771**	**87,413**

"Other payables" can be detailed as follows:

Other payables	at 31/12/2011	at 31/12/2010
(thousands of euros)		
Payables due to employees for amounts accrued	16,619	13,534
Payables due to employees for untaken holiday	10,959	11,316
Payables due to the State for concession charges	2,704	2,632
Payables for damages deriving from civil liability	4,211	3,352
Payables due to third parties for ticket collection	5,078	6,166
Payables due to the State for security services	71	71
Payable due to shareholders for dividends - short-term portion	85,101	
Other	38,963	32,036
Total other payables	**163,706**	**69,107**

"Other" (€ 38,963 thousand as of 31 December 2011; € 32,036 thousand as of 31 December 2010), mainly refers to the contribution, at the Company's expense, to the Provision for airport fire-fighting services instituted by Law no. 296 of 27 December 2006 for € 22,103 thousand (€ 15,825 thousand as of 31 December 2010) in addition to deferred income from customers in connection with income pertaining to future financial years and other minor payables for a total of € 16,860 thousand (€ 16,211 thousand as of 31 December 2010). Payables due to shareholders for dividends (€ 85,101 thousand) refer to the short-term payable for the distribution of dividends resolved by the shareholders' meeting on 29 December 2011.

8. Income statement

8.1 Operating income

The table below provides details of operating income broken down according to business unit for the financial years closed as of 31 December 2011 and 2010.

Operating income according to business unit	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Aviation	283,198	270,565
Non Aviation	174,665	169,901
Handling	129,051	139,458
Energy	62,375	52,906
Infra-segment elisions	(69,985)	(67,039)
Total operating income	**579,305**	**565,791**

The table below provides details of the operating income of Aviation, broken down according to type.

Aviation operating income	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Centralised infrastructures and rights	202,599	190,385
Operating income from security controls	52,532	49,444
Use of space in regulated regime	25,054	30,014
Other income and services	3,013	722
Total Aviation operating income	**283,198**	**270,565**

The table below provides details of the operating income of Non Aviation, broken down according to type.

Income from Non Aviation business	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Retail	79,208	77,370
Parking	42,488	40,469
Cargo areas	10,362	10,383
Services and other income	42,607	41,679
Total Non Aviation operating income	**174,665**	**169,901**

The table below provides details of retail income, broken down according to type.

Retail income	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Shops	33,908	32,666
Food & Beverage	15,254	16,002
Advertising	10,353	10,570
Other	19,693	18,132
Total retail	**79,208**	**77,370**

The table below provides details of the operating income of energy, broken down according to type.

Energy operating income	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Sale of electricity	46,116	34,582
Sale of thermal energy	12,788	13,353
Other income and services	3,471	4,971
Total Energy operating income	**62,375**	**52,906**

Please refer to Note 6 for more details.

8.2 Income for work on goods granted under concession

Income for work on goods granted under concession goes from € 48,366 thousand in FY 2010 to € 65,137 thousand in FY 2011.

This income corresponds to the works realised on goods granted under concession, increased by a mark-up that is representative of the remuneration of internal costs for works management and design and is included in the Aviation business unit.

Please note that in FY 2011, purchases were made from third parties of assets falling under the scope of application of IFRIC 12 (€ 1,017 thousand) on which the SEA Group has made no developments and designs and has therefore not recorded the relevant mark-up.

8.3 Cost of labour

The table below details the costs of labour:

Cost of labour	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Salaries and wages	178,660	175,682
Social security	53,196	53,038
Severance indemnity	12,051	11,631
Emoluments and other BoD costs	964	809
Other costs of labour	6,723	7,299
Total costs of labour	**251,594**	**248,459**

The cost of labour has increased from € 248,459 thousand to € 251,594 thousand (+1.3%).

The increased cost of labour is affected by the renewal of the collective national employment contract, expiring on 31 December 2011.

In 2011, the Group benefited to a lesser extent (with respect to 2010) from use of the Extraordinary Temporary Lay-Off Fund (CIGS) with reference to SEA and SEA Handling. More specifically, use of social shock absorbers came to € 15.5 million in 2011 and € 17.9 million in 2010 (corresponding respectively to 892 thousand hours for 2011 and 1,074 thousand hours for 2010).

The table below shows the average number of employees per category in 2010-2011 (head-count and head-equivalent):

Average number of employees		HDE		HDC
	2011	**2010**	**2011**	**2010**
Managers	56	52	55	53
Middle Management	284	273	291	281
White-collar workers	2,765	2,796	2,880	2,919
Blue-collar workers	1,811	1,841	1,864	1,925
Total employees	**4,916**	**4,962**	**5,090**	**5,178**

8.4 Consumables

"Consumables" are shown in the table below.

Costs for consumables	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Raw materials, ancillary materials, consumables and goods for resale	52,627	48,763
Changes in inventories	432	(419)
Total costs for consumables	**53,059**	**48,344**

"Consumables" mainly includes the purchase of methane for the production of electricity and thermal energy mainly attributed to SEA Energia and the purchase of goods intended for the airport activities (chemical products for de-icing and de-snowing, clothes, spare parts, etc.).

Costs for consumables go from € 48,344 thousand in 2010 to 53,059 thousand in 2011, recording an 8.9% increase. This increase is mainly due to the increased consumption and higher price of methane connected with the increased production of electricity of the subsidiary SEA Energia, partly offset by the reduction in purchases of de-icing liquid due to the more favourable weather conditions of early 2011.

8.5 Industrial costs

The table relating to "industrial costs" is as follows:

Industrial costs	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Ordinary maintenance costs	33,961	38,198
Cleaning	14,311	14,189
Airport fire-fighting service	6,277	6,462
Insurance	5,102	5,507
Outsourcing of cabin cleaning	5,120	5,295
Sundry industrial costs	5,666	4,462
Hire of equipment and vehicles	3,658	3,614
Utilities and vigilance expenses	7,412	6,336
Provisions for disabled assistance	2,219	2,174
Capital losses on assets	5,360	790
Total industrial costs	**89,087**	**87,027**

In 2011, industrial costs increased by € 2,060 thousand on the same period of last year (2.4%), going from € 87,027 thousand (13.8% of income) in 2010 to € 89,087 thousand (14.2% of income) in 2011.
The net increase of € 2,060 thousand is mainly due to the greater capital losses connected with the 2011 demolition of plants and property for € 4,570 thousand, to greater expenses for utilities and vigilance for € 1,076 thousand and lesser costs for ordinary maintenance of € 4,237 thousand.

8.6 Administrative costs

The table relating to "administrative costs" is as follows:

Administrative costs	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Concession charges	6,164	5,828
Charges relative to licenses to use hardware and software	5,990	5,721
Professional provisions of legal services	5,025	3,773
Professional technical services	4,143	2,986
Strategic consulting	3,155	2,969
Advertising, promotional expenses and entertainment	5,005	4,281
Tax expenses	2,916	2,503
Rental expenses	830	1,144
Emoluments and costs of the Board of Auditors	1,026	404
Other costs	4,257	3,984
Total administrative costs	**38,512**	**33,593**

In 2011, administrative costs increased by € 4,919 thousand on 2010 (+14.6%), going from € 33,593 thousand to € 38,512 thousand. The main increase relates to costs for consulting and advertising and promotional expenses, which in 2011 include € 4,445 thousand relative to activities implemented under the scope of the SEA listing project. In 2011, emoluments and costs for the Board of Auditors increased by € 622 thousand by virtue of the review of the relevant tariffs.
"Other costs" specifically includes costs for association fees, costs for the provision of trading services by the subsidiary SEA Energia and costs for bank commission and credit cards.

8.7 Costs for work on goods granted under concession

Costs for work on goods granted under concession go from € 45,691 thousand in 2010 to € 61,507 thousand in FY 2011 as of 31 December 2011.
These represent the cost for works performed on goods granted under concession and are included in the Aviation business unit. Please note that in FY 2011, SEA made purchases from third parties of assets falling under the scope of application of IFRIC 12 (€ 1,017 thousand) on which the Group has made no developments and designs and has therefore not recorded the relevant mark-up.

8.8 Amortisation/depreciation

"Amortisation/depreciation" can be detailed as follows:

Amortisation/Depreciation	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Amortisation of intangible fixed assets	24,709	21,975
Depreciation of tangible assets and real estate investments	16,675	14,938
Total amortisation/depreciation	**41,384**	**36,913**

The trend of amortisation/depreciation in the period reflects the amortisation and depreciation of tangible and intangible fixed assets on the basis of the useful life estimated by the Company.

8.9 Allowance and impairment

Allowance and impairment can be detailed as follows:

Allocations and impairment	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Impairment of receivables under current assets and liquid funds	16,970	9,938
Release of the provision for the write-down of receivables	(10,578)	(8,073)
Impairment of fixed assets		(2,764)
Allocations to/(releases) of provisions for future charges	10,957	7,186
Allocation of provision for restoration and replacement	10,642	9,978
Total allowance and impairment	**27,991**	**16,265**

In 2011, allowance and impairment increased by € 11,726 thousand on last year, going from € 16,265 thousand in 2010 to € 27,991 thousand in 2011.

These allocations were made to consider both the risk of deterioration of the financial trend of the main operators with which disputes are underway and the write-down of receivables involved with bankruptcy proceedings. Net allocations made to the provision for future risks and charges (€ 10,957 thousand as of 31 December 2011; € 7,186 thousand in 2010) mainly refer to probable environmental expenses, counterclaims with airlines and labour-related expenses. The allocation to the Provision for restoration and replacement, established in accordance with IFRIC 12, comes to € 10,642 thousand in FY 2011 (€ 9,978 thousand in 2010).

8.10 Income and expense from equity investments

The table below details income and expense from equity investments:

Income (expense) from equity investments	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
SACBO SpA	(100)	4,046
Dufrital SpA	1,850	823
CID Italia SpA	234	220
Disma SpA	324	245
Malpensa Logistica Europa SpA	(93)	
SEA Services Srl	111	78
Value on shareholders' equity of investments	**2,326**	**5,412**
Capital gain from the sale of 10% in Aeropuertos Argentina 2000	12,889	
Dividends from Aeropuertos Argentina 2000	655	155
Income for the write-back of GESAC SpA	5,811	
Other income from equity investments	**19,355**	**155**
Total income (expense) from equity investments	**21,681**	**5,567**

"Measurement of equity investments as shareholders' equity" expresses the economic effects deriving from the equity measurement of associated companies, equal to € 2,326 thousand in 2011 (€ 5,412 thousand in 2010).
The statutory results of related companies have been adjusted to consider the adaptations to the Group accounting standards and measurement techniques of equity investments in accordance with IAS 28. With reference to income deriving from the signing of the sales agreement of AA2000 and the sale of GESAC, please refer to Note 7.5.

8.11 Financial income and expense

"Financial income and expense" can be detailed as follows:

Financial income (expense)	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Exchange gains	24	74
Other financial income	5,347	18,129
Total financial income	**5,371**	**18,203**
Interest expense on medium/long-term loans	(7,371)	(7,466)
Exchange losses	(25)	(143)
Other interest expense	(12,931)	(11,613)
Total financial expense	**(20,327)**	**(19,222)**
Total financial income (expense)	**(14,956)**	**(1,019)**

In FY 2011, net financial expense was up by € 13,938 thousand, going from € 1,019 thousand in 2010 to € 14,956 thousand in 2011. This effect was mainly caused by the reduction in "Other financial income", which, in FY 2010, included the interest share received following collection compensation for damages on handling tariffs for 1987-1989-1990, for a total of € 12,456 thousand, and the positive effect, in 2010 of the fair value measurement of derivatives that had entailed the recording of income of € 3,556 thousand (in 2011 the fair value measurement of derivatives had resulted in net income of € 899 thousand). Interest expense on medium and long-term loans is basically in line in the two periods; "Other interest expense" recorded an increase of € 1,318 thousand. This item includes financial expense for the application of IFRIC 12 in connection with the discounting of the restoration fund of € 3,660 thousand in 2011 (3,819 in 2010).

8.12 Tax

Below are details of tax:

Tax	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Current tax	36,913	29,103
Deferred tax	(2,785)	10,177
Total tax	**34,127**	**39,280**

Below is a reconciliation of the ordinary effective rate and the theoretical rate:

(thousands of euros)				
Description	**FY 2011**	**%**	**FY 2010**	**%**
Pre-tax profit	88,034		102,413	
Theoretical income tax	24,209	27.5	28,164	27.5
Permanent differences tax effect	(4,514)	(5.1)	(1,915)	(1.9)
IRAP	12,025	13.7	12,778	12.5
Other	2,407	2.7	253	0.2
Total	**34,127**	**38.8**	**39,280**	**38.4**

The reduction of the effective tax burden of FY 2011 with respect to 2010 is mainly due to the benefits connected with the application of the "participation exemption" regime to the sale of the equity investment held in GESAC and the entire de-taxation of the income deriving from the agreement to transfer the shareholding in AA2000.

8.13. Earnings per share

The basic earnings per share are determined by dividing the Group's net result by the average number of Company shares in issue, as of the date on which each set of financial statements is approved.

	Financial year ended on 31 December	
	2011	**2010**
Weighted average number of ordinary shares (number of shares)	250,000,000	250,000,000
Net Group result (in thousands of euros)	53,904	63,131
Basic earnings per share (in euros)	**0.22**	**0.25**

With regards to the calculation of the diluted earnings per share, please note that the Group has not issued any rights that may potentially have a dilution effect.

Therefore, the value of the diluted earnings per share equates to the basic earnings per share.

9. Related party transactions

The tables below state the equity balances with related parties as of 31 December 2011 and 31 December 2010 and the economic balances with reference to FY 2011 and 2010, specifying the incidence on the related item:

Group related party transactions				Financial year ended on 31 December 2011
(thousands of euros)	**Trade receivables**	**Trade payables**	**Operating income**	**Operating costs (excluding costs for work on goods granted under concession)**
Equity investments in associates				
SACBO	90		123	1
Dufrital	5,544	432	20,510	4
CID Italia	629	1	2,502	29
Malpensa Logistica Europa	2,272	928	4,101	1,375
SEA Services	1,790	1,859	1,981	1,851
Disma	19	95	258	-
Total related parties	**10,344**	**3,315**	**29,475**	**3,260**
Total item	171,539	185,417	579,306	432,251
% of total item	**6.0**	**1.8**	**5.1**	**0.8**

Group related party transactions				Financial year ended on 31 December 2010
(thousands of euros)	**Trade receivables**	**Trade payables**	**Operating income**	**Operating costs (excluding costs for work on goods granted under concession)**
Equity investments in associates				
SACBO	6		72	
Dufrital	6,909	453	19,579	
CID Italia	1,035	115	2,307	30
Malpensa Logistica Europa	1,790	858	4,185	
SEA Services	623	384	1,140	607
Disma	152	92	279	
Total related parties	**10,515**	**1,902**	**27,562**	**637**
Total item	190,141	148,415	565,791	417,423
% of total item	**5.53%**	**1.28%**	**4.9%**	**0.2%**

Below is cash flow referring to Group related party transactions for the financial year ended on 31 December 2011 and 31 December 2010, specifying the incidence on the related item:

Group related party transactions				Financial year ended on 31/12/2011	
(thousands of euros)	Equity investments in associates	Equity investments in other businesses	Total related party transactions	Balance consolidated	%
A) Cash flow deriving from operations	(1,584)		(1,584)	148,206	(1.07)
B) Cash flow deriving from investments				(64,257)	
C) Cash flow deriving from financing				(83,352)	

Group related party transactions				Financial year ended on 31/12/2010	
(thousands of euros)	Equity investments in associates	Equity investments in other businesses	Total related party transactions	Balance consolidated	%
A) Cash flow deriving from operations	(1,678)		(1,678)	91,022	(1.80)
B) Cash flow deriving from investments	6,000		6,000	(61,814)	(9.70)
C) Cash flow deriving from financing				(31,517)	

Transactions between the Group and related parties in the financial year ended on 31 December 2011 and 31 December 2010 mainly concerned:

- trade relations with reference to the recognition to SEA of royalties on sales (CID and Dufrital);
- rent of spaces (Malpensa Logistica Europa);
- supply to SEA of Food & Beverage related services (SEA Services);
- trade deriving from the concession for the distribution of fuel (Disma);
- supply by SEA of support, consulting and professional/technical assistance in the legal, auditing and staff areas (SACBO).

The above transactions come under the scope of the Group's core business and are carried out at market values.

Other related party transactions

SACBO
During FY 2011, SACBO distributed dividends to SEA for € 659 thousand.

Disma
During FY 2011, Disma distributed dividends to SEA for € 190 thousand.

CID
During FY 2011, CID distributed dividends to SEA for € 160 thousand.

10. Directors' and main managers' fees

For the financial year ended on 31 December 2011 the fees for the Board of Directors came to € 964 thousand. The total amount of fees for FY 2011 of the main managers of SEA came to € 3,644 thousand. The amount includes the variable component on the basis of the assignment of specific individual business objectives for each position.

11. Fees of the Board of Auditors

In FY 2011, total fees for the Board of Auditors came to € 1,026 thousand.

12. Fees of the independent auditing firm

In accordance with paragraph 16-bis of Article 2427 of the Italian Civil Code, please find below details of the fees paid to the independent auditing firm PriceWaterhouseCoopers S.p.A. with reference to FY 2011:

- fees for legally auditing the accounts of the statutory financial statements of SEA, SEA Handling, SEA Energia and the consolidated accounts of the SEA Group for € 208 thousand;
- fees connected with the listing project for € 857 thousand;
- other, non-auditing services for € 123 thousand.

13. Commitments and guarantees

13.1 Investment commitments

The Group has currently committed to investments for € 112,615 thousand as of 31 December 2011 (€ 27,412 thousand as of 31 December 2010), the value of which is stated net of works already developed and invoiced to the Group, as stated below:

Breakdown of commitments per project	at 31/12/2011	at 31/12/2010
(thousands of euros)		
R.T.I CCC/Cile/Oanzeri/Boffetti imp./STS	7,034	13,886
R.T.I CCC/Sirti/Centroedile/Econord	691	7,054
Codelfa		3,661
Taddei		1,324
ATI - Cotea/Gemmo	509	862
Consorzio Stabile Edimo		625
R.T.I. CODELFA SPA /COIVER CONTRACT	38,619	
R.T.I. GEMMO SPA/ELETTROMECCANIC	20,180	
R.T.I. CODELFA SPA/ IMPRESA BACCHI	15,764	
R.T.I. CEFLA SOC.COOP./GRUPPO P.S.	14,447	
R.T.I. IMPRESA CAVALLERI OTTAVIO	15,370	
Total	**112,615**	**27,412**

The increase in investment commitments as of 31 December 2011 as compared with 31 December 2010 mainly refers to commitments made to develop electricity systems and finishing works on the third satellite of Terminal 1 of Malpensa.

13.2 Commitments for hire contracts

As of 31 December 2011, the SEA Group has commitments in place against the signing of hire contracts for a total of € 7,075 thousand, mainly with reference to the hire of runway buses and the vehicle fleet.

Below are details of the minimum outlays forecast by virtue of the contracts, by the Group, as of 31 December 2011:

(thousands of euros)	at 31 December 2011
Within 12 months	3,208
From 1 to 5 years	3,867
Total	**7,075**

13.3 Guarantees

Collateral, equal to € 8,057 thousand as of 31 December 2011 relates to the pledge on receivables in exchange for loans disbursed by credit institutes on EIB funds.

As of 31 December 2011, security in favour of others consisted of:

- security issued by the European Investment Fund (EIF) for € 8,602 thousand as guarantee of the EIB loan;
- security issued by Banca Popolare di Lodi in favour of Enac for € 5,500 thousand, as a guarantee of the concession fees;
- security of € 7,500 thousand to Banca Popolare di Milano as a guarantee of credit facilities received by companies adhering to the centralised treasury;
- security pertaining to the subsidiary SEA Energia issued by Banca Popolare di Milano in favour of the Milan Tax Authority as a guarantee of VAT compensation of the Group for € 2,394 thousand;
- security of € 4,000 thousand in favour of the Defence Ministry for the use by SEA of land owned by said Ministry following the redoing of roads for the opening of the new multi-storey car park in Milan Linate airport. This guarantee comes under the scope of the technical agreement signed by SEA on 4 June 2009 with the Defence Ministry and Enac, which establishes that the Defence Ministry shall transfer some state property no longer of military interest and situated behind the Milan airports, to Enac. SEA needs to use these assets to enhance and develop the airport infrastructures, acquires the concession for their use until 2041, upon realisation of a series of works for the Defence Ministry for an amount of € 25,900 thousand;
- security for € 1,602 thousand in favour of the Parco Lombardo Valle del Ticino consortium for the correct execution of forest compensation works for the transformation of a portion of woodland into airport territory for Milan Malpensa and in the municipality of Lonate Pozzolo;
- security of € 342 thousand in favour of the supplier Contract GmbH for the hire of runway buses;
- security of € 1,150 thousand of the subsidiary SEA Energia in the favour of Terna SpA as a guarantee of the dispatch of electricity;
- security of € 300 thousand of the subsidiary SEA Energia in favour of Gestore dei Mercati Energetici SpA (GME) in order to participate in the electricity market;
- € 906 thousand for other lesser security.

14. Seasonal

Income from the Group's business is seasonal, generally higher in August and December, due to increased flights by the airlines operating on the airports. It is also stressed that the business relating to Milan Malpensa airport and Milan Linate airport is, to a certain extent, complementary in terms of the seasonal nature, given the different types of indirect customers (e.g. leisure vs. business). This characteristic means that seasonal peaks can be limited when a consolidated approach is taken to the operative and financial trends of the airport system as a whole.

15. Transactions deriving from non-recurring operations

In the financial year ended on 31 December 2011, the Group recorded non-recurring income for € 5,811 thousand and € 12,889 thousand respectively for the sale of GESAC and the signing of the sales agreement of Aeropuertos Argentina 2000. Please refer to the details given in Note 7.5 Equity investments available for sale.
Please also note € 4,400 thousand of non-recurring administrative costs due to the listing project.

16. Transactions deriving from non-typical and/or unusual transactions

In compliance with the provisions of Consob communication of 28 July 2006 in the financial years closed as of 31 December 2011 and 31 December 2010, no non-typical and/or unusual transactions were implemented, as defined by said communication.

17. Additional information

On 3 May 2011, the shareholders' meeting of the parent company SEA resolved to distribute dividends for € 41,846 thousand, relative to profits of FY 2010. This dividend was paid on 16 December 2011.
On 29 December 2011, the shareholders' meeting of the parent company SEA resolved to distribute dividends for € 147,370 thousand, to be applied: (i) € 21,468 thousand to the share premium reserve; and (ii) € 125,902 thousand to the extraordinary reserve. During said shareholders' meeting, in order to consider the Company's financial planning demands and in its interests, the Municipality of Milan irrevocably assigned the Company the right, at its own discretion, to pay the extraordinary dividend pertaining to it as follows: (i) 50% of the dividend - and therefore € 62,307 thousand - as of 14 December 2012; and (ii) the remaining 50% - and therefore € 62,307 thousand - as of 14 December 2013; this is without prejudice to the fact that as from 31 July 2012 and until the date of effective payment, an interest rate equal to that which the Municipality of Milan would obtain by managing an equal amount of liquid funds for an equal period must be applied to both amounts due, in accordance with the methods set out above, i.e. this shall be the Euribor rate at 3 months, it also being agreed that in the event of listing on the stock exchange, payment must be made at the time of listing.

18. Significant events after closure of the financial statements as of 31 December 2011

Please note that by notary's deed of 21 December 2011, Dufrital and CID Italia merged by incorporation of CID into Dufrital, on the basis of a merger project approved by the shareholders' meetings of the companies involved on 30 September 2011, without any exchange, as the shareholders' equity of the incorporated company is entirely absorbed by the incorporating company and, therefore, indirectly held by the same shareholders in both companies in equal proportions. The transactions of the company being incorporated are allocated to the financial statements of the incorporating company as from 1 January 2012.
Please also refer to that stated in the Report on Operations.

On behalf of the parent company SEA
The Chairman of the Board of Directors
Giuseppe Bonomi

Report by the Board of Auditors to the consolidated financial statements

Dear Shareholders,

We would hereby like to report to you on our supervisory activities carried out with regards to SEA - Societa' Esercizi Aeroportuali SpA as company required to prepare the consolidated financial statements of the SEA Group, meeting the legal requirements.

We have examined the consolidated financial statements draft of your Company as of 31 December 2011 prepared by the directors in accordance with current legislation and duly delivered by them on 19 March 2012 to the Board of Auditors together with the schedules and detailed attachments and the Report on Operations. Please note that in previous financial years, the Company had applied the faculty set out under Italian Legislative Decree no. 38 of 28/02/2005 governing the exercise of the options established by Art. 5 of European Regulation no. 1606/2002 on international accounting standards and applied the international accounting standards adopted by the European Union (hereinafter also referred to as the "IFRS") to prepare its consolidated financial statements. More specifically, we note that the IFRS have been applied coherently to all periods presented in this document.

The SEA Group has adopted the international accounting standards (IFRS) as from the consolidated financial statements of 2006. In preparing these consolidated financial statements, the interpretation has been applied to the accounting standards recently approved by the European Commission, IFRIC 12 "Agreements for concession services" issued by the International Accounting Standards Board, which regulates the methods by which concession contracts are recorded and measured between a public company and private company.

The consolidated financial statements therefore present some comparative data with respect to the data published previously, to consider the accounting impacts deriving from the retrospective application of the document IFRIC 12, in compliance with the provisions of accounting standard IAS 8.

Please note that as compared with the consolidated financial statements of the SEA Group closed as of 31 December 2010, the Group has chosen to change the method by which to derivative financial instruments are booked, as permitted by IAS 39. More specifically, with reference to the contracts signed up until 31 December 2010, as of the stipulation date, they were booked at fair value and changes in fair value noted after the first entry were treated as items of the period economic-financial result. For new contracts signed as from 1 January 2011, the Company has, where applicable, applied the "hedge accounting" method.

The balance sheet shows consolidated net profits of € 53,904 thousand, as compared with net profits of € 63,131 thousand relative to last year's financial statements; this can be summarised by the following figures:

Consolidated assets	(thousands of euros)
Non-current assets	1,068,268
Current assets	197,689
Cash in hand and at bank	24,062
Total assets	**1,290,019**

Consolidated liabilities	(thousands of euros)
Group shareholders' equity	188,803
Period profits	53,904
Third party shareholders' equity	83
Provisions for risks and charges	159,894
Employee severance indemnity	68,527
Non-current financial liabilities	310,049
Other current liabilities	62,307
Current liabilities	449,452
Total liabilities and shareholders' equity	**1,290,019**

The consolidated economic result is borne out by the following figures on the consolidated income statement:

Income statement	(thousands of euros)
Operating income	644,443
Costs of production	(493,759)
Amortisation, depreciation, allocations and impairment	(69,375)
Operating result	**81,309**
Financial income and expense	(14,956)
Income from equity investments	21,681
Pre-tax result	**88,034**
Period income tax	(34,127)
Group and third party result	**53,907**
Third party share of result	3
Group period profit	**53,904**

The Group's consolidated financial statements include the financial statements of SEA SpA (parent company) and the companies over which it directly or indirectly holds a controlling position, as from the date on which said control was acquired and until such time as it ceases. In the situation at hand, control is exercised by virtue of the direct possession of the majority of shares with voting rights (IAS 27).
The following subsidiaries are consolidated in accordance with the line-by-line method:
• SEA Energia SpA
• SEA Handling SpA
• Malpensa Construction Consortium

Equity investments in related companies measured using the equity method in compliance with the provisions of IAS 28 are those over which the investor (SEA SpA) has a significant influence; this is assumed to exist when it directly or indirectly through subsidiaries holds 20% or more of the voting rights that can be exercised in the shareholders' meeting of the subsidiary.

The following associates are consolidated in accordance with the equity method:
• SACBO
• Malpensa Logistica Europa
• Dufrital
• CID Italia
• Disma
• SEA Services.

Although held 18.75% by the parent company SEA SpA, Disma has been measured using the equity criteria specified given the significant influence of the parent company.

Finally, the following equity investments available for sale have been measured at fair value:
• Aeropuertos Argentina 2000
• Milano Sistema consortium, in liquidation
• Romairport
• SITA Soc. Coop.

Finally, please note that there have been no changes to the consolidation area in 2012.
The financial statements of subsidiaries and associates, consolidated by the SEA Group, have been prepared adopting the same accounting standards as the parent company for each accounting period.
The consolidation principles, explained in the Notes to the statements, can be summarised as follows:
• financial statements that have been consolidated relate to the same financial year; consolidation has been performed on the financial statements prepared by the administrative bodies of the parent company and the subsidiaries and associates, approved or being approved by the shareholders' meetings of the individual companies, adjusted, where necessary, to apply standardised measurement criteria;
• we have verified that the same measurement criteria used by the parent company has been applied to the consolidated financial statements;
• our examination of the Notes to the statements show that the consolidation principles adopted have been described and ample descriptions have been given of the main items of the consolidated balance sheet and income statement;
• our examination of the report by the Board of Directors on operations as of 31 December 2011 shows that it is complete and fully fulfils all legal purposes, containing the main factors that have marked the financial year; it is complete in terms of the information provided on operations and the Company's development, strategies and transactions and in giving a description of the main risks and uncertainties to which the Company is exposed;
• we have verified the characteristics of the operations between the parent company and the other SEA Group companies, which essentially concern the provision of services and treasury activities, along with funding and the use of funds; these are all of an ordinary and recurring nature and are, moreover, settled at market conditions.

The Board also notes that in its report dated 11 April 2012, the independent auditing firm PricewaterhouseCoopers has certified that the consolidated financial statements of the SEA Group as of 31 December 2011 comply with the IFRS adopted by the European Union; they have been prepared clearly and provide a truthful correct representation of the financial and equity position, the economic result, the changes to shareholders' equity and cash flow of the SEA Group for the financial year ended on that date. The Board acknowledges that it has verified the coherence of the consolidated financial statements with the facts and information of which it has been made aware following the attendance of meetings of the corporate bodies during the financial year, the exercise of its duty to supervise and its powers to inspect and audit. The consolidated report on operations is complete in terms of the information supplied in relation to operations and development, strategies and transactions between Group companies; our examination has shown that it is coherent with the data and results of the consolidated financial statements, as also seen in the report by the independent auditing firm PricewaterhouseCoopers dated 11 April 2012.

Milan, 12 April 2012
The Board of Auditors

Giancarlo Giordano
Chairman

Aldo Londei
Statutory Auditor

Fabio Malcovati
Statutory Auditor

Maria Luisa Mosconi
Statutory Auditor

Raffaella Pagani
Statutory Auditor

Report certifying the consolidated financial statements

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the shareholders of
S.E.A. - SOCIETÀ ESERCIZI AEROPORTUALI SpA

1. We have audited the consolidated financial statements of S.E.A. - SOCIETÀ ESERCIZI AEROPORTUALI SpA and its subsidiaries (the "S.E.A. Group") as of 31 December 2011, which comprise the statement of financial position, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement and related notes. The directors of S.E.A. - SOCIETÀ ESERCIZI AEROPORTUALI SpA are responsible for the preparation of these consolidated financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with Italian standards on auditing issued by the Italian accounting profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 30 June 2011.

3. In our opinion, the consolidated financial statements of the S.E.A. Group as of 31 December 2011, comply with the International Financial Reporting Standards as adopted by the European Union; accordingly, they have been prepared clearly and give a true and fair view of the financial position, results of operations and cashflows of S.E.A. Group for the year then ended.

4. The directors of S.E.A. - SOCIETÀ ESERCIZI AEROPORTUALI SpA are responsible for the preparation of a report on operations in compliance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili and recommended by Consob. In our opinion the

Report certifying the consolidated financial statements

report on operations is consistent with the consolidated financial statements of S.E.A. - SOCIETÀ ESERCIZI AEROPORTUALI SpA as of 31 December 2011.

Milan, 11 April 2012

PricewaterhouseCoopers SpA

Signed by
Sergio Pizzarelli
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

SEA - Financial statements

Accounting schedules

Equity and financial position

(Amounts in euros)	Notes	at 31 December 2011	at 31 December 2010	at 1 January 2010
Intangible fixed assets	7.1	763,471,121	721,480,165	695,185,831
Tangible fixed assets	7.2	186,502,432	177,025,966	166,476,310
Real estate investments	7.3	3,420,764	3,503,180	3,516,332
Equity investments in subsidiaries and associates	7.4	41,190,756	33,342,995	46,723,016
Equity investments available for sale	7.5	26,139	15,726,138	9,914,751
Deferred tax assets	7.6	21,539,450	15,255,088	24,718,066
Other non-current receivables	7.7	378,876	430,516	4,191,431
Total non-current assets		**1,016,529,538**	**966,764,048**	**950,725,737**
Inventories	7.8	9,114,313	9,546,506	9,261,944
Trade receivables	7.9	140,406,382	151,068,258	152,466,481
Current financial receivables	7.10	27,660,331	34,546,049	34,741,211
Period tax receivables	7.11	3,600,632	4,132,598	4,022,100
Other receivables	7.12	9,403,143	16,819,806	39,605,064
Cash in hand and at bank	7.13	23,712,335	22,667,349	25,562,319
Total current assets		**213,897,136**	**238,780,566**	**265,659,119**
Total assets		**1,230,426,674**	**1,205,544,614**	**1,216,384,856**
Share capital	7.14	27,500,000	27,500,000	27,500,000
Other reserves	7.14	130,011,163	278,806,720	205,531,294
Period profits	7.14	49,403,324	58,109,324	67,543,945
Shareholders’ equity		206,914,487	364,416,044	300,575,239
Provision for risks and charges	7.15	155,167,313	148,852,780	151,440,597
Personnel-related provisions	7.16	43,685,131	45,503,812	47,233,729
Other non-current payables	7.20	62,307,293	0	238,611
Non-current financial liabilities	7.17	319,015,178	308,759,789	339,122,205
Total non-current liabilities		**580,174,915**	**503,116,381**	**538,035,142**
Trade payables	7.18	183,055,079	148,160,281	163,506,701
Period tax payables	7.19	41,989,863	40,850,068	47,426,462
Other payables	7.20	158,513,379	67,145,803	61,027,354
Current financial liabilities	7.17	59,778,951	81,856,037	105,813,958
Total current liabilities		**443,337,272**	**338,012,189**	**377,774,475**
Total liabilities		**1,023,512,187**	**841,128,570**	**915,809,617**
Total liabilities and shareholders’ equity		**1,230,426,674**	**1,205,544,614**	**1,216,384,856**

Comprehensive income statement

(Amounts in euros)	Notes	at 31 December 2011	at 31 December 2010
Operating income	8.1	457,550,070	455,357,169
Income for work on goods granted under concession	8.2	65,248,031	48,476,843
Total income		**522,798,101**	**503,834,012**
Cost of labour	8.3	(150,991,607)	(148,732,206)
Consumables	8.4	(11,251,386)	(14,367,841)
Industrial costs	8.5	(124,117,127)	(117,020,218)
Administrative costs	8.6	(36,013,972)	(31,169,532)
Costs for work on goods granted under concession	8.7	(61,618,372)	(45,801,843)
Total operating costs		**(383,992,464)**	**(357,091,640)**
Gross operating margin/EBITDA		**138,805,637**	**146,742,372**
Amortisation/Depreciation	8.8	(35,859,109)	(32,127,861)
Allowance and impairment	8.9	(20,324,180)	(12,343,030)
Operating result		**82,622,348**	**102,271,481**
Income (expense) from equity investments	8.10	5,856,718	(7,225,379)
Financial expense	8.11	(12,891,941)	(19,480,839)
Financial income	8.11	2,907,116	19,269,727
Pre-tax result		**78,494,241**	**94,834,990**
Tax	8.12	(29,090,917)	(36,725,666)
Net result		**49,403,324**	**58,109,324**
Other items of comprehensive income			
Income from measurement at fair value of financial assets available for sale		(12,200,275)	5,811,388
Tax effect of the measurement at fair valueof financial assets available for sale		79,907	(79,907)
Change in fair value of cash flow hedge derivatives		(7,680,714)	
Tax effect of the change in the fair value of cash flow hedge derivatives		2,112,196	
Total other items of comprehensive income		**(17,688,886)**	**5,731,481**
Total comprehensive income for the year		**31,714,438**	**63,840,805**

Statement of Cash Flows

	Financial year ended on 31 December	
(Amounts in euros)	2011	2010
Pre-tax result	78,494,241	94,834,990
Adjustments:		
Amortisation and depreciation of tangible and intangible fixed assets	35,859,109	32,127,861
Net allocations to provisions and impairment (including personnel provision)	3,549,380	(1,767,092)
Net financial expense(*)	9,984,825	(211,112)
Income from equity investments	(5,856,718)	7,225,379
Ministry of Transport compensation (excluding interest share)	-	(14,883,030)
Other non-monetary changes	1,331,611	(2,722,447)
Cash flow deriving from operations prior to change in working capital	**123.362.449**	**114.604.548**
Changes in inventories	432,193	(284,562)
Changes in trade and other receivables	8,084,495	6,792,077
Changes in other non-current assets	51,640	262,218
Changes in trade and other payables	40,833,319	(18,911,532)
Changes in other non-current liabilities		(238,611)
Cash flow deriving from changes to working capital	**49,401,648**	**(12,380,410)**
Income tax paid	(31,677,021)	(24,235,724)
Ministry of Transport compensation (including interest share)		27,339,040
Cash flow deriving from operations	**141,087,076**	**105,327,454**
Investments in fixed assets:		
- intangible(**)	(67,354,767)	(48,874,539)
- tangible	(21,615,856)	(28,104,754)
- financial		
Divestments of fixed assets:		
- tangible	507,890	
- financial(***)	22,200,000	6,525,521
Dividends received	1,662,966	6,053,140
Payment on capital increase account for SEA Handling	(22,354,286)	
Cash flow deriving from investments	**(86,954,053)**	**(64,400,632)**
Change to gross financial debt		
- net increase in short and medium/long-term debt	(24,105,551)	(18,025,830)
- net increase of financial advance facilities on State grants	(9,276,953)	(13,200,946)
Decrease/(increase) in receivables for State grants	7,181,937	13,081,547
Net increase/(decrease) to other financial assets and liabilities	22,762,999	(14,692,494)
Dividends distributed	(41,846,010)	
Interest paid	(8,015,060)	(11,459,360)
Interest received	210,600	475,290
Cash flow deriving from financing	**(53,088,038)**	**(43,821,792)**
Increase/(decrease) of liquid funds	1,044,984	(2,894,970)
Opening liquid funds	22,667,349	25,562,319
Closing liquid funds	23,712,335	22,667,349

(*) In 2010, the item included financial income deriving from compensation from the Ministry of Infrastructures and Transport equal to € 12,546 thousand.
(**) Investments in intangible fixed assets are stated net of the provision for restoration, which for FY 2011 came to € 7,167 thousand.
(***) In 2010, the item includes collection of the second payment tranche connected with the sale of 75% of the share capital of Malpensa Logistica Europa; in 2011 it includes collection from the sale of the GESAC investments for € 8,200 thousand and the collection deriving from the signing of the sales agreement of AA2000 for € 14,000 thousand.

Statement of change to shareholders’ equity

	Capital	Reserve premium of shares	Reserve from first conversion to IFRS (excluding OCI)(*)	Reserve AFS(*)	Reserve cash flow hedge	Reserve extraord.	Reserve legal	Other reserves	Total other reserves	Period result	Total shareholders’ equity
at 1 January 2010	**27,500,000**	**21,467,911**	**25,357,079**	**6,388,888**		**86,529,241**	**5,500,000**	**60,288,175**	**205,531,294**	**67,543,945**	**300,575,239**
Transactions with shareholders											
Allocation of profits for FY 2009						67,543,945			67,543,945	(67,543,945)	
Other changes											
Result of other items of the comprehensive income statement				5,731,481					5,731,481		5,731,481
Period result										58,109,324	58,109,324
at 31 December 2010	**27,500,000**	**21,467,911**	**25,357,079**	**12,120,369**		**154,073,186**	**5,500,000**	**60,288,175**	**278,806,720**	**58,109,324**	**364,416,044**
Transactions with shareholders											
Allocation of profits for FY 2010 and related distribution of dividends(**)			(1,670,689)			17,934,003			16,263,314	(58,109,324)	(41,846,010)
Resolution to distribute dividends of 29 December 2011		(21,467,911)				(125,902,074)			(147,369,985)		(147,369,985)
Other changes											
Result of other items of the comprehensive income statement				(12,120,368)	(5,568,518)				(17,688,886)		(17,688,886)
Period result										49,403,324	49,403,324
at 31 December 2011	**27,500,000**	**0**	**23,686,390**	**1**	**(5,568,518)**	**46,105,115**	**5,500,000**	**60,288,175**	**130,011,163**	**49,403,324**	**206,914,487**

(*) The effects as of 1 January 2010 on the shareholders’ equity of SEA deriving from the transition to IFRS equate the sum of the “Reserve for the first conversion to IFRS (excluding OCI)” and the “AFS reserve” as of January 2010, i.e. € 31,746 thousand.

(**) Changes during FY 2011 to the reserve for the first conversion to IFRS of € 1,671 thousand refer to the allocation of the lesser IFRS profits in relation to FY 2010 with respect to profits realised in accordance with Italian accounting standards.

Notes to the separate financial statements

Notes to the statutory financial statements

1. General information

Società per Azioni Esercizi Aeroportuali S.E.A. (the "Company" or "SEA") is a joint stock company incorporated and domiciled in Italy and organised in accordance with the legal order of the Italian Republic. The Company has its registered office at Milan Linate airport in Segrate (Milan).
The Company manages Milan Malpensa airport and Milan Linate airport under the 2001 Convention signed by SEA and Enac in 2001 and running for forty years (in renewal of the previous Convention of 7 May 1962).

As of the date on which this document was prepared, the Company's ownership structure was as follows:

Name	% held
Municipality of Milan	54.81
ASAM	14.56
Province of Varese	0.64
Municipality of Busto Arsizio	0.06
Other public shareholders	0.14
Total public shareholders	**70.21**
F2i - Italian funds for infrastructures	29.75
Other private shareholders	0.04
Total private shareholders	**29.79**
Total	**100.00**

This structure was achieved on 29 December 2011 following the closure of the tender called for the sale of the share held by the Municipality of Milan in F2i - Fondi Italiani per le infrastrutture, equal to 29.75% of the share capital.

2. Summary of the accounting standards adopted

Below are the main accounting criteria and standards applied in the preparation of the financial statements of SEA closed as of 31 December 2011.
The tables of the financial statements are drawn up in units of euros; the tables in the Notes to the statements are drawn up in thousands of euros.

2.1 Basis for preparation

European Regulation (EC) no. 1606/2002 of 19 July 2002 introduced the obligation as from FY 2005 to apply the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU IFRS) in preparing the consolidated financial statements of companies with equity and/or debt securities listed on one of the regulated markets of the European Community. Following said European Regulation, on 28 February 2005 Italian Legislative Decree no. 38 was issued, regulating, amongst other aspects, the option of applying the IFRS for the preparation of the consolidated financial statements of non-listed companies. SEA has decided to apply this option in preparing its consolidated financial statements as from the financial year ended on 31 December 2006. The same Italian Legislative Decree (at the fourth paragraph of Art. 4) also governed the option of applying the IFRS in preparing the statutory financial statements included in the consolidated financial statements prepared in accordance with the IFRS. SEA has decided to use this option too, starting from the financial statements for the financial year ended on 31 December 2011. For these financial statements, therefore, the transition date to the EU IFRS has been specified as 1 January 2010. Note 16 provides the disclosure required by IFRS 1 on the first application of the EU IFRS. These financial statements have been prepared in compliance with the EU IFRS in force as of the date of their approval. More specifically, we note that the EU IFRS have been applied coherently to all periods presented in this document. The financial statements have therefore been prepared on the basis of the best knowledge of the EU IFRS and considering the best doctrine in the matter; any future guidelines and interpretation updates will be reflected in future years, according to the method established by the reference accounting standards.
The criteria used to prepare these financial statements is that established on the basis that the company is a going concern. As concerns the method of presentation of the tables of the financial statements, for the equity and financial position, the "current/non-current" distinction has been drawn; for the income statement, the scalar scheme has been used, with the classification of costs according to nature; and for the Statement of Cash Flows, the indirect representation method has been used.
The schemes used, as specified above, are those that best represent the Company's economic, equity and financial position.
These financial statements have been prepared on the basis of the conventional historic cost criteria, except for the measurement of the financial assets and liabilities, including derivatives, in cases where the application of the fair value criteria is compulsory. These financial statements are subject to auditing by the independent auditing firm PricewaterhouseCoopers.

2.2 Accounting standards, amendments and interpretations applied in 2011

Below are the international accounting standards and interpretations that have come into force as from 1 January 2011 and are applicable to the Company as of 1 January 2011. The adoption of these amendments and interpretations has had no effect on the Company result or financial position.

Description	Date of approval	Publication in the OJEU	Date of effect envisaged by the standard	Date of effect
for SEA				
Amendments to IAS 32: classification of issue rights	23 Dec 2009	24 Dec 2009	Financial years that start after 31 Jan 10	1 Jan 11
Amendments to IFRS 1 and IFRS 7: limited exemption from the comparative disclosure established under IFRS 7 for new users	30 June 10	01 July 10	Financial years that start after 30 June 10	1 Jan 11
IAS 24: disclosure on related party transactions and consequent amendments to IFRS 8	19 July 10	20 July 10	Financial years that start after 31 December 10	1 Jan 11
Amendments to IFRIC 14: early payments in relation to a provision for minimum contribution	19 July 10	20 July 10	Financial years that start after 31 December 10	1 Jan 11
IFRIC 19: Extinguishing financial liabilities with equity instruments	23 July 10	24 July 10	Financial years that start after 30 June 10	1 Jan 11

It is specified that the IAS 24 revised had already been applied early by the Company.
In May 2010, the IASB issued the following changes to the IFRS (improvements):

- Improvement to IFRS 3 - Business combinations measurement of minority interests;
- Improvement to IAS 27 - Separate and consolidated financial statements;
- Improvement to IFRS 7 - Financial instruments: supplementary information and changes to supplementary information;
- Improvement to IAS 1 - Presentation of the Statement of Changes in Equity;
- Improvement to IAS 34 - Interim financial reporting, events and significant transactions;
- Improvement to IFRIC 13 - Customer fidelity programmes, fair value of premium points;
- Improvement to IFRS 1 - First application of IFRS.

2.3 Accounting standards, amendments and interpretations not yet applicable and not adopted early by the Group

Below are the international accounting standards, interpretations of and amendments to existing accounting standards and interpretations, where specific provisions contained in the standards and interpretations approved by the IASB are not yet approved for adoption in Europe as of the date on which this document is approved:

Description	Date of effect established by the standard
Provisions of IAS 39 relating to fair value hedge of interest rate risk associated with a portfolio including core deposits	Date of First Time Adoption
IFRS 9: financial instruments	Financial years as from 1 Jan 2013
Amendments to IFRS 1: severe hyperinflation and removal of fixed dates for first-time adopters	Financial years as from 1 July 2011
Amendments to IAS 12: deferred tax: recovery of underlying assets	Financial years as from 1 Jan 2012
IFRS 10 "Consolidated Financial Statements" and the updated version of IAS 27 "Separate Financial Statements"	Financial years as from 1 Jan 2013
IFRS 11 "Joint Arrangements" and the updated version of IAS 28 "Investments in Associates and Joint Ventures".	Financial years as from 1 Jan 2013
IFRS 12 "Disclosure of Interests in Other Entities"	Financial years as from 1 Jan 2013
IFRS 13 "Fair Value Measurement"	Financial years as from 1 Jan 2013
Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"	Financial years as from 1 July 2012
New version of IAS 19 "Employee Benefits"	Financial years as from 1 Jan 2013

The Company is assessing the effects that the application of these standards may have on its financial statements.

2.4 Measurement criteria

Intangible fixed assets

Intangible fixed assets consist of non-monetary items that can be identified but have no physical consistency, they can be controlled and are able to generate future economic benefits. These elements are stated at purchase and/or production cost, inclusive of costs directly attributed to them to prepare the asset for its use, net of accumulated amortisation/depreciation and any impairment. The following are the types of intangible assets:

(a) Rights on goods held under concession
"Rights on goods held under concession" represent the right of the concession holder to use the goods granted under concession (the "intangible asset" method), in consideration of the costs incurred for the design and construction of the asset with the obligation to return it at the end of the concession. The value corresponds to the fair value of the design and construction increased by capitalised financial expense, in respect of the requirements of IAS 23 during construction. The fair value of construction services is determined on the basis of the costs effectively incurred increased by a 6% mark-up, representative of the remuneration of internal costs for works management and design carried out by the Company. The logic behind the determination of the fair value lies in the fact that the concession holder must apply the provisions of paragraph 12 of IAS 18 and, therefore, if the fair value of the services received (in the specific case, the right to use the asset) cannot be reliably determined, the income is calculated on the basis of the fair value of the construction services provided.
Construction services underway as of the financial statements end date are measured according to works progress and in compliance with IAS 11; this measurement is recorded on the line of the income statement entitled "Income for works on goods held under concession".
Restoration or replacement works are not capitalised and are included in the estimate of the provision for restoration and replacement as discussed below.
The goods granted under concession are amortised throughout the duration of the concession, as it is assumed that the future economic benefits of the asset will be used by the concession holder.
The amortisation/depreciation provision and the provision for restoration and replacement, when considered jointly, ensure that the following charges are covered:

- free return to the State upon expiry of the concession, of all assets that can be returned free of charge with a useful life that exceeds the duration of the concession;
- restoration and replacement of components subject to wear of the goods granted under concession.

If events occur that lead us to believe that there is a reduction in the value of these intangible assets, the difference between the book value and the recovery value is allocated to the income statement.

(b) Patents, concessions, licenses, trademarks and similar rights
Trademarks and licenses are amortised on a straight-line basis, according to their useful life.

(c) Computer software
Costs for software licenses are amortised on a straight-line basis over three years; costs relating to the maintenance of software programmes are spent when incurred.

Tangible fixed assets

Tangible fixed assets include owned goods and goods that can be returned free of charge and are State-financed. With regards to goods that can be returned free of charge and are Company-financed, please refer to the paragraph below.

Goods that can be returned free of charge financed by the State
State-financed goods that can be returned free of charge are technical assets acquired by the Company in compliance with the 2001 Convention (which renewed the previous convention of 7 May 1962). The 2001 Convention entails the obligation by SEA to maintain and run all airport assets that are instrumental to the business, and the right to develop works on airport territory, which remain the property of SEA until expiry of the 2001 Convention (established as 4 May 2041). These technical fixed assets are returned free of charge to the State Administration upon expiry of the Convention. In the consolidated financial statements, the assets financed through the State, in accordance with Italian Law no. 449/85, are stated net of these grants.

Owned goods
Owned goods are technical fixed assets acquired in exchange for payment by the Company and not subject to compulsory return free of charge.
Property, plants and machinery related to both owned goods and State-financed goods to be returned free of charge are stated at purchase or production cost and, only with reference to owned goods, net of accumulated depreciation and any impairment losses. The cost includes expenses incurred directly to prepare the assets for use and any expenses involved in dismantling and removing them which may be incurred as a consequence to contractual obligations requiring the asset to be restored to its original condition.

Expenses incurred for ordinary and/or cyclical maintenance and repair works are directly allocated to the income statement as they are incurred. The capitalisation of costs relating to the extension, modernisation and improvement of structural elements owned or used by third parties takes place up to the limits where they meet the requirements to be separately classified as assets or part of an assets, applying the "component approach" criteria, according to which each item subject to independent assessment of the useful life and related value must be treated individually.
Amortisation and depreciation is allocated on a straight-line basis once a month at rates that enable the amortisation/depreciation of the assets within their useful life. When the asset being amortised/depreciated consists of elements that can be individually identified, and whose useful life differs significantly from that of the other parts comprising the asset, amortisation/depreciation is applied separately for each part, in application of the "component approach" method. Below is a list of amortisation/depreciation percentages for owned goods for which specific components have not been identified:

	%
Loading and unloading means	10
Runway equipment	31.5
Miscellaneous and sundry equipment	25
Furniture and furnishings	12
Vehicles	20
Cars	25
Electro-mechanical and electronic machines	20

The useful life of property, plants and machinery and their residual value are reviewed and updated as necessary and at least at the end of each year.

Real estate investments

This item includes property of a non-instrumental nature. Real estate investments are initially booked at cost and in subsequent years are measured using the amortised cost method, net of accumulated depreciation and any impairment.

Equity investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at purchase cost (inclusive of directly related accessory costs), potentially reduced for losses in compliance with the provisions of IAS 36.

Asset impairment

At each reference date, the property, plant and machinery, intangible assets and equity investments held in subsidiaries and associates are analysed with a view to identifying the existence of any impairment indicators. If such indicators are seen, an estimate is prepared of the value that can be recovered from said assets, allocating any impairment with respect to the relevant book value to the income statement. The value that can be recovered for an asset is the greater of its fair value, reduced by the cost of sales, and its value of use, where the latter is the current value of future cash flow estimated for this asset. For assets that do not generate independent cash flow, the realisation value is determined in relation to the cash generating unit to which the asset belongs. In determining the fair value, the purchase cost is considered of a specific assets, which takes due account of a depreciation coefficient (this coefficient considers the effective condition of the asset). In determining the value of use, forecast future cash flow is discounted at a rate that reflects the current market valuation of the cost of money in relation to the investment period and the specific risks of the business. A reduction of value is recognised on the income statement when the book value of the asset exceeds the value that can be recovered. If the basis for previously-applied impairment should cease to exist, the book value of the asset is restored and allocated to the income statement, up to the limits of the net book value that the asset in question would have had if no impairment had been applied but amortisation/depreciation had been regular.

Financial assets

At the time they are initially booked, financial asset are classified under one of the following categories depending on the relevant nature and the purpose for which they were acquired:

- financial assets at fair value on the income statement;
- loan income and receivables;
- assets available for sale.

Financial assets are recorded amongst the assets on the balance sheet when the company becomes party to the contracts connected with them. Financial assets sold are derecognised from the assets of the balance sheet, when the right to receive cash flow is transferred together with all risks and benefits associated with the ownership.
Purchases and sales of financial assets are booked as

at the value date of the related transactions. Financial assets are measured as follows:

(a) **Financial assets at fair value to the income statement**
Financial assets are classified under this category if purchased with a view to being sold in the short-term. Assets in this category are classified as current and measured at fair value; changes in fair value are recognised on the income statement during the period in which they are noted, if significant.

(b) **Loan income and receivables**
Loan income and receivables refers to financial instruments, mainly relative to receivables due from customers, non-derivatives and not listed on an active market, from which fixed or determinable payments are expected.
Loan income and receivables are included under current assets, with the exception of those with contractual due dates in excess of 12 months after the reporting date, which are classified under non-current assets. These assets are measured at amortised cost on the basis of the effective interest rate method.
If there is objective evidence of elements indicating a reduction in value, the asset is reduced to an extent that it is equal to the value discounted from the cash flow that can be obtained in the future. Impairment is recorded on the income statement. If in subsequent periods the reasons for earlier impairment should cease to exist, the value of the asset is restored up to the value that would have been applied by virtue of the amortised cost method.

(c) **Financial assets available for sale**
Assets available for sale are non-derivative financial instruments specifically designated under this category, i.e. which are not classified under any of the previous categories and are included in non-current assets unless management intends selling them within 12 months of the reporting date.
These financial assets are measured at fair value and any profits or losses arising from the measurement or allocated to a provision in shareholders' equity relating to "Other items of comprehensive income" (other components of the account); they are allocated to the income statement only when the financial asset is effectively sold or, in the event of accumulated negative changes, when it is considered that the reduction in value already recorded on shareholders' equity will no longer be able to be recovered in the future.

For equity investments classified as financial assets available for sale, a prolonged or significant decline in the fair value of the equity investment to below the initial cost is considered an indicator of impairment.

Derivative financial instruments

Derivatives are classified as hedge instruments when the relationship between the derivative and the subject of the hedge is formally documented and the effectiveness of the hedge, which is verified on a regular basis, is high. When hedging derivatives hedge the risk of a change in the fair value of the hedged instruments (fair value hedge, e.g. hedging the variability of the fair value of the asset/liability at a fixed rate), derivatives are noted at fair value, allocating the effects to the income statement; coherently with this, the instruments hedged are suitably able to reflect the changes in fair value associated with the risk hedged. When derivatives hedge the risk of changes to cash flow in the instruments hedged (cash flow hedge), the hedges are designated against exposure to variability of the cash flow assigned to the risks that may, at a later date, affect the income statement. The effective part of the change to the fair value of the part of the derivative contracts that has been designated as a hedge according to the requirements of IAS 39 is suspended in a provision of shareholders' equity (and, more specifically, in "other items of the comprehensive income statement"); this provision is then allocated to the income statement during the period in which the transaction hedged affects the income statement. The ineffective part of the change in fair value of the part of derivative contracts, as for the entire change in fair value of derivatives not designated as hedges or not meeting the requirements of IAS 39, is instead booked directly to "financial income/expense" on the income statement.

The fair value of the listed financial instruments is based on the current offer price. If the market of a financial asset is not active (or refers to unlisted securities), the Company defines the fair value using measurement techniques that include: reference to advanced negotiations underway, reference to securities that have the same characteristics, analyses based on cash flow, pricing models based on the use of market indicators and, as far as possible, that are aligned to the asset to be measured.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured according to the amortised cost method, net of the provision for the write-down of receivables. If there is objective evidence of elements indicating a reduction in value, the asset is reduced to an extent that it is equal to the value discounted from the cash flow that can be obtained in the future.

Objective evidence of loss of value is verified considering, amongst other aspects, significant breach of contract, major financial difficulties and risk of counterparty insolvency. Receivables are stated net of allocations to the impairment provision.
If the loss in value of the asset is ascertained subsequently, the impairment provision is used for charges; alternatively, if the reasons for the earlier write-down should cease to apply, the value of the assets is restored up to the value that would have been obtained from the application of amortised cost where impairment had not been applied.

Inventories

Inventories are recorded at the lesser of the average weighted purchase or production cost and the net realisation value. Measurement of inventories does not include financial expense.

Cash in hand and at bank

Cash in hand and at bank (or liquid funds) includes cash, unrestricted bank deposits and other forms of short-term investment maturing within 3 months. As of the reporting date, current account overdrafts were classified amongst financial debt, amongst current liabilities on the balance sheet. The elements included in cash in hand and at bank are measured at fair value.

Provisions for risks and charges

The provisions for risks and charges have been established against losses and expenses of a determined nature, certain or likely existence, for which, however, the amount and/or date cannot be specifically determined. The registration is only noted when there is a current (legal or implicit) obligation for a future economic outgoing as a result of past events and it is likely that this outgoing is required to fulfil the obligation. This amount represents the best estimate of the expense required to extinguish the obligation.
The risks for which the arising of a liability is only possible are stated in the specific disclosure section on commitments and risks and for which no allocations are made.

Provision for the restoration and replacement of assets under concession

In accordance with IFRIC 12, the accounting treatment of the interventions that the concession holder implements on goods held under concession differs according to the different nature of the interventions: interventions entailed in the normal maintenance of the asset are considered ordinary maintenance and are therefore recorded on the income statement; interventions involving the replacement and scheduled maintenance of the asset on a future date, considering that IFRIC 12 does not involve recording a physical asset but only a right, must be noted, in accordance with IAS 37 - "allocations and potential liabilities" - with an allocation on the income statement and another offsetting this, in the form of a provision for charges, on the balance sheet.
The provision for replacing and restoring assets held under concession therefore comprises the best current estimate of the value of the expenses accrued as of the financial statements closing date for maintenance scheduled for the forthcoming years and aimed at assuring the function, operation and security of the assets granted under concession. Please note that the provision for the restoration and replacement of assets only refers to fixed assets falling under the scope of the application of IFRIC 12.

Personnel-related provisions

Pension provisions

The Company has both defined contribution plans and defined benefits plans in place.
A defined contribution plan is a plan in which SEA participates by making fixed payments to third party managers of funds and in relation to which there are no legal or other obligations to pay additional contributions if the fund does not have sufficient assets to meet its commitments with regards to employees for the current and previous periods. For defined contribution plans, SEA pays voluntary or contractually-established contributions to public and private insurance pension provisions. Contributions are recorded as personnel costs on an accruals basis. Prepaid contributions are recorded as an asset to be repaid or offset against future payments, where due.
A defined benefits plan is a plan that cannot be classified as a contribution plan. In defined benefits plans, the amount of the benefit to be disbursed to the employee can be quantified only after cessation of the employment and is linked to one or more factors, such as age, years of service and salary; the relevant expense, therefore, is allocated to the correct income statement on the basis of the actuarial calculation. The liability recorded on the financial statements for defined benefit plans corresponds to the current value of the obligation on the reporting date, net, where applicable, of the plan asset fair value. Obligations for defined benefit plans are determined once a year by an independent actuary using the projected unit credit method. The current value of the defined benefits plan is determined by discounting future cash flow at an interest rate equal to that of bonds

(high quality corporate) issued in the currency in which the liability will be liquidated and which considers the term of the related pension plan. Actuarial gains and losses deriving from these adjustments and variations in actuarial hypotheses are allocated directly to the income statement.
Please note that following the changes made to the regulation of the Severance indemnity provision by Italian Law no. 296 of 27 December 2006 and subsequent decrees and regulations issued during the first half of 2007, the Severance indemnity provision due to employees, in accordance with Article 2120 of the Italian Civil Code, is classed as a defined benefit plan for the part accrued prior to the application of the new legislation and as defined contribution plan for the part accrued after the application of the new legislation.

Employment severance indemnity benefits
Employee severance indemnity benefits are paid to employees when the employee terminates his employment before the normal retirement date or when an employee agrees to voluntarily rescind from the contract. The Company books benefits for the termination of employment when it can be shown that the closure of an employment is in line with a formal plan defining the termination of the employment or when the disbursement of the benefit is the result of a process providing incentives to leave.

Financial liabilities

Financial liabilities and other obligations to be paid are initially recorded at fair value, net of directly allocated accessory costs and are subsequently measured at amortised cost, applying the effective interest rate criteria. If there is a change in forecast cash flow and there is a possibility of estimating it reliably, the value of the liabilities is recalculated to reflect this change on the basis of the current value of new forecast cash flow and the internal rate of return initially determined. Financial liabilities are classified amongst current liabilities unless the Company has the unconditional right to defer their payment for at least 12 months after the reference date.
Purchases and sales of financial liabilities are booked as at the accounting date of the related settlement.
Financial liabilities are derecognised from the financial statements when extinguished and when SEA has transferred all risks and charges relative to the instrument.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured according to the amortised cost method.

Recognition of income

Income is recorded at the fair value of the price received for the provision of ordinary management services of the business. Income is recognised net of value added tax, incentives and discounts.
Income, mainly relating to the provisions of services, is recognised in the accounting period in which the services are provided.

Income for work on goods granted under concession
Income accrued during the period in relation to construction works is recorded in relation to works progress, according to the method of the percentage completion and on the basis of costs incurred for this business, increased by a 6% mark-up to represent remuneration of internal costs for the management and design works carried out by SEA.

Public grants

Where there is a formal resolution of assignment, public grants are recorded on an accruals basis, directly linked to costs incurred (IAS 20).

Contributions on capital account
Public contributions on capital account referring to property, plant and machinery are recorded as a reduction of the purchase value of the assets to which they relate.

Contributions on working account
Contributions other than contributions on capital account are credited to the income statement.

Recognition of costs

Costs are recognised where they relate to goods and services purchased or consumed during the financial year or according to systematic allocation.

Financial expense

Financial expense is recorded on an accruals basis and includes interest expense on financial payables calculated using the effective interest method and exchange losses.

Financial expense incurred against investment in activities for which a certain period of time must usually pass before the asset is ready for use or sale (qualifying asset) is capitalised and amortised throughout the useful life of the type of asset to which it refers; this is in compliance with the new version of IAS 23.

Tax

Current tax is calculated on the basis of period taxable income, applying the tax rates in force as of the reporting date.
Deferred tax is calculated against all differences emerging between the tax basis of an asset or liability and the related book value, with the exception of goodwill. The share of prepaid tax that is not offset by deferred tax liabilities is recognised in the amount to which it is likely that there will be taxable income in the future against which to recover it. Deferred tax is calculated using the tax rates envisaged as being applicable during the financial years in which the differences are realised or extinguished. Prepaid tax assets are recorded when it is considered likely that they will be recovered.
Current and deferred tax is recorded on the income statement, with the exception of that relating to items directly debited or credited to shareholders' equity, in which case the tax effect is recognised directly on shareholders' equity. Tax is offset when it is applied by the same tax authority and when there is a legal right to offset it and liquidation is forecast of the net balance.
Other non income-related tax, such as property tax, is included under "administrative costs".

Dividends

The payable for dividends to be distributed to shareholders is recorded during the financial year in which distribution is approved by the Shareholders' Meeting.

3. Estimates and assumptions

In order to prepare the financial statements, directors have to apply accounting standards and methods that, in some cases, are based on difficult, subjective evaluations and estimates based on past experience and assumptions considered reasonable and realistic on the basis of the relevant circumstances.
The application of these estimates and assumptions affects the amounts stated on the financial statements, such as the balance sheet, income statement and the statement of cash flow, as well as the disclosure provided.

Below is a brief description of the accounting standards that, in relation to the Company, require the highest levels of subjectivity on the part of directors when preparing estimates and for which a change, in the conditions underlying the assumptions used, may have a significant impact on the consolidated financial data.

(a) Asset impairment

Tangible and intangible assets and equity investments in subsidiaries and associates are verified in order to ascertain if a reduction of value has occurred; in this case, it should be noted by means of impairment where indications are seen that forecast difficulty in recovering the net book value through use. Verification of the existence of said indicators requires directors to make subjective evaluations based on information available and from the market, as well as on past experience. Moreover, if it is considered that there may be a potential loss of value, the Company proceeds to determine this using measurement techniques that are considered appropriate. The correct identification of elements indicating impairment and the estimates by which to determine it, depend on factors that may vary over time, thereby affecting the evaluations and estimates prepared by the directors.

(b) Amortisation and depreciation

Amortisation and depreciation of fixed assets is a significant cost for the Company. The cost of property, plant and machinery is depreciated on a straight-line basis throughout the useful life estimated for the related assets and components. The useful economic life of assets is determined by the directors when the asset is acquired; it is based on past experience for similar fixed assets, market conditions and advances concerning future events that may affect the useful life, such as changes in technology. Therefore, the effective economic life may differ from the useful life estimated. The Company regularly evaluates technological and sector changes in order to update residual useful life. This regular update may entail a change to the amortisation/depreciation period and, therefore, also to the shares for future financial years.

(c) Provisions for risks and charges

Allocations are made for risks of a legal and employment law nature to represent the risk of a negative outcome to the obligations in place as of the reporting date. The value of the provisions recorded on the financial statements in relation to these risks is the best estimate as of the date, made by the directors. This estimate involves the making of assumptions that depend on factors that may change over time and which may, therefore, have significant effects with respect to current estimates by directors in preparing the statutory financial statements. Moreover, the provision for replacing and restoring assets held under concession recorded in application of IFRIC 12, therefore comprises the best current estimate of the value of the expenses accrued as of the financial statements closing date for maintenance scheduled for the forthcoming years and aimed at assuring the function, operation and security of the assets granted under concession.

(d) **Trade receivables**

If there is objective evidence of elements that indicate reductions in the value of trade receivables, they are reduced to their presumed realisation value by means of the establishment of an impairment provision. The value of the provision for the write-down of receivables is the best estimate to date prepared by the directors. This estimate is based on facts and expectations that may change over time and which may, therefore, have significant effects with respect to current estimates by directors in preparing the statutory financial statements.

4. Risk management

4.1 Credit risk

The credit risk is the exposure of SEA to potential losses deriving from failure by counterparties to fulfil commercial and financial commitments.

This risk arises first and foremost from factors of a typically economic-financial nature, i.e. the possibility of counterparty default, in addition to from more strictly technical-commercial or administrative-legal issues.

For SEA, exposure to credit risk is mainly connected with the deterioration of the financial trends of the main airlines, which on the one hand are subject to seasonal aspects connected with airport operations and on the other suffer the consequences of geopolitical events that have an effect on the air transport segment (wars, epidemics, atmospheric events, a rise in oil prices and economic-financial crisis). In order to control this risk, SEA has implemented procedures and actions by which to monitor forecast incoming cash flow and potential recovery actions.

In application of the internal policies on credit, customers are asked to procure the release of guarantees: these are typically first demand bank or insurance guarantees issued by major credit players or caution deposits.

With regards to payment terms applied, for most customers, due dates are within thirty days of invoice. Trade receivables are stated on the financial statements net of any impairment that may be applied for reasons of prudence at different rates depending on the level of dispute as of the reporting date.

Any impairment necessary to bring the nominal value down to what appears likely to be collected is determined by analysing all individual receivables and using all information available on the situation of the individual debtor. Faced with past due receivables, disputed receivables or those for which legal or bankruptcy proceedings are underway, SEA uses the same impairment percentages.

Below is a summary of trade receivables due from third parties and the related impairment provisions:

(thousands of euros)	at 31 December 2011	at 31 December 2010
Trade receivables due from customers gross of impairment	188,826	195,859
- of which past due	129,308	133,295
Provision for the write-down of trade receivables	72,211	70,624
Total trade receivables due from customers	**116,615**	**125,235**

The reduction in trade receivables as of 31 December 2011 with respect to 31 December 2010 derives from the closure of some disputes and the improvement in the management of past due items.

The table below shows the seniority of receivables past due as of 31 December 2011:

(thousands of euros)	at 31 December 2011	at 31 December 2010
Trade receivables due from customers	188,826	195,859
- of which past due	129,308	133,295
by less than 180 days	45,370	49,226
by more than 180 days	83,938	84,068
% incidence of past due receivables	68.5	68.1
% incidence of past due receivables by less than 180 days	24.0	25.1
% incidence of past due receivables by more than 180 days	44.5	42.9

The table below shows gross trade receivables as of 31 December 2011 and a breakdown of receivables with regards to counterparties subject to bankruptcy proceedings and disputed receivables, specifying any bank and insurance guarantees and caution deposits established as a guarantee of the credit.

(thousands of euros)	at 31 December 2011	at 31 December 2010
Trade receivables due from customers	188,826	195,859
(i) receivables due from counterparties subjected to bankruptcy proceedings	46,747	42,433
(ii) disputed receivables	28,867	28,200
Total trade receivables net of the receivables under (i) and (ii)	**113,212**	**125,226**
Past due receivables other than those under (i) and (ii)	53,694	62,662
Surety and caution deposits	79,280	86,571
Percentage receivables backed by surety and caution deposits with respect to total trade receivables net of those under (i) and (ii)	70.0%	69.1%

4.2 Market risk

The market risk to which SEA is exposed includes all types of risk directly and indirectly connected with the trend of reference market prices. In 2011, the market risks to which SEA was subject were:

a) interest rate risk;
b) exchange rate risk.

a) Interest rate risk

SEA is exposed to the risk of changes to interest rates in relation to the need to fund its operations and use available liquid funds. Changes in interest rates may have a positive or negative effect on the Company economic result, altering costs and returns of loans and investments.
SEA manages this risk through suitable balancing of exposure at fixed rate with that of variable rate, with a view to mitigating the economic effect of the volatility of reference interest rates.
Variable rate exposure exposes SEA to a risk originating from the volatility of interest rates (cash flow risk).
In relation to this risk, for the purpose of the related hedging, SEA can use derivative contracts which transform the variable rate into a fixed rate or limit the fluctuation of the variable rate to within a range of rates, thereby reducing the risk caused by rate volatility. It is specified that such derivative contracts, only subscribed to hedge the volatility of market rates, are represented in the accounts using the cash flow hedge method.

At end 2011, the gross financial debt of SEA consisted of medium/long-term loans (medium/long-term and short-term share, the latter comprising instalments due over the next 12 months).

The medium/long-term debt is shown in the table below, in which the rate of each loan is expressed at face value (including a spread ranging from 0.20% to 1.20% and does not consider the effect of the hedges):

Medium/long-term loan contracts as at 31 December 2011

Loan	Type of rate	Disbursement date	Maturity date	31 December 2011 Amount in thousands of euros	31 December 2011 % rate	31 December 2010 Amount in thousands of euros	31 December 2010 % rate
SEA SpA							
EIB 1st disbursement (a)	F	17/12/1996	15/09/2011		7.70	3,499.00	7.70
EIB 2nd disbursement (a)	F	24/07/1998	15/03/2013	4,728.16	5.27	7,687.46	5.27
EIB 2nd disbursement (a)	V	24/07/1998	15/03/2013	3,873.43	1.83	6,455.71	1.43
Total direct EIB				**8,601.59**	**3.72**	**17,642.17**	**4.35**
Cariplo pool 1st disbursement	V	17/12/1996	15/09/2011			1,549.37	1.41
Cariplo pool 2nd disbursement	V	20/06/1997	15/03/2012	774.69	1.86	2,324.06	1.41
Cariplo pool 2nd disbursement	F	20/06/1997	15/03/2012	1,077.67	7.57	3,116.53	7.57
Cariplo pool 3rd disbursement	F	08/08/1997	15/03/2012	2,078.56	6.67	6,036.61	6.67
Cariplo pool 4th disbursement	F	08/04/1998	15/03/2013	9,618.55	5.44	15,613.92	5.44
Total EIB/Cariplo pool				**13,549.5**	**5.59**	**28,640.5**	**5.39**
BIIS (ex Comit) - EIB 1st disbursement	F	26/08/1999	15/03/2014	5,000.00	3.14	7,000.00	3.14
BIIS (ex Comit) - EIB 2nd disbursement(**)	V	30/11/2000	15/09/2015	4,000.00	1.81	5,000.00	1.36
BIIS (ex Comit) - EIB 3rd disbursement(**)	V	17/03/2003	15/09/2017	13,894.74	1.81	16,210.53	1.36
Total EIB/Comit				**22,894.74**	**2.10**	**28,210.53**	**1.80**
BNL-EIB 1st disbursement	V	22/11/1999	15/09/2014	6,000.00	1.76	8,000.00	1.31
BNL-EIB 2nd disbursement(**)	V	11/08/2000	15/03/2015	3,500.00	1.76	4,500.00	1.31
BNL-EIB 4th disbursement(**)	V	08/05/2003	15/03/2018	7,569.25	1.76	8,733.75	1.31
BNL-EIB 13/06/2006 1st disb.	V	04/09/2006	04/09/2026	11,000.00	1.81	11,000.00	1.36
BNL-EIB 13/06/2006 2nd disb.	V	04/09/2006	04/09/2026	11,000.00	1.81	11,000.00	1.36
BNL-EIB 13/06/2006 3rd disb.(*)	V	04/09/2006	04/09/2026	11,000.00	1.81	11,000.00	1.36
BNL-EIB 13/06/2006 4th disb.(*)	V	04/09/2006	04/09/2026	12,000.00	1.81	12,000.00	1.36
BNL-EIB 13/06/2006 5th disb.(*)	V	04/09/2006	04/09/2026	12,000.00	1.81	12,000.00	1.36
BNL-EIB 2007 1st disb.(*)	V	07/03/2007	07/03/2027	11,000.00	1.81	11,000.00	1.36
BNL-EIB 2007 2nd disb.(*)	V	07/03/2007	07/03/2027	11,000.00	1.81	11,000.00	1.36
Total EIB/BNL				**96,069.25**	**1.80**	**100,233.75**	**1.35**
Unicredit EIB 1st disb.(*)	V	08/09/2007	08/09/2027	10,000.00	1.98	10,000.00	1.21
Unicredit EIB 2nd disb.(*)	V	08/09/2007	08/09/2027	10,000.00	1.98	10,000.00	1.21
Unicredit EIB 3rd disb.(*)	V	16/02/2009	15/09/2028	15,000.00	2.21	15,000.00	1.44
Total EIB/Unicredit				**35,000.00**	**2.08**	**35,000.00**	**1.31**
BIIS-EIB 1st disb.(*)	V	25/02/2011	15/09/1930	10,000.00	2.35		
BIIS-EIB 2nd disb.(*)	V	25/02/2011	15/09/1930	5,000.00	2.35		
BIIS-EIB 3rd disb.	V	23/06/2011	15/03/1931	10,000.00	2.41		
BIIS-EIB 4th disb.	V	23/06/2011	15/03/1931	5,000.00	2.41		
Total EIB/BIIS				**30,000.00**	**2.38**		
Unicredit Mediobanca of which:	V	08/03/2006	08/03/2013	102,500.00	2.93	102,500.00	1.51
- unswapped portion				102,500.00	2.93	52,500.00	1.51
- swapped portion (**)						50,000.00	1.51
Total loans other than EIB				**102,500.00**	**2.93**	**102,500.00**	**1.51**
Total SEA SpA				**308,615.04**	**2.51**	**312,226.92**	**1.98**
		Total tranches swapped		107,000.00	34.7	84,444.28	27.0
		Fixed rate debt portion		22,502.94	7.3	42,953.51	13.8
		Unhedged debt portion		179,112.10	58.0	184,829.14	59.2

(a) Subject to EIF security
(*) Tranches subject to swap
(**) Tranches subject to swap at 31 December 2010 but not at 31 December 2011.

It is specified that the average cost of SEA's gross financial debt in the medium/long-term, following the rate risk hedging transactions, came to 2.60% at end 2011.

The fair value of SEA's debt in the medium/long-term owed to banks, net of inter-company items, which at end 2011 came to € 315,117 thousand (€ 319,107 thousand at end 2010), was calculated as follows:

- for fixed rate loans, the capital and interest share have been discounted using the spot rates for each contractual maturity date, extrapolated starting from reference market rates;
- for variable rate loans, the interest share has been calculated using the estimates of forecast rates at term for each contractual maturity, increased by the contractually defined spread. The interest share thus defined, and the capital shares maturing, have been discounted using the spot rates for each contractual maturity date, extrapolated starting from reference market rates.

The table below shows the derivatives used by SEA to hedge the interest rate risk (measured according to the cash flow hedge method).

Interest rate hedges

(thousands of euros)	Notional	Residual debt	Stipulation date	Starting Date	Maturity	Fair value	Fair value
	at stipulation	at 31/12/2011				at 31/12/2011	at 31/12/2010
IRS	50,000		08/05/2006	13/09/2006	13/03/2011		(704.2)
	22,000		31/05/2006	15/03/2007	15/03/2011		(212.0)
	10,000	10,000	18/05/2011	15/09/2012	15/09/2021	(937.1)	
	5,000	5,000	18/05/2011	15/09/2012	15/09/2021	(468.6)	
	15,000	15,000	18/05/2011	15/09/2012	15/09/2021	(1,336.3)	
	11,000	11,000	18/05/2011	15/09/2011	15/09/2016	(650.6)	
	10,000	10,000	06/06/2011	15/09/2012	15/09/2021	(766.9)	
	11,000	11,000	06/06/2011	15/09/2012	15/09/2021	(816.3)	
	12,000	12,000	06/06/2011	15/09/2012	15/09/2021	(847.5)	
	12,000	12,000	06/06/2011	15/09/2012	15/09/2021	(847.5)	
Collar	11,645		07/06/2006	15/09/2006	15/03/2011		(108.9)
	17,500		07/06/2006	15/09/2006	15/03/2011		(116.8)
	10,000	10,000	06/06/2011	15/09/2011	15/09/2021	(622.2)	
	11,000	11,000	06/06/2011	15/09/2011	15/09/2021	(630.7)	
Total		**107,000.0**				**(7,923.8)**	**(1,141.9)**

b) Exchange rate risk

SEA is subject to a low risk of changes in foreign currency exchanges because despite operating in an international context, transactions are mainly implemented in euros. Therefore, SEA does not consider it necessary to establish specific hedges against this risk as the amounts in currencies other than the euro are modest and the related collections and payments tend to offset each other.

4.3 Liquidity risk

The liquidity risk for SEA can be seen where financial resources available do not suffice to meet the financial and commercial commitments made within the terms established. Liquid funds, cash flow and the need for SEA financing are managed through policies and processes aimed at minimising the liquidity risk. In particular, SEA:

- monitors and manages available financial resources centrally, under the control of Group Treasury, in order to guarantee an effective, efficient management of these, also prospectively;
- keeps suitable liquid funds available in treasury current accounts;
- has obtained committed (revolving and non) credit facilities able to cover the financial commitments over the next 12 months, as deriving from the investments plan and the repayment of financial debt;
- monitors prospective liquidity conditions in relation to the business planning process.

At end 2011, SEA has irrevocable credit facilities not used for € 225 million, with an average residual life in excess of 4 years, divided up as follows: € 90 million non-revolving credit facilities intermediated by major banks on EIB funds, related to the development of infrastructural works on Malpensa airport, € 50 million revolving credit facilities (which can be used in tranches with a duration between 1 and 12 months) and 85 million a loan not yet disbursed intended to cover (in 2012) the first tranche

of the extraordinary dividend, as resolved by the Shareholders' Meeting of 29 December 2011. At end December 2011, SEA had € 23.6 million liquid funds invested in ordinary and treasury current accounts.
Amounts due to suppliers are guaranteed by SEA by means of careful management of working capital, including the balance of trade receivables and the related contractual payment conditions (also using indirect factoring relations that enable further financial lines to be made available as guarantee of suitable cash elasticity).
The tables below give details of the breakdown and maturity of the financial payables of SEA for 2011 and 2010; these include financial payables due to subsidiaries, which, according to the relevant contractual provisions, are due on demand:

(millions of euros)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
2011 liabilities					
Gross financial debt	63.9	156.9	40.3	143.3	404.4
Trade payables	183.1				183.1
Total debt	**247.0**	**156.9**	**40.3**	**143.3**	**587.6**

It is specified that the table does not include short-term financial debt deriving from the management of Group cash pooling, equal to € 27.9 million at end 2011, offset by a receivable of the same nature, equal to € 27.3 million.

(millions of euros)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
2010 liabilities					
Gross financial debt	98.1	161.3	35.4	119.5	414.3
Trade payables	148.2				148.2
Total debt	**246.3**	**161.3**	**35.4**	**119.5**	**562.5**

It is specified that the table does not include short-term financial debt deriving from the management of Group cash pooling, equal to € 13 million at end 2010, offset by a receivable of the same nature, equal to € 30.8 million.

4.4 Sensitivity

In view of the fact that for SEA the exchange rate risk is virtually irrelevant, the sensitivity analysis refers to the items of the balance sheet that may undergo changes in value by virtue of changes to interest rates.

More specifically, the analysis has considered:

- bank deposits and cash pooling positions;
- loans;
- interest rate risk hedging derivatives.

The hypotheses and calculation methods used in the sensitivity analysis carried out by SEA are as follows:

a) Hypotheses: the effect on the income statement of SEA has been considered as of 31 December 2011 and 31 December 2010 of a hypothetical change in market rates of +50 or -50 basis points.
b) Calculation methods:
   - remuneration of bank deposits and cash pooling positions is related to the trend of inter-banking rates. In order to estimate the increase/decrease in interest income as market conditions alter, the hypothesised change as per point a) has been applied to the average annual balance of the bank deposits of SEA;
   - the loans measured are those at variable rate on which interest expense is accrued, the amount of which is related to the Euribor 6 month trend. The increase/decrease in interest expense as market conditions alter has been estimated by applying the variation hypothesis pursuant to point a) to the capital share of loans in place during the year;
   - interest rate hedging derivatives have been measured both in terms of flow and fair value (in terms of change with respect to the same period of last year). In both cases, values have been estimated by applying the change as per point a) to the forward curve forecast for the reference period.

Below are the results of the sensitivity analysis performed:

	31 December 2011		31 December 2010	
(thousands of euros)	**-50 bp**	**+50 bp**	**-50 bp**	**+50 bp**
Current accounts (interest income)	(284.67)	287.83	(155.20)	160.34
Cash pooling position assets (interest income)	(136.69)	136.69	(154.27)	154.27
Financial receivable due from subsidiaries				
Loans (interest expense)(1)	1,410.68	(1,410.68)	1,414.97	(1,414.97)
Cash pooling position liabilities (interest expense) (1)	121.21	(121.21)	97.32	(97.32)
Fin. debt vs. subsidiaries (int. expense) (1)	134.25	(135.79)	134.84	(134.84)
Hedging derivatives (flows) (2)	(210.94)	210.94	(677.30)	677.30
Hedging derivatives (fair value on IS)	(67.08)	139.72	(211.92)	211.49
Hedging derivatives (fair value on BS)	(3,275.30)	3,037.95		

(1) + = less interest expense; - = greater interest expense
(2) + = income from hedging; - = cost of hedging

It is specified that the results of the sensitivity analysis carried out on some items of the tables above are affected by the low market interest rates, which, in the event of a change of -50 basis points would be negative and, therefore, have been stated as zero.
It is specified that some loans subscribed by SEA have the obligation to keep to specific financial covenants, with reference to SEA's capacity to cover the annual and/or half-yearly financial needs (net of funds available and receivables due from the State), by means of the result of core business. It is specified that for some loans, surpassing the pre-determined thresholds of the level of the covenants results in the application, for the half-year following that during which the financial indicator is booked, of a related pre-determined spread (according to a price grid defined contractually).
At present, SEA is not aware of the existence of any default situations connected with the loans in place nor of any breach of the above covenants.

5. Classification of financial instruments

The table below provides a breakdown of financial assets and liabilities according to category as of 31 December 2011, 31 December 2010 and 1 January 2010:

						at 31 December 2011
(thousands of euros)	**Financial assets and liabilities measured at fair value**	**Investments held to maturity**	**Loans and receivables**	**Financial assets available for sale**	**Financial liabilities at amortised cost**	**Total**
Equity investments available for sale				26		26
Other non-current receivables			379			379
Trade receivables			140,406			140,406
Current financial receivables			27,660			27,660
Period tax receivables			3,601			3,601
Other current receivables			9,403			9,403
Cash in hand and at bank			23,712			23,712
Total			**205,161**	**26**		**205,187**
Non-current financial liabilities excluding leasing	7,924				308,489	316,413
Non-current financial liabilities for leasing					2,602	2,602
Trade payables					183,055	183,055
Period tax payables					41,990	41,990
Other current and non-current payables					220,821	220,821
Current financial liabilities excluding leasing					58,487	58,487
Current financial liabilities for leasing					1,292	1,292
Total	**7,924**				**816,736**	**824,660**

at 31 December 2010

(thousands of euros)	Financial assets and liabilities measured at fair value	Investments held to maturity	Loans and receivables	Financial assets available for sale	Financial liabilities at amortised cost	Total
Equity investments available for sale				15,726		15,726
Other non-current receivables			431			431
Trade receivables			151,068			151,068
Current financial receivables			34,546			34,546
Period tax receivables			4,133			4,133
Other current receivables			16,820			16,820
Cash in hand and at bank			22,667			22,667
Total			**229,665**	**15,726**		**245,391**
Non-current financial liabilities excluding leasing					305,632	305,632
Non-current financial liabilities for leasing					3,128	3,128
Trade payables					148,160	148,160
Period tax payables					40,850	40,850
Other current and non-current payables					67,146	67,146
Current financial liabilities excluding leasing	1,142				80,082	81,224
Current financial liabilities for leasing					632	632
Total	**1,142**				**645,630**	**646,772**

at 1 January 2010

(thousands of euros)	Financial assets and liabilities measured at fair value	Investments held to maturity	Loans and receivables	Financial assets available for sale	Financial liabilities at amortised cost	Total
Equity investments available for sale				9,915		9,915
Other non-current receivables			4,191			4,191
Trade receivables			152,466			152,466
Current financial receivables			34,741			34,741
Period tax receivables			4,022			4,022
Other current receivables			39,605			39,605
Cash in hand and at bank			25,562			25,562
Total			**260,587**	**9,915**		**270,502**
Non-current financial liabilities excluding leasing					339,122	339,122
Non-current financial liabilities for leasing						
Trade payables					163,507	163,507
Period tax payables					47,426	47,426
Other current and non-current payables					61,266	61,266
Current financial liabilities excluding leasing	4,698				101,116	105,814
Current financial liabilities for leasing						
Total	**4,698**				**712,437**	**717,135**

6. Fair value disclosure

In relation to the financial instruments measured at fair value, the table below provides information on the method chosen to calculate the fair value. The methods applicable are divided up into the following levels, on the basis of the source of available information, as described below:

- level 1: prices applied on active markets;
- level 2: technical evaluations based on market information that can be observed both directly and indirectly;
- level 3: other information.

The table below shows the Company's assets and liabilities measured at fair value as of 31 December 2011, 31 December 2010 and 1 January 2010:

(thousands of euros)			at 31 December 2011
	Level 1	**Level 2**	**Level 3**
Equity investments available for sale			26
Derivative financial instruments (liabilities net of assets)		7,924	
Total		**7,924**	**26**

(thousands of euros)			at 31 December 2010
	Level 1	**Level 2**	**Level 3**
Equity investments available for sale		15,700	26
Derivative financial instruments (liabilities net of assets)		1,142	
Total		**16,842**	**26**

(thousands of euros)			at 1 January 2010
	Level 1	**Level 2**	**Level 3**
Equity investments available for sale		9,889	26
Derivative financial instruments		4,698	
Total		**14,587**	**26**

7. Notes to the equity position and financial

7.1 Intangible fixed assets

The table below summarises the changes for FY 2011 in relation to intangible fixed assets:

(thousands of euros)

Intangible fixed assets	at 31 December 2010	Period increases	Reclassifications from work in progress	Destruction/ Non-exist./ Sales	Amortisation/ Depreciation	at 31 December 2011
Gross values						
Goods under concession	941,544	1,017	38,601	(14,164)		966,998
Airport concessions underway and advances	59,956	64,231	(38,601)	(18)		85,568
Industrial patent rights and use of intellectual works	27,266	3,207				30,473
Fixed assets in progress and advances	1,681	2,636				4,317
Other						
Gross value	**1,030,447**	**71,091**	**0**	**(14,182)**		**1,087,356**
Amortisation/Depreciation provision						
Goods under concession	(286,228)			9,279	(21,566)	(298,515)
Airport concessions underway and advances						
Industrial patent rights and use of intellectual works	(22,739)				(2,631)	(25,370)
Fixed assets in progress and advances						
Other						
Amortisation/Depreciation provision	**(308,967)**			**9,279**	**(24,197)**	**(323,885)**
Net values						
Goods under concession	655,316	1,017	38,601	(4,885)	(21,566)	668,483
Airport concessions underway and advances	59,956	64,231	(38,601)	(18)		85,568
Industrial patent rights and use of intellectual works	4,527	3,207			(2,631)	5,103
Fixed assets in progress and advances	1,681	2,636				4,317
Other						
Intangible fixed assets (net value)	**721,480**	**71,091**	**0**	**(4,903)**	**(24,197)**	**763,471**

In accordance with IFRIC 12, rights are recorded on goods under concession for € 668,483 thousand as of 31 December 2011 and € 655,316 thousand as of 31 December 2010. These rights are amortised on a straight-line basis throughout the duration of the State concession. Amortisation/Depreciation for financial year 2011 came to € 21,566 thousand.
SEA does not control these assets but is obliged to record a provision for restoration and replacement.
Investments in compliance with the application of IFRIC 12 are classified amongst goods granted under concession and airport concessions underway mainly concerned:

- the requalification of the Malpensa Terminal 2 aircraft apron and the strip levelling of the runway system;
- progress of works completing the 3rd/3rd of the passenger terminal and the construction of the third satellite;
- development of the comprehensive integrated lift system of Malpensa Terminal 1;
- works requalifying and restyling the passenger terminal of Linate.

The industrial patent rights and rights to use intellectual works (€ 5,103 thousand as of 31 December 2011; € 4,527 thousand as of 31 December 2010) refer to purchases for licenses for the company computer system, both airport and management, and the purchase of software components.
More specifically, investments related to patent rights and intellectual property works mainly concerned the developments and implementation of administrative and airport management systems in 2011.

It is specified that also in view of the final data and prospects relative to the business trend, as of 31 December 2011 the Company had not identified any indicators of impairment.

7.2 Tangible fixed assets

The table below summarises the changes for FY 2011 in relation to tangible fixed assets:

(thousands of euros)

Tangible fixed assets	at 31 December 2010	Period increases	Reclass.	Destruction/ Non-exist./ Sales	Amortisation/ Depreciation	at 31 December 2011
Gross values						
Land and buildings	225,292		8,527	(877)		232,942
Plant and machinery	6,849	1,082				7,931
Industrial and commercial equipment	28,283	3,256				31,539
Other assets	84,079	4,263	3,425	(1,433)		90,334
Fixed assets in progress and advances	17,925	13,014	(11,952)	6		18,993
Total gross values	**362,428**	**21,615**	**0**	**(2,304)**		**381,739**
Amortisation, depreciation and impairment provisions						
Land and buildings	(74,152)			308	(7,197)	(81,041)
Plant and machinery	(6,502)				(121)	(6,623)
Industrial and commercial equipment	(27,447)				(691)	(28,138)
Other assets	(74,381)			1,432	(3,566)	(76,515)
Fixed assets in progress and advances	(2,920)					(2,920)
Total provisions for amortisation and depreciation and impairment	**(185,402)**			**1,740**	**(11,575)**	**(195,237)**
Net values						
Land and buildings	151,140		8,527	(569)	(7,197)	151,901
Plant and machinery	347	1,082			(121)	1,308
Industrial and commercial equipment	836	3,256			(691)	3,401
Other assets	9,698	4,263	3,425	(1)	(3,566)	13,819
Fixed assets in progress and advances	15,005	13,014	(11,952)	6		16,073
Total net values	**177,026**	**21,615**	**0**	**(564)**	**(11,575)**	**186,502**

Tangible fixed assets do not state the value of goods financed by the State, equal to € 500 million and € 499.5 million respectively as of 31 December 2011 and 2010. Tangible fixed assets are in fact represented net of State grants.

Investments relating to FY 2011 mainly involved the requalification of the passenger car park of T2 for Malpensa airport, whilst, for Linate, the completion works on the new multi-storey P2 passenger car park, the requalification of the multi-storey P1 passenger car park and the adjustment of P3 car park to develop the new subway line 4.

7.3 Real estate investments

Below is a table relating to real estate investments as of 31 December 2011, 31 December 2010 and 1 January 2010:

Real estate investments	at 31 December 2011	at 31 December 2010	at 1 January 2010
(thousands of euros)			
Gross values	4,153	4,148	4,074
Amortisation/Depreciation provisions	(732)	(645)	(558)
Total real estate investments	**3,421**	**3,503**	**3,516**

The provision for the depreciation of real estate investments changed as follows in FY 2011:

Changes to the provision for the depreciation of real estate investments	FY 2011
(thousands of euros)	
Opening balance	(645)
Amortisation/Depreciation	(87)
Closing balance of the provision for the depreciation of real estate investments	(732)

The item includes the values of civil buildings not instrumental to business (apartments and garages).

7.4 Equity investments in subsidiaries and associates

Below are details as of 31 December 2011, 31 December 2010 and 1 January 2010 of "Equity investments in subsidiaries and associates":

Equity investments in subsidiaries and associates	at 31 December 2011	at 31 December 2010	at 1 January 2010
(thousands of euros)			
SEA Handling SpA	23,544	15,696	29,076
SEA Energia SpA	7,026	7,026	7,026
Malpensa Construction Consortium	22	22	22
Equity investments in subsidiaries	**30,592**	**22,744**	**36,124**
SACBO SpA	4,562	4,562	4,562
Dufrital SpA	3,284	3,284	3,284
Malpensa Logistica Europa SpA	1,674	1,674	1,674
CID Italia SpA	538	538	538
Disma SpA	421	421	421
SEA Services Srl	120	120	120
Equity investments in associates	**10,599**	**10,599**	**10,599**
Equity investments in subsidiaries and associates	**41,191**	**33,343**	**46,723**

With reference to SEA Handling, during FY 2011:

- on 8 July, a payment was made of € 22,354 thousand, to cover the losses of the subsidiary, with the simultaneous reconstitution of the share capital;
- impairment has been applied of € 14,506 thousand, on the basis of the results of the impairment tests performed in accordance with IAS 36.

More specifically, said evaluation was based on discounting the cash flow forecast by the multi-year plan of the individual cash generating units identifiable with the individual subsidiary, net of the tax effects.

The discounting rate used has been determined considering a risk-free component and a premium forecast for the investment risk in shares.

Below is the main data of the equity and economic position as of 31 December 2011 and 2010 of the subsidiaries and associates, taken from the financial statements on the respective dates, prepared in accordance with the Italian accounting standards.

at 31 December 2011

(thousands of euros)	Assets	Liabilities	Income	Profit/(loss)	% held
Subsidiaries					
SEA Handling SpA	109,351	82,167	133,242	(10,866)	100.00
SEA Energia Spa	78,128	66,080	63,241	3,825	100.00
Malpensa Construction Consortium	1,336	1,167	623	5	51.00
Associates					
Dufrital SpA	n.a.	n.a.	n.a.	n.a.	40.00
CID Italia SpA	n.a.	n.a.	n.a.	n.a.	40.00
SACBO SpA	158,385	65,903	100,570	10,636	30.979
SEA Services Srl	2,777	1,735	7,388	370	30.00
Malpensa Logistica Europa SpA	n.a.	n.a.	n.a.	n.a.	25.00
Disma SpA	21,894	11,841	6,211	1,099	18.75

at 31 December 2010

(thousands of euros)	Assets	Liabilities	Income	Profit/(loss)	% held
Subsidiaries					
SEA Handling SpA	103,699	88,003	132,189	(13,380)	100.00
SEA Energia SpA	82,050	73,827	53,162	3,178	100.00
Malpensa Construction Consortium	1,781	1,617	412	4	51.00
Associates					
Dufrital SpA	45,252	36,326	86,973	2,566	40.00
CID Italia SpA	8,597	7,302	31,615	412	40.00
SACBO SpA	137,462	53,489	92,899	12,271	30.98
SEA Services Srl	2,131	1,459	4,592	260	30.00
Malpensa Logistica Europa SpA	16,173	10,269	28,598	(869)	25.00
Disma SpA	22,721	12,754	5,674	1,014	18.75

7.5 Equity investments available for sale

Below are details as of 31 December 2011, 31 December 2010 and 1 January 2010 of "Equity investments available for sale":

Company name	% held at 31 December 2011	% held at 31 December 2010	% held at 1 January 2010
GESAC SpA	0	5	5
Aeropuertos Argentina 2000 SA	10	10	10
Milano Sistema consortium, in liquidation	10	10	10
Romairport Srl	0.227	0.227	0.227
Sita Soc. Intern. de Telecom. Aereonautiques (Belgian company)	1 share	1 share	1 share

The tables below summarise changes for financial years 2010 and 2011 in relation to the equity investments available for sale:

Equity investments available for sale		Changes		
(thousands of euros)	**at 1 January 2010**	**Increases/ Write-backs/ Reclassifications**	**Decreases/ Write-downs**	**at 31 December 2010**
GESAC SpA	2,389	5,811		8,200
Aeropuertos Argentina 2000 SA	7,500			7,500
Milano Sistema consortium	25			25
Romairport Srl	1			1
Sita Soc. Intern. de Telecom. Aereonautiques				
Total equity investments available for sale	9,915	5,811		15,726

Equity investments available for sale		Changes		
(thousands of euros)	**at 31 December 2010**	**Increases/ Write-backs/ Reclassifications**	**Decreases/ Write-downs**	**at 31 December 2011**
GESAC SPA	8,200		(8,200)	
Aeropuertos Argentina 2000 SA	7,500		(7,500)	0
Milano Sistema consortium	25			25
Romairport Srl	1			1
Sita Soc. Intern. de Telecom. Aereonautiques				
Total equity investments available for sale	15,726		(15,700)	26

GESAC

On 3 March 2011, SEA stipulated a contract with F2i concerning the sale of the entire equity investment held in Società Gestione Servizi Aeroporti Campani SpA - company operating in the segment of the running, maintenance and development of airport services in the airports of Campania, which, in particular, manages Naples Capodichino airport - equal to 12,500 shares or 5% of the share capital in GESAC.

Shares in GESAC were transferred on the same date against the transfer of the price agreed, of € 8.2 million.

AA2000

On 30 June 2011, in implementation of the contract stipulated on 9 August 2006, an agreement was drawn up with Cedicor for the sale of 10% of the share capital of Aeropuertos Argentina 2000 (hereinafter "AA2000") held by SEA (21,973,747 ordinary class A shares with the right to one vote for each share).

The price has been established as a total of € 14 million that, as of 31 December 2011 has been collected in full.

The share transfer will only be completed upon obtaining the authorisation of ORSNA (Organismo Regulador del Sistema Nacional de Aeropuertos). If ORSNA should fail to issue authorisation for the sale of 10% to Cedicor, the parties undertake to find a third party for 5 years as from the contract date, to which ORSNA will issue authorisation for the purchase of the shares in question. Once the 5-year period has expired from the denial (if applicable) of authorisation by ORSNA for the sale of 10% of the shares in AA2000 to Cedicor and if said authorisation should not be issued to Cedicor and/or third parties, the contract will cease having all effect and SEA shall return to having full possession of all rights and obligations connected with AA2000 shares; this is without prejudice to that stated above on the price received by SEA and dividends received and/or additional shares subscribed by Cedicor during that period.

The latter must, for a period of 5 years, obtain authorisation from ORSNA to transfer 10% of the shares in AA2000 to a third party. SEA in turn will guarantee an irrevocable power of attorney to Cedicor in order that the latter shall carry out all action necessary to obtain ORSNA authorisation and, in particular:

- notify the transfer of shares in AA2000 to ORSNA or alternative appointed Argentinian authority;
- sign all documentation necessary and monitor the related procedure required in order to obtain ORSNA authorisation.

Therefore, as of 31 December 2011 SEA still holds 10% of the equity investment in AA2000. This is why the value of the equity investment has been kept booked as 1 euro.

7.6 Deferred tax assets

Changes to net deferred tax assets for FY 2011 are shown below:

Net prepaid tax

(thousands of euros)	at 31 December 2010	Release/ allocation to income statement	Release/ allocation to shareholders' equity	at 31 December 2011
Provision for restoration in accordance with IFRIC 12	27,907	2,793		30,700
Impairment of tangible fixed assets	15,482			15,482
Provisions for risks and charges	9,024	(865)		8,159
Taxed provision for receivables	7,507	(732)		6,775
Provisions for employment matters	3,758	817		4,575
Measurement at fair value of derivatives	127	(127)	2,112	2,112
Other	199	16		215
Total prepaid tax	**64,004**	**1,902**	**2,112**	**68,018**
Early amortisation and lesser amortisation deriving from the first application of the IFRS	45,943	(1,986)		43,957
Discounting of severance indemnity (IAS 19)	1,877	(96)		1,781
Financial lease	624	(125)		499
Measurement at fair value of GESAC	80		(80)	
Other	225	17		242
Total deferred tax	**48,749**	**(2,190)**	**(80)**	**46,479**
Total prepaid tax net of deferred	**15,255**	**4,092**	**2,192**	**21,539**

As of 31 December 2011 there were no tax losses for which prepaid tax required recording.

7.7 Other non-current receivables

Below are details as of 31 December 2011, 31 December 2010 and 1 January 2010 of "Other non-current receivables":

Other non-current receivables	at 31 December 2011	at 31 December 2010	at 1 January 2010
(thousands of euros)			
Receivables for SEA Energia loan			3,499
Other non-current receivables	379	431	692
Total other non-current receivables	**379**	**431**	**4,191**

The item "receivables due for SEA Energia loan", totalling € 3,499 thousand as of 1 January 2010, refers to the loan contract in place between SEA and SEA Energia, stipulated on 9 December 1996 and maturing in 2011. The balance has been reclassified to current financial receivables as of 31 December 2010 and was repaid in full on 15 September 2011.

Other receivables mainly refer to receivables due from employees and caution deposits.

7.8 Inventories

Below are details as of 31 December 2011, 31 December 2010 and 1 January 2010 of "Inventories":

Inventories	at 31 December 2011	at 31 December 2010	at 1 January 2010
(thousands of euros)			
Raw materials, ancillary materials and consumables	9,114	9,547	9,262
Total inventories	**9,114**	**9,547**	**9,262**

The item consists of consumable goods in the warehouse intended for airport activities. As of 31 December 2011, 31 December 2010 and 1 January 2010, no assets stored were pledged as a guarantee of loans or other transactions in place as of those dates. It is specified that the Company has not considered it necessary to record a provision for the write-down of inventories.

7.9 Trade receivables

Below are details as of 31 December 2011, 31 December 2010 and 1 January 2010 of "Trade receivables":

Trade receivables	at 31 December 2011	at 31 December 2010	at 1 January 2010
(thousands of euros)			
Trade receivables due from customers	116,615	125,235	118,735
Trade receivables due from subsidiaries	13,447	15,318	26,951
Trade receivables due from related companies	10,344	10,515	6,780
Total trade receivables	**140,406**	**151,068**	**152,466**

Trade receivables, stated net of the related provision for impairment, mainly includes receivables due from customers and allocations for invoices and credit notes to be issued.
The criteria for the adjustment of receivables to the presumed realisation value considers measurements that are differentiated according to the state of the dispute.
The provision for the write-down of receivables showed the following changes during the two years:

Provision for the write-down of receivables	FY 2011	FY 2010
(thousands of euros)		
Opening provision	70,624	104,311
Increases	12,530	3,940
Uses/Releases	(10,943)	(37,458)
Reclassification to provision for risks on other current receivables		(169)
Closing balance of the provision for the write-down of receivables	**72,211**	**70,624**

Allocations to the provision (€ 12,530 thousand in 2011; € 3,940 thousand in FY 2010) were made to consider both the risk of a deterioration to the financial trends of the main operators with which disputes are underway and the write-down of receivables subjected to bankruptcy proceedings.

More specifically, uses/releases relative to FY 2011, equal to € 10,943 thousand, relate to the closure during the year of disputes for which previous years had made allocations to cover the risks recorded.
For details relating to past due amounts and their seniority, please refer to Note 4.1.

With regards to receivables due to subsidiaries and associates, please refer to that stated under Note 9 in relation to related party transactions.

7.10 Current financial receivables

"Current financial receivables" total € 27,660 thousand at 31 December 2011 (€ 34,546 thousand at 31 December 2010) and consist entirely of financial receivables due form subsidiaries. More specifically, the balance as of 31 December 2011 consists of the positive balance of cash pooling with regards to SEA Energia. Please refer to the details given in Note 9 concerning related party transactions.

7.11 Period tax receivables

"Period tax receivables" comes to € 3,601 thousand as of 31 December 2011 (€ 4,133 thousand as of 31 December 2010) and relates for € 2,233 thousand to the request for repayment of 10% of IRAP paid during previous financial years (€ 2,233 thousand as of 31 December 2010), € 681 thousand to the tax consolidation (€ 1,142 as of 31 December 2010) and the remainder to other tax receivables.

7.12 Other current receivables

Below are details as of 31 December 2011, 31 December 2010 and 1 January 2010 of "Other receivables":

Other receivables	at 31 December 2011	at 31 December 2010	at 1 January 2010
(thousands of euros)			
Receivables due from the State for grants under law no. 449/85	2,114	9,296	22,378
Receivables due from the State for the case SEA/ Ministry of infrastructures and Transport	3,369	3,195	3,022
Sundry receivables	4,459	4,701	12,558
Receivables due from employees and social security entities	937	878	3,087
Receivables due from the Ministry for Communication for radio bridge	158	211	262
Provision for the write-down of receivables	(1,634)	(1,461)	(1,702)
Total other receivables	**9,403**	**16,820**	**39,605**

Receivables due from the State for grants in accordance with Italian Law no. 449/85 relate to receivables due from the State by virtue of the Programme Agreement stipulated by Enac and SEA in January 1995 and reviewed in December 2004, which establishes the partial financial coverage, in accordance with Italian Law no. 449/85, of some infrastructural works to be developed in Malpensa airport.

The receivable due from the State for the SEA/Ministry of Infrastructures and Transport case, consequent to the sentence of the Court of Cassation that had recognised the Company the failure to adjust handling tariffs for 1974-1981 in addition to interest and expenses incurred by the Company for € 3,369 thousand as of 31 December 2011 (€ 3,195 thousand as of 31 December 2010 and € 3,022 thousand as of 1 January 2010) relates to the residual credit position not collected by the Ministry for Infrastructures and Transport plus interest until 31 December 2011.

"Sundry receivables" includes receivables of a miscellaneous nature (refunds, advances to suppliers, receivables due from insurance companies, arbitration with tenderers, receivables due from the company CRAL and other minor positions).

The receivable due from employees and social security entities mainly refers to receivables due from INPS and the Volo Fund for the Extraordinary Temporary Lay-off Fund advanced to employees on behalf of said entities, and receivables due from INAIL.

The receivable due from the Ministry for Communication refers to the greater payments made on a provisional basis in previous years for instalments related to radio bridges and which will be offset with payments to be made in the future.

7.13 Cash in hand and at bank

The table below summarises the amount of "cash in bank and at hand" as of 31 December 2011, 31 December 2010 and 1 January 2010:

Cash in hand and at bank	at 31 December 2011	at 31 December 2010	at 1 January 2010
(thousands of euros)			
Bank and post office deposits	23,619	22,576	25,454
Cash in hand and at bank	93	91	108
Total	**23,712**	**22,667**	**25,562**

Liquid funds available as of 31 December 2011 consisted of the following assets: bank and post office deposits freely available for € 19,810 thousand (€ 12,914 thousand as of 31 December 2010 and € 19,262 thousand as of 1 January 2010), restricted bank deposits as guarantee of amortisation shares of the EIB loans due in the next 12 months for € 3,809 thousand (€ 9,662 thousand as of 31 December 2010 and € 6,192 thousand as of 1 January 2010), cash in hand and at bank for € 93 thousand (€ 91 thousand as of 31 December 2010 and € 108 thousand as of 1 January 2010).

7.14 Shareholders' equity

Share capital

As of 31 December 2011 the share capital of SEA consisted of 250,000,000 shares, each worth € 0.11.

AFS (Available for Sale) provision

Changes to the AFS provision for FY 2011 relate to the sale of GESAC for € 5,731 thousand and the signing of the sales contract of AA2000 for € 6,389 thousand.

Other reserves

Other reserves refer entirely to those recorded in application of the Revaluation Laws 576/75, 72/83 and 312/91.

Distribution of dividends

On 03 May 2011, the Shareholders' Meeting resolved to distribute dividends for € 41,846 thousand, relative to profits of FY 2010. This dividend was paid on 16 December 2011.

On 29 December 2011, the Shareholders' Meeting resolved to distribute a dividend for € 147,370 thousand, to be applied: (i) € 21,468 thousand to the share premium reserve; and (ii) € 125,902 thousand to the extraordinary reserve. During said Shareholders' Meeting, in order to consider the Company's financial planning demands and in its interests, the Municipality of Milan irrevocably assigned the Company the right, at its own discretion, to pay the extraordinary dividend pertaining to it as follows: (i) 50% of the dividend - and therefore € 62,307 thousand - as of 14 December 2012; and (ii) the remaining 50% - and therefore € 62,307 thousand - as of 14 December 2013; this is without prejudice to the fact that as from 31 July 2012 and until the date of effective payment, an interest rate equal to that which the Municipality of Milan would obtain by managing an equal amount of liquid funds for an equal period must be applied to both amounts due, in accordance with the methods set out above, i.e. this shall be the Euribor rate at 3 months, it also being agreed that in the event of listing on the stock exchange, payment must be made at the time of listing.

Availability of reserves

The breakdown of shareholders' equity, with reference to the availability and possible distribution, is as follows:

(thousands of euros)

Nature/Description	Amount as of 31 December 2011	Possible use(*)	Portion available	Summary of uses
Share capital	27,500			
Share premium reserve		A,B,C		(21,468)
Legal reserve	5,500	B		
Extraordinary reserve	46,105	A,B,C	46,105	(107,968)
Reserve from first conversion to IFRS	23,686(1)	A,B,C	13,923	
AFS provision	1			
Cash flow hedge reserve	(5,569)			
Other reserves(2):				
- pursuant to revaluation law no. 576/76	3,649	A,B,C		
- pursuant to revaluation law no. 72/83	13,557	A,B		
- pursuant to revaluation law no. 413/91	43,083	A,B,C		
FY 2011 profits	49,403			
Total	**206,915**		**60,028**	**(129,436)**
Total restricted portion	**0**	**146,887**	**0**	**0**

(*) A: for capital increase - B: to cover losses - C: for distribution to shareholders.
(1) In view of Art. 7 of Italian Legislative Decree no. 38/2005, the amount of the reserve can be used for 13,923 (A,B,C). The difference, of € 9,763, is entirely unavailable.
(2) Tax suspension reserves.

7.15 Provisions for risks and charges

Below are the changes to the "provisions for risks and charges" for the financial years ended on 31 December 2011 and 2010:

Provisions for risks and charges

(thousands of euros)	at 1 January 2010	Alloc. / Increases	Uses	Releases	at 31 December 2010
Provision for restoration and replacement	101,994	13,798		(11,709)	104,083
Provision for future charges	49,447	7,904	(11,935)	(646)	44,770
Total provision for risks and charges	**151,441**	**21,702**	**(11,935)**	**(12,355)**	**148,853**

Provisions for risks and charges

(thousands of euros)	at 31 December 2010	Alloc. / Increases	Uses	Releases	at 31 December 2011
Provision for restoration and replacement	104,083	14,301	(7,167)		111,217
Provision for future charges	44,770	12,993	(7,097)	(6,716)	43,950
Total provision for risks and charges	**148,853**	**27,294**	**(14,264)**	**(6,716)**	**155,167**

The provision for the restoration and replacement of goods granted under concession, established in accordance with IFRIC 12, equal to € 111,217 thousand as of 31 December 2011 (€ 104,083 thousand as of 31 December 2010 and € 101,994 thousand as of 1 January 2010) represents the estimate of the shares of competence accrued in relation to the maintenance of goods granted under concession by the State to be performed in future years. Below are details of changes to the provisions for future charges in FYs 2010-2011:

Provisions for future charges

(thousands of euros)	at 1 January 2010	Alloc. / Increases	Uses	Releases	at 31 December 2010
Allocations for labour	16,249	3,717	(6,301)	-	13,665
Disputes with contractors	6,235	2,600	(4,000)	(35)	4,800
Tax risks	2,923	60	-	-	2,983
Sundry provisions	24,040	1,527	(1,634)	(611)	23,322
Total provision for future charges	**49,447**	**7,904**	**(11,935)**	**(646)**	**44,770**

Provisions for future charges

(thousands of euros)	at 31 December 2010	Alloc. / Increases	Uses	Releases	at 31 December 2011
Allocations for labour	13,665	7,234	(3,306)	(955)	16,638
Disputes with contractors	4,800			(2,800)	2,000
Tax risks	2,983			(359)	2,624
Sundry provisions	23,322	5,759	(3,791)	(2,602)	22,688
Total provision for future charges	**44,770**	**12,993**	**(7,097)**	**(6,716)**	**43,950**

"Sundry provisions" for € 22,688 thousand as of 31 December 2011 (€ 23,322 thousand as of 31 December 2010 and € 24,040 thousand as of 1 January 2010) mainly consists of the following:

- € 8,109 thousand for legal disputes connected with operative Milan airport management;
- € 6,000 thousand related to expenses arising from acoustic zoning plans of the areas around the Milan airports (Law no. 447/95 and subsequent ministerial decrees). Please note that, differently to the Linate airport commission, the Malpensa airport commission has not yet definitively approved the areas of intervention;
- € 7,911 thousand for risks relating to the state of cases for counterclaims received by the Company and in relation to airlines for which a state of insolvency has been declared;
- € 668 thousand for disputes with ENAV.

7.16 Personnel-related provisions

Changes in provisions relating to personnel for FY 2011 are detailed as follows:

Personnel-related provisions

(thousands of euros)	Financial year ended on 31 December 2011
Opening provision	45,504
Financial income/(expense)	2,001
Transfer of staff from SEA Handling	587
Uses	(2,682)
Actuarial gains/(losses) allocated to the income statement	(1,725)
Total personnel-related provisions	**43,685**

The timely actuarial measurement of the provision for severance indemnity incorporates the effects of the reform of Italian Law no. 296 of 27 December 2006 and subsequent decrees and regulations. The main actuarial assumptions used to determine pension requirement are stated below:

Main actuarial assumptions	at 31 December 2011 (%)
Annual discounting rate	4.60
Annual inflation rate	2.00
Annual severance indemnity increase rate	3.00

7.17 Current and non-current financial liabilities

The table given below breaks down current and non-current financial liabilities as of 31 December 2011, 31 December 2010 and 1 January 2010:

(thousands of euros)	at 31 December 2011		at 31 December 2010		at 1 January 2010	
	Current	**Non-current**	**Current**	**Non-current**	**Current**	**Non-current**
Amounts due to banks	29,497	289,145	66,434	278,615	67,959	312,227
Amounts due to other lenders	30,282	29,870	15,422	30,145	37,855	26,895
Total financial liabilities	**59,779**	**319,015**	**81,856**	**308,760**	**105,814**	**339,122**

Below are details of the related items:

(thousands of euros)	at 31 December 2011		at 31 December 2010		at 1 January 2010	
	Portion current	**Non-current share**	**Portion current**	**Non-current share**	**Portion current**	**Non-current share**
Medium/long-term loans	27,394	281,221	33,612	278,615	32,519	312,227
Payable for expense on loan	2,103		1,910		2,264	
Short-term loans (hot money)			20,494		6,000	
Financial advances on State grants			9,277		22,478	
Fair value of derivatives		7,924	1,142		4,698	
Amounts due to banks	**29,497**	**289,145**	**66,434**	**278,615**	**67,959**	**312,227**
Financial payables due to subsidiaries	28,076	27,268	13,076	27,017	37,855	26,895
Payables due to factoring for the transfer of receivables with recourse	914		1,713			
Payables for leasing	1,292	2,602	632	3,128		
Amounts due to other lenders	**30,282**	**29,870**	**15,422**	**30,145**	**37,855**	**26,895**
Total current liabilities and non-current	**59,779**	**319,015**	**81,856**	**308,760**	**105,814**	**339,122**

As shown by the table above, the Company's financial debt mainly relates to a bank debt for medium/long-term loans. The payable for financial leasing relates to x-ray equipment.

For more details on bank loans taken out and derivative contracts subscribed, please refer to that analysed in Note 4.

The table below reconciles the payable due for financial lease and lease instalments to be paid as of 31 December 2011:

	at 31 December 2011
Lease instalments until contract maturity	4,474
Implicit interest	(1,306)
Current value of instalments until contract maturity	**3,168**
Amounts for unpaid invoices	726
Total payables for leasing (current and non-current)	**3,894**

For more details on loans taken out during FY 2011, the main information in relation to these loans and details of repayments that the Company is required to make on the basis of amortisation plans, please refer to that analysed in Note 4.

Below is the breakdown of the Company's net financial debt determined as of 31 December 2011 and 31 December 2010 according to the provisions of Consob communication of 28 July 2006 and in compliance with recommendations ESMA/2011/81:

(thousands of euros)		at 31 December 2011	at 31 December 2010
A.	Cash in hand and at bank	(23,712)	(22,667)
B.	Other liquid funds		
C.	Securities held for trading		
D.	**Liquid funds (A) + (B) + (C)**	**(23,712)**	**(22,667)**
E.	**Financial receivables**	**(29,774)**	**(43,842)**
F.	Current financial payables	28,076	33,570
G.	Current share of medium/long-term bank loans	27,394	33,612
H.	Other current financial payables	4,309	14,674
I.	**Payables and other current financial liabilities (F) + (G) + (H)**	**59,779**	**81,856**
J.	**Net current financial debt (D) + (E) + (I)**	**6,293**	**15,347**
K.	Non-current share of medium/long-term bank loans	281,221	278,615
L.	Bonds issued		
M.	Other non-current financial payables	37,794	30,145
No.	**Payables and other non-current financial liabilities (K) + (L) + (M)**	**319,015**	**308,760**
O.	**Net financial debt (J) + (N)**	**325,308**	**324,107**

7.18 Trade payables

Below are details as of 31 December 2011, 31 December 2010 and 1 January 2010 of "Trade payables":

Trade payables	at 31 December 2011	at 31 December 2010	at 1 January 2010
(thousands of euros)			
Payables due to suppliers	156,283	124,091	124,709
Advances	3,930	3,581	4,603
Payables due to subsidiaries	19,527	18,728	33,170
Payables due to related companies	3,315	1,760	1,025
Total trade payables	**183,055**	**148,160**	**163,507**

Supplier payables refer to purchases of goods and services in relation to management and investments. Payables for advances as of 31 December 2011 (€ 3,930 thousand) are mainly attributable to customer advances.

With regards to payables due to subsidiaries and associates, please refer to that stated under Note 9 in relation to related party transactions.

7.19 Period tax payables

Tax payables (€ 41,990 thousand as of 31 December 2011; € 40,850 thousand as of 31 December 2010) mainly consist of additional amounts applied to boarding tax instituted by Italian Laws nos. 166/2008, 350/2003, 43/2005 and 296/2006 for € 30,970 thousand, the IRES and IRAP payable for a total of € 6,120 thousand, the payable for tax consolidation of € 1,180 thousand, the IRPEF payable on employed and independent work for € 2,835 thousand and other tax payables for the remainder.

For financial years 2010 and 2011, SEA adhered to national tax consolidation with the subsidiaries SEA Handling and SEA Energia.

7.20 Other current and non-current payables

The table given below breaks down "Other current and non-current liabilities" as of 31 December 2011, 31 December 2010 and 1 January 2010:

Other current payables	at 31 December 2011	at 31 December 2010	at 1 January 2010
(thousands of euros)			
Payables due to social security and welfare institutes	11,249	11,580	12,069
Other payables	62,164	55,541	48,933
Payables due to shareholders for dividends	85,101	25	25
Total other current payables	**158,514**	**67,146**	**61,027**

Other non-current payables	at 31 December 2011	at 31 December 2010	at 1 January 2010
(thousands of euros)			
Other payables			239
Payables due to shareholders for dividends	62,307		
Total other non-current payables	**62,307**		**239**

As of 31 December 2011, the item "Payables due to shareholders for dividends", both for the current portion and non-current portion, refers to the payable for the distribution of dividends resolved by the Shareholders' Meeting on 29 December 2011. For more details, please refer to that described at note 7.14 "Distribution of dividends".

Current "Other payables" can be detailed as follows:

Current other payables	at 31 December 2011	at 31 December 2010	at 1 January 2010
(thousands of euros)			
Payables due to employees for amounts accrued	8,994	9,517	13,643
Payables due to employees for untaken holiday	6,527	6,424	5,713
Payables due to the State for concession charges	2,704	2,632	1,967
Payables for damages deriving from civil liability	782	606	574
Payables due to third parties for ticket collection	1,205	1,682	1,475
Payables due to the State for concession charges security services	71	71	66
Other	41,881	34,609	25,495
Total current other payables	**62,164**	**55,541**	**48,933**

"Other" (€ 41,881 thousand as of 31 December 2011), mainly refers to the contribution, at the Company's expense, to the Provision for airport fire-fighting services instituted by Law no. 296 of 27 December 2006 for € 22,103 thousand in addition to deferred income from customers in connection with income pertaining to future financial years and other minor payables for a total of € 19,778 thousand.

The € 7,272 thousand increase to this item with respect to 31 December 2010 is due for € 6,277 thousand to the contribution made by the Company to the Fund for airport fire-fighting services; the residual part of the increase is mainly due to the increased customer deferred income.

7.21 Receivables and payables maturing beyond 5 years

There are no receivables maturing beyond 5 years. Financial payables maturing beyond 5 years amount to € 113,860 thousand and are the repayment of capital shares of medium/long-term loans in place as of 31 December 2011.

8. Income statement

8.1 Operating income

The table below provides details of operating income broken down according to business unit for the financial years closed as of 31 December 2011 and 2010.

Operating income according to business unit	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Aviation	282,796	270,565
Non Aviation	174,754	169,909
Handling		14,883
Total operating income	**457,550**	**455,357**

Please note that for FY 2010, Handling includes the full amount of the non-recurring compensation received from the Ministry for Infrastructures and Transport for damages suffered due to the unlawful reduction of handling tariffs for 1987, 1989 and 1990.

The table below provides details of the operating income of Aviation, broken down according to type.

Aviation operating income	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Centralised infrastructures and rights	202,599	190,386
Income from security management	52,532	49,444
Use of spaces in regulated regime and other income for services	27,665	30,014
Contributions for the development of the commercial business		722
Total Aviation operating income	**282,796**	**270,565**

The table below provides details of the operating income of Non Aviation, broken down according to type.

Income from Non Aviation business	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Retail	79,208	77,370
Parking	42,488	40,469
Cargo areas	10,362	10,383
Services and other income	42,696	41,687
Total Non Aviation operating income	**174,754**	**169,909**

The table below provides details of retail income, broken down according to type.

Retail income	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Shops	33,908	32,666
Food & Beverage	15,254	16,002
Advertising	10,353	10,570
Other	19,693	18,132
Total retail	**79,208**	**77,370**

8.2 Income for work on goods granted under concession

Income for work on goods granted under concession goes from € 48,477 thousand in 2010 to € 65,248 thousand in 2011.
This income corresponds to the works realised on goods granted under concession, increased by a mark-up that is representative of the remuneration of internal costs for works management and design and is included in the Aviation business unit. The trend of this item is closely linked to the related investments.

8.3 Cost of labour

The table below details the costs of labour:

Cost of labour	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Salaries and wages	107,146	104,501
Social security	31,435	31,123
Severance indemnity	7,101	6,797
Emoluments and other costs for the Board of Directors	620	498
Other costs of labour	4,690	5,813
Total costs of labour	**150,992**	**148,732**

The cost of labour has increased from € 148,732 thousand in 2010 to € 150,992 thousand (1.5%) in 2011.

The increased cost of labour was affected by the renewal of the collective national employment contract for land-side air transport and airport staff on 8 July 2010, expiring on 31 December 2011. In 2011, the Company benefited less from the use of the Extraordinary Temporary Lay-off Fund (CIGS).

More specifically, use of social shock absorbers reduced by € 1,557 thousand in 2011 (-15%), going from € 10,365 thousand in 2010 to € 8,807 thousand in 2011, which in terms of hours, represents a reduction of 109 thousand (-18.1%), going from 600 thousand hours in 2010 to 491 thousand hours in 2011.

The table below shows the average number of employees per category in 2010-2011
(Head-Count and Head-Equivalent):

Average number of employees		HDE		HDC
	2011	**2010**	**2011**	**2010**
Managers	51	48	51	48
Middle Management	260	249	264	256
White-collar workers	1,669	1,666	1,704	1,683
Blue-collar workers	751	773	742	783
Total employees	**2,731**	**2,736**	**2,761**	**2,770**

8.4 Consumables

The table below details "consumables":

Consumables	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Raw materials, ancillary materials, consumables and goods for resale	10,818	14,652
Changes in inventories	433	(285)
Total consumables	**11,251**	**14,368**

"Consumables" mainly includes purchases of assets for the airport business (chemical products for de-icing and de-snowing, clothes, spare parts, etc.). The change of € 3,117 thousand with respect to the previous year was mainly generated by the reduction in purchases for stocks, including the reduction in the purchases of de-icing liquid caused by the favourable weather conditions of 2011 and the reduction of costs linked to employee clothing.

8.5 Industrial costs

The table below details “industrial costs”:

Industrial costs	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Utilities and vigilance expenses	36,589	34,642
Ordinary maintenance costs	31,977	35,732
Services provided by SEA Handling	16,644	13,349
Cleaning	14,225	14,087
Airport fire-fighting service	6,277	6,462
Sundry industrial costs	5,470	3,417
Capital losses on assets	5,132	790
Hire of equipment and vehicles	2,949	2,727
Insurance	2,920	3,931
Provisions for disabled assistance	1,934	1,883
Total industrial costs	**124,117**	**117,020**

In FY 2011, industrial costs rose by € 7,097 thousand (+6.1%) with respect to last year, due to:

- greater capital losses connected with FY 2011 demolitions of property and plant;
- greater costs connected with the inter-company services supplied by the subsidiary SEA Handling in support of the airport business. These include the new Fly ViaMilano commercial initiative.
- greater industrial costs mainly connected with the Food & Beverage services in the VIP rooms, commercial and marketing costs and connections between Malpensa terminals;

vgreater costs of electricity for € 2,809 thousand, partly offset by lesser costs connected with heating and air-conditioning for € 1,263 thousand;

- lesser ordinary maintenance costs, including a reduction of scheduled maintenance on property, plant and machinery for € 2,281 thousand and lesser costs connected with the hardware and software maintenance of electronic machines for € 592 thousand;
- reduction of insurance premiums on policies by virtue of the optimisation of the management of risk and annual premium renegotiation.

8.6 Administrative costs

The table below details “administrative costs”:

Administrative costs	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Concession charges	6,164	5,806
Charges relative to licenses to use hardware and software	5,946	5,697
Professional provisions of legal and administrative services	4,793	3,553
Professional technical services	3,685	2,654
Strategic consulting	3,105	2,969
Advertising, promotional expenses and entertainment	5,055	3,589
Tax expenses	2,597	2,207
Other administrative costs	2,228	2,439
Rental expenses	806	1,102
Emoluments and costs of the Board of Auditors	843	400
Other	792	754
Total administrative costs	**36,014**	**31,170**

In FY 2011, administrative costs increased by € 4,844 thousand on the previous period (15.5%), going from € 31,170 thousand to € 36,014 thousand.

This trend is mainly connected with the costs for consulting services incurred during FY 2011 for activities connected with the IPO process, which as a whole amount to € 4,445 thousand.

8.7 Costs for work on goods granted under concession

Costs for work on goods granted under concession go from € 45,802 thousand in 2010 to € 61,618 thousand in 2011. These represent the cost for works performed on goods granted under concession and are included in the Aviation business unit. The trend of this item is closely linked to the related investments.

8.8 Amortisation/depreciation

"Amortisation/depreciation" can be detailed as follows:

Amortisation/Depreciation	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Amortisation of intangible fixed assets	24,197	21,527
Depreciation of tangible assets and real estate investments	11,662	10,601
Total amortisation/depreciation	**35,859**	**32,128**

The trend of amortisation/depreciation in the two years reflects the amortisation and depreciation of tangible and intangible fixed assets on the basis of the useful life estimated by the Company.

8.9 Allowance and impairment

Allowance and impairment can be detailed as follows:

Allocations and impairment	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Impairment of receivables under current assets and liquid funds	12,703	4,112
Impairment of fixed assets		(2,764)
Release of the provision for the write-down of receivables	(9,298)	(6,243)
Allocations to/(releases) of provisions for future charges	6,277	7,260
Allocation of provision for restoration and replacement	10,642	9,978
Total allowance and impairment	**20,324**	**12,343**

In 2011, allowance and impairment increased by € 7,981 thousand (+64.7%) on last year, going from € 12,343 thousand in 2010 to € 20,324 thousand in 2011.
This trend is a consequence of the allocations made to cover the greater credit risk to which the Company is exposed with respect to last year, whilst net allocations made to provisions for risks and charges are in line with FY 2010, indeed slightly down by € 318 thousand (-1.8%).

These allocations to the provision for the write-down of receivables were made to consider both the risk of deterioration of the financial trend of the main operators with which disputes are underway and the write-down of receivables involved with bankruptcy proceedings. Net allocations to the provision for future risks and charges € 6,277 thousand (€ 7,260 thousand in 2010) mainly refer to environmental expenses (acoustic zoning interventions of the areas around the Milan airports), counterclaims with airlines and expenses relating to work deriving from trade union agreements stipulated at the end of July 2011.
The allocation to the Provision for restoration and replacement, established in accordance with IFRIC 12, comes to € 10,642 thousand in 2011 (€ 9,978 thousand in 2010); it represents the share pertaining to each financial year.

8.10 Income and expense from equity investments

The table below details income and expense from equity investments:

Income (expense) from equity investments	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Income from the agreement to sell Aeropuertos Argentina 2000 SA	12,890	
Income for the write-back of GESAC SpA	5,811	
Impairment of SEA Handling SpA	(14,506)	(13,380)
Dividends from SACBO SpA	658	
Dividends from Aeropuertos Argentina 2000 SA	654	54
Dividends from Dufrital SpA		6,000
Dividends from Disma SpA	190	
Dividends from CID Italia SpA	160	
Other		101
Total income (expense) from equity investments	**5,857**	**(7,225)**

Income from equity investments has increased by € 14,208 thousand on last year, going from € 6,155 thousand in 2010 to € 20,363 thousand in 2011 as a consequence of the sales agreements for the shares held in GESAC and Aeropuertos Argentina 2000. These sales, which took place respectively with agreements dated 03 March 2011 and 30 June 2011, generated income totalling € 18,701 thousand.
For details, please refer to that stated under Note 7.5.
The amount of the dividends received in 2011 from subsidiaries is down by € 4,493 thousand (-72.9%), going from € 6,155 in 2010 to € 1,662 thousand in 2011. It is specified that the balance of FY 2010 benefited from the extraordinary dividend of € 6,000 thousand distributed by the associate Dufrital.
Expense from equity investments has risen by € 1,126 thousand (+8.4%), going from € 13,380 thousand in 2010 to € 14,506 thousand in 2011; it refers to the impairment of the equity investment held in the subsidiary SEA Handling - for details please refer to Note 7.4.

8.11 Financial income and expense

"Financial income and expense" can be detailed as follows:

Financial income (expense)	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Exchange gains	12	71
Other financial income	2,895	19,199
Total financial income	**2,907**	**19,270**
Interest expense on medium/long-term loans	7,188	6,601
Exchange losses	11	39
Other interest expense	5,693	12,841
Total financial expense	12,892	19,481
Total financial income (expense)	**(9,985)**	**(211)**

Net financial expense increased by € 9,774 thousand, going from € 211 thousand in 2010 to € 9,985 thousand in 2011. This trend is mainly connected with the combined effect of the reduction of "Other financial income" for € 16,304 thousand (-84.9%) and the reduction of "Other interest expense" for € 7,148 thousand (-55.6%).

More specifically, in FY 2010, "Other financial income" includes the interest share received following collection of compensation for damages regarding handling tariffs for 1987, 1989 and 1990 for a total of € 12,456 thousand and the positive effect of the fair value measurement of derivatives, which entailed the recording of income of € 3,556 thousand in 2010.
The reduction in "Other interest expense", on the other hand, is mainly due to the lesser financial expense connected with severance indemnity for € 2,561 thousand, to the reduction in interest expense connected with financial leases for € 632 thousand and lesser interest expense on derivative contracts for € 2,921 thousand.

8.12 Tax

Below are details of "tax" for FYs 2011 and 2010:

Tax	Financial year ended on 31 December	
(thousands of euros)	**2011**	**2010**
Current tax	33,183	27,344
Deferred/(prepaid) tax	(4,092)	9,382
Total tax	**29,091**	**36,726**

Below is a reconciliation of the ordinary and effective rates for FY 2011:

(thousands of euros)		%
Description	**FY 2011**	
Pre-tax profit	**78,494**	
Theoretical income tax	21,586	27.5
Permanent differences tax effect	(323)	(0.4)
IRAP	9,285	11.8
Other	(1,457)	(1.9)
Effective tax	**29,091**	**37.1**

9. Related party transactions

Below are the equity and economic balances of Company related party transactions for FYs 2011 and 2010, specifying the incidence on the related item:

Company related party transactions — Financial year ended on 31 December 2011

(thousands of euros)	Trade receivables	Current financial receivables	Receivables for period tax	Trade payables	Current and non-current financial liabilities	Payables for period tax
Subsidiaries						
SEA Handling SpA	12,238			10,399	55,344	1,180
SEA Energia SpA	843	27,660	681	8,440		
Malpensa Construction Consortium	366			688		
Associates						
SACBO SpA	90					
Dufrital SpA	5,544			432		
CID Italia SpA	629			1		
Malpensa Logistica Europa SpA	2,272			928		
SEA Service Srl	1,790			1,859		
Disma SpA	19			95		
Total related parties	**23,791**	**27,660**	**681**	**22,842**	**55,344**	**1,180**
Total item	**140,406**	**27,660**	**3,601**	**183,055**	**378,794**	**41,990**
% of total item	**16.94**	**100.00**	**18.91**	**12.48**	**14.61**	**2.81**

Company related party transactions — Financial year ended on 31 December 2011

(thousands of euros)	Income operating	Operating costs (excluding costs for work on goods granted under concession)	Income (expense) net financial	Income and expense from equity investments
Subsidiaries				
SEA Handling SpA	24,782	17,202	(580)	
SEA Energia SpA	780	30,268	1,402	
Malpensa Construction Consortium	139			
Associates				
SACBO SpA	123	1		658
Dufrital SpA	20,510	4		
CID Italia Spa	2,502	29		160
Malpensa Logistica Europa SpA	4,101	1,375		
SEA Services Srl	1,981	1,851		
Disma SpA	258			190
Total related parties	**55,176**	**50,730**	**822**	**1,008**
Total item	**457,550**	**322,374**	**9,985**	**5,857**
% of total item	**12.06**	**15.74**	**8.23**	**17.21**

Company related party transactions — Financial year ended on 31 December 2010

(thousands of euros)	Trade receivables	Current financial receivables	Receivables for period tax	Trade payables	Current and non-current financial liabilities	Payables for period tax
Subsidiaries						
SEA Handling SpA	13,718			9,171	40,093	2,185
SEA Energia SpA	980	34,546	1,142	8,901		
Malpensa Construction Consortium	621			655		
Associates						
SACBO SpA	6					
Dufrital SpA	6,909			310		
CID Italia SpA	1,035			115		
Malpensa Logistica Europa SpA	1,790			858		
SEA Service Srl	623			385		
Disma SpA	151			93		
Total related parties	**25,833**	**34,546**	**1,142**	**20,488**	**40,093**	**2,185**
Total item	**151,068**	**34,546**	**4,133**	**148,160**	**390,616**	**40,850**
% of total item	**17.10**	**100.00**	**27.63**	**13.83**	**10.26**	**5.35**

Company related party transactions — Financial year ended on 31 December 2010

(thousands of euros)	Income operating	Operating costs (excluding costs for work on goods granted under concession)	Income (expense) net financial	Income and expense from equity investments
Subsidiaries				
SEA Handling SpA	26,390	14,643	(241)	
SEA Energia SpA	750	28,969	1,693	
Malpensa Construction Consortium	284			
Associates				
SACBO SpA	72			
Dufrital SpA	19,579			6,000
CID Italia Spa	2,307	29		
Malpensa Logistica Europa SpA	4,185			
SEA Services Srl	1,140	607		
Disma SpA	279			
Total related parties	**54,986**	**44,248**	**1,452**	**6,000**
Total item	**455,357**	**311,290**	**(211)**	**(7,225)**
% of total item	**12.08**	**14.21**	**(688.15)**	**(83.04)**

Transactions with subsidiaries

Commercial transactions implemented between SEA and subsidiaries are:

i) with regards to transactions involving SEA and SEA Handling, amongst others: (a) SEA Handling provides the Company with some operative services at the Milan airports including an aircraft de-icing service, snow clearing service, assistance with the baggage handling system (BHS) for all airlines at the airports, assistance with State military and humanitarian flights and assistance with the fast track service; (b) the Company provides the subsidiary SEA Handling with some administrative services (including legal affairs, planning and control, auditing and customer care) and operative services (such as towing aircraft and passenger and crew transport from the terminal to the aircraft and vice versa), it also grants use of its automated baggage handling system (BHS) and use of the spaces of the territory of the Milan airports used to provide SEA with the services listed under letter (a), in exchange for a contractually agreed price;
ii) with reference to SEA Energia, transactions between this company and SEA relate to the supply by SEA Energia to the Milan airports, of electricity and thermal energy produced by the cogeneration plants at said airports, to meet their energy demands; to the agreements relative to the allocation of green certificates generated by the cogeneration plant of Milan Linate airport and to an agreement for the provision by the Company to SEA Energia of administrative services (including legal affairs, tax services, planning and control);
iii) in relation to transactions between the Company and Malpensa Construction Consortium, these are represented by works management and design services for works to extend and strengthen the airports of Milan carried out by the Consortium in favour of SEA.

Instead, with regards to financial transactions in place between SEA and the other subsidiaries, these mainly consist of:

i) centralised treasury (cash pooling) services provided by SEA for the subsidiaries SEA Handling and SEA Energia;
ii) financial receivable of SEA Handling with regards to SEA arising from the establishment of SEA Handling, used and to be used for the company's financial demands, including interest accrued;
iii) the loan stipulated between the issuer and SEA Energia.

Finally, it is specified that on 8 April 2011, SEA made a payment of € 22,354,285 to SEA Handling to cover the latter's losses, at the same time reconstituting the share capital of SEA Handling.

Related party transactions

Transactions implemented between the Company and associates, in the periods specified, mainly concerned:

- trade relations with reference to the recognition to SEA of royalties on sales (CID and Dufrital);
- rent of spaces (Malpensa Logistica Europa);
- supply to SEA of Food & Beverage related services (SEA Services);
- trade deriving from the concession for the distribution of fuel (Disma);
- supply by SEA of support, consulting and professional/technical assistance in the legal, auditing and staff areas (SACBO).

The above transactions come under the scope of the Group's core business and are carried out at market values.

Other related party transactions

SACBO
In 2011, SACBO distributed dividends to SEA for € 658 thousand.

DISMA
In 2011, Disma distributed dividends to SEA for € 190 thousand.

CID
In 2011, CID distributed dividends to SEA for € 160 thousand.

9.1 Directors' and main managers' fees
In FY 2011, total fees for the Board of Directors came to € 620 thousand.
The total amount of fees for FY 2011 of the main managers of SEA came to € 3,644 thousand. The amount includes the variable component on the basis of the assignment of specific individual business objectives for each position.

10. Fees of the Board of Auditors

In FY 2011, total fees for the Board of Auditors came to € 843 thousand.

11. Fees of the independent auditing firm

Fees for the legal auditing of the separate financial statements of SEA paid to the independent auditing firm PricewaterhouseCoopers for FY 2011, come to € 139 thousand.

12. Commitments and guarantees

12.1 Investment commitments
SEA has currently committed to investments for € 112,615 thousand as of 31 December 2011 (€ 27,412 thousand as of 31 December 2010), the value of which is stated net of works already developed and invoiced to the Company, as stated below:

Breakdown of commitments per project

(thousands of euros)	at 31 December 2011	2010
R.T.I. CODELFA SPA /COIVER CONTRACT	38,619	
R.T.I. GEMMO SPA/ELETTROMECCANIC	20,180	
R.T.I. CODELFA SPA/ IMPRESA BACCHI	15,764	
R.T.I. CEFLA SOC.COOP./GRUPPO P.S.	14,447	
R.T.I. IMPRESA CAVALLERI OTTAVIO	15,370	
R.T.I. CCC/Cile/Oanzeri/Boffetti imp./STS	7,034	13,886
R.T.I CCC/Sirti/Centroedile/Econord	691	7,054
CODELFA		3,661
Taddei		1,324
ATI - COTEA/GEMMO	509	862
Consorzio Stabile Edimo		625
Total	**112,615**	**27,412**

12.2 Commitments for hire contracts
As of 31 December 2011, SEA has commitments in place against the signing of hire contracts for a total of € 6,659 thousand, mainly with reference to the hire of runway buses and the vehicle fleet.
Below are details of the minimum outlays forecast by virtue of the contracts, by the Company, as of 31 December 2011:

(thousands of euros)	at 31 December 2011
Within 12 months	2,826
From 1 to 5 years	3,833
Total	**6,659**

12.3 Guarantees
Collateral, equal to € 8,057 thousand as of 31 December 2011 relates to the pledge on receivables in exchange for loans disbursed by credit institutes on EIB funds.
As of 31 December 2011, security in favour of others consisted of:

- security issued by the European Investment Fund (EIF) for € 8,602 thousand as guarantee of the EIB loan;
- security issued by Banca Popolare di Lodi in favour of Enac for € 5,500 thousand, as a guarantee of the concession fees;
- security of € 25,000 thousand to Banca Popolare di

Milano as a guarantee of credit facilities received by companies adhering to the centralised treasury;
- security of € 4,000 thousand in favour of the Defence Ministry for the use by SEA of land owned by said Ministry following the redoing of roads for the opening of the new multi-storey car park in Milan Linate airport. This guarantee comes under the scope of the technical agreement signed by SEA on 4 June 2009 with the Defence Ministry and Enac, which establishes that the Defence Ministry shall transfer some state property no longer of military interest and situated behind the Milan airports, to Enac. SEA needs to use these assets to enhance and develop the airport infrastructures, acquires the concession for their use until 2041, upon realisation of a series of works for the Defence Ministry for an amount of € 25,900 thousand;
- security for € 1,602 thousand in favour of the Parco Lombardo Valle del Ticino consortium for the correct execution of forest compensation works for the transformation of a portion of woodland into airport territory for Milan Malpensa and in the municipality of Lonate Pozzolo;
- security of e 342 thousand in favour of the supplier Contract GmbH for the hire of runway buses;
- 648 thousand for other lesser security.

13. Transactions deriving from non-typical and/or unusual transactions

In compliance with the provisions of Consob communication of 28 July 2006, in FY 2011, no non-typical and/or unusual transactions were implemented, as defined by said communication.

14. Significant events after the end of financial year 2011

Please refer to that stated in the Report on Operations.

15. First application of the IFRS

The Company prepared its statutory financial statements in compliance with the EU IFRS for the first time as of 31 December 2011. The date of transition to the EU IFRS is therefore 1 January 2010.

The equity position as of the transition date to the EU IFRS was prepared in accordance with the following criteria:
- all assets and liabilities that must be recorded in accordance with EU IFRS standards have been recorded;
- no assets and liabilities that may not be recorded in accordance with EU IFRS standards have been recorded;
- the EU IFRS have been applied in measuring all assets and liabilities recorded.

Please remember that the Company has been preparing its consolidated financial statements in accordance with the EU IFRS, since the financial statements closing on 31 December 2006. Paragraph D17 of IFRS 1 establishes that if a parent company adopts the IFRS for the first time for its own separate financial statements at a later date with respect to for its consolidated financial statements, it must record assets and liabilities under the same amounts on both financial statements, with the exception of adjustments made for consolidation. Consequently, SEA measures assets and liabilities on the opening balance sheet of the IFRS separate financial statements (1 January 2010) and on subsequent separate financial statements at the same values resulting from the accounting position prepared for the consolidated financial statements of the SEA Group prepared in accordance with the EU IFRS.

These Notes give the information required by IFRS 1 and, in particular, a description of the impact that the transition to the EU IFRS has had on the Company's equity and economic position. To this end, the following have been prepared:

- the statement reconciling the Company's equity position as of 1 January 2010 prepared in accordance with the mentioned accounting standards, with that prepared according to the EU IFRS;
- the statement reconciling the equity and financial position as of 31 December 2010 (end date of the last financial statements prepared according to the previous accounting standards), prepared according the previous accounting standards with that prepared according to the EU IFRS;
- the statement reconciling the Company's comprehensive income statement for the year ended on 31 December 2010 prepared in accordance with the previous accounting standards, with that prepared according to the EU IFRS;
- the statement reconciling the Company's shareholders' equity as of 1 January 2010 and as of 31 December 2010 prepared in accordance with the previous accounting standards, with that prepared according to the EU IFRS;
- the statement reconciling the Company's comprehensive net result for the year ended on 31 December 2010 prepared in accordance with the previous accounting standards, with that prepared according to the EU IFRS;
- the explanatory notes relative to the adjustments and reclassifications included in the mentioned reconciliation statements, which describe the significant effects of the transaction, both with regards to the classification of the various items of the financial statements and their different

evaluation and, therefore, the consequent effects on the equity and economic position.

Optional exemptions to the complete retrospective adoption of the EU IFRS

First time adopters of EU IFRS may choose to apply some optional exemptions from complete retroactive application of the accounting standards. Below are the optional exemptions applied by the Company under the scope of this transition:

- the Company has chosen to book all accumulated actuarial profits and losses as of the transition date, which would have derived from retrospective application of IAS 19 - Employee benefits;
- under the scope of the measurement of equity investments in subsidiaries and associates, the Company has chosen to maintain the same book value recorded on the financial statements of the Company prepared in accordance with the accounting standards adopted previously, as of the transition date (1 January 2010);
- under the scope of the application of the interpretation of IFRIC 12 on services under concession, the Company has chosen retroactive application of the accounting effects as from the date on which the Convention was stipulated, i.e. as from 2001;
- with reference to the application of IAS 23 and, in particular, the capitalisation of financial expense connected with assets requiring a long time before they are ready for use, the Company has opted for prospective application. Consequently, it has applied this standard to financial expense relative to assets justifying a capitalisation for which the start date of capitalisation is later than the transition date (1 January 2010).

Compulsory exceptions to the complete retrospective adoption of the EU IFRS

IFRS 1 establishes some compulsory exceptions to the retrospective application of international accounting standards in the transition to EU IFRS. Below are the compulsory exceptions applied by the Company under the scope of this transition:

- measurement estimates: IFRS 1 establishes that the estimates used to reprocess information on the transition date must comply with those used in preparing the related financial statements according to the previous accounting standards (after the adjustments necessary to reflect any differences in accounting standards);
- hedging operations: IFRS 1 establishes that a derivative cannot be treated as a hedge if the hedging relationship did not exist on the transition date.

Chosen treatments under the scope of the accounting options envisaged by the EU IFRS

The EU IFRS allow some accounting options. Below are the Company's choices:

a. **equity investments in subsidiaries and associates**: IAS 27 - Consolidated financial statements and the booking of equity investments in subsidiaries - establishes that these equity investments must be measured either at cost or as financial assets, in accordance with the provisions of IAS 39 (and therefore at fair value). The Company has decided to use the cost method;
b. **inventories**: IAS 2 - Inventories - establishes that inventories shall be measured using the FIFO method or the weighted average cost method. The Company has adopted the weighted average cost criteria;
c. **measurement of tangible and intangible assets**: following initial recording at cost, IAS 16 - Property, plant and machinery, paragraph 29 and IAS 38 - Intangible assets, paragraph 72 establish that tangible and intangible assets with an active market can be measured at cost, net of accumulated amortisation and depreciation and impairment, or have market value determined on a regular basis, adjusting the accounting balance to that value (the "Revaluation Model"). The Company has decided to keep cost as the measurement criteria for tangible and intangible fixed assets;
d. **actuarial differences**: IAS 19 - Employee benefits, paragraph 95 - establishes that actuarial differences emerging in the event of a change to the assumptions applied for the calculation of defined benefit pension plans, such as, for example, severance indemnity, may be booked by applying the "corridor" method, i.e. recorded on the income statement or shareholders' equity (and consequently noted on the comprehensive income statement) and the time of recording. The Company has chosen to allocate the actuarial differences to the net income statement at the time of recording;
e. **public grants**: IAS 16 - Property, plant and machinery, paragraph 28 - specifies that the book value of tangible fixed assets can be stated net or gross of public grants received. The Company has chosen to state the value of fixed assets less public grants.

Equity and financial position at 1 January 2010

Below is a reconciliation of the financial and equity position as of 1 January 2010 of the Company, prepared in compliance with the Italian accounting standards and reclassified according to classification criteria chosen by the Company for the EU IFRS financial statements with that prepared in compliance with the EU IFRS.

(thousands of euros)	Equity and financial position as of 1 January 2010 prepared in accordance with the Italian accounting standards and stated according to the EU IFRS layout	Adjustments EU IFRS	Reclassifications EU IFRS	Equity position and financial as at 1 January 2010 prepared in accordance with the EU IFRS
Intangible fixed assets	5,038	690,148		695,186
Tangible fixed assets	1,242,523	(573,098)	(502,949)	166,476
Real estate investments			3,516	3,516
Equity investments in subsidiaries and associates	46,723			46,723
Equity investments available for sale	3,526	6,389		9,915
Deferred tax assets	47,725	7,833	(30,840)	24,718
Other non-current receivables	4,192			4,192
Total non-current assets	**1,349,727**	**131,272**	**(530,273)**	**950,726**
Inventories	9,262			9,262
Trade receivables	152,466			152,466
Current financial receivables	34,741			34,741
Period tax receivables	4,022			4,022
Other receivables	39,813	(208)		39,605
Cash in hand and at bank	25,562			25,562
Total current assets	**265,866**	**(208)**	**0**	**265,658**
Total assets	**1,615,593**	**131,064**	**(530,273)**	**1,216,384**
Share capital	27,500			27,500
Other reserves	173,785	31,747		205,532
Period profits	67,544			67,544
Shareholders' equity	**268,829**	**31,747**	**0**	**300,576**
Provision for risks and charges	569,175	81,699	(499,433)	151,441
Deferred tax liabilities	9,225	21,615	(30,840)	0
Personnel-related provisions	54,755	(7,523)		47,232
Other non-current payables	239			239
Non-current financial liabilities	339,122			339,122
Total non-current liabilities	**972,516**	**95,791**	**(530,273)**	**538,034**
Trade payables	163,507			163,507
Period tax payables	47,426			47,426
Other payables	61,027			61,027
Current financial liabilities	102,288	3,526		105,814
Total current liabilities	**374,248**	**3,526**	**0**	**377,774**
Total liabilities	**1,346,764**	**99,317**	**(530,273)**	**915,808**
Total liabilities and shareholders' equity	**1,615,593**	**131,064**	**(530,273)**	**1,216,384**

Equity and financial position at 31 December 2010

Below is a reconciliation of the financial and equity position as of 31 December 2010 of the Company, prepared in compliance with the Italian accounting standards and reclassified according to classification criteria chosen by the Company for the EU IFRS financial statements with that prepared in compliance with the EU IFRS.

(thousands of euros)	Equity position and financial at 31 December 2010 prepared in accordance with the Italian accounting standards and stated according to the EU IFRS layout	Adjustments EU IFRS	Reclassifications EU IFRS	Equity position and financial at 31 December 2010 prepared in accordance with the EU IFRS
Intangible fixed assets	6,207	715,273		721,480
Tangible fixed assets	1,278,813	(598,771)	(503,016)	177,026
Real estate investments			3,503	3,503
Equity investments in subsidiaries and associates	33,343			33,343
Equity investments available for sale	3,526	12,200		15,726
Deferred tax assets	37,960	6,963	(29,668)	15,255
Other non-current receivables	431			431
Total non-current assets	**1,360,280**	**135,665**	**(529,181)**	**966,764**
Inventories	9,547			9,547
Trade receivables	151,068			151,068
Current financial receivables	34,546			34,546
Period tax receivables	4,133			4,133
Other receivables	16,933	(113)		16,820
Cash in hand and at bank	22,667			22,667
Total current assets	**238,894**	**(113)**	**0**	**238,781**
Total assets	**1,599,174**	**135,552**	**(529,181)**	**1,205,545**
Share capital	27,500			27,500
Other reserves	241,329	37,478		278,807
Period profits	59,780	(1,670)		58,110
Shareholders' equity	**328,609**	**35,808**	**0**	**364,417**
Provision for risks and charges	563,268	85,098	(499,513)	148,853
Deferred tax liabilities	8,104	21,564	(29,668)	0
Personnel-related provisions	52,328	(6,824)		45,504
Non-current financial liabilities	305,632	3,128		308,760
Total non-current liabilities	**929,332**	**102,966**	**(529,181)**	**503,117**
Trade payables	148,207	(47)		148,160
Period tax payables	40,849			40,849
Other payables	71,413	(4,267)		67,146
Current financial liabilities	80,764	1,092		81,856
Total current liabilities	**341,233**	**(3,222)**	**0**	**338,011**
Total liabilities	**1,270,565**	**99,744**	**(529,181)**	**841,128**
Total liabilities and shareholders' equity	**1,599,174**	**135,552**	**(529,181)**	**1,205,545**

Comprehensive income statement for the financial year ended on 31 December 2010

Below is a reconciliation of the comprehensive income statement for the financial year ended on 31 December 2010 of the Company, prepared in compliance with the Italian accounting standards and reclassified according to classification criteria chosen by the Company for the EU IFRS financial statements with that prepared in compliance with the EU IFRS.

(thousands of euros)	Comprehensive income statement for FY 2010 prepared in accordance with the Italian accounting standards and stated according to the EU IFRS layout	Adjustments EU IFRS	Reclassifications EU IFRS	Comprehensive income statement for FY 2010 prepared in accordance with the EU IFRS
Operating income	452,809	(2,133)	4,681	455,357
Income for work on goods granted under concession		48,477		48,477
Total income	**452,809**	**46,344**	**4,681**	**503,834**
Cost of labour	(149,283)	1,544	(993)	(148,732)
Consumables	(14,383)		15	(14,368)
Industrial costs	(113,009)	(2,099)	(1,912)	(117,020)
Administrative costs	(31,128)		(42)	(31,170)
Costs for work on goods granted under concession		(45,802)		(45,802)
Total operating costs	**(307,803)**	**(46,357)**	**(2,932)**	**(357,092)**
Gross operating margin/EBITDA	**145,006**	**(13)**	**1,749**	**146,742**
Amortisation/Depreciation	(39,568)	7,440		(32,128)
Allocations and impairment	(16,518)	(4,432)	8,607	(12,343)
Operating result	**88,920**	**2,995**	**10,356**	**102,271**
Income (expense) from equity investments	(7,326)		101	(7,225)
Financial expense	(10,891)	(8,590)		(19,481)
Financial income	2,151	4,663	12,456	19,270
Extraordinary and sundry income (expense)	23,712		(23,712)	0
Pre-tax result	96,566	(932)	(799)	94,835
Tax	**(36,786)**	**(738)**	**799**	**(36,725)**
Net result	**59,780**	**(1,670)**	**0**	**58,110**
Other items of comprehensive income				
Income from measurement at fair value of financial assets available for sale		5,811		5,811
Tax effect in relation to the measurement of financial assets available for sale at fair value		(80)		(80)
Total other items of comprehensive income		**5,731**	**0**	**5,731**
Total comprehensive income for the year	**59,780**	**4,061**	**0**	**63,841**

Shareholders' equity as of 1 January 2010 and 31 December 2010 and comprehensive net result for the financial year ended on 31 December 2010

Below is a reconciliation of the Company's shareholders' equity as of 1 January 2010 and 31 December 2010 and the comprehensive net result for the financial year ended on 31 December 2010 prepared in compliance with the Italian accounting standards and the corresponding values prepared in compliance with the EU IFRS.

	(thousands of euros)	Shareholders' equity. at 1 January 2010	FY 2010 results	Result of other items of the comprehensive income statement for FY 2010	Shareholders' equity as of 31 December 2010
	Italian accounting standards	**268,829**	**59,780**	**0**	**328,609**
A	Component approach, elimination of write-backs booked in tangible fixed assets, application of interpretation IFRIC 12 - Concession services	8,688	(2,486)		6,202
B	Employee benefits	5,454	(507)		4,947
C	Cyclical maintenance provisions and other risk provisions	13,923	(899)		13,024
D	Recording of contracts for lease backs		(70)		(70)
E	Discounting of receivables due from the State for grants under Law no. 449/85	(151)	69		(82)
F	Measurement of derivatives	(2,556)	2,223		(333)
G	Measurement of equity investments available for sale	6,389		5,731	12,120
	Total accounting adjustments	**31,747**	**(1,670)**	**5,731**	**35,808**
	IFRS accounting standards - statutory financial statements	**300,576**	**58,110**	**5,731**	**364,417**

Notes to the statements reconciling the shareholders' equity as of 1 January 2010 and 31 December 2010 and the comprehensive net result for the financial year ended on 31 December 2010

A. Component approach, elimination of write-backs booked to tangible fixed assets, application of the interpretation IFRIC 12 - Concession services

A.1 Component approach and elimination of write-backs booked to tangible fixed assets

The adjustment in question represents the effects of a different criteria for the depreciation of property, plant and machinery, with specific regards to the case where the asset consists of several components, with a relevant value with respect to total value, each of which has an estimated useful life that differs from the others. The effects of the different amortisation/depreciation criteria, in accordance with IFRS 1 - First time adoption of IFRS, Paragraph 7 - have been determined as though the assets had always been amortised/depreciated according to the new criteria defined. In accordance with IAS 16 - Property, plant and machinery, Paragraph 43 - which establishes that application of the "component approach", the parts of each asset have been identified as having significant value with respect to the total value and for each component identified, depreciation rates have been applied that are representative of the related forecast useful life, taking the date on which the cost representing the value of each part identified as the time reference.

The adjustment in question also includes the elimination of write-backs booked during previous years in compliance with specific provisions of law.

A.2 Application of the interpretation IFRIC 12 - Concession services

The adjustment in question represents the application of interpretation IFRIC 12. This interpretation applies to concession service agreements stipulated by public sector entities and private entities, where the following conditions are met:

a) the principal controls or regulates which services the concession holder is to provide with the infrastructure, to whom they are to be provided and at what price;
b) the principal controls any residual interest in the infrastructure upon expiry of the agreement.

If both these conditions are met, the concession holder constructs and manages the infrastructure on behalf of the principal and consequently has no reason to report it in the financial statements as a tangible asset.

The adjustment has therefore entailed:

i) the elimination of the asset from the balance sheet of assets that are returnable and SEA-financed and other tangible assets previously registered as owned assets strictly connected with the infrastructure under concession;

ii) the recording of an intangible asset against construction services and improvements to the infrastructure, which represents the right to have users of the public service pay;

iii) the recording of a provision for restoration and replacement of assets held under concession, which includes charges for maintenance and replacement aimed at assuring the function of the infrastructure.

Overall, net of the related tax effect, the adjustment increased the shareholders' equity, as of 1 January 2010, by € 8,688 thousand and as of 31 December 2010 by € 6,202 thousand, whilst it reduced overall income for FY 2010 by 2,486 thousand.

B. Employee benefits

According to the Italian accounting standards, benefits subsequent to employment are recorded on an accruals basis during the employees' employment, in compliance with applicable employment contracts and legislation.

According to the EU IFRS, benefits subsequent to employment (e.g. pensions, life insurance and medical assistance, etc.) are broken-down into "defined contributions" plans and "defined benefits" plans.

According to IAS 19, the provision for severance indemnity (hereinafter also "TFR") can be compared to a defined benefits plan until 31 December 2006 to be assessed on the basis of statistical and demographic assumptions, in addition to actuarial measurement methods. Following the change to Italian legislation, the TFR provision accrued after 1 January 2007 was comparable to a defined contributions plan. The application of the accounting standard, net of the related tax effect, the adjustment increased the shareholders' equity, as of 1 January 2010, by € 5,454 thousand and as of 31 December 2010 by € 4,947 thousand, whilst it reduced overall income for FY 2010 by € 507 thousand.

C. Cyclical maintenance provisions and other provisions for risks

IAS 37 does not permit recognition amongst the liabilities of provisions for cyclical maintenance, as these are allocated for future expenses and not for obligations existing as of the date on which the financial statements are prepared, deriving from past events.

Some types of provisions for risks and charges recorded on the financial statements on the basis of Italian accounting standards do not meet the requirements for recording amongst the liabilities in accordance with IAS 37 (e.g. when there is no obligation as of the date on which the financial statements are prepared deriving from past events).

Overall, net of the related tax effect, the adjustment increased the shareholders' equity, as of 1 January 2010, by € 13,923 thousand and as of 31 December 2010 by € 13,024 thousand, whilst it reduced overall income for FY 2010 by € 899 thousand.

The negative effect on FY 2010 is due to the cyclical maintenance costs incurred during the year, no longer offset by uses of the provisions last year.

D. Recording of the lease-back contract

In 2010, the Company sold and retro-leased a financial leasing contract.

According to Italian accounting standards, financial leases are booked using the equity method, by virtue of which the lessor does not record the asset concerned by the contract or any related liabilities, debiting the lease fees on the relevant income statement.

IAS 17 - Leases - instead establishes that these operations must be noted according to the financial method, by virtue of which the lessee must:

a. at the time of stipulating the contract, note the value of the asset concerned by the lease contract and, at the same time, a financial payable of the same amount amongst the liabilities;

b. regularly amortise the asset over a period representative of the forecast useful life;

c. regularly note the financial expense relating to the loan received;

d. regularly adjust the value of the debt representing the loan received according to repayments made during the period through the payment of lease charges.

The adjustment in question, therefore, relates to the recording:

a) of the net book value of the asset concerned by the contract;

b) of the residual value of the loan received.

The adjustment, net of the relevant tax effect, has reduced shareholders' equity as of 31 December 2010 and comprehensive income for FY 2010, by € 70 thousand.

E. Discounting of receivables due from the State for grants under Italian Law no. 449/85

According to IAS 39, receivables must be discounted when considered in the medium/long-term. Net of the related tax effect, the adjustment reduced the shareholders' equity, as of 1 January 2010, by € 151 thousand and as of 31 December 2010 by € 82 thousand, whilst it increased overall income for FY 2010 by € 69 thousand.

F. Measurement of derivatives

The application of international accounting standard IAS 39 required the recording of the fair value of derivative contracts. Net of the related tax effect, the adjustment reduced the shareholders' equity, as of 1 January 2010, by € 2,556 thousand and as of 31 December 2010 by € 333 thousand, whilst it increased overall income for FY 2010 by € 2,223 thousand.

G. Measurement of equity investments available for sale

As required by IAS 39, equity investments available for sale have been measured at fair value. Net of the related tax effect, the adjustment increased the shareholders' equity, as of 1 January 2010, by € 6,389 thousand and as of 31 December 2010 by € 12,120 thousand, whilst it increased overall income for FY 2010 by € 5,731 thousand.

Details of the main reclassifications which have been applied to the equity and financial position as of 31 December 2010 and the comprehensive income statement relative to FY 2010.

Equity and financial position

Deferred tax assets and liabilities

In compliance with international accounting standard IAS 12, deferred and prepaid tax are stated as the net balance and are therefore offset against each other.

Public grants

Contributions on capital account received, which in the balance sheet prepared in accordance with the Italian accounting standards were classified amongst the provisions for risks and charges, have been classified on the financial statements prepared in accordance with the IFRS, as a reduction of the assets to which the grants refer.

Real estate investments

In accordance with the EU IFRS, real estate investments have been classified under a specific item of the balance sheet.

Comprehensive income statement

Directors' fees

Directors' fees, classified on the income statement prepared in accordance with the Italian accounting standards amongst the costs for services, have been reclassified to payroll costs on the income statement prepared in accordance with EU IFRS.

Extraordinary items - release of provisions

In application of the Italian accounting standards, extraordinary income/expense is stated in a specific item of the income statement. In accordance with the EU IFRS, extraordinary income is classified under the respective cost and income items of reference.
Releases of provisions for risks and charges have been reclassified for the purpose of EU IFRS to income set to directly reduce the reference costs.

The Chairman of the Board of Directors
Giuseppe Bonomi

Report by the Board of Auditors to the financial statements

In accordance with the second paragraph of Article 2429 of the Italian Civil Code, to the Shareholders' Meeting on activities performed during the financial year ended on 31/12/2011 of SEA - Società Esercizi Aeroportuali SpA.

Dear Shareholders,

As required by the second paragraph of Art. 2429 of the Italian Civil Code, the Board of Auditors reports to the Shareholders' Meeting on the supervisory duties it has performed during the financial year ended on 31 December 2011, in fulfilment of the obligations it has accepted in accordance with the law, on the compliance with the law and the deed of incorporation, on respect for standards of correct administration, on the suitability and on the function of the organisational structure for aspects of competence, on the suitability and function of the internal control system, on the suitability and function of the administrative-accounting system and on the reliability of the latter in providing a correct representation of management events and the methods by which the rules of corporate governance are concretely implemented.

Please note that as concerns the appointment to legally audit the accounts, by resolution of the ordinary Shareholders' Meeting held on 28 April 2010, this has been assigned to the independent auditing firm PricewaterhouseCoopers, in accordance with Art. 37 of Italian Legislative Decree no. 39 of 27/01/2010 for the three years 2010-2012.
Subsequently , in view of the intention to list the Company on the stock exchange and the consequent acquisition, by the latter, of the classification as Public Interest Entity, by resolution of 3 May 2011, the ordinary Shareholders' Meeting appointed this independent auditing firm, in accordance with Articles 14 and 16 of Italian Legislative Decree no. 39/2010 of 27/01/2010 and Articles 155 et seq. of Italian Legislative Decree no. 58/1998 of 24/02/1998, the task of legally auditing the accounts for the nine years running from 31 December 2011 to 2019 - and, therefore, with reference to the financial statements of SEA SpA and the consolidated financial statements of the SEA Group: the same independent auditing firm was also assigned the duty of auditing the interim abridged consolidated financial year as of 30 June, as recommended by Consob, by communication no. 97001574 of 20/02/1997, point 1,2.d. These latter appointments have been made subject to the acquisition and continued keeping by the Company of the classification of Public Interest Entity and with the specific provision of restoring the previous appointment should such classification be lost.
After having presented an application for admission to listing for its shares and having deposited the related documents, the Company collected the informative note and summaries note and, with the authorisation of Consob, proceeded to publish the Registration Document with the simultaneous request to Borsa Italiana for a judgement of admissibility (and no longer admission) to trading: Borsa Italiana issued this opinion. In this situation, the Company has the right to re-activate the admission to listing procedure within the next twelve months, without repeating the entire procedure. With regards to the legal auditing of the accounts, please in any case refer to the report by the independent auditing firm sent on 11 April 2012.

Activities performed

During the year, our activity was inspired by provisions of law and the provision of conduct for the Board of Auditors as recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili.
During FY 2011, the Board of Auditors attended meetings of the Board of Directors and Shareholders' Meetings and noted compliance with the provisions of the law and articles of association, also with regards to the correct implementation of the appointments awarded to the directors.
The Board of Directors met sixteen times to report on its activities and to pass the relevant resolutions; the Shareholders' Meeting met twice in an ordinary session and once in an extraordinary session.
More specifically, during the meetings of the administrative body, the appointed bodies provided us with regular, timely information on management and the main ordinary and extraordinary events, also through the subsidiaries, which have enabled us to see that the management took place under the scope of the corporate object; more specifically, the decision-making procedure adopted by the Board of Directors would appear to be correctly inspired by compliance with the principle of acting in an informed manner.
The Board of Auditors met six times to carry out the regular audits, during which there was an exchange of information with the managers of the corporate departments and with the independent auditing firm; the meetings did not reveal any substantial findings on company management or on any aspects relative to conflicts of interest.

We maintained constant, adequate relations with the Internal Audit Department and verified that it meets the requirements of competence, autonomy and independence; we also noted that there was suitable collaboration and the exchange of all information useful to the performing of the related duties, between all bodies and departments to which controlling duties are assigned. There was also an exchange of information with the Boards of Auditors of the main subsidiaries and associates. In particular:

- we have monitored compliance with the law and the deed of incorporation and respect of standards of correct administration;
- we have attended Shareholders' Meetings and the meetings of the Board of Directors and have noted that they are held in compliance with provisions of the articles of association, law and regulations governing the function; we can also reasonably assure compliance with the law and articles of association of all items resolved;
- we were able to see that the work of the administrative body was not clearly imprudent or hazardous, nor in potential conflict of interest or such as to risk the integrity of the company's assets;
- during the meetings held, we obtained information from the directors on the general trend of operations and the foreseeable outlook, as well as on the most important operations (in terms of dimensions and characteristics) implemented by the Company and its subsidiaries and we can reasonably assure, on the basis of the steps taken, that the operations implemented by the Company comply with the law and the articles of association and are not clearly imprudent, hazardous, in potential conflict of interest or in contrast with resolutions passed by the Shareholders' Meeting or such as to risk the integrity of the company's assets;
- as far as we are aware, the Company has not implemented any non-typical or unusual transactions with Group companies, related parties or third parties; operations implemented with SEA Group companies are commercial or financial operations carried out in compliance with the procedures adopted by the Board of Directors, which has assessed the suitability and compliance with effective corporate interests;
- we have gained further knowledge and monitored, as far as we are able, the suitability of the Company's organisational structure, also through the collection of information from the managers of the organisational department; in this regard, we have no particular comments to make;
- we have monitored the suitability and function of the internal control system, intended as the set of activities that have the task of verifying that internal operative and administrative procedures are effectively respected, adopted in order to guarantee that the company's assets are safeguarded, the correct and efficient management and the identification, prevention and management of financial and operative risks, as well as business risks, through a constant monitoring of risks and their correct management; this is also carried out through a comparison of findings with the independent auditing firm;
- we have increased knowledge and monitored the suitability of the Company's administrative-accounting system and its reliability in order to verify if it is able to provide a truthful, correct representation in the financial statements of all management events; in this context, we operated asking and obtaining all information necessary from the managers of the respective departments, thereby carrying out all checks deemed necessary by directly examining the company's documents; we have no particular comments to make in this regard;
- during the year, we constantly exchange information with the independent auditing firm PricewaterhouseCoopers, appointed to legally audit the accounts; no data and information has been revealed worthy of note in this report;
- we attended the meetings of the Internal Control Committee, the Ethics Committee and the Remunerations Committee held during the year;
- we have examined the quarterly and annual reports for 2011 and the 2011 audit plan prepared by the Internal Audit Department, with which the board maintained a constant flow of information;
- please note that during FY 2011, the Board of Auditors received no notifications pursuant to Art. 2408 of the Italian Civil Code and that during the course of the above supervisory duties, no omissions were seen or any additional significant events worthy of mention in this report.

The legal auditing of the financial statements as of 31 December 2011 was carried out by the firm PricewaterhouseCoopers, which, in its report of 11 April 2012, prepared in accordance with Art. 14 of Italian Legislative Decree no. 39 of 27/01/2010 did not report any findings or references to disclosures.

In relation to the measurement criteria applied in measuring the items of the financial statements in question, with regards to the elements of the balance sheet and income statement, please refer to that stated by the independent auditing firm in its report.

The explanatory notes describe the scope of the appointments made to the independent auditing firm; for 2011, the fees for the legal auditing of the financial statements of SEA SpA came to € 139,000. In FY 2011, PricewaterhouseCoopers was also assigned fees connected with the listing project (IPO) for an amount of € 857,000; from the information obtained, it would appear that during the year, the independent auditing firm or parties belonging to its "network" were also assigned other appointment, in addition to that relating to the legal auditing of the company's accounts and those of its subsidiaries, for an amount of € 123,000.

Following the involvement of the Board of Auditors in the assessment of the independence of the independent auditing firm, no critical issues worthy of note have emerged.

Significant transactions

In its report on operations, the Board of Directors provided detailed information on the significant operations of FY 2011; amongst others, we would summarise below:

- in May 2011, the Shareholders' Meeting resolved on the project to list the ordinary shares of the Company on the Electronic Share Market and with regards to a proposed, divisible share capital increase against payment, with the exclusion of option rights in accordance with Art. 2441, paragraph five of the Italian Civil Code, in order to achieve, by means of a public subscription offer in Italy and private placement with qualified Italian investors and foreign institutional investors, the floating capital necessary for admission to listing of the ordinary shares of SEA; following the entire procedure, resolved by said Shareholders' Meeting on 3 May 2011, as part of the listing process of the company on the stock exchange, to be carried out by means of public offer of subscription of shares obtained from the dedicated capital increase, the Company first deposited (on 5 July 2011) an application for admission to listing and subsequently asked Consob for authorisation to publish only the Registration Document (authorisation granted on 21 November 2011), followed by the issue of a judgement of admissibility by Borsa Italiana; in this situation, for a period of twelve months, the procedure for admission to listing can be re-activated, without having to repeat the entire procedure;
- in December, the Municipality of Milan sold a share of 29.75% in the share capital to F2i - Fondi Italiani per le infrastrutture;
- in May 2011, the Shareholders' Meeting resolved to distribute ordinary dividends for € 41,846,000 relative to 2010 profits, the dividend was distributed in December;
- in December 2011, the Shareholders' Meeting resolved to distribute an extraordinary dividend of € 147,370,000, which will be disbursed as follows: a) for the share pertaining to the Municipality, 50% in December 2012 and the remaining 50% by December 2013, without prejudice to the fact that as from July 2012, the Company will be required to pay the Municipality of Milan, as from 31 July 2012, an interest rate equal to what it would have obtained through managing an equal amount of liquid funds for an equal period; b) for the share pertaining to the other shareholders in December 2012;
- in the period considered, in March 2011, the Company sold the 5% investment it held in the share capital of GESAC (the company managing Naples Capodichino airport), to F2i, infrastructural fund already holding 65% of the capital;
- in June 2011, the Company signed a contract with Cedicor SA - the company that in turn controls CASA, the majority shareholder of AA2000 - for the sale of the residual investment of the SEA Group in AA2000, equal to 10% of its capital; the price (€ 14 million) was paid in two tranches; the sale is in any case subject to authorisation by ORSNA, the Argentinian control body;
- during the year, the Company pursued and consolidated the organisational review and restoration process of the subsidiary SEA Handling, which had begun in 2009;
- in July, the Company signed a trade union framework agreement with the main workers' organisations for the two-year period 2012-2013, which includes the continued use, albeit to a lesser extent with respect to previous years, of the CIGS; during the year, new voluntary mobility proceedings were also agreed which may involve up to 250 SEA Group employees;
- with reference to the adjustment of Italian airport fees, on 23 September 2011, SEA and Enac signed the programme contract after approval in May by the Enac Board of Directors of the text of the programme contract presented by the SEA Group, on which the Ministry for Infrastructures and Transport and the Ministry for the Economy and Finance had ruled in favour; the new tariff plan may only come into force after approval, by means of Prime Ministerial Decree;
- in December 2011, the subsidiaries CID and Dufrital merged, with effect as from 1 January 2012, by means of incorporation of CID into Dufrital on the basis of a merger project that had been approved by the respective companies on 30 September 2011.

Management and coordination

The Company is not subject to management and coordination by the shareholder Municipality of Milan in accordance with Arts. 2497 of the Italian Civil Code et seq., whilst it does manage and coordinate, again in accordance with and pursuant to Art. 2497 of the Italian Civil Code et seq. the 100% subsidiaries SEA Handling and SEA Energia.

During FY 2011, the Board of Directors was not assigned any fees over and above those established by Art. 1, paragraphs 725 et seq. of Italian Law no. 296/2006.
During the year, the Board of Auditors issued two opinions required by current legislation, in particular:

- during the Shareholders' Meeting held on 3 May 2011, it issued its opinion in accordance with Art. 2441, paragraph six of the Italian Civil Code on the congruous nature of the issue price of shares following the capital increase with the exclusion of option rights;
- during the ordinary and extraordinary Shareholders' Meeting held on 29 December 2011, it issued a report required by the law on the hypothesis of the "distribution of an extraordinary dividend".

We have noted that in FY 2011, the Company:

- confirmed maintenance of environmental certification ISO 14001 for 2009-2011, issued by TÜV on 14/04/2006 on the environmental management system;
- maintained the corporate governance system introduced in 2003, inspired by the recommendations of the "Self-Regulatory Code of listed companies", although not a compulsory requirement, using a Group Internal Control Committee, Ethics Committee and Remunerations Committee;
- made changes to its articles of association: the changes introduced include raising the number of directors on the board of directors from five to seven, without prejudice to the maximum number of directors of public appointment pursuant to paragraph 729 of Art. 1 of Italian Law no. 296/2006;
- maintained the adoption of a Code of Ethics that defines the Company's ethical and moral values, indicating the lines of conduct to be kept by the staff and members of corporate bodies in all relations with the business and externally; also with a view to stressing that, in going about its business, the Company is inspired by criteria of transparency and correctness, in compliance with the law and in the interests of the general public;
- maintained and updated the "Organisational and management model" in accordance with Italian Legislative Decree no. 231/2001, approved by the Board of Directors on 18/12/2003 and subsequently updated, most recently to include environmental crime, during the financial year; please remember that control of the effectiveness and suitability of the "Organisational, management and control model" is assigned to the Supervisory Body instituted in accordance with Italian Legislative Decree no. 231/2001 and that during the meetings held by the Board and the Supervisory Body, no breaches were notified;
- updated the "Data security policy" with regards to personal data protection matters - Italian Legislative Decree no. 196/2003.

During the course of supervisory activities, as described above, no further significant events emerged such as to be worthy of mention in this report. We examined the financial statements draft for the year ended on 31/12/2011, in which regard we would report as follows.

Financial statements draft for the year ended 31/12/2011

The financial statements draft of your Company for FY 2011 show net profits of € 49,403,324 with respect to net profits of € 58,109,324 recorded last year; these results are expressed in compliance with international accounting standards.

As we are not in charge of the analytical control of the merits of the contents of the financial statements, we have monitored their general layout and general compliance with the law; we have no particular comments to make with regards to their layout and structure.

The report by the Board of Directors on the trend of operations as of 31 December 2011 is complete and fully fulfils all legal purposes, containing the main factors that have marked the financial year; it is complete in terms of the information provided on operations and the Company's development, strategies and transactions and in giving a description of the main risks and uncertainties to which the Company is exposed and contains indications of elements that may affect the outlook.

Our examination of the report on operations also showed that it is in line with the financial statements data, as also seen in the report by the independent auditing firm PricewaterhouseCoopers. The Company has applied the option offered by Italian Legislative Decree no. 38 of 28/02/2005, to apply IFRS standards in preparing the statutory financial statements included in the consolidated financial statements prepared in accordance with the IFRS, as from the financial statements for the year ended on 31/12/2011.

Accounting write-downs applied in previous years have been substantially confirmed on the 2011 financial statements too, in view of the future traffic prospects and the lack of additional internal and external factors that may have a significant impact on the Malpensa airport system. The Notes to the statements present the measurement criteria adopted, which is suited to the business and operations implemented by the Company and the other information required by the law.

The Board of Directors has extensively described the individual items of the financial statements, the changes occurring with respect to last year and the related reasons, as well as the measurement criteria and accounting standards adopted, which are compliant with current provisions of law and consider the documents issued by the Organismo Italiano di Contabilità.

The administrative body has complied with the provisions of Art. 10, first paragraph of Italian Law no. 72 of 19 March 1983 and has also specified the breakdown of the reserves and provisions recorded on the financial statements.

As far as we are aware, in preparing the financial statements the directors have not made any exception to the regulations in accordance with Art. 2423, paragraph four of the Italian Civil Code.

We have verified the compliance of the financial statements with the events and information of which we have become aware on the basis of our duties and have no comments to make.

Conclusions

In relation to that stated herein, on the basis of the controls carried out directly, the information exchanged with the independent auditing firm and having noted the report it issued on 11 April 2012, which expresses an opinion without findings and without any disclosure references on the financial statements and the results contained in the mentioned report pursuant to Art. 14 of Italian Legislative Decree no. 39/2010 accompanying the financial statements, the Board has no objection to the approval of the financial statements as of 31 December 2011, as prepared by the directors.

Milan, 12 April 2012
The Board of Auditors

Giancarlo Giordano
Chairman

Aldo Londei
Statutory Auditor

Avv. Fabio Malcovati
Statutory Auditor

Maria Luisa Mosconi
Statutory Auditor

Raffaella Pagani
Statutory Auditor

Report certifying the consolidated financial statements

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

To the shareholders of
S.E.A. - SOCIETÀ ESERCIZI AEROPORTUALI SpA

1. We have audited the separate financial statements of S.E.A. - SOCIETÀ ESERCIZI AEROPORTUALI SpA (the "Company") as of 31 December 2011 which comprise the statement of financial position, statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows and related notes. The directors of S.E.A. - SOCIETÀ ESERCIZI AEROPORTUALI SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union. Our responsibility is to express an opinion on these separate financial statements based on our audit.
   The aforementioned separate financial statements are the first to be prepared in compliance with the International Financial Reporting Standards as adopted by the European Union.

2. We conducted our audit in accordance with the auditing standards issued by the the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

   The separate financial statements include as comparatives the amounts of the prior year, calculated in accordance with the same accounting principles. Furthermore, note 15 to the separate financial statements discloses the effects deriving from the transition to the International Financial Reporting Standards as adopted by the European Union. We examined this note for the purpose of expressing our opinion on the separate financial statements as of 31 December 2011.

3. In our opinion, the separate financial statements of the S.E.A. - SOCIETÀ ESERCIZI AEROPORTUALI SpA as of 31 December 2011, comply with the International Financial Reporting Standards as adopted by the European Union; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of the S.E.A. - SOCIETÀ ESERCIZI AEROPORTUALI SpA for the period then ended.

PricewaterhouseCoopers SpA

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Report certifying the consolidated financial statements

4. The directors of S.E.A. - SOCIETÀ ESERCIZI AEROPORTUALI SpA are responsible for the preparation of a report on operations in compliance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili and recommended by Consob. In our opinion, the report on operations is consistent with the financial statements of S.E.A. - SOCIETÀ ESERCIZI AEROPORTUALI SpA as of 31 December 2011.

Milan, 11 April 2012

PricewaterhouseCoopers SpA

Signed by
Sergio Pizzarelli
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.