SEA

Annual report 2013

The SEA Group's focus on environmental protection, through the adoption of targeted initiatives, has significantly reduced direct and indirect CO_2 emissions.

Malpensa and Linate once again confirmed their exceptional record at European level, achieving "Neutrality" under the Airport Carbon Accreditation initiative.

Contents

General information

Mission

The mission of the SEA Group is to create value for all parties directly involved in Group activities: shareholders, customers and employees. This is achieved through providing services and solutions which serve the growing demands of the market, ranging from passengers to airlines, airport operators and the commercial partners at Malpensa and Linate airports.

The airport infrastructures managed by SEA ensure air access to the major international destinations for a large number of users and are located in one of the most developed catchment areas in Europe – providing a key hub for economic growth in the North Italy region as a whole.

The services provided by the SEA Group are guaranteed by the management and development of secure and cutting-edge infrastructure, placing a central focus on the development of the host community and environmental protection.

SEA Group profile

The SEA Group, under the forty-year Agreement signed by SEA and ENAC in 2011, manages and develops the Malpensa and Linate airports and is among the leading ten operators in Europe in traffic volume terms, both on the passenger and cargo segments, and in Italy respectively second and first in these business areas. In particular, Milan Malpensa Cargo moves more than 50% of national traffic.

The airport system managed by the SEA Group comprises the terminals of:

- Milan Malpensa 1, dedicated to business and leisure customers on domestic, international and intercontinental routes, with specific airline and charter areas;
- Milan Malpensa 2, dedicated to high-end low cost traffic;
- Milan Malpensa Cargo, a cargo transport support infrastructure, facilitating the movement of over 500 thousand tonnes of cargo annually;
- Milan Linate, serving a principally frequent-flyer client base on major national and EU routes.

The SEA Group activities, including all services related to airport management and safety, the commercial and handling services for users and terminal operators, in addition to thermal and electric energy production, are divided into four business areas, identified by their need for specific operative know-how and processes, therefore maximising Group operating efficiency.

Aviation: the Aviation business consists of the "core" passenger and cargo aviation support activities. This concerns the management, development and maintenance of infrastructure and plant within the airports and the offer to SEA Group customers of services and activities related to the arrival and departure of aircraft, in addition to airport safety services.
The revenues generated by these activities are established by a regulated tariff system and comprise airport fees, fees for the use of centralised infrastructure, in addition to security fees and tariffs for the use of check-in desks and spaces by airlines and handlers.

Non Aviation: the Non Aviation business provides a wide and segregated offer, managed both directly and under license to third parties, of commercial services for passengers, operators and visitors to the Milan Airports, in addition to real estate activities.
The revenues from this area consist of the market fees for activities directly carried out by SEA or from activities carried out by third parties under license and of royalties based on a percentage of revenues generated by the licensee, usually with the provision of a guaranteed minimum.

Handling: handling services are carried out by SEA Handling, a subsidiary of SEA and concern the provision of land-side assistance regarding aircraft, passengers, luggage, cargo and mail.
Revenues in this segment concern market fees for the execution of these activities and are freely negotiated by the SEA Group, through SEA Handling, and the individual airlines.

Energy: these activities – provided by the company SEA Energia, a subsidiary of SEA – concern the generation and sale of electric and thermal energy, providing coverage of the Milan Malpensa and Milan Linate energy requirements and which is also sold on the external market.

SEA Group Structure

Structure of the SEA Group at December 31, 2013

SEA SpA

Airport management	Utilities	Commercial activities	Other activities	Handling
SACBO Bergamo SpA 30.98%	SEA Energia SpA 100%	Dufrital SpA 40%	Consorzio Malpensa Construction 51%	SEA Handling SpA 100%
Aeropuertos Argentina 2000 SA (*) 8.5%	Disma SpA 18.75%	SEA Services Srl 30%	Consorzio Milano Sistema in liquidation 10%	Airport Handling Srl 100%
Ali Trasporti Aerei ATA SpA 98.34% (**)			Romairport Srl 0.23%	ATA Ali Servizi SpA 98.34% (**)
			SITA Società Cooperativa arl 1 share	Malpensa Logistica Europa SpA 25%
			Railink Srl in liquidation 100%	

Key

- Controlling shareholding
- Associated company
- Investments in other companies

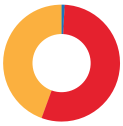
(*) In relation to the holding of SEA in AA2000, on June 30, 2011 SEA SpA and Cedicor SA, in execution of the agreement of August 9, 2006, signed a contract concerning the sale by SEA of the above-stated investment in AA2000, subject to the approval of the Regulador del Sistema Nacional de Aeropuertos, which has not yet been issued at the approval date of the present Consolidated Financial Statements.

(**) Company acquired on December 18, 2013; the Consolidated Financial Statements at December 31, 2013 reflect the consolidation of the balance sheet at December 31, 2013, while there were no income statement effects in the year.

Share capital structure

The share capital of SEA amounts to Euro 27,500,000, comprising 250 million shares of a par value of Euro 0.11, of which 137,023,805 Class A shares and 74,375,102 Class B shares.
The Class A shareholders upon majority divestment must guarantee Class B shareholders a right to co-sale. Class A shareholders have a pre-emption right on the sale of Class B shares.

At December 31, 2013, SEA does not hold treasury shares. The ownership structure is as follows:



Shareholders	
Municipality of Milan (*)	54.81%
F2i – Fondi italiani per le infrastrutture	44.31%
Others	0.88%

(*) Holder of Class A shares.

Public shareholders		
13 entities/comp.	Municipality of Milan	54.81%
	Province of Varese	0.64%
	Municipality of Busto Arsizio	0.06%
	Other public shareholders	0.14%
Total		**55.65%**
Private shareholders		
	F2i – Fondi italiani per le infrastrutture	44.31%
	Other private shareholders	0.04%
Total		**44.35%**

Corporate Boards

Board of Directors (for the three-year period 2013/2015, appointed by the Shareholders' Meeting of June 24, 2013)		
	Chairman	*Pietro Vitale Modiano*
	Directors	*Renato Ravasio* (1) (2)
		Mario Anastasio Aspesi (3) (5)
		Salvatore Bragantini (2) (4)
		Mauro Maia (3)
		Susanna Stefani (3)
		Susanna Zucchelli (2)

Board of Statutory Auditors (for the three-year period 2013/2015, appointed by the Shareholders' Meeting of June 24, 2013)		
	Chairman	*Rita Cicchiello*
	Standing members	*Andrea Galli*
		Paolo Giovanelli
		Antonio Passantino
		Ezio Maria Simonelli
	Alternate members	*Andrea Cioccarelli*
		Ilaria Moretti

Independent Audit Firm (for the three-year period 2013/2015, appointed by the Shareholders' Meeting of June 24, 2013)	*Deloitte & Touche SpA*

(1) Vice Chairman.
(2) Member of the Control and Risks Committee.
(3) Member of the Remuneration Committee.
(4) Member of the Ethics Committee.
(5) Member of the Supervisory Board.

Letter to the Shareholders

Dear Shareholders,
throughout 2013 the new tariff system of the new Regulatory Agreement approved in September 2012 was applied. The Agreement allows for a gradual recovery of the tariff gap with the major European airports, while guaranteeing customers the high level of services and infrastructure which SEA is committed to providing under the Agreement.

2013 was again economically challenging, although uneven performances were seen across the various markets and regions and with the emergence of signs of partial stabilisation from the second half of the year. This assisted a slight recovery in global passenger and cargo traffic compared to 2012.

Amid such difficulties, the airports managed by the SEA Group report an overall reduction in passenger traffic of 2.7%, impacted by the contraction on Schengen routes (-4.2%) – following the stoppage or reduction of operations by a number of airlines at both airports – and a slight recovery on the non Schengen routes (+0.8%), supported by increased traffic on non-EU European routes (+24.2%).
Cargo traffic in 2013 grew 3.5% on the previous year. In particular, alternating performances were seen in the first six months of the year: in January a significant improvement was reported, with a reduction in February and March, while subsequently from July continuous growth was reported until year-end.

The SEA Group in 2013 continued to focus on investment, believing that the reduction in traffic in the year is merely a temporary set-back within an expanding air transport market in the coming years and therefore that the establishment of adequate infrastructure is fundamental to facilitate the expected growth in passenger and cargo traffic. In January 2013 the third satellite of Milan Malpensa 1 was opened to the public, dedicated to non Schengen flights with the option of direct boarding for the Airbus A380, both from the existing boarding gates and from the new lounges built specifically for individual airlines, including Emirates.

While facing such challenging circumstances, SEA Group revenues grew to Euro 724,080 thousand (+0.4% on 2012). These results were achieved through the support of all areas of business, with the largest contribution, excluding works on assets under concession, from the Aviation business with revenues of Euro 359,708 thousand, comprising 49.7% of consolidated revenues – increasing on 2012 (Euro 320,441 thousand). Non Aviation business, with revenues of Euro 180,588 thousand, comprised 24.9% of Group revenues. The contribution of the other business areas was more contained, with Handling reporting revenues of Euro 95,677 thousand (Euro 107,372 in 2012) and Energy returning revenues of Euro 21,107 thousand (Euro 35,393 thousand in 2012), comprising respectively 13.2% and 2.9% of consolidated revenues.
EBITDA (which includes risk provisions and the doubtful debt provision) amounted to Euro 161,778 thousand, improving 2.4% on the previous year. The Group Net Profit for the year totalled Euro 33,707 thousand (-47.3%), principally impacted by increased restoration and replacement provisions for Euro 14,944 thousand, due to the works on the restyling of Malpensa Terminal 1, increased personnel provisions for Euro 10,951 thousand, reorganisation charges for the handling sector of Euro 10,305 thousand related to the review of the existing shareholding structure, based on the decision of the EU Commission in relation to presumed state aid granted by the Parent Company to the subsidiary SEA Handling, investment write-downs of Euro 8,200 thousand concerning new development plans of the infrastructural investments at Malpensa airport, indemnities for the non-use of parking due to the Metro M4 works for Euro 7,300 thousand, higher amortisation and depreciation of Euro 3,985 thousand, lower investment income of Euro 7,042 thousand and increased taxes of Euro 5,479 thousand, increased concession fees of approx. Euro 14,800 thousand, partially offset by the increase in operating revenues of Euro 24,786 thousand (which benefitted from the application of the new Regulatory Agreement), lower consumable material costs of Euro 14,252 thousand and lower personnel costs of Euro 5,928 thousand.
During the period the Extraordinary Temporary Lay-Off Scheme was utilised by SEA and SEA Handling. This instrument was used by office and airport staff departments in a targeted manner: the Extraordinary Temporary Lay-Off Scheme was operated based on traffic developments.

SEA Group numbers

Consolidated Financial Highlights

(in thousands of Euro)	2013	2012	Change
Revenues	724,080	720,956	3,123
EBITDA (*)	161,778	157,969	3,809
EBIT	85,565	100,685	(15,120)
Pre-tax profit	64,952	89,768	(24,816)
Group Net Profit	33,707	64,003	(30,296)

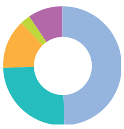
(*) EBITDA was defined in 2013 as the difference between total revenues and total operating costs, including provisions and write-downs and excluding the restoration and replacement provision. Consequently the previous year was reclassified for comparability.

(in thousands of Euro)	at December 31, 2013	at December 31, 2012	Change
Fixed assets (A)	1,213,879	1,153,790	60,089
Working capital (B)	(174,496)	(224,491)	49,995
Provision for risks and charges (C)	(187,111)	(163,533)	(23,578)
Employee benefit provisions (D)	(77,155)	(77,064)	(91)
Net capital employed (A+B+C+D)	**775,117**	**688,702**	**86,415**
Group shareholders' equity	(286,766)	(277,247)	(9,519)
Minority interest shareholders' equity	(611)	(85)	(526)
Net debt	(487,740)	(411,370)	(76,370)
Total source of financing	**(775,117)**	**(688,702)**	**(86,415)**

(A) Fixed assets are reported net of State and EU grants, amounting at December 31, 2013 to Euro 499,748 thousand and Euro 1,800 thousand respectively.

	at December 31, 2013	at December 31, 2012	Change
Investments in tangible and intangible assets	90,486	106,114	(15,628)
Employees (at year-end)	4,986	5,054	(68)
Leverage (net debt/EBITDA)	(3.0)	(2.6)	(0.4)

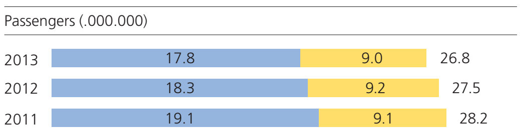
2013 consolidated revenues Euro 724,080 thousand (*)

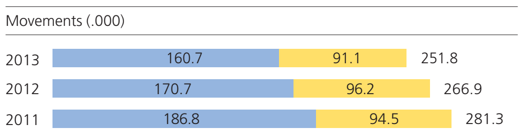


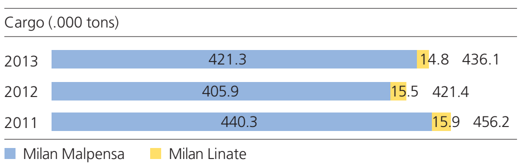
	%
Aviation	49.7
Non Aviation	24.9
Handling	13.2
Energy	2.9
Revenues from application IFRIC 12	9.3

(*) Group consolidated revenues for 2013 are reported net of inter-company eliminations.

Traffic data







2013
Director's Report

2013: significant events

SEA Group acquires Linate General Aviation

On December 18, 2013, the Group, as part of its competitive strengthening, acquired the 98.34% majority and controlling share held by Società Acqua Pia Antica Marcia SpA (SAPAM) in Ali Trasporti Aerei ATA SpA, following the authorisation of the Appointed Judge in accordance with Article 167 of the Bankruptcy Law. The cost of the investment was Euro 25,200 thousand.

The SEA Group will manage therefore also the western section of Linate airport which represents, with over 24 thousand movements served in 2012, the largest Italian General Aviation base and the sixth in Europe by number of daily movements.

Through General Aviation Management, the Group, in addition to rolling out a significant investment plan, will be able to fully serve the traffic business (commercial and general aviation), which is one of the key features of air traffic to and from Milan.

The acquisition did not have an impact on the consolidated result as the operation was completed at year-end, while however impacting the composition of consolidated assets and liabilities due to the change in the consolidation scope on the acquisition of the holding.

Milan Malpensa 1 - Airport Experience

The works on the extension of Terminal 1 at Milan Malpensa continued in the year, which will ensure an extensive upgrading and value enhancement, also with a view to the major upcoming event of Expo 2015.

Under the modernisation and extension of Terminal 1, the innovation proposed by the "Airport Experience" at Malpensa will also improve significantly the infrastructure available and architectural features. These activities, already carried out for the Northern satellite boarding gates opened in January 2013, will involve the entire commercial section of the departures area and will be followed by the arrivals area.

Malpensa Terminal 1/Terminal 2 rail link

In 2013, the European Union decided to co-finance the construction of the rail link between the two Malpensa Terminals, covering 20% of the overall cost of the operation. The 3.4 Km rail link, largely underground (with a new station designed by SEA and handled by Ferrovie Nord), is part of the Expo-related infrastructure and will be constructed over 18 months. SEA is therefore committed to directly cover the project for Euro 16 million and together with Ferrovie Nord is coordinating and planning the infrastructure construction activities. The remaining amount required for the completion of the link will be covered by Italian Government loans (Euro 45 million – Official Gazette no. 300 of December 23, 2013) and by the Lombardy Region (Euro 30 million), for a total amount of Euro 115 million. The commencement of works is scheduled for the second half of 2014.

Decision of the European Commission concerning presumed State Aid granted to SEA Handling

With decision of December 19, 2012, the European Commission judged that the share capital increases carried out by SEA in favour of its subsidiary SEA Handling in the 2002-2010 period for approx. Euro 360 million, plus interest, constituted impermissible State Aid. This executive and immediately applicable EU decision requires that the Italian State:

- takes steps to recover the aid, establishing in particular the obligation on Italy to provide to the Commission information concerning the measures already adopted and scheduled for implementation of the decision by February 20, 2013;
- guarantees implementation of the decision within four months from notification (and therefore by April 20, 2013, a deadline subsequently extended to June 5, 2013).

The Italian State, to date, has not implemented the decision, under which SEA, SEA Handling, the Milan Municipality and the Italian Government itself has proceeded through various levels of judgment, with the simultaneous initiation of extra-judicial negotiations to resolve the issue with the least possible impact on the interested parties, to achieve consensus on the levels of employment of personnel, in addition to consideration of the strategic impacts on the involvement of the Group in handling activities and of operational continuity and efficiency.

In the second half of 2013 and in the first quarter of 2014, the exploratory meetings in search of an alternative path proposed by SEA Handling and SEA continued, which contemplate the strategic need for the maintenance of the involvement of SEA in the handling activities, in addition to that for operational continuity and efficiency and the need of the Commission to execute the decision.

For an in-depth analysis of the development and current state of the dispute, reference should be made to the subsequent paragraph "Risk factors of the SEA Group" and to the section of the Notes "Commitments and potential liabilities".

ISO 50001 "Energy Management System" certification

SEA received the "Energy Management System" certification (from October 2013).

This important result was achieved based on the level of excellence of all activities related to energy management, which enabled a total saving compared to 2008, for the years 2009/2010/2011/2012 of over 82,800 MWh, corresponding to reduced atmospheric emissions of 33,000 tonnes of CO_2, with significant financial savings.

CONTENTS

Artistic heritage and corporate projects activities

As part of the initiatives promoted by the Group, with the aim to become a focal point for artistic/cultural projects, in 2013 we highlight the opening of the Soglia Magica-Porta of Milan, with the show "I Sette Savi" by Fausto Melotti (from June 20, 2013 to January 31, 2014), in collaboration with the Municipality and Province of Milan, the beginning of the biennial collaboration with the "Silvio Zanella" Modern and Contemporary Art Gallery Foundation of Gallarate (Ma*Ga), with an exhibition of contemporary painters' works and the biennial protocol with the G. Puccini Superior Musical Institute of Gallarate and the organisation of concerts within Terminal 1.

New Malpensa Master Plan

SEA continued with the analysis related to the development of the Master Plan project, through continual contact with ENAC and the other bodies involved. The approval procedure was temporarily suspended following the request made by ENAC, considering the need for investigations related to the new indications of the National Airport Plan which is in the approval phase and the conclusions of the Vast Area Study commissioned by the Lombardy Region, completed at the end of 2013.

Outlook

The slight recovery in the economy and the latest IATA (International Air Transport Association) estimates on the global air transport sector performance indicate signs of improvement for 2014. The cost of fuel, although remaining high, is below the peaks reached in 2012 and the airline consolidation operations have brought about efficiencies and synergies – creating value both for passengers and for shareholders.
The IATA also reports continued strong competition among airlines, a stable cargo sector although without signs of growth, while for 2014 predicts an uptake in global passenger traffic of 6% (3.3 billion compared to 3.1 billion in 2013).

The Eurozone – with contained growth estimates – requires the restructuring of the air transport system through further network review processes by the major carriers and actions on operating costs, with possible significant impacts on traffic.

In Italy, the air transport performance, as in the other southern European countries, is significantly exposed to general economic factors, in addition to the crisis within the flag carrier which can no longer guarantee an extensive presence on the Italian airport network, while the low-cost airlines have benefitted and with increasing competition coming from high speed trains on a number of important domestic routes.

The SEA Group, despite the continued uncertainties within the sector, confirms its commitment to the development of the various business areas managed and to the further streamlining and development of traffic, passenger and cargo operating capacity. Group results may continue to improve therefore also in 2014, providing that the outlook for the domestic and international economy does not alter significantly.

In particular, the SEA Group intends to continue to operate in the airport handling business – which is considered synergetic with its core business – in the hope that in 2014 the process in place with the European Community reaches a positive conclusion.

As part of the strengthening of the financial base, an optimisation of the debt structure is planned, also in light of the favourable market conditions.

Market and regulatory overview: developments

Economic overview

2013 featured moderate global economic and trade growth.

GDP improved in the advanced economies, with divergent performances among the emerging economies. Global trade movements assisted this development. The agreement on the budget for 2014-2015 reduced uncertainty on public financing choices in the United States.

In the Eurozone, GDP rose slightly in Q3 2013, although at a reduced rate compared to the previous period. The recovery in activity is expected to be confirmed for the fourth quarter; growth will remain contained in the coming months. Inflation reached its lowest level for the last four years. In November, the Board of the ECB reduced the principal refinancing rate.

In the third quarter of 2013, Eurozone GDP increased 0.1% on Q2, supported by increased consumption numbers (0.1%), accumulated stock levels and higher gross fixed investment (0.5%). The continued rise in imports (1.2%) was accompanied by a slowdown in exports (-0.3%). Among the major Eurozone economies, German GDP improved 0.3%; in France a reduction of 0.1% was reported, impacted by a trade deficit and reduced investment.

Italian GDP remained unchanged, interrupting the prolonged decline. In December, the Bank of Italy's Eurocoin indicator, which estimates the baseline performance of Eurozone GDP, slightly improved, confirming moderately strong levels. Industrial activity however again showed signs of weakness: in the October-November two-month period, production substantially re-stagnated in the zone – in Germany and in France – while increasing by approx. half of a percentage point in Italy. Business surveys highlighted the contained improvement in December and subsequent months. The Purchasing Managers Index (PMI) increased in December, confirming an expansion of economic activity for the sixth consecutive month.

Divergent economic performances were seen across the major emerging economies. In Q3 2013, growth strengthened in China (to 7.8% on the corresponding period), on the back of investment support measures and increased exports in the summer.
Growth remained contained however in India (4.8%), despite a significant depreciation of the Rupee and a recovery in agricultural sector production; GDP growth slowed in Brazil (+2.2%) and re-stagnated in Russia.
The most recent indicators confirm the strength of Chinese growth, following a recovery in exports and continued robust consumer spending and investment. The outlook remains weak in Brazil, in India and in Russia, with analysts predicting contained growth also for the current year.

The most recent figures indicate that global trade accelerated in Q4 2013, confirming the improvement in Q3 (+4.9% year-on-year, from 1.2% in Q2). These performances are in line with 3% growth for the year.

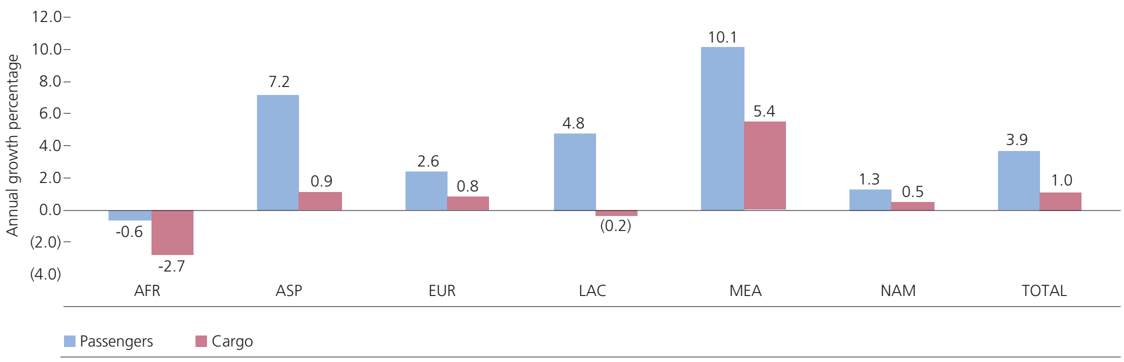
In the fourth quarter of 2013 the price of Brent oil hovered around the USD 110 mark. The announcement of the Iranian nuclear programme agreement, reached at the end of November, does not appear to have significantly impacted prices. The drop in prices following increased supply from Saudi Arabia was offset by upward pressure from renewed tensions in Libya, whose oil supply remains significantly below potential.

2014 Outlook
The International Monetary Fund forecast in the World Economic Outlook of January 2014 indicates global growth in the 2014-2015 two-year period respectively of 3.7% and 3.9%. The outlook has improved for nearly all countries: the United States will benefit in 2014 from the public finances agreement of December 2013, which postponed the possibility of cuts to 2015. Europe is finally exiting the recession: growth projections for the two year-period are for 1% and 1.4%. Expectations are strong for Great Britain, with estimated growth in 2014 of 2.4%, 4 times better than the less hopeful figures for Italy and Spain. The only downward revision among the advanced economies concerned Italian GDP for 2014, expected at 0.6% (1.1% in 2015, after contracting 1.8% in 2013).
For the emerging and developing economies, growth for the two-year period is forecast at 5.1% and 5.4%; Chinese forecasts are respectively for 7.5% and 7.3% growth.
Despite the improved conditions for Europe, deflation and sluggish growth continue to remain factors. In the United States, spending cuts remain a risk – simply postponed to 2015 – as does the re-emergence of super expansive economic policies by the Federal Reserve.
In the emerging and developing economies, the threat of significant flights of capital impacting the stability of the more fragile economies is a worrying issue.

Air transport and airports

Global air transport performance
Global **passenger traffic** growth in 2013 was 3.9% on a sample of 333 airports.
The various regions highlight growth for the Middle East (+10.1%), Asia (+7.2%), South and Central America (+4.8%) and Europe (+2.6%).
Among the top twenty global airports, Atlanta heads the list for passenger traffic with approx. 94 million (-1.1%), followed by Beijing with 84 million (+2.2%) and London Heathrow with 72 million (+3.3%).
The airport with the highest percentage growth was Kuala Lumpur (+19%) with 47 million passengers, with Dubai second (+15%) and approx. 66 million passengers.
Cargo traffic, on a sample of 251 airports, is substantially in line with the previous year (+0.9%). The Middle East region returned growth of 5.4%, with Asia reporting the largest number of movements (in line with 2012).
In the top 20 for quantity of cargo moved, Memphis (+3%), Hong Kong (+2.3%) and Shanghai (in line with 2012) led the way; the highest growth however was seen in Dubai (+7.4%).
In the ACI World classification of the leading 70 airports transporting over 200,000 tonnes of cargo, **Malpensa** in terms of percentage growth **placed 18th**, while by quantity of cargo moved ranked 43rd.

Global air traffic 2013[1]



Key: AFR (Africa), ASP (Asia Pacific), EUR (Europe), LAC (Latin America), MEA (Middle East), NAM (North America).

European airport performances – 2013[2]

Overall passenger traffic growth at European airports was 2.8% on 2012, while non-EU countries such as Turkey, Russia, Iceland and Norway reported passenger growth of 9.6%, the EU airports reported growth of 1%, with strong signs of a traffic recovery in the final quarter of 2013.

The structure of European traffic continued to evolve, with the non-Eurozone airports contributing 22% of total traffic, increasing on 15% in 2008. In addition, domestic traffic was lower than international traffic in those countries impacted greatest by the Eurozone crisis and for whom high speed rail travel represents a valid alternative to flying.

In 2013, passenger traffic managed by the major European airports grew overall by 1.2% principally featuring the strong performances of the London airports (+3.1%), Paris (+1.7%) – thanks to the contribution of Orly (+3.8%) – Amsterdam (+3%), Berlin (+3.1%) and in particular Tegel (+7.1%, due to airberlin) and Copenhagen (+3.2%); Madrid airport (-12.1%) again contracted on the previous year, where despite the increased contribution from Ryanair in the summer, the reduction in the Iberia schedule on domestic routes and in particular to Barcelona, and of easyJet, which reduced its number of flights in the summer by 50%, had a significant impact.

European airport cargo traffic in 2013 was substantially in line with 2012 (-0.4%). Among the airports most representative of ACI Europe for cargo traffic, Malpensa reported the most significant growth (+3.8%).

2013 Italian airport traffic performance [2]

The Italian airports, members of Assaeroporti, reported a contraction of 1.9% compared to 2012.

The airports which on average produce traffic greater than 4 million passengers annually (excluding Milan and Rome) report numbers substantially in line with 2012 (+0.1%); this result comprises airports which saw significant improvements such as Bologna (+4%), Venice (+2.6%) and Catania (+2.5%) and airports undergoing significant contractions such as Naples (-6.2%) and Palermo (-5.6%). Bergamo confirmed the 2012 performance (+0.8%).

The airports managed by the SEA Group reported a contraction of 2.8% for passenger traffic and an increase of 3.5% for cargo traffic, while the Rome airport system respectively reported -1.3% and -0.8%.

Milan Malpensa and Milan Linate airport traffic

	Movements			Passengers(1)			Cargo (tonnes)(2)		
	2013	2012	%	2013	2012	%	2013	2012	%
Malpensa	160,700	170,747	-5.9%	17,781,144	18,329,205	-3.0%	421,277	405,858	3.8%
Linate	91,128	96,186	-5.3%	8,983,694	9,175,619	-2.1%	14,847	15,514	-4.3%
Airport system managed by SEA Group	**251,828**	**266,933**	**-5.7%**	**26,764,838**	**27,504,824**	**-2.7%**	**436,125**	**421,372**	**3.5%**

(1) Arriving + departing passengers.
(2) Cargo in transit not included.

1 Source: ACI World (Pax Flash & Freight Flash).
2 Sources: Aci Europe and Assaeroporti.

Passenger traffic

In 2013 the airports managed by the SEA Group reported a reduction of approx. 739 thousand passengers (-2.7%) to 26.7 million passengers, with a decrease of approx. 15 thousand movements (-5.7%) to 251.8 thousand. The reduction is due to the stoppage or cut-back in operations by a number of airlines at both airports.

In particular, passenger traffic reported a contraction on the Schengen routes (-4.2%) and a slight recovery on the non Schengen routes (+0.8%), supported by increased traffic on the non-EU European routes (+24.2%). Inter-continental traffic contracted principally with the Far East (-18.3%), Central/South America (-14.5%) and Africa (-7.6%); the Middle East reports growth (+11%), thanks to the strong performances of Emirates (+23.7%), Turkish (+21.5%) and Etihad (+8.7%).

Malpensa

Malpensa airport reported a reduction in passenger traffic of 3% to 17.8 million and a decrease of approx. 10 thousand movements (-5.9%).

Malpensa 1

Passenger traffic was affected by the poor performance of Malpensa 1 (-7.6%), due principally to reductions made by the Alitalia Group with the cancellations of Air One, the reduction of Meridiana fly (-22.6%) and the stoppage of airlines such as Jet Airways, Monarch and Wind Jet throughout Italy.

The contraction in the Schengen zone (-734 thousand passengers) almost entirely related to the Alitalia Group (-45.5%). The impact of these issues on the Schengen zone was partly offset by the new entrant Wizz Air (+79 thousand passengers), with connections to Budapest and Bucharest and the transfer of airBaltic from Linate and by airberlin and Neos.

For the non Schengen zone, the Middle Eastern airlines such as Emirates reported growth, with three daily flights to Dubai and a new daily flight to New York introduced in October 2013, and Turkish Airlines which added a new flight to Istanbul. Aeroflot and Transaero reported strong results with the Russian Federation.

Malpensa 2

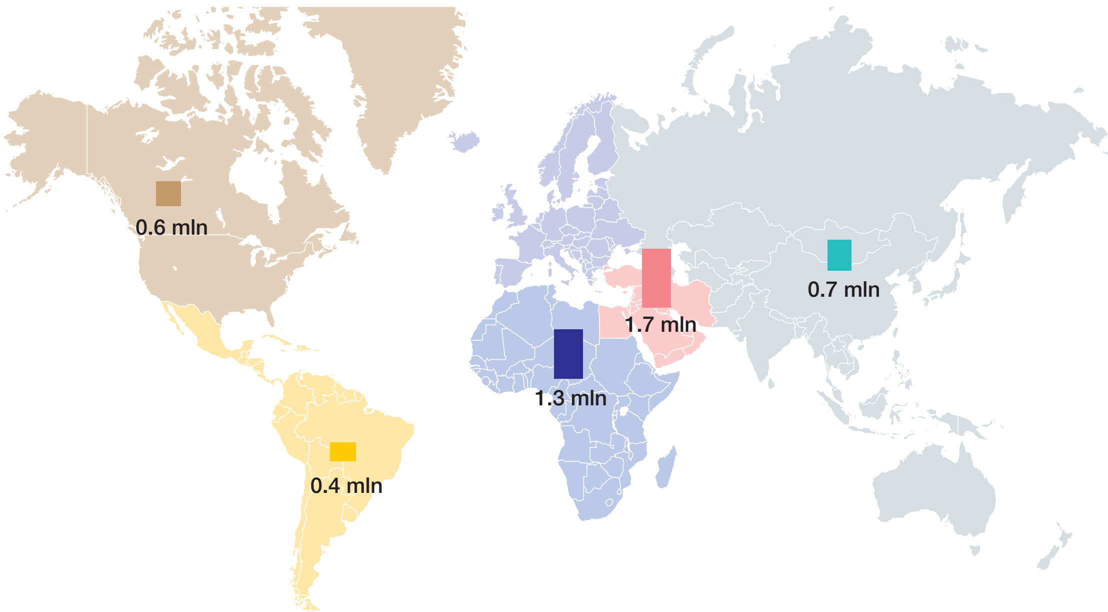
Malpensa Terminal 2 reported an increase of 6.9%, with 6.3 million passengers served, thanks to the strong performance of easyJet. The increase in passenger volumes transported was due partly to the introduction of new routes to Sharm el-Sheikh, Luxembourg, Belgrade, Larnaca and Ajaccio, for a total of 137 thousand passengers and partly due to the increase on existing routes such as London Gatwick, Paris Charles de Gaulle, Alghero, Prague and Barcelona.

Linate

At Linate, the 192 thousand reduction in passenger numbers in 2013 principally concerned traffic with Madrid, Naples, London Gatwick, Bari and Paris Charles de Gaulle, the closure of Wind Jet and the transfer of airBaltic to Malpensa.

2013 saw the liberalisation of the Milano Linate-Roma Fiumicino route, on which easyJet from March 25, 2013 began operations with 5 daily flights.

2013 Passenger traffic on intercontinental routes by region – Airports managed by SEA



Cargo traffic

Cargo traffic in 2013 increased 3.5% on the previous year, with 436 thousand tonnes transported. In the first six months of the year, alternating developments were seen: in January a significant improvement, with a reduction in February and March, while subsequently from July continuous growth was reported until year-end.

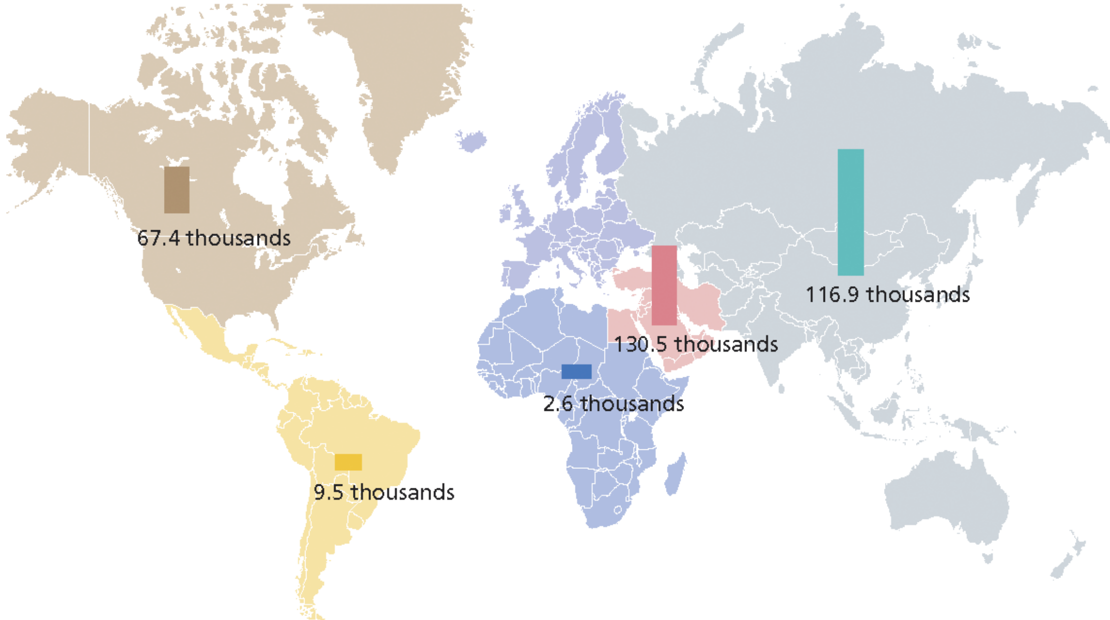
The all-cargo traffic performance improved 6.3% to 308 thousand tonnes of cargo transported. The airlines with greatest impact included Cargolux Italia (+16.1%), AirBridgeCargo (+60.9%), Qatar Airways Cargo (+76.2%) and the courier Federal Express (+17.6%).

From the 2013 summer season, thanks to the granting of fifth freedom rights to Qatar Airways, two new weekly flights began between Doha/Milan Malpensa/Chicago, improving the airlines performance and contributing to the cargo sector, despite the closure of China Cargo Italia from April.

The cargo traffic of the all-cargo carriers served at Malpensa by the SEA Group report a significant variance between final destination areas. In particular, growth was seen on the Middle East routes (+27.6%, 28 thousand additional tonnes) and North America (+18.1%, 10 thousand additional tonnes). The Far East however reported a decrease (-22.6%, with a reduction of 34 thousand tonnes).

Also in 2013 the role of the SEA Group was confirmed, and of Malpensa in particular, as a hub for air cargo traffic in Italy: in the year the SEA Group airports managed more than 50% of air cargo transport, with Milan Malpensa confirmed as the leading cargo airport in Italy, and fifth in Europe.

2013 Cargo traffic on intercontinental routes by region – Airports managed by SEA



Regulatory framework

Presidential Decree of October 29, 2013 – unification of take-off and landing fees for inter-EU flights and non-EU flights at Italian airports

With the publication of eight decrees in the Official Gazette of October 31, 2013, the Italian Government brought an end to the infraction procedure taken by the European Commission against Italy, which considered the differentiation between inter-EU and non-EU take-off and landing fees applied by Italy since 2001 based on the origin/destination of flights as illegal.

The Italian Authorities identified as a solution the interruption of the infraction procedure through the issue of 8 provisions – 5 Inter-Ministerial Decrees and 3 Presidential Decrees – which modified the existing Legislation and the Application Guidelines, in addition to altering the take-off and landing fees for each Operator, in force under both the original and supplementary Regulatory Agreement.

The Presidential Decree of October 29, 2013 concerning the supplementary Regulatory Agreement in force between ENAC and SEA includes new take-off and landing fee tables which categorise inter-EU and non-EU flights together, in substitution of attachment 10 of the Regulatory Agreement and indicates the new fees which will enter into force from January 1, 2014.

New 2014 regulatory tariffs

On November 29, 2013, ENAC, as a result of the annual monitoring under the ENAC-SEA Regulatory Agreement published on its website the new tariffs for Malpensa and Linate airports. The new fees were based on the aspects established by the agreement: scheduled inflation, investments carried out and increased charges related to the entry into force of new regulatory provisions. For the 2014 fees, ENAC also permitted a further tariff increase of 0.6% as a bonus for the achievement of the qualitative and environmental protection objectives in 2012 at both airports managed by SEA.

ENAC fixed the application of the new tariffs from February 1, 2014, differing from the contractual clauses which established tariff adjustments as applicable from January 1 of each year. With subsequent note of December 17, 2013, ENAC clarified that the new fees will be fully applicable from February 1, specifying however that, in relation only to the unified take-off and landing fees, in the month of January the fees reported in the Presidential Decree attachment of October 29 will be applied. ENAC stated that the difference between the fees effectively applied and those published on the website will however be recovered in 2015.

New tariff models

On July 18, ENAC, under the operating rules of the Transport Authority and that established under the guidelines of the Infrastructure and Transport Ministry of June 7, 2013 published the new tariff models, broken down by traffic category.

The new models seek to supplement – or rather amend – the existing Guidelines of 2008, to incorporate the measures of Directive 2009/12/EC concerning airport fees, adopted in Italy through Legislative Decree 1/2012, comprising therefore, once approved definitively, the new framework for the setting of regulated fees.

Following the conclusion of the consultation procedure outlined above, ENAC published in December 2013 the conclusions on the observations and proposals drawn up by sector operators, accepting some and rejecting others and highlighting the positions undertaken by the Body on issues of greatest significance.

The conclusions of ENAC and the updated models following the consultation procedure in question were sent to the relative Ministries for their opinion, for the subsequent approval of the Authority in accordance with that established by Article 71 of paragraph 3 of Legislative Decree no. 1 of January 24, 2012 (Liberalisation Decree).

Destination Italy Decree

On December 24 Legislative Decree no. 145, (the so-called Destination Italy Decree), published on December 23, entered into force, containing Article 13 – Urgent measures for EXPO 2015, for public works in relation to air transport – which seeks to transparently and within an openly competitive environment govern the selection process by airport managers of airlines for the receipt of grants for the introduction and development of routes which satisfy the demand of their respective user bases. The selection process must be executed in line with the Guidelines to be drawn up and adopted by the Ministry for Infrastructure and Transport within thirty days from publication of the Decree.

The full impact of this provision for SEA is not yet assessable as, also due to a number of amendments introduced on its enactment, the Guidelines have not yet been published. The potentially most significant features would appear to be the possible obligation to select grant beneficiaries through tender and the compatibility of existing contracts.

Security check services

Law no. 125 of October 30, 2013 enacted, with a number of amendments, Legislative Decree no. 101 of 31.08.2013 concerning urgent measures for the restructuring of public administration bodies. In particular, the provisions of Article 6 concerning airport control were confirmed, which at paragraph 1 introduced the option for ENAC to award to the airport manager the security checks on crew, personnel and staff, in addition to vehicles accessing secured areas of the airport.

On 5.12.2013, at the second round table meeting on air transport organised by the Ministry of Infrastructure and Transport with the sector organisations, Assaeroporti highlighted that the awarding of the security control service to security staff (scheduled for 2014) will increase the costs of the airport management companies (an estimated approx. Euro 400,000 per security gate) and currently a viable tariff structure for recovery of the costs has not yet been established. For SEA, in particular, it will be necessary to adjust the Regulatory Agreement to introduce the provision.

Ground Handling

ENAC issued the new Circular APT 02 B in relation to the Certification and supervision of ground assistance airport service providers, published on 22.11.2013 and entering into force at that date. The new Circular amends the regulation concerning new regulations, including the latest addition of the ENAC Regulation on handling and the various judgments adopted. The Circular overall is positive in terms of the charges incurred by companies intending to certify themselves to operate on the Italian ground assistance market, in addition to those newly incorporated companies; however, a series of outlining documents and analyses are required in relation to the certification procedure.

Aviation

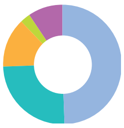
2013 Highlights

The ENAC-SEA Regulatory Agreement, which entered into force on September 23, 2012, became fully effective in 2013

Malpensa: 109 additional weekly flights, connecting with new destinations or by new airlines, together with 59 increased weekly flights

Signing of new important bilateral agreements

2013 consolidated revenues Euro 724,080 thousand (*)



	%
Aviation	49.7
Non Aviation	24.9
Handling	13.2
Energy	2.9
Revenues from application IFRIC 12	9.3

(*) Group consolidated revenues for 2013 are reported net of inter-company eliminations.

Key Results

The Aviation business, comprising the "core" airport activities in support of passenger and cargo aviation, in 2013 reported net revenues of Euro 359,708 thousand, growth of 10.9% on 2012.
The increase in fees following the entry into force of the new Regulatory Agreement principally contributed to this performance, limiting the impacts from the reduction in traffic.
Specifically, the impact of the new tariffs is estimated at approx. Euro 59 million, against a reduction in revenues due to lower traffic/mix volumes of Euro 13.1 million.
Aviation revenues include the positive impact for Euro 4.8 million from the free provision of the building and relative annexes constructed by Air Europe SpA within Milan Malpensa (in 2012 a similar provision concerned areas at Milan Malpensa from LSG Sky Chefs SpA, for income of Euro 11.3 million).

Regulatory Agreement

The new ENAC-SEA Regulatory Agreement, which entered into force on September 23, 2012, became fully effective in 2013.
The structure of the fees established under the Regulatory Agreement was drawn up in line with Government Committee for Economic Planning Resolution 38/2007, the relative Guidelines established by ENAC and with the Anti-crisis Decree of 2009, and more specifically, according to a price cap method under a Dual Till system.
In comparison to the Regulatory Agreements signed by other Italian airports, the ENAC-SEA Agreement (as is the case for those signed by the management companies of the Rome and Venice airports) contains, in line with that permitted by Article 17, paragraph 34-bis of Legislative Decree 78/2009, converted into Law no. 102 of August 3, 2009, a number of exceptions, principally related to the Dual Till tariff system and the contract duration. Based on that established by the above-cited law, these exceptions will be valid until the end of the Agreement (2041).
The tariff mechanism, as defined under the Regulatory Agreement, was drawn up so as to guarantee to the airport management company the recovery, in relation to the regulated services, of the depreciation on investments and of the costs for the management and development of services (including also the fee for the use of state assets), in addition to a fair return on capital.

The fees paid for each regulated service are based on pre-set parameters, taking account of the infrastructure development activities carried out in the year by SEA and of the traffic estimates. For each airport service subject to tariffs, the ENAC-SEA Regulatory Agreement fixes the initial tariff level and the progression of regulated fees, in addition to the standard levels provided to the user.

Traffic developments: increase in airlines, frequencies and services

The SEA Group continued to promote the development of passenger and cargo traffic in 2013 through focusing on the extension of the routes and frequencies operated both by airlines already present and by new airlines, with a particular focus on routes to and from countries of highest economic growth.
Further marketing tools included ViaMilano, the promotion of bilateral agreements, also under fifth freedom traffic rights and the adoption of incentives for the development of new routes and destinations.
Compared to 2012, 109 additional weekly flights are in place, connecting with new destinations or by new airlines, together with 59 increased weekly flights.
An outline of the main developments at the two airports and the commercial advances introduced follows.
Milan Malpensa: increase in services and frequencies. From winter 2013, new daily connections with Miami by American Airlines and a connection operated by Emirates with New York (fifth freedom rights) became operative.
In 2013 connections with Russia have been developed following the new important bilateral agreement between Italy and the Russian Federation signed in March 2012, which resulted in a significant increase in operable frequencies. In particular, the doubling of daily frequencies operable between Milan and Moscow by Russian operators, in addition to the opportunity to enter the market for a second airline are significant.
Thanks to this agreement, the Russian airline Transaero introduced new connections between Malpensa and Moscow, with a daily flight introduced, and with St. Petersburg, while Aeroflot now operates three daily flights with Moscow.
From January 2013 the increase in flights operated by Saudi with Jeddah and Riyadh is highlighted, in addition to the introduction of the fifth daily flight by Turkish Airlines with Istanbul from May, in particular with the Sabiha Gokcen airport, in addition to four daily flights already operating out of Atatürk. From June, Pakistan International Airlines added an extra flight to Islamabad, bringing the total flights from Pakistan to Milan to 3.
Summer 2013 saw the entry of three new airlines to Milan Malpensa: BMI Regional with 6 flights to Bristol, WOW air, a low cost Icelandic airline, with 2 flights to Reykjavík and Atlantic Airways with a weekly flight to the Fær Øer islands. Among these increases: Alitalia with New York and Moscow, from 5 to 7 and from 11 to 14 respectively (from April/May), airberlin with Düsseldorf (from 11 to 18 from May/June) and Tunisair with Tunis (from 9 to 11 from April). Thai added a weekly flight (increasing from 3 to 4) with Bangkok for the summer season, with Delta also adding flights (from 6 to 7) in the summer with Atlanta, although reducing the period of application from June to August. We highlight also the return to Malpensa of the airBaltic flight with Riga, following a period from Linate, in addition to TAP which from winter 2013 moved all operations with Lisbon to Malpensa, with the transfer of the daily flight from Linate.

In September, Darwin Airline began a new flight with Cambridge (4 weekly flights) and Twin Jet, already operational from Malpensa with a flight to Geneva, introduced new flights with Tolosa (11 weekly flights) and from October also with Marseille (9 weekly flights).
A further important development at Milan Malpensa announced in April 2013 concerns the introduction of a daily flight by Emirates with New York – from October 2013, with authorisation granted by ENAC on an extra-bilateral basis (so-called fifth freedom rights). Operated with a Boeing 777-300ER, the flight is an extension of one of the three daily connections in place between Dubai and Milan. The connection originates in Dubai, with passengers to New York having the option to stop at Milan or continue to the Big Apple. Also for the return flight, passengers may choose a stop-over in Milan before continuing to Dubai.
At year-end the unexpected bankruptcy of Belle Air resulted in the suspension by the low cost Albanian airline of the service with Tirana, immediately replaced by an increase in flights by Air One and the entry on the route of blu-express with 10 weekly flights, with the addition of 8 further flights by Meridiana fly and Livingston from December.
In relation to Milan Malpensa 2, easyJet introduced 4 weekly flights with Luxembourg, 3 with Sharm el-Sheikh, increasing to 5 in the winter, 2 with Larnaca, 3 with Belgrade and 3 with Ajaccio – only for the summer, in addition to the increase in weekly flights with Prague (from 11 to 14), and only for the summer with London Gatwick (from 33 to 35), Naples (from 34 to 40), Marrakech (from 7 to 9) and Alghero (from 4 to 7). For next year easyJet has already announced the opening of two new routes from Malpensa: Tel Aviv from the beginning of March, with 3 weekly flights, and Hamburg from the beginning of March with six weekly flights.

Cargo: increase of capacity to North America. Granting of fifth freedom rights to Qatar Airways

The cargo sector in 2013 reported a significant recovery, both in terms of import and export volumes, particularly in the second part of the year, with an improvement in H2 of over 7% on 2012.
The capacity with North America in particular increased, with transatlantic services operated by Cargolux Italia with New York/Chicago and Chicago/Los Angeles and by Qatar Cargo with Chicago – this latter from Doha under fifth freedom rights on an extra-bilateral basis.
The Cargolux group, the leading cargo airline at Malpensa with a market share of 19% and growth of 10% in 2013, in addition introduced in October new flights with Mexico City and Dallas, a market served for the first time directly from Malpensa.
Other airlines also increased their activity at Malpensa: the Russian airline AirBridgeCargo increased operations from two weekly flights to five weekly flights, while Korean Air Cargo reopening from September two flights, increasing its offer to five weekly flights. The results of other operators were also strong, such as Silk Way (+26%), FedEx (+18%), Asiana (+15%) and Nippon Cargo (+7%).
Among the initiatives introduced to improve the competitivity and efficiency of the Cargo City at Malpensa on the technological front, we highlight the introduction from October of a single customs desk, providing an integrated procedure for cargo subject to controls by various entities, with the consequent simplification and reduction of custom clearance times and costs.
At year-end a partnership between SEA, the Lombardy Region, ANAMA and Assohandler was signed for the creation of an IT "ecosystem" (Malpensa smart city cargo project), which will collate all information concerning a shipment during its various movements on the air cargo chain in order to improve cargo traceability.

Milan Linate

In relation to Milan Linate, easyJet began operations on the Milan Linate-Rome Fiumicino route from March 2013, following the confirmation of the Government of the decision of October 2012 made by the Anti-trust Authority. The route is operated by Airbus 319 aircraft, with 5 daily flights – from April 8 – in both directions in the morning and evening slots.
From winter 2013 Alitalia introduced a new service between Linate and Vienna with 12 weekly flights. Alitalia was also awarded a tender for the provision of flights under the regional guarantee scheme with Sardinia, with the introduction also in the winter of a daily flight with Alghero and an increase in the number of daily flights with Cagliari from two to five.

ViaMilano: the innovative self hubbing strategy of the SEA Group

In 2013 the promotional activities for the ViaMilano service continued, principally focused on distribution and communication through the digital channels. In relation to Trade, ViaMilano confirmed its presence and visibility at a number of important events such as the BIT trade fair of Milan, TTG of Rimini, Travelexpo at Palermo and the 9th workshop at the Puglia airports.
During 2013, a large number of collaborations were introduced with service partner airlines, under which ViaMilano issued connectivity studies in order to highlight the potential for the extension of their network with that of Malpensa. The service was also presented to representatives of the airlines at ACI Europe, at the AOC (Airline Operators Committee) of Malpensa and at the year-end meeting of IBAR (Italian Board Airline Representatives). Highlighting the growing interest of the major airlines operating at Malpensa, in October an article concerning ViaMilano appeared in the in-flight magazine of Emirates.
In 2013 the ViaMilano AXA Assistance insurance coverage was revised and extended in order to guarantee passengers more complete assistance and coverage; the new policy developed offers a new free connecting ticket in the case of a misconnection.
The direct contacts with the sector operators were stepped up through the workshops organised in Southern Italy with the Amadeus and Travelport GDS (Lamezia Terme, Bari, Naples, Palermo and Catania scheduled for July 4) and through the involvement of ViaMilano in the "sales Blitz" of Emirates in Puglia and Campania. Relations with the GDS were also pursued to develop further the instruments introduced for travel agents and in particular the joint analysis between airlines and the GDS continued for the implementation of further booking features for low cost flights and legacy long range flights.
Communication activity on the digital channel was principally concentrated on Facebook, with a significant increase in the fanbase (Likes).
The competition launched over these months with the partner "Travel Memory", in collaboration with CTS Viaggi and Emirates in March and "Travel Affinity" in June, in collaboration with Icelandair, in addition to the ADS campaign and the extensive editorial plan targeting Italian and overseas fans, resulted in the reaching of 120,000 fans of the page. Also on the digital front, from February a monthly ViaMilano newsletter was launched, in addition to the new Twitter channel (@FlyViaMilano).
Finally, highlighting the interest for the ViaMilano service within the airport industry, London Gatwick airport replicated the ViaMilano experience, introducing the operating model at its airport, while Saint Louis Missouri airport formally requested SEA to provide further information on the project, considering possible collaborations, while the same model of "virtual hubbing" is currently in use at Singapore Changi airport. ViaMilano transits in 2013 increased by over 10% on 2012.

New bilateral agreements in the year and granting of fifth freedom traffic rights

In 2013 the SEA Group, within the strategies adopted to develop traffic at the Milan airports, confirmed its commitment to the drawing up and review of a number of bilateral agreements which govern access to the non-EU international air transport market.
In particular, in 2013 new bilateral agreements were signed with South Korea, with increases in frequency and the extension of fifth freedom traffic rights to cargo airlines and also with Egypt for an increase in passenger flight numbers. The first aeronautic agreement between Italy and Ecuador was reached, for the liberalisation of passenger and cargo traffic (potentially significant in the medium-term considering the substantial O&D (Origin & Destination) traffic values between the two countries) and an agreement was reached with Sri Lanka for the extension of the codeshare faculty.
Finally, 2 new important agreements were signed respectively with Qatar, increasing the operable number of flights, and with the Philippines, following a significant liberalisation of bilateral aeronautical relations in terms of frequencies, destinations and assignable airlines.

The activities focused on facilitating the development of airline, passenger and cargo services which can benefit from fifth freedom traffic rights, concerning transiting flights typically from Asian airports with a final destination on the American continent, (and most likely in Africa also in the future), are considered a significant, distinctive and innovative feature of the SEA strategy in relation to the extension of traffic rights to foreign airlines.

The inclusion of these fifth freedom traffic rights within the Bilateral Agreements is now quite a common practice among the majority of European Union countries, which have signed comprehensive agreements concerning these rights with a wide range of non-EU states.

Highlighting the extent of work carried out in this regard, we cite the previously-mentioned fifth freedom traffic rights awarded to Emirates, which launched a new daily passenger service on the Milan/New York route, originating from Dubai, in addition to the authorisation granted to Qatar Airways for a new bi-weekly cargo flight on the Milan/Chicago route from Doha.

"Chinese Friendly Airport" project

SEA considers the increase in Chinese passenger numbers as a significant business opportunity for its terminals and is aware that in order to fully develop this potential a series of coordinated targeted actions must be identified, planned and carried out.
Therefore, in 2013 the "Chinese Friendly Airport" project continued (begun in 2012), in order to develop commercial and institutional partnerships with foundations and Chinese institutional and governmental bodies. In the first nine months of 2013 a series of commercial and operating initiatives were introduced, with the involvement of airport shops, tour operators and institutional and operative bodies. In particular, in the first half of the year, in partnership with Beijing Viaggi a "survey" was carried out targeting Chinese passengers to establish the quality level of the airport structures, services and products offered. The results of the questionnaires were very positive, testament to the activities introduced and provided very interesting ideas for the development of future initiatives.
In the same period a "test" was carried out focused on Chinese passengers departing from Malpensa, in order to ascertain the usefulness of a Chinese mother-tongue shopping helper and to establish the spending potential of such passengers through the use of a FasCINAtion discount card which may be launched. The results were very satisfying both from the approval level of the "shopping helper" by passengers and by airport shops and also in relation to the average spend made which was three times higher than that normally obtained from the same type of passengers.
In the initial months of the second half of the year, a number of meetings were held with tour operators in Italy specialised in the management of Incoming/Outgoing traffic and in particular contacts with the tour operator "Private Incentive" were developed, specialised in the "top spenders" Chinese passenger segment; the partnership with Private Incentive seeks to develop added value instruments and services for tour operator clients and at the same time promote relations between sector operators in China and Malpensa.
In the second part of the year, the initial actions were carried out to adjust the airport signage with the introduction of Chinese language displays in the check-in and boarding areas and the introduction of Chinese into the new electronic directory in the arrivals area and to the new commercial directories of Terminal 1.
The association of SEA with the Italy China Foundation was formalised for 2013 and a framework agreement drawn up for the use of the services of the Foundation by the various corporate sectors of SEA.
In the final months of 2013 the meetings with EXPO and with the Company EXPLORA continued for the promotion of the airport with Chinese passengers (although not exclusively).
An agreement was signed with leading Chinese travel agencies (exclusively for 6 months) concerning, among other issues, the distribution of the FasCINAtion discount card for Chinese customers and the use of Parking and the SEA VIP lounges.
The agreement for the use of parking extends also to the business and economy passengers of Air China. A wide range of communication activities were also undertaken during the year on the digital channels of SEA and at the airport, including: linking with the worldwide Facebook page of Air China, the installation of the electronic Directory on the T1 Arrivals concourse, with descriptions in Chinese, Japanese, Russian and Arabic, the production of the Christmas promotions catalogue in Chinese for the sales and the translation into Chinese of the Malpensa App.

Investments in the Aviation business

The Regulatory Agreement introduced a new regulatory framework, based on clear and transparent rules until the conclusion of the concession – an essential factor for the introduction of fresh investment plans.
In 2013 the SEA Group continued its commitment to infrastructural development in support of the Group development plan.
In particular, at Milan Malpensa Airport the work on the extension of Terminal 1 continued and the third satellite was opened in January 2013, which avails of an area of approx. 35 thousand sq. mtrs. and has a VIP lounge of approx. 1,500 sq. mtrs. and two gates from which passengers can directly and contemporaneously board Airbus A380 aircraft through two linked piers – one to the principal airport bridge and one to the higher bridge. On completion of the works in progress, Milan Malpensa 1 will have at its disposal 128 thousand sq. mtrs. of additional space, of which approx. 67 thousand dedicated to passengers and commercial activities.
During 2013 the works in advance of the preparatory stage of the extension of the Milan Malpensa Cargo terminal were completed; in particular the activities relating to the urbanisation of this new area were completed, which established an adequate access system to the existing network of road links to Milan Malpensa airport. The works on the new apron were completed, involving the building of seven new stands.

In 2013 the final design concerning the new Cargo area warehouse was developed. This building will have an area of approx. 15,000 sq. mtrs. and construction is scheduled to commence in the middle of 2014.
In relation to flight infrastructure, in 2013 an important upgrade of one of the runways at Milan Malpensa was completed. On the principal runway link roads of Malpensa and Linate, a number of plant upgrades are in progress for the implementation of the ASMGCS (Advanced Surface Movement Guidance and Control System) systems, which will enable a clearer indication of paths to be followed by aircraft during the taxiing of aircraft, in addition to an improved use of lights on the taxiing runways, with a consequent reduction in the time in which lights are switched on, limiting therefore light pollution and resulting in energy savings.

Non Aviation

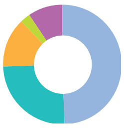
2013 Highlights

Strong retail performance and review of the offer at the three Terminals

Parking: significant web growth, new parking, new promotional and advertising campaigns in support of the new sales channels

Third party handling: full application of the new Regulatory Agreement tariff criteria

2013 consolidated revenues Euro 724,080 thousand (*)



	%
Aviation	49.7
Non Aviation	24.9
Handling	13.2
Energy	2.9
Revenues from application IFRIC 12	9.3

(*) Group consolidated revenues for 2013 are reported net of inter-company eliminations.

Key Results

The Non Aviation segment which, both under direct management and under sub-licensing, offers a wide and segmented range of commercial services for passengers, operators and visitors, in 2013 reports net revenues of Euro 180,588 thousand, growth of 6.8% on 2012.
This performance was principally impacted by parking revenues, which performed particularly strongly (+15.3%), thanks to a commercial drive concerning the B2B and B2C market and also involvement at the major sector trade fairs and a communication plan launched in the general and sector media. The significant improvement in online sales in 2013 (+68.4%) is particularly noted.
Retail revenues also contributed to Non Aviation revenue growth: in particular the shops revenues improved 4.7%, with the food & beverage segment growing 1.6%.

In 2013 advertising revenues decreased 4.3% on 2012, in line with the reduction in outdoor segment investments. 2013 however saw a slight recovery in advertising investment, thanks particularly to the performance of the digital circuit at the two airports and fashion sector investments, which countered the general domestic market.

Commercial performance

Retail revenues

Shops

Despite the recession and the contraction in consumer spending which impacted air traffic at the airports managed by the SEA Group, 2013 returned a strong commercial performance in comparison to 2012.
In 2013, the offer at Terminal 1 Schengen was repositioned with the introduction of the Pinko, Wolford, KIKO, Yamamay, Armani Jeans and Desigual brands. The strategy was quickly rolled out in order to make available a strong and attractive commercial offer also for passengers of the new low cost airlines at the terminal and in order to concentrate all high-end brands in a future "luxury plaza" in the new boarding areas, which will be progressively opened throughout 2014. The Dufrital duty free contribution to shop revenue growth was significant. In the landside area, we highlight the opening of the supermarket Carrefour Express, the first introduction of this type of Supermarket at an Italian airport, ensuring accessibility to an everyday price level food offer.
Important upgrades were made to the commercial gallery at Linate also airside, with in addition the restyling and extension of the Swatch store, the opening of Wolford, in addition to Burberry, managed directly by the english parent company. The reduction in December of the newsstand offer in the Dufry main store in favour of a Victoria's Secret shop is also noted.

CONTENTS

Food&beverage
The performances of MyChef with Briciole and of Autogrill with Burger King at Malpensa Terminal 2 were again strong. In the check-in area at Terminal 1, following the beginning of works in the area for the creation of new security filters, the Sky Lounge Bar of Autogrill was opened and the contract with Autogrill for the management of the food area at the mezzanine of Terminal 1 concluded and contemporaneously design of the new MyChef offer in the same area began. The opening of Caffè Milano introduces significant new food options also at Linate, following the agreement between the Milan Municipality and MyChef Elior which provides for the use of "Milano" formats, logos and merchandising, in addition to the launch of the "Michelangelo" restaurant, named after the chef, featuring many top-class Italian and foreign chefs, with viewable cooking, designer fittings and top level menus.

Car rental
In 2013, the sector was impacted by the general contraction in GDP and business client numbers, in addition to the reduced number of airlines operating from the terminal due to the bankruptcy in recent years of a number of operators. The reduction in arriving passengers at Malpensa Terminal 1 on 2012 was 7.6% and at Linate 2.0%, impacting overall business volumes with a contraction of Euro 0.3 million (-2.1%).

Banking activities
The very strong performance of the tax refund activities by sector Operators both at Malpensa and Linate is noted.

Advertising

Malpensa Terminal 1 was confirmed as a major window for the fashion brands, with a new maxi-screen of approx. 40 sq. mtrs. in HD constructed by IGP Decaux at the check-in floor, in which the most important luxury brands have already invested.

Third party handling revenues

The entry into force from 23/09/2012 of the new ENAC/SEA Regulatory Agreement redefined the tariff structure, introducing new measurement criteria for handlers fees and fixing unitary fee levels for the use of exclusive assets (spaces and desks) assigned to Handling operators (Ramp, Passenger and Supervision/Representation handlers, Refuelling, Catering and Aircraft Maintenance).
For the Refuelling and Catering activities, the Regulatory Agreement establishes for the absorption of the variable fees, previously related to the volume of activities carried out by the Operators (measured respectively in cubic meters of fuel provided and the number of flights assisted) for which only the fixed fees related to the spaces occupied are now recharged, resulting for the entire sector a contraction of Euro 4.2 million (-42.4%) compared to 2012.

Parking revenues

Parking revenues amounted to Euro 52,424 thousand. In December 2013 extraordinary income of Euro 7.3 million was recorded for the compensation to SEA by the Milan Municipality and Società di progetto Consortile per Azioni M4 for the non-availability of 1,200 parking spaces and the redesign of the ground floor layout in the area of the underground pedestrian connection with the metro station. These issues resulted in a positive impact of Euro 5,982 thousand (+12.9% on 2012), against however a contraction in departing passenger traffic of 2.2% at the three terminals.

Investments in the Non Aviation business

In 2013 the SEA Group continued its commitments to the infrastructural development to support the Group strategic development plan (for further information see Aviation – Investments in the Aviation area), and the restyling works at a number of catering spaces continued.

Handling

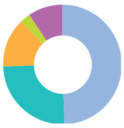
2013 Highlights

Reduction of passengers served: -2.9%

Reduction of movements served: -8.9%

Increase of cargo served: +1.0 % tonnes

2013 consolidated revenues Euro 724,080 thousand (*)



	%
Aviation	49.7
Non Aviation	24.9
Handling	13.2
Energy	2.9
Revenues from application IFRIC 12	9.3

(*) Group consolidated revenues for 2013 are reported net of inter-company eliminations.

2013 Traffic

	Airport system			Milan Malpensa			Milan Linate		
	2013	2012	Cge. %	2013	2012	Cge. %	2013	2012	Cge. %
Passengers served	**18,858,092**	**19,415,140**	**-2.9%**	**13,174,782**	**13,761,278**	**-4.3%**	**5,683,310**	**5,653,862**	**0.5%**
Passenger area market share	70.5%	70.6%		74.1%	75.1%		63.3%	61.6%	
Movements served	**185,875**	**204,093**	**-8.9%**	**114,747**	**124,499**	**-7.8%**	**71,128**	**79,594**	**-10.6%**
Ramp area market share	73.8%	76.5%		71.4%	72.9%		78.1%	82.8%	
Cargo served (tonnes)	**346,593**	**343,124**	**1.0%**	**332,815**	**328,477**	**1.3%**	**13,778**	**14,647**	**-5.9%**
Cargo area market share	79.5%	81.4%		79.0%	80.9%		92.8%	94.4%	

Key Results

The Handling segment, which provides land-side assistance services to aircraft, passengers, luggage, cargo and mail, in 2013 reported net revenues of Euro 95,677 thousand (-10.9% on 2012).

This performance was impacted by the reduction in income from ordinary handling activities (movements served -8.9%, related to the stoppage or reduction of activities by a number of airlines at both airports).

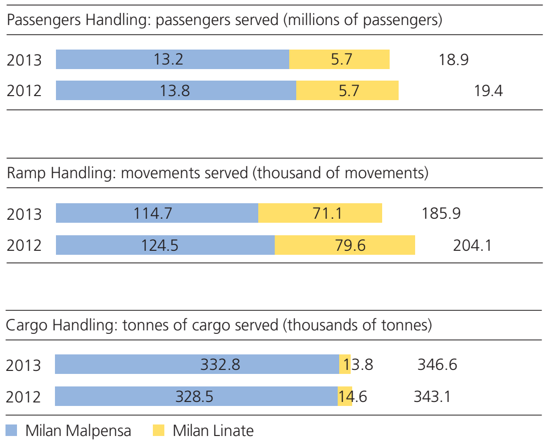
Handling performance

In 2013 SEA Handling managed the ramp, passenger and cargo handling amid a difficult market, with high levels of competition, significant price pressures and increasingly challenging demands from airlines.

The areas of activity reported the following performances:

- for the passenger area, a decrease of approx. 0.6 million units (-2.9%) was reported on the previous year, entirely relating to Malpensa and in particular the significant contraction both of the Alitalia Group (approx. -0.8 million passengers, -36%) and the Meridiana fly Group (approx. -0.12 million passengers, -26.4%), in addition to the stoppage of operations by Wind Jet (approx. -0.11 million) and Jet Airways (approx. -0.12 million passengers), although not offset by the significant increases by airlines such as easyJet (approx. +0.4 million), Wizz Air (+0.11 million passengers) and the new client El Al from March 2013 (approx. +0.12 million passengers previously served by another handler);
- for the ramp area, traffic contracted with an approx. 8.9% reduction in total movement served (approx. 18,200 movements), partly at Linate (approx. -8,500 movements, -10.6%) and partly at Malpensa approx. -9,700 movements, -7.8%);

- in the cargo segment, whose activities are concentrated at Malpensa Airport where the company provides cargo unloading and loading services to nearly all of the cargo airlines at the terminal, a turnaround performance was reported with a System level increase of 1%. The strong performance of the all-cargo airlines such as Cargolux (+9.7%), Qatar (+49.2%) and AirBridgeCargo (+60.9%), contributed to this performance, while a number of the Far Eastern airlines still appear to be in crisis, in particular China Cargo (-79.9%) and Korean (-18%).



Commercial strategy

In 2013 SEA Handling presented to the market a high quality service offer, particularly targeting the separate customer segments, in order to maintain and – where possible increase – the market share served at the airports managed by the SEA Group, ensuring its place as the leading handler.
In particular, the Company confirmed its ability to offer airlines a wide variety of services, including both full handling and partial handling services and ad hoc services to satisfy airline demands, specialising in ramp activities dedicated to all-cargo airlines which require particular levels of quality in terms of dedicated personnel and plant utilised.
These objectives were achieved through the updating of managers' skill-sets and the maintenance of quality certifications which are testament to the high quality level of services provided.

Quality of Services

Milan Malpensa

The provision of services satisfying the wide range of needs of airlines allowed SEA Handling to guarantee its clients a high level of punctuality, with 99.9% of flights departing on time or with a maximum delay of 15 minutes, both at Terminal 1 and Terminal 2, and entirely relating to the quality of service.

The focus on client service and the improvement actions undertaken had positive repercussions for arriving baggage delivery times, with the delivery of the first bag within 27 minutes for 98.1% of flights at Milan Malpensa 1 and within 26 minutes for 95.7% of flights at Milan Malpensa 2, reaching the highest levels indicated in the Services Charter (that 90% of bags are delivered within these time limits).

In 2013, the number of misdirected bags, due to the fault of SEA Handling, totalled: for Milan Malpensa Terminal 1, 1.0 bags for every one thousand departing passengers and for Milan Malpensa Terminal 2 0.3 bags for every one thousand departing passengers, both improving on the previous year.

Milan Linate

In 2013, SEA Handling at Milan Linate confirmed the high level of punctuality achieved in the previous year with 99.9% of flights served on time or with a maximum delay of 15 minutes, entirely relating to the high level of service provided.

The arriving baggage delivery times were principally in line with the previous year, with the first bag delivered within 18 minutes for 95.7% of flights, reaching therefore the very high standard levels set by the Linate Services Charter (90% of bags must be delivered within this time limit).

The number of misdirected bags, due to the fault of SEA Handling, was 1.6 bags for every 1,000 departing passengers, improving on 2012.

Going concern

As noted, the handling activities at Milan Linate and Milan Malpensa are managed by the subsidiary SEA Handling SpA.
In relation to this subsidiary, the imminent opening of a liquidation procedure – attributable to *(i)* the insufficient capitalisation of the Company which, on the basis of forecasts the net equity at December 31, 2013 would erode in the second half of 2014 and therefore fall within the scope of Article 2447 of the Civil Code, in addition to *(ii)* the implementation of the strategic guidelines of the permanent involvement of SEA in the management of the handling activities at the airports of Milan Linate and Malpensa which would permit execution of the EU Commission Decision of December 19, 2012 to cease the practice of covering the losses of the company by SEA, considered by the Commission to be harmful to competition – results in the non-applicability of the going concern principle.
The Financial Statements at December 31, 2013 of the subsidiary were therefore prepared on the "going concern principle", considering however the proposed stoppage of activities and therefore the effects that the proposed liquidation of SEA Handling SpA would have on the balance sheet and the recoverable value of assets.
The application of this principle, given the type of assets recorded in the Consolidated Balance Sheet, did not require adjustments to the ordinary recoverability valuation processes of tangible fixed assets and of receivables.

In relation to the overall liquidation charges – as described in greater detail in the explanatory note to the account "Investments in subsidiaries" of the Separate Financial Statements and "Provisions" of the Consolidated Financial Statements – the impossibility and uncertainty on the quantification of the above-stated charges at the reporting and approval date of the Separate and Consolidated Financial Statements of SEA, resulted in the non-recording of a write-down of the investment or any provision for risks and charges, respectively in the Separate Financial Statements and in the Consolidated Financial Statements at December 31, 2013, in application of IAS 37.

On the other hand, to permit the completion of the liquidation, SEA undertook on March 24, 2014 the irrevocable commitment to financially support SEA Handling SpA against liquidation costs, both in the event of a liquidation in line with that considered to date and in the event of a differing solution no yet known within the scope of the negotiations with the Commission.

In particular, within the irrevocable commitment undertaken by SEA on March 24, 2014 to guarantee the solvent liquidation of the Company, it is established that where the current process proposed by the Commission is not approved:

- SEA will vote without delay at an Extraordinary Shareholders' Meeting of the Company, on the request of the Board of Directors, to put the company into voluntary liquidation, under a programme to be prepared by the appointed liquidator, which will establish, among other issues, the minimisation of liquidation costs through social security provisions and the mobility procedures, guaranteeing the full coverage of a charge up to that defined by and not beyond March 31, 2014, on the basis of an updated liquidation plan;
- SEA, in the exercise of its prerogatives, as a directing and coordinating shareholder, may however request the preparation of an alternative liquidation plan under which corporate activities would continue temporarily in order to avoid the irreversible damage from an abrupt, total or partial, interruption to handling services at the Linate and Malpensa airports. In this case, SEA would however be committed to ensuring the solvent liquidation of SEA Handling, in addition to the completion cost of this alternative liquidation plan (with the consequent obligation to provide the necessary financial and capital support to SEA Handling).

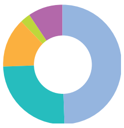
Energy

2013 Highlights

Decrease in electricity sales to third parties: -45.8%

Increase in thermal energy sales to third parties: +7.0%

2013 consolidated revenues Euro 724,080 thousand (*)



	%
Aviation	49.7
Non Aviation	24.9
Handling	13.2
Energy	2.9
Revenues from application IFRIC 12	9.3

(*) Group consolidated revenues in 2013 are reported net of inter-company eliminations.

Key Results

In 2013, the Energy business (production and sale of electric and thermal energy) reported net revenues of Euro 21,107 thousand (-40.4% on 2012).
In particular, electricity sales to third parties decreased 45.8%: the reduction in the quantity sold exclusively concerns the combined effect of lower Electricity Exchange sales prices against a decrease in a cost of methane (-3.7% on 2012) which, not providing sufficient remuneration, resulted in the subsidiary SEA Energia reducing its surplus to own needs production. The quantity of electricity sold through the Electricity Exchange therefore decreased 34.9% to 24.8 million kWh.
Revenues from the sale of thermal energy to third parties increased 7%.

Production and Sale of Energy

Electricity

In 2013, electricity production for sale decreased 16.2% (-70.7 million kWh) compared to 2012, amounting to 365.7 million kWh. The reduction follows a decrease in electricity sales to third parties (-75.7 million kWh), only in part offset by a slight increase in the amount of energy required by SEA (+5 million kWh).

Thermal energy

In 2013, electricity production increased by 3.6% on 2012 (+12.1 million kWh) to 344.8 million kWh – of which over 85% serving the needs of Linate and Malpensa airports.
This increase was supported by increased thermal energy demand following the harsh climatic conditions in the first months of 2013, resulting in increased heating needs. The increase supported also the growth in thermal energy sold for district heating for the Milan Santa Giulia area, produced by the Milan Linate station.

Green Certificates

Also in 2013 the subsidiary SEA Energia, at the production site of Linate and thanks to the co-generative production of thermal energy for heating in the locality of Santa Giulia and the airport, again fulfilled the requirements to obtain green certificates. Therefore, 45,604 green certificates will be applied for from the Electricity Service Operator.
The surplus requirement will be purchased directly from the Energy Service Operator.

CO_2 Emissions

For 2013, the overall production of CO_2 by the Company amounted to 192,581 tonnes, of which 140,865 tonnes generated by the Malpensa station and

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51,716 tonnes produced by the Linate plant.
The subsidiary SEA Energia in 2013 produced, on its own account, 6,887 tonnes of CO_2. In addition, with Resolution no. 29/2013 of the National Committee for the implementation of Directive 2003/87/EC, 46,738 quotas of CO_2 will be allocated freely for Malpensa and 13,301 for Linate. Therefore, to offset the Ministry of Environment for the 192,581 tonnes produced, 125,655 CO_2 quotas must be purchased on the market.

White Certificates

For the co-generation production in 2012 at the Malpensa station, the Electricity Service Operator recognised 6,883 white certificates, of which 4,014 combined cycle 1 (CC1) and 2,869 combined cycle 2 (CC2).
For the co-generation production in 2013 at the Malpensa station, the Electricity Service Operator will request 6,339 white certificates, of which 4,681 combined cycle 1 (CC1) and 1,658 combined cycle 2 (CC2).

Investments in the Energy Business

In 2013, in order to further improve environmental standards, the quality of service, in addition to safety standards, the Group's commitment to infrastructural development continued.
At the Malpensa station, the replacement of the UPS emergency groups was carried out and initiated. The revamping of 2 evaporative towers was concluded, allowing an optimal configuration of the productive plant. The entire sets of batteries at the high tension cabin were replaced (132 kV). The servo-motors of the boiler shutters were replaced and an important upgrade of the DCS (Direct Control System) of the station was carried out.

At the Linate station, a project for the implementation of the productive process optimisation system of the station began, which will allow, through an improved configuration of the productive plant, the maximisation of profits generated from electricity sales through the Electricity Exchange.

Corporate
Social Responsibility

The SEA Group Sustainable Development Policy

Strategy

The SEA Group strategy in relation to sustainable development and the effective management of stakeholder relations is based on the sustainable creation of value principles, considered from a number of fronts (economic, environmental, social) with a view to strengthening synergies between the three components.

The SEA Group therefore draws up its strategies in such a manner that the resources, actions and instruments deployed in the social and environmental areas are in the form of investments, which can therefore support the proper management of company risk and the growth of the Group.

In 2013, the drawing up of the "Sustainability Vision" of SEA continued, which will establish an agenda of strategic objectives, policies, instruments and resources, through which the business objectives will be linked with sustainability issues.
The wide variety of situations in which dialogue takes place between the company and stakeholders on projects and visions concerning important capital development requires the institution of a new approach, more open and increasingly facilitating dialogue.
The SEA Group is, together with Fraport and Monaco, the only private airport management company in Europe to receive the highest compliance level (A+) of the international GRI standard for their sustainability reports.
Stakeholder management concerns the logical and natural conclusion of such reporting excellence, which is not viewed as the goal, but rather the starting point for a truly accountable enterprise.
The objective is to establish the "tangibility" of the SEA sustainability policies, with an indication of the remit of action which, in satisfying the expectations of key stakeholders, promotes the competitive strategies of SEA.

The building of the "Sustainability Vision" in 2013 was informed by a stakeholder survey conducted by the specialised institute SWG in the May-June period.
The survey concerned 111 individuals, of which 80 external stakeholders and 31 SEA managers (14 SEA senior managers and 17 middle managers).
The items surveyed totalled 45, classified into 4 categories, corresponding to the medium-term business challenges for SEA.
Both the stakeholders and SEA management evaluated all items according to two impact aspects: evaluation of importance according to their expectations and evaluation of the utility/suitability in terms of the business challenges of SEA.
In relation to the increase of the medium-term capacity of Malpensa airport, stakeholders expressed an evaluation on 14 items which concern the management of relations with the region, environmental parameters, relations with the supply chain and socio-economic impacts.

In relation to the proactive management and extensively managed areas of the Regulatory Agreement, the stakeholders evaluated 12 items concerning: management of relations with airlines, environmental impact of airport activities, quality of services to passengers and organisational aspects.
11 items however related to the pursuit of operating efficiency, which stakeholders considered, broken down into the following categories: strategic supply chain management, improvement of workplace productivity and management of the soft organisational variables.
The business challenge concerning innovation was subject to evaluation by the stakeholders through 8 items, concerning: the adoption of a "knowledge intensive" business model, initiatives to improve the customer experience and those to acquire a global vision of the business environment.
In 2014 the process will be brought to a conclusion which will result in the construction of a multi-dimensional profile (including also environmental, social and relational effects) of the value which SEA wishes to generate through implementation of the new 2014-2020 Strategic Plan.
The Multi-Stakeholder Workshop which will be introduced in 2014 represents a laboratory in which the key questions around which the Sustainability Vision of the SEA Group will be constructed can be teased out, comprising a central plank of the Strategic Plan.

The "Social" dimension

The SEA Group has undertaken a specific policy in relation to "corporate citizenship", through which it defines its social investment strategies according to the criteria of cohesiveness, efficacy, impact measurability and compliance with the corporate business profile.
Based on these considerations, the Group continued the international cooperation initiatives in Kenya and Malawi through Cesvi and COOPI (Non-Governmental Organisations), respectively dedicated to the eradication of child labour and access to renewable energy in rural areas.
In relation to the "Energy facilities" project in Malawi, during the year an agreement was reached with COOPI for the involvement of a research team from the Energy Department of the Milan Polytechnic to carry out a monitoring and evaluation of the economic, environmental and social impacts of the project.
The "English takes off from MXP project" also continued which involves the early learning of the English language by all students at primary schools in the region surrounding the airport, establishing a high standard of linguistic skills in school students to establish in the long-term favourable conditions for career development of future citizens, providing them with a high level of English language knowledge.

The "Environmental" dimension

The SEA Group is strongly committed to providing quality services in respect and protection of the environment, based on the following principles:

- Extensive compliance with regulatory requirements.
- An ongoing commitment to improving the environmental and energy performance.
- Education and involvement of all actors involved in the airport system for a commitment towards respecting and protecting our common environmental heritage.
- Priority given to the purchase of products and services which adopt similar environmental sustainability parameters, with particular attention to energy saving, the reduction of atmospheric and noise emissions and water conservation.
- Identification of sources and controls of CO_2 emissions produced, both direct and indirect, through the involvement of the stakeholders, in order to reduce greenhouse gas emissions in line with the Kyoto protocol.
- Continual monitoring and verification of processes related to the energy, atmospheric emissions, noise emissions and water cycle aspects and in general the various issues which feature in the interaction with the ecosystem.
- Highly developed system of listening and communication with a wide range of external actors to ensure transparency and sharing.

The Environmental System and the Energy Management System are periodically subject to internal and external checks. The Group is committed to circulating among stakeholders detailed reports concerning the environmental and energy processes at the Milan airports, within a policy of progressive improvement concerning the governance of the ecological-environmental and energy-based phenomenon relating to the Group activities and within a framework which strives to achieve a maximum level of sustainability.

A focus on maximising integration between the environmental aspect and airport operational safety has resulted in the fruitful usage of the Safety Committee which, with the involvement of all operating parties (airlines and institutional bodies), pursues the integration objectives between the operational size and airport safety and the reduction of negative repercussions on the environment.
The introduction of the Group environmental policy is based on the commitment to a dedicated structure which ensures maximum attention to the principal strategic aspects and the operating implications, in addition to guaranteeing the daily inter-departmental involvement of all organisational units whose activities have a direct or indirect impact on the reaching of the environmental objectives.
The specific units of the Environment and Airport Safety department systematically collate a series of environmental indicators, a number of which also within the Regulatory Agreement with ENAC, with particularly significant tariff implications, contributing therefore to the reaching of the corporate financial result objectives.

Under this policy, since 2004, an Environmental Management System was implemented, which in 2006 achieved the ISO 14001 Certification, which was reconfirmed in 2009 and in 2012 for the subsequent three-year period.
The procedures and operating instructions involved in this system allow an effective management and monitoring of the environmental processes, in addition to the identification of areas for improvement within SEA Group activities.

With a view to a constant and close monitoring of the environmental impact of its activities, the SEA Group works together with a number of external bodies with environmental and regional responsibilities.
The range of environmental aspects managed is particularly extensive: water, air, electromagnetic fields, climate change, energy, waste and noise.

The extensive experience gained since 1998 from the setting up of SEA Energia and its co-generation plant (re-generation) resulted in the formal consolidation in October 2013 of the Energy Management System of SEA and it ISO 50001 certification by CertiQuality.
The management of SEA Group energy consumption is based on the following principles:
- energy must be produced in respect and protection of the environment;
- the reduction of the environmental impact and the improvement of the environmental aspects are factors considered in the drawing up of business strategies, also in relation to infrastructural development;
- the awareness of employees, partners, suppliers, contractors and stakeholders on the environmental impacts of their activities is a central concern for the improvement of the environmental performance at both airports.

The System provides for the setting up of the Energy Team and, for the integrated management of the more specific technical aspects, a Technical Group involving all departments most directly involved in the various aspects, from design to implementation, to maintenance, in addition to the Environment Management structure, ensuring the necessary collective vision in terms of processes and therefore the identification of the best actions to be taken.

Climate change, air protection, and energy consumption

In relation to "Climate Change", the reaching of Level 3+ "neutrality" was confirmed within the ACI EUROPE Airport Carbon Accreditation initiative in 2013, repeating as part of the voluntary reduction of CO_2 emissions the results achieved over the last 4 years, achieving absolute leadership in Italy and placing SEA among the leading "neutral" European airport management companies (since 2010).
The efforts made by all sectors towards CO_2 emission reduction was favourably endorsed by the EEA (European Environment Agency, the European Agency which provides independent environmental data); the latest data highlights a significant reduction in the total quantity of emissions (more than 18%) compared to the base year (1990). The portion attributable to the Aviation sector continues to be minimal (less than 2%) of global CO_2 emissions.
The SEA Group has maintained over the last 4 years a strong commitment to the reduction of these emissions both directly and through contributing to initiatives carried out by other parties which operate in close contact with the airport market (ENAV-National Flight Assistance Body primarily, with the Flight Efficiency Plan (FEP), a long-term intervention plan which, through optimising the ATM network structure allows a reduction in flight times, carbon consumption and emissions of carbon dioxide by aircrafts).

Airport Carbon Accreditation and Carbon Neutrality of the Milan Airports

The SEA Group in relation to CO_2 emissions has acted effectively in reducing emissions and in particular those from activities under its direct control or in which significant influence is exercised (scope 1 and 2). In 2013, the leadership position in Europe was confirmed for the 5th consecutive year (in 2009 at Optimisation level and since 2010 at Level 3+ "neutrality") for both airports of Linate and Malpensa.
In 2009, ACI Europe (Airport Council International), to promote a concrete contribution by airports in the fight against climate change, launched the Airport Carbon Accreditation initiative which concerns the voluntary involvement of the major European airport operators. The initiative is based on the introduction of a series of actions for the control and reduction of direct and indirect CO_2 emissions by airport managers, transport operators, airlines and all those operating within the airport system.

The Airport Carbon Accreditation offers four possible levels for accreditation:
- Mapping – checking of emissions under the direct control of the airport manager (scope 1 and scope 2 application field);
- Reduction – in addition to the level 1 (Mapping) requirements, creation of a plan designed to reduce emissions, focused on the continual minimisation of emission levels (scope 1 and scope 2 application field);
- Optimisation – in addition to the level 1 (Mapping) and 2 (Reduction) levels, the calculation of the airport emissions of the stakeholders and their involvement in the drawing up of an action plan (scope 3);
- Neutrality – in addition to levels 1, 2 and 3, the reaching of the "Carbon Neutrality" objective for emissions, under the direct control of the airport manager (scope 1 and scope 2 application fields), through the acquisition of offsets.

The results compared to the previous three-year period were as follows:

Reduction of CO_2 emissions compared to the average of the three-year period

	SCOPE 1+2	SCOPE 3
Linate	-11.3%	-0.3%
Malpensa	-1.1%	-21.1%

Scope 1 – Direct emissions – Emissions associated with sources owned or under the control of the company.
Scope 2 – Indirect emissions – Emissions related to the generation of electric or thermal energy acquired or consumed by the company, which is physically dispersed by companies within the corporate scope.
Scope 3 – Other indirect emissions (Optional) – Other indirect emissions related to activities, which are however produced by sources not belonging to or not controlled by the company.
The two Group airports are "neutral", therefore against direct emissions and those in relation to which SEA may have an ascertainable influence (so-called "scope 1 and scope 2"), carbon credits were acquired corresponding to the tonnes of CO_2 emitted in the year. Specifically, for Linate 15,691.51 tonnes of CO_2 were neutralised and for Malpensa 44,784.52 tonnes of CO_2.
The type of carbon credits acquired were Green CER's (Certified Emissions Reductions). The market performance, together with the saving action in the year, enabled the spending of Euro 39,916.80 for the neutralisation of both airports (compared to expenses of Euro 93,843 incurred for neutralisation in 2012), with a total saving of Euro 53,926.2 (57.4%).
The certification on CO_2 emissions within the international initiative promoted by ACI Europe was carried out at a national level by TUV Italia and at a European level by WSB, an international company with head office in London, chosen by ACI Europe as the technical-scientific reference point of the initiative.
The increase in Malpensa airport volumes will necessitate a cost review of the manner and participation criteria for Airport Carbon Accreditation in 2014.

Air quality

In order to ensure high air quality standards, the SEA Group monitors the pollution data at both airports and produces monthly reports based on the daily recordings carried out by ARPA Lombardy through a number of control stations in the region. For the Malpensa area, the data from the 3 control stations in the immediate vicinity of the airport are collated (Ferno, Lonate Pozzolo, Somma Lombardo) and from the other control stations located in urban areas (Busto Arsizio, Gallarate, Varese), and also for Linate Airport the data of the control stations collected in the immediate vicinity are considered (Limito-Pioltello and Milan-Parco Lambro), in addition to other control stations in urban areas (Milan-Città Studi, Milan-Marche, Monza, Vimercate).

Production and consumption of energy

The principle energy sources used by the Group for airport activities are electric energy and thermal energy: the Milan Malpensa and Milan Linate Airports are supplied by two co-generation stations owned by the subsidiary SEA Energia. Both plants use natural gas as the principal fuel, reducing to a minimum sulphur dioxide, dust and carbon dioxide emissions and volatile organic components. At like-for-like energy used in fact, carbon dioxide produced by natural gas is reduced by 25-30% compared to that produced by oil and 40-50% lower than coal. Nitrogen dioxide emissions are also lower than those produced by coal and combustible liquids.

Energy Saving strategies

From 2006, at the two airports of Linate and Malpensa, a systematic energy saving action was conducted, which achieved particularly strong results. SEA essentially took actions in the areas of lighting and air conditioning at the terminals, the operational areas, the buildings and the individual technical rooms.
The lighting actions concerned both technological, with the replacement of internal and external lights, and operational improvements (aligning the lighting profiles with the effective usages of the individual zones) and the effect of the action at Malpensa was such as to attain from ENAC authorisation (through specific Risk Assessment) of the switching-off of unutilised runway lights during the hours of darkness together with the operational structure in place also in relation to anti-noise concerns. These actions resulted in total savings between 2009 and 2012 (compared to 2008) of over 82,800 MWh, corresponding to lower atmospheric emissions of 33,000 tonnes of CO_2.
SEA has created a specific Energy Management System and attained ISO 50001 certification in October 2013.
The company drew up a specific project concerning the attainment of Energy Efficiency Securities (EES – Point Certificates) concerning the energy saving actions, completed in 2013, for the air-side lighting systems (light towers) and landside (streets and parking) at Malpensa and landside at Linate. The process formally began with the presentation of documents required on 31.12.2013. The final amount will be communicated by the Energy Service Operator and is estimated at income of approx. Euro 800,000 potentially over 5 years.

Waste management

In 2013, the SEA Group confirmed its commitment to separated collection of waste produced at the Milan Malpensa and Milan Linate airports.
The activities were effectively structured and confirmed the strong relations with the regional bodies which govern the issue. The total quantity of municipal solid waste managed at the two airports amounted to 5,075 tonnes at Malpensa and 2,128 tonnes at Linate. Overall, at the two airports approx. 700 tonnes of differing types of special waste were treated (hazardous and non-hazardous).
At both airports separated waste collection of significant volumes is practiced (48% at Linate and 34% at Malpensa), according to the classifications outlined by Legislative Decree 152/2006 and subsequent amendments, such as Legislative Decree no. 205 of 03.12.2012. In 2013, the conditions for the correct operation of the SISTRI system (waste traceability control system) were implemented – recently operational at both airports.

Water

In the industrialised countries, policies focused on reducing the water footprint are being extensively developed in line with the needs for an overall and effective quality and quantity management of water, which is at the centre of the protection and undertaking of sustainable development criteria.
The airports of the SEA Group independently procure their water needs and ensure all necessary controls to distribute optimal quality water for the range of uses within the airports, in the technical rooms and on aircraft. Attention is now focused on reducing consumption and improving management, in addition to projects for the reuse of meteorological water.
In relation to the disposal of sewage, both terminals managed by the SEA Group are fitted with a sewage system linked to the purification plant of San Antonino, for Milan Malpensa, and at Peschiera Borromeo for Milan Linate. In relation to rain water, at both airports this is treated with oil-water separation plant (oil extraction) before disposal.

Noise

The noise pollution monitoring networks at Linate and Malpensa comfortably satisfy the performances required by the ENAC Regulatory Agreement (a 92% of up-time with high correlation with radar traces) and provide a systematic confirmation of aircraft noise pollution values (information confirmed by the region, in addition to the institutional bodies). Currently 22 fixed stations are in place (16 at Malpensa and 6 at Linate) and 5 mobile stations. ARPA Lombardia ensures a systematic control of the monitoring quality. The types of measurement stations within the region are those established by regional legislation. In this area, an important partnership with the Bicocca University is in place.
The Airport Commission of Linate airport, overseen by ENAC, approved in 2009 the noise zoning of the areas surrounding the airport, while at the Malpensa Airport Commission the regional bodies have not yet reached a sufficient level of agreement for approval. At Malpensa airport, actions for the optimisation of air traffic management were introduced, establishing advantages also for the localities of west Ticino. The continual technological evolution of aircraft guarantees, in addition, a decreasing environmental impact both in terms of noise pollution and emissions.

International partnerships

The SEA Group has always considered the maintenance of strong relationships at international level as fundamental.
Within the Seventh Framework Programme of the European Commission, the two European research projects CASCADE and S4ECoB concerning energy issues are proceeding well:

- CASCADE project (Malpensa focus – project beginning October 2011) – Use of government/-control mechanisms of technical systems/sensors and relative software application developments for achievement of significant energy savings. The project involves the use of the satellite B of Malpensa Airport as a test area (comparing it with satellite A), with the objective to improve the functioning cycles of the temperature control machines and the equipment regulation processes.
- S4ECoB Project (Linate focus – beginning October 2011) – The project continues its sequence of activities. Development of a platform which integrates, within the public infrastructure environment, the existing heating, ventilation, air-conditioning and lighting systems, in order to improve energy efficiency and reduce consumption, guaranteeing, in addition, optimal safety/security and comfort conditions.

Two new three-year projects were also introduced, focused, respectively on energy/smart grid distribution and the advanced management of water resources:

- DREAM – ICT for Energy-efficient Buildings and Spaces of Public Use – which proposes to strengthen the efficiency and the electricity distribution network through the development of a new operating and control approach, with the introduction of simulation functionality in support of the decision-making process and small scale real scenario tests.
- WATERNOMICS – ICT for Water Resource Management. The objective of the WATERNOMICS project (which will be operational in 2014) is to provide information in real time on the consumption and availability of water, to improve the quality of decisions in relation to the management and control of water and to increase the awareness of end-users in relation to this important natural resource.

Quality of Services and Airport Safety

Customer Care

The SEA Group, always keenly aware of the opinion of its users – passengers, accompanying persons, visitors and employees – continued in 2013 to implement a monitoring and improvement policy of the quality level of services offered to the various parties which interact with the Group. The improvement of the Passenger Experience is assuming an increasingly significant role across the airport industry, in that Quality Perception, which is the principal measurement, is recognised as an essential element to support business profitability levels.

Although difficult to define, the existence of a link between Aviation or Non Aviation revenues and passenger satisfaction, measured in terms of perceived quality, is a concept shared by the major airport management companies. A passenger satisfied with their Passenger Experience is more likely to purchase that on offer at the airport, such as airport services and commercial offers. With other conditions remaining equal, an airport appreciated by its users encourages airlines to further develop their traffic.

The SEA Group has introduced, looking to European best practice, an approach which identifies and intervenes on the more crucial aspects in terms of passenger expectations.
The Customer Satisfaction analysis of the services provided at the airports managed by SEA in 2013, conducted by a leading Market Research Institute, highlights a significant growth in overall passenger satisfaction (also in the latest available figures of November more than 80% satisfied with the services received) at Malpensa Terminal 1 and at Linate, and strengthens the overall result of the system which reached a good level. In particular, at Malpensa Terminal 1, passengers positively evaluated the infrastructural actions on elevators and, analysing the specific data of those departing from the new Satellite North, approved of the new architectural choices introduced to the new infrastructure. At Linate, the best overall opinion for the last five years was reported; the impact from the restructuring of the check-in and arrivals area was evident, in addition to the approval of the updated retail and food&beverage commercial offer. This aspect received strong reviews also at Malpensa Terminal 1.

Quality of airport services provided: European context and positioning of our airports

The punctuality data collated confidentially by the members of the EAPN (European Airport Punctuality Network) working group of both arriving and departing flights (updated figures to November 2013) reports levels in line with the 2012 averages, with significant volatility however in the months of March and June. Adverse atmospheric phenomena and ATC personnel strike in France affected the performance of the European airports in these months of 2013. Approx. 83% of flights departed on time with slightly under 84% of arrivals on time at the airports considered. The performance again highlights a general difficulty in recovering arrival delays, particularly in the second half of the year. The airports which have greatest difficulty in this area were reconfirmed as the mid-sized hubs, which transit 25/40 million passengers per year (such as Munich, Fiumicino and Barcelona).
Linate, with over 90% of on time departing flights, consolidated its excellent position among European airports, outperforming also Oslo, Stockholm and Munich, and without a doubt the best of the group of airports with traffic in the 5/15 million passengers per year range, which includes Bologna, Budapest, Ciampino, Geneva, London Luton and Varsavia.
Malpensa, which maintains at around 85%, is in line with the average of European airports of similar size (including Vienna, Athens, Zurich and Düsseldorf), while outperforming Rome Fiumicino.

Passenger services

Among the initiatives put in place to assist passengers particularly in unforeseen circumstances, the Contingency Plan is highlighted (already in its fourth edition), which SEA as the Airport Manager applies where the punctuality of airports has been significantly compromised. The European Commission has established that, with the review in progress of the passenger rights regulation (European Regulation 261/2004), Contingency plans will be obligatory for airports with traffic greater than 3/5 million passengers per year. From this point of view Milan has achieved a best practice which was taken as a benchmark together with the models introduced by Munich, London, Paris and Amsterdam, putting the SEA Group at the cutting-edge of the European airports in this regard.
From October 2012, a Twitter service was introduced as a further communication channel available to our passengers, which responds to the Customer Care front line operators. This provides a quick contact instrument which passengers utilise both to receive information on the time of their flight and to receive more general news such as the situation at our airports in the case of strikes or weather/other events, both affecting Malpensa and Linate and in other regions which may generate air traffic problems. The Customer Service via Twitter received recognition in 2011 for the best response times in the airport industry globally (source Socialbakers – www.socialbakers.com)

The technological support platform to manage relations with customers/passengers formed part of the SEA Group on-line strategy. The registration of new users is progressing strongly (now exceeding 700,000) on the CRM SEA system, particularly supported by the new WIFI system and by e-commerce. From an operational viewpoint, from this year the call centre offers immediate assistance services to SEA customers who have purchased online, thanks to the possibility to visualise the transactions made.

Information screen system

At the end of December 2013, 2 pilot edition virtual desks were positioned and installed: one at Malpensa T1, at the Northern satellite and the other at Linate, in the arrivals area.

The system establishes information screens at airports, through multimedia kiosks with 2 monitors, vertical where the Customer Care operator appears and horizontal as touch screens utilised by passengers to begin a call with an assistant; the kiosks are remotely managed by back office stations overseen by appropriately trained personnel.

This interactive tool (which allows dialogue between the assistant and the customer), permits also the operator to receive a document which the passenger wishes to show: the technology installed allows in fact the operator to read the document from their remote work station (for example a boarding card) through a camera; where needed a copy may be reprinted for the passenger once the points which the passenger wishes to highlight are marked (for example, circling the indication of the gate).

Both these objectives fall within the overall improvement of the service, for which the project described above provides for the positioning of a further 4 stations by March 2014 and a further 6 by the end of 2014.

The Safety Management System

Following the publication of the Regional Agreement on Workplace Safety Training, in close collaboration with the Human Resources and Organisation Department, the training plan for SEA Group employees was completed, also concerning Departmental Managers and Senior Management, in line with the manners contained in the application guidelines to the Agreement.

In 2013, the Group maintained the certification of its Workplace Health and Safety Management System, issued in 2012 by TÜV Italia – Accredia in line with the BS OHSAS 18001/2007 regulation, as established by Article 30 of Legislative Decree 81/08 for effective organisational models in line with Legislative Decree 231/2001.

During the year, the Internal Audit Plan was implemented, through an analysis process on 23 company areas. In order to ensure legal compliance and the continual improvement of the certification of its Workplace Health and Safety Management System, for each audited area a follow up activity was planned which involves 6 OHSAS 18001 internal auditors, on a bi-monthly basis to verify the corrective actions/preventative measures identified and their state of advancement.

In April and October 2013 the scheduled surveillance checks by TÜV Italia were also carried out, which involved all operational units for a total of 8 on-site audit days, with a positive result.

The scheduled emergency and evacuation procedures were carried out at both company airports; the exercises were successfully carried out both from an operational viewpoint and in terms of the measures introduced to date. With a view to the continual improvement of the operational procedures, the Emergency and Evacuation Plan at the Terminals of Linate and Malpensa were also updated.

In terms of fire protection, training was carried out at Malpensa, with certification by FB for Group employees involved in the Management of Fire Emergencies. In addition, specific theoretical-practical updating courses were introduced for personnel already receiving fire prevention certifications in the last three years.

The internal staff for the Prevention and Protection Service updated the Risk Evaluation Documents through:

- the updating of the risk evaluation of the subsidiary SEA Handling and the relative techniques, for both airports, alligning such with the standard prepared for the parent company SEA, already OHSAS 18001 certified;
- the updating of the risk evaluation concerning exposure to chemical agents for all Group activities at the Linate and Malpensa airports, according to the recent Guidelines of the Permanent Consultative Commission for Workplace Health and Safety of November 2012, concerning both health and worker safety risks;
- the evaluation of risks related to the use of specialised equipment with the implementation/review of the consequent safe usage regulations/procedures.

Workplace health and safety

In 2013 the SEA Group confirmed its commitment to workplace safety with a view to continual improvement of health and safety conditions of activities carried out within the airport, also through the promotion of a culture based on increased awareness and involvement of all parties, at all levels, on prevention issues.

In collaboration with qualified radiological protection experts, the monitoring activity in protection of workers safety continued, through specific environmental and personal dosimeters of ionised radiation, related to the transit of radioactive packages within the airports and the use of x-ray equipment.

The sanitary oversight activities of SEA SpA and SEA Handling SpA workers exposed to particular health risks continued with the carrying out of 880 visits by 5 Qualified Doctors.

In order to offset the risks related to the use of equipment and machines introduced to support workplace activities, the preventative evaluation and analysis on their acquisition continued, carried out within the internal testing commission which the Prevention and Protection Service participates, both for SEA SpA and SEA Handling SpA.

The verification of the upgrading and alignments to new technologies (4G-LTE) projects continued of mobile telephone plant at the company airports, in order to ensure that the electromagnetic emissions produced comply with the regulatory limits for the protection of employee, operator and passenger health.

The maintenance of the certification according to the BS OHSAS 18001/2007 regulation will allow also the SEA Group this year to reduce the annual INAIL insurance premium.

The accident statistics confirm a continually reducing trend in place for many years, reporting also in 2013 an overall reduction in the number of accidents for SEA SpA and SEA Handling SpA of approx. 6.5% compared to 2012.

Human Resource Management

Human resources

Personnel (average)

Workforce

At December 31, 2013, SEA Group employees numbered 4,986, decreasing by 68 on the end of 2012 (-1.3%). The overall Headcount Equivalent in the period January-December 2013 compared to the full year 2012 reduced by 105 from 4,854 to 4,749 (-2.2%). During the period the Extraordinary Temporary Lay-Off Scheme was utilised by SEA SpA and SEA Handling SpA. This instrument was used by office and airport staff departments in a targeted manner: the Extraordinary Temporary Lay-Off Scheme was operated based on traffic developments. The overall Scheme hours totalled approx. 828 thousand.

Females at the SEA Group represented 31% of the Headcount at December 31, 2013 equally distributed across classifications.

Industrial relations

Trade Union relations again were impacted by tensions following the sanction of the European Commission on SEA Handling SpA and the possible repercussions within the SEA Group and on the employment situation.
The EU decision was the subject of a timely communication by the Company to the Trade Union Organisations, outlining the events, the relative reasoning, the potential risks and the actions to be undertaken to offset and tackle the effects. The differing outlooks of the Trade Union organisations resulted in a substantial divergence in the approach taken by the Confederated Trade Unions and the independent organisations.
The Trade Union Organisations, through differing approaches, organised worker meetings as per Law 300, pressurising/informative actions, also through the media, with the institutional interlocutors (Milan Municipality and Fondo F2i, the Italian Government, Italian MEP's, CUV Trade Union Representatives), in order to use every possible action to tackle the EU decision above.
Despite the employment of all forms of recourse established by law against the decision by SEA Handling SpA, the Milan Municipality and the Government, on March 22 the Trade Union Organisations (with separate communications by the Confederated and independent organisations) however began a freezing out process with the declaration of the first strike on April 19, in order to further make the institutional interlocutors aware of the need for the maximum support of the case put forward by SEA Handling SpA and to tackle the effects of the decision. Following the strike, other initiatives were held on May 14, May 29 and June 14.
On May 22 the Regional Administrative Court heard the suspension request, presented by, among others, CGIL, CISL and UIL, in relation to the execution of the EU decision by the Italian Government. This decision, although appealable, was approved by the principal Trade Union organisations, which therefore suspended their actions. The USB and CUB however declared strikes (for September 9).
On September 27, a meeting was held, a few days following the judgment of the Council of State, which anulled the above-stated Regional Administrative Court decision, in which the new senior management met worker representatives to present guidelines concerning the path which, through contact with the European Commission, seeks to identify the non-monetary payment options to satisfy the sanction. The USB and CUB continued their antagonistic policy, declaring a 24-hour strike for October 18.

On November 4, the Company and Trade Unions (excluding the USB and CUB) signed a "Preliminary Agreement" in order to create the conditions necessary to secure the handling activities within the Group scope, following the necessary approval of the European Union. On the basis of the Agreement, further agreements were reached: one (signed on 27.11.2013) to apply the defensive solidarity contracts and to cover the discharge of vacation days matured in SEA SpA and the other (signed on 11.12.2013) concerning the use of the Extraordinary Temporary Lay-Off Scheme at SEA Handling SpA.

On February 7 the Trade Union Organisations were presented with a draft to ensure a more effective management of shifts, more in line with the traffic curve. This objective was reached with the introduction of shifts which, in addition to those currently which begin on the hour and on the half hour (e.g. 05.00, 05.30), begin also on the quarter hour (e.g. 05.15). The change to work hours was implemented from February 15, 2013.
The composition of traffic and the increased numbers placed on mobility of the Linate airport bus drivers (compared to the same group at Malpensa), resulted in the company carrying out a balancing of the respective groups, involving the transfer of 10 bus drivers from the Malpensa airport to Linate from April 8. On March 29 the Coordination Body of the Collective Workers Council was informed, outlining the reasons and the criteria for the selection of workers involved.
An experimental project was introduced to improve the saturation of the specialist bus drivers at Malpensa of SEA SpA, among those worst hit by the traffic stagnation. In particular, a wide ranging project is under discussion with the Collective Workers Council which integrates the skills of bus drivers with other core skills of the airport manager, improving internal employability.
The efficiency recovery project by the CCS/WB section (Coordination and Balancing of flights) continued with the recovery of a further 7 employees, in relation to the speeding up of operations due to the introduction of the new generation ALTEA operating system as the terminal software, which were delivered from July 1 (training during the month of June) for the Check-in and Boarding staff. This operation also allowed the optimisation of Check-in resources during the summer traffic peak. Information was provided with regard to this operation to the Collective Workers Council of SEA Handling SpA on May 15, 2013.

Initiatives were also implemented concerning the transfer of SEA operational staff between the airports of Malpensa and Linate, in order to improve the traffic-staff balance. Timely communication was provided to the Trade Union Organisations during the meetings held between the months of August and September in relation to these initiatives.

Development and training

The managerial development and training initiatives introduced in 2013 had the dual objective of assisting the professional development of the best contributing human resources, while contemporaneously providing the Company with an improved means to prepare individuals to achieve the forecast results.
One of the most important initiatives concerned the drawing up of guidelines and methodologies for the Performance Management project dedicated to Senior Management which, from 2014, will allow for a performance review through the allocation of specific objectives for each role.
Two Project Work initiatives were also introduced, dedicated to middle management, in order to improve a number of managerial capacities through the evaluation and development of concrete projects of value for the Company, allocated to Senior Managers.
On the issue of diversity management, with the objective to develop in the Company the promotion of female talent, overcoming stereotypes, prejudice and longstanding traditions, at year-end the initiative 1+1=3 was launched. The title stems that the idea that the genders working together can generate a greater result than the simple adding of the individual contributions.

In relation to the issues with a greater focus on professional training, the continual commitment in relation to airport workplace Safety and Security training is highlighted; for 2013 an ongoing management and control of processes concerning obligatory regulations and their compliance was carried out.

In particular, the SEA LAVOROINSICUREZZA (work in safety) project related to mandatory workplace Safety issues undertook a role of prime importance.
Also in line with that established by Legislative Decree 81/08 and based on the indications of the Regional State Agreement of December 2011, the training activities dedicated to the Departmental Head role, both under an administrative and operational profile, were carried out.
Significantly, it may be considered that the latest guidelines issued by ENAC under the National Programme for Civil Aviation Security and in Circular SEC 05 of December 2012, in 2013 resulted in a complete reformulation of Airport Security training courses and the extension of the group of trainers involved. For these purposes and in line with the ENAC directives, the new content and processes of the National Security Plan were applied in the classroom, with particular attention on Baggage Reconciliation issues, a fundamental measure in the prevention of unlawful interference. In addition, the profiles involved were redefined according to category, with the introduction of new types of courses (Category A8: handler personnel, involved in baggage reconciliation – Category A13: persons other than passengers who must access without delay sterile areas – Category A15: handler personnel requiring general safety education training).
The overall attendances at training courses concerning workplace security involved for SEA SpA over 1,900 participants, for a total of approx. 14,000 training hours; also for SEA Handling SpA participants numbered over 1,900, for a total of approx. 13,000 training hours.
The overall number of managerial training hours – professional and mandatory – exceeded 77,000 hours, with the involvement as participants of over 90% of the workforce.

Welfare

The welfare activities introduced in 2013 related to two principal areas of intervention: the renewal of initiatives in place and interventions concerning external companies and institutions.
The analysis of the services provided figures in 2012 resulted in a review of the content and the provision procedures, with the introduction of new means for communication, management of the individual initiatives and selection of suppliers. This has enabled an improvement in quality and accelerated the response times and transmission of information to persons, including the evaluation of the services received. In addition, in collaboration with the NoiSEA Association, the bilateral body created last year to streamline the organisation of welfare initiatives and to satisfy the needs of SEA Group personnel and their families, a new professional development initiative for newly graduated sons and daughters of personnel was proposed.

The benchmark developed in the year with the institutional (Varese Healthcare Board, ASAM Milano) and corporate bodies (Valore D, Enterprises and Individuals), however seeks to share experiences and good practice and to plan solutions and innovative projects in relation to work-life balance.

Corporate Governance system

Profile

The Governance system of the Company is based on a traditional organisational model comprising the Shareholders' Meetings, Board of Directors and the Board of Statutory Auditors.
SEA SpA and the companies of the Group, although not listed on the stock exchange, voluntarily comply, since June 27, 2001, with a Corporate Governance System based on the principles and recommendations contained in the Self-Governance Code of Listed Companies, published by Borsa Italiana SpA, where applicable.
SEA SpA considers that the adoption of a Corporate Governance Model – such as that recommended by the Self-Governance Code – based on the principles of transparency and the correct balance between management and control, constitutes an essential requisite and an effective instrument to implement the values of the Company's mission.
The Company is not subject to management and co-ordination pursuant to Article 2497 and subsequent of the Italian Civil Code.

Shareholders' Meetings

The Shareholders' Meeting is the body that, through its resolutions, expresses the shareholders wishes.
The Shareholders' Meetings approves the most important decisions of the Company, among which, the appointment of the Corporate Boards, the approval of the Financial Statements, and changes to the Company By-laws.

Board of Directors

The Board of Directors of the Company in office at the date of the present Report comprises 7 members, appointed by the Shareholders' Meeting on June 24, 2013.
The current Board of Directors remains in office until the approval of the 2015 Annual Accounts.
The Board of Directors of SEA SpA is composed of Non-Executive Directors and has set up Committees with proposal and consultation functions (Control and Risks Committee, Ethics Committee, Remuneration Committee).

Committees

The Committees are comprised exclusively of Non-Executive Directors and without operating powers, who undertake their activities through regular meetings and the minutes of these meetings are kept at the Company's registered office.
The remit of these Committees is set out in accordance with applicable legislation, by the Self-Governance Code and is indicated in the articles of incorporation of the Committees.

Internal Control System

The internal control system of the Company comprises of regulations, procedures, and organisational structure aimed at monitoring:
- the efficiency and effectiveness of the business processes;
- the reliability of financial disclosure;
- compliance with law, regulations, the By-laws and internal procedures;
- the safeguarding of the company's assets.

For these functions, the Board of Directors works together with the Control and Risks Committee. The Committee, renewed by the Board of Directors on July 11, 2013 is an Internal Committee to the Board of Directors, comprising three Non-Executive Directors with consultation and proposal functions on internal control and corporate risk management which, in addition to assessing the adequacy of the internal control system, also acts as a liaison between the Board of Directors, Board of Statutory Auditors, Independent Audit Firm and the Supervisory Board as per Legislative Decree no. 231/2001.
Within its activities, the Risk and Control Committee is assisted by the Auditing Department.
The review on the effectiveness and adequacy of the Organisation and Management model is undertaken by the Supervisory Board, appointed by the Board of Directors of the Company, and comprising 4 members (2 external independent members, a member of the Board of Directors without executive powers and the Auditing Director).

Board of Statutory Auditors

The Board of Statutory Auditors in office at the date of the present report was appointed by the Shareholders' Meeting of June 24, 2013 in accordance with the Company By-laws and remains in office until the approval of the 2015 Annual Accounts.

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Ethics Code

Since April 2000, SEA SpA has its own Ethics Code which defines the ethical and moral values of the Company, indicating the conduct to be undertaken by personnel and members of the Corporate Boards, in corporate business and external affairs; in 2011, SEA SpA updated its Ethics Code in line with the best practices of Listed Companies.
For its disclosure and compliance, the Company appointed the "Ethics Committee".

The Ethics Code is available on the website www.seamilano.eu in the Governance section.

Corporate Governance Report

The Company prepares annually the Corporate Governance and Ownership Report; the report is available on the website www.seamilano.eu.

Performance of the SEA Group

Operating performance

(in thousands of Euro)	2013	%	2012	%	Cge % 2013/2012
			Year ended December 31		
Operating revenues	657,080	90.7%	632,294	87.7%	3.9%
Rev. for works on assets und. concession	67,000	9.3%	88,662	12.3%	-24.4%
Total revenues	**724,080**	**100.0%**	**720,956**	**100.0%**	**0.4%**
Operating costs					
Personnel costs	250,344	34.6%	256,272	35.5%	-2.3%
Consumable materials	48,786	6.7%	63,038	8.7%	-22.6%
Other operating costs	161,366	22.3%	145,291	20.2%	11.1%
Provisions and write-down (*)	39,495	5.5%	14,934	2.1%	164.5%
Costs for works on assets und. concession	62,311	8.6%	83,453	11.6%	-25.3%
Total operating costs	**562,302**	**77.7%**	**562,988**	**78.1%**	**-0.1%**
Gross Operating Margin / EBITDA (*)	**161,778**	**22.3%**	**157,969**	**21.9%**	**2.4%**
Restoration & replacement provision (*)	26,294	3.6%	11,350	1.6%	131.7%
Amortisation and depreciation	49,919	6.9%	45,934	6.4%	8.7%
EBIT	**85,565**	**11.8%**	**100,685**	**14.0%**	**-15.0%**
Investment income (charges)	507	0.1%	7,549	1.0%	-93.3%
Financial charges	(22,151)	-3.1%	(19,179)	-2.7%	15.5%
Financial income	1,031	0.1%	713	0.1%	44.6%
Pre-tax profit	**64,952**	**9.0%**	**89,768**	**12.5%**	**-27.6%**
Income taxes	31,242	4.3%	25,763	3.6%	21.3%
Net profit	**33,710**	**4.7%**	**64,005**	**8.9%**	**-47.3%**
Minority interest profit	3	n.s.	2	n.s.	50.0%
Group net profit	33,707	4.7%	64,003	8.9%	-47.3%

(*) EBITDA was defined in 2013 as the difference between total revenues and total operating costs, including provisions and write-downs and excluding the restoration and replacement provision. Consequently, the previous year was reclassified for comparability.

Revenues

Revenues in 2013 (operating revenues and revenues from works on assets under concession) amounted to Euro 724,080 thousand, an increase of 0.4% on 2012 (Euro 720,956 thousand).

Operating revenues of Euro 657,080 thousand improved 3.9% on 2012 (Euro 632,294 thousand). Operating revenues include Aviation revenues of Euro 359,708 thousand, Non Aviation revenues of Euro 180,588 thousand, handling revenues of Euro 95,677 thousand and energy revenues of Euro 21,107 thousand. The Revenue performance was commented upon in the previous sections of the Directors' Report concerning the business areas and to which reference should be made for further information.

Revenues for works on assets under concession decreased from Euro 88,662 thousand in 2012 to Euro 67,000 thousand in 2013 (-24.4%).

These revenues refer to construction work on assets under concession increased by a mark-up representing the remuneration of the internal cost for the management of the works and design activities undertaken, which corresponds to a mark-up which a third-party general constructor would request to undertake such activities. This account is strictly related to investment activities on assets under concession.

Personnel costs

Group personnel costs in 2013 decreased by Euro 5,928 thousand (-2.3%) on 2012, from Euro 256,272 thousand in 2012 to Euro 250,344 thousand in 2013. This reduction is principally due to the decrease in the average number of employees (-105 employees), from 4,854 in 2012 to 4,749 in 2013.

The recourse to the temporary redundancy schemes amounted to Euro 15 million in 2013 and Euro 14.8 million in 2012 (corresponding to 828 thousand hours in 2013 and 831 thousand hours in 2012).

Consumable materials

Consumable material costs decreased from Euro 63,038 thousand in 2012 to Euro 48,786 thousand in 2013 (-22.6%). This is principally due to *(i)* lower methane purchase costs of Euro 5,647 thousand following the reduction in electricity produced, *(ii)* lower electricity acquisition prices for final clients for Euro 2,332 thousand – from the current year the sale under bilateral contracts was carried out with the disposal of surplus co-generation produced electricity; lower electricity purchases from third parties of Euro 1,265 thousand, *(iii)* lower stock purchases, including de-icing and anti-icing chemical products utilised in the case of snow and/or ice formation, fuel and parts for runaway lighting.

Other operating costs

In 2013, the account "Other operating costs" increased by Euro 16,075 thousand (+11.1%) compared to the previous year. This increase was principally due to the following factors:

- higher commercial costs of Euro 11,764 thousand related principally to the increase in leaving incentive charges;
- higher fees to Public Entities for Euro 11,527 thousand based on an increase in the concession fee which, from September 23, 2012 (date of entry into force of the Regulatory Agreement with ENAC, whose positive revenue impact on the Aviation sector was previously quantified) the Group must pay the entire amount, while up to that date benefitted from an abatement of 75%;
- lower ordinary maintenance costs of Euro 2,099 thousand, among which we highlight a reduction in programmed maintenance on property, plant and equipment;
- lower losses compared to the previous year, for Euro 2,982 thousand related to the lower disposals during the year of plant and equipment;
- lower costs for professional legal, administrative and strategic services of Euro 1,902 thousand following reduced outsourcing of consultants;
- lower utility costs due to: *(i)* lower charges related to electricity consumption of Euro 908 thousand, strictly related to the movement in the raw material price and the differing tax calculation methodology (higher rate than 2012) and *(ii)* lower telephone charges for Euro 246 thousand and lower air-conditioning and heating charges of Euro 239 thousand;
- increased tax charges of Euro 743 thousand, related to property tax (former ICI - local tax);
- reduction in emoluments paid to the Board of Statutory Auditors for Euro 661 thousand following the redefinition of fees devolving to statutory auditors; the nomination of the Board was approved in June 2013.

Provisions and write-downs

In 2013, provisions and write-downs increased by Euro 24,561 thousand compared to the previous year, from Euro 14,934 thousand in 2012 to Euro 39,495 thousand in 2013.
This result is due to the increase in provisions due to higher risks affecting the Company compared to the previous year, the write-down of real estate of Euro 8.2 million, in relation to which reference should be made to Note 6.2 and to the investment provision of Euro 10,305 thousand relating to SEA Handling SpA in order to align the net asset value to the valuation made by the Directors for the preparation of the Separate Financial Statements of the Parent Company, in consideration of the reorganisation of the handling sector related to the review of the existing shareholding structure following the EU Commission decision on presumed state aid by the Parent Company to the subsidiary SEA Handling SpA.
The doubtful debt provision in the year was calculated to take into account the risk in deterioration of the financial positions of the principle operators with which disputes exist and write-downs for receivables under administration. Overall, comparing the years 2013 and 2012, the reduction of Euro 1,492 thousand in the provision for the year, from Euro 22,784 thousand in 2012 to Euro 21,292 thousand in 2013, is more than offset by the lower reversal of the provision, recognised on excess prior year provisions, which reduced from Euro 14,165 thousand in 2012 to Euro 11,540 thousand in 2013.
The net provisions for future risks and charges, amounting to Euro 29,743 thousand (Euro 6,314 thousand in 2012) refers, in addition to the above-mentioned "future charges provision" relating to the valuation of the SEA Handling SpA contribution to the Consolidated Financial Statements and the "write-down of real estate", to adjustments on valuations on the labour charges deriving from trade union agreements concluded at the end of 2013 and to probable charges related to the insurance dispute concerning the operational management of the Milan Airports.

Costs for works on assets under concession

Costs for works on assets under concession decreased from Euro 83,453 thousand in 2013 to Euro 62,311 thousand in 2012. These costs refer to the costs for the works undertaken on assets under concession. This movement is strictly related to investment activities.

Restoration and replacement provision

An increase of Euro 14,944 thousand is reported, from Euro 11,350 in 2012 to Euro 26,294 in 2013, following the updating of the long-term scheduled replacement and maintenance plan of the assets within the so-called "Concession Right" relating to the restyling of Malpensa Terminal 1.

Investment income and charges

In 2013, net investment income decreased by Euro 7,042 thousand, from Euro 7,549 thousand in 2012 to Euro 507 thousand in 2013.
The "equity valuation of investments" reflects the economic effects deriving from the measurement of the associated companies at equity, amounting to Euro 493 thousand in 2013 (Euro 7,526 thousand in 2012). The results of the associated companies were adjusted to take account of the Group accounting principles and the measurement of investments as per IAS 28. The decrease between the two years of Euro 7,033 thousand is principally due to the lower

contribution from the associated companies SACBO and Dufrital, related respectively to the recording of the restoration and replacement charges of the runway at the Orio al Serio airport, whose restyling is scheduled in 2014 on the basis of new designs which will result in higher charges compared to those previously estimated and the recognition of tax charges for Dufrital.

Financial income and charges

In 2013, net financial charges increased Euro 2,654 thousand, from Euro 18,466 thousand at December 31, 2012 to Euro 21,120 thousand at December 31, 2013. This increase is principally related to the increase in the SEA Group debt and the differing classification of certain charges on derivatives in 2013, only partially offset by the reduction in the "Other interest charges" account.

Income taxes

Income taxes in 2013 amounted to Euro 31,242 thousand, compared to Euro 25,763 thousand in 2012. They reduced in 2012 due to the effect of the presentation in March 2013 of the request for reimbursement of higher IRES taxes paid against the non-deductibility of IRAP Regional Tax on personnel charges for the year 2007/2011.

Net profit

The net profit for the year decreased by Euro 30,295 thousand – from Euro 64,005 thousand in 2012 to Euro 33,710 thousand in 2013.

Financial position and balance sheet

(in thousands of Euro)	at December 31, 2013	at December 31, 2012	Change
Intangible assets (*)	942,987	870,682	72,305
Property, plant & equipment (*)	196,495	205,870	(9,375)
Property investments	3,416	3,420	(4)
Investments in associated companies	40,429	41,639	(1,210)
Available-for-sale-investments	26	26	0
Deferred tax assets	30,031	31,554	(1,523)
Other non-current receivables	495	599	(104)
Fixed assets (A)	**1,213,879**	**1,153,790**	**60,089**
Trade receivables	118,095	156,054	(37,959)
Other current receivables	35,549	33,572	1,977
Inventories	6,716	7,758	(1,042)
Current assets	**160,360**	**197,384**	**(37,024)**
Trade payables	165,867	202,006	(36,139)
Other payables	111,282	166,307	(55,025)
Tax payables	57,707	53,562	4,145
Current liabilities	**334,856**	**421,875**	**(87,019)**
Working capital (B)	**(174,496)**	**(224,491)**	**49,995**
Provisions for risks & charges (C)	(187,111)	(163,533)	(23,578)
Employee provisions (D)	(77,155)	(77,064)	(91)
Net capital employed (A+B+C+D)	**775,117**	**688,702**	**86,415**
Group shareholders' equity	(286,766)	(277,247)	(9,519)
Minority interest shareholders' equity	(611)	(85)	(526)
Net debt	(487,740)	(411,370)	(76,370)
Total sources of financing	**(775,117)**	**(688,702)**	**(86,415)**

(*) All the fixed assets, including those under the scope of IFRIC 12, are reported net of State and EU grants, amounting at December 31, 2013 to Euro 499,748 thousand and Euro 1,800 thousand respectively.

The acquisition at year-end of Ali Trasporti Aerei ATA SpA, a company operating in General Aviation management (as operator) of Milano Linate Ovest, on the basis of a sub-contract expiring in 2041, results in a change in the consolidation scope which impacts upon the comparability of the balance sheet figures; also contributing to the change in the consolidation scope is the consolidation of ATA Ali Servizi SpA (wholly-owned by Ali Trasporti Aerei ATA), principal General Aviation handler, operating on a competitive basis, at the airports of Linate Ovest, Ciampino, Venice, Catania and Malpensa. The impact of the consolidation and of the allocation of the gain recognised to the seller against the market value of

the hangars, which are higher than the historical values recorded at the balance sheet at December 31, 2013 of the companies acquired, are illustrated in the explanatory notes of the Consolidated Financial Statements.
Net capital employed at December 31, 2013 amounted to Euro 775,117 thousand, an increase of Euro 86,415 thousand on December 31, 2012.

Fixed assets, amounting to Euro 1,213,879 thousand, include investments in tangible and intangible fixed assets of Euro 1,142,898 thousand, investments in associated companies of Euro 40,455 thousand, deferred tax assets of Euro 30,031 thousand and other receivables of Euro 495 thousand. Net fixed assets increased by Euro 60,089 thousand compared to December 31, 2012, principally due to the net investments in the year of Euro 122,590 thousand, partially offset by amortisation/depreciation in the year of Euro 49,919 thousand, the decrease in net deferred tax assets of Euro 1,523 thousand and the decrease in financial fixed assets following the measurement at equity of the investments in associated companies for Euro 1,210 thousand.

Net working capital amounted to Euro -174,496 thousand, increasing by Euro 49,995 thousand compared to December 31, 2012, principally due to the following:

- lower shareholder payables for dividends, following the pay-out of the second and final tranche of the extraordinary dividend in December 2013 for Euro 62,307 thousand, increased payables for the SEA contribution to the airport fire protection services provision for Euro 6,124 thousand, higher payables for concession fees of Euro 4,545 thousand, which, from September 23, 2012 (the date of entry into force of the Regulatory Agreement signed with ENAC), SEA is committed to fully pay;
- the reduction of trade receivables, from Euro 156,054 thousand to Euro 118,095 thousand;
- higher income tax payables, increasing from Euro 53,562 thousand to Euro 57,707 thousand;
- lower trade payables, decreasing from Euro 202,006 thousand to Euro 165,867 thousand;
- lower inventories at year-end, decreasing from Euro 7,758 thousand to Euro 6,716 thousand.

The following table illustrates the principle components of Net Working Capital.

(in thousands of Euro)	at December 31, 2013	at December 31, 2012	Change
Inventories	6,716	7,758	(1,042)
Trade receivables	118,095	156,054	(37,959)
Trade payables	(165,867)	(202,006)	36,139
Other receivables/(payables)	(133,441)	(186,297)	52,856
Net working capital	**(174,496)**	**(224,491)**	**49,995**

Net Financial Position

At December 31, 2013, the net debt of Euro 487,740 increased by Euro 76,370 compared to the end of 2012 (Euro 411,370 thousand).
The increase is principally due to the payment of dividends for Euro 88,966 thousand (of which Euro 62,307 thousand for the second tranche of the extraordinary dividend approved at the end of 2011). Consequently, the strong generation of operating cash flows satisfied not only the needs of the investment plan and the operating and financial requirements of the SEA Group, but also the acquisition of the operating assets for general aviation at the Milan Linate West terminal for Euro 25,200 thousand.

The changes in the net financial position between December 31, 2013 and December 31, 2012 are illustrated below.

(in thousands of Euro)	2013	2012
Opening net financial position	**(411,370)**	**(320,334)**
Net cash flow from operating activites (before work. capital changes)	123,522	87,464
Change in net working capital	4,736	45,367
Net operating investments	(81,367)	(106,114)
Interest paid	(16,139)	(11,436)
Dividends paid	(88,966)	(102,789)
Disposals/acquisitions of investments	(21,570)	
Other	3,414	(3,527)
Total Charge	**(76,370)**	**(91,036)**
Closing net financial position	**(487,740)**	**(411,370)**

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The cash flow movements during the year are reported below:

(in thousands of Euro)	2013	2012
Cash flow generated from operating activities	128,257	132,831
Cash flow absorbed from investing activities (*)	(79,650)	(103,232)
Cash flow generated/(absorbed) from financing activities	(20,657)	679
Cash flow generated/(absorbed) from acquisition of ATA (**)	(21,570)	
Increase/(decrease) of cash and cash equivalents	6,381	30,277
Cash and cash equivalents at beginning of year	54,339	24,062
Cash and cash equivalents at end of year	60,720	54,339

(*) Includes the amount relating to dividends received of Euro 1,717 thousand in 2013 and Euro 2,882 thousand in 2012.
(**) Acquisition price of the investment of Euro 25,200 thousand, net of the cash and cash equivalents contribution to the Group by the companies Ali Trasporti Aerei ATA SpA and ATA Ali Servizi SpA.

In 2013, cash flow from operating activities and cash flow from financing activities covered the investments realised.

The principle factors impacting the cash flows in the year are illustrated below.

Net cash flow from operating activities

(in thousands of Euro)	2013	2012
Cash flow generated from operating activities before changes in working capital	162,149	131,755
Change in inventories	1,159	1,503
Change in trade receivables and other receivables	34,176	(2,625)
Change in other non-current assets	(2,243)	2,116
Change in trade payables and other payables	(28,356)	44,373
Cash flow generated from changes in working capital	4,736	45,367
Income taxes paid	(38,627)	(44,291)
Cash flow generated from operating activities	**128,257**	**132,831**

Operating activities generated liquidity of Euro 128,257 thousand in 2013 (Euro 132,831 thousand in 2012), a decrease of Euro 4,574 thousand.
Specifically, operating activities before changes in working capital generated cash of Euro 162,149 thousand (Euro 131,755 thousand in 2012), principally due to the pre-tax profit of Euro 64,952 thousand (Euro 89,768 thousand in 2012), adjusted for non-monetary items, principally amortisation and depreciation of Euro 49,919 thousand (Euro 45,934 thousand in 2012).
The working capital changes also resulted in a cash flow generation of Euro 4,736 thousand (Euro 45,367 thousand in 2012), as a result of the combined effect of cash generated from the reduction in trade receivables, adjusted by non-monetary changes for Euro 34,176 thousand and cash absorbed from the change in trade payables and other payables, also adjusted for non-monetary items for Euro 28,356 thousand.

The payment of taxes resulted in cash absorption of Euro 38,627 thousand in 2013 and Euro 44,291 thousand in 2012.

Net cash flow from investing activities

(in thousands of Euro)	2013	2012
Fixed asset investments:		
- intangible	(69,218)	(100,001)
- tangible	(12,149)	(6,113)
Dividends received	1,717	2,882
Cash flow absorbed from investing activity	**(79,650)**	**(103,232)**

The net cash absorbed from investing activities totaled Euro 79,650 thousand in 2013, of which: *(i)* Euro 69,218 thousand for capital expenditure, net of mark-ups on leasehold improvements and financial charges capitalised; *(ii)* Euro 12,149 thousand for increases of intangible assets; *(iii)* Euro 1,717 thousand for dividends received from associated companies.

Net cash flow from financing activities

(in thousands of Euro)	2013	2012
Change in gross financial debt		
- increases/(decreases) of short and medium/long-term debt	81,895	114,464
- increases/(decreases) of advances on State grants		
Decreases/(increases) receivables for State grants	(28)	782
Share capital increase and Shareholders' Equity reserves		
Net increases/(decreases) of other financial liabilities	2,581	(342)
Dividends distributed	(88,966)	(102,789)
Interest paid	(16,139)	(11,436)
Cash flow generated/(absorbed) from financing activity	**(20,657)**	**679**

In 2013 cash flow related to financing activities was impacted by the following factors: *(i)* the granting of new medium/long-term loans for Euro 60,000 thousand from the EIB and for a duration of not less than ten years; *(ii)* the issue of a credit line for Euro 50,000 thousand with 18 months duration; *(iii)* the granting of short-term loans (hot money and current account overdrafts) for a total of Euro 72,704 thousand; *(iv)* the interest payments on medium/long-term debt (in the period capital portions totalling Euro 51,394 thousand were repaid), with a consequent positive impact on the fair value of hedging derivatives, in addition to the full repayment of revolving facilities, which at the end of 2012 amounted to Euro 47,500 thousand; *(v)* the payment of dividends for Euro 88,966 thousand, of which Euro 62,307 thousand as a second tranche of the extraordinary dividend approved at the end of 2011; *(vi)* the payment of interest of Euro 16,139 thousand.

Cash flow from the acquisition of Ali Trasporti Aerei ATA SpA

(in thousands of Euro)	2013
Inventories	(116)
Trade receivables & other current assets	(6,504)
Trade payables & other current liabilities	9,026
Risks provisions and post-employment benefits	3,341
Intangible assets	(2,455)
Tangible assets	(29,633)
Non-current assets, net of non-current liabilities	37
Deferred tax liabilities	2,394
Financial debt	1,915
Minority interest shareholders' equity	425
Cash flow absorbed by the acquisition of Ali Trasporti Aerei ATA SpA	**(21,570)**

Following the acquisition by SEA SpA of Ali Trasporti Aerei ATA SpA, net cash was absorbed by the Group totalling Euro 21,570 thousand, as the difference between the acquisition value of the investment (Euro 25,200 thousand) and the cash and cash equivalents contributed to the Group by the companies Ali Trasporti Aerei ATA SpA and its subsidiary ATA Ali Servizi SpA.

Risk factors affecting the SEA Group

The SEA Group places significant focus on the correct management of risks related to business activity and seeks to maximise opportunities and reduce potential risks related to unforeseen events and ensure over the long-term the creation of value and the protection of the tangible and intangible assets in the interest of stakeholders.
Group risks may be broken down into five categories: strategic, operational, financial, commodity and compliance related.

Strategic risks

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

Air transport market structure and development

The performance of the airport sector is strongly influenced by the overall volume growth of air traffic, which in turn is related to a number of factors such as, for example, the performance of the economy and the development of fast and alternative transport means, in particular rail.

Risks related to airline company choices

As for the other airport operators, the future development of activities depends significantly on the strategic choices of airlines, which are dependent also on the global economic-financial performance. In particular, in recent years traditional airlines have undertaken processes to create international alliances which strengthen their market position and in general alter the demand structure; in the same period a significant shift has also taken place in demand, generated by the increased presence of low cost airlines with a consequent increase in terminal competition, allowing the development of decentralised and smaller airports.

Risks related to the reduction of passenger numbers or the quantity of cargo in transit at the terminals managed by the SEA Group

The volume of passenger traffic and cargo in transit at the Linate and Malpensa airports represents a key factor in the results achieved by the Group. Any reduction or interruption to flights by one or more airlines, operating out of the airports managed by the SEA Group, also as a result of the continued weak economic-financial position of the airlines, in addition to any stoppage or a change in connections with a number of destinations with significant passenger traffic may result in a reduction in the above-stated traffic, with consequent impacts on activities and Group results.
The Group considers itself, based on experience gained over the years, although not being certain in this regard, to be able to offset the risk of a reduction or interruption in flights, through the redistribution of passenger traffic between airlines operating on the market and the capacity to attract new airlines. Any redistribution of traffic may require a certain period of time, temporarily influencing traffic volumes.

Uncertainties relating to regulatory developments

SEA Group activities, as is the case for all Italian Airport Managers, are subject to a high level of regulation which impacts in particular the allocation of slots, the control of air traffic and the establishment of fees concerning services which may be provided only by the Airport Manager (airport fees, security control fees, fees for the use of common use assets and centralised infrastructure for handling services).

Risk related to the decision of the European Commission of 19.12.2012 concerning declarations of State Aid awarded to SEA Handling

With decision of December 19, 2012, the European Commission judged that the share capital increases carried out by SEA SpA in favour of its subsidiary SEA Handling SpA ("Subsidiary") in the 2002-2010 period for Euro 360 million, plus interest, constituted impermissible State Aid. This decision established the obligation for the Italian State to recover the Aid within four months from notification (and therefore by April 20, 2013, a deadline subsequently extended to June 5, 2013).
Therefore, SEA Handling SpA and the Italian authorities *(i)* appealed the decision before the EU Court and *(ii)* undertook discussions with the European Commission services in order to ensure execution of the recovery decision through an alternative means than monetary repayment.

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In particular:

- On March 4, 2013, the Italian State presented to the EU Court an appeal seeking the cancellation of the Commission decision in accordance with Article 263 of the TFEU. Similar appeals were presented on March 15, 2013 and March 18, 2013 respectively by SEA Handling SpA and by the Municipality of Milan. In addition, with requests of March 18, 2013 and March 21, 2013, SEA Handling SpA and the Municipality of Milan requested the EU Court to place a stay on the execution of the Commission decision. In this procedure the Italian State also intervened to support the application presented by the subsidiary. On June 6, 2013, SEA Handling and the Municipality of Milan rejected the suspension application concerning the subsequent appeal presented to the Regional Administrative Court, commented upon below.
- On April 30, 2013, the Municipality of Milan notified SEA SpA of an appeal before the Lombardy Regional Administrative Court to request the cancellation, with prior suspension until the establishment of a judgment of the decision pending before the EU Court, of a number of preliminary acts of the Government to introduce a recovery procedure of the State Aid. On May 22, 2013 the Lombardy Regional Administrative Court heard the preventative request of the Municipality of Milan. With Ordinance filed on September 25, 2013, the Council of State accepted the appeal and reformed the Ordinance, rejecting the first level suspension motion proposed.
- In relation to the judgment pending before the European Union Court concerning the cancellation of the Commission decision of December 19, 2012, SEA Handling SpA on August 30, 2013 filed at the Office of the EU Court a rejoinder to the counter appeal presented by the European Commission.
- Parallel to the appeals briefly outlined previously, the SEA Group, with the creation of a Task Force, initiated a dialogue with the EU Commission in order to identify a path, drawn up on the execution of the decision, as an alternative to the repayment of the sums to SEA SpA by the Subsidiary declared as State Aid, further to any initiatives undertaken at a legal level for the cancellation of the decision. This alternative execution method of the decision, which constitutes, on the basis of legal opinions, a common approach permitted by European Union practice and jurisprudence, would result in the execution of the decision through redundancies at the Subsidiary, sale of the assets of the Subsidiary at market conditions and its subsequent liquidation. The negotiations in progress are based also on a future operating scenario for the handling activities which would allow the continued involvement of SEA SpA in such activities as follows:
  - Conclusion of the handling service supply contracts in place between SEA Handling SpA and the airlines operating at Linate and Malpensa airports over a period of 10-12 months, in order to ensure continuity of service in favour of the airlines against the exit from the market of SEA Handling SpA and its replacement by other players.
  - Sale to third parties of the assets owned by SEA Handling SpA, to be carried out through a public procedure.
  - Conclusion of the labour contracts undertaken by SEA Handling SpA.
  - Placement into liquidation of the company.

In this situation, SEA SpA would continue to be present on the handling market through a holding in a new company, incorporated on September 9, 2013, called Airport Handling Srl, presently non-operative. This company would negotiate *ex novo* the labour contracts with personnel currently employed by SEA Handling SpA, would acquire the technical equipment necessary to provide handling services, in addition to compete on the market in order to conclude to the best extent possible contracts with carriers operating at the Linate and Malpensa airports.
At the end of March 2014, the operating arrangement indicated was reviewed by the Commission, which did not raise objections in relation to the plan for the stoppage of the SEA Handling SpA activities.
For an in-depth analysis of the development and current state of the dispute and the dialogue in course with the European Commission, reference should be made to the section of the explanatory note "Commitments and potential liabilities" of the separate and consolidated financial statements.
At the preparation date of the separate and consolidated financial statements at December 31, 2013, the events and the resultant overall situation may be summarised as follows:

(i) the review of the decision of the Commission of 19.12.2012 and the defense put forward at the EU Court permit the affirmation that the arguments made by SEA Handling SpA forming the basis of its request for a reform of the decision are, in the opinion of the lawyers assisting the Subsidiary, reasonably founded and are therefore worthy of the attention of the EU Court;

(ii) the arguments of SEA Handling SpA in the case before the EU Court are shared also by the Government and the Municipality of Milan and therefore by the authorities proposed to recover the aid, having also requested the reform of the Commission decision;

(iii) the Lombardy Regional Administrative Court in Order no. 553/2013 declared that, on initial examination, the arguments of the Municipality of Milan and of SEA Handling SpA would not seem devoid of *fumus boni iuris* (presumption of sufficient legal basis. With Ordinance filed on September 25, 2013, the Council of State however accepted the appeal and reformed the Ordinance, rejecting the first level suspension motion proposed);

(iv) the conduct of the Italian Government and the Municipality of Milan would not seem however, as it stands, to point towards a willingness within the national authorities to execute the decision requesting SEA Handling SpA to repay the aid provided. Specifically:

- no repayment order of aid has been handed down to SEA Handling SpA by the national authorities (apart from that requested on a number of occasions by the European Commission);
- the Italian Government carried out only certain acts of an entirely preliminary nature (in particular it provided to the Commission the calculation of interest). The Commission on a number of occasions noted the lack of activity by the Italian Government and threatened the opening of an infraction procedure against the State;
- the Municipality of Milan opposed the execution of the Commission decision, obtaining a stay from the Lombardy Regional Administration Court which suspended the national procedure for the recovery of the aid; the position of the Municipality of Milan is particularly significant, taking account that, according to the opinion expressed by the Italian Government the same Municipality of Milan would be the national authority with the remit for the recovery of the aid from SEA Handling SpA;

(v) the European Commission has on many occasions underlined, in its defensive notes to the preventative judgment at the EU Court, that the national authorities have not shown to this point an intention to effectively recover the aid, emphasising that SEA Handling SpA does not appear at any risk to be required to repay the aid;

(vi) the European Commission appears open to the possibility to find a solution to the problem concerning aid provided to SEA Handling SpA other than the repayment of the sums involved, developing the future operating plan of the Handling activities previously considered.

In the second half of 2013 and the first quarter of 2014, the exploratory meetings continued for an alternative path, as proposed by the Subsidiary and SEA SpA, which would satisfy the strategic needs for the maintenance of SEA's involvement in handling activities and the Commission's requirement for execution of the decision, although divergent positions emerged in relation to the distribution of the share capital of Airport Handling. In particular, the Commission demonstrated, as a line of principle and without any further explanation to-date, on the methods for the placement into liquidation of the Subsidiary, its availability to consider the decision as correctly executed where the assets of SEA Handling SpA are sold at a market rate and where the definitive exit of this latter from the market through liquidation takes place. In this regard, the contacts so far undertaken with the Commission highlight that the team involved are highly aware that the ordered disposal of the activities and the assets of SEA HandlingSEA Handling and the reorganisation of the handling market at the airports of Linate and Malpensa with the entry of Airport Handling following the liquidation of SEA Handling, to guarantee continuity of service in a freely competitive environment with the other players, certainly requires a longer period than the four months indicated in the decision. From this point of view, the Commission has already considered the fact that, taking account of the above-stated disposal programme and the current levels of capitalisation of SEA Handling SpA, the placement into liquidation of the company should take place in the second half of 2014, with the liquidation fully executed by December 2015.

In particular, the liquidation, in addition to the undertaking of selling the company's assets on the market, would involve SEA Handling SpA and SE SpA in the placement, through the use of social security schemes, of personnel whose employment would conclude at the date of entry into liquidation and who would not be hired by Airport Handling within the execution operation of the previously described Commission decision.

At the date of approval of the 2012 Separate and Consolidated Annual Accounts (June 21, 2013), SEA and the Subsidiary had already communicated the considerations in relation to the possible outcome of the case, which presents, in the opinion of external legal experts and advisors, a reasonable chance of success, together with the considerations relating to alternative execution paths, and however, the actions of the national authorities appointed for the recovery of aid, which overall led to the conclusion that, as of the current state of events to which SEA and the Subsidiary are aware, the most likely development would not involve the repayment in cash to SEA SpA of the aid by SEA Handling SpA through the use of its resources. Therefore the Subsidiary, in the 2012 Annual Accounts, supported by the opinions of its lawyers and external advisors, in the 2012 financial statements did not accrue any amounts to the risk provision to cover the potential repayment obligations outlined above, in that it considered the risk, on further analysis, as "possible" and no longer as "probable". Similarly, SEA, in its Separate Financial Statements did not record receivables from the subsidiary against the Commission decision, with a full write down of the investment, while in the Consolidated Financial Statements no provisions were recorded for risks and charges related to the valuation of the assets and liabilities of the subsidiary based on the lapsing of the going concern basis, following the inability of the company to meet the sanction with consequent placement into liquidation.

In consideration of the negotiations with the European Commission and of the possible alternative of the liquidation of the Subsidiary in the second half of 2014, previously reported with reference to the preparation of the financial statements at December 31, 2013, the Subsidiary considered it reasonable in accordance with the approach taken to-date not to record any provision in the Financial Statements for the year ended December 31, 2013 for risks related to the repayment to SEA of the presumed State Aid. Similarly, SEA did not record in its Separate Financial Statements at December 31, 2013 any receivable against the

Subsidiary, nor altered its recoverability value of the Subsidiary, previously written-down in the Separate Financial Statements at December 31, 2012.

Inversely, the imminent opening of the liquidation procedure – attributable *(i)* to the insufficient capitalisation of the Subsidiary which based on the forecast net equity at December 31, 2013 would erode in the second half of 2014 and therefore fall within the scope of Article 2447 of the Civil Code, in addition *(ii)* to the continuation of the strategic guidelines of the permanent involvement of SEA in the management of the handling activities at the airports of Milano Linate and Malpensa which would however permit compliance with the European Commission Decision of December 19, 2012 – determined for the purposes of the preparation of the Financial Statements as at December 31, 2013 by the Directors of the subsidiary, the application of accounting principles in accordance with the going concern concept, applied however taking into account the expected termination of activities, and therefore, of the effects the liquidation will have on the composition of the assets and on the recoverable value of the activities of the Subsidiary.

Given the impossibility to calculate and the uncertainty on the quantification of the liquidation charges at the reporting and approval date of the Financial Statements, no provision was recorded for risks and charges in the Financial Statements of the subsidiary for the year ended December 31, 2013. In particular – as it is currently not possible to estimate the charge for the outplacement of surplus personnel compared to the needs of the new operator – as dependent on the definitive plan for the sale of the company assets and the number of personnel hired based on service contracts effectively acquired by this new operator – the Financial Statements of the subsidiary do not include any risk provision for the above-mentioned restructuring cost. A similar accounting treatment was adopted in the valuation of the provisions for risks and charges in the Consolidated Financial Statements, which however do not include any specific provision against the restructuring of the subsidiary, while the full write-down of Euro 10.3 million was recorded of the contribution to the consolidation of the subsidiary, in view of the expected non-recovery following the evolution of the above-mentioned negotiations with the European Commission.

For the purposes of the presentation of the plan to the EU, a level of placement of Airport Handling personnel was estimated, whose final outcome – as mentioned – will depend on the level of activity developed by Airport Handling. On these bases – which are not certain until the approval of the plan by the European Commission and the commencement of commercial activities – estimates were assumed which do not represent certain amounts, even at minimal levels.

In particular, as indicated in the Explanatory Notes under “Provisions for risks and charges”, assuming the assumptions of the liquidation process presented to the Commission will be accepted, the total charge of the liquidation is estimated at Euro 25.6 million (Euro 20.7 million in financial terms); this charge principally relates to the outplacement cost of surplus personnel in relation to the needs of the new operator of the handling activities and the placement directly undertaken by SEA within its own strategic development of other operating activities at the airports managed.

It should therefore be noted that any liquidation realised on the basis of different assumptions to those currently considered for the estimate of the liquidation charges reported above, in particular with reference to the manner and number of employees placed with the new operator and SEA, could result in personnel restructuring charges not currently predictable, and in any case differing from those outlined above, with consequent differing liability profiles, none of which quantifiable under the relevant standard (IAS 37). Therefore, currently the liability which is considered probable may not be reliably quantified for recognition in the financial statements, in terms of a minimum or maximum amount, or which may be sufficiently and reasonably approximated.

On the other hand, to permit the completion of the liquidation, SEA undertook on March 24, 2014 the commitment to financially support SEA Handling SpA against liquidation costs, both in the event of a liquidation in line with that outlined above for the amount of the liquidation charge and in the event of a different solution not yet known within the scope of the negotiations with the Commission, but in any case subject to the control of SEA. For further information, reference should be made to the note “Investments in subsidiaries” of the Separate Financial Statements and “Provision for risks and charges” of the Consolidated Financial Statements.

Operating Risks

The operating risk factors are strictly related to the carrying out of airport activities and may impact the short and long-term performances.

Risks related to safety and security management

The occurrence of accidents would have consequent impacts on Group activity and may also impact passengers, local residents and employees. The risk management instruments are: safety management system, progressive investments in safety and security, staff training activities and control and monitoring of security standard activities.

Risks related to the interruption of activities

Group activities may be interrupted through: strikes by personnel, by those of the airlines, of personnel dedicated to air traffic control services and of the public emergency service operators; the incorrect and non-punctual provision of services by third parties; adverse weather conditions (snow, fog etc.).
The risk management instruments are: emergency procedures and plans, highly prepared and competent staff; insurance plans.

Risks related to human resource management

The reaching of Group objectives depends on internal resources and relations with employees. The non-ethical or inappropriate behaviour of employees may have legal and financial consequences on company activities. The risk management instruments are: optimal workplace environment, talent development plans, ongoing dialogue and cooperation with the Trade Unions, Ethics Code, procedure 231.

Risk related to dependence on third parties

Airport management activities depend on third parties, for example: local authorities, airlines, handlers etc.. Any interruption in their activities or unacceptable conduct by third parties may damage the reputation and activities of the Group.
The risk management instruments are: continuous updating of agreement with trade parties, selection of partners based on economic-financial and sustainability criteria, adequate contract management activity.

Risks related to airport handling activities

The airport handling sector performance is impacted by the development and structure of the air transport market, similar to the risks related to airline choices. These latter significantly impact the handlers activities as the relative contracts are subject to particularly favourable airline withdrawal conditions. The high level of competition for airport handlers involves also a significant risk in alteration of market share held.

Financial risks

The management of financial risks is carried out by the Parent Company which identifies, evaluates and implements actions to prevent and limit the consequences of the occurrence of the above-stated risk factors. For further information, reference should be made to paragraph 4 “Risk management” of the Notes to the Consolidated Financial Statements.

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Commodity risks

The SEA Group is exposed to changes in prices, and the relative currencies, of the energy commodities handled, i.e. gas and minimally electricity. These risks depend on the purchase of the above-stated energy commodities.

For further information, reference should be made to paragraph 4 “Risk management” of the Notes to the Consolidated Financial Statements.

Compliance risks

The Group operates in a sector regulated at a national, EU and international level.

Contract system

A significant part of SEA Group revenues derives from the activities carried out based on the agreement signed between Società per Azioni Esercizi Aeroportuali SEA and ENAC, with duration until May 4, 2041. The Agreement provides for a series of obligations relating to the management and development of the Milan airport system, in addition to advanced withdrawal in the case of serious non-fulfillment by SEA and dissolution conditions in the case of a delay for more than 12 months in the payment of the fee due by SEA, or in the case of a declaration of bankruptcy by SEA. At the conclusion of the Agreement SEA must return state assets forming part of the Malpensa and Linate airports and freely provide to the State all plant, works and infrastructure created by SEA through these assets.

Risks associated to safety and security management

The SEA Group, fulfilling the obligations established for airport managers by ENAC Regulation of October 21, 2003 for the Construction and Operation of Airports, through the Safety Management System guarantees that airport operations are carried out under pre-established security conditions and evaluates the efficacy of the system in order to correct any conduct deviations by any of the airport operators.
In this regard the SEA Group guarantees that the flight infrastructure, plant, equipment and the operational processes and procedures comply with national and international standards; an ongoing training programme for personnel is implemented in order to guarantee maximum safety protection, quality levels and the punctuality and efficiency of the service. For further information in this regard, reference should be made to the paragraph Certification of Airports and Airport Safety in the Corporate Social Responsibility section.

Significant events following year-end

SEA Group airport traffic performance in the first quarter of 2014: increase in passengers at Linate and Malpensa 1

The results for Q1 2014 of the airports managed by the SEA Group report an increase in passenger traffic (+1.5%), despite a slight reduction in movements (-0.4%).
The airport of Linate reports passenger growth of 2.8%, while Malpensa reports an improvement of 0.8% (+2.6% in March).
Passengers at Malpensa airport numbered 3.9 million, despite the reduction in aircraft movements (-0.7%).
At Malpensa 1, passenger traffic grew 1.8%, principally due to the new intercontinental routes operated by Emirates, with a new flight with New York introduced in October following the extra-bilateral authorisation by ENAC and the new flight by American Airlines with Miami.
The performances of airberlin, which doubled its flights with Düsserldorf, and of Meridiana fly are highlighted – thanks to the new flights with Tirana and the increased number of charter flights with Mombasa, Santo Domingo, Marsa Alam, Malé and Cancun. Turkish Airlines also contributed to the strong Terminal 1 traffic performance, thanks to the introduction of a flight with the new Istanbul airport. Passenger growth at Terminal 1 more than offset the contraction in traffic reported by the Alitalia group in the quarter, whose market share at Malpensa drops to 6% in March 2014 compared to 9% in March 2013.
At Malpensa 2, in which the airline easyJet exclusively operates, passenger traffic contracted 1%, principally relating to the Malpensa-Fiumicino route, on which easyJet since 2013 has gradually reduced the number of flights with the capital, following the introduction of the same service at Linate from March 2013. In March alone, the passenger traffic of the airline increased 6% on the previous month. Compared to Q1 2013, new routes are in place which opened in the previous summer season: Belgrade, Luxembourg and Larnaca and new flights for Belgrade and Tel Aviv.

Milano Malpensa Cargo: growth in cargo transport continues (+10.3% annually)
In the first quarter of 2013 Milan Malpensa Cargo reported growth of 10.3%, with 108.5 thousand tonnes of cargo transported, thanks to the strong performances of the all-cargo airlines Qatar, the Cargolux Group, AirBridgeCargo and Silk Way. In particular, Qatar, thanks to the fifth freedom rights granted, introduced new weekly flights with Doha and with Chicago, doubling its transport to 10.1 thousand tonnes in the period.
Cargolux from January 12 introduced a new flight from Taipei/Bangkok to Luxembourg. Among the airlines with a mixed configuration, we highlight 8.3 thousand tonnes of cargo moved by Emirates.
Cargo traffic at Malpensa recorded strong growth, which in March was up 15%, with a highest monthly figure since 2008 (44 thousand tonnes) – the best performance in 2014 and in recent years.

Linate: increased traffic (+2.8% annually)
At Linate, passenger traffic grew 2.8% thanks to the good performances of British Airways, Iberia and SAS, to the introduction of new routes by Alitalia and the increase of the London City route, Cagliari and Alghero routes (regional continuity agreement) and to easyJet, also thanks to the Linate-Fiumicino shuttle, in second place in overall growth terms at the airport.

SEA and APCOA Parking Italia awarded the parking rights for Bergamo Orio al Serio airport

On January 3, 2014, SEA and APCOA Parking Italia SpA, as a Business Combination were awarded the tender last July by SACBO, for the management of parking at Bergamo Orio al Serio airport from February 1, 2014 to January 31, 2020.
The consortium formed by SEA and APCOA, European leader in parking services and successfully partnering for over fifteen years with SEA in the operational management of parking at Milan Malpensa Terminal 1, will manage over 7,000 thousand parking spaces, serving the specific requirements of the Bergamo airport customer base. The SEA Group, with over 5,000 parking spaces at Milan Linate and over 10,000 thousand at Milan Malpensa, will manage therefore the largest parking system within the Lombardy airports.
The commitment of SEA and APCOA responds to the requirement of SACBO to modernise and improve the functionality of its parking. SEA, which heads the consortium, will directly manage relations with SACBO and will therefore be responsible for the economic and financial aspects through a series of investments which will improve the service, particularly in terms of technological innovation and security, while APCOA will be involved in the operational management of parking and the management of direct relations with customers.
Among the best technologies available to the Bergamo Orio al Serio airport, customers will use the Telepass service for the payment of parking; this service is already being utilised and has been strongly welcomed by customers at Milan Linate and Milan Malpensa airports, enabling the payment of parking charges at the end of the month through deduction from the Telepass account.
In addition, in agreement with SACBO, ViaMilanoParking introduced another service appearing for the first time through airport operators in Italy: e-commerce, the online sale of parking which permits booking and pre-purchase at a very attractive price at the official parking areas of the Milan Linate and Milan Malpensa airports.

The New "Mxperience"

The work which commenced in 2013 involving an extensive restyling and improvement of Terminal 1 at Malpensa, also with a view to the important Expo 2015 event, will continue throughout 2014.
The guidelines relate to the redevelopment of the commercial area of the departures floor and the restyling of the other areas on the basis of innovation, design, cutting-edge materials, renewed and extended spaces, the ongoing development of the comfort of users and of increasingly efficient and comprehensive services, which satisfy the needs of all passengers.
Luxury purchases, high quality products, excellent catering standards, dedicated services and great shopping opportunities: Milan Malpensa has transformed simply being at the airport into a pleasurable "Airport Experience", inspired by the fashion rectangle of Milan, one of the most famous areas throughout the world.
Milan Malpensa wishes to reflect the values of the fashion, design and taste capital, based on a targeted commercial offer, with prestigious brands from various goods categories, from Bulgari, Giorgio Armani and Ermenegildo Zegna to Etro and Gucci; from Hermès and Montblanc to Salvatore Ferragamo. The higher-end products value window space in an area which can become a real high level shopping destination and not just an area for passing through.
Through the renewal and extension project of Terminal 1, the innovation of the "Airport Experience" at Malpensa significantly improves also the available infrastructure and the architectural features. The Terminal will become a cutting-edge, elegant and bright structure, with aerodynamic design, constructed in zinc-titanium, steel, glass and with marble flooring. These activities, previously carried out for the northern satellite opened in January 2013, will involve all of the departures floor commercial area and followed by the arrivals floor.
With the completion of these works, Terminal 1 will reach a total flooring area of 350,000 sq. mtrs., of which 8,000 sq. mtrs. new commercial areas, comprising 46 new shops, adding to an already rich and structured offer.
Passengers may utilise 90 boarding gates and up to 290 check-in desks.
The extensive size of the innovative structure, finally, will allow the acceptance of the latest generation aircraft, such as the Airbus A380, increasing therefore the number of possible routes.
A significant feature of the new project is the removal of the separation between the Schengen and non Schengen areas: all travellers, domestic or international, may access all commercial areas and all types of brands present at the airport. This will be made possible thanks to the relocation of the passport control desks next to the departure gates.
The SEA Group has developed a long-term commercial development plan, in order to maximise the advantages related to the potential growth of passenger traffic.
A fundamental aspect concerns therefore the improvement of the infrastructure as a welcoming area and of the commercial offer with luxury and internationally prestigious brands and the upgrading of the areas to host high quality retail, both in terms of design and comfort and hospitality.
This is all achieved through significant support from the commercial partners, through dialogue and mutually-beneficial constructive relations.

Transactions with Related Parties

The transactions with related parties are not atypical or unusual and form part of the ordinary business activities of the companies of the Group.

These operations are regulated at market conditions and take account of the characteristics of the goods and services provided.
For further details, reference should be made to paragraph 8 "Transactions with related parties" in the Notes.

Proposals to the Shareholders' Meeting

Board of Directors' proposals to the Shareholders' Meeting

Dear Shareholders,

we propose the approval of the 2013 financial statements of SEA SpA prepared in accordance with IFRS.
We propose, in addition, the approval of the allocation of the 2013 net profit of a total amount of Euro 52,182,470.13 as follows:

- Euro 26,450,000.00 as dividend to Shareholders, in the amount of Euro 0.1058 per share;
- Euro 25,732,470.13 to the Extraordinary Reserve.

The Chairman of Board of Directors
Pietro Modiano

Shareholders' meetings resolutions

The Shareholders' Meeting of May 07, 2014 passed the following motions:

- approval of the 2013 financial statements of SEA SpA which reports a net profit of Euro 52,182,470.13;
- aallocation of the net profit of Euro 52,182,470.13 as follows:
  - Euro 26,450,000.00 as dividend to Shareholders, in the amount of Euro 0.1058 per share;
  - Euro 25,732,470.13 to the Extraordinary Reserve;
  - payment of the 2013 dividend of Euro 0.1058 per share on June 25, 2014.

The Chairman of Board of Directors
Pietro Modiano

SEA Group
Consolidated Financial Statements

Financial Statements

Consolidated Statements of Financial Position

(in thousands of Euro)	Note	at December 31 2013	of which related parties	at December 31 2012	of which related parties
ASSETS					
Intangible assets	6.1	942,987		870,682	
Tangible assets	6.2	196,495		205,870	
Property investments	6.3	3,416		3,420	
Investments in associated companies	6.4	40,429		41,639	
Available-for-sale investments	6.5	26		26	
Deferred tax assets	6.6	30,031		31,554	
Other non-current receivables	6.7	495		599	
Total non-current assets		**1,213,879**		**1,153,790**	
Inventories	6.8	6,716		7,758	
Trade receivables	6.9	118,095	6,212	156,054	8,525
Tax receivables (*)	6.10	17,809		15,356	
Other receivables (*)	6.10	17,740		19,613	
Cash and cash equivalents	6.11	60,720		54,339	
Total current assets		**221,080**	**6,212**	**253,120**	**8,525**
Assets classified as held-for-sale		**0**		**0**	
TOTAL ASSETS		**1,434,959**	**6,212**	**1,406,910**	**8,525**
LIABILITIES					
Share capital	6.12	27,500		27,500	
Other reserves	6.12	225,559		185,744	
Net profit	6.12	33,707		64,003	
Group Shareholders' equity		**286,766**		**277,247**	
Minority interest Shareholders' equity	6.12	**611**		**85**	
Group & minority interest Shareholders' equity		**287,377**		**277,332**	
Provision for risks & charges	6.13	187,111		163,533	
Employee provisions	6.14	77,155		77,064	
Non-current financial liabilities	6.15	401,361		410,696	
Total non-current liabilities		**665,627**		**651,293**	
Trade payables	6.16	165,867	2,952	202,006	873
Income tax payables	6.17	57,707		53,562	
Other payables	6.18	111,282		166,307	
Current financial liabilities	6.15	147,099		56,410	
Total current liabilities		**481,955**	**2,952**	**478,285**	**873**
Liabilities directly associated with assets classified as held-for-sale		**0**		**0**	
TOTAL LIABILITIES		**1,147,582**	**2,952**	**1,129,578**	**873**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**1,434,959**	**2,952**	**1,406,910**	**873**

(*) In 2012 the caption "Tax receivables" was classified in the account "Other receivables".

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Consolidated Comprehensive Income Statement

		Year ended December 31			
(in thousands of Euro)	Note	2013	of which related parties	2012	of which related parties
Operating revenues	7.1	657,080	32,654	632,294	34,584
Revenues for works on assets under concession	7.2	67,000		88,662	
Total revenues		**724,080**	**32,654**	**720,956**	**34,584**
Operating costs					
Personnel costs	7.3	(250,344)		(256,272)	
Consumable materials	7.4	(48,786)		(63,038)	
Other operating costs	7.5	(161,366)		(145,291)	
Provisions & write-downs (*)	7.6	(39,495)		(14,934)	
Costs for works on assets under concession	7.7	(62,311)		(83,453)	
Total operating costs		**(562,302)**	**1,878**	**(562,988)**	**(2,261)**
Gross Operating Margin / EBITDA (*)		**161,778**	**34,532**	**157,969**	**32,323**
Provision for restoration and replacement (*)	7.8	(26,294)		(11,350)	
Ammortisation & depreciation	7.9	(49,919)		(45,934)	
EBIT		**85,565**	**34,532**	**100,685**	**32,323**
Investment income (charges)	7.10	507	507	7,549	7,549
Financial charges	7.11	(22,151)		(19,179)	
Financial income	7.11	1,031		713	
Pre-tax profit		**64,952**	**35,039**	**89,768**	**39,872**
Income taxes	7.12	(31,242)		(25,763)	
Net profit from continuing operations		**33,710**	**35,039**	**64,005**	**39,872**
Net profit from discontinued operations		**0**	**0**	**0**	**0**
Minority interest profit		3		2	
Group net profit		**33,707**	**35,039**	**64,003**	**39,872**
- Items reclassifiable in future periods to the net result					
Fair value measurement of derivative financial instruments		5,000		(6,522)	
Tax effect from fair value measurement of derivative financial instruments		(1,375)		1,794	
Total items reclassifiable, net of the tax effect		**3,625**		**(4,728)**	
- Items not reclassifiable in future periods to the net result					
Actuarial Profit / (loss) on Employee Leaving Indemnity		191		(9,356)	
Tax effect on Actuarial Profit / (loss) on Employee Leaving Indemnity		(53)		2,360	
Total items not reclassifiable net of the tax effect		**138**		**(6,996)**	
Total other comprehensive income items		**3,763**		**(11,724)**	
Total comprehensive profit		**37,473**		**52,281**	
Attributable to:					
- Parent Company Shareholders		37,470		52,279	
- Minority interest		3		2	

(*) EBITDA was defined in 2013 as the difference between total revenues and total operating costs, including provisions and write-downs and excluding the restoration and replacement provision. Consequently, the previous year was reclassified for comparability.

Consolidated Cash Flow Statement

(in thousands of Euro)	2013	of which related parties	2012	of which related parties
	Year ended December 31			
Cash flow generated from operating activity				
Pre-tax profit	64,952		89,768	
Adjustements:				
Ammortisation & depreciation of tangible & intangible assets	49,919		45,934	
Net provisions (including employee provisions)	27,773		7,289	
Net financial charges	21,120		18,466	
Investment income	(507)		(7,549)	
Other non-cash items	(1,108)		(22,153)	
Cash flow generated from operating activities before working capital changes	**162,149**		**131,755**	
Change in inventories	1,159		1,503	
Change in trade receivables & other receivables	34,176	(2,313)	(2,625)	2,596
Change in other non-current assets	(2,243)		2,116	
Change in trade payables & other payables	(28,356)	2,079	44,373	(986)
Cash flow generated from changes in working capital	**4,736**	**(234)**	**45,367**	**1,610**
Income taxes paid	(38,627)		(44,291)	
Cash flow generated from operating activities	**128,257**	**(234)**	**132,831**	**1,610**
Investments in fixed assets:				
- intangible	(69,218)		(100,001)	
- tangible	(12,149)		(6,113)	
Dividends received	1,717	1,717	2,882	2,882
Cash flow absorbed from investing activity	**(79,650)**	**1,717**	**(103,232)**	**2,882**
Inventory	(116)			
Trade receivables and other current assets	(6,504)			
Trade payables and other current liabilities	9,026			
Risks provisions & post-employment benefits	3,341			
Intangible assets	(2,455)			
Tangible assets	(29,633)			
Non-current assets, net of non-current liabilities	37			
Deferred tax liabilities	2,394			
Net debt	1,915			
Minority interest shareholders' equity	425			
Cash flow absorbed from the acquisition of Ali Trasporti Aerei ATA SpA	**(21,570)**			
Change in gross financial debt				
- increases / (decreases) in short-term & medium / long-term debt	81,895		114,464	
- increases / (decreases) in advances on State grants	0		0	
Decreases / (increases) in receivables for State grants	(28)		782	
Share Capital increases and Shareholders' equity reserves	0		0	
Net increases / (decreases) in other financial liabilities	2,581		(342)	
Dividends distributed	(88,966)		(102,789)	
Interest paid	(16,139)		(11,436)	
Cash flow absorbed from financing activity	**(20,657)**		**679**	
Increase / (decrease) in cash and cash equivalents	**6,381**	**1,483**	**30,277**	**4,492**
Cash and cash equivalents at beginning of year	54,339		24,062	
Cash and cash equivalents at end of year	60,720		54,339	

Statement of Changes in Consolidated Shareholders' Equity

	Share capital	Legal reserve	Other reserves & retained earnings (accum. losses)	Actuarial profit / (losses) reserve	Derivative contracts hedge acctg. reserve	Net profit	Consolidated share equity	Minority interest capital & reserves	Group & minority interest consolidated share equity
Balance at 31/12/2011 (restated)	**27,500**	**5,500**	**159,912**	**4,742**	**(5,569)**	**50,622**	**242,707**	**83**	**242,790**
Allocation of 2011 net profit			50,622			(50,622)	0		0
Dividends distributed			(17,739)				(17,739)		(17,739)
Other movements							**0**		**0**
Other comprehensive items				(6,996)	(4,728)		(11,724)		(11,724)
Net profit						64,003	64,003	2	64,005
Balance at 31/12/2012	**27,500**	**5,500**	**192,795**	**(2,254)**	**(10,297)**	**64,003**	**277,247**	**85**	**277,332**

	Share capital	Legal reserve	Other reserves & retained earnings (accum. losses)	Actuarial profit / (losses) reserve	Derivative contracts hedge acctg. reserve	Net profit	Consolidated share equity	Minority interest capital & reserves	Group & minority interest consolidated share equity
Balance at 31/12/2012	**27,500**	**5,500**	**192,795**	**(2,254)**	**(10,297)**	**64,003**	**277,247**	**85**	**277,332**
Allocation of 2012 net profit			64,003			(64,003)	0		0
Dividends distributed			(26,700)				(26,700)		(26,700)
Other movements									**0**
Change in consolidation scope			(100)				(100)	523	423
Other comprehensive items				(1,013)	3,625		2,612		2,612
Reclassification			(512)	512			0		
Net profit						33,707	33,707	3	33,710
Balance atl 31/12/2013	**27,500**	**5,500**	**229,486**	**(2,755)**	**(6,672)**	**33,707**	**286,766**	**611**	**287,377**

Notes to the Consolidated Financial Statements

1. General information

Società per Azioni Esercizi Aeroportuali SEA is a limited liability company, incorporated and domiciled in Italy according to Italian Law (the "Company").
The Company's headquarters are located at Milan Linate Airport in Segrate (Milan).

The Company and its subsidiaries (jointly the "Group" or the "SEA Group") manages Milan Malpensa Airport and Milan Linate Airport under the 2001 Agreement signed between SEA and ENAC with a forty year duration (renewing the previous agreement of May 7, 1962).

SEA and the Group companies, in the running of the airports, are involved in the management, development and maintenance of the infrastructure and plant at the airports and offer customers all flight related services and activities, such as the landing and departure of aircraft and the airport security services (Aviation business); these companies in addition provide a wide and specialised range of commercial services for passengers, operators and visitors, both managed directly and outsourced (Non Aviation business).

Through SEA Handling SpA, a subsidiary of SEA, the SEA Group provides also land-side assistance services for aircraft, passengers, luggage, cargo and mail (Handling business).
In addition, the SEA Group, through the company SEA Energia, produces electric and thermal energy both to serve the requirements of its airports and for sale on the external market.

On December 18, 2013, SEA acquired 98.34% of the share capital of Ali Trasporti Aerei ATA SpA, a company operating in the management (as operator) of the General Aviation Milano Linate Ovest airport, on the basis of a sub-concession contract expiring in 2041.

Ali Trasporti Aerei ATA SpA holds 100% of ATA Ali Servizi SpA, a leading General Aviation handler, operating at the airports of Linate Ovest, Ciampino, Venice, Catania and Malpensa.

At the preparation date of the present document, the Company has a 51% holding in Consorzio Malpensa Construction, which provides engineering services and airport construction and infrastructure works.

It is also reported that the Group:
(i) through a 40% holding of SEA in the share capital of Dufrital, also undertakes commercial activities in other Italian airports, including Bergamo, Genoa and Verona;
(ii) through the investee company Malpensa Logistica Europa (in which SEA held 25% of the share capital at December 31, 2013) undertakes integrated logistics activities;
(iii) through the shareholding (30% of the share capital) in SEA Services operates in the catering sector for the Milan airports and
(iv) through an investment in Disma (18.75% of the share capital) manages a plant for the storage and distribution of aviation fuel at Milan Malpensa Airport.

The Company, with a shareholding of 30.98%, is also the largest shareholder of SACBO, which manages the Bergamo airport, Orio al Serio.

The activities carried out by the SEA Group, previously outlined above are therefore structured into the following major areas, with the Group sourcing revenues from each as follows:

- Aviation business ("core" airport business in support of passenger and cargo transport); the revenues generated are based on a regulated tariff system and stem from airport rights, fees for the use of centralised infrastructure and of shared use assets, in addition to security fees and tariffs for the exclusive use of spaces by airlines and Handlers. The rights and fees for security are set by Ministerial Decrees, while the fees for the use of centralised infrastructure and shared assets are monitored and verified by ENAC;

- Non Aviation business (commercial services offered to passengers and users of the Milan Airports), whose revenues derive from market fees for the Non Aviation business directly carried out by SEA, and/or from the above-stated business carried out by sub-contractors, from royalties based on a percentage of revenues of third party operators, with minimum guarantees where established;

- Handling business (and assistance services to aircrafts, passengers, luggage, cargo and mail); the revenues stem from market fees for the ramp handling business (services provided air-side, including the boarding/disembarking of passengers, luggage and cargo, aircraft balancing and luggage distribution and reconciliation) and for passenger handling (land-side services, including check-in and Lost & Found). These fees were freely negotiated between the SEA Group and the airlines;

- Energy (generation and sale of electric and thermal energy) whose revenues stem from market fees set by unit, multiplied by quantity of energy supplied.

2. Summary of accounting principles adopted

The main accounting principles adopted in the preparation of the consolidated statement of financial position at December 31, 2013 are reported below.
The Consolidated Financial Statements at December 31, 2013 and the tables included in the explanatory notes are prepared in thousands of Euro.

2.1 Basis of preparation

The Consolidated Financial Statements includes the Consolidated Statements of Financial Position at December 31, 2013 and at December 31, 2012, the Comprehensive Consolidated Income Statement, the Consolidated Cash Flow Statement, the Change in the Consolidated Shareholders' Equity at December 31, 2013 and 2012 and the relative notes.

The Consolidated Financial Statements at December 31, 2013 were prepared in accordance with IFRS in force at the approval date of the financial statements. The term IFRS includes all of the International Financial Reporting Standards, all of the International Accounting Standards and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") previously called the Standing Interpretations Committee ("SIC") approved and adopted by the European Union.

In relation to the presentation method of the financial statements "the current/non-current" criterion was adopted for the balance sheet while the classification by nature was utilised for the comprehensive income statement and the indirect method for the cash flow statement.

The Consolidated Financial Statements were prepared in accordance with the historical cost convention, except for the measurement of financial assets and liabilities, including derivative instruments, where the obligatory application of the fair value criterion is required.
The Consolidated Financial Statements were prepared under the going concern principle. Group Management evaluated that, although within a difficult economic and financial environment, there are no uncertainties on the going concern of the business considering the existent capitalisation levels and there are no financial, operational, management or other indicators which could indicate difficulty in the capacity of the company to meet its obligations in the foreseeable future and in particular in the next 12 months.
The Company decided not to adopt the accounting standards IFRS 8 "Operating Segments" and IAS 33 "Earnings per share", as these standards are not compulsory for the company (companies with listed securities or which file their financial statements with the Stock Exchange regulator for the issue of ordinary shares on the market).

The Consolidated Financial Statements were audited by the audit firm Deloitte & Touche SpA, the auditor appointed by the Company and the Group.

2.2 IFRS accounting standards, amendments and interpretations applied from January 1, 2013

The International Accounting Standards and amendments which must be obligatory applied from January 1, 2013, following completion of the relative approval process by the relevant authorities, are illustrated below. The adoption of these amendments and interpretations has not had any impact on the financial position or on the result of the Group.

Description	Approval date	Publication in the Official Gazette	Effective date as per the standard	Effective date for SEA
Amendments to IAS 19 Employee Benefits (*)	June 5, 2012	June 6, 2012	Periods which begin from June 30, 2012	Jan. 1, 2012
IFRS 13 Fair value Measurement	Dec. 11, 2012	Dec. 29, 2012	Periods which begin from Dec. 31, 2012	Jan. 1, 2013
Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities	Dec. 13, 2012	Dec. 29, 2012	Periods which begin from Dec. 31, 2012	Jan. 1, 2013
Amendments to IAS 1 Presentation of Items of other Comprehensive Income	June 5, 2012	June 6, 2012	Periods which begin from June 30, 2012	Jan. 1, 2013

(*) The SEA Group applied in advance for the year ending December 31, 2012 the amendments introduced by accounting standard IAS 19 – Employee benefits.

In relation to the above, on June 16, 2011 the IASB issued an amendment to *IAS 1 – Presentation of financial statements*. The amendment requires the grouping of items presented under "Other comprehensive income", based on whether they may or may not be subsequently reclassified to the income statement. The document, published in the Official Gazette of the European Union on June 6, 2012, is applicable from periods beginning July 1, 2012 and thereafter.

The amendment, applicable to the Company from January 1, 2013, resulted in a change in the presentation of the Comprehensive Income Statement.

2.3 Accounting standards, amendments and interpretations not yet applicable and not adopted in advance by the Group

Below we report the International Accounting Standards, interpretations and amendments to existing accounting standards and interpretations, or

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specific provisions within the standards and interpretations approved by the IASB which have not yet been approved for adoption in Europe at the approval date of the present document and which are not adopted in advance by the Group:

Description	Approved at the date of the present document	Effective date as per the standard
IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements	December 11, 2012	Periods which begin from January 1, 2014
IFRS 11 Joint arrangements	December 11, 2012	Periods which begin from January 1, 2014
IFRS 12 Disclosure of Interests in Other Entities	December 11, 2012	Periods which begin from January 1, 2014
IAS 28 Investments in Associates and Joint Ventures	December 11, 2012	Periods which begin from January 1, 2014
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	December 13, 2012	Periods which begin from January 1, 2014
Amendments to IFRS 10, IFRS 12 e IAS 27 Investment entities	December 11, 2012	Periods which begin from January 1, 2014
Amendments to IAS 36 Impairment of assets	December 19, 2013	Periods which begin from January 1, 2014
Amendment to IAS 39 Financial instruments: Recognition and measurement, on novation of derivatives and hedge accounting	December 19, 2013	Periods which begin from January 1, 2014
IFRIC 21 Levies	NO	Periods which begin from January 1, 2014
IFRS 9 Financial instruments	NO	Periods which begin from January 1, 2015

On December 12, 2013, the IASB, within its Annual Improvements of IFRS, published the documents relating to the 2010-2012 and 2011-2013 cycles. The principal changes relate to:

IFRS	Amendments
IFRS 2 Share-based Payment	*Definition of vesting condition*
IFRS 3 Business Combinations	*Accounting for contingent consideration in a business combination* *Scope exception for joint ventures*
IFRS 8 Operating Segments	*Aggregation of operating segments* *Reconciliation of the total of the reportable segments' assets to the entity's assets*
IFRS 13 Fair Value Measurement	*Short-term receivables and payables* *Scope of portfolio exception*
IAS 1 Presentation of Financial Statements	*Current / non-current classification of liabilities*
IAS 7 Statement of Cash Flows	*Interest paid that is capitalised*
IAS 12 Income Taxes	*Recognition of deferred tax assets for unrealised losses*
IAS 16 Property, Plant and Equipment *IAS 38 Intangible Assets*	*Revaluation method – proportionate restatement of accumulated depreciation*
IAS 24 Related Party Disclosures	*Key management personnel*
IAS 36 Impairment of Assets	*Harmonisation of disclosures for value in use and fair value less costs of disposal*
IAS 40 Investment Properties	*Interrelationship between IFRS 3 and IAS 40*

The amendments will be applied from periods beginning July 1, 2014 and thereafter.

Although currently undertaking the complete analysis of the impact of these standards on the Consolidated Financial Statements, it is reasonable to expect that their application will not result in amendments to the measurement of the accounts in the Financial Statements or recognition of items in the Comprehensive Income Statement.

2.4 Consolidated method and principles

The financial statements of the companies included in the consolidation scope were prepared as at December 31, 2013 and were appropriately adjusted, where necessary, in line with Group accounting principles.

The Group Consolidated Financial Statements includes the financial statements of the Company and the companies which the Company directly or indirectly controls, from the date of acquisition and until control terminates. Specifically control is exercised based on direct majority shareholding with voting rights.

The subsidiary companies are consolidated using the line-by-line method. The criteria adopted for the line-by-line consolidation were as follows:

- the assets and liabilities and the charges and income of the companies fully consolidated are recorded line-by-line, attributing to the minority Shareholders, where applicable, the share of net equity and net result for the period pertaining to them; this share is recorded separately in the Net Equity and in the Consolidated Income Statement;
- business combinations are recognised according to the acquisition method. According to this method, the amount transferred in a business combination is valued at fair value, calculated as the sum of the fair value of the assets transferred and the liabilities assumed by the Group at the acquisition date and of

the equity instruments issued in exchange for control of the company acquired. Accessory charges to the transaction are generally recorded to the Income Statement at the moment in which they are incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recorded at fair value at the acquisition date; the following items form an exception, which are instead valued according to the applicable standard:
  - deferred tax assets and liabilities;
  - employee benefit assets and liabilities;
  - liability or equity instruments relating to share-based payments of the company acquired or share-based payments relating to the Group issued in substitution of contracts of the entity acquired;
  - assets held-for-sale and discontinued operations;
- the acquisition of minority shareholdings relating to entities in which control already exists are not considered as such, but rather operations with shareholders; the Group records under equity any difference between the acquisition cost and the relative share of the net equity acquired;
- the significant gains and losses, with the relative fiscal effect, deriving from operations between fully consolidated companies and not yet realised with third parties, are eliminated, except for the losses not realised and which are not eliminated, where the transaction indicates a reduction in the value of the asset transferred. The effects deriving from reciprocal payables and receivables, costs and revenues, as well as financial income and charges are also eliminated if significant;
- the gains and losses deriving from the sale of a share of the investment in a consolidated company which results in the loss of control are recorded in the income statement for the amount corresponding to the difference between the sales price and the corresponding fraction of the consolidated net equity sold.

Associated companies
Associated companies are companies in which the Group has a significant influence, which is alleged to exist when the percentage held is between 20% and 50% of the voting rights.

The investments in associated companies are measured under the equity method. The equity method is as described below:
- the book value of these investments are in line with the adjusted net equity, where necessary, to reflect the application of IFRS and includes the recording of the higher value attributed to the assets and liabilities and to any goodwill identified at the moment of the acquisition;
- the Group gains and losses are recorded at the date in which the significant influence begins and until the significant influence terminates; in the case where, due to losses, the company valued under this method indicates a negative net equity, the carrying value of the investment is written down and any excess pertaining to the Group, where this latter is committed to comply with legal or implicit obligations of the investee, or in any case to cover the losses, is recorded in a specific provision; the equity changes of the companies valued under the equity method not recognised through the income statement are recorded directly as an adjustment to equity reserves;
- the significant gains and losses not realised generated on operations between the Parent Company and subsidiary companies and investments valued under the equity method are eliminated based on the share pertaining to the Group in the investee; the losses not realised are eliminated, except when they represent a reduction in value.

2.5 Consolidation scope and changes in the year

Consolidation scope

The registered office and the share capital (at December 31, 2013) of the companies included in the consolidation scope at December 31, 2013 under the full consolidation method and equity method are reported below:

Company	Registered Office	Share capital at 31/12/2013 (Euro)
SEA Handling SpA	Malpensa Airport - Terminal 2 - Somma Lombardo (VA)	38,050,394
SEA Energia SpA	Milan Linate Airport - Segrate (MI)	5,200,000
Railink Srl in liquidation	Milan Linate Airport - Segrate (MI)	10,000
Airport Handling Srl	Malpensa Airport - Terminal 2 - Somma Lombardo (VA)	50,000
Ali Trasporti Aerei ATA SpA	Viale dell’Aviazione, 65 - Milan	2,976,000
ATA Ali Servizi SpA	Viale dell’Aviazione, 65 - Milan	420,000
Consorzio Malpensa Construction	Via del Vecchio Politecnico, 8 - Milan	51,646
Dufrital SpA	Via Lancetti, 43 - Milan	466,250
SACBO SpA	Via Orio al Serio, 49/51 - Grassobbio (BG)	17,010,000
SEA Services Srl	Via Caldera, 21 - Milan	105,000
Malpensa Logistica Europa SpA	Milan Linate Airport - Segrate (MI)	6,000,000
Disma SpA	Milan Linate Airport - Segrate (MI)	2,600,000

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The companies included in the consolidation scope at December 31, 2013 and the respective consolidation methods are reported below:

Company	Consolidation Method at 31/12/2013	% Group holding at 31/12/2013
SEA Handling SpA	line-by-line	100%
SEA Energia SpA	line-by-line	100%
Railink Srl in liquidation	line-by-line	100%
Airport Handling Srl	line-by-line	100%
Ali Trasporti Aerei ATA SpA	line-by-line	98.34%
ATA Ali Servizi SpA (*)	line-by-line	(*) 98.34%
Consorzio Malpensa Construction	line-by-line	51%
Dufrital SpA	equity	40%
SACBO SpA	equity	30.979%
SEA Services Srl	equity	30%
Malpensa Logistica Europa SpA	equity	25%
Disma SpA	equity	19%

(*) Indirectly through Ali Trasporti Aerei ATA SpA.

Change in the consolidation scope

The changes in the Group consolidation scope in 2013 are described below. In 2012, there were no changes in the consolidation scope.

On December 18, 2013, the Group completed the acquisition, from the company Acqua Pia Antica Marcia SpA in liquidation and administration, of 98.34% of the share capital of Ali Trasporti Aerei ATA SpA, a company operating in the management (as operator) of the General Aviation Milano Linate Ovest airport on the basis of a sub-concession contract expiring in 2041. Ali Trasporti Aerei ATA Spa holds 100% of ATA Ali Servizi SpA, a leading General Aviation handler, operating at the airports of Linate Ovest, Ciampino, Venice, Catania and Malpensa. The company therefore was included in the consolidation scope due to the indirect control exercised by SEA SpA.

Ali Trasporti Aerei ATA SpA and ATA Ali Servizi SpA
On December 18, 2013, the Group completed the acquisition of 98.34% of Ali Trasporti Aerei ATA SpA (with headquarters in Milan), a company operating in the management (as operator) of the General Aviation Milano Linate Ovest airport, for consideration of Euro 25,200 thousand.

In compliance with international accounting standards, the provisional recognition in the consolidated financial statements of the balance sheet of the company acquired and its subsidiary ATA Ali Servizi SpA took place at the fair value of the assets and liabilities acquired, determined on the basis of a valuation prepared internally by Group Management, according to best practice valuation models. These amounts are in line with the valuation of the real estate assets (prevalently hangers), prepared by an independent expert. The Group therefore utilised the option to provisionally recognize this business combination.

The Fair Values of the assets and liabilities acquired by the Group were as follows:

(in thousands of Euro)	Acquisition value *Net Book Value*	Allocation of gain *Purchase Price Allocation*	Book value *Fair value*
Inventory	116		116
Trade receivables and other assets	6,504		6,504
Trade payables and other liabilities	(9,027)		(9,027)
Net Working Capital (A)	**(2,407)**		**(2,407)**
Tangible assets	1,451	1,004	2,455
Intangible assets	8,072	21,561	29,633
Deferred tax assets	455		455
Other non-current assets	47		47
Fixed assets (B)	**10,025**	**22,565**	**32,590**
Deferred tax liabilities (*)		(2,849)	(2,849)
Risks provisions & post-employment benefits	(3,341)		(3,341)
Non-current liabilities	(84)		(84)
Provisions (C)	**(3,425)**	**(2,849)**	**(6,274)**
Cash and cash equivalents (D)	**3,631**		**3,631**
Loans & other financial payables (E)	**(1,915)**		**(1,915)**
Minority interest share eq. (F)		**(425)**	**(425)**
Shareholders' equity (A+B+C+D+E+F)	**5,909**	**19,291**	**25,200**
Amount paid by SEA SpA			**25,200**

(*) The deferred tax liabilities were calculated on the basis of the proposed merger with SEA SpA.

In accordance with international accounting standards, the financial statements of Ali Trasporti Aerei ATA SpA and ATA Ali Servizi SpA were consolidated under the full consolidation method from the acquisition date which, considering the proximity of the acquisition to year-end, is taken as December 31, 2013. Therefore, these companies did not contribute to the income statement result for the year.

In relation to the investigation undertaken by the Anti-trust Authority in relation to presumed abuse of a dominant market position, in the management of the infrastructures for general aviation and in the offer of handling services, which could "impede the access to these markets by a new operator such as Cedicor", it is highlighted that SEA is awaiting the date of a meeting with the Authority, as requested by SEA, in order to outline the precise position of the Company and to clarify the correctness of its conduct during the acquisition process of ATA.

In the event that the Authority (which has fixed the closure date on the investigation as March 30, 2015) confirms the existence of the abuse of a dominant position, the maximum risk would be an administrative penalty, which would be appealed requesting suspension of any such sanction. Based on the considerations outlined and that the decision of the Anti-trust Authority does not affect the completion of the acquisition, the consolidation of the acquired investments took place.

Airport Handling Srl

On September 9, 2013, the Group incorporated a new company, Airport Handling Srl – non-operative at December 31, 2013.
The contribution to the balance sheet of the assets and liabilities acquired by the Group was as follows:

(in thousands of Euro)	Book value
Trade receivables & other assets	1
Trade payables & other liabilities	(79)
Net Working Capital (A)	**(78)**
Intangible assets	16
Fixed assets (B)	**16**
Provisions (C)	**0**
Cash and cash equivalents (D)	**47**
Loans & other financial payables (E)	
Minority interest share eq. (F)	
Shareholders' equity (A+B+C+D+E+F)	**(15)**

Railink Srl in liquidation

On March 19, 2013, the Group incorporated a new company, Railink Srl, in liquidation at December 31, 2013.
The contribution to the balance sheet of the assets and liabilities acquired by the Group were as follows:

(in thousands of Euro)	Book value
Trade receivables and other assets	1
Net Working Capital (A)	**1**
Fixed assets (B)	**0**
Provisions (C)	**0**
Cash and cash equivalents (D)	**4**
Loans & other financial payables (E)	
Minority interest share eq. (F)	
Shareholders' equity (A+B+C+D+E+F)	**5**

2.6 Translation of foreign currency transactions

The transactions in currencies other than the operational currency of the Company are translated using the exchange rate at the transaction date.
The foreign currency gains and losses generated from the closure of the transaction or from the translation at the balance sheet date of the assets and liabilities in foreign currencies are recognised in the Income Statement.

2.7 Accounting principles

Intangible assets

An intangible asset is a non-monetary asset, identifiable and without physical substance, controllable and capable of generating future economic benefits. These assets are recorded at purchase and/or production cost, including the costs of bringing the asset to its current use, net of accumulated amortisation, and any loss in value. The intangible assets are as follows:

(a) **Rights on assets under concession**
The "Rights on assets under concession" represent the right of the Lessee to utilise the asset under concession (so-called intangible asset method) in consideration of the costs incurred for the design and construction of the asset with the obligation to return the asset at the end of the concession. The value corresponds to the "fair value" of the design and construction assets increased by the financial charges capitalised, in accordance with IAS 23, during the construction phase. The fair value of the construction work is based on the costs actually incurred increased by a mark-up of 6% representing the remuneration of the internal costs for the management of the works and design activities undertaken by the Group, in addition to a mark-up which a general contractor would request for the same activity, as per IFRIC 12. The determination of the fair value results from the fact that the lessee must apply paragraph 12 of IAS 18 and therefore if the fair value of the services received (specifically the right to utilise the asset) cannot be determined reliably, the revenue is calculated based on the fair value of the construction work undertaken.

The construction work in progress at the balance sheet date is measured based on the state of advancement of the work in accordance with IAS 11 and this amount is reported in the income statement line "Revenues for works on assets under concession".

Restoration or replacement works are not capitalised and are included in the estimate of the restoration and replacement provision as outlined below.

Assets under concession are amortised over the duration of the concession, as it is expected that the future economic benefits of the asset will be utilised by the lessee.

The accumulated amortisation provision and the restoration and replacement provision ensure the adequate coverage of the following charges:
- free devolution to the State at the expiry of the concession of the assets devolved freely with useful life above the duration of the concession;
- restoration and replacement of the components subject to wear and tear of the assets under concession.

Where events arise which indicate a reduction in the value of these intangible assets, the difference between the present value and the recovery value is recognised in the income statement.

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

(c) **Computer software**
Software license costs are amortised on a straight-line basis over three years, while software programme maintenance costs are expensed to the income statement when incurred.

Intangible assets with definite useful life are annually tested for losses in value or where there is an indication that the asset may have incurred a loss in value. Reference should be made to the paragraph below "Impairment of assets".

Tangible fixed assets

Tangible fixed assets includes property, part of which under the scope of IFRIC 12, and plant and equipment.

Property
Property, in part financed by the State, relates to tangible assets acquired by the Company in accordance with the 2001 Agreement (which renewed the previous concession of May 7, 1962). The 2001 Agreement provides for the obligation of SEA to maintain and manage airport assets for the undertaking of such activities and the right to undertake structural airport works, which remain the property of SEA until the expiry of the 2001 Agreement, i.e. May 4, 2041. The fixed assets in the financial statements are reported net of State grants.

Depreciation of property is charged based on the number of months held on a straight-line basis, which depreciates the asset over its estimated useful life. Where this latter is beyond the expiry of the concession, the amount is depreciated on a straight-line basis until the expiry of the concession. Applying the principle of the component approach, when the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is calculated separately for each part of the asset.

For land, a distinction is made between land owned by the Group, classified under property, plant and equipment and not subject to depreciation and expropriated areas necessary for the extension of the Malpensa Terminal, classified under "Assets under concession" and amortised over the duration of the concession.

The free granting of assets is recognised at market value, according to independent technical expert opinions.

Plant & Equipment
These are tangible fixed assets purchased by the Company which are not subject to obligation of free devolution.
Plant and equipment are recorded at purchase or production cost and, only with reference to owned assets, net of accumulated depreciation and any loss in value. The cost includes charges directly incurred for bringing the asset to their condition for use, as well as dismantling and removal charges which will be incurred consequent of contractual obligations, which require the asset to be returned to its original condition.
The expenses incurred for the maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement when they are incurred. The capitalisation of the costs relating to the expansion, modernisation or improvement of owned tangible assets or of those held in leasing, is made only when they satisfy the requirements to be separately classified as an asset or part of an asset in accordance with the component approach, in which case the useful life and the relative value of each component is measured separately.
Depreciation is charged to the income statement based on the number of months held on a straight-line basis, which depreciates the asset over its estimated useful life. Where this latter is beyond the date of the end of the concession, the amount is amortised on a straight-line basis until the expiry of the concession. Applying the principle of the component approach, when the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is calculated separately for each part of the asset.

The depreciation rates for owned assets, where no separate specific components are identified are reported below:

Loading and unloading vehicles	10.0 %
Runway equipment	31.5 %
Equipment	25.0 %
Furniture and fittings	12.0 %
Transport vehicles	20.0 %
Motor vehicles	25.0 %
EDP	20.0 %

The useful life of property, plant and equipment and their residual value are reviewed and updated, where necessary, at least at the end of each year.

Investment property

This account includes owned buildings not for operational use. Investment property is initially recognised at cost and subsequently measured utilising the amortised cost criteria, net of accumulated depreciation and loss in value.
Depreciation is calculated on a straight-line basis over the useful life of the building.

Impairment of assets

At each balance sheet date, the property, plant and machinery, intangible assets and investments in subsidiaries and associated companies are analysed in order to identify any indications of a reduction in value. Where these indications exist, an estimate of the recoverable value of the above-mentioned assets is made, recording any write down compared to the relative book value in the Income Statement. The recoverable value of an asset is the higher between the fair value less costs to sell and its value in use, where this latter is the fair value of the estimated future cash flows for this asset. For an asset that does not generate sufficient independent cash flows, the realisable value is determined in relation to the cash-generating unit to which the asset belongs. In determining the fair value consideration is taken of the purchase cost of a specific asset which takes into account a depreciation coefficient (this coefficient takes into account the effective conditions of the asset). In defining the value in use, the expected future cash flows are discounted utilising a discount rate that reflects the current market assessment of the time value of money, and the specific risks of the activity. A reduction in value is recognised in the Income Statement when the carrying value of the asset is higher than the recoverable amount. When the reasons for the write-down no longer exist, the book value of the asset (or of the cash generating unit) is restated through the Income Statement, up to the value at which the asset would be recorded if no write-down had taken place and amortisation and depreciation had been recorded.

Financial assets

On initial recognition, the financial assets are classified in one of the following categories based on the relative nature and purpose for which they were acquired:
- financial assets at fair value through profit or loss;
- loans and receivables;
- available for sale financial assets.

The financial assets are recorded under assets when the company becomes contractually party to the assets. The financial assets sold are derecognised when the right to receive the cash flow is transferred together with all the risks and benefits associated with ownership.

Purchases and sales of financial assets are recognised at the valuation date of the relative transaction.
Financial assets are measured as follows:

(a) **Financial assets at fair value through profit or loss**
Financial assets are classified in this category if acquired for the purposes to be sold in the short term period. The assets in this category are classified as current and measured at fair value; the changes in fair value are recognised in the Income Statement in the period in which they arise, if significant.

(b) **Loans and receivables**
Loans and receivables are financial instruments, principally relating to trade receivables, non-derivative, not listed on an active market, from which fixed or determinable payments are expected. Loans and receivables are stated as current assets, except for amounts due beyond 12 months from the balance sheet date, which are classified as non-current. These assets are measured at amortised cost, on the basis of the effective interest rate.

When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. The losses in value are recognised in the Income Statement. When, in subsequent periods, the reasons for the write-down no longer exist, the value of the assets are restated up to the value deriving from the application of the amortised cost.

(c) **AFS financial assets**
The AFS assets are non-derivative financial instruments explicitly designated in this category, or are not classified in any of the previous categories and are classified under non-current assets unless management has the intention to sell them within 12 months from the balance sheet date. These financial assets are measured at fair value and the valuation gains or losses are allocated to an equity reserve under "Other comprehensive income". They are recognised in the Income Statement only when the financial asset is sold, or, in the case of negative cumulative changes, when it is considered that the reduction in value already recorded under equity cannot be recovered.

In the case of investments classified as financial assets available for sale, a prolonged or significant decline in the fair value of the investment below the initial cost is considered an indicator of loss in value.

Derivative financial instruments

Derivative financial instruments are classified as hedging instruments when the relation between the derivative and the hedged item is formally documented and the effectiveness of the hedge, periodically verified, is high. When the hedged derivatives cover the risk of change of the fair value of the instruments hedged (fair value hedge; e.g. hedge in the variability of the fair value of asset/liabilities at fixed rate), these are recorded at fair value through the Income Statement; therefore, the hedging instruments are adjusted to reflect the changes in fair value associated to the risk covered. When the derivatives hedge a risk of changes in the cash flows of the instruments hedged (cash flow hedge), the hedging is designated against the exposure to changes in the cash flows attributable to the risks which may in the future impact on the Income Statement. The effective part of the change in fair value of the part of the derivative contracts which are designated as hedges in accordance with IAS 39 is recorded in an equity account (and in particular "other items of the Comprehensive Income Statement"); this reserve is subsequently transferred to the Income Statement in the period in which the transaction hedged impacts the income statement. The ineffective part of the change in the fair value of the part of the derivative contracts, as indeed the entire change in the fair value of the derivatives which are not designated as hedges or which do not comply with the requirements of the above-mentioned IAS 39, are recognised directly in the Income Statement in the account "financial income/charges."

The fair value of traded financial instruments is based on the listed price at the balance sheet date. If the market for a financial asset is not active (or refers to non-listed securities), the Group determines fair value utilising valuation techniques which include: reference to advanced negotiations in course, references to securities which have the same characteristics, analyses based on cash flows, price models based on the use of market indicators and aligned, as far as possible, to the assets to be valued.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured based on the amortised cost method net of the doubtful debt provision. When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable.

Indicators of loss in value include, among others, significant contractual non-compliance, significant financial difficulties, insolvency risk of the counterparty. Receivables are reported net of the provision for doubtful debts. If in subsequent periods the reduction in the value of the asset is confirmed, the doubtful debt provision is utilised; otherwise, where the reasons for the previous write-down no longer exist, the value of the asset is reversed up to the recoverable amount derived from applying the amortised cost method where no write down had been made. For further information, reference should be made to *Note* 4.1.

Inventories

Inventories are measured at the lower of average weighted purchase and/or production cost and net realisable value or replacement cost. The valuation of inventories does not include financial charges.

Cash and cash equivalents

Cash and cash equivalents includes cash, bank deposits, and other short-term forms of investment, due within three months. At the balance sheet date, bank overdrafts are classified as financial payables under current liabilities in the balance sheet. Cash and cash equivalents are recorded at fair value.

Provisions for risks and charges

The provisions for risks and charges are recorded to cover known or likely losses or liabilities, the timing and extent of which are not known with certainty at the balance sheet date. They are recorded only when there exists a current obligation (legal or implicit) for a future payment resulting from past events and it is probable that the obligation will be settled. This amount represents the best estimate less the expenses required to settle the obligation.

Possible risks that may result in a liability are disclosed in the notes under the section on commitments and risks without any provision.

Restoration and replacement provision of assets under concession

The accounting treatment of the works undertaken by the lessee on the assets under concession, as per IFRIC 12, varies depending on the nature of the work: normal maintenance on the asset is considered ordinary maintenance and therefore recognised in the Income Statement; replacement work and programmed maintenance of the asset at a future date, considering that IFRIC 12 does not provide for the recognition of a physical asset but a right, must be recognised in accordance with IAS 37 – "Provisions and potential liabilities" – which establishes recognition to the income statement of a provision and the recording of a provision for charges in the balance sheet.

The restoration and replacement provision of the assets under concession include, therefore, the best estimate of the present value of the charges matured at the balance sheet date for the programmed maintenance in the coming years and undertaken in order to ensure the functionality, operations and security of the assets under concession.

It should be noted that the restoration and replacement provision of the assets refers only to fixed assets within the scope of IFRIC 12 (or assets under concession classified to tangible assets).

Employee provisions

Pension provisions

The companies of the Group have both defined contribution plans (National Health Service contributions and INPS pension plan contributions) and defined benefit plans (Post-Employment Benefits).

A defined contribution plan is a plan in which the Group participates through fixed payments to third party fund operators, and in relation to which there are no legal or other obligation to pay further contributions where the fund does not have sufficient assets to meet the obligations of the employees for the period in course and previous periods. For the defined contribution plans, the Group pays contributions, voluntary or established contractually, to public and private pension funds. The contributions are recorded as personnel costs in accordance with the accruals principle. The advanced contributions are recorded as an asset which will be repaid or offset against future payments where due.

A defined benefit plan is a plan not classified as a contribution plan. In the defined benefit programmes, the amount of the benefit to be paid to the employee is quantifiable only after the termination of the employment service period, and is related to one or more factors such as age, years of service and remuneration; therefore the relative charge is recognised to the income statement based on actuarial calculations. The liability recorded in the accounts for defined benefit plans corresponds to the present value of the obligation at the balance sheet date, net, where applicable, of the fair value of the plan assets. The obligations for the defined benefit plans are determined annually by an independent actuary utilising the projected unit credit method. The present value of the defined benefit plan is determined discounting the future cash flows at an interest rate equal to the obligations (high-quality corporate) issued in the currency in which the liabilities will be settled and takes into account the duration of the relative pension plan. The Group already adopted at December 31, 2012 the accounting choice within IAS 19 which provides for actuarial gains/losses to be recorded directly in equity and consequently, the entry into force of IAS 19 Revised which eliminates alternative treatments to those already adopted by the Group does not have any impact on the comparative classification of the accounts.

We report that, following amendments made to the leaving indemnity regulations by Law no. 296 of December 27, 2006 and subsequent Decrees and Regulations issued in the first half of 2007, the leaving indemnity provision due to employees in accordance with Article 2120 Civil Code is classified as defined benefit plans for the part matured before application of the new legislation and as defined contribution plans for the part matured after the application of the new regulation.

Post-employment benefits
Post-employment benefits are paid to employees when the employee terminates his employment service before the normal pension date, or when an employee accepts voluntary termination of the contract. The Group records post-employment benefits when it is demonstrated that the termination of the employment contract is in line with a formal plan which determines the termination of the employment service, or when the provision of the benefit is a result of a leaving indemnity programme.

Financial liabilities

Financial liabilities and other commitments to be paid are initially measured at fair value, net of directly allocated accessory costs, and subsequently at amortised cost, using the effective interest rate. When there is a change in the expected cash flows and it is possible to estimate them reliably, the value of the payables are recalculated to reflect this change, based on the new present value of the expected cash flows and on the internal yield initially determined. The financial liabilities are classified under current liabilities, except when the Group has an unconditional right to defer their payment for at least 12 months after the balance sheet date.

Purchases and sales of financial liabilities are recognised at the valuation date of the relative transaction.

Financial liabilities are derecognised from the balance sheet when they are settled and the Group has transferred all the risks and rewards relating to the instrument.

Trade and other payables

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

Revenue recognition

Revenues are recognised at fair value of the amount received for the services from the ordinary activities. They are calculated following the deduction of VAT and discounts.
The revenues, principally relating to the provision of services, are recognised in the accounting period in which they are provided.
Rental income and royalties are recognised in the period in which they mature, based on the contractual agreements.
Handling activity revenues are recognised on an accruals basis, according to the number of passengers in the year.
Revenues from electric and thermal energy production are recognised on an accruals basis, according to the effective quantity produced in kWh. The tariffs are based on the contracts in force – both those at fixed prices and indexed prices.

Green Certificates, White Certificates and emission quotas
The companies which produce electricity from renewable sources receive Green Certificates from the Energy Service Operator (GSE). Revenues are recognised on an accruals basis, both in relation to certificates issued on a preliminary basis and final certificates issued. On the recognition of the revenues a receivable is recorded from the GSE and on the sale of the certificates this is then recorded as a customer receivable.
White Certificates allocated by the GSE are handled in a similar manner (for the first time in 2013, for the years 2012 and 2013), following the recognition of the Malpensa station as a high yield cogeneration plant.

Revenue for works on assets under concession
Revenues on construction work are recognised in relation to the state of advancement of works in accordance with the percentage of completion method and on the basis of the costs incurred for these activities increased by a mark-up of 6% representing the remuneration of the internal costs of the management of the works and design activities undertaken by the SEA Group, the mark-up which would be applied by a general contractor (as per IFRIC 12).

Public grants

Public grants, in the presence of a formal resolution, are recorded on an accrual basis in direct correlation to the costs incurred (IAS 20).

Capital grants
Capital public grants relating to property, plant and equipment are recorded as a reduction in the acquisition value of the assets to which they refer.

Operating grants
Operating grants are recorded directly in the income statement.

Recognition of costs

Costs are recognised when relating to assets or services acquired or consumed in the year or by systematic allocation.

The incentives granted to airlines, based on the number of passengers transported and invoiced by the airlines to the Company for *(i)* the maintenance of traffic at the airport or *(ii)* the development of traffic through increasing existing routes or launching of new routes, are considered commercial costs and, as such, classified under "Operating costs" and recognised in correlation to the revenues to which they refer. In particular, in the opinion of management which monitors the effectiveness of these commercial initiatives together with other marketing initiatives classified under commercial costs, although these incentives are allocated to specific revenue accounts proportionally, because of their contribution to traffic and to the growth of the airport, from an operating viewpoint they must be considered together with all costs incurred by the Company through commercial and marketing activities and are therefore reported in the Management Accounts and valued in the company KPI together with marketing costs. Therefore, the decision was taken to classify these incentives in the annual financial reporting in line with their operating objectives.

Financial income

Financial income is recognised on an accruals basis and includes interest income on funds invested, foreign currency gains and income deriving from financial instruments, when not offset by hedging operations. Interest income is recorded in the Income Statement at the moment of maturity, considering the effective yield.

Financial charges

Financial charges are recorded on an accrual basis and include interest on financial payables calculated using the effective interest method and currency losses. The financial charges incurred on investments in assets for which a significant period of time is usually needed to render the assets available for use or sale (qualifying assets) are capitalised and amortised over the useful life of the class of the assets to which they refer in accordance with the provisions of the new version of IAS 23.

Income taxes

Current income taxes are calculated based on the assessable income for the year, applying the current tax rates at the balance sheet date.

Deferred taxes are calculated on all differences between the assessable income of an asset or liability and the relative book value, with the exception of goodwill. Deferred tax assets for the portion not compensated by deferred tax liabilities are recognised only for those amounts for which it is probable there will be future assessable income to recover the amounts. The deferred taxes are calculated utilising the tax rates which are expected to be applied in the years when the temporary differences will be realised or settled. Deferred tax assets are recorded when their recovery is considered probable.

Current and deferred income taxes are recorded in the Income Statement, except those relating to accounts directly credited or debited to equity, in which case the fiscal effect is recognised directly to equity and the Comprehensive Income Statement. Taxes are compensated when applied by the same fiscal authority, there is a legal right of compensation and the payment of the net balance is expected.

Other taxes not related to income, such as taxes on property, are included under "Other operating expenses".

Within the fiscal consolidation, each company transfers to the consolidating company the tax income or loss; the consolidating company records a receivable with the company that contributes assessable income equal to the income tax to be paid. Inversely, for the companies with tax losses, the consolidating company records a payable, which in the case of the tax consolidation with SEA Handling SpA is equal to 50% of the income tax on the part of the loss effectively offset at Group level.

Dividends

Payables for dividends to shareholders are recorded in the year in which the distribution is approved by the Shareholders' Meeting. Reference should be made to *Note* 15.
The dividends distributed between Group companies are eliminated in the Income Statement

3. Estimates and assumptions

The preparation of the Financial Statements require the Directors to apply accounting principles and methods that, in some circumstances, are based on difficulties and subjective valuations and estimates based on the historical experience and assumptions which are from time to time considered reasonable and realistic under the relative circumstances. The application of these estimates and assumptions impact upon the amounts reported in the Financial Statements, such as the Balance Sheet, the Income Statement and the cash flow statement, and on the disclosures in the notes to the accounts.

The accounting principles which relating to the Group, require greater subjectivity by the Directors in the preparation of the estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the Consolidated Financial Statements are briefly described below:

(a) **Impairment of assets**
The tangible and intangible assets and investments in

associated companies and property investments are verified to ascertain if there has been a loss in value which is recorded by means of a write-down, when it is considered there will be difficulties in the recovery of the relative net book value through use. The verification of the existence of the above-mentioned indicators requires the Directors to make valuations based on the information available within the Group and from the market, as well as historical experience. In addition, when it is determined that there may be a potential reduction in value, the Group determines this through using the most appropriate technical valuation methods available. The correct identification of the indicators of the existence of a potential reduction in value as well as the estimates for their determination depends on factors which may vary over time impacting upon the valuations and estimates made by the Directors.

(b) Amortisation & Depreciation

Depreciation represents a significant cost for the Group. The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the relative assets and components. The useful life of the fixed assets of the Group is determined by the Directors when the fixed assets are purchased. This is based on the historical experiences for similar fixed assets, market conditions and considerations relating to future events which could have an impact on the useful life, such as changes in technology. Therefore, the effective useful life may be different from the estimated useful life. The Group periodically evaluates technological and sector changes to update the residual useful life. This periodic update could result in a change in the depreciation period and therefore in the depreciation charge in future years.

(c) Provisions for risks and charges

The Group companies may be subject to legal disputes, in relation to taxation or employment issues, based on particularly complex circumstances of varying degrees of uncertainty, according to the facts and circumstances, jurisdiction and laws applicable to each case.

Considering the inexact nature of these issues, it is difficult to predict with certainty any future payments required.

Therefore, Management, having consulted with its legal and tax advisers, recognises a liability against these disputes when a financial payment is considered probable and the amount of the losses arising may be reasonably estimated. In the case in which a payment is considered possible, but is not yet determinable, such is reported in the explanatory notes.

Provisions are recorded against risks of a legal and tax nature and employee disputes. The amount of the provisions recorded in the financial statements relating to these risks therefore represents the best estimate at that date made by the Directors. This estimate results in the adoption of assumptions concerning factors which may change over time and which may, therefore, have significant effects compared to the present estimates made by the Directors for the preparation of the financial statements. In addition, the restoration and replacement provision of the assets under concession, recorded in accordance with IFRIC 12, includes the best estimate of the charges matured at the balance sheet date for scheduled maintenance in future years in order to ensure the functionality, operations and security of the assets under concession.

(d) Trade receivables

Where there are indications of a reduction in value of trade receivables these are reduced to their estimated realisable value through a doubtful debt provision. The doubtful debt provision represents the best estimate at the reporting date made by the Directors. This estimate is based on facts and expectations which may change over time and which may, therefore, have significant effects compared to the present estimates made by the Directives for the preparation of the Group Consolidated Financial Statements.

4. Risk Management

The risk management strategy of the Group is based on minimising potential negative effects related to the financial and operating performance. Some types of risk are offset through recourse to derivative instruments.

The management of the above-mentioned risks is undertaken by the parent company which identifies, evaluates and undertakes hedging of financial risks, in close collaboration with other entities of the Group.

4.1 Credit risk

The credit risks represent the exposure of the SEA Group to potential losses deriving from the non-compliance of obligations by trading and financial partners.

This risk is primarily of an economic/financial nature, or rather the possibility of the default of a counterparty, and also factors of a technical/commercial or administrative/legal nature.

For the SEA Group the credit risk exposure is largely related to the deterioration of a financial nature of the principle airline companies which incur on the one hand the effects of the seasonality related to aviation operations, and on the other consequences of geopolitical events which impact upon the air transport sector (wars, epidemics, atmospheric events, rise in oil prices and economic/financial crises).

In order to control this risk, the SEA Group has implemented procedures and actions to monitor the expected cash flows and recovery actions.

In accordance with the internal policy on receivables the client is required to provide guarantees: this typically relates to bank or insurance guarantees issued by primary credit institutions or deposit guarantees.

In relation to the payment terms applied for the

majority of the clients, credit terms are largely concentrated within 30 days from the relative invoicing.
Trade receivables are reported in the financial statements net of doubtful debt provisions, which are prudently made based on the underlying disputes at the balance sheet date. The doubtful debt provision necessary to adjust the nominal value to the realisable value is determined analysing all receivables and utilising all available information on the debtor. The SEA Group, against overdue receivables, receivables in dispute, or for which there is a legal or administrative procedure, utilises the same write-down percentages.

A summary of the trade receivables and the relative doubtful debt provisions is reported below:

Trade receivables (in thousands of Euro)	at 31/12/2013	at 31/12/2012
Customer receivables	224,360	250,589
- of which overdue	145,182	177,074
Doubtful debt provision	(112,477)	(103,060)
Trade receivables from associated companies	6,212	8,525
Total net trade receivables	**118,095**	**156,054**

The reduction in trade receivables at December 31, 2013 compared to December 31, 2012 is due to the closure of some disputes and improvement in credit control management. For further information, reference should be made to *Note* 6.9.
The aging of the overdue receivables is as follows:

Trade receivables (in thousands of Euro)	at 31/12/2013	at 31/12/2012
overdue less than 180 days	36,518	49,302
overdue more than 180 days	108,664	127,772
Total trade receivables due	**145,182**	**177,074**

The table below illustrates the gross trade receivables at December 31, 2013, as well as the breakdown of receivables from counterparties under administration and in dispute, with indication of the bank and insurance sureties and deposit guarantees provided.

Trade receivables (in thousands of Euro)	at 31/12/2013	at 31/12/2012
Customer receivables	230,572	259,114
(i) receivables from parties in administration	72,068	80,492
(ii) disputed receivables	23,806	27,569
Total trade receivables net of receivables at (i) and (ii)	**134,698**	**151,054**
Receivables due other than receivables at (i) and (ii)	51,657	71,072
Sureties and guarantee deposits	70,451	72,463
Percentage of receivables guaranteed by sureties and guarantee deposits compared to the total trade receivables net of receivables at (i) and (ii)	52.3%	48.0%

4.2 Market risks

The market risk to which the SEA Group is exposed comprises all types of risks directly and indirectly related to market prices. In 2013, the market risks to which the SEA Group were subject were:

a) interest rate risk;
b) currency risk;
c) commodity risk, related to the volatility of the energy commodity prices, in SEA Energia.

The Group regularly assesses its exposure to market risks and manages these risks through the utilisation of financial instruments, in accordance with its own risk management policies.

With regard to such policies, the use of derivative financial instruments is reserved for the management of interest rate fluctuations connected to future monetary cash flows and are not of a speculative nature.

At December 31, 2013, therefore, the hedging operations are in line with the risk management policies and there were no speculative operations.

a) Interest rate risk

The SEA Group is exposed to the risk of changes in interest rates in relation to the necessity to finance its operating activities and the use of available liquidity. The changes in interest rates may impact positively or negatively on the results of the SEA Group, modifying the costs and returns on financial and investment operations.

The SEA Group manages this risk through an appropriate mixture between fixed and variable rate loans, with the objective to mitigate the economic effect of the volatility of the interest rates.

Variable interest loans exposes the SEA Group to a risk originating from the volatility of the interest rates (cash flow risk). Relating to this risk, for the purposes of the relative hedging, the SEA Group may take recourse to derivative contracts, which converts the variable rate to a fixed rate or limits the fluctuations in variable rates over a range, in this manner reducing the risk originating from the volatility of the rates. We highlight that these derivative contracts, underwritten exclusively for the purposes of hedging market rate volatility, are recorded through the cash flow hedge method.

At the end of 2013, the gross financial debt of the SEA Group was comprised of medium/long-term loans (medium/long term portions of loans) and short-term loans (the medium/long-term portion of loans maturing within 12 months and short-term loans)

The medium/long term debt is reported in the following table, which shows each loan at the nominal value (which includes a spread of between 0.20% and 5.40%, not considering the hedging operations):

Medium/long-term loans at December 31, 2013

Loans	type of rate	issue date	maturity date	December 31, 2013 in thousands of Euro	December 31, 2013 rate	December 31, 2012 in thousands of Euro	December 31, 2012 rate
SEA SpA:							
EIB 2nd drawdown (a)	F	July 24, 1998	March 15, 2013	-		1,619	5.27%
EIB 2nd drawdown (a)	V	July 24, 1998	March 15, 2013	-		1,291	0.59%
Total EIB direct				**-**		**2,910**	**3.19%**
Pool Cariplo 4th drawdown	F	April 8, 1998	March 15, 2013			3,293	5.44%
Total EIB/Pool Cariplo				**-**		**3,293**	**5.44%**
BIIS (ex Comit) - EIB 1st drawdown	F	August 26, 1999	March 15, 2014	1,000	3.14%	3,000	3.14%
BIIS (ex Comit) - EIB 2nd drawdown	V	November 30, 2000	September 15, 2015	2,000	0.52%	3,000	0.59%
BIIS (ex Comit) - EIB 3rd drawdown	V	March 17, 2003	September 15, 2017	9,263	0.59%	11,579	0.59%
Total EIB/Comit				**12,263**	**0.79%**	**17,579**	**1.03%**
BNL-EIB 1st drawdown	V	November 22, 1999	September 15, 2014	2,000	0.52%	4,000	0.47%
BNL-EIB 2nd drawdown	V	August 11, 2000	March 15, 2015	1,500	0.52%	2,500	0.47%
BNL-EIB 4th drawdown	V	May 8, 2003	March 15, 2018	5,240	0.52%	6,405	0.47%
BNL-EIB 13.06.2006 1st drawdown	V	September 4, 2006	September 4, 2026	9,862	0.57%	10,621	0.60%
BNL-EIB 13.06.2006 2nd drawdown	V	September 4, 2006	September 4, 2026	9,862	0.57%	10,621	0.60%
BNL-EIB 13.06.2006 3rd dd. (*)	V	September 4, 2006	September 4, 2026	9,862	0.57%	10,621	0.60%
BNL-EIB 13.06.2006 4th dd. (*)	V	September 4, 2006	September 4, 2026	10,759	0.57%	11,586	0.60%
BNL-EIB 13.06.2006 5th dd. (*)	V	September 4, 2006	September 4, 2026	10,759	0.57%	11,586	0.60%
BNL-EIB 2007 1st dd. (*)	V	March 7, 2007	March 7, 2027	10,214	0.57%	11,000	0.60%
BNL-EIB 2007 2nd dd. (*)	V	March 7, 2007	March 7, 2027	10,214	0.57%	11,000	0.60%
BNL-EIB 2013	F	March 15, 2013	March 15, 2023	30,000	3.83%		
Total EIB/BNL				**110,272**	**1.45%**	**89,939**	**0.58%**
UNICREDIT EIB 1st dd. (*)	V	September 8, 2007	September 8, 2027	9,643	0.59%	10,000	0.76%
UNICREDIT EIB 2nd dd. (*)	V	September 8, 2007	September 8, 2027	9,643	0.59%	10,000	0.76%
UNICREDIT EIB 3rd dd (*)	V	February 16, 2009	September 15, 2028	15,000	0.82%	15,000	0.99%
Total EIB/UNICREDIT				**34,286**	**0.69%**	**35,000**	**0.86%**
BIIS-EIB 1st dd. (*)	V	February 25, 2011	September 15, 2030	10,000	0.96%	10,000	1.14%
BIIS-EIB 2nd dd. (*)	V	February 25, 2011	September 15, 2030	5,000	0.96%	5,000	1.14%
BIIS-EIB 3rd dd.	V	June 23, 2011	March 15, 2031	10,000	1.02%	10,000	1.20%
BIIS-EIB 4th dd.	V	June 23, 2011	March 15, 2031	5,000	1.02%	5,000	1.20%
Total EIB/BIIS				**30,000**	**0.99%**	**30,000**	**1.17%**
CDP-EIB 2012 1st dd.	F	April 27, 2012	March 15, 2027	10,000	4.05%	10,000	4.05%
CDP-EIB 2012 2nd dd.	F	April 27, 2012	March 15, 2027	5,000	4.05%	5,000	4.05%
CDP-EIB 2012 3rd dd	F	June 29, 2012	March 15, 2027	10,000	3.88%	10,000	3.88%
CDP-EIB 2012 4th dd.	F	June 29, 2012	March 15, 2027	5,000	3.88%	5,000	3.88%
CDP-EIB 2013 1st dd.	V	September 30, 2013	September 15, 2028	10,000	2.75%		
CDP-EIB 2013 2nd dd.	V	September 30, 2013	September 15, 2028	10,000	2.75%		
CDP-EIB 2013 3rd dd.	V	September 30, 2013	September 15, 2028	10,000	2.75%		
Total EIB/CDP				**60,000**	**3.36%**	**30,000**	**3.96%**
UniCredit Mediobanca 2011 Tranche A 1st dd.	V	July 31, 2012	November 20, 2015	13,271	5.79%	22,750	5.72%
UniCredit Mediobanca 2011 Tranche A 2nd dd.	V	December 13, 2012	November 20, 2015	21,729	5.79%	37,250	5.72%
UniCredit Mediobanca 2012 Tranche A	V	November 21, 2012	November 20, 2015	80,000	4.54%	80,000	4.42%
UniCredit Mediobanca 2012 Tranche B 1st dd.	V	November 26, 2012	February 27, 2013			22,500	4.19%
UniCredit Mediobanca 2012 Tranche B 2nd dd.	V	December 13, 2012	January 14, 2013			25,000	4.11%
Mediobanca 2012	V	December 20, 2012	November 20, 2015	35,000	4.34%	35,000	4.18%
Mediobanca 2013	V	December 10, 2013	May 29, 2015	50,000	2.46%		
Total loans excluding EIB				**200,000**	**4.20%**	**222,500**	**4.67%**
TOTAL SEA SpA				**446,821**	**2.83%**	**431,221**	**3.06%**
SEA Energia SpA:							
BPM	V	June 20, 2003	December 31, 2014	5,162	1.25%	6,259	1.39%
UNICREDIT - BPM	V	June 20, 2006	June 30, 2014	8,646	1.10%	12,043	1.05%
TOTAL SEA ENERGIA SpA				**13,808**	**1.16%**	**18,302**	**1.17%**
TOTAL GROUP DEBT				**460,629**	**2.78%**	**449,523**	**2.99%**
		total tranches swapped		101,094	21.9%	105,793	23.5%
		portion of debt at fixed rate		61,000	13.2%	37,912	8.4%
		portion of debt not hedged		298,536	64.8%	305,818	68.0%

(a) Subject to FEI surety.
(*) Tranches subject to swaps.

The total notional value at December, 31 2013 is Euro 460,629 thousand. Overall, the total medium/long-term debt (excluding therefore debt for invoice advances, current account overdrafts or other types of working capital debt) at a variable rate not covered by the company at December 31, 2013 was approx. 64.8% of total debt (68.0% at December 31, 2012). There was therefore no excess coverage on future cash flows subject to hedging ("overhedging").

The interest rate risk hedging operations seek to fix the cost of variable rate long-term loans subject to hedging through the signing of related derivative contracts which provide for the receipt of the variable interest rate against the payment of a fixed rate.

The average cost of the medium/long term gross financial debt of the Group, following the hedging of the interest risk, at the end of 2013 was 3.41%.

The fair value of the Group medium/long term bank debt, amounting at the end of 2013 to Euro 492,982 thousand (Euro 483,757 thousand at the end of 2012) was calculated as follows:

- for the loans at fixed interest rates the capital portion and interest were discounted utilising the spot rates for each contractual maturity, extrapolated from the market rates;
- for the loans at variable interest rates the interest portion was calculated utilising the estimate of the expected rates at the end of each contractual maturity, increased by the spread defined contractually. The interest portion defined as outlined above and the capital on maturity was discounted utilising the spot rate for each contractual maturity, extrapolated from the market rate.

The following table reports the derivative instruments utilised by the SEA Group to cover the interest rate risk (measured based on the cash flow hedge method).

Interest rate hedges

(in thousands of Euro)	Notional on signing	Residual debt at 31/12/2013	Signing date	Start date	Maturity	Fair value at 31/12/2013	Fair value at 31/12/2012
IRS	10,000	10,000	18/5/2011	15/9/2012	15/9/2021	(1,274.8)	(1,768.3)
	5,000	5,000	18/5/2011	15/9/2012	15/9/2021	(637.4)	(884.2)
	15,000	15,000	18/5/2011	15/9/2012	15/9/2021	(1,784.9)	(2,492.5)
	11,000	10,241	18/5/2011	15/9/2011	15/9/2016	(649.7)	(938.5)
	10,000	9,643	6/6/2011	15/9/2012	15/9/2021	(1,027.7)	(1,465.7)
	11,000	10,241	6/6/2011	15/9/2012	15/9/2021	(1,090.6)	(1,558.9)
	12,000	10,759	6/6/2011	15/9/2012	15/9/2021	(1,129.7)	(1,618.4)
	12,000	10,759	6/6/2011	15/9/2012	15/9/2021	(1,129.7)	(1,618.4)
Collar	10,000	9,643	6/6/2011	15/9/2011	15/9/2021	(741.7)	(1,012.8)
	11,000	9,862	6/6/2011	15/9/2011	15/9/2021	(743.6)	(1,013.2)
Total		**101,148**				**(10,209.8)**	**(14,370.9)**

"-" indicates the cost for the SEA Group for advance settlement of the operation.
"+" indicates the benefit for the SEA Group for advance settlement of the operation.

The fair value of the derivative financial instruments at December 31, 2013 was determined in accordance with IFRS 13. If the same criteria had been utilised in the determination of the fair value for the preparation of the financial statements at December 31, 2012, the fair value of the derivative instruments would have been lower by Euro 148 thousand (negative fair value of Euro 10,358 thousand).

b) Currency risk

The SEA Group, with the exception of the currency risk related to the commodity risk, is subject to a low currency fluctuation risk as, although operating in an international environment, the transactions are principally in Euro. Therefore, the SEA Group does not consider it necessary to implement specific hedging against this risk as the amounts in currencies other than the Euro are insignificant and the relative receipts and payments generally offset one another.

c) Commodity risk

The SEA Group, limited to only SEA Energia, is exposed to changes in prices, and the relative currency fluctuations, of the energy commodities utilised i.e. gas. These risks derive from the purchase of the above-mentioned energy commodities, which are principally impacted by fluctuations in the prices of the underlying fuels, denominated in US Dollars. These fluctuations arise both directly and indirectly, through formulas and indexations utilised in the pricing structures. The risks also arise in the sales phase, in relation to the fluctuations in the electricity market prices sold to third parties.

In 2013, the SEA Group did not undertake hedging activities of this risk which are currently being analysed and assessed for future periods. It is also highlighted that the SEA Group, through the subsidiary SEA Energia, during the year signed bilateral contracts for the supply of electricity and heat to third parties which ties the sales price to the cost of methane, thereby implementing an implicit hedge of the commodity risk. In addition, during the year, in order to reduce the exposure to the risk of changes in the price of methane, a new procurement contract was signed, which provides for a fixed price defined contractually for a part of the supply needs, thus resulting in a further reduction in the risk of changes in the methane price.

4.3 Liquidity risk

The liquidity risk for the SEA Group may arise where the financial resources available are not sufficient to meet the financial and commercial commitments within the agreed terms and conditions.
The liquidity, cash flows and financial needs of the SEA Group are managed through policies and processes with the objective to minimise the liquidity risk. Specifically, the SEA Group:

- centrally monitors and manages, under the control of the Group Treasury, the financial resources available, in order to ensure an efficient management of these resources, also in forward budgeting terms;
- maintains adequate liquidity in treasury current accounts;
- obtains committed and uncommitted credit lines, which covers the financial commitments of the Group in the coming 12 months deriving from the investment plan and debt repayments;
- monitors the liquidity position, in relation to the business planning.

At December 31, 2013, the SEA Group has in place committed and uncommitted credit lines totalling Euro 680.2 million, of which Euro 533.3 million utilised and Euro 146.9 million available (of which Euro 100 million of committed lines of duration not less than 1.5 years). At the end of December 2013, the SEA Group had Euro 60.7 million of available liquidity invested in ordinary and treasury current accounts.
Trade payables are guaranteed by the SEA Group through careful working capital management which largely concerns trade receivables and the relative contractual conditions established (also utilising indirect factoring which provides further financial credit lines to guarantee adequate cash flexibility). As outlined in the Directors' Report, as part of the strengthening of the financial base, an optimisation of the debt structure is planned, also in light of the favourable market conditions.
Finally, the availability of the above-mentioned credit lines, taking account of the investment plans and working capital needs and considering the capacity to generate cash flows from operations, provide the basis for compliance with the irrevocable obligations on behalf of SEA Handling SpA in relation to the termination of their activities, which the company has guaranteed in full, as described in further detail in *Note* 12.3.
The tables below illustrate for the SEA Group the breakdown and maturity of the financial (capital, medium/long-term interest, financial charges on derivative instruments and leasing) and trade payables at the end of 2013 and 2012:

(in millions of Euro)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
Liabilities 2013					
Gross debt	86.6	211.5	52.6	192.7	543.5
Trade payables	165.9				165.9
Total debt	**252.5**	**211.5**	**52.6**	**192.7**	**709.4**

(in millions of Euro)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
Liabilities 2012					
Gross debt	113.3	219.0	40.4	148.9	521.6
Trade payables	202.0				202.0
Total debt	**315.3**	**219.0**	**40.4**	**148.9**	**723.6**

Euro 47.5 million relating to the utilisation of three year RCF lines were prudently classified as maturing within one year.

4.4 Sensitivity

In consideration of the fact that for the SEA Group the currency risk is almost non-existent, the sensitivity analysis refers to balance sheet accounts which could incur changes in value due to changes in interest rates. In particular, the analysis considered:

- bank deposits;
- loans;
- interest risk derivative hedge instruments.

The assumptions and calculation methods utilised in the sensitivity analysis undertaken by the SEA Group were as follows:

a) Assumptions:
   – the effect was analysed on the SEA Group income statement for the years 2013 and 2012 of a change in market rates of +50 or of -50 basis points;

b) Calculation methods:
   – the remuneration of the bank deposits is related to the interbank rates. In order to estimate the increase/decrease of interest income to changes in market conditions, the change was assumed as per point a) on the average annual balance of bank deposits of the SEA Group;
   – the loans measured were those at variable interest rates, which incur interest payable linked to the Euribor at 6 months. The increase/decrease of the interest payable to changes in market conditions was estimated applying the changes assumed as per point a) on the capital

portion of the loans held during the year;
- the interest risk derivative hedge instruments were measured both in terms of cash flows and fair value (in terms of changes compared to the same period of the previous year). In both cases, the values were estimated applying the changes as per point a) to the forward curve expected for the period.

The results of the sensitivity analysis are reported below:

(in thousands of Euro)	December 31, 2013		December 31, 2012	
	-50 bp	**+50 bp**	**-50 bp**	**+50 bp**
Current accounts (interest income)	-180.42	188.95	-149.41	178.72
Loans (interest expense) (1)	1,748.03	-1,748.03	1,710.60	-1,710.60
Derivative hedging instruments (cash flow) (2)	-530.96	-530.96	-163.56	163.56
Derivative hedging instruments (fair value to IS)	18.19	55.16	102.74	-272.16
Derivative hedging instruments (fair value to BS)	-2,539.64	2,372.77	-3,315.19	3,370.74

(1) + = lower interest expense; - = higher interest expense.
(2) + = hedging income; - = hedging cost.

It should be noted that the results of the sensitivity analysis undertaken on some accounts of the previous tables are impacted by the low level of the market interest rates, which in the case of a change of -50 basis points would result as negative, and therefore are recorded as equal to zero.

Some loans include covenant conditions, relating to the capacity of the SEA Group to meet annual and/or half year financial commitments (net of financial resources available and receivables from the State) from operating activities. It should be noted that, for some loans, non-compliance of the covenant terms results in, for the following half-year period, the application of a correlated predetermined spread (in accordance with a contractually defined pricing grid).

At the present moment the SEA Group is not aware of any default situations related to the loans held or violations of any of the above-mentioned covenants.

5. Classification of the financial instruments

The following tables provide a breakdown of the financial assets and liabilities by category at December 31, 2013 and at December 31, 2012 of the Group.

(in thousands of Euro)						at 31/12/2013
	Financial assets and liabilities valued at fair value	Investments held-to-maturity	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised cost	Total
Available-for-sale investments				26		26
Other non-current receivables			495			495
Trade receivables			118,095			118,095
Tax receivables			17,809			17,809
Other current receivables			17,740			17,740
Cash and cash equivalents			60,720			60,720
Total	**-**	**-**	**214,859**	**26**	**-**	**214,885**
Non-current financial liabilities excluding leasing	10,210				389,783	399,993
Non-current financial liabilities for leasing					1,368	1,368
Trade payables					165,867	165,867
Tax payables					57,707	57,707
Other current payables					111,282	111,282
Current financial liabilities excluding leasing					146,071	146,071
Current financial liabilities for leasing					1,028	1,028
Total	**10,210**	**-**	**-**	**-**	**873,106**	**883,316**

The carrying amount of Financial liabilities at amortised cost is a reasonable approximation of fair value.

(in thousands of Euro)						at 31/12/2012
	Financial assets and liabilities valued at fair value	Investments held-to-maturity	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised cost	Total
Available-for-sale investments				26		26
Other non-current receivables			599			599
Trade receivables			156,054			156,054
Tax receivables			15,356			15,356
Other current receivables			19,613			19,613
Cash and cash equivalents			54,339			54,339
Total	**-**	**-**	**245,961**	**26**	**-**	**245,987**
Non-current financial liabilities excluding leasing	14,371				394,375	408,746
Non-current financial liabilities for leasing					1,949	1,949
Other liabilities					62,307	62,307
Trade payables					202,006	202,006
Tax payables					53,562	53,562
Other current payables					104,002	104,002
Current financial liabilities excluding leasing					55,404	55,404
Current financial liabilities for leasing					1,006	1,006
Total	**14,371**	**-**	**-**	**-**	**874,612**	**888,983**

5.1 Disclosure on fair value

In relation to financial instruments measured at fair value, the table below reports information on the method chosen by the Group to measure the fair value. The methods applied are broken down into the following levels, based on the information available, as follows:

- level 1: prices practiced in active markets;
- level 2: valuation techniques based on observable market information, both directly and indirectly;
- level 3: other information.

The following table shows the Group assets and liabilities measured at fair value at December 31, 2013 and at December 31, 2012:

(in thousands of Euro)			at 31/12/2013
	Level 1	Level 2	Level 3
Available-for-sale investments			26
Derivative financial instruments		10,210	
Total		**10,210**	**26**

(in thousands of Euro)			at 31/12/2012
	Level 1	Level 2	Level 3
Available-for-sale investments			26
Derivative financial instruments		14,371	
Total		**14,371**	**26**

6. Notes to the Statements of Financial Position

6.1 Intangible assets

The following tables illustrate the changes for the years ended December 31, 2013 and 2012 relating to intangible assets.

(in thousands of Euro)	at December 31, 2012	Increases in the year	Business combinations	Reclass./ transfers	Destruction/ obsolete/ sale	Amortisation	at December 31, 2013
Gross value							
Assets under concession	1,151,275	5,475	38,476	74,988	(1,295)		1,268,919
Assets under concession in progress & advances	52,693	65,421		(77,077)			41,037
Industrial patents and intellectual property rights	38,307	14		4,337			42,658
Assets in progress and advances	5,245	6,733	98	(4,062)			8,014
Other	15,262	2	2,287				17,551
Gross value	**1,262,781**	**77,645**	**40,862**	**(1,813)**	**(1,295)**		**1,378,180**
Accumulated amortisation							
Assets under concession	(345,993)		(11,229)		460	(27,728)	(384,490)
Assets under concession in progress & advances							
Industrial patents and intellectual property rights	(30,844)			(275)		(4,322)	(35,441)
Assets in progress and advances							
Other	(15,262)						(15,262)
Accumulated amortisation	**(392,099)**		**(11,229)**	**(275)**	**460**	**(32,050)**	**(435,193)**
Net value							
Assets under concession	805,282	5,475	27,248	74,988	(835)	(27,728)	884,429
Assets under concession in progress & advances	52,693	65,421		(77,077)			41,037
Industrial patents and intellectual property rights	7,463	14		4,062		(4,322)	7,217
Assets in progress and advances	5,245	6,733	98	(4,062)			8,014
Other		2	2,287				2,289
Intangible assets (net value)	**870,682**	**77,645**	**29,633**	**(2,088)**	**(835)**	**(32,050)**	**942,987**

The column "Business combinations" reports the contributions from the new companies acquired Ali Trasporti Aerei ATA SpA and ATA Ali Servizi SpA. As per IFRIC 12, assets under concession amount to Euro 884,429 thousand at December 31, 2013 and Euro 805,282 thousand at December 31, 2012. These assets are amortised on a straight-line basis over the duration of the concession from the State. The amortisation for the year 2013 amounts to Euro 27,728 thousand.

On these assets, as per IFRIC 12, the SEA Group does not hold control, but has the obligation to record a restoration and replacement provision. The increases in the year derive for Euro 77,077 thousand from the entry into use of investments made in previous years and recorded under "Assets under concession", in addition to investments in the year of Euro 5,475 thousand.

The account Assets under concession in progress and advances, amounting to Euro 41,037 thousand, refers to the work in progress on concession assets, not yet completed at December 31, 2013. The principal works concern the extension of the Third Satellite at Malpensa and the construction of baggage sorting plant, which is expected to be gradually introduced in 2014 and completely in the first half of 2015. The decreases in the year, or rather transfers to assets under concession, principally relate to the urbanisation works of the cargo city, the new aircraft apron, the upgrading of the Linate runway and the entry into service of the Third Satellite at Malpensa.

The increases in the account "Assets under concession in progress and advances" include, in addition to investments in the third satellite and the Malpensa runway, the free provision for Euro 4,800 thousand concerning the building and relative annexes constructed by Air Europe SpA within Milan Malpensa airport under the agreement with SEA of December 1999, which established for the free transfer to SEA on conclusion of the agreement. In 2006 the rights relating to the agreement were transferred from Air Europe SpA to the company Volare SpA, currently in Extraordinary Administration. For full disclosure, in the first half of 2012 the Group benefitted from the free transfer of Euro 11,319 thousand concerning the building and areas at Malpensa by LSG Sky Chefs SpA (*Note* 7.1 – Operating revenues).

The industrial patents and intellectual property rights and other intangible assets, amounting to Euro 7,217 thousand at December 31, 2013 (Euro 7,463 thousand at December 31, 2012), relate to the purchase of software components for the airport and operating IT systems. Specifically, the investments in 2013 principally concern the development and implementation of administrative and aviation management systems,of which Euro 4,062 thousand relating to previous years and recorded in the account "Assets in progress and payments on account" which at December 31, 2013 record a total residual amount of Euro 8,014 thousand relating to software developments in progress.

In consideration of the results reported and the business outlook, as well as the definition of the airport tariffs contained in the Regulatory Agreement, at December 31, 2013 the Company did not identify any impairment indicators.

The changes in intangible assets during 2012 were as follows:

(in thousands of Euro)	at December 31, 2011	Increases in the year	Reclass./ transfers	Destruction/ obsolete/ sale	Amortisation	at December 31, 2012
Gross value						
Assets under concession	966,998	18,099	167,462	(1,284)		1,151,275
Assets under concession in progress & advances	77,433	81,240	(105,981)			52,693
Industrial patents and intellectual property rights	32,410		5,897			38,307
Assets in progress and advances	4,319	6,779	(5,853)			5,245
Other	15,262					15,262
Gross value	**1,096,422**	**106,118**	**61,525**	**(1,284)**		**1,262,781**
Accumulated amortisation						
Assets under concession	(298,515)		(24,488)	359	(23,349)	(345,993)
Assets under concession in progress & advances						
Industrial patents and intellectual property rights	(26.829)				(4,015)	(30.844)
Assets in progress and advances						
Other	(15,262)					(15,262)
Accumulated amortisation	**(340.606)**		**(24,488)**	**359**	**(27,364)**	**(392.099)**
Net value						
Assets under concession	668,483	18,099	142,974	(925)	(23,349)	805,282
Assets under concession in progress & advances	77,433	81,240	(105,981)			52,693
Industrial patents and intellectual property rights	5,581		5,897		(4,015)	7,463
Assets in progress and advances	4,319	6,779	(5,853)			5,245
Other	0					0
Intangible assets (net value)	**755,816**	**106,118**	**37,038**	**(925)**	**(27,364)**	**870,682**

6.2 Property, plant & equipment

The following tables illustrate the changes for the years ended December 31, 2013 and 2012 relating to tangible fixed assets:

(in thousands of Euro)	at December 31, 2012	Increase in the year	Business combin.	Reclass./ transfers	Destruction/ obsolete/ sale	Deprec.	Write-downs	at December 31, 2013
Gross value								
Real estate	197,820		1,197	4,579	(812)			202,785
Plant and machinery	134,105	1,217	1,161		(2,482)			134,000
Industrial and commercial equipment	51,292	540	36		(696)			51,172
Other assets	102,733	3,472	3,858	2,207	(1,317)			110,953
Assets in progress and advances	3,609	7,628		(7,620)				3,618
Total gross values	**489,559**	**12,857**	**6,252**	**(833)**	**(5,307)**			**502,528**
Accumulated depreciation and write-down								
Real estate	(64,401)		(164)		108	(5,816)	(8,200)	(78,473)
Plant and machinery	(83,393)		(839)		2,482	(4,655)		(86,405)
Industrial and commercial equipment	(46,319)		(9)		695	(2,170)		(47,803)
Other assets	(86,654)		(2,785)		1,315	(5,228)		(93,352)
Assets in progress and advances	(2,920)			2,920				
Total accumulated depreciation & write-down	**(283,688)**		**(3,797)**	**2,920**	**4,600**	**(17,869)**	**(8,200)**	**(306,034)**
Net value								
Real estate	133,419		1,032	4,579	(703)	(5,816)	(8,200)	124,312
Plant and machinery	50,711	1,217	322			(4,655)		47,595
Industrial and commercial equipment	4,973	540	27			(2,170)		3,370
Other assets	16,079	3,472	1,073	2,207	(2)	(5,228)		17,601
Assets in progress and advances	689	7,628	-	(4,700)				3,618
Total net values	**205,870**	**12,857**	**2,455**	**2,087**	**(705)**	**(17,869)**	**(8,200)**	**196,495**

The column "Business combinations" reports the contributions from the new companies acquired Ali Trasporti Aerei ATA SpA and ATA Ali Servizi SpA.

The investments related to the development of the Aviation sector (which, as already reported, in accordance with IFRIC 12 are classified as assets under concession and current airport concessions) and those in the Non Aviation sector principally related to:

- the advancement of the completion of the Malpensa Third satellite;
- the completion of the development works of the Malpensa cargo city, with particular reference to the aircraft apron (with the construction of seven new aircraft bays) and the urbanisation works;
- the energy saving project;
- updating of the principal link roads at Malpensa, for the implementation of the ASMGCS (Advanced Surface Movement Guidance and Control Systems), which will enable a clearer indication of paths to be followed by aircraft during the taxiing of aircraft.
- upgrade of the Linate runway.

At December 31, 2013 a write-down was recorded of Euro 8,200 thousand, in line with the book value of the Malpensa Terminal 2 parking, which will be demolished in the second half of 2014 for the creation of the rail link between Malpensa Terminal 1 and 2. In consideration of the results reported and the business outlook, as well as the definition of the airport tariffs contained in the Regulatory Agreement, at December 31, 2013 the Company did not identify any impairment indicators.

All the fixed assets, including those under the scope of IFRIC 12, are reported net of State and EU grants, amounting at December 31, 2013 to Euro 499,748 thousand and Euro 1,800 thousand respectively.

The changes in tangible assets during 2012 were as follows:

(in thousands of Euro)	at December 31, 2011	Increases in the year	Reclass.	Destruction/ obsolete/ sale	Deprec.	at December 31, 2012
Gross value						
Property	244,525	11	(42,532)	(4,184)		197,820
Plant and machinery	131,636	2,469				134,105
Industrial and commercial equipment	48,532	2,888		(128)		51,292
Other assets	102,124	2,930	2,528	(4,849)		102,733
Assets in progress and advances	17,413	8,295	(22,098)			3,609
Total gross value	**544,230**	**16,593**	**(62,102)**	**(9,161)**		**489,559**
Accumulated depreciation & write-down						
Property	(82,368)		24,488	1,305	(7,826)	(64,401)
Plant and machinery	(78,983)				(4,410)	(83,393)
Industrial and commercial equipment	(44,781)			128	(1,666)	(46,319)
Other assets	(86,837)			4,849	(4,667)	(86,654)
Assets in progress and advances	(2,920)					(2,920)
Totale accumulated depreciation & write-down	**(295,889)**		**24,488**	**6,283**	**(18,570)**	**(283,688)**
Net values						
Property	162,157	11	(18,044)	(2,879)	(7,826)	133,419
Plant and machinery	52,653	2,469			(4,410)	50,711
Industrial and commercial equipment	3,751	2,888			(1,666)	4,973
Other assets	15,287	2,930	2,528		(4,667)	16,079
Assets in progress and advances	14,493	8,295	(22,098)			689
Total net values	**248,340**	**16,593**	**(37,614)**	**(2,879)**	**(18,570)**	**205,870**

6.3 Investment property

Information on investment property is provided below:

Investment property (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Gross values	4,149	4,153
Accumulated depreciation	(733)	(733)
Total net investment property	**3,416**	**3,420**

Movements in accumulated depreciation (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Opening value	(733)	(732)
Decreases	2	
Depreciation	(2)	(1)
Closing value	**(733)**	**(733)**

The account includes buildings not utilised in the operated activities of the Group (apartments and garages). Against the backdrop of uncertainty related to the real estate market there was no loss in value of real estate investments at December 31, 2013.

6.4 Investments in associated companies

The change in the account "investments in associated companies" at December 31, 2013 from December 31, 2012 is shown below:

Investments in associated companies		Movements		
(in thousands of Euro)	at December 31, 2012	increases/ revaluations	decreases/ write-downs	at December 31, 2013
SACBO SpA	29,805		(698)	29,107
Dufrital SpA	7,220		(784)	6,436
Disma SpA	2,633		(62)	2,571
Malpensa Logistica Europa SpA	1,585	240		1,825
SEA Services Srl	396	93		489
Total	**41,639**	**333**	**(1,544)**	**40,429**

The companies held are all resident in Italy.

The net equity of the associated companies was adjusted to take account of the Group accounting principles and the measurement of investments as per IAS 28.
The adjusted net equity share of the SEA Group at December 31, 2013 amounts to Euro 40,429 thousand compared to Euro 41,639 thousand at December 31, 2012.

6.5 AFS Investments
The investments available-for-sale are listed below:

Company	% Held at December 31, 2013	% Held at December 31, 2012
Consorzio Milano Sistema in liquidation	10%	10%
Romairport Srl	0.227%	0.227%
Aeropuertos Argentina 2000 SA	8.5%	8.5%

The tables below report the changes in the investments available for sale during 2013:

Available-for-sale investments		Movements		
(in thousands of Euro)	at December 31, 2012	increases/ revaluations/ reclassifications	decreases/ write-downs	at December 31, 2013
Consorzio Milano Sistema	25			25
Romairport Srl	1			1
Aeropuertos Argentina 2000 SA				
Total	**26**			**26**

For the investment in Aeropuertos Argentina 2000 SA, reference should be made to the Separate Financial Statements of SEA.

6.6 Deferred tax assets
The breakdown of the deferred tax assets is reported below:

Net deferred tax assets (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Deferred tax assets	66,072	66,405
Deferred tax liabilities	(36,041)	(34,851)
Total net deferred tax assets	**30,031**	**31,554**

The changes in the net deferred tax assets for the year 2013 are shown below:

Net deferred tax assets (in thousands of Euro)

	at December 31, 2012	Business combinations	Release/ recognition to P&L	Release/ recognition to equity	at December 31, 2013
Non-deductible provisions	24,761		(1,070)		23,690
Asset impairment	15,482		2,599		18,081
Amortisation & depreciation	20,191		(241)		19,950
Consolidation scope change				455	455
Other temporary differences	5,971		(832)	(1,244)	3,895
Total deferred tax assets	**66,405**		**456**	**(789)**	**66,072**
Amortisation & depreciation	(8,430)		946		(7,484)
Employee benefits	(2,664)		1,884	(1,265)	(2,045)
Risks provisions	(8,680)				(8,680)
Fair value measurement of investments	2				2
Finance leasing	(499)				(499)
IFRIC 12	(14,110)		203		(13,906)
ATA gain		(2,849)			(2,849)
Other temporary differences	(471)		(109)		(580)
Total deferred tax liabilities	**(34,851)**	**(2,849)**	**2,924**	**(1,265)**	**(36,041)**
Totale net deferred tax assets	**31,554**	**(2,849)**	**3,381**	**(2,054)**	**30,031**

At December 31, 2013 no deferred tax assets were recorded on tax losses.

6.7 Other non-current receivables

The table below shows the breakdown of other non-current receivables:

Other non-current receivables (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Tax receivables	104	289
Other receivables	391	310
Total non-current receivables	**495**	**599**

Tax receivables, amounting respectively to Euro 104 thousand at December 31, 2013 (Euro 289 thousand at December 31, 2012) mainly refers to withholding taxes on post-employment benefits relating to the subsidiary SEA Handling.

Other receivables, amounting to Euro 391 thousand at December 31, 2013 (Euro 310 thousand at December 31, 2012), mainly relates to employee receivables and deposit guarantees.

6.8 Inventories

The following table reports the breakdown of the account "Inventories":

Inventories (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Raw materials, consumables and supplies	6,716	7,758
Total inventories	**6,716**	**7,758**

The account comprises consumable goods held for airport activities. At December 31, 2013 no goods held in inventories comprised guarantees on loans or concerning other commitments.

The comparison of inventories with the realisable value or replacement does not necessitate an obsolescence inventory provision.

6.9 Trade receivables

The breakdown of the trade receivables is reported in the table below:

Trade receivables (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Customer receivables	111,883	147,529
Trade receivables from associated companies	6,212	8,525
Total net trade receivables	**118,095**	**156,054**

Trade receivables, shown net of the doubtful debt provision, mainly include receivables from clients and provisions for invoices and credit notes to be issued.

The criteria for the adjustment of receivables to their realisable value takes account of valuations regarding the state of the dispute and are subject to estimates which are described in the previous paragraph 3, to which reference should be made.

The changes in the doubtful debt provision were as follows:

Doubtful debt provisions (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Opening provision	(103.060)	(104.428)
Business combinations (*)	(174)	
Increases	(21.119)	(22.611)
Utilisations / reversals	11.875	23.979
Closing doubtful debt provision	**(112.478)**	**(103.060)**

(*) Acquisition of Ali Trasporti Aerei ATA SpA.

The provision in the year amounted to Euro 21,119 thousand (Euro 22,611 thousand in 2012) and was calculated to take into account the risk in deterioration of the financial positions of the principle operators with which disputes exist and write-downs for receivables under administration.

In particular, the utilisations for Euro 335 thousand and the reversals of Euro 11,540 thousand relating to 2013, refer to the closure during the period of disputes in which the provisions were accrued to cover such risks in previous years and resulted in a total provision of Euro 112,478 thousand.

On November 24, 2012, the SEA Group proposed to the Extraordinary Commissioners of the extraordinary administration procedures of the Alitalia Group a settlement agreement to close pending disputes. The agreement signed on February 14, 2013 provides for the write-off of receivables from the Alitalia Group in extraordinary administration.
The reduction in trade receivables at December 31, 2013 compared to December 31, 2012 is due to the closure of some disputes and improvement in credit control management.

6.10 Tax receivables and other current receivables

The following table provides the breakdown of other current receivables:

Other current receivables (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Tax receivables	17,809	15,356
Other receivables	17,740	19,613
Total other current receivables	**35,549**	**34,969**

The tax receivables at December 31, 2013 refer to: for Euro 10,414 thousand to the recalculation of IRES income tax for the years 2007-2011 following the recognition of the deductibility for IRES proposes of IRAP regional tax relating to personnel costs in accordance with Article 2, Paragraph 1, of Legislative Decree no. 201/2011 (converted into Law no. 214/2011) with consequent presentation of the request for reimbursement (same amount as at December 31, 2012), for Euro 2,810 thousand receivable for income taxes, for Euro 2,266 thousand (Euro 2,266 thousand at December 31, 2012) the request for reimbursement of 10% of the IRAP paid in previous years, for Euro 1,421 thousand (Euro 691 thousand at December 31, 2012) VAT receivables, and for Euro 898 thousand (Euro 1,514 thousand at December 31, 2012) of other tax receivables.

The account "other receivables", reported net of the relative provision, is broken down as follows:

Other receivables (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Receivables from the State for grants under Law 449/85	1,425	1,397
Receivables from the State under SEA/ Min. Infras & Transp. case	3,715	3,542
Other receivables	12,460	13,839
Receivables from employees and social security institutions	2,197	2,537
Receivables from the Ministry for Communications for radio bridge	55	106
Doubtful debt provision	(2,112)	(1,808)
Total other receivables	**17,740**	**19,613**

The account "Other receivables" amounts to Euro 17,740 thousand at December 31, 2013 (Euro 19,613 thousand at December 31, 2012) and is comprised of the accounts outlined below.

Receivables from the State for grants under Law 449/85, amounting to Euro 1,425 thousand at December 31, 2013 concern receivables based on the "Regulatory Agreement" between ENAC and SEA in January 1995 and revised in December 2004, which establishes the partial funding, pursuant to Law 449/85, of some infrastructure projects at Malpensa Airport. The increase is related to the recording of interest.

Receivables from the State under SEA/Ministry Infrastructure and Transport case, following the sentence of the Cassation Court, which recognised to the Company the non-compliance of handling tariffs for the period 1974-1981, in addition to interest and expenses incurred by the Company, for Euro 3,715 thousand at December 31, 2013 (Euro 3,542 thousand at December 31, 2012) relates to the residual amount not yet received from the Infrastructure and Transport Ministry, in addition to interest up to December 31, 2013. These receivables are considered recoverable.

The account "other receivables" includes receivables of SEA Energia from the Energy Service Operator (GSE), based on an estimated value of the green and white certificates matured in 2013 of Euro 4,709 thousand, receivables from insurance companies of Euro 2,119 thousand and other receivables (reimbursements, supplier advances, arbitrage with subcontractors and other minor receivables) of Euro 5,630 thousand.

Employee and social security receivables, amounting to Euro 2,197 thousand at December 31, 2013 (Euro 2,537 thousand at December 31, 2012), mainly refer to the receivable from INPS and the Fondo Volo per la Cassa Integrazione Guadagni Straordinaria paid to employees on behalf of the institution and receivables from INAIL.

The receivable from the Ministry for Communications relates to higher provisional payments made in previous years for fees related to the radio bridges and will be offset by future fees to be paid.

The doubtful debt provision is made against the realisation risk of receivables and in 2013 the provision amounted to Euro 173 thousand.

6.11 Cash and cash equivalents

The breakdown of the account "cash and cash equivalents" is shown in the table below.

Cash and cash equivalents (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Bank and postal deposits	60,608	54,223
Cash in hand and at bank	112	116
Total	**60,720**	**54,339**

The available liquidity at December 31, 2013 is comprised of the following assets: bank and postal deposits on demand for Euro 50,614 thousand (Euro 42,025 thousand at December 31, 2012), with particularly favourable rates, restricted bank deposits, which cover the quota of European Investment Bank loans due in the coming 12 months, for Euro 1,864 thousand (Euro 3,944 thousand at December 31, 2012) and a restricted deposit on the executive foreclosure on third parties for Euro 8,130 thousand relating to the case taken by Cascina Tre Pini – Quintavalle and cash amounts for Euro 112 thousand (Euro 116 thousand at December 31, 2012).

6.12 Shareholders' Equity

At December 31, 2013, the share capital of the Company amounted to Euro 27,500 thousand.
The par value of each share was Euro 0.11.
The changes in shareholders' equity in the year are shown in the statements of changes in consolidated shareholder's Equity.

The reconciliation between the net equity of the Parent Company SEA SpA and the consolidated net equity is shown below.

(in thousands of Euro)	Shareholders' equity at December 31, 2012	Balance sheet movements	OCI Reserve	Profit/(loss) for the year	Shareholders' equity at December 31, 2013
Parent Company Financial Statements	**218,457**	**(26,700)**	**3,763**	**52,182**	**247,703**
Share of net equity and net profit of consolidated subsidiaries attributable to the Group, net of book value of relative investments	35,076	(781)		(18,551)	15,744
Adjustment for equity valuation of associated companies	31,039			(1,210)	29,829
Other consolidation adjustments	(7,241)	53		1,289	(5,899)
Consolidated Financial Statements	**277,332**	**(27,428)**	**3,763**	**33,710**	**287,377**

6.13 Provisions for risks and charges

The breakdown of the account "provisions for risks and charges" is shown in the table below:

Provision for risks and charges (in thousands of Euro)	at December 31, 2012	Consol. scope change(1)	Reclassification(2)	Provisions/ increases	Utilisation	Releases	at December 31, 2013
Provision for restoration and replacement	114,701			26,294	(17,528)	0	123,467
Provision for future charges	48,832	2,362	3,294	25,496	(12,387)	(3,953)	63,644
Total provision for risks and charges	**163,533**	**2,362**	**3,294**	**51,790**	**(29,915)**	**(3,953)**	**187,111**

(1) Acquisition of Ali Trasporti Aerei ATA SpA.
(2) Reclassification of third party liability charges, classified under other payables at December 31, 2012.

The restoration and replacement provision on assets under concession, created in accordance with IFRIC 12, amounting to Euro 123,467 thousand at December 31, 2013 (Euro 114,701 thousand at December 31, 2012) refers to the estimate of the amount matured relating to the maintenance on assets under concession from the State which will be undertaken in future years. The provision in the year takes into account the expected effects of the restyling of Terminal 1 at Milano Malpensa, which is expected to take place in 2014.

The breakdown of the provision for future charges is shown in the table below:

Provision for future charges (in thousands of Euro)	at December 31, 2012	Consol. scope change(1)	Reclassi-fication(2)	Provisions/ increases	Utilisations	Releases	at December 31, 2013
Employment provisions	15,414			13,455	(8,694)	(113)	20,062
Disputes with contractors	2,275					(1,675)	600
Commercial transactions with airlines	1,415		3,299	1,506	(428)	(1,408)	4,384
Tax risks	2,754	1,561					4,315
Investments provision				10,305			10,305
Other provisions	26,974	801		230	(3,270)	(757)	23,978
Total provision for future charges	**48,832**	**2,362**	**3,299**	**25,496**	**(12,392)**	**(3,953)**	**63,644**

(1) Acquisition of Ali Trasporti Aerei ATA SpA.
(2) Reclassification of third party liability charges, classified under other payables at December 31, 2012.

At December 31, 2013, the employment provisions for Euro 2,649 thousand relates to the provisions made following increased risks with personnel and for Euro 17,413 thousand to restructuring charges related to the review of the organisational structure of the Company concerning measures taken independent of the future sale of the assets of SEA Handling SpA. The utilisations and releases relate to the definition of disputes with personnel arising in previous years.
Given the impossibility to calculate and the uncertainty on the quantification of the liquidation charges at the reporting and approval date of the financial statements, no provision was recorded for risks and charges in the financial statements for the year ended December 31, 2013. In particular – as it is currently not possible to estimate the charge for the outplacement of surplus personnel based on the needs of the new operator – as dependent on the definitive plan for the sale of the company assets and the number of personnel hired based on the service contracts effectively acquired by this new operator – the present Financial Statements do not include any risk provision for the above-mentioned restructuring cost. For the purposes of the presentation of the plan to the EU, a level of placement of Airport Handling personnel was estimated whose final outcome – as mentioned – will depend on the level of activity developed by Airport Handling. On these bases – which are not certain until the approval of the plan by the EU and the commencement of commercial activities – estimates which do not represent certain amounts, even at minimal levels, were assumed. In particular, assuming the assumptions of the liquidation process presented to the Commission will be accepted, as illustrated in the Directors' Report, the total charge of the liquidation is estimated at Euro 25.6 million (Euro 20.7 million in financial requirement terms); this charge principally relates to the outplacement cost of surplus personnel relating to the needs of the new operator of the handling activities and the placement directly undertaken by SEA within its own strategic development of other operating activities at the airports managed. It should therefore be noted that any liquidation realised on the basis of different assumptions to those currently considered for the estimate of the liquidation charges reported above, in particular with reference to the manner and number of employees placed with the new operator and SEA, could result in personnel restructuring charges not currently predictable, and in any case differing from those outlined above. Therefore, currently the liability which is considered probable may not be reliably quantified for recognition in the Consolidated Financial Statements as per IAS 37, in terms of a minimum or maximum amount, or in amount which may be sufficiently and reasonably approximated.

At December 31, 2013, employee provisions total Euro 2,649 thousand for disputes for employees.
Against this background, it is recalled that, to permit the completion of the liquidation, SEA undertook on March 24, 2014 the commitment to financially support SEA Handling SpA against liquidation costs, both in the event of a liquidation in line with that outlined above for the amount of the liquidation charge and in the event of a different solution not yet known within the scope of the negotiations with the Commission, but in any case subject to the control of SEA.

The investments provision relates to SEA Handling SpA and was accrued in 2013 with the objective to align the net asset value, contributed to the consolidation of the subsidiary, to the valuation made by the Directors in the Separate Financial Statements of the Parent Company, in consideration of the reorganisation of the handling sector related to the review of the existing shareholding structure following the EU Commission decision on presumed state aid by the Parent Company to the subsidiary SEA Handling SpA.

The account "other provisions" for Euro 23,978 thousand at December 31, 2013 is mainly composed of the following items:
- Euro 9,600 thousand for legal disputes related to the operational management of the airports;
- Euro 5,497 thousand for risks relating to revocatory actions taken against the Company and relating to airline companies declared bankrupt;

- Euro 8,000 thousand relating to charges from the acoustic zoning plan of the peripheral areas to the Milan Airports (Law no. 447/95 and subsequent Ministerial Decrees);
- Euro 881 thousand for disputes with ENAV.

The Financial Statements of the subsidiary Ali Trasporti Aerei ATA SpA include a tax provision amounting to Euro 1.5 million. The provision was accrued following the tax investigation on the payment of direct taxes and VAT undertaken on the previous parent company Acquamarcia SpA in liquidation and administration (SAPAM) and whose Assessment Notice, issued in January 2014, was also reported to the company.
Following this Assessment Notice, the Tax Administration challenged the former parent company SAPAM for the omission of VAT payments deriving from the Group VAT procedure for the years 2011 and 2012 with consequent payment due to the Tax Authorities respectively of Euro 4,370 thousand (FY 2011) and Euro 1,572 thousand (FY 2012).
As Ali Trasporti Aerei ATA SpA participated in the Group VAT settlement for the years contested and in virtue of the joint and several liability in accordance with law for each of the subsidiaries within the Group VAT consolidation scope in the case of omission of payments by the parent company, the Tax Administration have the right to request the joint and several liability parties for the payment of the tax due up to a maximum amount of the VAT payable transferred.

Therefore in view of that outlined above, taking account of the partial payment of Euro 520 thousand made by SAPAM on the 2012 VAT payable, the joint and several liability of Ali Trasporti Aerei ATA SpA for the years 2011 and 2012 should amount respectively to Euro 1,089 thousand and Euro 1,052 thousand for a total of Euro 2,141 thousand.
Based on the matters outlined above and in accordance with the prudence principle, the subsidiary Ali Trasporti Aerei ATA SpA accrued the above-mentioned amount of Euro 1.5 million representing the tax payable to the Tax Authorities of Euro 2,141 thousand, net of the payable due to the former parent company SAPAM of Euro 669 thousand.

6.14 Employee provisions

The changes in the employee provisions are shown below:

Employee provisions (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Opening provision	77,064	68,527
Personnel cost	12,347	12,365
Financial (income) / charges	1,479	3,045
Utilisations	(13,544)	(16,292)
Actuarial profit / (losses)	(191)	9,418
Total employee provisions	**77,155**	**77,064**

The actuarial calculation of the employee leaving indemnity takes into account the effects of the reform of Law no. 296 of December 27, 2006 and subsequent decrees and regulations.
The principal actuarial assumptions, utilised for the determination of the pension obligations, are reported below:

Principal actuarial assumptions	at December 31, 2013	at December 31, 2012
Annual discount rate	3.17%	3.20%
Annual inflation rate	2.00%	2.00%
Annual Employee Leaving Indemnity increase	3.00%	3.00%

From the year 2013 the annual discount rate, utilised for the determination of the present value of the obligation, was based on the Iboxx Eurozone Corporate AA index (3.17% at December 31, 2013), as considered more representative (and preferred by various regulators) than the Iboxx Eurozone Corporate A index (3.39% at December 31, 2013).
The sensitivity analysis for each of the significant assumptions at December 31, 2013 is shown below, indicating the effects that would arise on the post-employment benefit provision.

Change in assumptions (in thousands of Euro)	at December 31, 2013
+ 1 % on turnover	46,643
- 1 % on turnover	46,341
+ 1/4 % on the annual inflation rate	47,155
- 1/4 % on the annual inflation rate	45,857
+ 1/4 % on the annual discount rate	45,553
- 1/4 % on the annual discount rate	47,480

6.15 Current and non-current financial liabilities

The table below provides a breakdown of current and non-current financial liabilities at December 31, 2013 and December 31, 2012.

The breakdown of the accounts is shown below:

(in thousands of Euro)	at December 31, 2013		at December 31, 2012	
	Current portion	Non-current portion	Current portion	Non-current portion
Long-term loans	69,112	389,783	51,341	394,375
Loan charges payables	-	-	2,053	
Short-term loans	76,959	-	2,011	
Advances on State grants	-	-		
Fair value derivatives	-	10,210		14,371
Bank payables	**146,071**	**399,993**	**55,404**	**408,746**
Leasing payables	1,028	1,368	1,006	1,949
Payables to other lenders	**1,028**	**1,368**	**1,006**	**1,949**
Total current and non-current liabilities	**147,099**	**401,361**	**56,410**	**410,696**

As illustrated in the table above the Group debt primary consists of medium/long term bank loans.
The finance leasing debt principally relates to radiogenic equipment.

The table below shows the reconciliation between the finance lease payables and the future lease instalments at December 31, 2013.

(in thousands of Euro)	at December 31, 2013
Future lease instalments (principal + interest)	2,664
Implied interest	(442)
Present value of instalments until contract maturity	**2,222**
Amounts for unpaid invoices	174
Total payables for leasing (current and non-current)	**2,396**

For further information on loans received in 2013, the principal features of these loans and Group repayment schedules reference should be made to *Note* 4.2.

The breakdown of the Group net financial debt at December 31, 2013 and December 31, 2012, in accordance with Consob Communication of July 28, 2006 and ESMA/2011/81 recommendations is reported below.

Net debt (in thousands of Euro)	at December 31, 2013	at December 31, 2012
A. Cash	(60,720)	(54,339)
B. Other liquidity	-	-
C. Held-for-trading securities	-	-
D. Liquidity (A) + (B) + (C)	**(60,720)**	**(54,339)**
E. Financial receivables	**0**	**(1,397)**
F. Current financial payables	76,959	2,011
G. Current portion of medium/long-term bank loans	69,112	51,341
H. Other current financial payables	1,028	3,059
I. Payables and other current financial liabilities (F) + (G) + (H)	**147,099**	**56,410**
J. Net current financial debt (D) + (E) + (I)	**86,379**	**674**
K. Non-current portion of medium/long-term bank loans	389,783	394,375
L. Bonds issued	-	-
M. Other non-current financial payables	11,578	16,320
N. Payables & other non-current financial liabilities (K) + (L) + (M)	**401,361**	**410,696**
O. Net debt (J) + (N)	**487,740**	**411,370**

For comment on the changes in the net financial position between December 31, 2012 and December 31, 2013, reference should be made to the Directors' Report.

6.16 Trade payables

The breakdown of trade payables is follows.

Trade payables (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Supplier payables	159,978	198,342
Advances	2,937	2,791
Payables to associated companies	2,952	873
Total trade payables	**165,867**	**202,006**

Trade payables (which includes invoices to receive of Euro 83,181 thousand at December 31, 2013 and Euro 101,788 thousand at December 31, 2012) refers to the purchase of goods and services relating to the operating activity and Group investments.
The payables for advances at December 31, 2013 amounting to Euro 2,937 thousand (Euro 2,791 thousand at December 31, 2012) are mainly related to payments on account by clients.
In order to optimise operations with suppliers, trade payables at December 31, 2013 include sums ceded under indirect factoring contracts for Euro 26,619 thousand (Euro 17,971 at December 31, 2012).
The reduction in trade payables is related to the compliance of the contractual payment terms negotiated with suppliers.

Payables to associated companies relate to services and charges; reference should be made to *Note* 8.

6.17 Income tax payables

Payables for income taxes, amounting to Euro 57,707 thousand at December 31, 2013 (Euro 53,562 thousand at December 31, 2012), mainly relate to additional landing rights charges created by Laws no. 166/2008, no. 350/2003, no. 43/2005 and no. 296/2006 for Euro 47,146 thousand (Euro 43,820 thousand at December 31, 2012), employee and consultant's withholding taxes for Euro 6,110 thousand (Euro 5,021 thousand at December 31, 2012), VAT payables for Euro 2,096 thousand (Euro 443 thousand at December 31, 2012), IRES incomes taxes for Euro 1,254 thousand (Euro 3,456 thousand at December 31, 2012), IRAP regional tax for Euro 693 thousand (Euro 707 thousand at December 31, 2012) and other taxes for Euro 408 thousand (Euro 115 thousand at December 31, 2012).

For the year 2013 SEA adhered to the National Tax Consolidation with the subsidiary SEA Handling.

6.18 Other current payables

The table below reports the breakdown of the account "other current payables".

Other current payables (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Payables to social security institutions	18,172	18,404
Other payables	93,110	147,903
Total other current payables	**111,282**	**166,307**

The breakdown of "other payables" is as follows:

Other payables (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Airport fire protection service	34,374	28,250
Payables due to employees for amounts accrued	15,653	19,169
Payables due to employees for untaken holidays	7,771	9,560
Payables due to the State for concession charges	10,937	6,392
Payables for civil liability damages (*)		3,299
Payables due to third parties for ticket collection	147	1,398
Payables due to the State for security concession services	69	68
Payables due to Shareholders for dividends - current portion	81	62,307
Others	24,078	17,460
Total other payables	**93,110**	**147,903**

(*) Reclassified to the risk provisions from 2013.

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Relating to the payable of the Group for airport fire protection services, on January 16, 2013, SEA was notified, on request of the Internal Ministry and Economic and Finance Ministry, of the Injunction Decree issued by the Milan Court for the payment of Euro 10,658 thousand; the Company appealed the injunction, and the case is still pending.
In relation to this issue an appeal made in 2009 before the Lazio Administrative Court for the cancellation of the notice in which ENAC communicated the share of each of the airport management companies and the appeal made in 2012 before the Rome Civil Court in order to be exonerated from the payment of this contribution are still pending.
The account "others", amounting to Euro 24,078 thousand at December 31, 2013 (Euro 17,460 thousand at December 31, 2012), mainly relates to deferred income from clients for future periods and other minor payables.

7. Income Statement

7.1 Operating revenues

The table below shows the breakdown of operating revenues for the years 2013 and 2012.

Operating revenues by Business Unit (in thousands of Euro)	2013	2012
Aviation	359,708	320,441
Non Aviation	180,588	169,088
Handling	95,677	107,372
Energy	21,107	35,393
Total operating revenues	**657,080**	**632,294**

The breakdown of Aviation operating revenues is reported below.

Aviation operating revenues (in thousands of Euro)	2013	2012
Centralised infrastructure and rights	296,194	239,775
Operating revenues from security controls	46,161	51,691
Use of regulated spaces	12,553	17,656
Free asset transfer	4,800	11,319
Total Aviation operating revenues	**359,708**	**320,441**

The breakdown of Non Aviation operating revenues is reported below.

Non Aviation operating revenues (in thousands of Euro)	2013	2012
Retail	73,590	71,132
Parking	52,424	45,474
Cargo spaces	11,120	10,830
Advertising	9,726	10,166
Services and other revenues	33,728	31,485
Total Non Aviation operating revenues	**180,588**	**169,088**

In 2013, the account "Services and other revenues" includes VIP lounge revenues of Euro 8,009 thousand (Euro 7,396 thousand in 2012), utility repayments of Euro 4,731 thousand (Euro 4,764 thousand in 2012), various concession revenues of Euro 3,819 thousand (Euro 4,035 thousand in 2012), revenues for technological services and planning of Euro 3,645 thousand (Euro 3,452 thousand in 2012), security revenues of Euro 3,521 thousand (Euro 3,521 thousand in 2012) and other revenues of Euro 10,003 thousand (Euro 8,317 thousand in 2012).

In 2012 the account "Free asset transfer" concerned the free transfer to the Company SEA of a building and surrounding areas at Milan Malpensa airport by LSG Sky Chefs SpA, following the expiry of the land rights based on an agreement between the parties signed in March 1999. The free provision in 2013 concerns the building and relative annexes constructed by Air Europe SpA within Milan Malpensa airport under the agreement with SEA of December 1999, which established for the free transfer to SEA on conclusion of the agreement.

In 2006 the rights relating to the agreement were transferred from Air Europe SpA to the company Volare SpA, currently in Extraordinary Administration. These amounts were recognised according to an experts' opinion on the market value prepared by the Varese Tax Agency in December 2012.

The breakdown of retail revenues is reported below.

Retail revenues (in thousands of Euro)	2013	2012
Shops	37,039	35,373
Food & Beverage	16,174	15,923
Car rental	12,491	12,761
Other	7,886	7,076
Total retail	**73,590**	**71,132**

The breakdown of Energy operating revenues is reported below.

Energy operating revenues (in thousands of Euro)	2013	2012
Sale of Electric Energy	14,730	27,200
Sale of Thermal Energy	2,343	2,190
Other revenues and services	4,034	6,003
Total Energy operating revenues	**21,107**	**35,393**

7.2 Revenue for works on assets under concession

Revenues for works on assets under concession decreased from Euro 88,662 thousand in 2012 to Euro 67,000 thousand in 2013.

These revenues, in application of IFRIC 12, refer to construction work on assets under concession increased by a mark-up of 6% representing the remuneration of the internal cost for the management of the works and design activities undertaken by the Company, which corresponds to a mark-up which a general contractor would request to undertake such activities.

This account is strictly related to investment and infrastructure upgrading activities. The investments principally refer to:

i) the completion of works for the construction of the third satellite and the continuation of extension works at Milan Malpensa 1;
ii) the extension of the cargo area.

In the account “Costs for works on assets under concession” (*Note* 7.7), a decrease was reported due to lesser work on assets under concession.

7.3 Personnel costs

The breakdown of personnel costs is as follows.

Personnel costs (in thousands of Euro)	2013	2012
Wages, salaries and social security charges	226,563	231,996
Employee Leaving Indemnity	12,347	12,365
Other personnel costs	11,434	11,911
Total	**250,344**	**256,272**

Personnel costs decreased from Euro 256,272 thousand to Euro 250,344 thousand (-2.3%).

This follows principally the reduction in the workforce and higher charges for provisions relating to the renewal of the national employment contract, partially offset by the greater use of vacation days and of the Extraordinary Temporary Lay-off Scheme. The recourse to the temporary redundancy schemes amounted to Euro 15 million in 2013 and Euro 14.2 million in 2012 (corresponding to 828 thousand hours in 2013 and 831 thousand hours in 2012).

The average number of employees by category in the two year period 2012-2013 (Head-Equivalent) is as follows:

Average Head Equivalent (HDE)	2013	%	2012	%
Senior Managers	59	1%	57	1%
Managers	295	6%	291	6%
White-collar	2,702	57%	2,754	57%
Blue-collar	1,694	36%	1,752	36%
Total employees	**4,749**	**100%**	**4,854**	**100%**

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7.4 Consumable materials

The breakdown of the account "Consumable materials" is as follows:

Consumable material costs (in thousands of Euro)	2013	2012
Raw materials, consumables and supplies	47,628	61,667
Changes in inventories	1,158	1,371
Total	**48,786**	**63,038**

The account "consumable materials" mainly includes the purchase of methane for the production of electricity and thermal energy principally attributable to SEA Energia, as well as the purchase of goods for airport activities (chemical products for de-icing and de-snowing, clothing, spare parts, etc).

For a description of the principal changes in 2013, reference should be made to the Directors' Report.

7.5 Other operating costs

The breakdown of other operating costs is as follows:

Other operating costs (in thousands of Euro)	2013	2012
Ordinary maintenance costs	28,306	30,405
Cleaning & cabin cleaning outsourcing	17,163	16,740
Insurance	2,953	3,264
Rental of equipment and vehicles	3,363	3,386
Utilities & security	6,362	7,855
Disabled assistance service	992	1,516
Losses on assets	851	3,833
Public charges	27,744	16,217
Hardware and software charges and rent	5,382	5,737
Professional services	8,524	10,426
Tax charges	5,968	5,225
Board of Statutory Auditors & BOD Fees	1,319	1,865
Commercial costs	41,145	29,381
Misc. operating costs	11,296	9,442
Total other operating costs	**161,366**	**145,291**

For an analysis on the changes between the year 2012 and 2013, reference should be made to the Directors' Report.
The "Public charges" includes: *(i)* concession fees to the state for Euro 20,630 thousand (Euro 9,064 thousand in 2012); *(ii)* cost for fire-fighting services at the airports for Euro 6,125 thousand (Euro 6,147 thousand in 2012); *(iii)* concession fees to the tax authorities for security services of Euro 885 thousand (Euro 908 thousand in 2012); other fees to various entities for Euro 104 thousand (Euro 98 thousand in 2012).

7.6 Provisions and write-downs

The breakdown of provisions and write-downs is as follows:

Provisions and write-downs (in thousands of Euro)	2013	2012
Write-downs of current assets and cash and cash equivalents	21,292	22,784
Release of doubtful debt provision	(11,540)	(14,165)
Provisions / (releases) of future charges provisions	29,743	6,314
Total provisions and write-downs	**39,495**	**14,934**

In 2013, provisions and write-downs increased by Euro 24,561 thousand compared to the previous year, from Euro 14,934 thousand in 2012 to Euro 39,495 thousand in 2013. For a description of the principal provisions and write-downs in 2013, reference should be made to the Directors' Report.

7.7 Costs for works on assets under concession

Costs for works on assets under concession decreased from Euro 83,453 thousand in 2012 to Euro 62,311 thousand in 2013. This movement is strictly related to investment activities, for which reference should be made to *Notes* 6.1 and 6.2.

These costs refer to the costs for the works undertaken on assets under concession and concern the Aviation business unit.

7.8 Restoration and replacement provision

The breakdown of the restoration and replacement provision is as follows:

Restoration & replacement provision (in thousands of Euro)	2013	2012
Restoration & replacement provision	26,294	11,350

It should be noted that, for a better presentation of the financial settlements, the account "restoration and replacement provision" was reclassified separately from the account "provisions and write-downs".
The account includes the provision for the year relating to the scheduled replacement and maintenance of the assets within "Assets under concession".

An increase of Euro 14,944 thousand is reported, from Euro 11,350 thousand in 2012 to Euro 26,294 thousand in 2013, following the updating of the long-term scheduled replacement and maintenance plan of the assets within "Assets under concession" which reflects the restyling of Terminal 1 at Milan Malpensa.

7.9 Amortisation & Depreciation

The account "amortisation & depreciation" is comprised of:

Amortisation and depreciation (in thousands of Euro)	2013	2012
Amortisation of intangible assets	32,050	27,364
Depreciation of property, plant & equipment & property investments	17,869	18,570
Total amortisation and depreciation	**49,919**	**45,934**

Depreciation and amortisation in the year relates to tangible and intangible assets held based on the estimated useful life by the Company.

7.10 Investment income and charges

The breakdown of investment income and charges is as follows:

Investment income (charges) (in thousands of Euro)	2013	2012
SACBO SpA	697	4,998
Dufrital SpA	(784)	2,247
Disma SpA	247	277
Malpensa Logistica Europa SpA	240	(85)
SEA Services Srl	93	89
Investments valued at equity	**493**	**7,526**
Dividend from Romairport Srl	14	22
Other income from investments	**14**	**22**
Total investment income (charges)	**507**	**7,549**

7.11 Financial income and charges

The breakdown of the account "financial income and charges" is as follows:

Financial income (charges) (in thousands of Euro)	2013	2012
Currency gains	7	19
Other financial income	1,024	694
Total financial income	**1,031**	**713**
Interest expense on medium/long-term loans	(12,166)	(8,137)
Loan commissions	(3,469)	(3,455)
Currency losses	(10)	(29)
Other interest expenses:	**(6,506)**	**(7,558)**
restoration provision	0	(3,485)
financial charges on leaving indemnity	(1,479)	(3,045)
financial charges on leasing	(391)	(494)
financial charges on derivatives	(3,011)	(368)
Other	(1,625)	(167)
Total financial charges	**(22,151)**	**(19,179)**
Total financial income (charges)	**(21,120)**	**(18,466)**

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7.12 Income taxes

The breakdown of the account is as follows:

Income taxes (in thousands of Euro)	2013	2012
Current income taxes	34,623	30,286
Deferred income taxes	(3,381)	(4,523)
Total	**31,242**	**25,763**

The reconciliation between the theoretical and effective IRES tax rate is shown below:

(in thousands of Euro)	2013	Tax rate	2012	Tax rate
Pre-tax profit	**64,952**		**89,768**	
Theoretical income taxes	17,862	27.5%	24,686	27.5%
Tax effect of permanent differences	(1,876)	-2.9%	(2,053)	-2.3%
IRAP	14,126	21.7%	12,858	14.3%
Other	1,130	1.7%	(9,728)	-10.8%
Total	**31,242**	**48.1%**	**25,763**	**28.7%**

At December 31, 2013 the account "Other" is principally comprised of deferred tax adjustments, net of the tax consolidation benefits and the exemption of the dividends received.

At December 31, 2012, the "Other" account mainly comprised, for Euro 9,344 thousand to the economic benefit deriving from the presentation in March 2013 of the reimbursement request of the higher IRES paid against the non-deducibility of IRAP on personnel costs for the years 2007-2011, for Euro 1,965 thousand of higher income taxes paid in 2011 and reduced due to the deferred tax assets relating to the employee leaving indemnity as per IAS 19 revised.

8. Transactions with Related Parties

The following tables show the balances with related parties at December 31, 2013 and at December 31, 2012 and the income statement amounts for the years 2013 and 2012, with indication of the percentage of the relative account.

Group transactions with related parties				at December 31, 2013
(in thousands of Euro)	Trade receivables	Trade payables	Operating revenues	Operating costs (excluding costs for work on assets under concession)
Investments in associated companies				
SACBO	685		1.157	
Dufrital	2,041	442	25,204	2
Malpensa Logistica Europa	2,019	1,323	4,087	
SEA Services	1,334	1,088	1,951	1,876
Disma	134	98	256	
Total related parties	**6,212**	**2,952**	**32,654**	**1,878**
Total financial statements	**118,095**	**165,867**	**657,080**	**499,991**
% of total financial statements	**5.3%**	**1.8%**	**5.0%**	**0.4%**

Group transactions with related parties				at December 31, 2012
(in thousands of Euro)	Trade receivables	Trade payables	Operating revenues	Operating costs (excluding costs for work on assets under concession)
Investments in associated companies				
SACBO	661		1,407	
Dufrital	4,630	10	26,002	40
Malpensa Logistica Europa	2,464	27	4,480	280
SEA Services	637	809	2,189	1,941
Disma	132	27	506	
Total related parties	**8,525**	**873**	**34,584**	**2,261**
Total financial statements	**156,054**	**202,006**	**632,294**	**479,535**
% of total financial statements	**5.46%**	**0.43%**	**5.47%**	**0.47%**

The table below shows the cash flows from the transactions of the Group with related parties for the years ended December 31, 2013 and December 31, 2012, with indication of the percentage of the relative account:

Cash flow generated from group trans. with related parties 2013

(in thousands of Euro)	Investments in associated companies	Investments in other companies	Total transactions with related parties	Consolidated balance	%
A) Cash flow generated from operatiing activities	(234)		(234)	128,257	-0.2%
B) Cash flow generated from investing activities	1,717		1,717	(101,220)	-1.7%
C) Cash flow generated from financing activities				(20,657)	0.0%

Cash flow generated from group trans. with related parties 2012

(in thousands of Euro)	Investments in associated companies	Investments in other companies	Total transactions with related parties	Consolidated balance	%
A) Cash flow generated from operatiing activities	1,610		1,610	132,831	1.2%
B) Cash flow generated from investing activities	2,882		2,882	(103,232)	-2.8%
C) Cash flow generated from financing activities				679	0.0%

The transactions between the Group and related parties for the years ended December 31, 2013 and December 31, 2012 mainly related to:

- commercial transactions with reference to the recognition to SEA of royalties on sales (Dufrital);
- rental of premises (Malpensa Logistica Europa);
- supply to SEA of catering services (SEA Services);
- commercial transactions deriving from the concession for the distribution of fuel (Disma);
- supply by SEA Energia of electricity to SACBO.

The above-mentioned transactions were within the ordinary activities of the Group and undertaken at market values.

Other transactions with related parties

SACBO

In 2013, SACBO distributed dividends to SEA for Euro 1,394 thousand.

Disma

In 2013, Disma distributed dividends to SEA for Euro 309 thousand.

9. Directors fees

In 2013, the remuneration for the Board of Directors, including welfare and accessory charges, amounted to Euro 945 thousand (Euro 846 thousand in 2012).

10. Board of Statutory Auditors fees

In 2013, the remuneration for the Board of Statutory Auditors, including welfare and accessory charges, amounted to Euro 374 thousand (Euro 1,019 thousand in 2012).

11. Independent Audit Firm fees

The audit fees recognised to the audit firm Deloitte & Touche SpA for the year 2013 amounted to Euro 171 thousand.

12. Commitments and guarantees

12.1 Investment commitments

The Group has investment contract commitments of Euro 64,114 thousand at December 31, 2013 (Euro 113,587 thousand at December 31, 2012), which is reported net of the works already realised and invoiced to the Group, as follows:

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Breakdown of Commitments by project (in thousands of Euro)	at December 31, 2013	at December 31, 2012
R.T.I. TADDEI/GEMMO/MONTAGNA	33,527	38,244
R.T.I. CODELFA SPA /COIVER CONTRACT	18,034	29,222
R.T.I. GEMMO SPA/ELETTROMECCANIC	5,228	12,720
R.T.I. CODELFA SPA/ IMPRESA BACCHI		8.184
R.T.I. CEFLA SOC.COOP./GRUPPO P.S.	3,686	6,771
R.T.I. IMPRESA CAVALLERI OTTAVIO		7,482
R.T.I. BACCHI/ SO.CE.CO		10,964
SIEMENS POSTAL, PARCEL & AIPORT LOGISTIC	3,639	
Total	**64,114**	**113,587**

12.2 Commitments for rental contracts

At December 31, 2013, the SEA Group has commitments on rental contracts totaling Euro 5,097 thousand, principally relating to the rental of airport buses and motor vehicles.

The breakdown of the minimum payments on the contracts of the Group at December 31, 2013 is as follows:

(in thousands of Euro)	at December 31, 2013
Within 12 months	3,474
Between 1 & 5 years	1,829
Total	**5,303**

12.3 Other commitments and potential liabilities

The investigation procedure of the European Commission and the decision of December 19, 2012 concerning alleged State Aid in favour of SEA Handling SpA

The Consolidated Financial Statements for the year ended December 31, 2012 contain a detailed account of the facts and events related to the investigation undertaken by the European Commission concerning alleged State aid in favour of SEA Handling. A summary of the most important events and those arising during 2013 and the beginning of 2014 are illustrated below, while reference should be made to the previous years' Annual Accounts for a complete overview of the case.

- Between 2006 and 2007 a complaint was presented to the Commission by an unknown complainant alleging alleged State Aid granted to SEA Handling SpA for the period 2002-2005. After a preliminary review by the Commission which excluded the existence of the alleged State Aid, following the presentation of supplementary information by the complainant, the Commission decided in June 2010 to open a formal investigation, pursuant to Article 108, paragraph 2, of the Treaty on the Functioning of the European Union ("TFEU"), for alleged State Aid granted by SEA to SEA Handling SpA in the period 2002-2005. In addition, in July 2011, the formal investigation was also extended to the years 2006-2010.
- The Municipality of Milan and SEA Handling SpA presented to the Commission their defence, which demonstrated:
  - (i) that the resources utilised by SEA for the recapitalisation of its subsidiary did not derive from the Italian State,
  - (ii) compliance of these support actions with business strategies and policies normally applied by a private investor operating in free market conditions,
  - (iii) subordinately, the incompatibility of the measures quantifiable as State Aid with the rules of the internal market.
- On December 19, 2012 the Commission adopted decision C(2012) 9448 final, concerning the share capital increase carried out by SEA in favour of SEA Handling. In particular, the Commission decided that:
  - (i) the share capital increases carried out by SEA in favour of SEA Handling in the 2002-2010 period, for a total amount of approx. Euro 360 million, in addition to interest, comprised State Aid in accordance with Article 107 TFEU; this State Aid, granted in violation of Article 108, paragraph 3 TFEU is incompatible with the rules of the internal market (see Articles 1-2 of the order);
  - (ii) Italy must recover the State Aid mentioned; the amounts to be recovered include interest and Italy must guarantee implementation of the decision within four months from the notification date and therefore by April 20, 2013 (see Article 3-4 of the order); and finally
  - (iii) within two months of notification of the decision, Italy must send to the Commission: (a) indication of the total amount (principal and interest) which must be recovered, (b) a detailed description of the measures already adopted and scheduled to comply with the decision and (c) the documents declaring that the beneficiary has been required to repay the aid (see Article 5 of the order).

The initiatives undertaken by SEA Handling, by SEA, by its Shareholders and by Italy against the Commission decision

(A) Legal initiatives
With appeal lodged on March 4, 2013 at the European Union Court (hereafter the "EU Court"), the Italian Republic requested the cancellation of the Commission decision.

Subsequently, with appeal lodged on March 15, 2003 at the EU Court, SEA Handling SpA also requested cancellation of the decision of the Commission and subordinately the cancellation of Article 3, under which the Commission ordered the recovery of the alleged State aid.

Finally, with appeal lodged on March 18, 2003 at the EU Court, the Municipality of Milan similarly requested the cancellation of the Commission decision and, subordinately, the cancellation of Articles 3, 4 and 5 of the decision which requires the recovery of aid by Italy.

F2i – Fondi Italiani per le infrastrutture SGR SpA (hereafter "F2i"), a company which holds 44.31% of the share capital of SEA, on May 10, 2013 filed at the EU Court a motion in support of the appeal put forward by SEA Handling SpA for the cancellation of the Commission decision. On June 12, 2013, according to the terms established by the EU Court, SEA Handling SpA filed its Observations on the action proposed on May 10, 2013 by F2i, favouring the motion presented by this latter to support the cancellation of the Decision.

In addition to the appeals mentioned above, with motions presented on 18.3.2013 and 21.3.2013 SEA Handling and the Municipality of Milan requested the President of the EU Court to provisionally suspend the execution of the European Commission decision. The Italian Republic subsequently intervened in the preventative action brought by SEA Handling, in support of the arguments put forward by this latter, filing on May 7, 2013 its statement. On June 6, 2013, SEA Handling and the Municipality of Milan rejected the suspension motion concerning the subsequent appeal presented to the Regional Administrative Court, commented upon below.

In relation to the judgment pending before the European Union Court concerning the cancellation of the Commission decision of December 19, 2012, SEA Handling on August 30, 2013 filed at the Office of the EU Court a rejoinder to the counter appeal presented by the European Commission.

At a domestic level, however, the Municipality of Milan presented an appeal before the Lombardy Regional Administrative Court to request the cancellation, with prior suspension *"until the establishment of a judgment of the decision pending before the EU Courts"* of a number of preliminary acts for the execution of the Commission decision by the Government. On May 15, 2013 SEA and the Italian State filed their respective defences. With judgment of May 22, 2013 the Lombardy Regional Administrative Court accepted the preventative request of the Municipality of Milan, suspending the *"burdensome decision of 19/12/2012 (C14/2010) of the European Commission and the burdensome relative national recovery procedure of amounts by the Municipality of Milan; this decision holds until the decision relating to the case pending before the European Union Court is passed"*. The Lombardy Regional Administrative Court, in addition, in the above-stated judgment, declared that the arguments of the Municipality of Milan do not appear to have *fumus boni iuris "appearing on initial examination not within the remit of the Municipality of Milan in relation to the issue of amounts within the 2002-2010 period for the various share capital increases of the company SEA Handling SpA does not appeal referable to the Municipality of Milan"*.

Against the judgment of the Lombardy Regional Administrative Court, the European Commission, with letter of 23.5.2013, communicated to the President of the EU Court to consider that the judgment negates the need to suspend the decision of 19.12.2012. The President of the Court fixed a period until 7.6.2013 for the observations of SEA Handling SpA on the Commission letter. In consideration of this, SEA Handling SpA on June 6, 2013 filed at the European Union Court their Observations on the European Commission letter of May 23, 2013. In the submission of SEA Handling SpA, after briefly recalling a number of new significant circumstances concerning the periculum invoked in the suspension motion, requested the Court to consider their discontinuance of the suspension motion, maintaining however the possibility to present a new motion if needed, also in light of the conduct of the Commission and their considerations following the resumption of contacts.

On July 22, 2013, the President of the Council of Ministers proposed an appeal to the Council of State for reform of Ordinance 553/2013, under which the Lombardy Regional Administrative Court heard the suspension motion put forward by the Municipality of Milan of the government provisions executing the decision of the European Commission of December 19, 2012. SEA is preparing its response.

With Ordinance filed on September 25, 2013, the Council of State accepted the appeal and reformed the Ordinance, rejecting the first level suspension motion proposed.

(B) Extra-judicial initiatives
Following the adoption of the decision of the Commission of December 19, 2012, the Commission

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Recovery Unit (DG Competition) made contact with the permanent Italian Representative in Brussels ("Italrap") in view of the conclusion of the period for the sending by the State of the information concerning the above-stated decision. With letter of January 29, 2013 Italrap communicated the request of the Commission to the Italian State, in addition to the Municipality of Milan and to SEA.

On February 4, 2013, SEA sent a letter to the Commission, expressing the difficulty related to any repayment in cash of the aid, given the material unavailability to SEA Handling of the necessary liquidity. SEA, in particular, identified the transfer of control of SEA Handling to private parties at market values as the only way possible to execute the recovery decision within the time period established by the Commission. SEA requested, therefore, the Commission to confirm the suitability of the above-stated procedure in order to enact the decision, offering to send all information necessary and to organise a meeting with the Commission.

On February 5, 2013, SEA responded to the letter of Italrap of January 29, 2013, highlighting the fact that the issue of the recovery order was the exclusive remit of the Italian authorities. Given therefore that it was awaiting the authorities to decide if and how it would proceed with the recovery of aid, SEA reported to the State that negotiations were in place for the sale to private parties of the controlling interest in SEA Handling at market values as an alternative means of recovery.

On February 26, 2013 the Commission again contacted Italrap, stating that it had not received the information requested from the Italian State, recalling that Article 4 of the decision imposes upon Italy an obligation to fully execute the decision by April 20, 2013. Following this reminder, on March 4, 2013 the Italian State requested the Municipality of Milan to send the documentation requested by the Commission by March 25, 2013 for subsequent forwarding to Italrap.

On March 12, 2013 Italrap sent to the Commission a note concerning possible means for recovery in order to open up a dialogue. This document analysed and compared the following two situations: (i) liquidation of SEA Handling through recovery in bankruptcy of the aid and (ii) recovery of the aid through sale to third parties of the company at a market price. This document indicated, in addition, the reasons for which the sale *in bonis* of SEA Handling SpA was preferable to the sale of the company within a bankruptcy procedure. In light of this, the creation of a dialogue with the Commission Services to evaluate this possibility was requested.

On March 15, 2013 a meeting was held in Brussels between the Commission Recovery Unit, the Italian authorities and SEA, following which on March 26, 2013 the Italian State sent to Italrap the documents requested by the Commission for subsequent forwarding to them.

The Commission on May 3, 2013 reviewed that sent to it on March 26, highlighting the delay with which the information was sent in comparison to the deadline of February 20 and the fact that the State had not supplied the documentation necessary to demonstrate the initiation of the aid recovery procedures. In this regard, they invited the Italian authorities to communicate within 20 working days (from May 3, 2013) the measures adopted to implement the decision. In addition, in relation to the alternative means for recovery suggested by the Italian State (i.e. the sale of SEA Handling SpA to private parties through private sale), the Commission underlined that the methods for privatisation put forward did not appear suitable to guarantee the execution of the decision, as, according to the Commission, it would involve the transfer of the aid to the new operator. The Commission however left open however the dialogue with the Italian authorities in relation to other alternative recovery methods which would see a change in ownership.

On May 8, 2013 the Vice Chairman of the Commission J. Almunia sent a number of Italian European Parliament members a letter which noted their concerns in relation to the meeting held two days previously. In this regard, he stated the will of the Commission to meet the Italian authorities to identify the best solution possible for the correct execution of the recovery of aid.

On May 10, 2013, SEA expressed to its Shareholders the intention to continue to pursue an alternative means for the execution of the decision other than repayment in cash and invited them to support the company in their dialogue with the Commission. In addition, in the many contacts made with the Commission, the option of implementing decision of December 19, 2012 through an alternative means to monetary recovery was viewed favourably by the Commission.

From July 2013, the SEA Group began with the staff of the European Commission discussions in order to execute the Decision in an alternative manner to the monetary recovery of the alleged State Aid. The Commission staff declared themselves open to evaluating a project which would permit compliance with the obligations to return the aid, through alternative measures to the payment in money, provided such established "discontinuity" from the beneficiary of the alleged aid, in line with that established by European Union jurisprudence.

The SEA Group therefore developed a proposal whose contents and manner for execution were discussed several times with the Commission staff during negotiations with the relevant departments and during a meeting held with the Commission and Italy's EU Representative on September 16, 2013.

The SEA Group presented to the Commission a Proposal which substantially provided for:
(i) the orderly and transparent disposal of the current activities of SEA Handling SpA (with subsequent liquidation and elimination of the company) and
(ii) the development of a new handling activity project with financial discontinuity, through the start-up of its own subsidiary, Airport Handling.

On November 27, 2013 the Proposal, in agreement with the Infrastructure Ministry, was presented to the Commission in pre-notification form after numerous, although informal, meetings in which the Commission staff reviewed the project, and – on the assumption that SEA may continue to manage the activities after the closure of SEA Handling SpA through a new company – added some conditions, included in the Proposal, in order to clearly highlight the discontinuity between the old SEA Handling and the new Airport Handling.

No formal reply has been received to date from the Commission, although regular contact continues with them, with a further informal meeting held on February 10, 2014 and finally a formal meeting on February 27, 2014.

During these meetings, in order to assist the Commission in ascertaining the absence of financial continuity between SEA Handling and Airport Handling, a proposal was made to be evaluated by the Commission, on the possibility to identify a third party, fully independent (e.g. a Trustee) who would be assigned the responsibility to manage and oversee both the disposal of SEA Handling and the start-up phase of Airport Handling.

At the date of approval of the prior year Annual Accounts (June 21, 2013), the company SEA Handling SpA communicated all considerations in relation to the possible outcome of the case, which presents, in the opinion of external legal experts and consultants, a reasonable chance of success, together with the considerations relating to the actions of the national authorities appointed for the recovery of aid, which overall lead to the conclusion that, as of the current state of events to which the Company is aware, the most likely development would not involve the repayment in cash to SEA SpA of the aid by SEA Handling SpA through the use of its resources. Therefore the Company, supported by the opinions of its lawyers and external advisors, in the 2012 financial statements did not accrue any amounts to the risk provision to cover the potential repayment obligations outlined above, in that it considered the risk, on further analysis, as "possible" and no longer as "probable".

Therefore the Board of Directors of the Parent Company SEA on June 20, 2013 requested the Directors of SEA Handling SpA to undertake also any possible move to identify, in agreement with the European Commission, alternatives to the repayment to SEA SpA of the alleged State Aid. The Board of Directors of SEA in fact underlined that SEA SpA and the subsidiary SEA Handling SpA, parallel to the judicial initiatives stated above, advance also the dialogue put in place with the Commission in order to establish and in a short timeframe an alternative solution, through an initiative which would see a change in ownership in line with the European Union principles applicable in relation to the specific circumstances of the case.

Within this context, in order to pursue the contacts with the European Commission, a specific "Task Force" was set up which comprises, in addition to the Chairman Pietro Modiano and the Vice-Chairman Renato Ravasio of SEA, the SEA Director Salvatore Bragantini and the Chairman of SEA Handling Edoardo Lecaldano, who in March 2014 resigned from the role, in addition to relevant managers and legal representatives.

The negotiations with the Commission seek to identify a path to execute the decision other than the repayment of the sums to SEA SpA by SEA Handling SpA of the alleged State Aid, further to any initiatives undertaken at a legal level for the cancellation of the decision. This alternative execution method of the decision, which constitutes, on the basis of legal opinions, a common approach permitted by European Union practice and jurisprudence, would result in the execution of the decision through the sale of the assets of SEA Handling SpA at market conditions and its subsequent liquidation. The negotiations are based on a future operating framework of the handling activities which would permit the continued involvement of SEA SpA in the activities and which is illustrated in the Directors' Report in the paragraph "Company Risks – Risks related to the decision of the European Commission of December 19, 2012 concerning alleged State Aid granted in favour of SEA Handling SpA"; the current divergence between the position of SEA SpA and the Commission relates to the control which SEA SpA wishes to maintain of the new operator and which the Commission is against. SEA SpA is therefore also evaluating alternative governance structures concerning a new operator assigned to a trust until the completion of the start-up of the handling activities.

In consideration of the negotiations with the European Commission and of the possible alternative to the liquidation of the company SEA Handling in the second half of 2014 – which would be in line with the strategic guidelines of the permanent future involvement of SEA in the management of the handling activities at the airports of Milan Linate and Malpensa, also in accordance with the requests of the European Commission to cease the covering of losses, considered by the Commission to be harmful to competition – with reference to the preparation of the financial statements at December 31, 2013, the Company SEA Handling considered it reasonable, in accordance with the approach taken to-date, not to record any provision in the financial statements for the year ended December 31, 2013 for risks related to the repayment to SEA SpA of the alleged State Aid.

Inversely, the imminent opening of the liquidation procedure – attributable *(i)* to the insufficient capitalisation of the Company SEA Handling SpA as on the basis of forecasts the net equity at December 31, 2013 would erode in the second half of 2014 and therefore fall within the scope of Article 2447 of the Civil Code, in addition *(ii)* to the continuation of the strategic guidelines of the permanent involvement of SEA in the management of the handling activities at the airports of Milan Linate and Malpensa, which would however permit compliance with the requests of the European Commission to cease the practice of covering the losses of the Company SEA Handling SpA by SEA, considered by the Commission to be harmful to competition – as illustrated in the paragraph "Going concern", requires the Directors to apply accounting standard OIC 5 in the preparation of the financial statement for the year ended December 31, 2013, which represents the final financial statements before the placement of the Company SEA Handling SpA in the above-mentioned liquidation procedure. Reference should be made to the paragraph Accounting principles for the impact on the valuation of the asset and liability accounts.

Given the impossibility to calculate and the uncertainty on the quantification of the liquidation charges at the reporting and approval date of the financial statements, no provision was recorded for risks and charges in the financial statements for the year ended December 31, 2013.

In particular – as it is currently not possible to estimate the charge for the outplacement of surplus personnel compared to the needs of the new operator – as dependent on the definitive plan for the sale of the company assets and the number of personnel hired based on service contracts effectively acquired by this new operator – the present financial statements do not include any risk provision for the above-mentioned restructuring cost.

For the purposes of the presentation of the plan to the EU, a level of placement of Airport Handling personnel was estimated, whose final outcome – as mentioned – will depend on the level of activity developed by Airport Handling. On these bases – which are not certain until the approval of the plan by the European Commission and the commencement of commercial activities – estimates were assumed which do not represent certain amounts, even at minimal levels.

In particular, as indicated in the "Going concern" paragraph of the Notes and the "Provisions for risks and charges" note, assuming the assumptions of the liquidation process presented to the Commission will be accepted, the total charge of the liquidation is estimated at Euro 25.6 million (Euro 20.7 million in financial terms); this charge principally relates to the outplacement cost of surplus personnel in relation to the needs of the new operator of the handling activities and the placement directly undertaken by SEA within its own strategic development of other operating activities at the airports managed.

It should therefore be noted that any liquidation realised on the basis of different assumptions to those currently considered for the estimate of the liquidation charges reported above, in particular with reference to the manner and number of employees placed with the new operator and SEA, could result in personnel restructuring charges not currently predictable and in any case differing from those outlined above.

Against this background, it is recalled that, to permit the completion of the liquidation, SEA undertook on March 24, 2014 the commitment to financially support SEA Handling SpA against liquidation costs, both in the event of a liquidation in line with that outlined above for the amount of the liquidation charge and in the event of a different solution not yet known within the scope of the negotiations with the Commission, but in any case subject to the control of SEA.

12.4 Guarantees

The secured guarantees, amounting to Euro 2,033 thousand at December 31, 2013, relate to the lien on receivables against loans provided by credit institutions on European Investment Bank funds.

At December 31, 2013, the sureties in favour of third parties were as follows:

- surety issued by a pool of leading insurance companies in favour of ENAC, amounting to Euro 21,174 thousand as guarantee of the concession fee;
- surety of Euro 7,500 thousand to Banca Popolare di Milano to guarantee credit lines received from companies within the centralised treasury system;
- surety of Euro 4 million in favour of the Defence Ministry for utilisation by SEA of land owned by the Ministry following the road access works undertaken for the opening of the new multi-storey parking at Milan Linate Airport. This guarantee is within the technical agreement which SEA signed on June 4, 2009 with the Defence Ministry and with ENAC which establishes that the Defence Ministry transfers to ENAC some state buildings no longer of military interest adjacent to the Milan Airport. SEA, having the necessity to utilise these assets to improve and develop the airport infrastructures, acquired the concession to utilise these assets until 2041 against the realisation of a series of works in favour of the Defence Ministry for a total amount of Euro 25,900 thousand;
- surety of Euro 322 thousand in favour of the Parco Lombardo Valle del Ticino Consortium for the correct execution of the forestry offsetting work for the transformation of a portion of the forest on the airport grounds of Milan Malpensa and in the Lonate Pozzolo Municipality;

- surety of Euro 343 thousand in favour of the supplier Contract GmbH for the rental of airport buses;
- surety of Euro 949 thousand of the subsidiary SEA Energia in favour of Terna SpA to guarantee the provision of electricity;
- surety of Euro 300 thousand of the subsidiary SEA Energia in favour of Gestore dei Mercati Energetici SpA (GME) in order to participate in the electricity market;
- surety of Euro 245 thousand of the subsidiary SEA Energia in favour of Enel Distribuzione to guarantee the provision of electricity;
- Euro 905 thousand for other minor sureties.

13. Seasonality

The Group business is characterised by revenue seasonality, which are normally higher in the periods of August and December due to an increase in flights by the airlines at its airports. It should be noted that the airports of Milan Malpensa and Milan Linate are to a certain degree complementary from a seasonality viewpoint, in view of the different profile of the indirect customers (i.e. leisure vs. business). This feature limits the seasonal peaks from an overall consolidated operational and financial viewpoint.

14. Significant non-recurring events and operations

Pursuant to CONSOB Communication of July 28, 2006, the Directors' consider that in 2013 the Group undertook the following non-recurring significant operations:

- Recording compensation of Euro 7.2 million, classified in the account "Operating revenues" for the non-availability of passenger parking, partially demolished following the work undertaken for the new M4 metro line;
- Free asset transfer of Euro 4.8 million, in accordance with the agreement signed between SEA and Air Europe in 1999, of a building located within the airport area of Malpensa; this building was classified in the account "Assets under concession" and income recognised in the account "Operating revenues";
- Write-down of Euro 8.2 million under property, plant and equipment, in relation to which reference should be made to *Note* 6.2;
- Recognition of a provision for future charges on investments of Euro 10,305 thousand, relating to SEA Handling SpA; reference should be made to *Note* 7.6.

15. Other information

On June 24, 2013, the Shareholders' Meeting of the Parent Company SEA approved the distribution of dividends of Euro 26.7 million, which were distributed during 2013.

16. Subsequent events after the year-end

Reference should be made to the Directors' Report.

The Chairman of the Board of Directors
Pietro Modiano

Board of Statutory Auditors' Report on the Consolidated Financial Statements of the SEA Group at December 31, 2013

Dear Shareholders,
We report to you on our supervision activities undertaken on SEA – SOCIETÀ ESERCIZI AEROPORTUALI SpA, as a company required to prepare the Group consolidated financial statements of SEA SpA in accordance with law.
We have examined the consolidated financial statements of your Company at December 31, 2013 that the Directors prepared in accordance with law and sent to the Board of Statutory Auditors on April 2, 2014 together with the notes, attachments and Directors' Report.
The 2013 Consolidated Financial Statements of the SEA Group were prepared in accordance with IFRS, taking account of the accounting standards and amendments whose application is obligatory from January 1, 2013.
The balance sheet reports a Consolidated Group Net Profit of Euro **33,707** thousand, compared to a Net Profit of Euro **64,003** thousand in the previous year, based on:

Consolidated assets	(in thousands of Euro)
Non-current assets	1,213,879
Current assets	160,360
Cash and cash equivalents	60,720
Total assets	**1,434,959**

Consolidated liabilities	(in thousands of Euro)
Group shareholders' equity	253,059
Net profit for the year	33,707
Minority interest equity	611
Provisions for risks and charges	187,111
Post-employment benefits	77,155
Non-current financial payables	401,361
Other non-current liabilities	0
Current liabilities	481,955
Total liabilities and shareholders' equity	**1,434,959**

The consolidated result is based on the following consolidated income statement accounts (in thousands of Euro):

Income statement	
Operating revenues	724,080
Operating costs	(562,302)
EBITDA	161,778
Provisions	(26,294)
Amortisation & Depreciation	(49,919)
EBIT	**85,565**
Financial income and charges	(21,120)
Investment income	507
Profit before taxes	**64,952**
Income taxes	(31,242)
Group and minority interest result	**33,710**
Minority interest share	3
Group profit for the year	**33,707**

The Group consolidated financial statements includes the financial statements of SEA SpA (parent company) and the companies which the company directly or indirectly controls, from the date of acquisition and until the date the control terminates.

The subsidiary companies consolidated using the line-by-line method were the following:
- SEA Energia SpA (100%)
- SEA Handling SpA (100%)
- Railink Srl in liquidation (100%)
- Airport Handling Srl (100%)
- Ali Trasporti Aerei ATA SpA (98,34%)
- Ata Ali Servizi SpA (98.34%, indirectly)
- Consorzio Malpensa Construction (51%)

The following is reported in relation to the changes in the Group consolidation scope in 2013:
- the company Railink Srl was incorporated by the Group on March 19, 2013 and placed in liquidation on December 31, 2013;
- the company Airport Handling Srl was incorporated by the Group on September 9, 2013 and was not operational at December 31, 2013;
- the 98.34% investment in Ali Trasporti Aerei ATA SpA was acquired on December 18, 2013 and from the acquisition date the financial statements of the company and its subsidiary Ata Ali Servizi SpA were fully consolidated, according to international accounting standards.

The investments in associated companies, measured under the equity method, comply with IAS 28 and are reported as follows:
- Dufrital SpA (40%);
- SACBO SpA (30.979%);
- SEA Services Srl (30%);
- Malpensa Logistica Europa SpA (25%);
- Disma SpA (19%).

Disma SpA, although the holding company SEA SpA has a holding of less than 20%, was valued under the equity method based on the significant influence exercised by SEA SpA.

Finally the following investments available-for-sale, were measured at fair value:
- Consorzio Milano Sistema in liquidation;
- Romairport Srl;
- Aeropuertos Argentina 2000 SA.

Having reviewed the consolidated financial statements of the SEA Group at December 31, 2013, we report the following:
- the financial statements of the companies included in the consolidation scope were prepared as at December 31, 2013 and were appropriately adjusted, where necessary, in line with parent company accounting principles;
- the consolidation principles adopted were indicated in the explanatory notes and extensive disclosure was provided on the principle consolidated balance sheet and income statement accounts;
- the transactions with related parties could not be classified as atypical or unusual as of an ordinary and recurring nature and governed at market conditions.

The Board reports that the audit firm Deloitte & Touche SpA, in the Auditors' Report of April 15, 2014, certified that the consolidated financial statements of the SEA Group at December 31, 2013 were in accordance with the IFRS adopted by the European Union; these were prepared with clarity and represented in a true manner the balance sheet, financial position and result for the year, the changes in shareholders' equity and the cash flows of the SEA Group for the year.

The consolidated financial statements for the year ended 31.12.2013 were audited by Deloitte & Touche SpA, which issued its Auditors' Report on April 15, 2014, in accordance with Article 14 of Legs. Decree no. 39 of January 27, 2010, which expressed a favourable opinion and also drew the attention of the reader to the following matter which we consider significant: *"For an improved understanding of the consolidated financial statements, reference should be made to the Directors' Report and in particular the paragraphs "Going concern" of the* ***handling*** *sector and "SEA Group risk factors" – Risks related to the European Commission decision of 19.12.2012 concerning presumed State Aid granted in favour of SEA Handling", in addition to Note 6.13 "Risks and charges provisions" and 12.3 "Other commitments and potential liabilities – the investigation procedure of the European Commission and the decision of December 19, 2012 concerning presumed State Aid in favour of SEA Handling SpA" of the notes for the considerations of the Directors (****i****) on the state of the judicial and non-judicial initiatives in progress with the European Commission in relation to the investigation by the European Commission concerning presumed state aid granted in favour of Sea Handling SpA and (****ii****) the non-existence, in accordance with IAS 37, of the requirements for the provisioning of the total charge for the solvent liquidation procedure".*

The Board of Statutory Auditors also verified the correspondence of the consolidated financial statements at December 31, 2013 to the facts and information made available through participation at the meetings of the Corporate Boards in the exercise of supervisory duties and under the powers of inspection and control afforded.

The consolidated Directors' Report provides exhaustive information on the operational activities and developmental activities, on the strategies and the inter-company transactions, in addition to a description of the principal risks and uncertainties to which the Group is exposed. The review confirmed the consistency of the figures and results of the consolidated financial statements at December 31, 2013, as was evident also in the Independent Auditors' Report of Deloitte & Touche SpA issued today.

Milan, April 15, 2014

The Board of Statutory Auditors

Rita Cicchiello *(Chairman)*
Andrea Galli *(Standing Auditor)*
Paolo Giovanelli *(Statutory Auditor)*
Antonio Passantino *(Statutory Auditor)*
Ezio Simonelli *(Statutory Auditor)*

Consolidated financial statements auditor's report

Deloitte.

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

(Translation from the original issued in Italian)

To the Shareholders of
Società per Azioni Esercizi Aeroportuali – SEA S.p.A.

1. We have audited the consolidated financial statements of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. and subsidiaries (the "SEA Group"), which comprise the statement of financial position as of December 31, 2013, and the consolidated comprehensive income statement, statement of changes in consolidated shareholders' equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with Auditing Standards issued by the Italian Accounting Profession (CNDCEC) 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 reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's consolidated financial statements, whose data are presented for comparative purposes, reference should be made to auditors' report issued by other auditor dated June 7, 2013.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of SEA Group as of December 31, 2013, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

4. For a better understanding of the consolidated financial statements, reference should be made to the 2013 Directors' Report and in particular to paragraphs "Handling - Going concern" and "Risk factors affecting the Sea Group – Risk related to the decision of the European Commission of 19.12.2012 concerning declarations of State Aid awarded to SEA Handling", as well as to the notes 6.13. "Provision for risks and charges" and 12.3 "Other commitments and potential liabilities – The investigation procedure of the European Commission and the decision of 19.12.2012 concerning alleged State Aid in favor of Sea Handling" for the Directors' considerations *(i)* on the status of the legal and extra – judicial initiatives undertaken against the European Commission with reference to the investigation procedures of such latter entity on alleged State Aid in favor of SEA Handling as well as *(ii)* on the absence of the conditions prescribed under IAS 37 for the recognition of a provision for risk and charges for the total charges of the procedure for a solvent liquidation.

5. The Directors of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. are responsible for the preparation of the Directors' report in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Directors' report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Directors' report is consistent with the consolidated financial statements of SEA Group as of December 31, 2013.

DELOITTE & TOUCHE S.p.A.

Signed by
Ernesto Lanzillo
Partner

Milan, Italy
April 15, 2014

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

SEA SpA
Separate Financial Statements

Financial Statements

Statement of Financial Position

(in Euro)	Note	at December 31, 2013	at December 31, 2012
Intangible assets	7.1	921,933,879	878,815,976
Tangible assets	7.2	136,034,438	146,383,349
Property investments	7.3	3,415,906	3,419,087
Investments in subsidiaries & associated companies	7.4	42,851,756	17,646,887
Available-for-sale investments	7.5	26,139	26,139
Deferred tax assets	7.6	31,113,567	28,833,219
Other non-current receivables	7.7	286,896	342,975
Total non-current assets		**1,135,662,581**	**1,075,467,632**
Inventories	7.8	6,587,359	7,745,696
Trade receivables	7.9	103,828,574	130,791,614
Current financial receivables	7.10	30,143,607	29,642,636
Tax receivables	7.11	13,384,150	14,541,607
Other receivables	7.12	10,242,642	11,553,298
Cash and cash equivalents	7.13	55,281,833	53,338,278
Total current assets		**219,468,165**	**247,613,129**
Assets classified as held-for-sale		**0**	**0**
TOTAL ASSETS		**1,355,130,746**	**1,323,080,761**
Share capital	7.14	27,500,000	27,500,000
Other reserves	7.14	168,021,203	152,801,926
Net profit	7.14	52,182,470	38,155,530
SHAREHOLDERS' EQUITY		**247,703,673**	**218,457,457**
Provision for risks & charges	7.15	166,093,430	157,059,574
Employee provisions	7.16	46,499,559	48,503,550
Non-current financial liabilities	7.17	428,357,724	424,355,742
Total non-current liabilities		**640,950,713**	**629,918,865**
Trade payables	7.18	174,803,321	205,926,348
Income tax payables	7.19	58,238,004	52,455,491
Other payables	7.20	93,054,608	145,774,039
Current financial liabilities	7.17	140,380,427	70,548,562
Total current liabilities		**466,476,360**	**474,704,440**
Liabilities directly associated with assets classified as held-for-sale		**0**	**0**
TOTAL LIABILITIES		**1,107,427,073**	**1,104,623,305**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**1,355,130,746**	**1,323,080,761**

CONTENTS

Comprehensive Income Statement

(in Euro)	Note	Year ended December 31 2013	2012
Operating revenues	8.1	558,436,618	512,583,606
Revenues for works on assets under concession	8.2	67,000,061	88,662,433
Total revenues		**625,436,679**	**601,246,039**
Personnel costs	8.3	(153,053,844)	(155,687,002)
Consumable materials	8.4	(12,164,741)	(16,497,682)
Other operating costs	8.5	(202,122,459)	(187,698,644)
Costs for works on assets under concession	8.6	(62,310,750)	(83,452,936)
Provisions & write-downs (*)	8.7	(23,483,085)	(9,849,350)
Total operating costs		**(453,134,879)**	**(453,185,614)**
Gross operating margin / EBITDA (*)		**172,301,800**	**148,060,425**
Replacement & replacement provision (*)	8.8	(26,293,709)	(11,349,630)
Amortisation & depreciation	8.9	(46,901,216)	(40,172,992)
EBIT		**99,106,875**	**96,537,803**
Investment income (charges)	8.10	1,662,258	(20,661,899)
Financial charges	8.11	(20,254,115)	(17,887,479)
Financial income	8.11	1,930,983	1,922,173
Pre-tax profit		**82,446,001**	**59,910,597**
Income taxes	8.12	(30,263,531)	(21,755,067)
Net profit from continuing operations		**52,182,470**	**38,155,530**
Net profit from discontinued operations		**0**	**0**
Net profit		**52,182,470**	**38,155,530**
Other comprehensive income items			
- Items reclassifiable in future periods to the net result			
Fair value measurement of derivative financial instruments		5,000,186	(6,522,007)
Tax effect from fair value measurement of derivative financial instruments		(1,375,051)	1,793,553
Total items reclassifiable, net of the tax effect		**3,625,135**	**(4,728,454)**
- Items not reclassifiable in future periods to the net result			
Actuarial Profit / (loss) on Employee Leaving Indemnity		191,188	(5,424,316)
Tax effect on Actuarial Profit / (loss) on Employee Leaving Indemnity		(52,577)	1,279,093
Total items not reclassifiable, net of the tax effect		**138,611**	**(4,145,223)**
Total other comprehensive income items		**3,763,746**	**(8,873,677)**
Total comprehensive profit		**55,946,216**	**29,281,853**

* EBITDA was defined in 2013 as the difference between total revenues and total operating costs, including provisions and write-downs and excluding the restoration and replacement provision. Consequently, the previous year was reclassified for comparability.

Cash Flow Statement

	Year ended December 31	
(in Euro)	2013	2012
Pre-tax profit	82,446,001	59,910,597
Adjustments:		
Amortisation & depreciation of tangible & intangible assets	55,101,216	40,172,992
Net provisions (including employee provision)	13,473,359	3,246,387
Net financial charges	18,323,133	15,965,307
Investment income	(1,648,459)	20,661,899
Gains from free transfer of assets	(4,800,000)	(11,319,000)
Other non-cash items	(4,481,377)	(1,518,991)
Cash flow generated from operating activities before work. cap. changes	**158,413,873**	**127,119,191**
Change in inventories	1,158,337	1,368,617
Change in trade receivables & other receivables	20,817,548	(1,672,612)
Change in trade payables & other payables	(13,245,017)	46,795,564
Cash flow generated from changes in working capital	**8,730,868**	**46,491,569**
Income taxes paid	(34,607,299)	(38,746,789)
Cash flow generated from operating activities	**132,537,442**	**134,863,971**
Investments in fixed assets:		
- intangible (*)	(67,383,128)	(89,099,770)
- tangible	(11,312,254)	(13,619,633)
- financial	(25,260,000)	-
Divestments of fixed assets:		
- tangible	1,333,901	113,247
Dividends received	1,703,590	2,881,970
Cash flow absorbed from investing activity	**(100,917,891)**	**(99,724,186)**
Change in gross financial debt		
- increases / (decreases) in short-term & medium/long-term debt	90,079,611	118,798,111
Decreases / (increases) in receivables for State grants	-	838,146
Net increases / (decreases) in other financial liabilities	(15,494,311)	(12,334,478)
Dividends distributed	(88,965,972)	(102,788,659)
Interest & commissions paid	(15,943,590)	(10,460,967)
Interest paid	648,266	434,005
Cash flow absorbed from financing activity	**(29,675,996)**	**(5,513,842)**
Increase / (decrease) in cash and cash equivalents	**1,943,555**	**29,625,943**
Cash and cash equivalents at beginning of year	**53,338,278**	**23,712,335**
Cash and cash equivalents at end of year	**55,281,833**	**53,338,278**

(*) The investments in intangible assets are net of the utilisation of the restoration provision, which in 2013 amounted to Euro 17,528 thousand (Euro 11,350 thousand in 2012).

Statement of changes in Shareholders' Equity

(in Euro)	Share capital	Share premium reserve	First time app. IFRS (excl. OCI)	AFS reserve	Cash flow hedge reserve	Actuarial profit / (losses) reserve	Extra-ordinary reserve	Legal reserve	Other reserve	Total other reserves	Net result	Total share-holders' equity
Balance at 1/1/2012 (restated)	**27,500,000**	**0**	**23,686,390**	**1**	**(5,568,518)**	**1,251,183**	**46,105,115**	**5,500,000**	**60,288,175**	**131,262,346**	**48,152,141**	**206,914,487**
Transactions with shareholders												
Allocation of 2011 net profit & dividends distributed (*)							30,413,256			30,413,256	(48,152,141)	(17,738,885)
Other movements												
Other comprehensive items					(4,728,454)	(4,145,223)				(8,873,677)		(8,873,677)
Net profit										0	38,155,530	38,155,530
Balance at 31/12/2012	**27,500,000**	**0**	**23,686,390**	**1**	**(10,296,972)**	**(2,894,040)**	**76,518,371**	**5,500,000**	**60,288,175**	**152,801,926**	**38,155,530**	**218,457,457**
Transactions with shareholders												
Allocation of 2012 net profit & dividends distributed							11,455,530			11,455,530	(38,155,530)	(26,700,000)
Other movements												
Change in consolidation scope					3,625,135	138,611				3,763,746		3,763,746
Net profit										0	52,182,470	52,182,470
Balance at 31/12/2013	**27,500,000**	**0**	**23,686,390**	**1**	**(6,671,837)**	**(2,755,428)**	**87,973,901**	**5,500,000**	**60,288,175**	**168,021,203**	**52,182,470**	**247,703,673**

(*) The allocation to the extraordinary reserve is lower by Euro 1,251 thousand, compared to that approved by the Shareholders' Meeting of May 3, 2012, due to the retrospective application of the amendments to IAS 19 – Employee benefits in the 2012 Annual Accounts in which the actuarial profit for the year 2011, amounting to Euro 1,251 thousand, was recorded directly to the Actuarial gain/(losses) reserve for a similar amount.

Notes to the Separate Financial Statements

1. General Information

Società per Azioni Esercizi Aeroportuali SEA (the “Company” or “SEA”) is a limited liability company, incorporated and domiciled in Italy according to Italian Law.

The Company’s headquarters are located at Milan Linate Airport in Segrate (Milan).

The Company manages Milan Malpensa Airport and Milan Linate Airport under the 2001 Agreement signed between SEA and ENAC with a forty year duration (renewing the previous agreement of May 7, 1962).

At the preparation date of the present document the shareholders were as follows:

	% holding
Milano Municipality	54.81%
Varese Province	0.64%
Busto Arsizio Municipality	0.06%
Other public shareholders	0.14%
Total public shareholders	**55.65%**
F2i – Fondi Italiani per le Infrastrutture	44.31%
Other private shareholders	0.04%
Total private shareholders	**44.35%**
TOTAL	**100.00%**

2. Summary of accounting principles adopted

The main accounting principles adopted in the preparation of the separate financial statements of SEA for the year ended December 31, 2013 are reported below.

The financial statements are presented in Euro while the tables included in the explanatory notes are presented in thousands of Euro.

2.1 Basis of preparation

The European Regulation (EU) no. 1606/2002 of July 19, 2002 introduced the obligation, from the year 2005, to apply International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and adopted by the European Union for the preparation of the consolidated financial statements of companies listed on regulated European markets. Following the above-mentioned European Regulation, Legislative Decree no. 38 was enacted on February 28, 2005 which governs the option to apply IFRS for the preparation of the consolidated financial statements of non-listed companies. SEA decided to apply this option for the preparation of the consolidated financial statements for the year end December 31, 2006. The same Legislative Decree (fourth paragraph of Article 4) also governs the option to apply IFRS for the preparation of standalone statutory financial statements included in the consolidated financial statements in accordance with IFRS. SEA decided to apply this option from the financial statements for the year ended December 31, 2011. For these separate financial statements the transition date to IFRS was identified as January 1, 2010. “IFRS” refers to the International Accounting Standards (“IAS”) in force, as well as those of the IFRS Interpretation Committee, previously known as the International Financial Reporting Interpretations Committee (“IFRIC”), and before that the Standing Interpretations Committee (“SIC”).

The financial statements were prepared in accordance with IFRS in force at the approval date of the financial statements.

In particular the IFRS were applied in a consistent manner for all the periods presented in the document. The financial statements were prepared on the basis of the best information on the IFRS and taking into account best practice; any further orientations and interpretative updates will be reflected in subsequent years, in accordance with the provisions of the accounting standards.

The separate Financial Statements were prepared in accordance with the going concern concept, therefore utilising the accounting principles of an operating business. Company Management evaluated that, although within a difficult economic and financial environment, there are no uncertainties on the going concern of the business, considering the existent capitalisation levels and there are no financial, operational, management or other indicators which could indicate difficulty in the capacity of the company to meet its obligations in the foreseeable future, and in particular in the next 12 months.

In relation to the presentation method of the financial statements "the current/non-current" criterion was adopted for the balance sheet while the classification by nature was utilised for the income statement and the indirect method for the cash flow statement.

The financial statement presentations utilised, as outlined above, are those which best represent the equity and financial position of the Company.

The financial statements were prepared in accordance with the historical cost convention, except for the measurement of financial assets and liabilities, including derivative instruments, where the obligatory application of the fair value criterion is required.
The Company decided not to adopt the accounting standards IFRS 8 “Operating Segments” and IAS 33

“Earnings per share”, as these standards are not compulsory for the company (companies with listed securities or which file their financial statements with the Stock Exchange regulator for the issue of ordinary shares on the market).

The present Financial Statements were audited by the independent audit firm Deloitte & Touche SpA.

2.2 Accounting standards, amendments and interpretations adopted from January 1, 2013

The International Accounting Standards and amendments which must be obligatory applied from January 1, 2013, following completion of the relative approval process by the relevant authorities, are illustrated below. The adoption of these amendments and interpretations has not had any impact on the financial position or on the result of the Company.

Description	Date approved	Publication in the Official Gazette	Effective date as per the standard	Effective date applied by SEA
Amendments to IAS 19 Employee Benefits (*)	June 5, 2012	June 6, 2012	Periods which begin after June 30, 2012	Jan 1, 2012
IFRS 13 Fair value Measurement	Dec. 11, 2012	Dec. 29, 2012	Periods which begin after Dec. 31, 2012	Jan 1, 2013
Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities	Dec. 13, 2012	Dec. 29, 2012	Periods which begin after Dec. 31, 2012	Jan 1, 2013
Amendments to IAS 1 Presentation of Items of Other Comprehensive Income	June 5, 2012	June 6, 2012	Periods which begin after June 30, 2012	Jan 1, 2013

(*) SEA utilised the accounting choice under IAS 19 amended from the preparation of the Financial Statements at December 31, 2012.

In relation to the above, on June 16, 2011 the IASB issued an amendment to IAS 1 – Presentation of financial statements. The amendment requires the grouping of items presented under “Other comprehensive income”, based on whether they may or may not be subsequently reclassified to the income statement. The document, published in the Official Gazette of the European Union on June 6, 2012, is applicable from periods beginning July 1, 2012 and thereafter.

The amendment, applicable to the Company from January 1, 2013, resulted in a change in the presentation of the Comprehensive Income Statement.

2.3 Accounting standards, amendments and interpretations not yet applicable and not adopted in advance by the Company

Below we report the International Accounting Standards, interpretations and amendments to existing accounting standards and interpretations, or specific provisions within the standards and interpretations approved by the IASB which have not yet been approved for adoption in Europe at the approval date of the present document and which are not adopted in advance by the Company:

Description	Approved at the date of the present document	Effective date as per the standard
IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements	Dec. 11, 2012	Periods which begin from January 1, 2014
IFRS 11 Joint arrangements	Dec. 11, 2012	Periods which begin from January 1, 2014
IFRS 12 Disclosure of Interests in Other Entities	Dec. 11, 2012	Periods which begin from January 1, 2014
IAS 28 Investments in Associates and Joint Ventures	Dec. 11, 2012	Periods which begin from January 1, 2014
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	Dec. 13, 2012	Periods which begin from January 1, 2014
Amendments to IFRS 10, IFRS 12 e IAS 27 Investment entities	Dec. 11, 2012	Periods which begin from January 1, 2014
Amendments to IAS 36 Impairment of assets	Dec. 19, 2013	Periods which begin from January 1, 2014
Amendment to IAS 39 Financial instruments: Recognition and measurement, on novation of derivatives and hedge accounting	Dec. 19, 2013	Periods which begin from January 1, 2014
IFRIC 21 Levies	NO	Periods which begin from January 1, 2014
IFRS 9 Financial instruments	NO	Periods which begin from January 1, 2015

On December 12, 2013, the IASB, within its Annual Improvements of IFRS, published the documents relating to the 2010-2012 and 2011-2013 cycles. The principal changes relate to:

IFRS	Amendments
IFRS 2 Share-based Payment	*Definition of vesting condition*
IFRS 3 Business Combinations	*Accounting for contingent consideration in a business combination* *Scope exception for joint ventures*
IFRS 8 Operating Segments	*Aggregation of operating segments* *Reconciliation of the total of the reportable segments' assets to the entity's assets*
IFRS 13 Fair Value Measurement	*Short-term receivables and payables* *Scope of portfolio exception*
IAS 1 Presentation of Financial Statements	*Current/non-current classification of liabilities*
IAS 7 Statement of Cash Flows	*Interest paid that is capitalised*
IAS 12 Income Taxes	*Recognition of deferred tax assets for unrealised losses*
IAS 16 Property, Plant and Equipment *IAS 38 Intangible Assets*	*Revaluation method – proportionate restatement of accumulated depreciation*
IAS 24 Related Party Disclosures	*Key management personnel*
IAS 36 Impairment of Assets	*Harmonisation of disclosures for value in use and fair value less costs of disposal*
IAS 40 Investment Properties	*Interrelationship between IFRS 3 and IAS 40*

The amendments will be applied from periods beginning July 1, 2014 and thereafter.
Although currently within the complete analysis of the impacts of these standards on the Separate Financial Statements, it is reasonable to expect that their application will not result in amendments to the measurement of the accounts in the financial statements or recognition of items in the Comprehensive Income Statement.

2.4 Accounting principles

Business combinations and goodwill

In the case of the acquisition from third parties of businesses or business combinations, the assets, the liabilities and the contingent liabilities acquired and identifiable are recorded at their fair value at the date of acquisition.

The positive difference between the acquisition cost and the present value of these assets and liabilities are recognised as goodwill and classified in the Financial Statements as an intangible asset with indefinite life.

Any negative difference ("Negative goodwill") is recognised in the Income Statement at the date of acquisition.

The costs related to business combinations are recognised in the Income Statement.

Goodwill is initially recorded at cost and subsequently reduced only for loss in value.

Annually, or more frequently if specific events or circumstances indicate the possibility of having incurred a loss in value, the goodwill is subject to an impairment test to identify any loss in value, in accordance with IAS 36 (Impairments); the original value is however not restored if the reasons for the write-down no longer exist.

The goodwill is not revalued, even in application of specific legislation.

Any liabilities related to business combinations for payments subject to conditions are recognised at the acquisition date of the businesses and business units relating to the business combination.

Where all or part of a previously acquired company (whose acquisition produced goodwill) is sold, the corresponding residual value of goodwill is considered when calculating the capital gains or losses generated by such sale.

Intangible assets

An intangible asset is a non-monetary asset, identifiable and without physical substance, controllable and capable of generating future economic benefits. With the exception of "Rights on assets under concession", intangible assets are recorded at purchase and/or production cost, including the costs of bringing the asset to its current use, net of accumulated amortisation, and any loss in value. The intangible assets are as follows:

(a) **Rights on assets under concession**
The "Rights on assets under concession" represent the right of the Lessee to utilise the asset under concession (so-called intangible asset method) in consideration of the costs incurred for the design and construction of the asset with the obligation to return the asset at the end of the concession. The value corresponds to the "fair value" of the design and construction assets increased by the financial charges capitalised, in accordance with IAS 23, during the construction

phase. The fair value of the construction work is based on the costs actually incurred increased by 6%, representing the remuneration of the internal costs for the management of the works and design activities undertaken by the Company which is a mark-up a third party general contractor would request for undertaking the same activities, in accordance with IFRIC 12. The determination of the fair value results from the fact that the lessee must apply paragraph 12 of IAS 18 and therefore if the fair value of the services received (specifically the right to utilise the asset) cannot be determined reliably, the revenue is calculated based on the fair value of the construction work undertaken.

The construction work in progress at the balance sheet date is measured based on the state of advancement of the work in accordance with IAS 11 and this amount is reported in the income statement line "Revenues for works on assets under concession".

Restoration or replacement works are not capitalised and are included in the estimate of the restoration and replacement provision as outlined below.

Assets under concession are amortised over the duration of the concession on a straight-line basis in accordance with the expiry of the concession, as it is expected that the future economic benefits of the asset will be utilised by the lessee. Amortisation begins where the rights in question begin to produce the relative economic benefits. The accumulated amortisation provision and the restoration and replacement provision ensure the adequate coverage of the following charges:

- complete amortisation of the assets under concession at the end of the concession;
- restoration and replacement of the components subject to wear and tear of the assets under concession.

Reference should be made to the subsequent paragraph "Provision for risks and charges – *Restoration and replacement provision of assets under concession*".

Where events arise which indicate a reduction in the value of these intangible assets, the difference between the present value and the recovery value is recognised in the income statement.

(b) Patents, concessions, licenses, trademarks and similar rights
Trademarks and licenses are amortised on a straight-line basis over the estimated useful life.

(c) Computer software
Software costs are amortised on a straight-line basis over three years, while software programme maintenance costs are charged to the income statement when incurred.

Intangible assets with definite useful life are annually tested for losses in value or where there is an indication that the asset may have incurred a loss in value. Reference should be made to the paragraph below "Impairment of assets".

Tangible fixed assets

Tangible fixed assets includes property, part of which under the scope of IFRIC 12, and plant and equipment.

Property
Property, in part financed by the State, relates to tangible assets acquired by the Company in accordance with the 2001 Agreement (which renewed the previous concession of May 7, 1962). The 2001 Agreement provides for the obligation of SEA to maintain and manage airport assets for the undertaking of such activities and the right to undertake structural airport works, which remain the property of SEA until the expiry of the 2001 Agreement, i.e. May 4, 2041. The fixed assets in the financial statements are reported net of State grants.

Depreciation of property is charged based on the number of months held on a straight-line basis, which depreciates the asset over its estimated useful life. Where this latter is beyond the date of the end of the concession, the amount is amortised on a straight-line basis until the expiry of the concession. Applying the principle of the component approach, when the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is calculated separately for each part of the asset.

For land, a distinction is made between land owned by the Company, classified under property, plant and equipment and not subject to depreciation and expropriated areas necessary for the extension of the Malpensa Terminal, classified under "Assets under concession" and amortised over the duration of the concession.

The free granting of assets is recognised at market value, according to independent technical expert opinions.

Plant & Equipment
These are represented by tangible fixed assets acquired by the Company which are not subject to the obligation of free devolution.

Plant and equipment are recorded at purchase or production cost and, only with reference to owned assets, net of accumulated depreciation and any loss in value. The cost includes charges directly incurred for bringing the asset to their condition for use, as well as dismantling and removal charges which will be incurred consequent of contractual obligations, which require the asset to be returned to its original condition.

The expenses incurred for the maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement when they are incurred. The capitalisation of the costs relating to the expansion, modernisation or improvement of owned tangible assets or of those held in leasing, is made only when they satisfy the requirements to be separately classified as an asset or part of an asset in accordance with the component approach, in which case the useful life and the relative value of each component is measured separately.

Depreciation is charged to the Income Statement based on the number of months held on a straight-line basis, which depreciates the asset over its estimated useful life. Where this latter is beyond the date of the end of the concession, the amount is amortised on a straight-line basis until the expiry of the concession. Applying the principle of the component approach, when the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is calculated separately for each part of the asset.

The depreciation rates for owned assets, where no separate specific components are identified are reported below:

Loading and unloading vehicles	10.0 %
Runway equipment	31.5 %
Equipment	25.0 %
Furniture and fittings	12.0 %
Transport vehicles	20.0 %
Motor vehicles	25.0 %
EDP	20.0 %

The useful life of property, plant and equipment and their residual value are reviewed and updated, where necessary, at least at the end of each year.

Tangible assets are annually tested for losses in value or where there is an indication that the asset may have incurred a loss in value. Reference should be made to the paragraph below "Impairment of assets".

Investment property

This account includes owned buildings not for operational use. Investment property is initially recognised at cost and subsequently measured utilising the amortised cost criteria, net of accumulated depreciation and loss in value.

Depreciation is calculated on a straight-line basis over the useful life of the building.

Investments in subsidiaries and associated companies

The investments in subsidiaries and associated companies are measured at purchase cost (including any direct accessory costs), reduced for impairments in accordance with IAS 36.

Any positive difference, arising on acquisition from third parties, between the purchase cost and fair value of net assets acquired in an investee company is included in the carrying amount of the investment.

Investments in subsidiaries and associates are tested annually for impairment or more frequently if evidence of impairment exists. Where an impairment loss exists, it is recognised immediately through the Income Statement. Where the share of losses pertaining to the company in the investment exceeds the carrying value of the investment, and the company has an obligation to cover such losses, the investment is written down and the share of further losses is recorded as a provision for risks and charges under liabilities in the Balance Sheet.

If an impairment loss is subsequently reversed, the increase in carrying amount (up to a maximum of purchase cost) is recognised through the Income Statement.

Impairment of assets

At each balance sheet date, the property, plant and machinery, intangible assets and investments in subsidiaries and associated companies are analysed in order to identify any indications of a reduction in value. Where these indications exist, an estimate of the recoverable value of the above-mentioned assets is made, recording any write down compared to the relative book value in the Income Statement.

The recoverable value of an asset is the higher between the fair value less costs to sell and its value in use, where this latter is the fair value of the estimated future cash flows for this asset. For an asset that does not generate sufficient independent cash flows, the realisable value is determined in relation to the cash-generating unit to which the asset belongs. In determining the fair value consideration is taken of the purchase cost of a specific asset which takes into account a depreciation coefficient (this coefficient takes into account the effective conditions of the asset).

In defining the value in use, the expected future cash flows are discounted utilising a discount rate that reflects the current market assessment of the time value of money, and the specific risks of the activity. A reduction in value is recognised in the income statement when the carrying value of the asset is higher than the recoverable amount. When the reasons for the write-down no longer exist, the book value of the asset (or of the cash-generating unit) is restated through the Income Statement, up to the value at which the asset would be recorded if no write-down had taken place and amortisation and depreciation had been recorded.

Financial assets

On initial recognition, the financial assets are classified in one of the following categories based on the relative nature and purpose for which they were acquired:
- financial assets at fair value through profit or loss;
- loans and receivables;
- available for sale financial assets.

The financial assets are recorded under assets when the company becomes contractually party to the assets. The financial assets sold are derecognised when the right to receive the cash flow is transferred together with all the risks and benefits associated with ownership.

Purchases and sales of financial assets are recognised at the valuation date of the relative transaction. Financial assets are measured as follows:

(a) **Financial assets at fair value through profit or loss**
Financial assets are classified in this category if acquired for the purposes to be sold in the short term period. The assets in this category are classified as current and measured at fair value; the changes in fair value are recognised in the Income Statement in the period in which they arise, if significant.

(b) **Loans and receivables**
Loans and receivables are financial instruments, principally relating to trade receivables, non-derivative, not listed on an active market, from which fixed or determinable payments are expected. Loans and receivables are stated as current assets, except for amounts due beyond 12 months from the balance sheet date, which are classified as non-current. These assets are measured at amortised cost, on the basis of the effective interest rate.

When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. The losses in value are recognised in the Income Statement. When, in subsequent periods, the reasons for the write-down no longer exist, the value of the assets are restated up to the value deriving from the application of the amortised cost.

(c) **AFS financial assets**
The AFS assets are non-derivative financial instruments explicitly designated in this category, or are not classified in any of the previous categories and are classified under non-current assets unless management has the intention to sell them within 12 months from the balance sheet date. These financial assets are measured at fair value and the valuation gains or losses are allocated to an equity reserve under "Other comprehensive income". They are recognised in the income statement only when the financial asset is sold, or, in the case of negative cumulative changes, when it is considered that the reduction in value already recorded under equity cannot be recovered.

In the case of investments classified as financial assets available for sale, a prolonged or significant decline in the fair value of the investment below the initial cost is considered an indicator of loss in value.

Derivative financial instruments

Derivative financial instruments are classified as hedging instruments when the relation between the derivative and the hedged item is formally documented and the effectiveness of the hedge, periodically verified, is high. When the hedged derivatives cover the risk of change of the fair value of the instruments hedged (fair value hedge; e.g. hedge in the variability of the fair value of asset/liabilities at fixed rate), these are recorded at fair value through the income statement; therefore, the hedging instruments are adjusted to reflect the changes in fair value associated to the risk covered. When the derivatives hedge a risk of changes in the cash flows of the instruments hedged (cash flow hedge), the hedging is designated against the exposure to changes in the cash flows attributable to the risks which may in the future impact on the income statement. The effective part of the change in fair value of the part of the derivative contracts which are designated as hedges in accordance with IAS 39 is recorded in an equity account (and in particular "other items of the comprehensive income statement"); this reserve is subsequently transferred to the income statement in the period in which the transaction hedged impacts the Income Statement. The ineffective part of the change in the fair value of the part of the derivative contracts, as indeed the entire change in the fair value of the derivatives which are not designated as hedges or which do not comply with the requirements of the above-mentioned IAS 39, are recognised directly in the Income Statement in the account "financial income/charges."

The fair value of traded financial instruments is based on the listed price at the balance sheet date. If the market for a financial asset is not active (or refers to non-listed securities), the Company determines fair value utilising valuation techniques which include: reference to advanced negotiations in course, references to securities which have the same characteristics, analyses based on cash flows, price models based on the use of market indicators and aligned, as far as possible, to the assets to be valued.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured based on the amortised cost method net of the doubtful debt provision. When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable.

Indicators of loss in value include, among others, significant contractual non-compliance, significant financial difficulties, insolvency risk of the counterparty. Receivables are reported net of the provision for doubtful debts. If in subsequent periods the reduction in the value of the asset is confirmed, the doubtful debt provision is utilised against charges; otherwise, where the reasons for the previous write-down no longer exist, the value of the asset is reversed up to the recoverable amount derived from applying the amortised cost method where no write down had been made. For further information, reference should be made to *Note* 4.1.

Inventories

Inventories are measured at the lower of average weighted purchase and/or production cost and net realisable value or replacement cost. The valuation of inventories does not include financial charges.

Cash and cash equivalents

Cash and cash equivalents includes cash, bank deposits, and other short-term forms of investment, due within three months. At the balance sheet date, bank overdrafts are classified as financial payables under current liabilities in the balance sheet. Cash and cash equivalents are recorded at fair value.

Provisions for risks and charges

The provisions for risks and charges are recorded to cover known or likely losses or liabilities, the timing and extent of which are not known with certainty at the balance sheet date. They are recorded only when there exists a current obligation (legal or implicit) for a future payment resulting from past events and it is probable that the obligation will be settled. This amount represents the best estimate less the expenses required to settle the obligation.

Possible risks that may result in a liability are disclosed in the notes under the section on commitments and risks without any provision.

Restoration and replacement provision of assets under concession

The accounting treatment of the works undertaken by the lessee on the assets under concession, as per IFRIC 12, varies depending on the nature of the work: normal maintenance on the asset is considered ordinary maintenance and therefore recognised in the Income Statement; replacement work and programmed maintenance of the asset at a future date, considering that IFRIC 12 does not provide for the recognition of a physical asset but a right, must be recognised in accordance with IAS 37 – "Provisions and potential liabilities" – which establishes recognition to the Income Statement of a provision and the recording of a provision for charges in the balance sheet.

The restoration and replacement provision of the assets under concession include, therefore, the best estimate of the present value of the charges matured at the balance sheet date for the programmed maintenance in the coming years and until the end of the concession and undertaken in order to ensure the functionality, operations and security of the assets under concession.

It should be noted that the restoration and replacement provision of the assets refers only to fixed assets within the scope of IFRIC 12 (assets under concession classified to intangible assets).

Employee provisions

Pension provisions

The Company has both defined contribution plans (National Health Service Contributions and INPS pension plan contributions) and defined benefit plans.

A defined contribution plan is a plan in which SEA participates through fixed payments to third party fund operators, and in relation to which there are no legal or other obligation to pay further contributions where the fund does not have sufficient assets to meet the obligations of the employees for the period in course and previous periods. For the defined contribution plans, SEA pays contributions, voluntary or established contractually, to public and private pension funds. The contributions are recorded as personnel costs in accordance with the accruals principle. The advanced contributions are recorded as an asset which will be repaid or offset against future payments where due.

A defined benefit plan is a plan not classified as a contribution plan. In the defined benefit programmes, the amount of the benefit to be paid to the employee is quantifiable only after the termination of the employment service period, and is related to one or more factors such as age, years of service and remuneration; therefore the relative charge is recognised to the income statement based on actuarial calculations. The liability recorded in the accounts for defined benefit plans corresponds to the present value of the obligation at the balance sheet date, net, where applicable, of the fair value of the plan assets. The

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obligations for the defined benefit plans are determined annually by an independent actuary utilising the projected unit credit method. The present value of the defined benefit plan is determined discounting the future cash flows at an interest rate equal to the obligations (high-quality corporate) issued in the currency in which the liabilities will be settled and takes into account the duration of the relative pension plan.

The Company already adopted at December 31, 2012 the accounting choice within IAS 19 which provides for actuarial gains/losses to be recorded directly in equity and consequently the entry into force of IAS 19 Revised which eliminates alternative treatments to those already adopted by the Company does not have any impact on the comparative classification of the accounts.

We report that, following amendments made to the leaving indemnity regulations by Law no. 296 of December 27, 2006 and subsequent Decrees and Regulations issued in the first half of 2007, the leaving indemnity provision due to employees in accordance with Article 2120 Civil Code is classified as defined benefit plans for the part matured before application of the new legislation and as defined contribution plans for the part matured after the application of the new regulation.

Post-employment benefits
Post-employment benefits are paid to employees when the employee terminates his employment service before the normal pension date, or when an employee accepts voluntary termination of the contract. The Company records post-employment benefits when it is demonstrated that the termination of the employment contract is in line with a formal plan which determines the termination of the employment service, or when the provision of the benefit is a result of a leaving indemnity programme.

Financial liabilities

Financial liabilities and other commitments to be paid are initially measured at fair value, net of directly allocated accessory costs, and subsequently at amortised cost, using the effective interest rate. When there is a change in the expected cash flows and it is possible to estimate them reliably, the value of the payables are recalculated to reflect this change, based on the new present value of the expected cash flows and on the internal yield initially determined. The financial liabilities are classified under current liabilities, except when the Company has an unconditional right to defer their payment for at least 12 months after the balance sheet date.

Purchases and sales of financial liabilities are recognised at the valuation date of the relative transaction.

Financial liabilities are derecognised from the balance sheet when they expire and SEA has transferred all the risks and rewards relating to the instrument.

Trade and other payables

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

Revenue recognition

Revenues are recognised at fair value of the amount received for the services from the ordinary activities. They are calculated following the deduction of VAT and discounts.
The revenues, principally relating to the provision of services, are recognised in the accounting period in which they are provided.
Rental income and royalties are recognised in the year of maturity, based on the underlying contractual agreements while the payments for green certificates are recognised annually in accordance with the long-term contracts and refer to the remuneration of the internal networks within the airport.

Revenue for works on assets under concession
Revenues on construction work are recognised in relation to the state of advancement of works in accordance with the percentage of completion method and on the basis of the costs incurred for these activities increased by a mark-up of 6% representing the remuneration of the internal costs of the management of the works and design activities undertaken by SEA, the mark-up which would be applied by a general contractor (as established by IFRIC 12).

Public grants

Public grants, in the presence of a formal resolution, are recorded on an accrual basis in direct correlation to the costs incurred (IAS 20).

Capital grants
Capital public grants relating to property, plant and equipment are recorded as a reduction in the acquisition value of the assets to which they refer.

Operating grants
Operating grants are recorded directly in the Income Statement.

Recognition of costs

Costs are recognised when relating to assets or services acquired or consumed in the year or by systematic allocation.

The incentives granted to airlines, and based on the number of passengers transported, invoiced by the airlines to the Company for *(i)* the maintenance of traffic at the airport or *(ii)* the development of traffic through increasing existing routes or launching new routes, are considered commercial costs and, as such, classified under "Operating costs" and recognised in correlation to the revenues to which they refer. In particular, in the opinion of management which monitors the effectiveness of these commercial initiatives together with other marketing initiatives classified under commercial costs, although these incentives are allocated to specific revenue accounts proportionally, because of their contribution to traffic and to the growth of the airport, from an operating viewpoint they must be considered together with all costs incurred by the Company through commercial and marketing activities and are therefore reported in the Management Accounts and valued in the company KPI together with marketing costs. Therefore, the decision was taken to classify these incentives in the annual financial reporting in line with their operating objectives.

Financial charges

Financial charges are recorded on an accrual basis and include interest on financial payables calculated using the effective interest method and currency losses. The financial charges incurred on investments in assets for which a significant period of time is usually needed to render the assets available for use or sale (qualifying assets) are capitalised and amortised over the useful life of the class of the assets to which they refer in accordance with the provisions of the new version of IAS 23.

Income taxes

Current income taxes are calculated based on the assessable income for the year, applying the current tax rates at the balance sheet date.

Deferred taxes are calculated on all differences between the assessable income of an asset or liability and the relative book value, with the exception of goodwill. Deferred tax assets for the portion not compensated by deferred tax liabilities are recognised only for those amounts for which it is probable there will be future assessable income to recover the amounts. The deferred taxes are calculated utilising the tax rates which are expected to be applied in the years when the temporary differences will be realised or settled. Deferred tax assets are recorded when their recovery is considered probable. These assets and liabilities are not recognised if the temporary differences deriving from the goodwill or the initial recognition (not in business combination) of other assets or liabilities in operations do not have an impact on the accounting result or on the assessable fiscal result.

The carrying value of deferred tax assets is revised at the end of the year and reduced to the extent that it is no longer likely that there will be sufficient taxable income against which to recover all or part of the assets.
Current and deferred income taxes are recorded in the Income Statement, except those relating to accounts directly credited or debited to equity, in which case the fiscal effect is recognised directly to equity and to the Comprehensive Income Statement. Taxes are compensated when applied by the same fiscal authority, there is a legal right of compensation and the payment of the net balance is expected.
Other taxes not related to income, such as taxes on property, are included under "Other operating costs".

In 2013 SEA renewed the involvement in the national tax consolidation of the subsidiary SEA Handling, for the three-year period 2013-2015.
Each company transfers to the consolidating company the tax income or loss; the consolidating company records a receivable with the company that contributes assessable income equal to the income tax to be paid. Inversely, for the companies with tax losses, the consolidating company records a payable, which in the case of the tax consolidation with SEA Handling is equal to 50% of the income tax on the part of the loss effectively offset at Group level.

Dividends

Payables for dividends to Shareholders are recorded in the year in which the distribution is approved by the Shareholders' Meeting.

3. Estimates and assumptions

The preparation of the Financial Statements require the Directors to apply accounting principles and methods that, in some circumstances, are based on difficulties and subjective valuations and estimates based on the historical experience and assumptions which are from time to time considered reasonable and realistic under the relative circumstances. The application of these estimates and assumptions impact upon the amounts reported in the Financial Statements, such as the Balance Sheet, the Income Statement and the Cash Flow Statement, and on the disclosures in the notes to the accounts.

The accounting principles which, relating to the Company, require greater subjectivity by the Directors in the preparation of the estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the Financial Statements are briefly described below:

(a) **Impairment of assets**
The tangible and intangible assets and investments in subsidiaries and associated companies and property

investments are verified to ascertain if there has been a loss in value which is recorded by means of a write-down, when it is considered there will be difficulties in the recovery of the relative net book value through use. The verification of the existence of the above-mentioned indicators requires the Directors to make valuations based on the information available internally and from the market, as well as historical experience. In addition, when it is determined that there may be a potential reduction in value, the company determines this through using the most appropriate technical valuation methods available. The correct identification of the indicators of the existence of a potential reduction in value as well as the estimates for their determination depends on factors which may vary over time impacting upon the valuations and estimates made by the Directors. Reference should be made in addition to the previous paragraph "Impairment of assets".

(b) Amortisation & Depreciation
Depreciation represents a significant cost for the Company. The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the relative assets and components. The useful life of the fixed assets is determined by the Directors when the fixed assets are purchased. This is based on the historical experiences for similar fixed assets, market conditions and considerations relating to future events which could have an impact on the useful life, such as changes in technology. Therefore, the effective useful life may be different from the estimated useful life. The Company periodically evaluates technological and sector changes to update the residual useful life. This periodic update could result in a change in the depreciation period and therefore in the depreciation charge in future years.

(c) Provisions for risks and charges
The Company may be subject to legal disputes, in relation to taxation or employment issues, based on particularly complex circumstances of varying degrees of uncertainty, according to the facts and circumstances, jurisdiction and laws applicable to each case.

Considering the inexact nature of these issues, it is difficult to predict with certainty any future payments required.

Therefore, Management, having consulted with its legal and tax advisers, recognises a liability against these disputes when a financial payment is considered probable and the amount of the losses arising may be reasonably estimated. In the case in which a payment is considered possible, but is not yet determinable, such is reported in the Financial Statements.

Provisions are recorded against risks of a legal and tax nature and employee disputes. The amount of the provisions recorded in the Financial Statements relating to these risks therefore represents the best estimate at that date made by the Directors. This estimate results in the adoption of assumptions concerning factors which may change over time and which may, therefore, have significant effects compared to the present estimates made by the Directors for the preparation of the Financial Statements. In addition, the restoration and replacement provision of the assets under concession, recorded in accordance with IFRIC 12, includes the best estimate of the charges matured at the balance sheet date for scheduled maintenance in future years in order to ensure the functionality, operations and security of the assets under concession.

(d) Trade receivables
Where there are indications of a reduction in value of trade receivables these are reduced to their estimated realisable value through a doubtful debt provision. The doubtful debt provision represents the best estimate at the reporting date made by the Directors. This estimate is based on facts and expectations which may change over time and which may, therefore, have significant effects compared to the present estimates made by the Directives for the preparation of the Separate Financial Statements.

4. Risk Management

The risk management strategy of the Company is based on minimising potential negative effects related to the financial performance. Some types of risk are offset through recourse to derivative instruments.

The management of the above-mentioned risks is undertaken through identifying, evaluating and undertaking the hedging of financial risks.

4.1 Credit risk
The credit risks represent the exposure of SEA to potential losses deriving from the non-compliance of obligations by trading and financial partners.

This risk is primarily of an economic/financial nature, or rather the possibility of the default of a counterparty, and also factors of a technical/commercial or administrative/legal nature.

For SEA the credit risk exposure is largely related to the deterioration of a financial nature of the principle airline companies which incur on the one hand the effects of the seasonality related to aviation operations, and on the other consequences of geopolitical events which impact upon the air transport sector (wars, epidemics, atmospheric events, rise in oil prices and economic/financial crises).
In order to control this risk, SEA has implemented procedures and actions to monitor the expected cash flows and recovery actions.

In accordance with the internal policy on receivables the client is required to provide guarantees: this typically relates to bank or insurance guarantees issued by primary credit institutions or deposit guarantees.

In relation to the payment terms applied for the majority of the clients, credit terms are largely concentrated within 30 days from the relative invoicing.
Trade receivables are reported in the financial statements net of doubtful debt provisions, which are prudently made based on the underlying disputes at the balance sheet date. The doubtful debt provision necessary to adjust the nominal value to the realisable value is determined analysing all receivables and utilising all available information on the debtor. SEA, against overdue receivables, receivables in dispute, or for which there is a legal or administrative procedure, utilises the same write-down percentages.
A summary of trade receivables with third parties and the relative doubtful debt provisions is reported below.

(in thousands of Euro)	at December 31, 2013	at December 31, 2012
Customer receivables	165,729	181,708
- of which overdue	101,356	127,742
Doubtful debt provision	77,633	70,915
Total net trade receivables	**88,096**	**110,793**

The reduction in trade receivables at December 31, 2013 compared to December 31, 2012 is due to the closure of some disputes and improvement in credit control management. For further information, reference should be made to *Note* 7.9.

The breakdown of overdue receivables at December 31, 2013 is shown below:

Trade receivables (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Customer receivables	165,729	181,708
- of which overdue	101,356	127,742
overdue less than 180 days	25,399	38,280
overdue more than 180 days	75,957	89,462
% of overdue receivables	61.2%	70.3%
% of receivables overdue less than 180 days	15.4%	21.1%
% of receivables overdue more than 180 days	45.8%	49.2%

The table below illustrates the gross trade receivables at December 31, 2013, as well as the breakdown of receivables from counterparties under administration and in dispute, with indication of the bank and insurance sureties and deposit guarantees provided.

Trade receivables (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Customer receivables	165,729	181,708
(i) receivables from parties in administration	43,752	52,843
(ii) disputed receivables	23,634	21,841
Total trade receivables net of receivables at (i) and (ii)	**98,344**	**107,024**
Receivables due other than receivables at (i) and (ii)	33,970	53,058
Sureties and guarantee deposits	53,696	57,631
Percentage of receivables guaranteed by sureties and guarantee deposits compared to the total trade receivables net of receivables at (i) and (ii)	54.6%	53.8%

4.2 Market risks

The market risk to which SEA is exposed comprises all types of risks directly and indirectly related to market prices. In 2013, the market risks to which SEA were subject were:
a) interest rate risk;
b) currency risk;
c) price risk of commodities.

SEA regularly assesses its exposure to financial market risks and manages such risks through the use of derivative financial instruments, according to its risk management policies.
With regard to such policies, the use of derivative financial instruments is reserved for the management of interest rate fluctuations connected to future monetary cash flows and are not of a speculative nature.

At December 31, 2013 therefore the coverage put in place is in line with the risk management policies and speculative operations had not been undertaken.

(a) Interest rate risk

SEA is exposed to the risk of changes in interest rates in relation to the necessity to finance its operating activities and the use of available liquidity. The changes in interest rates may impact positively or negatively on the results of the Company, modifying the costs and returns on financial and investment operations.

SEA manages this risk through an appropriate mixture between fixed and variable rate loans, with the objective to mitigate the economic effect of the volatility of the interest rates.

Variable interest loans expose SEA to a risk originating from the volatility of the interest rates (cash flow risk). Relating to this risk, for the purposes of the relative hedging, SEA may take recourse to derivative contracts, which converts the variable rate to a fixed rate or limits the fluctuations in variable rates over a range, in this manner reducing the risk originating from the volatility of the rates. We highlight that these derivative contracts, underwritten exclusively for the purposes of hedging market rate volatility, are recorded through the cash flow hedge method.

At the end of 2013, the gross financial debt of SEA was comprised of medium/long-term loans (medium/long term and short-term portion due within 12 months).

The medium/long term debt is reported in the following table, which shows each loan at the nominal value (which includes a spread of between 0.20% and 5.40%, not considering the hedging operations).

Medium/long-term loans at December 31, 2013

Loans	Type of rate	Issue date	Maturity date	December 31, 2013 In thousands of Euro	December 31, 2013 Rate	December 31, 2012 In thousands of Euro	December 31, 2012 Rate
EIB 2nd drawdown (a)	F	24-Jul-1998	15-Mar-2013	-		1,619	5.27%
EIB 2nd drawdown (a)	V	24-Jul-1998	15-Mar-2013	-		1,291	0.59%
Total EIB direct				**-**		**2,910**	**3.19%**
Pool Cariplo 4th drawdown	F	8-Apr-1998	15-Mar-2013			3,293	5.44%
Total EIB/Pool Cariplo				**-**		**3,293**	**5.44%**
BIIS (ex Comit) -EIB 1st drawdown	F	26-Aug-1999	15-Mar-2014	1,000	3.14%	3,000	3.14%
BIIS (ex Comit) -EIB 2nd drawdown	V	30-Nov-2000	15-Sep-2015	2,000	0.52%	3,000	0.59%
BIIS (ex Comit) -EIB 3rd drawdown	V	17-Mar-2003	15-Sep-2017	9,263	0.59%	11,579	0.59%
Total EIB/Comit				**12,263**	**0.79%**	**17,579**	**1.03%**
BNL-EIB 1st drawdown	V	22-Nov-1999	15-Sep-2014	2,000	0.52%	4,000	0.47%
BNL-EIB 2nd drawdown	V	11-Aug-2000	15-Mar-2015	1,500	0.52%	2,500	0.47%
BNL-EIB 4th drawdown	V	8-May-2003	15-Mar-2018	5,240	0.52%	6,405	0.47%
BNL-EIB 13.06.2006 1st dd	V	4-Sep-2006	4-Sep-2026	9,862	0.57%	10,621	0.60%
BNL-EIB 13.06.2006 2nd dd	V	4-Sep-2006	4-Sep-2026	9,862	0.57%	10,621	0.60%
BNL-EIB 13.06.2006 3rd dd (*)	V	4-Sep-2006	4-Sep-2026	9,862	0.57%	10,621	0.60%
BNL-EIB 13.06.2006 4th dd (*)	V	4-Sep-2006	4-Sep-2026	10,759	0.57%	11,586	0.60%
BNL-EIB 13.06.2006 5th dd (*)	V	4-Sep-2006	4-Sep-2026	10,759	0.57%	11,586	0.60%
BNL-EIB 2007 1st dd (*)	V	7-Mar-2007	7-Mar-2027	10,214	0.57%	11,000	0.60%
BNL-EIB 2007 2nd dd (*)	V	7-Mar-2007	7-Mar-2027	10,214	0.57%	11,000	0.60%
BNL-EIB 2013	F	15-Mar-2013	15-Mar-2023	30,000	3.83%		
Total EIB/BNL				**110,272**	**1.45%**	**89,939**	**0.58%**
UNICREDIT EIB 1st dd (*)	V	8-Sep-2007	8-Sep-2027	9,643	0.59%	10,000	0.76%
UNICREDIT EIB 2nd dd (*)	V	8-Sep-2007	8-Sep-2027	9,643	0.59%	10,000	0.76%
UNICREDIT EIB 3rd dd (*)	V	16-Feb-2009	15-Sep-2028	15,000	0.82%	15,000	0.99%
Total EIB/UNICREDIT				**34,286**	**0.69%**	**35,000**	**0.86%**
BIIS-EIB 1st dd (*)	V	25-Feb-2011	15-Sep-2030	10,000	0.96%	10,000	1.14%
BIIS-EIB 2nd dd (*)	V	25-Feb-2011	15-Sep-2030	5,000	0.96%	5,000	1.14%
BIIS-EIB 3rd dd	V	23-Jun-2011	15-Mar-2031	10,000	1.02%	10,000	1.20%
BIIS-EIB 4th dd	V	23-Jun-2011	15-Mar-2031	5,000	1.02%	5,000	1.20%
Total EIB/BIIS				**30,000**	**0.99%**	**30,000**	**1.17%**
EIB-CDP 2012 1st dd	F	27-Apr-2012	15-Mar-2027	10,000	4.05%	10,000	4.05%
EIB-CDP 2012 2nd dd	F	27-Apr-2012	15-Mar-2027	5,000	4.05%	5,000	4.05%
EIB-CDP 2012 3rd dd	F	29-Jun-2012	15-Mar-2027	10,000	3.88%	10,000	3.88%
EIB-CDP 2012 4th dd	F	29-Jun-2012	15-Mar-2027	5,000	3.88%	5,000	3.88%
EIB-CDP 2013 1st dd	V	30-Sep-2013	15-Sep-2028	10,000	2.75%		
EIB-CDP 2013 2nd dd	V	30-Sep-2013	15-Sep-2028	10,000	2.75%		
EIB-CDP 2013 3rd dd	V	30-Sep-2013	15-Sep-2028	10,000	2.75%		
Total EIB/CDP				**60,000**	**3.36%**	**30,000**	**3.96%**
UniCredit Mediobanca 2011 Tranche A 1st dd	V	31-Jul-2012	20-Nov-2015	13,271	5.79%	22,750	5.72%
UniCredit Mediobanca 2011 Tranche A 2nd erog.	V	13-Dec-2012	20-Nov-2015	21,729	5.79%	37,250	5.72%
UniCredit Mediobanca 2012 Tranche A	V	21-Nov-2012	20-Nov-2015	80,000	4.54%	80,000	4.42%
UniCredit Mediobanca 2012 Tranche B 1st dd	V	26-Nov-2012	27-Feb-2013			22,500	4.19%
UniCredit Mediobanca 2012 Tranche B 2nd dd	V	13-Dec-2012	14-Jan-2013			25,000	4.11%
Mediobanca 2012	V	20-Dec-2012	20-Nov-2015	35,000	4.34%	35,000	4.18%
Mediobanca 2013	V	10-Dec-2013	29-May-2015	50,000	2.46%		
Total loans excluding EIB				**200,000**	**4.20%**	**222,500**	**4.67%**
TOTAL				**446,821**	**2.83%**	**431,221**	**3.06%**
		total tranches swapped		101,094	22.6%	105,793	24.5%
		portion of debt at fixed rates		61,000	13.7%	37,912	8.8%
		portion of debt not hedged		284,728	63.7%	287,516	66.7%

(a) Subject no FEI surety.
(*) Tranches subject to swaps.

The total notional value at December, 31 2013 is Euro 446,821 thousand. Overall, the total medium/long-term debt (excluding therefore debt for invoice advances, current account overdrafts or other types of working capital debt) at a variable rate not covered by the Company at December 31, 2013 was approx. 63.72% of total debt. There was therefore no excess coverage on future cash flows subject to hedging ("overhedging").

The interest rate risk hedging operations seek to fix the cost of variable rate long-term loans subject to hedging through the signing of related derivative contracts which provide for the receipt of the variable interest rate against the payment of a fixed rate.

The average cost of the medium/long term gross financial debt of SEA, following the hedging of the interest risk, at the end of 2013 was 3.48%.

The fair value of the SEA medium/long bank debt, net of inter-company items, amounting at the end of 2013 to Euro 479,020 thousand (Euro 465,264 thousand at the end of 2012) was calculated as follows:

- for the loans at fixed interest rates the capital portion and interest were discounted utilising the spot rates for each contractual maturity, extrapolated from the market rates;
- for the loans at variable interest rates the interest portion was calculated utilising the estimate of the expected rates at the end of each contractual maturity, increased by the spread defined contractually. The interest portion defined as outlined above and the capital on maturity was discounted utilising the spot rate for each contractual maturity, extrapolated from the market rate.

The following table reports the derivative instruments utilised by SEA to cover the interest rate risk (measured based on the cash flow hedge method).

Interest rate hedges

(in thousands of Euro)	Notional on signing	Residual debt at 31/12/2013	Signing date	Start date	Maturity	Fair value at 31/12/2013	Fair value at 31/12/2012
IRS	10,000	10,000	18-5-2011	15-9-2012	15-9-2021	(1,274.8)	(1,768.3)
	5,000	5,000	18-5-2011	15-9-2012	15-9-2021	(637.4)	(884.2)
	15,000	15,000	18-5-2011	15-9-2012	15-9-2021	(1,784.9)	(2,492.5)
	11,000	10,241	18-5-2011	15-9-2011	15-9-2016	(649.7)	(938.5)
	10,000	9,643	6-6-2011	15-9-2012	15-9-2021	(1,027.7)	(1,465.7)
	11,000	10,241	6-6-2011	15-9-2012	15-9-2021	(1,090.6)	(1,558.9)
	12,000	10,759	6-6-2011	15-9-2012	15-9-2021	(1,129.7)	(1,618.4)
	12,000	10,759	6-6-2011	15-9-2012	15-9-2021	(1,129.7)	(1,618.4)
Collar	10,000	9,643	6-6-2011	15-9-2011	15-9-2021	(741.7)	(1,012.8)
	11,000	9,862	6-6-2011	15-9-2011	15-9-2021	(743.6)	(1,013.2)
Total		**101,148**				**(10,209.8)**	**(14,370.9)**

"- " indicates the cost for the SEA Group for advance settlement of the operation.
"+" indicates the benefit for the SEA Group for advance settlement of the operation.

The fair value of the derivative financial instruments at December 31, 2013 was determined in accordance with IFRS 13. If the same criteria had been utilised in the determination of the fair value for the preparation of the Financial Statements at December 31, 2012, the fair value of the derivative instruments would have been lower by Euro 148 thousand (negative fair value of Euro 10,358 thousand).

(b) Currency risk

SEA is subject to a low currency fluctuation risk as, although operating in an international environment, the transactions are principally in Euro. Therefore, SEA does not consider it necessary to implement specific hedging against this risk as the amounts in currencies other than the Euro are insignificant and the relative receipts and payments generally offset one another.

c) Commodity risk

SEA is exposed to the changes of the prices and the relative exchange rates of the energy commodities utilised by SEA Energia for the procurement of the electricity, heating and air-conditioning service on behalf of the Parent Company. These variations directly impact on the final price which SEA pays for the supply from the subsidiary SEA Energia. These risks derive from the purchase of the above-mentioned energy commodities, which are principally impacted by fluctuations in the prices of the underlying fuels, denominated in US Dollars. These fluctuations arise both directly and indirectly, through formulas and indexations utilised in the pricing structures. The risks also arise in the sales phase, in relation to the fluctuations in the electricity market prices sold to third parties.
In 2013, SEA did not undertake hedging activities of this risk which are currently being analysed and

assessed for future periods. It is also highlighted that SEA, through the subsidiary SEA Energia, during the year signed bilateral contracts for the supply of electricity and heat to third parties which ties the sales price to the cost of methane, thereby implementing an implicit hedge of the commodity risk. In addition, during the year, in order to reduce the exposure to the risk of changes in the price of methane, a new procurement contract was signed, which provides for a fixed price defined contractually for a part of the supply needs, thus resulting in a further reduction in the risk of changes in the methane price.

4.3 Liquidity risk

The liquidity risk for SEA may arise where the financial resources available are not sufficient to meet the financial and commercial commitments within the agreed terms and conditions.

The liquidity, cash flows and financial needs of SEA are managed through policies and processes with the objective to minimise the liquidity risk. In particular SEA:

- centrally monitors and manages, under the control of the Group Treasury, the financial resources available, in order to ensure an efficient management of these resources, also in forward budgeting terms;
- maintains adequate liquidity in treasury current accounts;
- obtains committed and uncommitted credit lines, which covers the financial commitments in the coming 12 months deriving from the investment plan and debt repayments;
- monitors the liquidity position, in relation to the business planning.

At December 31, 2013, the SEA has in place committed and uncommitted credit lines totalling Euro 680.2 million, of which Euro 533.3 million utilised and Euro 146.9 million available (of which Euro 100 million of committed lines of duration not less than 1.5 years). At the end of December 2013, SEA had Euro 55.3 million of available liquidity invested in ordinary and treasury current accounts.

Trade payables are guaranteed through careful working capital management which largely concerns trade receivables and the relative contractual conditions established (also utilising indirect factoring which provides further financial credit lines to guarantee adequate cash flexibility). As outlined in the Directors' Report, as part of the strengthening of the financial base, an optimisation of the debt structure is planned, also in light of the favourable market conditions.
Finally, the availability of the above-mentioned credit lines, taking account of the investment plans and working capital needs and considering the capacity to generate cash flows from operations, provide the basis for compliance with the irrevocable obligations on behalf of SEA Handling in relation to the termination of their activities, which the company has guaranteed in full as described in further detail in *Note* 7.4.

The following table reports the breakdown and maturity (up to expiry date) of the financial debt of SEA for the years 2013 and 2012, which in addition to principal includes medium/long-term debt, financial charges on derivative instruments and leasing, financial charges from subsidiaries, which, in accordance with the contractual terms, are repayable on demand:

(millions of Euro)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
Liabilities 2013					
Gross debt	172.9	211.5	52.6	192.7	629.8
Trade payables	174.8				174.8
Total debt	**347.8**	**211.5**	**52.6**	**192.7**	**804.6**

The table does not include the short-term group cash pooling debt, amounting to Euro 17.7 million at the end of 2013, against which a receivable of a similar nature exists of Euro 27.4 million.

(millions of Euro)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
Liabilities 2012					
Gross debt	140.8	219.0	40.4	148.9	549.1
Trade payables	205.9				205.9
Total debt	**346.7**	**219.0**	**40.4**	**148.9**	**755.1**

The table does not include the short-term group cash pooling debt, amounting to Euro 18.6 million at the end of 2012, against which a receivable of a similar nature exists of Euro 29.4 million.
Euro 47.5 million relating to the utilization of three year RCF lines were prudently classified as maturing within one year.

4.4 Sensitivity

In consideration of the fact that for SEA the currency risk is almost non-existent, the sensitivity analysis refers to balance sheet accounts which could incur changes in value due to changes in interest rates.

In particular, the analysis considered:
• bank debt and cash pooling position;
• loans;
• interest risk derivative hedge instruments.

The assumptions and calculation methods utilised in the sensitivity analysis undertaken by SEA were as follows:

a) Assumptions:
   – the effect was analysed on the SEA income statement for the years 2013 and 2012 of a change in market rates of +50 or of -50 basis points.

b) Calculation methods:
   – the remuneration of the bank deposits and the cash pooling positions is related to the interbank rates. In order to estimate the increase/decrease of interest income to changes in market conditions, the change was assumed as per point a) on the average annual balance of bank deposits of SEA;
   – the loans measured were those at variable interest rates, which incur interest payable linked to the Euribor at 6 months. The increase/decrease of the interest payable to changes in market conditions was estimated applying the changes assumed as per point a) on the capital portion of the loans held during the year;
   – the interest risk derivative hedge instruments were measured both in terms of cash flows and fair value (in terms of changes compared to the same period of the previous year). In both cases, the values were estimated applying the changes as per point a) to the forward curve expected for the period.

The results of the sensitivity analysis are reported below:

	December 31, 2013		December 31, 2012	
(in thousands of Euro)	**-50 bp**	**+50 bp**	**-50 bp**	**+50 bp**
Current accounts (interest income)	-180.20	180.26	-148.53	170.60
Cash pooling positive balance (interest income)	-136.99	136.99	-161.74	161.74
Financial receivables from subsidiaries	0.00	0.00	0.00	0.00
Loans (interest expense) (1)	1,662.17	-1,662.17	1,602.40	-1,602.40
Cash pooling negative balance (interest expense) (1)	0.00	-88.31	113.05	-118.06
Fin. Debt to subsidiaries (interest expense) (1)	-23.34	137.32	113.65	-137.34
Derivative hedging instruments (cash flow) (2)	-530.96	-530.96	-163.56	163.56
Derivative hedging instruments (fair value to IS)	18.19	55.16	102.74	-272.16
Derivative hedging instruments (fair value to BS)	-2,539.64	2,372.77	-3,315.19	3,370.74

(1) + = lower interest expense; - = higher interest expense
(2) + = hedging income; - = hedging cost

It should be noted that the results of the sensitivity analysis undertaken on some accounts of the previous tables are impacted by the low level of the market interest rates, which in the case of a change of -50 basis points would result as negative, and therefore are recorded as equal to zero.

Some loans include covenant conditions, relating to the capacity of SEA to meet annual and/or half year financial commitments (net of financial resources available and receivables from the State) from operating activities. Finally, for some loans, non-compliance of the covenant terms results in, for the following half-year period, the application of a correlated predetermined spread (in accordance with a contractually defined pricing grid).

At the present moment, SEA is not aware of any default situations related to the loans held or violations of any of the above-mentioned covenants.

5. Classification of the financial instruments

The following table provides a breakdown of the financial assets and liabilities by category at December 31, 2013 and at December 31, 2012:

at December 31, 2013

(in thousands of Euro)	Financial assets and liabilities valued at fair value	Investments held-to-maturity	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised cost	Total
Available-for-sale investments	-	-	-	26	-	26
Other non-current receivables	-	-	287	-	-	287
Trade receivables	-	-	103,829	-	-	103,829
Current financial receivables	-	-	30,144	-	-	30,144
Tax receivables	-	-	13,384	-	-	13,384
Other current receivables	-	-	10,243	-	-	10,243
Cash and cash equivalents	-	-	55,282	-	-	55,282
Total	**-**	**-**	**213,169**	**26**	**-**	**213,195**
Non-current financial liabilities excluding leasing	10,210	-	-	-	416,953	427,163
Non-current financial liabilities for leasing	-	-	-	-	1,195	1,195
Trade payables	-	-	-	-	174,803	174,803
Tax payables	-	-	-	-	58,238	58,238
Other current & non-current payables	-	-	-	-	93,055	93,055
Current financial liabilities excluding leasing	-	-	-	-	139,451	139,451
Current financial liabilities for leasing	-	-	-	-	929	929
Total	**10,210**	**-**	**-**	**-**	**884,624**	**894,834**

The carrying amount of Financial liabilities at amortised cost is a reasonable approximation of fair value.

at December 31, 2012

(in thousands of Euro)	Financial assets and liabilities valued at fair value	Investments held-to-maturity	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised cost	Total
Available-for-sale investments	-	-	-	26	-	26
Other non-current receivables	-	-	343	-	-	343
Trade receivables	-	-	130,792	-	-	130,792
Current financial receivables	-	-	29,643	-	-	29,643
Tax receivables	-	-	14,542	-	-	14,542
Other current receivables	-	-	11,553	-	-	11,553
Cash and cash equivalents	-	-	53,338	-	-	53,338
Total	**-**	**-**	**240,211**	**26**	**-**	**240,237**
Non-current financial liabilities excluding leasing	14,371	-	-	-	408,036	422,407
Non-current financial liabilities for leasing	-	-	-	-	1,949	1,949
Trade payables	-	-	-	-	205,926	205,926
Tax payables	-	-	-	-	52,455	52,455
Other current & non-current payables	-	-	-	-	145,774	145,774
Current financial liabilities excluding leasing	-	-	-	-	69,543	69,543
Current financial liabilities for leasing	-	-	-	-	1,006	1,006
Total	**14,371**	**-**	**-**	**-**	**884,689**	**899,060**

6. Disclosure on fair value

In relation to financial instruments measured at fair value, the table below reports information on the method chosen to measure the fair value. The methods applied are broken down into the following levels, based on the information available, as follows:

- level 1: prices practiced in active markets;
- level 2: valuation techniques based on observable market information, both directly and indirectly;
- level 3: other information.

The following table shows the Company assets and liabilities measured at fair value at December 31, 2013 and at December 31, 2012:

(in thousands of Euro)	at December 31, 2013		
	Level 1	Level 2	Level 3
Available-for-sale investments	-	-	26
Derivative financial instruments	-	10,210	-
Total	**-**	**10,210**	**26**

(in thousands of Euro)	at December 31, 2012		
	Level 1	Level 2	Level 3
Available-for-sale investments	-	-	26
Derivative financial instruments	-	14,371	-
Total	**-**	**14,371**	**26**

7. Notes to the Financial Position

7.1 Intangible assets

The table below reports the changes in the year in intangible assets:

(in thousands of Euro)

Intangible assets	at December 31, 2012	Increases in the year	Reclass./ transfers	Destruction/ obsolete/sale	Amortisation	at December 31, 2013
Gross value						
Assets under concession	1,151,275	5,475	85,879	(1,295)		1,241,334
Assets under concession in progress & advances	60,828	65,738	(85,879)	-		40,687
Industrial patents and intellectual property rights	36,370	-	4,337	-		40,707
Assets in progress and advances	5,243	6,733	(4,062)	-		7,914
Gross value	**1,253,716**	**77,945**	**275**	**(1,295)**	**-**	**1,330,642**
Accumulated amortisation						
Assets under concession	(345,994)			460	(29,671)	(375,205)
Assets under concession in progress & advances	-					-
Industrial patents and intellectual property rights	(28,906)		(275)		(4,322)	(33,503)
Assets in progress and advances	-					-
Accumulated amortisation	**(374,900)**	**-**	**(275)**	**460**	**(33,992)**	**(408,708)**
Net value						
Assets under concession	805,281	5,475	85,879	(835)	(29,671)	866,129
Assets under concession in progress & advances	60,828	65,738	(85,879)	-	-	40,687
Industrial patents and intellectual property rights	7,464	-	4,062	-	(4,322)	7,204
Assets in progress and advances	5,243	6,733	(4,062)	-	-	7,914
Intangible assets (net value)	**878,816**	**77,945**	**0**	**(835)**	**(33,992)**	**921,934**

As per IFRIC 12, assets under concession amount to Euro 866,129 thousand at December 31, 2013 and Euro 805,281 thousand at December 31, 2012. These assets are amortised on a straight-line basis over the duration of the concession from the State as they must be returned to the granting party on conclusion of the concession. The amortisation for the year 2013 amounts to Euro 29,671 thousand.
The increases in the year derive for Euro 85,879 thousand from the entry into service of investments made in previous years and the recording of "Assets under concession in progress and advances", in addition to the investments in the year of Euro 5,475 thousand which include the free assets received of Euro 4.8 million, relating to the buildings constructed by Air Europe SpA within the Milano Malpensa airport based on agreement with SEA in December 1999, which provided for the free transfer of the assets to SEA at the termination of the agreement. In 2006 the rights relating to the agreement were transferred from Air Europe SpA to the company Volare SpA, currently in Extraordinary Administration.

For assets within the concession right, SEA has the obligation to record a restoration and replacement provision, in relation to which reference should be made to *Note* 7.15.

The account "Assets under concession in progress and advances", amounting to Euro 40,687 thousand, refers to the work in progress on concession assets, not yet completed at December 31, 2013. The principal works concern the extension of the third concourse at Malpensa, which is expected to be gradually introduced in 2014 and completely in the first half of 2015 and the construction of baggage sorting plant. The decreases in the year, or rather transfers to assets under concession, principally relate to the urbanisation works and the entry into service of the aircraft apron of cargo city and the upgrading of the Linate runway.

The industrial patents and intellectual property rights and other intangible assets, amounting to Euro 7,204 thousand at December 31, 2013 (Euro 7,464 thousand at December 31, 2012), relate to the purchase of software components for the airport and operating IT systems. Specifically, the investments principally related to the development and implementation of the administrative and airport management systems, of which Euro 4,062 thousand relating to previous years and recorded in the account "Fixed assets in progress and payments on account" which at December 31, 2013 record a total residual amount of Euro 7,914 thousand, relating to software developments in progress.
In consideration of the results reported and the business outlook, as well as the definition of the airport tariffs contained in the Regulatory Agreement, at December 31, 2013 the Company did not identify any impairment indicators.

The changes in intangible assets during 2012 were as follows:

(in thousands of Euro)

Intangible assets	at December 31, 2011	Increases in the year	Reclass./ transfers	Destruction/ obsolete/sale	Amortisation	at December 31, 2012
Gross value						
Assets under concession	966,998	18,099	167,462	(1,284)		1,151,275
Assets under concession in progress & advances	85,568	81,240	(105,980)			60,828
Industrial patents and intellectual property rights	30,473	-	5,897			36,370
Assets in progress and advances	4,317	6,779	(5,853)			5,243
Gross value	**1,087,356**	**106,118**	**61,526**	**(1,284)**	**-**	**1,253,716**
Accumulated amortisation						
Assets under concession	(298,515)		(24,489)	359	(23.349)	(345,994)
Assets under concession in progress & advances	-					-
Industrial patents and intellectual property rights	(25,370)			-	(3.536)	(28,906)
Assets in progress and advances	-			-	-	-
Accumulated amortisation	**(323,885)**	**-**	**(24,489)**	**359**	**(26.885)**	**(374,900)**
Net value						
Assets under concession	668,483	18,099	142,973	(925)	(23.349)	805,281
Assets under concession in progress & advances	85,568	81,240	(105,980)	-	-	60,828
Industrial patents and intellectual property rights	5,103	-	5,897	-	(3.536)	7,464
Assets in progress and advances	4,317	6,779	(5,853)	-	-	5,243
Intangible assets (net value)	**763,471**	**106,118**	**37,037**	**(925)**	**(26.885)**	**878,816**

7.2 Tangible fixed assets

The table below reports the changes in the year in tangible fixed assets:

(in thousands of Euro)

Tangible assets	at December 31, 2012	Increases in the year	Reclass./ transfers	Destruction/ obsolete/sale	Depreciation	at December 31, 2013
Gross value						
Property	186,226		4,580	(812)		189,994
Plant ad machinery	7,946	19	-	(890)		7,075
Industrial and commercial equip.	33,971	539		(95)		34,415
Other assets	90,521	3,471	2,207	(526)		95,673
Assets in progress and advances	5,471	7,435	(6,787)			6,120
Total gross value	**324,136**	**11,464**	**-**	**(2,323)**	**-**	**333,277**
Accumulated depreciation & write-down						
Property	(65,691)			108	(14,196)	(79,779)
Plant and machinery	(6,789)			890	(164)	(6,063)
Industrial and commercial equip.	(29,422)			95	(1,990)	(31,318)
Other assets	(75,850)			524	(4,757)	(80,083)
Assets in progress and advances	0					0
Total accumulated depreciation & write-down	**(177,753)**	**-**	**-**	**1,617**	**(21.107)**	**(197,243)**
Net values						
Property	120,535	-	4,580	(703)	(14,196)	110,216
Plant and machinery	1,157	19	-	-	(164)	1,011
Industrial and commercial equip.	4,549	539	-	-	(1,990)	3,097
Other assets	14,671	3,471	2,207	(2)	(4,757)	15,590
Assets in progress and advances	5,471	7,435	(6,787)	-	-	6,120
Total net values	**146,383**	**11,464**	**-**	**(705)**	**(21,107)**	**136,034**

The investments related to the development of the Aviation sector (which, as already reported, in accordance with IFRIC 12 are classified as assets under concession and current airport concessions) and those in the Non Aviation sector principally related to:

- the advancement of the completion of the Malpensa third satellite;
- the completion of the development works of the Malpensa cargo city, with particular reference to the aircraft apron (with the construction of seven new aircraft bays) and the urbanisation works;
- Energy Saving project;
- updating of the principal link roads at Malpensa, for the implementation of the ASMGCS (Advanced Surface Movement Guidance and Control Systems), which will enable a clearer indication of paths to be followed by aircraft during the taxiing of aircraft;
- upgrade of the Linate runway.

At December 31, 2013 the Company recorded a write-down of Euro 8,200 thousand, reported in the column “Depreciation/Write-downs”, to align the book value of Malpensa T2 parking, which will be demolished in the second half of 2014 for the creation of the rail link between Malpensa Terminal 1 and 2. In consideration of the results reported and the business outlook, as well as the definition of the airport tariffs contained in the Regulatory Agreement, at December 31, 2013 the Company did not identify any impairment indicators.

All the fixed assets, including those under the scope of IFRIC 12, are reported net of State and EU grants, amounting at December 31, 2013 to Euro 499,748 thousand and Euro 1,800 thousand respectively.

The changes in tangible assets during 2012 were as follows:

(in thousands of Euro)

Tangible assets	at December 31, 2011	Increases in the year	Reclass./ transfers	Destruction/ obsolete/sale	Depreciation	at December 31, 2012
Gross value						
Property	232,942		(42,532)	(4,184)		186,226
Plant ad machinery	7,931	15	-	-		7,946
Industrial and commercial equip.	31,539	2,560	-	(128)		33,971
Other assets	90,334	2,508	2,528	(4,849)		90,521
Assets in progress and advances	18,993	8,576	(22,098)	-		5,471
Total gross value	**381,739**	**13,659**	**(62,102)**	**(9,161)**	**-**	**324,135**
Accumulated depreciation & write-down						
Property	(81,041)		21,568	1,306	(7,524)	(65,691)
Plant ad machinery	(6,623)			-	(166)	(6,789)
Industrial and commercial equip.	(28,138)			128	(1,412)	(29,422)
Other assets	(76,515)			4,849	(4,184)	(75,850)
Assets in progress and advances	(2,920)		2,920	-		0
Total accumulated depreciation & write-down	**(195,237)**	**-**	**24,488**	**6,283**	**(13,286)**	**(177,752)**
Net values						
Property	151,901	-	(20,964)	(2,878)	(7,524)	120,535
Plant ad machinery	1,308	15	-	-	(166)	1,157
Industrial and commercial equip.	3,401	2,560	-	-	(1,412)	4,549
Other assets	13,819	2,508	2,528	-	(4,184)	14,671
Assets in progress and advances	16,073	8,576	(19,178)	-	-	5,471
Total net values	**186,502**	**13,659**	**(37,614)**	**(2,878)**	**(13,286)**	**146,383**

7.3 Investment property

The breakdown of property investments at December 31, 2013 are shown below:

Investment property (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Gross values	4,149	4,152
Accumulated depreciation	(733)	(733)
Total net investment property	**3,416**	**3,419**

The changes in the accumulated depreciation provision of the property investments in 2013 is shown below:

Movements in accumulated depreciationi (in thousands of Euro)	2013
Opening value	(733)
Decreases	2
Depreciation	(2)
Closing value	**(733)**

The account includes buildings not utilised in the operated activities (apartments and garages). Against the backdrop of uncertainty related to the real estate market there was no loss in value of real estate investments at December 31, 2013.

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7.4 Investments in subsidiaries and associated companies

The breakdown of the account "investments in subsidiaries and associated companies" at December 31, 2013 and at December 31, 2012 are shown below:

Investments in subsidiaries & associated companies (in thousands of Euro)	at December 31, 2013	at December 31, 2012
SEA Handling SpA	0	0
SEA Energia SpA	7,026	7,026
Ali Trasporti Aerei ATA SpA	25,200	-
Consorzio Malpensa Construction	22	22
Railink Srl in liquidation	5	-
Airport Handling Srl	0	-
Investments in subsidiaries	**32,253**	**7,048**
SACBO SpA	4,562	4,562
Dufrital SpA	3,822	3,822
Malpensa Logistica Europa SpA	1,674	1,674
Disma SpA	421	421
SEA Services Srl	120	120
Investments in associated companies	**10,599**	**10,599**
Investments in subsidiaries & associated companies	**42,852**	**17,647**

On December 18, 2013, SEA, for consideration of Euro 25,200 thousand, acquired 98.34% of the share capital of Ali Trasporti Aerei ATA SpA, a company operating in the General Aviation Management (as operator) of the Milan Linate Ovest airport, on the basis of a sub-concession contract expiring in 2041.

Ali Trasporti Aerei ATA SpA holds 100% of ATA Ali Servizi SpA, a leading General Aviation handler, operating at the airports of Linate Ovest, Ciampino, Venice, Catania and Malpensa.
The higher carrying value of the investment compared to the share of equity is based on the unexpressed gains of the fixed assets of the company acquired (hangar) and of the forecasted future profitability.

In relation to the investigation undertaken by the Anti-trust Authority in relation to presumed abuse of a dominant market position, in the management of the infrastructures for general aviation and in the offer of handling services, which could "impede the access to these markets by a new operator such as Cedicor", it is highlighted that SEA is awaiting the date of a meeting with the Authority, as requested by SEA, in order to outline the precise position of the company and to clarify the correctness of its conduct during the acquisition process of Ali Trasporti Aerei ATA SpA.

In the event that the Authority (which has fixed the closure date on the investigation as March 30, 2015) confirms the existence of the abuse of a dominant position, the maximum risk would be an administrative penalty, which would be appealed requesting suspension of any such sanction.
The Anti-trust Authority decision does not affect the completion of the acquisition and the Company, based on the above-reported considerations, perceives the risk of a financial liability arising from the dispute as remote. In addition, on March 19, 2013, Railink Srl was incorporated and subsequently placed in liquidation on Novemebr 26, 2013 and on September 9, 2013 Airport Handling Srl, with both companies non-operative since their incorporation.

The book value of SEA Handling in the financial statements at December 31, 2013 and 2012 was zero, although presenting a net equity at December 31, 2013 and 2012 respectively of Euro 10,305 thousand and Euro 21,414 thousand.

The full write-down of the investment made at December 31, 2012 and confirmed also at December 31, 2013 is related to the projected development of the activities of the subsidiary following the investigation by the European Commission concerning presumed state aid granted by SEA to SEA Handling, under the form of the coverage of operating losses and in relation to which the European Commission issued a decision on December 19, 2012 against the subsidiary.

In particular, at the date of approval of the Separate Annual Accounts (June 21, 2013), SEA and the Subsidiary had already communicated the considerations in relation to the possible outcome of the case, which presents to date, in the opinion of external legal experts and consultants, a reasonable chance of success, together with the considerations relating to alternative execution paths, and however, the actions of the national authorities appointed for the recovery of aid, which overall led to the conclusion that, as of the current state of events to which SEA and the Subsidiary are aware, the most likely development would not involve the repayment in cash to SEA of the aid by SEA Handling through the use of its resources.

Therefore the subsidiary, supported by the opinions of its lawyers and external advisors, in the 2012 Financial Statements did not accrue any amounts to the risk provision to cover the potential repayment obligations outlined above, in that it considered the risk, on further analysis, as "possible" and no longer as "probable". Similarly, SEA, in the Separate Financial Statements at December 31, 2012 did not record a receivable from the subsidiary, against the decision of the Commission and fully wrote-down the carrying value of the investment in the subsidiary in view of the impairment tests carried out which no longer substantiate the future cash flows and terminal value.

In consideration of the negotiations with the European Commission and of the possible alternative to the liquidation of the subsidiary in the second half of 2014 – described in the Directors' Report in the Chapter "*Risk factors relating to the SEA Group – Risks relating to the European Commission decision of December 19, 2012 concerning presumed State Aid granted in favour of SEA Handling*", which we outline in full in order to permit a full review of the dispute and summarise the judicial and non-judicial initiatives undertaken by the subsidiary, by the company, by its shareholders and by the Italian Government – with reference to the preparation of the financial statement at December 31, 2013 – the subsidiary still considers its reasonable, in accordance with the approach taken to date, not to record any provision in the Financial Statements for the year-end December 31, 2013 for repayment to SEA of the presumed State aid. Similarly, SEA did not recognise to its Separate Financial Statements at December 31, 2013 any receivable against the subsidiary, nor altered its recoverability value of the subsidiary, previously written-down in the Separate Financial Statements at December 31, 2012.

In particular, this accounting treatment was undertaken also considering the imminent opening of a liquidation procedure of the subsidiary – attributable to *(i)* the insufficient capitalisation of the Company which, on the basis of forecasts the net equity at December 31, 2013 would erode in the second half of 2014 and therefore fall within the scope of Article 2447 of the Civil Code, in addition to *(ii)* the implementation of the strategic guidelines of the permanent involvement of SEA in the management of the handling activities at the airports of Milan Linate and Malpensa which would permit execution of the EU Commission Decision of December 19, 2012.

In particular:

- For the preparation of the Financial Statements at December 31, 2013, the Directors of the subsidiary applied the accounting principles of a going concern, considering however the proposed stoppage of activities and therefore the effects that the liquidation would have on the balance sheet and the recoverable value of assets of the subsidiary. Therefore, the impossibility to calculate and the uncertainty on the quantification of the stoppage charges, resulted in no provision being recorded for risks and charges in the Financial Statements for the year ended December 31, 2013. In particular – as it is currently not possible to estimate the charge for the outplacement of surplus personnel compared to the needs of the new operator – as dependent on the definitive plan for the sale of the company assets and the number of personnel hired based on service contracts effectively acquired by this new operator – the financial statements of the subsidiary do not include any risk provision for the above-mentioned restructuring cost.
- For the purposes for the preparation of the Financial Statements of December 31, 2013, the Directors confirmed the value of zero as the carrying value of the investment in SEA Handling, fully written-down at December 31, 2012.

Against this background, it is recalled that SEA, to permit the completion of the liquidation, on March 24, 2014 undertook the irrevocable commitment to financially support SEA Handling against liquidation costs both in the event of a liquidation in line with that outlined in the Directors' Report section "Risks relating to the SEA Group – Risks related to the European Commission decision of December 19, 2012 concerning presumed State Aid granted in favour of SEA Handling" and in the event of a different solution not yet known within the scope of the negotiations with the Commission.

In particular, within the irrevocable commitment undertaken by SEA on March 24, 2014 to guarantee the solvent liquidation of the subsidiary, it is established that where the current process proposed by the Commission is not approved:

- SEA will vote without delay at an Extraordinary Shareholders' Meeting of the subsidiary, on the request of the Board of Directors, to put the company into voluntary liquidation, under a programme to be prepared by the appointed liquidator, which will establish, among other issues, the minimisation of liquidation costs through social security provisions and the mobility procedures, guaranteeing the full coverage of a charge up to that defined by and not beyond March 31, 2014, on the basis of an updated liquidation plan;
- SEA, in the exercise of its prerogatives, as a directing and coordinating shareholder, may however request the preparation of an alternative liquidation plan under which corporate activities would continue temporarily in order to avoid the irreversible damage from an abrupt, total or partial, interruption to handling services at the Linate and Malpensa airports. In this case, SEA would however be committed to ensuring the solvent liquidation of SEA Handling, in addition to the completion cost of this alternative liquidation plan (with the consequent obligation to provide the necessary financial and capital support to SEA Handling).

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With reference to this commitment, the impossibility to calculate and the uncertainty on the quantification of the above-mentioned charges at the reporting and approval date of the Separate Financial Statements, no provision was recorded for risks and charges in the Separate Financial Statements as a further adjustment on the carrying value of the investment in SEA Handling, in application of IAS 37.
The key financial highlights at December 31, 2013 and for the previous year of the subsidiaries and associated companies prepared in accordance with Italian GAAP are shown below.

							at December 31, 2013
(in thousands of Euro)	Assets	Liabilities	Revenues	Profit/ (loss)	Net equity	pro-quota net equity	% holding
Subsidiaries							
SEA Handling SpA	78,992	68,687	126,221	(11,110)	10,305	10,305	100.00%
SEA Energia SpA	75,143	57,691	59,325	2,065	17,452	17,452	100.00%
Ali Trasporti Aerei ATA SpA	18,785	12,930	16,126	(2,219)	5,855	5,758	98.34%
Consorzio Malpensa Construction	664	485	426	5	179	92	51.00%
Railink Srl in liquidation	5	0	-	(5)	5	5	100.00%
Airport Handling Srl	64	79	-	(65)	(15)	(15)	100.00%
Associated companies							
Dufrital SpA	55,866	39,776	129,099	(372)	16,090	6,436	40.00%
SACBO SpA	201,545	86,880	106,292	14,647	114,664	35,522	30.979%
SEA Services Srl	5,030	3,401	8,625	289	1,629	489	30.00%
Malpensa Logistica Europa SpA	17,366	10,420	27,781	1,021	6,946	1,736	25.00%
Disma SpA	18,046	9,454	6,565	1,064	8,592	1,611	18.75%

							at December 31, 2012
(in thousands of Euro)	Assets	Liabilities	Revenues	Profit/ (loss)	Net equity	pro-quota net equity	% holding
Subsidiaries							
SEA Handling SpA	93,036	71,622	126,315	(5,770)	21,414	21,414	100.00%
SEA Energia SpA	81,606	66,219	71,810	3,339	15,387	15,387	100.00%
Consorzio Malpensa Construction	906	732	878	4	174	89	51.00%
Associated companies							
Dufrital SpA	59,090	42,628	125,144	6,140	16,462	6,585	40.00%
SACBO SpA	169,573	65,056	108,639	15,012	104,518	32,379	30.979%
SEA Services Srl	3,525	2,185	7,355	298	1,340	402	30.00%
Malpensa Logistica Europa SpA	16,168	10,243	25,483	(192)	5,925	1,481	25.00%
Disma SpA	19,467	10,289	6,323	925	9,178	1,721	18.75%

7.5 AFS Investments

The breakdown of the “investments available-for-sale” at December 31, 2013 and at December 31, 2012 are shown below:

Company	% held at December 31, 2013	% held at December 31, 2012
Aeropuertos Argentina 2000 SA	8.5%	8.5%
Consorzio Milano Sistema in liquidation	10%	10%
Romairport Srl	0.227%	0.227%
SITA Soc. Intern. De Télécom. Aeronautiques (Belgian company)	1 share	1 share

The following table reports the changes for the years 2013 and 2012 of the available-for-sale investments:

Available-for-sale investments (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Aeropuertos Argentina 2000 SA	0	0
Consorzio Milano Sistema	25	25
Romairport Srl	1	1
SITA Soc. Intern. De Télécom. Aeronautiques (Belgian company)	-	-
Total available-for-sale investments	**26**	**26**

AA2000

The investment of SEA in the share capital of Aeropuertos Argentina SA 2000 (hereafter AA2000) amounted to 8.5% following the conversion, by the Argentinian government, of the bonds issued in 2008 by AA2000 into shares.

On June 30, 2011, an agreement was signed with Cedicor for the sale of all the investment held by SEA in the share capital of AA2000, equal to 21,973,747 ordinary Class A shares with 1 vote for each share.

The consideration paid was Euro 14,000 thousand entirely received in 2011.

The transfer of the shares will only be completed with authorisation by the ORSNA regulator (Organismo Regulador del Sistema Nacional de Aeropuertos). In the event that ORSNA does not authorise the sale of the investment, the parties are committed for 5 years from the contract date to find a third party which ORSNA authorises the acquisition of the above-mentioned shares. After a period of 5 years of a rejection from ORSNA to the sale of 8.5% of the shares of AA2000 to Cedicor, and in the absence of receiving this authorisation by Cedicor and/or third parties, the contract will terminate and SEA will maintain all rights and obligations related to shares of AA2000 except in relation to the consideration received by SEA and dividends received and/or additional shares subscribed by Cedicor during this period. This latter must, during the 5-year period, obtain from ORSNA authorisation to transfer 8.5% of the shares of AA2000 to a third party. SEA in turn will guarantee an irrevocable Power of Attorney to Cedicor in order that this latter may undertake all actions necessary to obtain the authorisation from ORSNA and in particular:

- notify the transfer of the shares of AA2000 to ORSNA or other relevant Argentinian authorities;
- sign necessary documentation and undertake the relative bureaucratic procedures in order to obtain the authorisation from ORSNA.

At December 31, 2013, ORSNA had not yet formalised the authorisation of the sale of the investment in favour of Cedicor and, therefore, still holds 8.5% of the share capital of AA2000; therefore the investment of 1 Euro was maintained in 2013 financial statements.

7.6 Deferred tax assets

The changes in the net deferred tax assets for the year 2013 are shown below:

Net deferred tax assets (in thousand of Euro)

	at December 31, 2012	Release/ recognition to P&L	Release/ recognition to equity	at December 31, 2013
Restoration provision as per IFRIC 12	30,737	(835)		29,902
Impairment test	15,482	2,599		18,081
Provision for risk charges	8,940	(508)		8,432
Non-deductible doubtful debt provision	8,431	697		9,128
Labour dispute	3,447	402		3,849
Fair value measurement of derivatives	3,906		(1,375)	2,531
Employee Leaving Indemnity discounting (IAS 19)	1,279	183	(53)	1,410
Others	203	20		223
Total deferred tax assets	**72,425**	**2,558**	**(1,428)**	**73,556**
Accelerated deprec. & lower deprec. from first time application of IFRS	41,272	(946)		40,326
Employee Leaving Indemnity discounting (IAS 19)	1,781			1,781
Finance lease	374	(125)		249
Others	165	(79)		86
Total deferred tax liabilities	**43,592**	**(1,150)**	**0**	**42,442**
Total net deferred tax assets	**28,833**	**3,708**	**(1,428)**	**31,114**

At December 31, 2013 no deferred tax assets were recorded on tax losses.

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7.7 Other non-current receivables

The breakdown of the "Other non-current receivables" is shown below:

Other non-current receivables (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Other non-current receivables	287	343
Total non-current receivables	**287**	**343**

The account principally refers to receivables from employees and guarantee deposits.

7.8 Inventories

The table below reports the breakdown of "Inventories":

Inventories (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Raw materials, consumables and supplies	6,587	7,746
Total inventories	**6,587**	**7,746**

The account includes consumable materials for airport activities; no goods held in inventories comprised guarantees on loans or concerning other commitments. The comparison of inventories with the realisable value or replacement does not necessitate an obsolescence inventory provision.

7.9 Trade receivables

The breakdown of "trade receivables" at December 31, 2013 and for the previous year are shown below:

Trade receivables (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Customer receivables	88,096	110,793
Trade receivables from subsidiaries	10,351	12,213
Trade receivables from associated companies	5,382	7,786
Total trade receivables	**103,829**	**130,792**

Trade receivables, shown net of the doubtful debt provision, mainly include receivables from clients and provisions for invoices and credit notes to be issued.
The criteria for the adjustment of receivables to their realisable value takes account of valuations regarding the state of the dispute and are subject to estimates which are described in the previous paragraph 3, to which reference should be made.
The changes in the doubtful debt provision were as follows:

Doubtful debt provisions (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Opening provision	70,915	72,211
Increases	20,601	17,185
Utilisations / reversals	(13,883)	(18,481)
Closing doubtful debt provision	**77,633**	**70,915**

The provision in the year amounted to Euro 20,601 thousand (Euro 17,185 thousand in 2012) and was calculated to take into account the risk in deterioration of the financial positions of the principle operators with which disputes exist and write-downs for receivables under administration.
The utilisations/reversals relating to the year 2013, amounted to Euro 13,883 thousand, refer to the closure during the year of disputes in which the provisions were accrued to cover such risks in previous years.
On November 24, 2012, SEA proposed to the Extraordinary Commissioners of the extraordinary administration procedures of the Alitalia Group a settlement agreement to close pending disputes. The agreement signed on February 14, 2013 provides for the write-off of receivables from the Alitalia Group in extraordinary administration.
The reduction in trade receivables at December 31, 2013 compared to December 31, 2012 is due to the closure of some disputes and improvement in credit control management.
For details on the aging of the receivables reference should be made to *Note* 4.1.
For receivables from subsidiaries and associated companies reference should be made to *Note* 9, relating to transactions with related parties.

7.10 Current financial receivables

The account "Current financial receivables" amounts to Euro 30,144 thousand at December 31, 2013 (Euro 29,643 thousand at December 31, 2012) and relates entirely to financial receivables from subsidiaries. In particular the balance at December 31, 2013 is comprised of cash pooling receivables from SEA Energia. Reference should be made to *Note* 9 relating to transactions with related parties.

7.11 Tax receivables

The account "Tax receivables" amounts to Euro 13,384 thousand at December 31, 2013 (Euro 14,542 thousand at December 31, 2012) and refers for Euro 10,384 thousand to reimbursement requests made in March 2013 for higher IRES paid against the non-deductibility of IRAP regional tax on personnel costs for the years 2007-2011 (Euro 10,384 thousand at December 31, 2012), for Euro 2,233 thousand to the repayment of higher IRES paid following the deduction of 10% of the IRAP paid in the years 2004-2007 (Euro 2,233 thousand at December 31, 2012), for Euro 475 thousand for the request for higher IRES paid in 2007 (Euro 2 thousand at December 31, 2012) and for the remaining part other tax receivables.

7.12 Other current receivables

The breakdown of the "Other receivables" is shown below:

Other receivables (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Receivables from the State for grants under Law 449/85	1,360	1,332
Receivables from the State under SEA/ Min. Infras. & Transp. case	3,716	3,542
Other receivables	6,077	7,040
Receivables from employees and social security institutions	1,017	1,341
Receivables from the Ministry for Communications for radio bridge	55	106
Doubtful debt provision	(1,982)	(1,808)
Total other receivables	**10,243**	**11,553**

The account "Other receivables" amounts to Euro 10,243 thousand at December 31, 2013 (Euro 11,553 thousand at December 31, 2012) and is comprised of the accounts outlined below.

Receivables from the State for grants under Law 449/85 concern receivables based on the "Regulatory Agreement" between ENAC and SEA in January 1995 and revised in December 2004, which establishes the partial financial funding, pursuant to Law 449/85, of some infrastructure projects at Malpensa Airport.

Receivables from the State under SEA/Ministry Infrastructure and Transport case, following the sentence of the Cassation Court, which recognised to the Company the non-compliance of handling tariffs for the period 1974-1981, in addition to interest and expenses incurred by the Company, for Euro 3,716 thousand at December 31, 2013 (Euro 3,542 thousand at December 31, 2012) relating to the residual amount not yet received from the Infrastructure and Transport Ministry, in addition to interest matured up to December 31, 2013. These receivables are considered recoverable.

Other receivables refer to miscellaneous receivables (reimbursements, supplier advances, insurance company receivables, arbitration with sub-contractions and other minor positions).

Employee and social security receivables mainly refer to the receivable from INPS and the Fondo Volo per la Cassa Integrazione Guadagni Straordinaria paid to employees on behalf of the institution and receivables from INAIL.

The receivable from the Ministry for Communications relates to higher provisional payments made in previous years for fees related to the radio bridges and will be offset by future fees to be paid.
The doubtful debt provision is made against the realisation risk of receivables and in 2013 the provision amounted to Euro 173 thousand.

7.13 Cash and cash equivalents

The breakdown of the account "cash and cash equivalents" is shown in the table below:

Cash and cash equivalents (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Bank and postal deposits	55,208	53,246
Cash in hand and at bank	74	92
Total	**55,282**	**53,338**

The available liquidity at December 31, 2013 is comprised of the following assets: bank and post deposits on demand for Euro 45,090 thousand (Euro 41,048 thousand at December 31, 2012), restricted bank deposits, which cover the quota of European Investment Bank loans due in the coming 12 months, for Euro 1,864 thousand (Euro 3,944 thousand at December 31, 2012) and a restricted deposit on the executive foreclosure on third parties for Euro 8,254 thousand relating to the case taken by Cascina Tre Pini – Quintavalle and cash amounts for Euro 74 thousand (Euro 92 thousand at December 31, 2012).

7.14 Shareholders' Equity

Share capital

At December 31, 2013, the share capital of SEA is comprised of 250,000,000 shares of a value of Euro 0.11 each, with a total value of Euro 27.5 million.

Legal and extraordinary reserve

At December 31, 2013 the legal reserve of SEA amounts to Euro 5.5 million while the extraordinary reserve amounts to Euro 87,974 thousand (Euro 76,518 thousand at December 31, 2012), with the increase of Euro 11,456 thousand following the allocation of the profit for the year 2012.

AFS Reserve (Available for Sale)

The AFS reserve at December 31, 2013, equal to Euro 1, represents the investment held by SEA in AA2000 based on the agreement with Cedicor as described in *Note* 7.5.

Cash Flow Hedge reserve

The balance of the reserve at December 31, 2013, amounting to Euro -6,672 thousand (Euro -10,297 thousand at December 31, 2012), relates to the change in the fair value of the effective part of the derivative hedge contracts listed at *Note* 4.2.

Actuarial gain/loss reserve

The balance of the reserve at December 31, 2013, equal to Euro -2,755 thousand (Euro -2,894 thousand at December 31, 2012), represents the actuarial losses matured at the balance sheet date on the Post-Employment Benefits provision.

Other reserves

The other reserves, amounting to Euro 60,289 thousand at December 31, 2013, refer entirely to the reserves recorded in accordance with the revaluation laws 576/75, 72/83 and 413/91.

Distribution of dividends

On June 24, 2013, the Shareholders' Meeting approved the distribution of dividends of Euro 26,700 thousand and the carrying forward to reserves of Euro 11,456 thousand, relating to the allocation of the 2012 net profit, amounting to Euro 38,156 thousand.

Availability of reserves

In accordance with Article 2427, no. 7-*bis* of the Civil Code, the equity accounts and their availability and possibility for distribution are reported below.

(in thousands of Euro)

Nature/description	at December 31, 2013	Possibility for utilisation (*)	Portion available	Utilisations carried out
Share capital	27,500	-		
Share premium reserve	-	A,B,C	-	
Legal reserve	5,500	B		
Extraordinary reserve	87,974	A,B,C	87,974	(125,902)
First time application of IFRS reserve	23,686 (1)	A,B,C	13,923	
AFS reserve	0	-		
Cash flow hedge reserve	(6,672)	-		
Actuarial profit/loss reserve	(2,755)			
Other reserves (2):				
- Revaluation under Law 576/76	3,649	A,B,C	3,649	
- Revaluation under Law 72/83	13,557	A,B,C	13,557	
- Revaluation under Law 413/91	43,083	A,B,C	43,083	
Total	**195,521**		**162,185**	**(125,902)**
Total non-distributable portion		**33,336**		

Key (in thousands of Euro)
(*) A: for share capital increase B: to cover losses C: for distribution to shareholders.
(1) In consideration of Article 7 of Legislative Decree 38/2005, the reserve is utilisable for 13.923 (A,B,C).The difference of 9.763 is entirely unavailable.
(2) Reserves for suspension of taxes.

7.15 Provisions for risks and charges

The changes in the provision for "Risks and charges" in the year are reported below:

Provision for risks and charges (in thousands of Euro)

	at December 31, 2012	Provisions/ increases	Utilisation	Releases	at December 31, 2013
Provision for restoration and replacement	114,701	26,294	(17,528)	-	123,467
Provision for future charges	42,358	10,222	(8,276)	(1,678)	42,626
Total provision for risks and charges	**157,059**	**36,516**	**(25,804)**	**(1,678)**	**166,093**

The restoration and replacement provision on assets under concession, created in accordance with IFRIC 12, amounting to Euro 123,467 thousand at December 31, 2013 (Euro 114,701 thousand at December 31, 2012), refers to the estimate of the amount matured relating to the maintenance on assets under concession from the State which will be undertaken in future years. The provision for the year takes into account the updated long-term scheduled maintenance and replacement plans on these assets. The breakdown of the provision for future charges is shown in the table below:

Provision for future charges (in thousands of Euro)

	at December 31, 2012	Provisions / increases	Utilisations	Releases	at December 31, 2013
Employment provisions	12,535	8,389	(6,926)	-	13,998
Disputes with contractors	2,275	-	-	(1,675)	600
Tax risks	2,754	-	-	-	2,754
Other provisions	24,794	1,833	(1,350)	(3)	25,274
Total provisions for future	**42,358**	**10,222**	**(8,276)**	**(1,678)**	**42,626**

The employee provisions relate to the expected streamlining actions to be undertaken on operations. The utilisations in the year are related to the incentivised departures during the year.
The reversal of the provision relating to the sub-contractors disputes concerns the resolution of the dispute, without any payment by the Company.

The account "other provisions" for Euro 25,274 thousand at December 31, 2013 (Euro 24,794 thousand at December 31, 2012) is mainly composed of the following items:

- Euro 10,896 thousand for legal disputes related to the operational management of the Milan Airports;
- Euro 8,000 thousand relating to charges from the acoustic zoning of the peripheral areas to the Milan Airports (Law no. 447/95 and subsequent Ministerial Decrees). It is reported that the Airport Commission of Malpensa has not yet provided the final approval, unlike the Airport Commission of Linate;
- Euro 5,497 thousand for risks relating to revocatory actions taken against the Company and relating to airline companies declared bankrupt;
- Euro 881 thousand for disputes with ENAV.

7.16 Employee provisions

The changes in the employee provisions in 2013 are shown below:

Employee provisions (in thousands of Euro)	at December 31, 2013
Opening provision	48,504
Financial (income)/charges	1,479
Transfer personnel from SEA Handling	84
Utilisations	(3,376)
Actuarial profit/(losses)	(191)
Total employee provisions	**46,500**

The actuarial calculation of the employee leaving indemnity takes into account the effects of the reform of Law no. 296 of December 27, 2006 and subsequent decrees and regulations.

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The principal actuarial assumptions, utilised for the determination of the pension obligations, are reported below.

Principal actuarial assumptions	at December 31, 2013
Annual discount rate	3.17%
Annual inflation rate	2.00%
Annual post-employment benefit increase	3.00%

From the year 2013 the annual discount rate, utilised for the determination of the present value of the obligation, was based on the Iboxx Eurozone Corporate AA index (3.17% at December 31, 2013), as considered more representative (and preferred by various regulators) than the Iboxx Eurozone Corporate A index (3.39% at December 31, 2013).

The sensitivity analysis for each of the significant assumptions at December 31, 2013 is shown below, indicating the effects that would arise on the post-employment benefit provision.

Change in assumptions (in thousands of Euro)	at December 31, 2013
+ 1 % on turnover	46,643
- 1 % on turnover	46,341
+ 1/4 % on the annual inflation rate	47,155
- 1/4 % on the annual inflation rate	45,857
+ 1/4 % on the annual discount rate	45,553
- 1/4 % on the annual discount rate	47,480

The average duration of the financial obligation and scheduled payments of the benefits are reported in the following tables:

Average financial duration of the obligation (in years)	at December 31, 2013
Duration of the plan	9.1

Scheduled disbursements (in thousands of Euro)	at December 31, 2013
Year 1	6,344
Year 2	5,103
Year 3	4,879
Year 4	4,864
Year 5	4,634

7.17 Current and non-current financial liabilities

The breakdown of current and non-current financial liabilities at December 31, 2013 and at the end of the previous year is reported below:

	at December 31, 2013		at December 31, 2012	
(in thousands of Euro)	Current	Non-current portion	Current	Non-current portion
Bank payables	130,911	399,695	50,904	394,938
Payables to other lenders	9,469	28,663	19,644	29,417
Total financial liabilities	**140,380**	**428,358**	**70,548**	**424,356**

The breakdown of the accounts is shown below:

(in thousands of Euro)	at December 31, 2013		at December 31, 2012	
	Current portion	Non-current portion	Current portion	Non-current portion
Long-term loans	55,304	389,485	46,846	380,567
Loan charges payables	2,904	-	4,058	-
Short-term loans	69,780	-	-	-
Ord. current account overdrafts	2,923	-	-	-
Advances on State grants	-	-	-	-
Fair value derivatives	-	10,210	-	14,371
Bank payables	**130,911**	**399,695**	**50,904**	**394,938**
Financial payables to subsidiaries	8,540	27,468	18,638	27,468
With recourse factoring payables	-	-	-	-
Leasing payables	929	1,195	1,006	1,949
Payables to other lenders	**9,469**	**28,663**	**19,644**	**29,417**
Total current and non-current liabilities	**140,380**	**428,358**	**70,548**	**424,356**

As illustrated in the table above the Company debt primary consists of medium/long term bank loans.

The finance leasing debt relates to radiogenic equipment.

For further information on bank loans and derivative contracts underwritten reference should be made to *Note* 4.
The table below shows the reconciliation between the finance lease payables and the future lease instalments at December 31, 2013:

(in thousands of Euro)	at December 31, 2013
Future lease instalments (principal + interest)	2,370
Implied interest	(421)
Present value of instalments until contract maturity	**1,949**
Amounts for unpaid invoices	174
Total payables for leasing (current and non-current)	**2,123**

For further information on loans received in 2013, the principal features of these loans and Company repayment schedules reference should be made to *Note* 4.
The breakdown of the Company net financial debt at December 31, 2013 and December 31, 2011, in accordance with CONSOB Communication of July 28, 2006 and ESMA/2012/81 recommendations are reported below:

(in thousands of Euro)	at December 31, 2013	at December 31, 2012
A. Cash	(55,282)	(53,338)
B. Other liquidity	-	-
C. Held-for-trading securities	-	-
D. Liquidity (A) + (B) + (C)	**(55,282)**	**(53,338)**
E. Financial receivables	**(31,503)**	**(30,974)**
F. Current financial payables	8,540	18,638
G. Current portion of medium/long-term bank loans	55,304	46,846
H. Other current financial payables	76,536	5,064
I. Payables and other current financial liabilities (F) + (G) + (H)	**140,380**	**70,548**
J. Net current financial debt (D) + (E) + (I)	**53,595**	**(13,765)**
K. Non-current portion of medium/long-term bank loans	389,485	380,567
L. Bonds issued	-	-
M. Other non-current financial payables	38,873	43,788
N. Payables & other non-current financial liabilities (K) + (L) + (M)	**428,358**	**424,356**
O. Net debt (J) + (N)	**481,953**	**410,591**

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At the end of December 2013, the net financial position amounted to Euro 481,953 thousand, increasing by Euro 71,362 thousand compared to the end of 2012 (Euro 410,591 thousand).
As illustrated in the cash flow statement, the level of net financial debt was impacted by the fact that the cash follow generated from the operating activity of Euro 132,537 thousand was not sufficient to offset the cash flow absorbed by investing activity (Euro 100,918 thousand) and that absorbed from financing activity for the payment of dividends and interest and commissions (respectively of Euro 88,966 thousand and Euro 15,944 thousand), in addition to the reduction of the financial assets and liabilities for a further Euro 15,494 thousand; in this context, while maintaining cash and cash equivalents substantially unchanged between the beginning and end of the year (respectively Euro 53,338 thousand and Euro 55,282 thousand), a greater recourse was necessary to short-term credit lines comprising hot money and bank overdrafts which totalled Euro 72,704 thousand, and a loan of Euro 5 million for a duration of 18 months, while the continued repayment of a significant interest portion of the loans (capital repayments of Euro 94.4 million in the year) was partially offset by the drawdown of Euro 60 million of loans on EIB funds, brokered by Banca Nazionale del Lavoro and Cassa Depositi e Prestiti, for a duration of not lower than ten years.

7.18 Trade payables

The breakdown of the "Trade payables" is shown below:

Trade payables (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Supplier payables	144,515	181,316
Advances	2,830	2,556
Payables to subsidiaries	26,639	21,311
Payables to associated companies	819	743
Total trade payables	**174,803**	**205,926**

Trade payables of Euro 174,803 thousand at December 31, 2013 refers to the purchase of goods and services relating to the operating activity and investments. In order to optimise operations with suppliers, trade payables at December 31, 2013 include sums ceded under indirect factoring contracts for Euro 25,572 thousand (Euro 16,456 thousand at December 31, 2012). The reduction in trade payables is related to the compliance of the contractual payment terms negotiated with suppliers.

The payables for advances at December 31, 2013, amounting to Euro 2,830 thousand, are mainly related to payments on account by clients.
For payables from subsidiaries and associated companies reference should be made to *Note* 9, relating to transactions with related parties.

7.19 Income tax payables

Payables for income taxes, amounting to Euro 58,258 thousand at December 31, 2013 (Euro 52,455 thousand at December 31, 2012), mainly relate to additional landing rights created by Law no. 166/2008, no. 350/2003, no. 43/2005, no. 296/2006 and no. 92/2012 for Euro 47,146 thousand (Euro 43,820 thousand at December 31, 2012), IRES and IRAP income tax payables of Euro 1,485 thousand (Euro 3,128 thousand at December 31, 2012), payables relating to higher IRES income tax paid by the Subsidiaries (within the Tax Consolidation) and requests for reimbursement in March 2013 through the consolidating company, against the non-deductibility from IRES of the IRAP regional tax on personnel costs relating to the years 2007-2011, for Euro 1,069 thousand (Euro 1,069 thousand at December 31, 2012), tax consolidation payable of Euro 2,326 thousand (Euro 577 thousand at December 31, 2012), employee and consultant's withholding taxes of Euro 3,892 thousand (Euro 3,590 thousand at December 31, 2012), VAT payables of Euro 2,095 thousand (Euro 245 thousand at December 31, 2012) and other minor tax payables.

For the year 2013, SEA adhered to the national tax consolidation with the subsidiary SEA Handling; the national tax consolidation has duration of three years (until the year 2015) and was communicated to the Tax Administration on June 10, 2013.

7.20 Other current and non-current payables

The breakdown of the account "Other current and non-current payables" at December 31, 2013 is shown below:

Other current payables (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Payable to social security institutions	11,489	11,663
Other payables	81,485	71,653
Payables to shareholders for dividends	81	62,458
Total other current payables	**93,055**	**145,774**

The breakdown of "Other payables" is as follows:

Other payables (in thousands of Euro)	at December 31, 2013	at December 31, 2012
Payables due to employees for amounts accrued	10,022	10,894
Payables due to employees for untaken holidays	5,123	5,829
Payables due to the State for concession charges	10,937	6,392
Payables for civil liability damages	-	408
Payables due to third parties for ticket collection	1,360	1,398
Payables due to the State for security concession services	69	68
Others	53,974	46,664
Total other payables	**81,485**	**71,653**

The account "Other", amounting to Euro 53,974 thousand at December 31, 2013 (Euro 46,664 thousand at December 31, 2012), mainly relates to the contribution share of the Company to the airport fire protection services created with Law no. 296 of December 27, 2006 for Euro 34,374 thousand (Euro 28,250 thousand at December 31, 2012), in addition to deferred income and other minor payables totalling Euro 19,600 thousand (Euro 18,414 thousand at December 31, 2012).

The increase of Euro 9,832 thousand in the account "Other current payables", compared to December 31, 2012, is due for Euro 6,124 thousand to the contribution share of the Company to the fire protection airport services and for Euro 4,545 thousand to concession fees which from September 23, 2012 (start date of the Master Agreement with ENAC) SEA must pay the entire amount.

Relating to the payable of the Company for airport fire protection services, on January 16, 2013, SEA was notified, on request of the Internal Ministry and Economic and Finance Ministry, of the Injunction Decree issued by the Milan Court for the payment of Euro 10,658 thousand, with interest and expenses of Euro 3.2 thousand. The Court did not authorise, despite the requests made, the provisional execution of the decree. The Company appealed and the case in pending.

In relation to this issue an appeal made in 2009 before the Lazio Administrative Court for the cancellation of the notice in which ENAC communicated the share of each of the airport management companies and the appeal made in 2012 before the Rome Civil Court in order to be exonerated from the payment of this contribution are still pending.

At December 31, 2013, as in the previous year, the Company had no other non-current payables.

7.21 Payables and receivables beyond five years

There are no receivables over five years.
The financial payables over 5 years amount to Euro 162,083 thousand. This relates to the repayment of principal on medium/long-term loans at December 31, 2013.

8. Income Statement

8.1 Operating revenues

The breakdown of operating revenues by business unit is reported below:

Operating revenues by business unit (in thousands of Euro)	2013	2012
Aviation	363,864	328,956
Non Aviation	194,573	183,628
Total operating revenues	**558,437**	**512,584**

The breakdown of Aviation operating revenues is reported below.

Aviation operating revenues (in thousands of Euro)	2013	2012
Centralised infrastructure and rights	296,194	243,153
Operating revenues from security controls	46,161	51,691
Use of regulated spaces	16,709	22,793
Free asset transfer	4,800	11,319
Total Aviation operating revenues	**363,864**	**328,956**

Aviation operating revenues in 2013 increased by Euro 34,908 thousand following the entry into force, at the end of 2012, of the Regulatory Agreement with ENAC.

In 2012 the account "Free asset transfer" concerned the free transfer to the Company SEA of a building and surrounding areas at Milan Malpensa airport by LSG Sky Chefs SpA, following the expiry of the land rights based on an agreement between the parties signed in March 1999. The free provision in 2013 concerns the building and relative annexes constructed by Air Europe SpA within Milan Malpensa airport under the agreement with SEA of December 1999, which established for the free transfer to SEA on conclusion of the agreement. In 2006 the rights relating to the agreement were transferred from Air Europe SpA to the company Volare SpA, currently in Extraordinary Administration. These amounts were recognised according to an experts' opinion on the market value prepared by the Varese Tax Agency in December 2012.

The breakdown of Non Aviation operating revenues is reported below.

Non Aviation operating revenues (in thousands of Euro)	2013	2012
Retail	74,291	71,726
Parking	52,704	45,752
Cargo spaces	11,120	10,830
Advertising	9,727	10,166
Services and other revenues	46,731	45,154
Total Non Aviation operating revenues	**194,573**	**183,628**

The breakdown of retail revenues is reported below.

Retail revenues (in thousands of Euro)	2013	2012
Shops	37,039	35,373
Food & Beverage	16,174	15,923
Car rental	12,491	12,761
Other	8,587	7,669
Total retail	**74,291**	**71,726**

Non Aviation revenues increased by Euro 10,945 thousand, principally due to the strong performance of retail revenues due to higher income from shops and increased revenues from parking, thanks to the commercial drive aimed at the business to business and business to consumer markets.

8.2 Revenue for works on assets under concession

Revenues for works on assets under concession decreased from Euro 88,662 thousand in 2012 to Euro 67,000 thousand in 2013.

These revenues, as per IFRIC 12, refer to construction work on assets under concession increased by a mark-up of 6% representing the remuneration of the internal cost for the management of the works and design activities undertaken by the Company, which corresponds to a mark-up which a general constructor would request to undertake such activities, and are included in the business unit Aviation.

This account is strictly related to investment and infrastructure upgrading activities. The investments principally refer to: *(i)* the completion of works for the construction of the third satellite and the continuation of extension works at Milan Malpensa 1; *(ii)* the extension of the cargo area.
The account "Costs for work on assets under concession" (*Note* 8.6) reports a decrease in the year due to lower work on assets under concession.

8.3 Personnel costs

The breakdown of personnel costs is as follows:

Personnel costs (in thousands of Euro)	2013	2012
Wages and salaries	108,891	110,215
Social security charges	32,189	32,720
Employee Leaving indemnity	7,075	7,478
Other personnel costs	4,899	5,274
Total	**153,054**	**155,687**

Personnel costs reduced by Euro 2,633 thousand (-1.7%), from Euro 155,687 thousand in 2012 to Euro 153,054 thousand in 2013.

This follows principally the reduction in the workforce and higher charges for provisions relating to the renewal of the national employment contract, partially offset by the greater use of vacation days and of the Extraordinary Temporary Lay-off Scheme. Recourse to temporary lay-off schemes amounted to Euro 8,052 thousand in 2013 and Euro 7,850 thousand in 2012.

The average number of employees by category compared to the previous year (Head-count and Head-equivalent) is reported below:

Average Head Equivalent (HDE)	HDE		HDC	
	2013	2012	2013	2012
Senior Managers	54	53	54	54
Managers	268	264	262	262
White-collar	1,648	1,674	1,649	1,703
Blue-collar	687	719	684	722
Total employees	**2,657**	**2,710**	**2,649**	**2,741**

8.4 Consumable materials

The breakdown of "Consumable materials" is as follows:

Consumable materials costs (in thousands of Euro)	2013	2012
Raw materials, consumables and supplies	11,007	15,129
Changes in inventories	1,158	1,369
Total	**12,165**	**16,498**

The account “consumable materials” mainly includes the purchase of goods for airport activities (chemical products for de-icing and de-snowing, clothing, spare parts, etc). The increase of Euro 4,333 thousand compared to the previous year is principally due to the decrease in the purchases for inventories of chemical products for de-icing and anti-icing utilised in the case of snow and/or ice, fuel and parts for runway lighting.

8.5 Other operating costs

The table below reports the breakdown of the account “Other operating costs”:

Other operating costs (in thousands of Euro)	2013	2012
Utilities & Security	40,687	41,592
Commercial costs	40,691	29,724
Ordinary maintenance costs	25,398	28,374
Services provided by SEA Handling SpA	18,741	17,557
Public body fees	27,744	16,217
Cleaning	12,161	11,464
Professional services	7,902	9,932
Hardware & software charges & rent	5,190	5,323
Tax charges	5,539	4,765
Losses on assets	851	3,833
Rental of equipment and vehicles	2,964	2,864
Insurance	2,153	2,602
Board of Statutory Auditors & BOD Fees	905	1,511
Disabled assistance service	992	1,497
Rental expenses	162	351
Misc. operating costs	10,042	10,093
Total other operating costs	**202,122**	**187,699**

In 2013, the account “Other operating costs” increased by Euro 14,423 thousand compared to the previous year. This increase was principally due to the following factors:

- lower utility costs due to the net effect of lower consumption of electricity for Euro 1,158 thousand and higher heating and air-conditioning costs of Euro 605 thousand. This change is related to the change in raw material prices, to the different calculation methods (higher charges in 2012) and to the opening of the new arrivals hall and departures check-in in the northern section (high risk islands and new commercial activities) of the third satellite at Malpensa;
- higher commercial costs of Euro 10,967 thousand related principally to the increase in leaving incentive charges;
- lower ordinary maintenance costs of Euro 2,976 thousand, in particular programmed maintenance on property, plant and equipment;
- higher fees to Public Entities for Euro 11,527 thousand based on an increase in the concession fee which, from September 23, 2012 (date of entry into force of the Master Agreement with ENAC), SEA must pay the entire amount, while up to that date benefitted from an abatement of 75%;
- lower costs for professional legal, administrative and strategic services of Euro 2,030 thousand following reduced outsourcing of consultants;
- lower losses compared to the previous year, for Euro 2,982 thousand related to the disposals during the year of plant and equipment;
- increased tax charges of Euro 774 thousand, related to local property tax;
- reduction in emoluments paid to the Board of Statutory Auditors for Euro 654 thousand following the redefinition of fees devolving to statutory auditors; the nomination of the Board was approved in June 2013.

The residual account “Other costs” includes, principally, miscellaneous industrial costs (cost for direct management of Malpensa T1 parking, certification and authorisation charges, reception and welcoming passengers etc.) amounted to Euro 3,248 thousand (Euro 3,018 thousand in 2012), VIP lounge catering services of Euro 1,871 thousand (Euro 1,887 thousand in 2012), landside transportation services of Euro 868 thousand (Euro 869 thousand in 2012), association contributions paid by the Company of Euro 868 thousand (Euro 890 thousand in 2012), commission costs and intermediary services of Euro 1,163 thousand (Euro 894 thousand in 2012), purchase and subscription of newspapers and magazines of Euro 494 thousand (Euro 587 thousand in 2012) and office running expenses.

8.6 Costs for works on assets under concession

Costs for works on assets under concession decreased from Euro 83,453 thousand in 2012 to Euro 62,311 thousand in 2013. The change in the account is related to the investment activities (*Note* 8.2).

These costs refer to the costs for the works undertaken on assets under concession and concern the Aviation business unit.

8.7 Provisions and write-downs

The breakdown of provisions and write-downs is as follows:

Provisions and write-downs (in thousands of Euro)	2013	2012
Write-downs of current assets and cash and cash equiv.	20,774	17,358
Fixed asset write-downs	8,200	-
Release of doubtful debt provision	(13,663)	(10,626)
Provisions for restoration and replacement	8,172	3,118
Total provisions and write-downs	**23,483**	**9,850**

In 2013, provisions and write-downs increased by Euro 13,633 thousand compared to the previous year, from Euro 9,850 thousand in 2012 to Euro 23,483 thousand in 2013.
The increase is due to the higher provisions to cover the greater risk of the company compared to the previous year and the write-down of tangible fixed assets of Euro 8.2 million, in relation to which reference should be made to *Note* 7.2.

The doubtful debt provision in the year was calculated to take into account the risk in deterioration of the financial positions of the principle operators with which disputes exist and write-downs for receivables under administration. This account reports an increase of Euro 3,416 thousand, from Euro 17,358 thousand in 2012 to Euro 20,774 thousand in 2013 and is almost entirely offset by increased reversals of Euro 3,037 thousand, increasing from 10,626 thousand in 2012 to Euro 13,663 thousand in 2013.

The net provisions for future risks and charges, amounting to Euro 8,172 thousand (Euro 3,118 thousand in 2012), refers principally to adjustments on valuations on the labour charges deriving from trade union agreements concluded at the end of 2013 and to probable charges related to the insurance dispute concerning the operational management of the Milan Airports.

8.8 Restoration and replacement provision

The breakdown of the restoration and replacement provision is as follows:

Restoration & replacement provision (in thousands of Euro)	2013	2012
Restoration & replacement provision	26,294	11,350
Total restoration & replacement provision	**26,294**	**11,350**

It should be noted that, for a better presentation of the financial settlements, the account "restoration and replacement provision" was reclassified separately from the account "provisions and write-downs".

This account includes the provision for the year relating to the scheduled replacement and maintenance of the assets within the so-called "Concession Right".

An increase of Euro 14,944 thousand is reported, from Euro 11,350 thousand in 2012 to Euro 26,294 thousand in 2013, following the updating of the long-term scheduled replacement and maintenance plan of the assets within the so-called "Concession Right".

8.9 Amortisation & depreciation

The account "amortisation & depreciation" is comprised of:

Amortisation and depreciation (in thousands of Euro)	2013	2012
Amortisation of intangible assets	33,992	26,885
Amortisation of tangible assets	12,907	13,287
Depreciation of property, plant & equipment & property invest.	2	1
Total amortisation and depreciation	**46,901**	**40,173**

The depreciation of tangible fixed assets reflects the estimated useful life made by the company while, for the intangible assets within the "Lease Rights" consideration is taken of the concession duration.

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8.10 Investment income and charges

The breakdown of investment income and charges is as follows:

Investment income/(charges) (in thousands of Euro)	2013	2012
Income from sale of Aeropuertos Argentina 2000 SA	-	-
GESAC SpA valuation gain	-	-
SEA Handling SpA write-down		(23,544)
Airport Handling Srl write-down	(50)	-
Railink Srl write-down	(5)	-
Dividends from SACBO SpA	1,394	922
Dividends from Aeropuertos Argentina 2000 SA	-	-
Dividends from Dufrital SpA	-	1,600
Dividends from Disma SpA	309	338
Dividends from CID Italia SpA	-	
Other	14	22
Total investment income/(charges)	**1,662**	**(20,662)**

Investment income reduced by Euro 1,165 thousand (-40.4%) compared to the previous year, decreasing form Euro 2,882 thousand in 2012 to Euro 1,717 thousand in 2013. These amounts concern dividends received from investees.

Investment charges reduced Euro 23,489 thousand (-99.7%), as the investment held in SEA Handling SpA was entirely written-down in 2012 for Euro 23,544 thousand. The write-down in 2013, totalling Euro 55 thousand refers to the adjustment of the value in the investments held in Airport Handling Srl and Railink Srl. For further information, reference should be made to *Note* 7.4.

8.11 Financial income and charges

The breakdown of the account "financial income and charges" is as follows:

Financial income (charges) (in thousands of Euro)	2013	2012
Currency gains	1	15
Other financial income	1,930	1,907
Total financial income	**1,931**	**1,922**
Interest expense on medium/long-term loans	11,974	7,831
Currency losses	4	25
Other interest expenses	8,276	10,031
Total financial charges	**20,254**	**17,887**
Total financial income (charges)	**(18,323)**	**(15,965)**

Net financial charges increased by Euro 2,358 thousand (+14.7%), from Euro 15,965 thousand in 2012 to Euro 18,323 thousand in 2013. The increase is principally related to the combined increase in "Interest expense on medium/long-term loans" for Euro 4,143 thousand (+52.9%) and a decrease in "Other interest expenses" for Euro 1,754 thousand (-17.5%).
In particular, in 2013 higher recourse was made to external sourcing of finance through "hot money" credit lines and medium/long-term loans, with consequent higher interest expense. For further information on the change in the financial liabilities, reference should be made to *Note* 7.17.

The decrease in "Other interest expenses" is however principally due to the positive impact from increased financial charges capitalised as per IAS 23R for Euro 1,121 thousand, from Euro 595 thousand in 2012 to Euro 1,716 thousand in 2013, the reduction in interest expense concerning post-employment benefits for Euro 450 thousand, increasing from Euro 1,929 thousand in 2012 to Euro 1,479 thousand in 2013, the reduction in commissions on loans for Euro 237 thousand and the decrease in interest expense on finance leases for Euro 102 thousand; no financial charge was recognised to the income statement in relation to the discounting of the expected payment on the restoration and replacement provision following the alteration in the manner for calculating the provision based on present values and not over-inflated amounts (these charges amounted to Euro 3,484 thousand in 2012).

8.12 Income taxes

The breakdown of the account "income taxes" is shown below:

Income taxes (in thousands of Euro)	2013	2012
Current income taxes	33,972	25,976
Deferred income taxes	(3,708)	(4,221)
Total	**30,264**	**21,755**

The reconciliation between the ordinary and effective IRES tax rate for 2013 is shown below:

(In thousands of Euro)

Description	2013	Tax effects
Pre-tax profit	**82,446**	
Theoretical income taxes	22,673	27.5%
Tax effect of permanent differences	(530)	-0.6%
IRAP	11,854	14.4%
Other	(3,550)	-4.3%
Total	**30,447**	**36.9%**

The amount of the account "Other" is composed for Euro 2,327 thousand of the benefit deriving from the utilisation of the tax losses of the subsidiary SEA Handling, for Euro 3,540 thousand to the adjustments on taxes paid in previous years and, with a negative impact for Euro 2,317 thousand from the adjustments on deferred tax assets, principally relating to the tax treatment of the restoration provision redetermined on the presentation of the 2013 tax declaration.

9. Transactions with Related Parties

The table below shows the balances and transactions of the company with related parties for the years 2013 and 2012 and an indication of the percentage of the relative account:

Transactions with related parties — at December 31, 2013

(in thousands of Euro)	Trade receivables	Current financial receivables	Income tax receivables	Trade payables	Current & non-Current financial liabilities	Income tax payables
Subsidiaries						
SEA Handling SpA	8,382	-	-	16,859	36,008	3,354
SEA Energia SpA	787	30,144	-	9,541	-	41
Consorzio Malpensa Construction	270	-	-	192	-	-
Airport Handling Srl	66	-	-	-	-	-
Ali Trasporti Aerei ATA SpA	803	-	-	46	-	-
ATA Ali Servizi SpA	42	-	-	-	-	-
Associated companies						
SACBO SpA	5	-	-	-	-	-
Dufrital SpA	2,041	-	-	10	-	-
Malpensa Logistica Europa SpA	1,870	-	-	-	-	-
SEA Services Srl	1,331	-	-	809	-	-
Disma SpA	134	-	-	-	-	-
Total related parties	**15,731**	**30,144**	**-**	**27,457**	**36,008**	**3,395**
Total financial statments	103,829	30,144	13,384	174,803	564,736	58,238
% of total Financial Statements	**15.15%**	**100.00%**	**0.00%**	**15.71%**	**6.38%**	**5.83%**

Transactions with related parties — 2013

(in thousands of Euro)	Operating revenues	Operating costs (ex. costs for works on assets und. concession)	Net financial income/(charges)	Investment income/(charges)
Subsidiaries				
SEA Handling SpA	17,230	18,940	-	-
SEA Energia SpA	797	34,864	938	-
Consorzio Malpensa Construction	625	317	-	-
Railink Srl in liquidation	-	-	-	(5)
Airport Handling Srl	51	-	-	(50)
Ali Trasporti Aerei ATA SpA	3,221	295		
ATA Ali Servizi SpA	63	-	-	-
Associated companies				
SACBO SpA	4	-	-	1,394
Dufrital SpA	25,216	35	-	-
Malpensa Logistica Europa SpA	4,037	9	-	-
SEA Services Srl	1,954	1,886	-	-
Disma SpA	256	-	-	309
Romairport	-	-	-	14
Total related parties	**53,454**	**56,346**	**938**	**1,662**
Total Financial Statements	558,437	390,824	(18,323)	1,662
% of total Financial Statements	**9.57%**	**14.42%**	**-5.12%**	**100.00%**

Transactions with related parties at December 31, 2012

(in thousands of Euro)	Trade receivables	Current financial receivables	Income tax receivables	Trade payables	Current & non-Current financial liabilities	Income tax payables
Subsidiaries						
SEA Handling SpA	11,102	-	-	10,881	46,107	1,605
SEA Energia SpA	806	29,643	-	9,965	-	67
Consorzio Malpensa Construction	324	-	-	438	-	-
Associated companies						
SACBO SpA	2	-	-	-	-	-
Dufrital SpA	4,630	-	-	10	-	-
Malpensa Logistica Europa SpA	2,366	-	-	27	-	-
SEA Services Srl	637	-	-	732	-	-
Disma SpA	132	-	-	-	-	-
Total related parties	**19,999**	**29,643**	**-**	**22,053**	**46,107**	**1,672**
Total Financial Statements	130,792	29,643	14.542	205,926	494,904	52,455
% of total Financial Statements	**15.29%**	**100.00%**	**0.00%**	**10.71%**	**9.32%**	**3.19%**

Transactions with related parties 2012

(In thousands of Euro)	Operating revenues	Operating costs (ex. costs for works on assets und. concession)	Net financial income/(charges)	Investment income/(charges)
Subsidiaries				
SEA Handling SpA	21,565	17,752	(228)	(23,544)
SEA Energia SpA	1,213	34,288	1,228	-
Consorzio Malpensa Construction	357	1	-	-
Associated companies				
SACBO SpA	41	-	-	922
Dufrital SpA	24,403	33	-	1,600
Malpensa Logistica Europa SpA	4,480	280	-	-
SEA Services Srl	2,189	1,941	-	-
Disma SpA	309	-	-	338
Romairport	-	-	-	22
Total related parties	**54,557**	**54,295**	**1,000**	**(20,662)**
Total Financial Statements	512,584	369,733	(15,965)	(20,662)
% of total Financial Statements	**10.64%**	**14.68%**	**-6.26%**	**100.00%**

Transactions with subsidiary companies

Commercial transactions between SEA and subsidiary companies are as follows:

i) the transactions between SEA and SEA Handling, among others, (a) SEA Handling undertakes on behalf of the Company some operating services at the Milan Airports, among which de-icing services (de-icing of airplanes), snow clearing, baggage handling for all airlines at the airports (BHS), state military and humanitarian flight assistance and Fast-track service assistance; (b) the Company provides to the subsidiary SEA Handling some administrative services (among which legal, administrative, auditing and customer care) and operating services (among which airplane movement and passenger and flight crew transport from the terminal to the airplanes and vice versa), and allows, against a contractually agreed fee, the utilisation of its automated baggage handling system and premises at the Milan Airports for the undertaking of the services at (a) above on behalf of SEA;

ii) the transactions between SEA Energia and SEA concern the supply by SEA Energia, at the Milan Airports, of electric and thermal energy produced by the Co-generation plants, located at the afore-mentioned airports, for its energy requirements, the agreements relating to the division of the Green Certificates generated by the Co-generation plants at the Milan Linate Airport, as well as the agreement for the provision, by the Company in favour of SEA Energia, of administrative services (among which legal, fiscal, planning and control);

iii) the transactions between the Company and the Malpensa Construction Consortium relate to the provision of design services and management of the works for the expansion and improvement of the Milan Airports which the Consortium undertakes on behalf of SEA;

iv) the transactions with Ali Trasporti Aerei ATA SpA concern the sub-concession contract for the General Aviation management operations, at the Linate airport, granted by SEA on May 26, 2008 and expiring on April 30, 2041. The contract concerns, specifically, the utilisation of the general aviation infrastructure and the verification and collection, on behalf of SEA, of airport rights and security.

The financial transactions between SEA and the other subsidiary companies principally refer to:

i) centralised treasury services (cash pooling) which SEA undertakes on behalf of the subsidiaries SEA Handling and SEA Energia;
ii) loans of SEA Handling to SEA which originated since the incorporation of SEA Handling, utilised and to be utilised for the financial needs of the company, including interest matured.

Reference should be made to *Note* 7.4 for the commitments undertaken by SEA on March 24, 2014 in relation to the guarantee of the solvent liquidation of SEA Handling where the activity stoppage plan under negotiation with the European Commission is implemented and in relation to the uncertainties surrounding the quantification of the payment related to this commitment amid alternative stoppage options, which would involve a significantly differing amount of charges.

Transactions with associated companies

The transactions between the Company and the associated companies, in the periods indicated below:

- commercial transactions with reference to the recognition to SEA of royalties on sales (Dufrital);
- rental of premises (Malpensa Logistica Europa);
- supply to SEA of catering services (SEA Services);
- commercial transactions deriving from the concession for the distribution of fuel (Disma).

The above-mentioned transactions were within the ordinary activities of the Group and undertaken at market values.

Other transactions with Related Parties

SACBO
In 2013, SACBO distributed dividends to SEA for Euro 1,394 thousand.

DISMA
In 2013, Disma distributed dividends to SEA for Euro 309 thousand.

10. Directors' emoluments

In 2013, the remuneration for the Board of Directors, including welfare and accessory charges, amounted to Euro 637 thousand (Euro 589 thousand in 2012).

11. Board of Statutory Auditors fees

In 2013, the remuneration for the Board of Statutory Auditors, including welfare and accessory charges, amounted to Euro 268 thousand (Euro 922 thousand in 2012).

12. Independent Audit Firm fees

The fees for the audit of the Statutory Financial Statements of SEA recognised to the independent audit firm Deloitte & Touche SpA for the year 2013 amounted to Euro 109 thousand.

13. Commitments and guarantees

13.1 Investment commitments

The principal commitments for investment contracts under Consortium Regroupings are shown below net of works already realised:

Breakdown of commitments by project (in thousands of Euro)	at December 31, 2013	at December 31, 2012
R.T.I. Taddei SpA/Gemmo SpA/Costruzioni Giuseppe Montagna Srl/Gencantieri SpA/ CPL Concordia Soc.Coop/One Works SpA/Manens-Tifs SpA/Editecna Srl	33,527	38,244
R.T.I. Codelfa SpA/Coiver Contract Srl/Omeras GmbH	18,034	29,222
R.T.I. Gemmo SpA/Elettromeccanica Bustese Srl	5,228	12,720
R.T.I. Impresa Bacchi Srl/SO.CE.CO. Engineering Group Srl/Bacchi Matteo Giorgio	-	10,964
R.T.I. Codelda SpA/ Impresa Bacchi Srl	-	8,184
R.T.I. Impresa Cavalleri Ottavio SpA/Gemmo SpA	-	7,482
R.T.I. Cefla Soc.Coop./Gruppo PSC SpA/Siemens SpA	3,686	6,771
Siemens Postal, Parcel & Airport Logistic	3,639	-
Total	**64,114**	**113,587**

13.2 Commitments for rental contracts

At December 31, 2013, SEA has commitments on rental contracts totaling Euro 4,941 thousand, principally relating to the rental of airport buses and motor vehicles. The breakdown of the minimum payments on the contracts of the Company at December 31, 2013 is as follows:

(in thousands of Euro)	at December 31, 2013
Within 12 months	3,180
Between 1 & 5 years	1,761
Total	**4,941**

13.3 Guarantees

The secured guarantees, amounting to Euro 2,033 thousand at December 31, 2013, relate to the lien on receivables against loans provided by credit institutions on European Investment Bank funds.

At December 31, 2013, the sureties in favour of third parties were as follows:

- surety issued by the European Investment Fund for Euro 8,602 thousand to guarantee the European Investment Bank loans;
- surety of Euro 25,000 thousand to Banca Popolare di Milano Scarl to guarantee credit lines received from companies within the centralised treasury system;
- surety of Euro 21,174 thousand in favour of ENAC, as guarantee of the concession fee;
- surety of Euro 4 million in favour of the Defence Ministry for utilisation by SEA of land owned by the Ministry following the road access works undertaken for the opening of the new multi-storey parking at Milan Linate Airport. This guarantee is within the technical agreement which SEA signed on June 4, 2009 with the Defence Ministry and with ENAC which establishes that the Defence Ministry transfers to ENAC some state buildings no longer of military interest adjacent to the Milan Airport. SEA, having the necessity to utilise these assets to improve and develop the airport infrastructures, acquired the concession to utilise these assets until 2041 against the realisation of a series of works in favour of the Defence Ministry for a total amount of Euro 25,900 thousand;
- surety of Euro 322 thousand in favour of the Parco Lombardo Valle del Ticino Consortium for the correct execution of the forestry offsetting work for the transformation of a portion of the forest on the airport grounds of Milan Malpensa and in the Lonate Pozzolo Municipality;
- surety of Euro 342 thousand in favour of the supplier Contract GmbH for the rental of airport buses;
- Euro 463 thousand for other minor sureties.

14. Potential liabilities and disputes

Reference should be made in the explanatory notes in relation to disputes on investments (*Note* 7.4 and *Note* 7.5), receivables (*Note* 7.9) and operating risks (*Note* 7.15).

15. Transactions relating to atypical or unusual operations

In accordance with CONSOB Communication of July 28, 2006, the Company did not undertake any transactions deriving from atypical or unusual operations, as set out in the communication.

16. Significant non-recurring events and operations

Pursuant to CONSOB Communication of July 28, 2006, in the view of Directors, in 2013 SEA undertook the following non-recurring significant operations:

- recording compensation of Euro 7.2 million, classified in the account "Operating revenues" for the non-availability of passenger parking, partially demolished following the work undertaken for the new M4 metro line;
- free asset transfer of Euro 4.8 million, in accordance with the agreement signed between SEA and Air Europe in 1999, of a building located within the airport area of Malpensa; this building was classified in the account "Assets under concession";
- write-down of Euro 8.2 million under property, plant and equipment, in relation to which reference should be made to *Note* 7.2;

17. Subsequent events to the year-end

Reference should be made to the Directors' Report.

The Chairman of the Board of Directors
Pietro Modiano

Board of Statutory Auditors' Report

To the Shareholders' meeting on the activities undertaken for the year ended 31.12.2013
SEA – Società Esercizi Aeroportuali SpA

Dear Shareholders,

in accordance with Article 2429, second paragraph, of the Civil Code, the Board of Statutory Auditors reports to the Shareholders' Meeting on the supervision activities undertaken for the year ended December 31, 2013 relating to its obligations in accordance with Law, on compliance with the Company By-laws, on compliance with the principles of correct administration, on the adequacy and functioning of the organisational structure within our remit, on the adequacy and functioning of the internal control system, on the adequacy and functioning of the administration/accounting system, as well as on the reliability of this latter to correctly represent the operational events and on the implementation of the Corporate Governance Regulations.
In order to assist the understanding of the present Report and some of the details contained therein, it is stated that the current Board of Statutory Auditors was appointed for the 2013-2015 three-year period with Extraordinary Shareholders' Meeting motion of June 24, 2013, in replacement of the preceding Board of Statutory Auditors, which completed its mandate at that date.
Similarly, it is stated that, in relation to the appointment for the auditing of accounts with Extraordinary Shareholders' Meeting motion of June 24, 2013, such was awarded to the Independent Audit Firm Deloitte & Touche SpA, in accordance with Article 37 of Legislative Decree no. 39 of 27.01.2010 for the 2013-2015 three-year period.
In relation to the audit of the financial statements, reference should be made to the Auditors' Report issued on April 15, 2014.

1. Activities

Our activities during the year were performed in accordance with the requirements of Law and the Conduct Principles for the Boards of Statutory Auditors recommended by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).
During the year 2013, the Board of Statutory Auditors, under its mandate and in its current composition, attended the meetings of the Board of Directors and the Shareholders' Meetings and observed compliance with law and the company By-laws, including the correct exercise of the powers conferred to the Directors.
The Board of Directors met 17 times during the year to report on the activities undertaken and to approve motions; the Shareholders' Meeting met once during the year on June 24, 2013, in both ordinary session and extraordinary session.
The Board of Statutory Auditors, appointed on June 24, 2013 as indicated above, therefore attended the Board of Directors meetings subsequent to this date and in particular, during the meetings, the Board of Directors were informed by the Executive Bodies periodically and in a timely manner on the management activities and on the principal ordinary and extraordinary matters, also in relation to the subsidiary companies, which permitted us to verify that the management was undertaken in accordance with the corporate objects; in particular the formulation of the decision making process adopted by the Board of Directors appears to us to ensure the provision of adequate information. Such commitment to exhaustive disclosure, also through the appraisal of the documentation concerning previous Board of Directors' and Board of Statutory Auditors' meetings, appears to have been widely incorporated into company processes and ensures full transparency on matters of significant operational importance.
The Board of Statutory Auditors, both in its previous form and in its current newly appointed form, met on eight occasions during the year to carry out the periodic verifications; through appraisal of the minutes of the previous Board of Statutory Auditors' meetings and the verifications carried out by the current newly appointed Board, it may be stated that during the verifications periodic exchanges of information were carried out between the managers of the various departments and the Independent Audit Firm; it is additionally stated that through the meetings carried out in the course of mandate and the appraisal of those carried out by the previous Board, no significant issues emerged concerning operational management, nor issues concerning conflicts of interests.
We have maintained constant and adequate liaison with the Internal Audit Department, verifying that such was carried out also by the previous Board, and we have verified that this department has the required capacity, autonomy and independence; we have also verified that adequate collaboration and exchange of information took place between bodies and departments undertaking control functions.

In particular:
- we have verified compliance with law and the company By-laws and with the principles of correct administration;
- the Board of Statutory Auditors, both in its preceding composition and in relation to the present subsequently appointed Board, attended the Shareholders' Meetings and Board of Directors' meetings and verified that they were carried out in compliance with the applicable By-laws, regulations and legislation; we can also reasonably assure that the motions passed were in accordance with law and the company By-laws;

- we verified that the activities of the Board of Directors were not imprudent or reckless, or in potential conflict of interest or such as to compromise the integrity of the Company's assets;
- we have received from the Directors, during the meetings held, information on the general performance of the business and on the outlook, as well as the most significant operations, for their size or characteristics, made by the company and its subsidiaries and we can reasonably assert, on the basis on the controls performed, that the operations undertaken by the Company are in conformity with law and the Company By-laws and there have been no cases of imprudence, excessive risks, potential conflict of interest or contrary to the resolutions of the Shareholders' Meetings or that would compromise the integrity of the company assets;
- the Company has not undertaken, as far as we are aware, atypical or unusual transactions with companies of the Group, related parties or third parties; the transactions with companies of the SEA Group are of a commercial or financial nature, made in accordance with the procedures adopted by the Board of Directors which have verified their appropriateness and effective interest for the Company;
- we obtained information and reviewed, in relation to our remit, the adequacy of the organisational structure of the Company, also through the information received from departmental managers and in relation to this there are no matters to report upon;
- we reviewed the adequacy and functioning of the internal control system, which refers to the overall system which verifies compliance with internal procedures, both operating and administrative, adopted in order to safeguard the company's assets, the correct and efficient management, as well as the identification, prevention and management of risks of a financial and operating nature and business risks, through constant monitoring of the risks and their management; this activity is also undertaken in collaboration with the Independent Auditors;
- we analysed and reviewed the adequacy of the administrative/accounting system of the Company, as well as the reliability of this latter to provide a true and fair representation in the financial statements of the operating events; in this context, we requested and obtained all necessary information from Managers of the respective Departments, undertaking all verifications considered necessary through the direct examination of company documents. We periodically reviewed the correct functioning of the system through meetings with the Group CEO and directly with individual Directors of the Administration, Finance and Control Department, and in relation to this there are no matters to report upon.
- we maintained a constant exchange of information with the Independent Audit Firm Deloitte & Touche SpA, appointed as the Company's Auditors, and no significant matters arose requiring disclosure in the present report;
- the Board of Statutory Auditors attended the meetings of the SEA Group Risk and Control Committee, of the Ethics Committee and of the Remuneration and Appointments Committee during the year;
- the Board of Statutory Auditors reviewed the quarterly reports, the 2013 Annual Report and the 2013 Audit plan, prepared by the Internal Audit Department, with which the Board of Statutory Auditors maintained constant exchange of information;
- we report that during 2013 no complaints were presented to the Board of Statutory Auditors pursuant to Article 2408 of Civil Code and that during our supervision activities, as described above, no omissions emerged or significant facts that should be mentioned in the present report.

The separate financial statements for the year ended 31.12.2013 were audited by Deloitte & Touche SpA, which issued its Independent Auditors' Report on April 15, 2014, in accordance with Article 14 of Legs. Decree no. 39 of January 27, 2010, which expressed a favourable opinion and also drew the attention of the reader to the following matter, which we consider significant:
"For an improved understanding of the separate financial statements, reference should be made to the Directors' Report and in particular the paragraphs "Going concern" of the **handling** *sector and "SEA Group risk factors – Risks related to the European Commission decision of 19.12.2012 concerning presumed State Aid granted in favour of SEA Handling", in addition to Note 7.4 "Investments in subsidiaries and associated companies" of the notes for the considerations of the Directors (**i**) on the state of the judicial and non-judicial initiatives in progress with the European Commission in relation to the investigation by the European Commission concerning presumed state aid granted in favour of Sea Handling SpA and (**ii**) on the valuation of the investment in Sea Handling SpA under the expected liquidation and in relation to which the company on March 24, 2014 undertook an irrevocable commitment to guarantee its solvent liquidation"*

In relation to the accounting principles utilised for the preparation of the financial statements, reference should be made to the Independent Auditors' Report. The Explanatory Notes report the assignments conferred to the independent audit firm; for the year 2013 the fees for the audit of the Statutory Financial Statements of SEA SpA and of the SEA Group Consolidated Financial Statements amounted to Euro 280 thousand. From the information obtained, no other assignments were conferred to the independent audit firm or its network, other than the audit of the financial statements of the Company and of its subsidiaries. No matters arose on the evaluation by the Board of Statutory Auditors of the independence of the audit firm.

Significant transactions

The Board of Directors, in the Directors' Report, provided detailed information on the most significant operations in the year 2013 which we summarise below:

- *SEA Group acquires Linate General Aviation*
  On December 18, 2013, the Group, as part of its competitive strengthening, acquired the 98.34% majority and controlling share held by Società Acqua Pia Antica Marcia SpA (SAPAM) in Ali Trasporti Aerei ATA SpA, following the authorisation of the Appointed Judge in accordance with Article 167 of the Bankruptcy Law. The cost of the investment was Euro 25,200 thousand.
  The SEA Group will manage therefore also the western section of Linate airport which represents, with over 24 thousand movements served in 2012, the largest Italian General Aviation base and the sixth in Europe by number of daily movements.
  Through General Aviation Management, the Group, in addition to rolling out a significant investment plan, will be able to fully serve the traffic business (commercial and general aviation), which is one of the key features of air traffic to and from Milan.
  The acquisition did not affect the consolidated result, as the operation took place at year-end, although impacting the consolidated assets and liabilities due to the change in the consolidation scope following the holding acquired.
- *Milano Malpensa 1 – Airport Experience*
  The works on the extension of Terminal 1 at Milan Malpensa continued in the year, which will ensure an extensive upgrading and value enhancement, also with a view to the major upcoming event of Expo 2015.
  Under the modernisation and extension of Terminal 1, the innovation proposed by the "Airport Experience" at Malpensa will also improve significantly the infrastructure available and architectural features. These activities, already carried out for the Northern satellite boarding gates opened in January 2013, will involve the entire commercial section of the departures area and will be followed by the arrivals area.
- *Malpensa Terminal 1/Terminal 2 rail link*
  In 2013, the European Union decided to co-finance the construction of the rail link between the two Malpensa Terminals, covering 20% of the overall cost of the operation. The 3.4 Km rail link, largely underground (with the new station designed by SEA and mapped by Ferrovie Nord) is an infrastructure within the works related to the Expo which will be constructed in 18 months.
  SEA is therefore committed to directly cover the project for Euro 16 million and together with Ferrovie Nord is coordinating and planning the infrastructure construction activities. The remaining amount required for the completion of the link will be covered by Italian Government loans (Euro 45 million – Official Gazette no. 300 of December 23, 2013) and by the Lombardy Region (Euro 30 million), for a total amount of Euro 115 million. The commencement of works is scheduled for the second half of 2014.
- Regulatory Agreement: on September 23, 2012, the new Regulatory Agreement signed by SEA and ENAC in 2011 entered into force. As indicated in the Directors' Report, the new Regulatory Agreement became fully effective in 2013 and for the 2014 fees ENAC permitted a further tariff increase of 0.6% as a bonus for the achievement of the qualitative and environmental protection objectives at both airports managed by SEA.
- In 2013 the Company continued to utilise social security schemes (Extraordinary Temporary Lay-off Scheme and similar schemes), following the crisis created by the dehubbing of Alitalia – although at lower levels than the previous year. Further social security measures, in line with recent regulatory developments, will be applied also in 2014.

Management and direction activity

The Company is not subject to the direction and coordination of the shareholder the Municipality of Milan, pursuant to Article 2497 of the Civil Code and thereafter, while it exercises direction and coordination, also in accordance with Article 2497 of the Civil Code and thereafter, on the wholly-owned subsidiaries SEA Handling SpA and SEA Energia SpA, Ali Trasporti Aerei ATA SpA, held 98.34%, which is 100% parent of ATA Ali Servizi SpA.

During 2013, the Board of Directors were not attributed remuneration above that contained in Article 1, paragraphs 725 and thereafter, of Law no. 296/2006 and subsequent amendments, both for the public nominated directors and the private nominated directors.

During the year, the Board of Statutory Auditors did not receive requests for the issue of opinions and was not required to issue opinions on the basis of specific regulations.

We noted that the Company during 2013:

- received the "Energy Management System" certification (from October 2013). This important result was achieved based on the level of excellence of all activities related to energy management, which enabled a total saving compared to 2008, for the years 2009/2010/2011/2012 of over 82,800 MWh, corresponding to reduced atmospheric emissions of 33,000 tonnes of CO_2, with significant financial savings.
- maintained the Corporate Governance system introduced in 2003, based on the recommendations of the Self-Governance Code of Listed Companies, although not obligatory, through the creation of the Group Risk and Control Committee, the Ethics Committee and the Remuneration. In relation to the individual committees established to analyse any possible optimisation of procedures and which the Board of Statutory Auditors periodically attended through its members, we highlight within the Control and Risks Committee of the Group the preparation of a "Procedure for Transactions with Related Parties", which will be issued shortly and

submitted for the approval of the Board of Directors.

- maintained the adoption of an Ethics Code which defines the ethical and moral values of the Company, indicating the conduct to be undertaken by personnel and members of the Corporate Boards in Corporate Business and External Affairs; the Code also underlines that, in the undertaking of its activities, the Company bases its actions on the criteria of transparency and correctness, in compliance with Law and in the interest of the community. The Ethics Code, approved by the Board of Directors on August 23, 2011, in 2012 was updated with the change of the Personnel and Organisational Department to the Human Resources and Organisational Department.
- maintained and updated in accordance with Legislative Decree no. 231/2001 the Organisation and Management model, approved by the Board of Directors on December 18, 2003 and subsequently updated, most recently with the introduction of the offense of employing illegal aliens (Article 25 *duodecies* of Legislative Decree 231/01) and approved by the Board of Directors on November 5, 2012. The updating also began of the "Organisation and Management Model" following the introduction of the offences as per Law no. 190 of November 6, 2012 enacting the "Provisions for the prevention and repression of corruption and illegality in the public administration". This issue was also analysed and discussed at the Board of Directors' meetings of 28.11.2013 and 19.12.2013, following the official request from Assaeroporti to the relevant authorities in relation to the definition of the interpretative guidelines. Subsequently, at the Board of Directors' meeting of 11.02.2014, also following the request by the Municipality of Milan, the Company confirmed to having identified, within the terms and conditions established, the Anti-Corruption contact person, who will introduce and consolidate the process for the disclosure and coordination with the Anti-Corruption Plan manager of the Municipality of Milan, in addition to that for improved compliance with the indications of the National Anti-Corruption Plan, for the relevant parts, and also for the preparation of a suitable three-year Anti-Corruption Plan. It is recalled that control over the effectiveness and adequacy of the Organisational and Management model is undertaken by the Supervisory Board, set up in accordance with Legislative Decree no. 231/2001 and that during the meetings between the Board and the Supervisory Board no violations were reported.

During the verifications, as described above, there were no more significant facts meriting mention in this report.

We reviewed the financial statements as at 31/12/2013, in relation to which we report upon below.

2. Financial Statements at 31/12/2013

The financial statements of your Company for the year 2013 report a net profit of Euro 52,182,470 compared to a net profit of Euro 38,155,530 in the previous year, prepared in accordance with international accounting standards.
As we were not required to perform analytical control of the financial statements, we verified the general preparation of the data, the general conformity to law in relation to the formation and structure – upon which there are no particular matters to report upon.

The Directors' Report on the operational performance for the year ended December 31, 2013 is exhaustive and complete in accordance with law: the principal events in the year are reported; the report is exhaustive in terms of information relating to the operating activities and developments of the Company, strategies, as well as the description of the principle risks and uncertainties to which the Company is exposed and provides information on factors which can impact the outlook of the business activities.
The Directors' Report was also consistent with the data in the financial statements, as also reported in the Independent Auditors' Report of Deloitte & Touche SpA.
The Company implemented the option, permitted by Legislative Decree no. 38 of February 28, 2005, to apply IFRS Standards for the preparation of the standalone financial statements included in the consolidated financial statements prepared in accordance with IFRS, from the financial statements for the year ended 31/12/2011.

In relation to the wholly-owned subsidiary SEA Handling SpA, for which in 2012 it is recalled that a full write-down of Euro 23,544 thousand was carried out, recognised to the account *"investment income (charges)"* of the 2012 Comprehensive Income Statement, based on the impairment test carried out as per IAS 36, the current Board of Statutory Auditors refers you to the complete, exhaustive and extensive disclosure provided in Note 7.4 *"Investments in subsidiaries and associated companies"* of the Notes to the financial statements currently being approved and therefore to the other numerous disclosures contained therein.

In any case, and given both the extent and the significance from a company, group and – not least – social viewpoint of the possible outcome and the possible decisions concerning the investigation by the European Commission and the decision of December 19, 2012 concerning presumed "State Aid" in favour of SEA Handling SpA, for a better understanding of the Financial Statements and although the current representation at the reporting date appears adequate and correct, as agreed also with the independent audit firm, the Board of Statutory Auditors refers the reader to the developments reported below from Note 7.4:
"As noted, the handling activities at Milan Linate and

Milan Malpensa are managed by the subsidiary SEA Handling SpA. In relation to this subsidiary, the imminent opening of a liquidation procedure – attributable to (i) the insufficient capitalisation of the subsidiary which, on the basis of forecasts the net equity at December 31, 2013 would erode in the second half of 2014 and therefore fall within the scope of Article 2447 of the Civil Code, in addition to (ii) the implementation of the strategic guidelines of the permanent involvement of SEA in the management of the handling activities at the airports of Milan Linate and Malpensa which would permit execution of the EU Commission Decision of December 19, 2012 to cease the practice of covering the losses of the company by SEA, considered by the Commission to be harmful to competition – results in the non-applicability of the going concern principle.
The financial statements at December 31, 2013 of the subsidiary were however prepared on the "going concern principle", considering however the proposed stoppage of activities and therefore the effects that the proposed liquidation of SEA Handling SpA would have on the balance sheet and the recoverable value of assets.
The application of this principle, given the type of assets recorded in the consolidated balance sheet, did not require adjustments to the ordinary recoverability valuation processes of tangible fixed assets and of receivables.
In relation to the overall liquidation charge – as indicated in greater detail in the explanatory note to the account of the Consolidated Financial Statements "Provisions for risks and charges" – the impossibility and uncertainty on the quantification of the above-stated charges at the reporting date and the approval date of the separate and consolidated financial statements of SEA, resulted in the non-recording of any provision for risks and charges in the consolidated financial statements at December 31, 2013, in application of IAS 37.
On the other hand, to permit the completion of the liquidation, SEA undertook on March 24, 2014 the irrevocable commitment to financially support SEA Handling SpA against liquidation costs, both in the event of a liquidation in line with that considered to date and in the event of a differing solution no yet known within the scope of the negotiations with the Commission.
In particular, within the irrevocable commitment undertaken by SEA on March 24, 2014 to guarantee the solvent liquidation of the Subsidiary, it is established that where the current process proposed by the Commission is not approved:

- *SEA will vote without delay at an Extraordinary Shareholders' Meeting of the Subsidiary, on the request of the Board of Directors, to put the company into voluntary liquidation, under a programme to be prepared by the appointed liquidator, which will establish, among other issues, the minimisation of liquidation costs through social security provisions and the mobility procedures, guaranteeing the full coverage of a charge up to that defined by and not beyond March 31, 2014, on the basis of an updated liquidation plan;*
- *SEA, in the exercise of its prerogatives, as a directing and coordinating shareholder, may however request the preparation of an alternative liquidation plan under which corporate activities would continue temporarily in order to avoid the irreversible damage from an abrupt, total or partial, interruption to handling services at the Linate and Malpensa airports. In this case, SEA would however be committed to ensuring the solvent liquidation of SEA Handling, in addition to the completion cost of this alternative liquidation plan (with the consequent obligation to provide the necessary financial and capital support to SEA Handling).*

Considering that stated above, the Board of Statutory Auditors, agreeing with the treatment in the Financial Statements at December 31, 2013, concurs with the Directors commitment to pursue dialogue with the European Commission in order to identify alternative measures than the monetary recovery of the aid to comply with the decision.

The Board of Statutory Auditors also express their appreciation to the Directors for their continued and extensive monitoring of the situation and agree, specifically in relation to these activities, with the timely implementation, where necessary, of the necessary actions.

The Board of Directors has adequately illustrated the individual accounts of the financial statements, the changes compared to the previous year and the reasons behind such, as well as the accounting principles adopted, which are in accordance with the International Financial Reporting Standards adopted by the European Union.

The Board complied with the provisions of Article 10, first paragraph, of Law no. 71 of March 19, 1983 and also indicated the composition of the reserves and the provisions recorded in the financial statements.

To our knowledge, the Directors, in the preparation of the Financial Statements, did not make recourse to any exceptions as permitted by Article 2423, paragraph 4 of the Civil Code.

We have verified that the financial statements correspond to the facts and the information which we have acquired during our work and we have no matters to report.

3. Conclusions

Based on the controls carried out directly, on the information exchanged with the Independent Audit Firm and the Auditors' Report issued today, which expresses a favourable opinion, although drawing the attention to the readers on some information, and on the consistency of the Directors' Report to the aforementioned report as per Article 14 of Legislative Decree 39/2010 attached to the financial statements, the Board of Statutory Auditors has no objections in approving the financial statements at December 31, 2013, as prepared by the Directors.

Milan, April 15, 2014

The Board of Statutory Auditors

Ms. Rita Cicchiello *(Chairman)*
Mr. Andrea Galli *(Statutory Auditor)*
Mr. Paolo Giovanelli *(Statutory Auditor)*
Mr. Antonio Passantino *(Statutory Auditor)*
Mr. Ezio Simonelli (*Statutory Auditor)*

Separate financial statements auditor's report

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

(Translation from the original issued in Italian)

To the Shareholders of
Società per Azioni Esercizi Aeroportuali – SEA S.p.A.

1. We have audited the financial statements of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. (the "Company"), which comprise the statement of financial position as of December 31, 2013, and the comprehensive income statement, statement of changes in shareholders' equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with Auditing Standards issued by the Italian Accounting Profession (CNDCEC) 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 reasonable assurance about whether the financial statements are free of material misstatement. 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's financial statements, whose data are presented for comparative purposes, reference should be made to auditors' report issued by other auditor dated June 7, 2013.

3. In our opinion, the financial statements give a true and fair view of the financial position of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. as of December 31, 2013, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

4. For a better understanding of the financial statements, reference should be made to the 2013 Directors' Report and in particular to paragraphs "Handling - Going concern, and Risk factors affecting the Sea Group – Risk related to the decision of the European Commission of 19.12.2012" concerning declarations of State Aid awarded to SEA Handling, as well as to the note 7.4. "Investments in subsidiaries and associated companies" for the Directors' considerations *(i)* on the status of the legal and extra – judicial initiatives undertaken against the European Commission with reference to the investigation procedures of such latter entity on alleged State Aid in favor of SEA Handling as well as *(ii)* on the valuation of the investment in SEA Handling S.p.A. in the framework of its expected wind-up for which the Company has undertook on March 24, 2014 the irrevocable commitment to grant a solvent liquidation.

5. The Directors of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. are responsible for the preparation of the Directors' report in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Directors' report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Directors' report is consistent with the financial statements of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. as of December 31, 2013.

DELOITTE & TOUCHE S.p.A.

Signed by
Ernesto Lanzillo
Partner

Milan, Italy
April 15, 2014

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

Glossary

GLOSSARY

Bilateral Agreements
Agreements which govern air traffic between two states, for destinations outside the European Union, established as fixed arrangements and based on the principle of reciprocity. Through the signing of a bilateral agreement, the maximum operable capacity (in terms of flights and places offered), the number of airlines permitted to operate and the access points (in terms of operable destinations) of the respective countries are established.

ACI
Airports Council International . International association of airport managers. The European headquarters are in Brussels.

Airport Carbon Accreditation
Certification promoted by ACI Europe with the technical support of WSP Environmental (a leading London company involved in environmental consultancy), which establishes the introduction of a series of actions for the control and reduction of CO_2 emissions by airport managers, operators, of aircraft and of those who work at the airport.

A-SMGCS
Advanced Surface Movement Guidance and Control System: the system of ground guiding lights which automatically bring aircraft from a pre-established point of entry to an expected point for take-off.

Schengen Zone
Airport area in which direct flights to countries adhering to the Schengen Agreement operate, in which systematic border controls have been abolished. At 31.12.2013 the countries adhering to the Schengen agreements are: Belgium, France, Germany, Luxembourg, Netherlands, Italy, Portugal, Spain, Austria, Greece, Denmark, Finland, Sweden, Iceland, Norway, Slovenia, Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary, Malta, Switzerland and Liechtenstein.

Misdirected luggage
Luggage not delivered to the passenger on arrival at the destination airport.

Regulatory Asset Base
The Regulatory Asset Base (RAB) is the value of net capital employed, which forms the basis of the calculation for equal remuneration of airport managers for regulated activities, in order to establish benchmark revenues.

Services Charter
Document containing information concerning the quality of services offered by airport managers and by airlines, which each management company must prepare according to Presidential Decree of December 30, 1998 and the guidelines of ENAC in circular of May 2, 2012 (ENAC Circular APT-12).

Green Certificates
Incentive structure for the use of renewable energy based on traded securities representing set quantities of CO_2 emissions. The certificates are thereafter exchanged on the market by electricity producers in order to correct imbalances in terms of authorised carbon dioxide emissions.

White Certificates
White Certificates, or more precisely Energy Efficiency Securities, are securities which certify energy savings achieved by various parties through specific actions (introduction of energy efficiencies for example) and which receive an economic benefit, therefore incentivising the reduction of energy in relation to the asset distributed.

Extra. Temporary Lay-off Scheme
Extraordinary Temporary Lay-off Scheme

Dual Till
Tariff principle according to which fees are calculated, taking account only of Aviation activities, without therefore considering Non Aviation activities.

EBITDA
Earnings Before Interest, Taxation Depreciation, and Amortization, equivalent to Gross Operating Margin (GOM).
It is calculated as the difference between total revenues and total operating costs, including provisions and write-downs and excluding the restoration and replacement provision.

ENAC
The National Civil Aviation Authority, the only Authority for technical, certification, oversight and control regulation in the civil aviation sector in Italy, created under Legislative Decree of July 25, 1997, no. 250. ENAC's remit concerns the regulation of civil aviation, of control and oversight of the application of regulations and governs the administrative-economic aspects of the air transport system.

Handler
The operator which carries out handling services, therefore all land-side assistance activities for airlines governed by and listed in Annex A of Legislative Decree no. 18 of January 13, 1999 – which enacts Directive 96/67/EC of October 15, 1996 – such as the activities of *(i)* ramp assistance for flight operations (services provided Airside, including boarding, dis-embarkment of passengers, luggage and cargo, balancing of aircraft load, clearing, movement and reconciliation of bags) and *(ii)* ground passenger assistance (services provided land-side, including Check-in and Lost & found) in

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addition to (iii) administrative, refueling and catering, aircraft maintenance, cargo and mail handling.

IATA
International Air Transport Association. International Organisation which represents international airlines.

Fifth freedom traffic rights
Rights for an airline from a country (for example “A”), which flies from that country (“A”) to a third country (for example “B”) and from there undertakes a further flight to another country (for example “C”), to carry passengers and cargo, in addition from “A” to “B” and from “A” to “C”, also from “B” to “C” and therefore between two countries outside of its own country.

Slot
Permission, given by an airline, to use the entire range of airport infrastructure necessary to operate an air service, in a coordinated airport, at a date and a time assigned to the same airline for landing and take-off.

Cargo airlines
Airlines whose aircraft exclusively transport cargo.

SEA - Società per Azioni Esercizi Aeroportuali
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