SEA GROUP
2016 HALF-YEAR REPORT

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

SEA - Società per Azioni Esercizi Aeroportuali
Milan Linate Airport – 20090 Segrate, Milan
Tax Code and Milan Companies Registration Office No.: 00826040156
Milan REA No.: 472807 – Share Capital: Euro 27.500.000 fully paid-up
www.seamilano.eu

CONTENTS

HIGHLIGHTS AND GENERAL INFORMATION

STRUCTURE OF SEA GROUP AND INVESTMENTS IN OTHER COMPANIES

Direct and indirect holdings of SEA SpA at June 30, 2016

SEA SPA

Airport management	Utilities	Commercial activities	Other activities	Handling
SACBO SpA Società per l'aeroporto civile di Bergamo - Orio al Serio **30.98%**	SEA Energia SpA **100%**	Dufrital SpA **40%**	Consorzio Malpensa Construction** **51%**	Prime AviationServices SpA*** **39.34%**
Aeropuertos Argentina 2000 SA* **8.5%**	Disma SpA **18.75%**	SEA Services Srl **40%**	Romairport SpA **0.23%**	Malpensa Logistica Europa SpA **25%**
SEA Prime SpA **98.34%**			SITA Società Cooperativa arl **12 shares**	

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 Organismo Regulador del Sistema Nacional de Aeropuertos, which had not yet been issued at the approval date of the present Half-Year Report.*

** *The Board of Directors on November 6, 2014 confirmed the conclusion of the Consortium for December 31, 2014. In accordance with Article 5 of the By-Laws, the Consortium will continue operations until the complete discharge of all contractual commitments undertaken.*

*** *On April 1, 2016, 60% of the shares were sold by SEA Prime, which owned 100% of them, to Signature Flight Support UK Regions Limited. As a result of the loss of control, the company Prime AviationServices is now classed as an associated company. For additional details, refer to section "First half 2016: significant events".*

On June 30, 2016, the SEA Group included the following companies under liquidation:

- SEA Handling SpA in liquidation (100% SEA SpA);
- Consorzio Milano Sistema in liquidation (10% SEA SpA).

CORPORATE BOARDS

Board of Directors	for the three-year period 2016/2018 (appointed by the Shareholders' Meeting of May 4, 2016)
CHAIRMAN	Pietro Vitale Antonio Modiano
DIRECTORS	Armando Brunini (1) (2)
	Salvatore Bragantini (2) (4)
	Arabella Caporello (3) (5)
	Stefano Mion (3)
	Susanna Stefani (3)
	Susanna Zucchelli (2)

Board of Statutory Auditors	for the three-year period 2016/2018 (appointed by the Shareholders' Meeting of May 4, 2016)
CHAIRMAN	Rita Cicchiello
STANDING MEMBERS	Rosalba Casiraghi
	Andrea Galli
	Paolo Giovanelli
	Giacinto Gaetano Sarrubbi
ALTERNATE MEMBERS	Anna Maria Allievi
	Andrea Cioccarelli

Independent Auditors	Deloitte & Touche SpA (mandate modified by the Shareholders' Meeting of May 4, 2016)

(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

SEA GROUP NUMBERS

Introduction

The present Half-Year Report to June 30, 2016 comprises the Directors' Report and the Condensed Consolidated Half-Year Financial Statements to June 30, 2016; the Condensed Consolidated Half-Year Financial Statements, prepared in thousands of Euro, is compared with the Condensed Consolidated Half-Year Financial Statements of the previous year and with the Consolidated Annual Accounts of the previous year and comprises the Financial Statements (Consolidated Statement of Financial position, Consolidated income Statement, the Consolidated Comprehensive Income Statement, the Statement of changes in Consolidated Shareholders' equity and the Consolidated cash flow Statement) and the Notes to the Consolidated Financial Statements.

The Half-Year Report to June 30, 2016 was prepared in accordance with the International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union and specifically in accordance with IAS 34 – Interim statements; pursuant to sections 15 and 16 of said standard, these Condensed Consolidated Financial Statements do not include all information required for the Annual Financial Statements and must be read together with the Annual Financial Statements prepared for the financial year ended on December 31, 2015. The same accounting principles were adopted in their preparation as in the preparation of the Consolidated Financial Statements to December 31, 2015.

Consolidated Financial Highlights

In application of IFRS 5, the item "Discontinued Operations profit/(loss)" summarizes the net profit/(loss) of SEA Handling SpA in liquidation and similarly the asset and liability items are summarized in the assets and liabilities of the Statement of Financial Position.
The condensed consolidated figures taken from the Financial Statements are illustrated below.

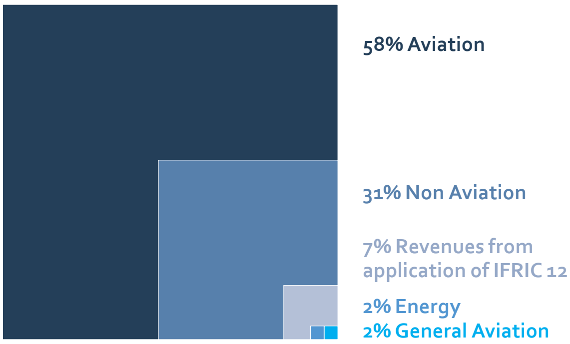
(In thousands of Euro)	H1 2016	H1 2015	Change
Revenues	333,737	333,535	202
EBITDA [1]	104,872	96,742	8,130
EBIT	69,258	64,840	4,418
Pre-tax profit	65,342	58,268	7,074
Discontinued Operations' profit/(loss)	(8)	17	(25)
Group Net Profit	44,173	38,123	6,050

1 *EBITDA is calculated as the difference between total revenues and total operating costs, excluding provisions and write-downs. EBITDA in the comparative period was therefore recalculated according to the new approach in order to ensure data comparability.*

(In thousands of Euro)	At June 30, 2016	At December 31, 2015	Change
Fixed assets (A)	1,318,370	1,306,932	11,438
Working capital (B)	(168,874)	(197,299)	28,425
Provisions for risks and charges (C)	(175,091)	(177,902)	2,811
Employee benefit provisions (D)	(52,110)	(48,239)	(3,871)
Net capital employed (A+B+C+D)	**922,295**	**883,492**	**38,803**
Group shareholders' equity	322,143	344,668	(22,525)
Minority interest shareholders' equity	563	541	22
Net financial debt	599,589	538,283	61,306
Total financing sources	**922,295**	**883,492**	**38,803**

	At June 30, 2016	At December 31, 2015	Change
Investments on tangible and intangible assets (€/000)	37,590	86,780	(49,190)
Employees HDC (at period end)	2,871	2,905	(34)

H1 Consolidated revenues 337,737 thousands of Euro



H1 Consolidated Revenues	In thousands of Euro	% of total revenues
Aviation	192,459	58%
Non Aviation	104,492	31%
General Aviation	6,367	2%
Energy	7,239	2%
Revenues from application of IFRIC 12	23,180	7%
Total revenues	333,737	100%

DIRECTORS' REPORT

ECONOMIC OVERVIEW AND 2016 FORECAST

The first half of 2016 confirms the weakness of the world economy: the world trade performance forecasts by the main international organizations were again revised downwards. The outcome of the referendum on the exit of the United Kingdom from the European Union ("Brexit") increased the volatility of international financial markets and, although it is difficult to assess its consequences, it increased the risk for world growth prospects, already affected by the weakness of the emerging economies.

According to the latest OECD forecast, published in early June before the UK referendum, the world GDP growth will remain at last year's level (3%) during 2016. The downward revision for some advanced economies is affected by the slowdown observed during the first quarter; among the emerging economies, the forecast is unchanged for China and India, but has deteriorated for Brazil and Russia. World trade stagnated during the first three months of 2016, also due to the continuing weakness of the exchanges with the emerging economies; preliminary data confirm that this trend continues in the second quarter. The OECD forecasts that this year's world trade will grow by 2.1%, down from the November forecast (3.6%) and at a lower rate than in 2015 (2.6%); the sharp slowdown of the exchanges among the advanced economies outside the Eurozone comes in addition to the weak contribution of Chinese imports and to the recession in Brazil and Russia.

Oil prices recovered from the lows reached early in the year, to 45 dollars per barrel during the first week of July. A decrease in the offer from the United States and the temporary interruption of production in important producing countries were the main factors contributing to the strengthening of the prices. According to the most recent estimates of the International Energy Agency (IEA), in 2016 the surplus offer will decrease to about 60%, largely because of an adjustment of the production in non-OPEC countries, while demand will start growing gradually. Also the prices of non-energy raw materials have increased from the lows recorded last February.

The cyclic expansion in the Euro area continued during the second quarter, albeit at a moderate rate; inflation was back to barely positive values in June. The existing monetary policy measures of the ECB should stimulate growth and price dynamics; an additional contribution should derive from the impact of the new refinancing transactions started last June on credit availability.

During the first quarter of 2016, the GDP of the Eurozone grew by 0.6% compared to the previous financial period, returning above the level recorded before the start of the financial crisis. Domestic demand continues to be the main engine of the recovery: a further increase of investment spending was added to the strengthened household spending. On the other hand, foreign trade slowed down for the third consecutive quarter: the modest increase in exports was the result of the expansion of sales of good in the Eurozone countries only, offset by a decrease of exports to the rest of the world; imports grew significantly, stimulated by increased domestic demand. At the start of 2016 the GDP grew in all major countries of the area: 0.7% in Germany, 0.6 in France and 0.3 in Italy. Economic activity seems to have grown during the spring, albeit at a lower rate than during the preceding financial period. The €-coin indicator, developed by the Bank of Italy to estimate the underlying dynamics of the area's production, also signals ongoing growth: the indicator started growing again in June, to 0.29. The PMI indexes confirm the ongoing expansion of the economic activity.

The short-term risk scenario is unfavorable, due to the persistently weak demand from the emerging economies, ongoing geopolitical tensions, and uncertainty connected to the outcome of the Brexit referendum.

In Italy the recovery continues, propelled by domestic demand, although exports suffer from the weakness of the non-EU markets. Household consumption benefits from growing disposable income and improved employment conditions; investments continued to grow, supported also by the incentives introduced by the latest stability law. However, the current economic indicators suggest that, as is the case in the Eurozone on the whole, the GDP in the second quarter would have grown at a lower rate than in the preceding quarter.

Air transport and airports

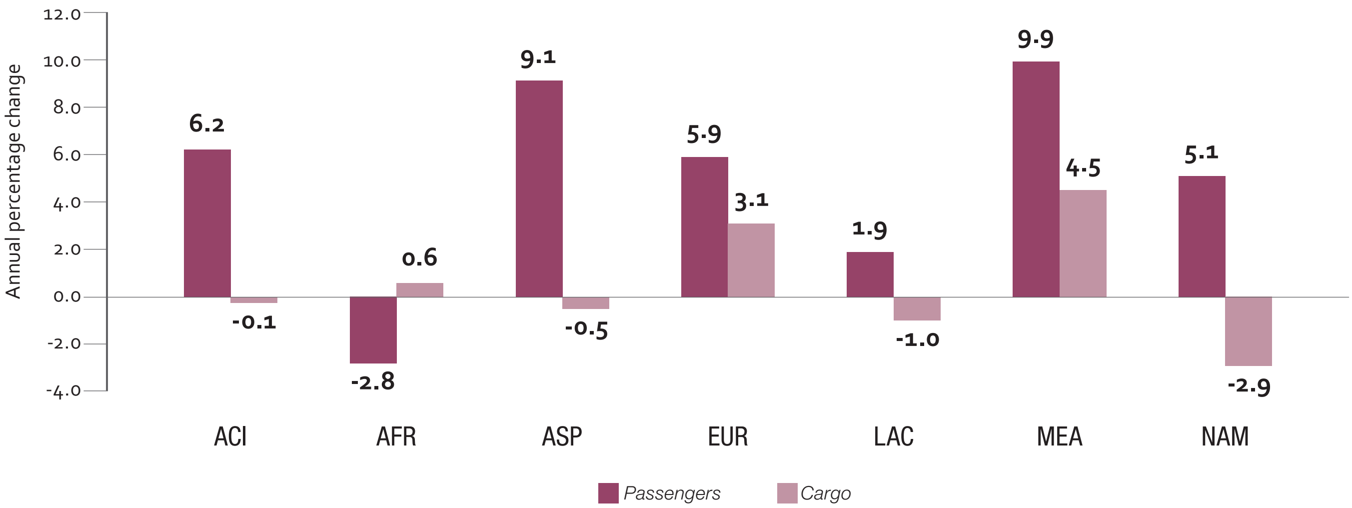
World air transport market performance in the first four months of 2016

Based on a sample of 951 airports, worldwide passenger traffic in the first four months of 2016, recorded a growth of more than 6 percentage points compared to the same period of 2015.

All geographical areas showed positive trends, excluding Africa, which contributes a small share compared to the other areas and continues to record decreases (-3%). Asia, with over 558 million passengers transported, grew by 9%, Europe transported 500 million passengers for an increase of 5.9% and North America recorded over 482 million passengers (+5%). The Middle East recorded the largest percentage growth (+9.9%); in this area,

international traffic grew very significantly (+10.4%) while domestic traffic decreased (-1.6%); traffic also grew in Central and South America, by 1.9%.
Worldwide freight traffic was in line with the first four months of 2015 (-0.1%); 28 million tons of cargo were transported.
The analysis by geographical area, carried out on a sample of 680 airports, identifies Asia as the main area by volume of cargo processed, with over 10 million tons, in line with the first four months of 2015 (-0.5%), North America follows with 8 million tons of cargo processed, a decrease of 2.9%. An opposite trend was recorded in European traffic, with 5.5 million tons of cargo processed and a growth of 3.1%. The Middle East was also up, with 2.3 Million tons and an increase of 4.5%.

World air traffic during the first four months of 2016



Source: ACI World (Pax Flash & Freight Flash)
Key: ACI (Airport Council International), AFR (Africa), ASP (Asia Pacific), EUR (Europe), LAC (Latin America), MEA (Middle East), NAM (North America).

European airport traffic performance for the first five months of 2016[1]

During the first five months of 2016, passenger traffic managed by the major European airports grew overall by 5.5%, principally due to the strong performances of the airports of London (+2.5%), Paris (+2.3%), Amsterdam (+10.5%), Madrid (+9%), and Rome (+3.4%).

Italian airport traffic performance for the first five months of 2016[2]

The 35 Italian airports associated to Assaeroporti recorded improved passenger traffic compared to the first five months of 2015 (+4.6%), for a total of 59.7 million passengers. Aircraft movements also recorded a good increase, of 1.7%, for a total of about 560,000 during the period.

During the first five months 2016, Rome Fiumicino, Malpensa, Bergamo, Linate, and Venice were again the top five Italian airports in terms of passengers in transit; Bologna, the sixth airport in terms of passengers traffic served, grew at a rate higher than that of the airports ahead of it in the ranking (+13.4%).

Compared to the growth rates to May 2015, the airports that generate average traffic greater than 4 million passengers per year, excluding Milan and Rome, displayed sustained growth (+8,2%); this result consists mainly of the growth of Bologna (+13.4%), Palermo (+13.2%), Venice (+10.4%), Bergamo (+7.3%), Catania (+5.3%), Naples (+4.5%), and Pisa (+3.1%).

1 *Source: Aci Europe.*
2 *Source: Assaeroporti.*

REGULATORY FRAMEWORK

The new regulated fees, the first of the second sub-period of the ENAC-SEA regulatory agreement, came into effect on January 1, 2016. The new fees are slightly higher than those for the 2015 financial period, in line with the inflation rate forecast for 2016 (1%) as shown in the Update note to the 2015 Economy and Finance Document published by the Ministry of the Economy and Finances in October 2015. However, the above-mentioned increase applies differently to the different types of fees and airports.

The fee structure of the second sub-period of the regulatory agreement is characterized by changes to the amounts, but also to the number of fees regulated: in fact, starting in 2016, the two security service fees (passenger checks and X-ray checks of the baggage in the hold) have been combined. In addition, the allocation of some fees (landing and take-off fees, parking fees, fees for check-in counter and for spaces leased to handlers and airlines) was changed in order to rationalize SEA's fee structure and make it more consistent with the Group's strategic objectives.

Significant new Italian and European Union regulations

As a result of the new European Union regulations introduced, ENAC issued a new circular, GEN 1-C dated 06/05/2016, regarding the notification of aviation events, in order to update the regulations in effect. As a result of the coming into effect (starting last November) of the latest EU Regulation No. 376, which revised the provisions of the earlier EU Regulation No. 996/2010 on the matter, ENAC too incorporated and harmonized the regulation and published the manual for the designated personnel, that is for the employees who enter the data into the IT data-collection system, the so-called eE-MOR (electronic ENAC Mandatory Occurrence Reporting). The European Commission too had published the Guidance Material as reference guide at the European level as, in the end, the national data flow into the European database.

Activities and initiatives at the international, EU, and national level, linked to the airport sector and to the business of the SEA Group and subsidiaries

The following is to be noted in the international area:

- The mandates to the European Commission to negotiate for air transport agreements between the EU and Turkey, ASEAN, Qatar, the United Arab Emirates. The Commission intends to start some negotiation rounds to review the air transport agreements with the above-mentioned countries. The Philippines and the United States will join the list in the coming weeks.
- The revision of the Schengen treaty, that is, the Proposed Regulation that amends (EC) Regulation No.562/2006 with regard to strengthening the verifications of the data banks concerning external borders. The proposal intends to change the obligations of the member countries concerning document checks at the external borders of the EU, also through the use of data banks and the implementation of new technological systems.
- The Proposed Regulation concerning common rules in the civil aviation field, which establishes the European Air Safety Agency (EASA) and abrogates (EC) Regulation No. 216/2008. The proposal's objective is a general revision of the European air safety system. In addition, it contributes to define a regulatory framework to implement a system of remotely controlled aircraft.
- The Commission's interpretation guidelines for (EC) Regulation No. 261/2004 establishing common rules regarding compensation and assistance to passengers in case of denied boarding, flight cancellation, and extended delay and for (EC) Regulation No. 2027/97 on the liability of the air carrier regarding the air transportation of passengers and their baggage. Published in June 2016.

COMMENTS TO THE GROUP'S OPERATING AND FINANCIAL RESULTS

SEA Group airport traffic performance in the first half of 2016

	Movements			Passengers[1]			Cargo (tons)		
	H1			H1			H1		
	2016	2015	%	2016	2015	%	2016	2015	%
Malpensa	77,316	75,527	2.4%	8,880.3	8,627.6	2.9%	258,264	245,952	5.0%
Linate	47,770	46,964	1.7%	4,599.6	4,554.3	1.0%	6,211	6,195	0.3%
Total commercial traffic	**125,086**	**122,491**	**2.1%**	**13,479.9**	**13,181.9**	**2.3%**	**264,475**	**252,147**	**4.9%**
General Aviation[2]	12,380	12,760	-3.0%	26.7	27.8	-4.0%	-	-	-
Airport system managed by SEA Group	**137,466**	**135,251**	**1.6%**	**13,506.6**	**13,209.7**	**2.2%**	**264,475**	**252,147**	**4.9%**

1 *Arriving and departing passengers in thousands.*

2 *General Aviation sources: Linate: SEA Prime; Malpensa: Handlers.*

The results for the first six months of 2016 show a positive performance for passenger traffic and aircraft movements, which grew by 2.3% and 1.9% respectively. Specifically, 253,000 more passengers than in the first half of 2015 went through Malpensa (+2.9%) while 45,000 more passengers went through Linate (+1%).

Income Statement

(In thousands of Euro)	H1 2016	%	H1 2015	%	% Change 2016/2015
Operating revenues	310,557	93.1%	307,058	92.1%	1.1%
Revenues for works on assets under concession	23,180	6.9%	26,477	7.9%	-12.5%
Total revenues	**333,737**	**100%**	**333,535**	**100%**	**0.1%**
Operating costs					
Personnel costs	(89,679)	-26.9%	(86,438)	-25.9%	3.7%
Consumable materials	(19,133)	-5.7%	(23,214)	-7.0%	-17.6%
Other operating costs	(98,412)	-29.5%	(102,422)	-30.7%	-3.9%
Costs for works on assets under concession	(21,641)	-6.5%	(24,719)	-7.4%	-12.5%
Total operating costs	**(228,865)**	**-68.6%**	**(236,793)**	**-71.0%**	**-3.3%**
Gross operating margin / EBITDA [1]	**104,872**	**31.4%**	**96,742**	**29.0%**	**8.4%**
Provisions and write-downs	1,546	0.5%	4,634	1.4%	-66.6%
Restoration and replacement provision	(7,048)	-2.1%	(7,146)	-2.1%	-1.4%
Amortisations and depreciations	(30,112)	-9.0%	(29,390)	-8.8%	2.5%
EBIT	**69,258**	**20.8%**	**64,840**	**19.4%**	**6.8%**
Investment income (charges)	5,512	1.7%	2,991	0.9%	84.3%
Financial charges	(9,627)	-2.9%	(9,835)	-2.9%	-2.1%
Financial income	199	0.1%	272	0.1%	-26.7%
Pre-tax profit	**65,342**	**19.6%**	**58,268**	**17.5%**	**12.1%**
Income taxes	(21,139)	-6.3%	(20,184)	-6.1%	4.7%
Discontinued operations' profit (loss)	**(8)**		**17**		
Net profit	**44,195**	**13.2%**	**38,101**	**11.4%**	**16.0%**
Minority interests profit	22	n.s.	(22)	n.s.	n.s.
Group profit	**44,173**	**13.2%**	**38,123**	**11.4%**	**15.9%**

1 *EBITDA is calculated as the difference between total revenues and total operating costs, excluding provisions and write-downs. EBITDA in the comparative period was therefore recalculated according to the new approach in order to ensure data comparability.*

Operating revenues, whose performance by segment is better described in the successive sector analyses, were Euro 310,557 thousand, up 1.1% compared to the first six months of 2015 (Euro 307,058 thousand); they include the revenues from the Aviation activity of Euro 192,459 thousand (Euro 186,083 thousand during the first six months of 2015), the revenues of the Non-Aviation activities of Euro 104,492 thousand (Euro 104,784 thousand during the first six months of 2015), the revenues of the General Aviation business of Euro 6,367 thousand (Euro 8,157 thousand during the first six months of 2015), and the revenues of the Energy business of Euro 7,239 thousand (Euro 8,034 thousand during the first six months of 2015).

The revenues for work on assets under concession went from Euro 26,477 thousand in the six months ended on June 30, 2015 to Euro 23,180 thousand in the six months ended on June 30, 2016, a decrease of 12.5% related to the investment dynamics for assets held under concession.

EBITDA amounted Euro 104,872 thousand, compared to Euro 96,742 thousand in the first half of 2015, and increase of Euro 8,130 thousand (+8.4%). This positive performance was the result of higher operating revenues and lower operating costs, offset, only in part, by higher personnel costs.

EBIT totaled Euro 69,258 thousand in the first half of 2016, compared to Euro 64,840 thousand in the first half of 2015, an improvement of Euro 4,418 thousand (6.8%), mainly due to the effects described above.

Net financial charges, including the shares of the results of associated companies and dividends from other companies, amounted to Euro 3,916 thousand in the first half of 2016 and Euro 6,572 thousand in the first half of 2015.

Income taxes, Euro 21,139 thousand in the first half of 2016 and Euro 20,184 thousand in the first half of 2015, estimated on the basis of the tax rate at period-end, result in tax rates respectively of 32.4% and 34.4% on the pre-tax income.

The Net profit for the first half of 2016 amounts to Euro 44,195 thousand compared to Euro 38,101 thousand in the first six months of 2015.

Reclassified Group Statement of financial position

(In thousands of Euro)	At June 30, 2016	At December 31, 2015	Change
Intangible assets	1,012,421	1,004,432	7,989
Property, plant & equipment	190,122	190,925	(803)
Property investments	3,411	3,412	(1)
Investments in associated companies	47,946	47,387	559
Investments available for sale	26	26	0
Deferred tax assets	46,022	42,282	3,740
Other non-current financial assets	16,776	16,776	0
Other non-current receivables	1,646	1,692	(46)
Fixed assets (A)	**1,318,370**	**1,306,932**	**11,438**
Inventories	5,167	4,865	302
Trade receivables	98,052	90,527	7,525
Income tax receivables	11,570	12,751	(1,181)
Other receivables	20,024	13,286	6,738
Other current financial assets	7,190	7,190	0
Current assets	**142,003**	**128,619**	**13,384**
Discontinued operations	**10,903**	**11,502**	**(599)**
Trade payables	136,740	164,486	(27,746)
Other payables	169,249	145,131	24,118
Income tax payables	13,364	24,784	(11,420)
Current liabilities	**319,353**	**334,401**	**(15,048)**
Liabilities related to Discontinued Operations	**2,427**	**3,019**	**(592)**
Working capital (B)	**(168,874)**	**(197,299)**	**28,425**
Provisions for risks and charges (C)	(175,091)	(177,902)	2,811
Employee benefit provisions (D)	(52,110)	(48,239)	(3,871)
Net capital employed (A+B+C+D)	**922,295**	**883,492**	**38,803**
Group shareholders' equity	(322,143)	(344,668)	22,525
Minority interest shareholders' equity	(563)	(541)	(22)
Net financial debt	(599,589)	(538,283)	(61,306)
Total financing sources	**(922,295)**	**(883,492)**	**(38,803)**

The net capital employed as of June 30, 2016 was Euro 922,295 thousand, an increase of Euro 38,803 thousand compared to December 31, 2015.

As of June 30, 2016, fixed assets, amounting to Euro 1,318,370 thousand, include investments in tangible and intangible assets for Euro 1,202,543 thousand, property investments of Euro 3,411 thousand, investments in associated companies of Euro 47,946 thousand, investments available for sale for Euro 26 thousand, deferred tax assets for Euro 46,022 thousand, other non-current financial assets for Euro 16,776 thousand, and other non-current receivables for Euro 1,646 thousand. Net fixed assets increased by Euro 11,438 thousand compared to December 31, 2015, principally due to the net investments in the period of Euro 37,590 thousand (including the mark-up and capitalized financial charges), partially offset by amortisation/depreciation for the period of Euro 30.112 thousand and the increase in financial fixed assets following valuation "by the equity method" of the investment in associated companies for Euro 559 thousand.

The net working capital, negative in the amount of Euro -168,874 thousand, and up by Euro 28,425 thousand compared to December 31, 2015, was influenced by the following factors:

- higher inventories, increased from Euro 4,865 thousand in December 2015 to Euro 5,167 thousand in June 2016;
- trade receivables increased by Euro 7,525 thousand (Euro 98,052 thousand in June 2016 and Euro 90,527 thousand in December 2015) and trade payables decrease by Euro 27,746 thousand (Euro 136,740 thousand in June 2016 and Euro 164,486 thousand in December 2015);
- other receivables larger by Euro 6,738 thousand and other payables larger by 24,118 thousand, lower tax receivables by Euro 1,181 thousand and lower tax payables for the financial period by Euro 11.420 thousand;
- decrease of discontinued operations of Euro 599 thousand and decrease of the liabilities related to the discontinued operations of Euro 592 thousand.

The following table illustrates the main components of net working capital:

(In thousands of Euro)	At June 30, 2016	At December 31, 2015	Change
Inventories	5,167	4,865	302
Trade receivables	98,052	90,527	7,525
Trade payables	(136,740)	(164,486)	27,746
Other receivables / (payables)	(151,019)	(143,878)	(7,141)
Other current financial assets	7,190	7,190	0
Discontinued operations	10,903	11,502	(599)
Liabilities related to discontinued operations	(2,427)	(3,019)	592
Total net working capital	**(168,874)**	**(197,299)**	**28,425**

The dynamics of the change in the risks and charges provisions are commented upon at *Note* 9.14.

Net financial position

At the end of June 2016, the net financial debt amounted to Euro 599,589 thousand (an increase of Euro 61,306 thousand compared to the end 2015, when it was Euro 538,283 thousand).

The Financial position for the six month period is affected for Euro 95,403 thousand by the cash flow deriving from the operating activities before the changes of the working capital, for Euro -12,497 thousand by the decrease of the working capital, for Euro -36,702 thousand by the tax payments, for Euro -62,780 thousand by the payments of the dividends for the 2015 financial year, for Euro -35,945 thousand by the net operating investments, and for Euro -13,829 thousand by the interest paid on the financing received.

Cash Flow Statement

(In thousands of Euro)	At June 30, 2016	At June 30, 2015
Cash flow generated/(absorbed) from operating activities	47,053	62,391
Cash flow generated/(absorbed) from investing activities	(33,486)	(39,730)
Cash flow generated/(absorbed) from financing activities	(48,668)	46,911
Increase/(decrease) in cash and cash equivalents	(35,101)	69,572
Cash and cash equivalents at beginning of the period	62,001	31,514
– of which, cash and cash equivalents included in discontinued operations	6,499	928
Cash and cash equivalents at the start of the period reported in the accounts	55,502	30,586
Cash and cash equivalents at the end of the period	26,900	101,086
– of which, cash and cash equivalents included in discontinued operations	9,341	515
Cash and cash equivalents at the end of the period reported in the accounts	17,559	100,571

The main factors impacting the cash flows in the first half of 2016 are illustrated below.

Net cash flow from operating activities

Operating activities generated liquidity in the amount of Euro 47,053 thousand in the first six months of 2016. Specifically, operating activities before changes in working capital generated a positive cash flow of Euro 95,403 thousand, mainly due to the pre-tax profit of Euro 65,342 thousand, adjusted for non-cash items, mainly amortization and depreciation of Euro 30,112 thousand.

On the other hand, the changes to the net working capital generated a negative cash flow of Euro 12,497 thousand, due to the net effect of: *i)* an increase of warehouse inventories of Euro 311 thousand; *ii)* an increase of trade and other receivables, also adjusted for the non-cash components, of Euro 12,425 thousand; *iii)* a decrease of other non-current assets of Euro 21 thousand; *iv)* a decrease of trade and other payables, adjusted for non-cash changes, of Euro 1,641 thousand; *v)* cash generated by changes of the working capital of discontinued operations of Euro 1,859 thousand.

Net cash flow from investing activities

The cash flow consumed by investment activities was Euro 33,486 thousand as of June 30, 2016, broken down as follows: *i)* Euro 26,274 thousand for increases of intangible assets, net of mark-up for work on third parties' products and capitalized financial charges; *ii)* Euro 9,971 thousand for increases of tangible assets; *iii)* disposals of financial assets for Euro 343 thousand, consisting of the sale of 60% of the shares of Prime AviationServices SpA and the ensuing change of the consolidation method; *iv)* Euro 2,116 thousand for the dividends received from associated companies; and *v)* Euro 300 thousand, generated by discontinued operations.

Net cash flow from financing activities

The financial activities of the first six months of 2016 recorded a negative cash flow of Euro 48,668 thousand resulting from these events: *i)* distribution of dividends for Euro 62,780 thousand (in late June); *ii)* reimbursement of the principal portions of a BEI financing for Euro 7,719 thousand; *iii)* payment of financial charges for Euro 13,829 thousand. These flows were partially offset by short-term financing of Euro 36,000 thousand.

FIRST HALF OF 2016: SIGNIFICANT EVENTS

Sale of 30% of Airport Handling to dnata

Following the signing (in September 2015) of the agreement between the Trustee and dnata for the sale of 30% of the shares of Airport Handling SpA and of an equal percentage of the FIP (Financial Instruments of Participation) held by SEA and following the decision of the competition authority (AGCM), which found that the transaction does not cause (pursuant to art. 6, paragraph 1 of Law 287/90) the establishment or strengthening of a dominant position in the market that eliminates or decreases competition substantially and for the long term, the transaction was concluded on March 23, 2016. As provided by the agreement, on the closing date, the majority of the members of the Board of Directors and, therefore, the Governance of Airport Handling SpA was assigned to dnata. The agreement also provides for an option in favor of dnata for the purchase of an additional 40% of the shares (call option) and a similar percentage of FIP, subject to the occurrence of some specific conditions.

Sale of 60% of the shares of Prime AviationServices

On April 1, 2016 the subsidiary SEA Prime SpA transferred 252 shares of the company Prime AviationServices SpA to Signature Flight Support UK Regions Limited, retaining 40% of the total shares. As a result of the loss of control, the investment is now classified among the associated companies, no longer among the subsidiaries, and is valued by the equity method, no longer consolidated entirely.

Merger SEA-SACBO

In view of the possible merger between SEA and SACBO, on November 27, 2015 the two companies signed a letter of intent with which they mutually undertook, for the entire duration of said letter of intent, to not start any negotiations with third parties whose object is the transfer of the assets included in the transaction or their pooling with other assets.

The letter of intent set June 30, 2016 as the date by which the extraordinary shareholders' meetings of the two companies were to be held to deliberate on the merger transaction. The Boards of Directors of SEA and SACBO met on March 24, 2016 and resolved to extend the duration of the letter of intent to October 31, 2016 and set the above-mentioned date as the deadline by which the Extraordinary Shareholders' Meetings of the two companies must be held to deliberate on the transaction.

Restyling of the airports and plant upgrading

The operational upgrading and restyling work of Malpensa's Terminal 1 continued during the first half of 2016. New commercial areas were built and the existing ones were modernized, to make the level of the finish uniform in all areas of the terminal.

Work continued at Terminal 2 to build the railway station and to extend the line that currently ends at Terminal 1. Within the terminal, the work to build the new security screening stations and the new check-in counters and to upgrade the baggage claim area was completed.

The work to build a warehouse for a cargo carriers is being completed in the Malpensa Cargo area and work is under way to build a second warehouse, still intended for cargo operations

The equipment upgrade activities to prepare the ASMGCS (Advanced Surface Movement Guide and Control System) continued at both airports. The purpose of these systems is to make more clear and univocal the indication of the paths to be followed by the aircraft during taxiing and to improve the use of the lighting on the runways, thus limiting light pollution and saving energy.

SIGNIFICANT EVENTS AFTER JUNE 30, 2016

Decision of the European Commission on the investigation concerning the incorporation and capitalization of Airport Handling

By way of a decision of July 5, 2016, transmitted to SEA by the Ministry of Transport on July 19, 2016, the European Commission completed the investigation on the incorporation and capitalization of the company Airport Handling SpA The Commission found: that *i)* there is no economic continuity between SEA Handling SpA and Airport Handling SpA; *ii)* there was no transfer of the obligation to return incompatible state subsidies to Airport Handling SpA; and *iii)* there were no state subsidies in the incorporation and capitalization of said company. The Italian authorities have the right (within 15 business days) to notify to the Commission any confidential information present in the decision in order to prevent its publication in the OJEU.

SEA SpA and Labor Unions – Signing of framework agreement.

On July 22, 2016 SEA and the Labor Unions signed an agreement that provides for the implementation of an important corporate restructuring project started by SEA in 2015 to identify the areas in which efficiency can be enhanced to bring the productivity of SEA in line with that of the reference benchmark. This is intended to regulate the IN/OUT flows of personnel in the years to come, by combining a plan of departures to retirement/on voluntary basis and the start of a change of the generational mix.

A significant organizational rationalization and professional re-qualification initiative, as a result of the simultaneous end/outsourcing of activities and requirements especially in the security area, completes the scope of the agreements.

OUTLOOK

The latest IATA (International Air Transport Association) estimates found slower demand growth in the worldwide air transportation sector: in May the growth was 4.6% lower than the trend at the start of the year; this was the result of terrorist attacks and of a still fragile world economy. The offer, measured in seat-kilometers, grew by 5.5%, while the load factor decreased by 0.7%. The shocks caused by the attack on Istanbul and the Brexit referendum now make a modest recovery less likely. As already anticipated by Aci Europe, the Brexit referendum will not impact on traffic levels during the summer, but its effects will most likely be felt later towards the end of the year.

Amid a complex macroeconomic and geopolitical context, the SEA Group confirms its commitment to developing the various business areas that it manages, in order to achieve further efficiencies and develop the capacity to manage passengers and cargo traffic.

OPERATING PERFORMANCE – SECTOR ANALYSIS

Commercial Aviation

The Commercial Aviation business includes Aviation and Non Aviation activities: the former consist in managing, developing, and maintaining the airport infrastructures and equipment and in offering to the customers of the SEA Group services and activities connected to the landing and take off of the aircraft, as well as airport security services. The revenues generated by these activities are defined by a regulated fee system and consist of airport fees, fees for the use of centralized infrastructures, in addition to security fees and fees for the use of check-in counters and spaces by airlines and handlers. On the other hand, the Non Aviation business provides a wide and diversified offer, managed both directly and under subcontract to third parties, of commercial services for passengers, operators, and visitors to the airports, in addition to real estate activities. The revenues from this area consist of the market fees for activities directly carried out by SEA and from activities carried out by third parties under subcontract and of royalties based on a percentage of the sales generated by the third party operator, usually with the provision of a guaranteed minimum. This business also includes the activities carried out by the company Consorzio Malpensa Construction traceable directly to the airport business.

General Aviation

The General Aviation business includes both the general aviation activities carried out through the subsidiary SEA Prime, which provides the entire range of services connected to the business traffic at the Western section of Linate airport and the General Aviation handling activity of the affiliate Prime AviationServices (100% controlled by SEA Prime until March 31, 2016). The latter performs its activity at the Linate airport and offers services at the General Aviation airports of Milan Malpensa, Venice Tessera, and Rome Ciampino.

Energy

The Energy business, managed through the subsidiary SEA Energia, consists in the generation and sale of electrical and thermal energy. Most of the energy generated goes to satisfy the needs to the Malpensa and Linate airports, while the remainder is sold on the market of the two energy forms.

In order to allow comparison of the information, the data for the first half of 2015 were restated in accordance with the new structure.
The main results for each of the businesses described above are shown hereafter.

	Commercial Aviation		General Aviation		Energy		Consolidated	
(In thousands of Euro)	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Operating revenues	296,951	290,867	6,367	8,157	7,239	8,034	310,557	307,058
EBITDA	101,977	92,581	3,157	2,689	(262)	1,471	104,872	96,741
EBIT	67,364	61,935	2,336	1,762	(442)	1,144	69,258	64,840

Commercial Aviation

Traffic data

SEA Group traffic performance in Milano Malpensa and Milano Linate airports

	Movements			Passengers[1]			Cargo (tons)		
	H1			H1			H1		
	2016	2015	%	2016	2015	%	2016	2015	%
Malpensa	77,316	75,527	2.4%	8,880.3	8,627.6	2.9%	258,264	245,952	5.0%
Linate	47,770	46,964	1.7%	4,599.6	4,554.3	1.0%	6,211	6,195	0.3%
Total commercial traffic	**125,086**	**122,491**	**2.1%**	**13,479.9**	**13,181.9**	**2.3%**	**264,475**	**252,147**	**4.9%**

1 *Arriving and departing passengers in thousands.*

The results of the first six months of 2016 emphasize the ongoing positive trend observed since the beginning of the year, with a 2.3% growth in passenger traffic relative to the previous year and a 2.1% increase in the number of aircraft movements.
Both airports recorded a positive performance in terms of passengers transported; particularly Malpensa airport recorded an increase of 2.9% or 253,000 additional passengers, while Linate recorded an increase of 1%, or 45,000 additional passengers compared to the first six months of 2015.
The breakdown of the passenger traffic within Milan's airport system by destinations served and by main airlines is shown below.

Passenger traffic

Main destinations for passengers served by Milan's airport system (thousands)

	H1 2016	% change from H1 2015	% of total
London	990.2	22.9%	7%
Paris	850.3	1.3%	6%
Rome	782.9	-8.3%	6%
Amsterdam	552.2	15.1%	4%
Catania	530.1	-2.0%	4%
Naples	464.5	-17.6%	3%
Madrid	424.9	13.3%	3%
Frankfurt	378.1	2.3%	3%
Barcelona	369.0	3.4%	3%
New York	320.4	5.0%	2%
Others	7,817.3	1.6%	59%
Total	**13,479.9**	**2.3%**	**100%**

London: Heathrow, Gatwick, City, Luton and Stansted; Paris: Charles de Gaulle, Orly; Rome: Fiumicino, Ciampino; New York: New York and Newark.

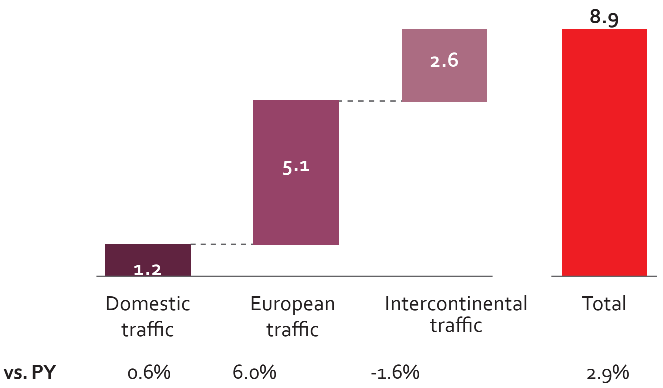
Main airlines for passengers served by Milan's airport system (thousands)

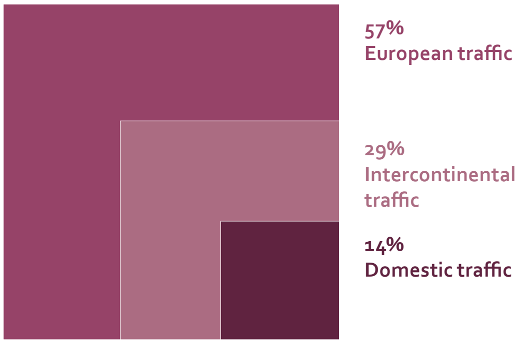
	H1 2016	% change from H1 2015	% of total
easyJet	3,452.3	-0.2%	26%
Alitalia	3,022.5	0.5%	22%
Lufthansa	686.1	-1.4%	5%
Meridiana fly	496.6	-1.4%	4%
Emirates	400.4	-0.1%	3%
British Airways	325.0	-6.5%	2%
Vueling Airlines SA	289.5	65.2%	2%
Air France	253.7	-3.5%	2%
Neos	220.7	-5.9%	2%
Turkish Airlines	201.3	-7.3%	1%
Others	4,131.9	6.5%	31%
Total	**13,479.9**	**2.3%**	**100%**

Malpensa

Malpensa's traffic totaled 8.9 million passengers served, for an increase of 2.9%.

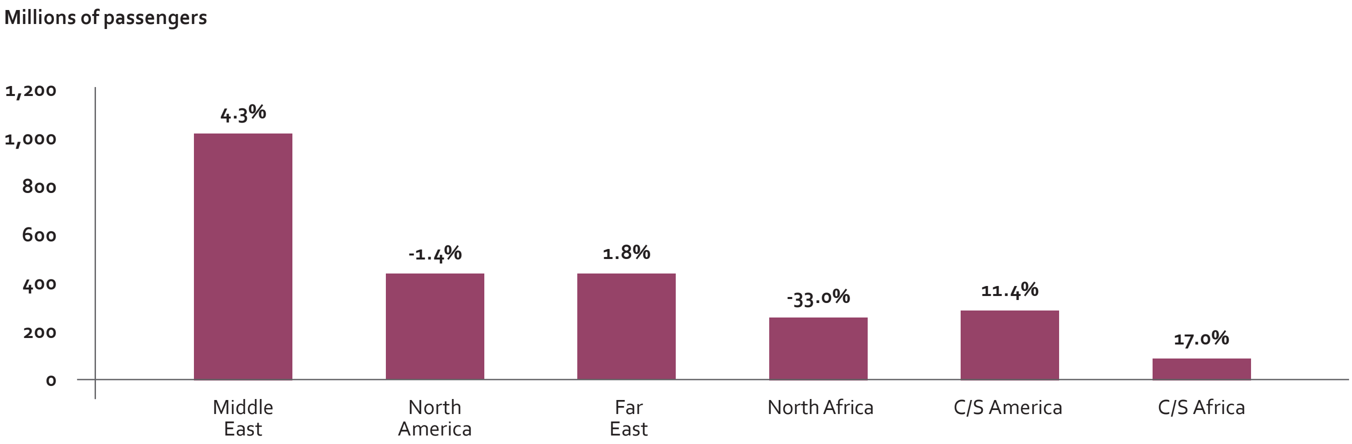
Composition of passenger traffic at Malpensa airport during the first half of 2016 by geographical area (thousands)





Domestic traffic recorded an increase of 0.6%, a slight increase compared to the first half of 2015 due mostly by the arrival of Ryanair with destination Comiso.
European traffic increased by 6%, thanks to the carriers Ryanair and Vueling, with the contribution of the flights to London Stansted, Bucharest, and Seville by the former, Paris Orly, Amsterdam, and Barcelona by the latter.
Intercontinental traffic decreased by 1.6%, due mostly to the decrease recorded by easyJet to Casablanca and Marrakesh, by Air Canada (not present during the first four months of the year) and by Turkish Airlines and Neos.
Within he intercontinental segment, the **long haul** traffic (excluding the Maghreb) recorded 2.2 million passengers, for a growth of 3.4% during the period analyzed; the number of passengers transported was noteworthy in the case of the Middle East (+43,000 passengers), Far East (+8,000 passengers), and Central/South America (+30,000 passengers).

Passenger traffic on intercontinental routes – Malpensa



The % change refers to the comparison for the same period of the previous year.

Linate

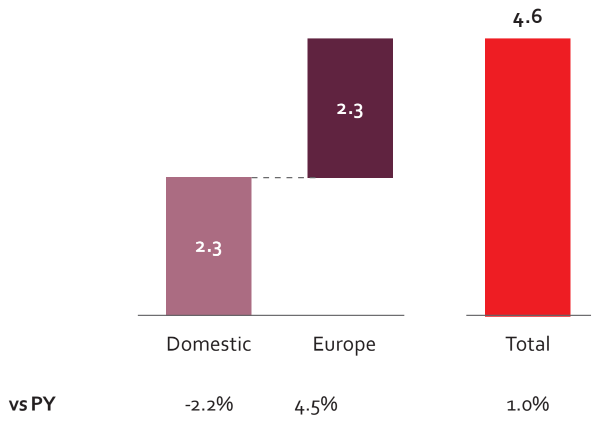
The Linate passenger traffic recorded a positive performance, with 4.6 million passengers served (an increase of 1%); international traffic accounted for a 49% share of the traffic at the city airport, compared to 48% recorded during the same period last year.

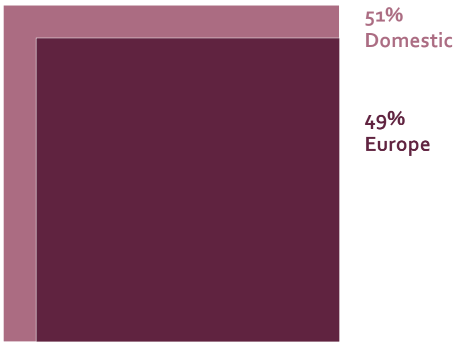
The Alitalia Group is in line with the same period of the 2016 financial year (-0.2%).
The number of flights to European destinations (Frankfurt, Berlin, and Düsseldorf) increased as did that of flights to domestic destinations such as Cagliari, Lamezia Terme, Palermo, Catania, and the Linate-Rome Fiumicino shuttle.
In addition, the flights to European destinations decreased, except those to Germany, Amsterdam, Bruxelles, Paris Orly, and Copenhagen, while the flights to Vienna and Warsaw, which operated in 2015, were canceled.
easyJet, compared to the same period last year, during which it operated the Linate-Fiumicino route, inverted the trend, with a 56% increase of passengers served, thanks to the increase in the number of flights to London Gatwick and the new routes to Paris Charles de Gaulle and Amsterdam both started in the winter of 2015.

With regard to the other airlines, the number of flights increased towards:
- **European destinations**: Blue Air to Bucharest, Fly Niki to Bucharest, KLM to Amsterdam, Aer Lingus to Dublin, Iberia to Madrid, Meridiana fly to Munich;
- **Italian destinations**: Blue Panorama to Reggio Calabria, Meridiana fly to Olbia.

In addition, the European routes decreased:
- **European destinations**: Air Berlin to Berlin and Düsseldorf, British Airways to London Heathrow;
- **Italian destinations**: Meridiana fly to Naples and Catania.

Composition of passenger traffic at Linate airport during the first half of 2016 by geographical area (thousands)

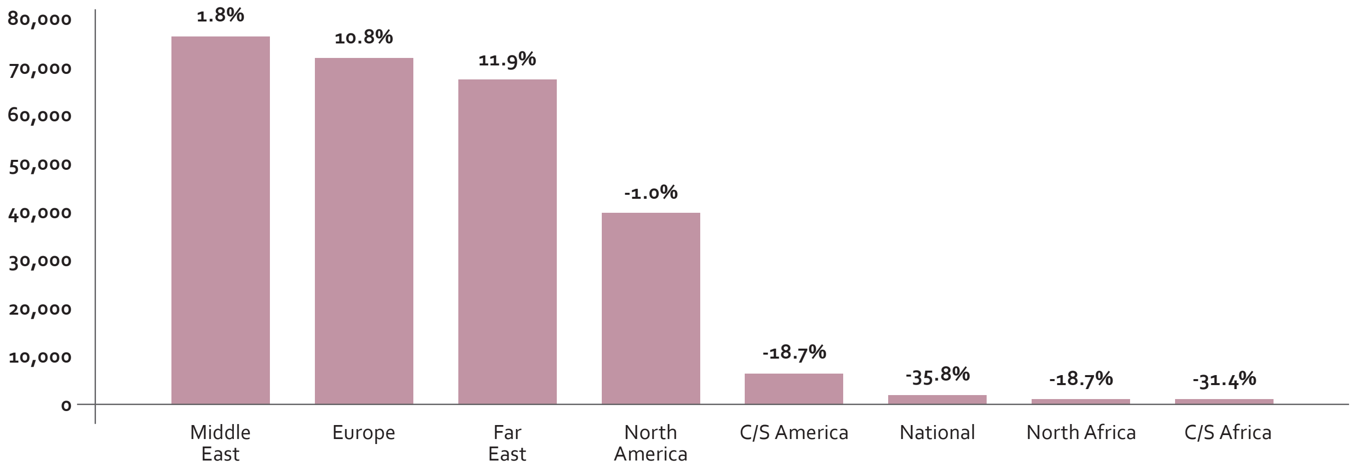




Cargo traffic

The airports managed by the SEA Group recorded a positive result for cargo traffic with over 12,000 tons of goods processed and a growth of 4.9%.

Goods in tons



The % change refers to the comparison for the same period of the previous year.

Milan Malpensa Cargo

During the first half of 2016, Milan Malpensa Cargo totaled a transported volume of over 258,000 tons of cargo, for a growth of 5%. This was due mostly to the export traffic, which grew by 6.7 percentage points; import traffic also increased by 2.6%.

All-cargo airlines experienced a growth of 5.1%, with a transported volume of over 185,000 tons of cargo. Among the main cargo carriers, in order of increased cargo volume handled, are: the Cargolux group, Air Bridge Cargo, Cygnus Air (not present in 2015), Nippon Cargo, and DHL.

The carriers with aircraft in mixed configuration recorded a growth of 4.8%; among the main carriers, ranked in order of increased cargo carried, are: Alitalia, Qatar Airways, Oman Air, Singapore, Iberia, and Korean Air.

Revenues

	1st half 2016	1st half 2015
Revenues Commercial Aviation	296,951	290,867
of which		
– Aviation	192,459	186,083
– Non Aviation	104,492	104,784

During the first half of 2016, the **Commercial Aviation** business generated **operating revenues** of Euro 296,951 thousand overall, an increase of Euro 6,084 thousand (they were Euro 290,867 thousand during the corresponding period of 2015).

The revenue growth is due mostly to the **Aviation** activity, for Euro 6,376 thousand; the **Non Aviation**, activity recorded a slight decrease of Euro 293 thousand.

The increase of the **Aviation** revenues is due essentially to the fee increase arising from the yearly update required by the regulatory agreement and to the higher traffic volumes recorded during the period, also thanks to the opening of new routes and the increased frequency on existing routes; on the other hand, revenues generated by aircraft de-icing activities before take off decreased due to better weather conditions in 2016 compared to the previous financial period.

Non Aviation revenues amount Euro 104,492 thousand, essentially in line with the first half of 2015 (a decrease of Euro 293 thousand). Excluding non-recurrent revenues of Euro 2,200 thousand recorded in 2015, Non Aviation revenues grew by Euro 1,907 thousand.

The main results of the Non Aviation activities are detailed below:

- The shops recorded a revenue growth of 5% compared to the first half of 2015, (from Euro 21,769 thousand in 2015 to Euro 22,851 thousand in 2016). The new commercial layout of Terminal 1 contributed significantly to this especially positive performance. In particular, the new configuration of the flows made it possible to benefit fully from the entire commercial offer, independently of the type of passenger; the increased number of shops that can manage sales under a two-price regime (duty-free and duty-paid) made the commercial offer even more attractive.
- The food and beverage sector too recorded increased revenues, by 5.7% compared to the first half of 2015, going from total revenues of Euro 8,638 thousand to Euro 9,133 thousand in 2016. Specifically, the excellent performance of the banner Ferrari spazio Bollicine, which targets especially to the Linate business customers, and of the formula pizzeria restaurant with table service of Rosso Pomodoro at Terminal 1 are to be noted. The offer at Terminal 2 was penalized by the activities to build the new security screening stations.
- The contribution of the car rental segment was also positive (Euro 419 thousand compared to the first half of 2015); this confirms the trend started in 2015. On the other hand, the banking services sector recorded a decrease in revenues of 18.3%.
- Advertising revenues are Euro 5,195 thousand (Euro 5,693 thousand in the first half of 2015), in slight decline compared to the same period in the previous year. This decrease is linked to the out-of-the-ordinary performance of the prior year, resulting from the extraordinary investments connected to EXPO. The yearly investments of the fashion and luxury items sector, also by advertisers who came in in 2015 and by new investors are confirmed for Terminal 1. At Linate, the regular advertising investors confirmed their presence for the year 2016.
- The Parking sector experienced higher revenues compared to the corresponding half of the previous year; 2016 revenues amounted to Euro 29,000 thousand, an increase of 2.7%. This performance is due to the commercial activity focused both in the B2C and B2B market, and to an intense communication activity. Following the partial recovery of the parking spots lost because of the worksite for the construction of the railway station at Terminal 2, intense marketing activities were needed to regain market share. In order to target easyJet's passengers, advertising for parking was included both on the boarding passes and in the carrier's magazine. Performance at Linate was penalized by the construction sites of the M4 subway line.

The revenues from management of the parking lots of Bergamo Orio al Serio during the first half of 2016 recorded an increase of 7.5% compared to the same period of the previous financial year; the e-commerce channel also shows an excellent performance, recording an increase of 11.3% compared to the same period of the previous financial year.

- The revenues of the Cargo sector recorded an increase of 2.3% due mostly to the assignment of the warehouses to Beta Trans at Terminal 1 in April 2015.

EBITDA and EBIT

In 2016, the EBITDA increased by 10.1% to reach Euro 101,977 thousand (Euro 92,581 thousand in the first half of 2015).

The improvement of the gross operating margin was due to the positive revenue performance described above and to the simultaneous decrease in costs. Excluding the non-recurring item recorded in 2015 for the administrative penalty applied to the company by AGCM, amounting to Euro 3,365 thousand, external costs decreased overall by Euro 4,726 thousand; these savings were partially offset by an increase of the personnel cost of Euro 3,251 thousand.

Depreciations, amortisations, and provisions for environmental restoration are in line with the preceding financial year, while the disbursements of the risk provisions in the first half are significantly lower than those of the first half of 2015; because of the factors described above, the operating EBIT of the commercial aviation business is Euro 67,364 thousand, an increase of Euro 5,429 thousand (+8.8%) compared to the first half of 2015.

Other information

Investments/Aviation spaces development

The interest of the carriers in developing premium services, especially VIP lounges for business customers, was confirmed in the first half of 2016.

The main elements of space development in the first half of 2016 are listed below:

- On February 24, 2016 Emirates opened a 94 square meter reception lounge at Malpensa's arrivals section of Terminal 1, with 8 attached parking spots devoted to the chauffeured driving service, reserved to first and business class passengers.
- On May 25, Alitalia/Ethiad opened the new 495 square meter lounge "Casa Alitalia" at the north satellite.

Development of retail sector

The first half of 2016 was characterized by the strengthening of SEA's commercial strategy for the positioning of the retail offer at Malpensa and Linate, accommodating the requirements of the consumers, but in line with the best offer in the city.

In particular, restyling work continues at Malpensa's Terminal 1, to harmonize also the areas devoted to the more affordable commerce with the new approach; this refers specifically to the Piazza del Pop, where the opening of an important brand of international fast fashion is scheduled for late 2016 and to the broadening of the food offer, with a selection of international brands under the banner of innovation.

Similarly to what was done last year at Terminal 1, the security screening stations of Terminal 2 were renovated; larger spaces were assigned to them to provide more comfort and better utilization of the commercial offer.

The management activities of the Via Milano parking system continue; their purpose is to recoup the market share lost at Malpensa due to the construction activity for the rail link between the two terminals.

Special attention is paid to the e-commerce channel, especially in connection with the B2C, supported by specific marketing campaigns; however, the B2B sector is not neglected and events devoted to the leisure and professional sector are also attended.

Self-Bag Drop

The installation of the self-bag drop equipment has been completed at the two Malpensa terminals. The integration with the DCS of the companies participating in the pilot project (due to start on September 12, 2016 and to last six months) is anticipated by the end of August.

SEA Concierge project

The objective of the project is to develop a concierge service, first targeted to the B2C and then to the B2B. The first phase of the project has been completed to date; the project involves identifying potential providers capable of offering passengers a service in line with the quality levels already available at some European airports The Home to Gate service for the B2C target will be in operation by the end of July 2016.

Intermodality

Several intermodal development activities are being evaluated; the objective is to stimulate the inclination to use flights to and from Malpensa airport, thus extending the catchment area of the airport. Several potential collaborations are being studied, with partners that have already developed systems capable of combining, in a single search, ground transportation means with the flight offered by the various airlines.

Destination development, co-marketing and fast track activities

During the inaugural Zagreb-Malpensa flight of the carrier Croatia Airlines, a familiarization trip was organized for the Croatian flight attendants, in order to promote Milan as a destination. This event is in line with what has already been done with the city of Cardiff and Iran.

Several events were organized during the first half of 2016, to assist the airlines promote new routes or new services offered by the latter. Those organized for Aegean Airlines, Croatia Airlines, Albastar, Vueling, and Flybe are some examples of these events.

The co-marketing activities continued, utilizing SEA's social media by the established methods; however, the marketing tool kit (the tool utilized to support the above-mentioned activities) was also revised.

The volumes recorded for the Fast Track service are confirmed at the levels recorded during the preceding financial year. On the other hand, B2C sales recorded a sharp decline.

General Aviation

Traffic data

The General Aviation business traffic in Italy recorded a decline compared to 2015 (movements -6.4%, passengers -31.6%), more pronounced than the European decline (-1.2% in May compared to the previous year).

Linate airport recorded a sharp decline during the first half of 2016 compared to the same period of the preceding year, following the trend of last year's the winter months, which recorded a decline compared to 2014, more than compensated by the positive data recorded during the May - October period, thanks to the Milan Expo effect. Specifically, while movements recorded a decrease of 9.1% compared to the first half of 2015, tonnage increased by 6%, due to a 3.4% increase of the average weight of the machines that transited through the airport, from 15.6 to 16.1 tons. Finally, it must be stressed that, at the end of May 2016, Linate airport was in sixth place in Europe in terms of number of departures, after the airports of Paris le Bourget, Nice, Geneva, London Luton, and Zürich, while in June it was in seventh place in terms of average number of daily departures, also behind the Farnborough airport.

Revenues

General Aviation business revenues of Euro 6,367 thousand (Euro 8,157 thousand during the first half of 2015) decreased by about 21.9% compared to the same period of the preceding financial year. This decrease is due to the loss of the revenues from the sale of fuel resulting from the cessation of the activity starting on April 1, 2016, to the lower revenues from regulated activities due to lower traffic, partially offset by increased revenues due to non-regulated (commercial) activities thanks to the availability of spaces used for offices and advertising within the passengers terminal (these activities were penalized in 2015 by the restyling construction work), and by revenues connected to the subleasing of the Aliserio hangar, included in the areas assigned to SEA Prime by the deed modifying the agreement with SEA effective January 1, 2016.

EBITDA and EBIT

The operating EBITDA of Euro 3,157 thousand grew by 17.4% compared to the first half of the preceding financial year, while the EBIT increased to Euro 574 thousand compared to the first six months of 2015. These results are linked to decreased costs, also due to the elimination of the costs associated to the sale of fuel and to the lower net provisions recorded for the period.

Energy

Quantitative data

In the first half of 2016 the generation of electrical energy for sale increased by 0.2% (+ 385,000 kWh) compared to the same period of 2015, to reach 158.3 million kWh, of which over 56% allocated to serve the needs of the airports managed by the SEA Group.

During the first half of 2016, sales of electrical energy to third parties increased by 0.1% compared to the corresponding period of 2015 (+ 33,000 kWh) and the electrical energy required by SEA increased by 0.4% (+ 352,000 kWh).

The production of electricity for sale through the Electricity Exchange (Borsa Elettrica) increased 19.2% on the first half of 2015. The increase was due to the larger amount of energy available from the Malpensa power plant resulting from the decrease of sales through bilateral contracts. The amount of electrical energy sold through the Exchange decreased by 9.9% compared to the first half of 2015, amounting to 5.9 million kWh. In addition, the sale of electrical energy to third parties continued during the first half, in the overall amount of 13.8 million kWh (-39.2% compared to the first half of 2015).

In the first six months of 2016 thermal energy production increased by 1.7% compared to the same period of 2015 (3 million kWh) to reach 185.3 million kWh, of which over 71% to fulfill the needs of Linate and Malpensa airports.

The increase in production was due mostly to the strengthening of the supply to civil users within the vicinity of Linate airport as since early 2015 the cogeneration plant has been connected by pipeline to the "Canavese" plant (located near Viale Forlanini and owned by A2A) in order to supply additional heat to the city of Milan. Consequently, sales to third party customers increased by over 15.3 million kWh (+42.1% compared to the first half of 2015) to reach over 51.7 million kWh.

Revenues

During the first half of 2016, the Energy business (generation and sale of electrical and thermal energy) recorded consolidated net revenues of Euro 7,239, thousand (Euro 8,034 thousand during the first half of 2015), lower than during the same period of 2015. Specifically, the revenues derived from the sale of electrical energy to third parties decreased by 24.4% compared to the same period of 2015; the decrease of the revenues generated from the amounts sold to third parties was due to the persistently low trading prices in the exchange.

The revenues from the sale of electricity to third parties, amounting to Euro 1,711 thousand, increased by Euro 227 thousand (+15.3% compared to the first half of 2015).

EBITDA and EBIT

The EBITDA and EBIT of the Energy business worsened compared to the first half of the preceding financial year, reaching respectively Euro -262 thousand and Euro -442 thousand, compared to Euro 1,471 thousand for the EBITDA and Euro 1,144 thousand for the EBIT of the first half of 2015. The deterioration of the margins of the energy business can be traced to the deterioration of the revenues and increased natural gas costs; the other costs, depreciations, amortizations, and provisions were in line with those recorded in the first half of 2015.

Green Certificates

SEA Energia fulfilled the requirements to obtain green certificates again in 2016 at the production site of Linate, thanks to the co-generative production of thermal energy intended for remote heating of the Santa Giulia neighborhood and for new residential users near the power plant and the airport.

White Certificates

SEA Energia fulfilled, again in the first six months of 2016, the requirements needed to obtain the white certificates in accordance with the HEC (High Efficiency Cogeneration) certification for the Malpensa cogeneration plant.

Emission trading

In accordance with European Directive 2003/87/EC, starting on January 1, 2005, operators of plants which emit CO_2 into the atmosphere must possess an authorization issued by the competent national authority. In addition, each plant, must receive special "rights" permitting the emission of CO_2 into the atmosphere without payment.

If the rights allocated annually to the plant are not sufficient to cover emissions, the required additional rights can be purchased on the market.

Conversely, if the rights allocated are in excess of the emissions produced, the rights not utilized can be sold.

During the first half of 2016, the overall production of CO_2 by the Group amounted to about 91,900 tons, of which about 58,300 tons generated by the Malpensa cogeneration plant and 33,600 tons produced by the Linate plant.

Application to have SEA Energia qualified among Existing Systems Equivalent to Efficient Users' Systems (SEESEU)

On September 29, 2015, an application was submitted to the GSE [Energy Systems Manager] to have SEA and SEA Energia qualified as Existing Systems Equivalent to Efficient Users' Systems (SEESEU). Obtaining the SEU or SEESEU qualification involves maintaining favorable rate conditions for self-generated electrical energy, at high efficiency and not drawn from the grid, only for the variable parts of the general system and grid charges, as provided by Legislative Decree No. 115/08 and by art. 25-bis of Decree Law No. 91/14 converted into Law No.116/14.

After receiving the file, The GSE asked the company to provide additional documents. Currently, the file is in the "supplemented" phase; the GSE has not yet communicated any results. Consistently with the financial statements, and although the SEESEU-C qualification for the application of the favorable rate of the system charges has not been obtained yet, the Group deemed it reasonable to estimate the payment of the system charges at favorable conditions.

SEA GROUP RISK FACTORS

The SEA Group pays great attention to the correct management of the risks related to the performance of its corporate activities. To this end, the company instituted processes and procedures to monitor the potential risks arising from unforeseen events, preserve for the long term the capability of generating economic value, and protect the tangible and intangible assets of interest to the stakeholders. The Group's risks are broken down into five classes: strategic, operational, financial, commodity, and compliance.

Strategic risks

The strategic risk factors to which the SEA Group is subject can have particularly significant effects on long-term performance; consequently, the development policies of the SEA Group may have to be revised.

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 means of transport, in particular rail.

Risks related to the choices of the airlines

As is the case for the other airport operators, the future development of the activities depends significantly on the strategic choices of the airlines, which depend also on the global economic-financial performance. Specifically, in recent years, traditional carriers initiated activities to establish international alliances, which have strengthened their market position and, in general, modified the structure of the demand. At the same time, there was also a significant change of the demand caused by the increasing presence of low-cost carriers, with the ensuing increase of competition among airports; this made possible the development of new decentralized and smaller airports.
The volume of passenger and cargo traffic in transit at the Linate and Malpensa airports is a key factor in the performance of the Group. Any reduction or interruption of 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 change of flights to a number of destinations with significant passenger traffic could result in a reduction in said traffic, with an ensuing negative impacts on the Group's activities and results.

The Group considers itself, based on experience gained over the years, although without certainties in this regard, 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 operators, are subject to a high level of regulation which impacts in particular on the allocation of slots, the control of air traffic, and the establishment of fees concerning services which may be provided only by the airport operator (airport fees, security control fees, fees for the use of common use assets and centralized infrastructure for handling services).
In addition, as for the other companies in the sector, the activities of the SEA Group are subject to a number of environmental protection laws and regulations at EU, national, regional, and local level.

Risk related to the European Commission Decision of December 19, 2012 concerning presumed state aid to SEA Handling and the Decision of July 9, 2014 for the start of a new investigation on the incorporation and capitalization of Airport Handling

a) Proceedings regarding the decision of the European Commission of December 19, 2012

With a decision of December 19, 2012, the European Commission ruled that the share capital increases carried out by SEA in favor of its subsidiary SEA Handling in the 2002-2010 period, for an overall amount of Euro 360 million, constituted state aid incompatible with the internal market and, consequently, imposed upon the Italian State the obligation to act to allow the return of the presumed state aid by SEA Handling.
As described in more detail in the information note to the financial statements to December 31, 2015, SEA, in the context of a formal project of 'alternative implementation' of the decision, took a series of actions among which: *i)* the liquidation and definitive exit from the market of SEA Handling; *ii)* the incorporation of Airport Handling to continue offering ground assistance services under conditions of full competition with the other handling companies, and under a regime of full economic discontinuity relative to SEA Handling; *iii)* the assignment of the

entire investment in the share capital of Airport Handling to a trust called "Milan Airport Handling Trust", in order to exclude any form of control by SEA over Airport Handling and any continuity between SEA Handling and Airport Handling; *iv)* sale of 30% of the shares of Airport Handling to a third party operator, with the option, subject to certain conditions, to purchase an additional 40% of the shares.

In relation to the above-mentioned decision three independent appeals seeking annulment were filed before the European Union Court: by the Italian State, by SEA Handling and by the Milan Municipality.

These appeal proceedings are now in an advance phase, as the written phase of the proceedings was completed months ago; therefore, a ruling by the Court is expected by the end of the year or during 2017.

In the meantime, a discussion phase commenced – through the Italian Authorities – with the European Commission, in order to state the inability of SEA Handling to meet this repayment obligation in full and, consequently, the impossibility for the Italian State to implement the decision in its entirety and in the specific form.

By way of a letter sent to the Italian Authorities on July 20, 2016, the European Commission, having acknowledged the arguments submitted by SEA Handling, requested confirmations regarding the cessation of the activities, the progress of the liquidation, and the procedures established to fulfill, within the limits of the amounts generated by the liquidation, the restitution obligations by SEA Handling.

In view of the above, consistently with the approach adopted in the earlier financial statements and interim financial communications, it is believed that it is not necessary to make any provisions for risks and charges in the financial statements of SEA Handling under liquidation and/or for credits towards the latter in the SEA financial statements with reference to the obligation of full restitution by SEA Handling to SEA of the alleged state aid and/or the recording of the entire credit for the return of the state aid by SEA. In fact, leaving aside any assessment as to whether the amounts in question are due or not (also with regard to the outcome of the pending appeals), if and to the extent that any cash is left from the liquidation of SEA Handling's assets, said excess can only be paid to SEA, sole shareholder of the liquidated company.

b) Proceedings related to the investigation of the European Commission of July 9, 2014

On July 9, 2014, the European Commission (within the scope of the powers conferred to it on matters concerning state aid) decided to start a formal investigation in order to clarify in greater depth some aspects concerning the economic discontinuity between SEA Handling and Airport Handling and the possible existence of (additional) alleged state aid in the capitalization of the new company by SEA.

By way of a decision of July 5, 2016, sent to SEA by the Ministry of Transports on July19, 2016, the European Commission concluded the investigation proceedings initiated in connection with the incorporation and capitalization of the company Airport Handling SpA and found that: *i)* there is no economic continuity between SEA Handling SpA and Airport Handling SpA; *ii)* the obligation to return incompatible state aid is not transferred to Airport Handling SpA; *iii)* there is no state aid in the incorporation and capitalization of the latter company.

In addition, in the meantime, the process of divestment of the control of Airport Handling by SEA has been finalized:

- in December 2014, SEA, jointly with the Trustee of Milan Airport Handling Trust gave a mandate to an independent financial advisor to identify potential investors interested in acquiring a share of Airport Handling;
- in September 2015, the Trustee and dnata (a leading international company of the Emirates Group active in the airport handling sector) signed a binding agreement for the sale of 30% of the shares of Airport Handling and of a similar percentage of the FIP held by SEA in Airport handling, with assignment to dnata, at the closing date, of the majority of the members of the Board of Directors and, therefore, of the governance of Airport Handling;
- the agreement also includes an option in favor of dnata for the purchase, when certain conditions occur, of an additional 40% of the shares (call option) and of a corresponding percentage of FIP (on the other hand, as a result of the decision of the European Union, a symmetrical put option in favor of dnata subject to the negotiations with the European Union can no longer be exercised);
- in February of 2016, the Competition and Markets Authority found that, pursuant to article 6, paragraph 1 of Law 287/90, the transaction in question did not constitute the establishment or strengthening of a dominant position in the market that could eliminate or decrease competition significantly and for the long term;
- the transaction was completed on March 23, 2016 and, therefore, the share of the other financial assets object of the future sale was reclassified as "current";
- dnata's investment in Airport Handling leads to a valuation of the company of Euro 25 million, an amount that confirms the balance sheet assets recorded in the financial statements. The transaction involves the payment of Euro 7.5 million by dnata for the sale of the initial 30%, which will remain restricted

to guarantee dnata's payment of Euro 10 million for the additional share of 40% (there amounts are to be subdivided in proportion between shares and FIP respectively held by the Trustee and SEA).

In view of the above, with regard to the amounts transferred by SEA to the share capital of Airport Handling and to the subscription of the investment financial instruments by SEA, it is believed that they can be recovered in the process of divestment of the subsidiary or of the share in the future earnings of the latter (for the remaining investment), which are deemed to be obtainable. It follows that no specific provision or adjustment is necessary or appropriate.

Operating Risks

The operating risk factors are strictly related to the performance of airport activities and can impact on short and long-term performance.

Risks related to safety and security management

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

Risks related to the interruption of activities

The Group's activities can be interrupted as a result of: strikes of its own personnel or that of the airlines, of the air traffic control personnel, and of the operators of the emergency public services; incorrect or delayed performance of services by third parties; and unfavorable weather conditions (snow, fog, etc.)
The risk management tools are: emergency plan and procedures, highly trained staff, and insurance policies.

Risks related to management of human resources

The achievement of the Group's objectives depends on internal resources and relations with the employees. Unethical or inappropriate behavior of employees can have legal and financial consequences on company activities. The risk management tools are: optimum workplace environment, talent development plans, ongoing dialog and cooperation with the Labor Unions, Ethics Code and procedure 231.

Risk related to dependence on third parties

Airport management activities depend largely on third parties, for example local authorities, carriers, handlers, etc. Any interruption of their activities or unacceptable conduct by third parties can damage the Group's activities and reputation.
The risk management tools are: ongoing update of agreements with third parties, selection of partners based on economic and financial and sustainability criteria, adequate contract management activity.

Financial risks

The financial risks are managed by the Parent Company which identifies, evaluates, and implements actions to prevent and limit the consequences of the occurrence of the above-mentioned risk factors. For further information, reference should be made to section 4 "Risk management" of the Explanatory Notes to the Condensed Consolidated Half-Year Financial Statements.

Commodity risks

The SEA Group is exposed to changes in prices (and related exchange rates) of the energy commodities handled, i.e. gas and (to a very small extent) electricity. These risks, albeit limited due to the self-consumption by the Group of energy generated by SEA Energia, arise from the purchase of the above-mentioned energy commodities. For further information, reference should be made to section 4 "Risk management" of the explanatory notes to the Condensed Consolidated Half-Year Financial Statements.

Compliance risks

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

Contract system

A significant part of SEA Group revenues derives from the activities carried out on the basis of the agreement signed between Società per Azioni Esercizi Aeroportuali SEA and ENAC, effective 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 early withdrawal in case of serious non-compliance by SEA and dissolution in the case of a delay for more than 12 months in the payment of the fee due by SEA, or in the case that SEA is declared bankrupt. The conformity of the processes and procedures with national and international standards leads one to believe that the risk of non-compliance with the concession rules is remote. In addition, at the end of the agreement, SEA must return the state property forming part of the Malpensa and Linate airports and provide for free to the State all equipment, works, and infrastructures built by SEA on said property. The application of IFRIC 12 in the accounting of investments and of the restoration obligation allows accounting of the overall charge for depreciation and restoration cost accruing each year in the income statement, in view of the obligations undertaken by SEA under the concession.

Risks associated to safety and security management

The SEA Group, fulfilling the obligations established for airport managers by the ENAC regulation of October 21, 2003 for the construction and operation of airports, guarantees, through the Safety Management System, that airport operations are carried out under pre-established safety conditions and evaluates the effectiveness of the system in order to correct any deviations arising from the conduct of any airport operator.
In this context, the SEA Group guarantees that the flight infrastructures, equipment, processes, and operating procedures comply with national and internationals standards; the company implements an ongoing staff training program in order to guarantee maximum safety, quality levels, and timeliness and efficiency of the service.

MAIN DISPUTES AS OF JUNE 30, 2016

Legal proceedings initiated by ATA Handling

In May 2015, ATA Handling, under liquidation, and subject to creditors agreement procedure, notified SEA SpA and the Municipality of Milan of a lawsuit, with which ATA Handling, referring to the decision of the European Commission of 12/19/2012 concerning alleged state aid in favor of SEA Handling, requested compensation for damages suffered as a result of the above-mentioned aid, provided in the form of share capital increases, alleging that such aid severely affected ATA Handling's operations: in fact, it was alleged that SEA Handling could rely on systematic coverage of losses and was thus able to apply significantly lower fees than those which would have been applied in the absence of such aid. On the one hand, this would have forced ATA Handling also to apply fees lower than would have been applied in an undistorted market and, on the other hand, ATA Handling would have been prevented from acquiring a greater market share. Allegedly, this situation would have prevented ATA Handling from operating under balanced conditions and led to its liquidation.

In September 2013 and again in July 2014, ATA Handling requested compensation for damages due to alleged state aid; however, both these requests did not receive a response and therefore ATA Handling initiated the lawsuit, quantifying the damages, through a differential analysis of two situations (SEA Handling with share capital increases and SEA Handling without share capital increases), at Euro 93.1 million. SEA has already submitted the documentation to invalidate the thesis of predatory pricing; in addition, as the respondents objected on the grounds of lack of jurisdiction, ATA Holding submitted the question of jurisdiction to the Court of Cassation, in order to establish whether the civil courts or the administrative courts have jurisdiction over the compensation proceedings. The oral arguments' hearing will be held on October 25, 2016.

Consistently with the approach adopted at the earlier year ends for matters concerning the decision of the European Commission of 12/19/2012, also in the case of the proceedings initiated by ATA Handling (as they derive directly from the above-mentioned decision and make explicit reference to it), no provision for risks and charges was made in the 2016 Half-Year Financial Statements, consistently with what was provided in SEA's financial statements to December 31, 2015.

Civil suit SEA/ENAV – Judgment 3406/2015 issued by the Milan Court

Judgment 3406/2015 refers to the claims action initiated by SEA for the assets erroneously transferred to ENAV with the provisional acceptance reports of 1983/1984. The Court of Appeal, reversing the decision of the trial Court, accepted SEA's request and stopped the transfer of the above-mentioned assets to ENAV. The Court of Appeal judgment, which modifies that of the trial Court, recognizes that SEA has surface rights over the state lands of Milan's Linate and Malpensa airports object of the concession; therefore, SEA has temporary ownership of the assets. In February 2016 ENAV and the Ministries appealed judgment 3406/2015 issued by the Court of Milan at the Court of Cassation. This Half-Year report does not contain any updates on the matter relative to the financial statements to December 31, 2015.

Customs Agency's audit on electrical energy – Payment notice No. 2016/A/1032 and penalties

During the fiscal year 2015, the territorial offices of the Customs Agency of Malpensa and Linate, under the control and coordination of the Lombardy Regional Division, initiated an audit of SEA in order to establish whether the excise taxes due on the electrical energy used to operate the Linate and Malpensa airports were regularly paid as required by Legislative Decree No. 504/1995 (T.U.A. [Consolidated law on excises]). On June 7, 2016, the Malpensa office of the Customs Agency notified payment notice No. 2016/A/1032 with simultaneous assessment of penalties No. 279100-68-2016. SEA deemed it appropriate not to appeal to the notice, eliminating the reason for the dispute by complying with the notice and, therefore, paying Euro 735,591 for taxes and interests and Euro 267,963 for penalties. There is no update on the audit of Linate.

Dispute for alleged abuse of dominant position in the acquisition of ATA Ali trasporti Aerei – proceedings A474 of the Competition and Markets Authority (AGCM)

On December 20, 2013, AGCM initiated the proceeding following the complaint by Cedicor Sociedad Anonima ("CEDICOR").

Specifically, the Authority accused SEA of having abused its dominant position in violation of Article 102 of the Treaty for the Functioning of the European Union ("TFEU") in the context of the tender for the sale of ATA Ali Trasporti Aerei SpA. (hereinafter jointly also "ATA"), now SEA Prime. According to the reconstruction of the AGCM, SEA, exploiting its dominant position in the management of airport infrastructures, would have instrumentally invoked the termination of the Regulatory Agreement with ATA for the management of general aviation

infrastructures in order to prevent CEDICOR from purchasing the company, thus preventing a potential competitor in the infrastructure management and general aviation handling services from accessing the market.
SEA, supported by its legal team, maintained that its conduct was lawful.
However, despite the defense arguments put forward by SEA, on April 2, 2015 the Competition and Markets Authority concluded the proceedings and ruled:

- that SEA abused its dominant position in violation of Article 102 of the Treaty for the Functioning of the European Union ("TFEU"), by hampering the tender put in place for the disposal of ATA Ali Trasporti Aerei SpA and ATA Ali Servizi SpA, in order to prevent the entry of Cedicor into the general aviation airport infrastructure market and the general aviation handling services market;
- to levy a total monetary penalty of Euro 3,365 thousand on SEA, to be paid within 30 days from the notification of the decision, therefore by May 1, 2015.

In June 13, 2015 SEA filed an appeal against this decision at the Regional Administrative Court ("TAR"). The hearing on the merits is set for December 6, 2016.
Although, at the light of the circumstances described above, it is believed that there are strong arguments to overturn the decision at subsequent levels of judgment, SEA decided to pay the penalty, taking into account that the extended time required by the procedure following the notification of the appeal to CEDICOR, make it highly improbable that a hearing would be set in the short-term. The penalty was paid on July 8, 2015, in compliance with the deadline, to ensure that further interest would not mature.No updates are to be mentioned on the date of submission of this Half Year report.

Litigation initiated by Emilio Noseda before the Court of Buenos Aires

In 2005 a legal action was notified to SEA, initiated by Mr. Emilio Noseda before the Court of Buenos Aires to obtain fulfillment of obligations allegedly taken in 1997 by SEA towards Delta Group SA, a Uruguay company of which Mr. Noseda was legal representative and which supported SEA in the tender phase for the concession of Argentinian airports.
Mr. Noseda, as assignee of the right of Delta Group, requested that SEA be sentenced to:

– transfer 2% of the shares of AA2000 at their current market price;
– compensate the damage caused by the loss by Delta Group of the opportunity to sell the shares at the time at which they were worth the price agreed upon at the time (USD 2 million), a damage not quantified;
– compensate the damage due to loss of profits connected to the fact that some concessions at three Argentinian airports were not assigned to Delta Group, a damage not quantified.

At the end of the evidence phase and while waiting for the ruling to be issued, also taking into account the replacement of the judgment Court that occurred in the meantime and the acceptance of Noseda's request for free legal counsel, SEA presented a settlement proposal in the amount of USD 500,000, which was not accepted. Noseda requested an amount of USD 3.5 million, plus legal costs.
SEA entered an amount adequate to cover the risk in the provision for risks and charges of this Half-Year report.

Judgment 3553/2015 issued by the Milan Court

This ruling of the Milan Court of appeal, published in September 2015, concerns the litigation under way with the Customs Agency about the failure to pay the amounts due for the use of the spaces made available by SEA. This ruling confirmed the reason for the decision of the trial Court which sentenced the Customs Agency to pay the sum of Euro 5,591 thousand to SEA. As all levels of judgment have not been completed, no revenues have been entered in this Half-Year report.

Provisions regarding Fire Department fees

Art. 1, paragraph 1328 of Law No. 296 of 12/27/2006 (2007 Budget Law) instituted the Fire Protection Fund financed by the airport management companies, in proportion to the traffic generated, to the extent of Euro 30 million per year, in order to decrease the cost to the state of the fire protection service provided at airports by the National Fire-fighting Corps. However, as a result of the coming into effect of the provisions of paragraph 3 bis of art. 4 of Legislative Decree No. 185 of 29-11-2008, introduced with the Law No. 2 of 1/28/2009, the fund's resources were devoted also to purposes completely different from those initially provided by the 2007 Budget Law.
SEA objected on the grounds of unlawfulness and appealed the law before both TAR (Regional Administrative Court) and the Civil Court of Rome.
A number of positive and important rulings followed over the years and some of them became final. As a result of these rulings it can be observed that all pertinent Courts have qualified "the charge established by the law (the contribution) as a contribution for a specific purpose". Up to now, the Courts have also established that, as a result of the coming into effect of Law No. 2/2009, all sums of the Fire Protection Fund have been utilized

to cover costs and for purposes completely different from those initially intended, i.e. reducing the costs incurred by the state for fire protection service at the airports.

It is pointed out that the following provision was introduced into the 2016 Stability Law, which came into effect on January 1, 2016:

"At article 39-bis, paragraph 1, of Decree Law No. 159 of October 1, 2007, converted with amendments into Law No. 222 of November 29, 2007, after the words: 'of law No. 350 of December 24, 2003' the following words are inserted: 'and of fees at the charge of airport management companies for fire protection services at airports, mentioned at article 1, paragraph 1328, of Law No. 296 of December 25, 2006'. "

The article redefines the contribution to be paid into the fund as a fee for services provided by the firefighters, in order to overcome the objections raised by the airport management companies on the nature of the levy and to bring the relationship back into the jurisdiction of ordinary Courts, in contrast with the decisions already issued on the case in point. No updates are to be noted at the date of this Half Year report.

OTHER INFORMATION

Customer care

Quality of the airport services provided: European context and ranking of our airports

The available 2016 punctuality figures (latest update January - April 2016) indicate a general situation in Europe similar to that for the same period last year. On average, about 83% of arriving and departing flights at European airports were on time, a percentage similar to that recorded last year.
Linate, with about 93% of departing flights on time, confirms its first place on-time performance obtained last year, among the airports included in this ranking, Malpensa, whose on-time values improved to about 86% (85% in 2015), was above both the European average values and the values for European airports of similar size (including Düsseldorf, Manchester, and Dublin). Malpensa's results are a great deal better than those of the main hubs and, in any case, of larger airports such as Amsterdam, Zürich, Munich, London Heathrow, and Rome Fiumicino. The last airport, although it improved its performance by 4 percentage points, compared to last year, remains at the bottom of the airport ranking.
At Malpensa, passenger **on-time flight departures**, for scheduled passenger flights only, improved by 4 percentage points to 85% in the first half of the year. The analysis by Terminal also shows a similar trend: Terminal 1 closed the first six months with an on-time departure performance of 84.7% (an improvement of 4.3 percentage points) and Terminal 2 recorded a value of 85.8 % (an improvement of 3.1 percentage points). The data are in line with those of the first half of last year.
The data referring **to misdirected luggage** updated to May are the following:
Malpensa Terminal 1 = 2.3 misdirected pieces of baggage/1,000 departing passengers in the first five months of 2016, against 1.7 pieces of baggage for the same period in 2015, better than the 2016 target of 3.0;
Malpensa Terminal 2 = 0.34 misdirected pieces of baggage/1,000 departing passengers in the first five months of 2016, against 0.4 pieces of baggage for the same period in 2015, better than the 2016 target of 2.0;
The **baggage delivery time** performance, also for the first six months of this year, is at values much higher than those declared in the Passenger Service Chart: at Terminal 1, the delivery of the first piece of baggage within the forecast standard, 23 minutes, was ensured for 94.2% of the flights, while the delivery of the last piece of baggage within 36 minutes was achieved in 94.1% of the cases; at Terminal 2 the delivery of the first piece of baggage within 26 minutes, was ensured for 98.3% of the flights, while the delivery of the last piece of baggage within 37 minutes was achieved in 99.2% of the cases.
The **waiting times for X-ray control of hand luggage** were well within the declared standards: in fact, the maximum time recorded in 90% of the cases up to June was 4 min 50 sec (2016 target = 7 min 00 sec) for Terminal 1 and 6 min 37 sec (2016 target = 8 min 00 sec) for Terminal 2.
The weight-averaged time for T1 and T2 was 5 min 27 sec, shorter than the 2016 regulatory agreement, which required 8 min 30 sec.
At Linate the value for **on-time departures for scheduled passenger flights only** was 89.1% for the first six months. The capacity to recover arriving delays was 0.9 points. These data were affected by the performance during May and June, which was negatively impacted by long delays on arrival and numerous strikes in Italy and abroad.
The **delivery of the first bag** within the declared standard of 17 minutes was achieved for 92.9% of flights, while the delivery of the last bag within 24 minutes was achieved for 94.6% of flights.
The data concerning the **number of misdirected bags**, updated to May are: 1.4 misdirected bags/1,000 departing passengers in the first five months of 2016, against 2.5 pieces of baggage for the same period in 2015.

With regard to the waiting times in line at the X-ray control stations for hand baggage, the final data for the first half year show 6.48 minutes in 90% of the cases; this is shorter than the values indicated in the regulatory agreement and in the Passenger Service Chart, which declare a time of 7.4 minutes.

Overall passenger satisfaction

The overall quality perceived by passengers (customer satisfaction with the services provided at the SEA-managed airports) continues to be assessed through CAPI (Computer Assisted Personal Interview) interviews by a leading market research institute. Since 2014, SEA utilizes the CSI value as the index of overall satisfaction[3] (ACSI – American Customer

3 *The index is measured on a scale of 0 - 100, with 75 representing excellence and 60 indicating an adequate assessment.*

Satisfaction Index model); this is the reference parameter for the business sector and for individual companies, utilized internationally.
The values of the Customer Satisfaction Index (CSI) measured at the various terminals for the first six months of 2016 and the corresponding percentage changes relative to 2015 are shown below:

Malpensa Terminal 1	74.7	+3.1%
Malpensa Terminal 2	71.6	+0.2%
Linate	70.0	-0.7%

The improvement (compared to 2015) for Malpensa Terminal 1 is the result of the renovation work and of SEA's constant efforts in priority areas for the passengers, such as comfort, security check, maintenance, and retail outlets. With regard to Malpensa Terminal 2, the renovation work kept the results for the first half of 2016 in line with those for the same period of the previous financial year.
The new system used to measure perceived quality, introduced in May 2015, which allows passengers to express their opinion on the services received at dedicated interactive stations, was enhanced in June 2016, by increasing from 20 to 30 the number of devices distributed at the three terminals. Monitoring that provides dates and times for the passengers' opinions concerning security, washrooms, commercial outlets, and maintenance in general makes it possible to intervene in timely fashion and improve quality standards, avoiding medium and long-term deviations.

Customer Relationship Management

As of June 30, 2016, approximately 1,260,000 subscribers were registered on the CRM database. Over 880,000 registered persons have given their consent to receiving newsletters and research questionnaires. This makes it possible to inform airport users and to learn their expectations and assessments to guide the services offered at the airports.
329 complaints were received and processed during the first half of 2016, an 8% decrease compared to the same period of last year.

Perceived quality: satisfaction expressed by passengers and the positioning of our airports internationally

In the first half of 2016, over 300 airports worldwide and over 90 in Europe participated in the ACI ASQ (Airport Service Quality) survey.
The program is based on the results of interviews with departing passengers at the participating airports. A common questionnaire is used for all airports; this made it possible to establish a uniform benchmark in terms of satisfaction expressed for the services received at the various airports throughout the world. It also made it possible to identify excellence and best practices, to which SEA increasingly refers to introduce new services and improve the passengers' travel experience at the Milan airports.
Based on the data available for the first quarter, during 2016 the passengers traveling through Malpensa Terminal 1 confirmed the findings of the last two quarters of 2015, giving a positive assessment of the new services and of the renovated areas of the terminal.
This was further confirmed for 2016 also in the European context, as Malpensa 1 stood out for its commercial offer (broader than the European average), accessory services, such as free WIFI, and efficiency of check-in and security services, which are now in line with the European average and, in any case, much appreciated during the last financial period of 2015.
These positive results caused Malpensa's position in the worldwide and European ranking to improve markedly in 2016 compared to 2015.

Quality of airport services at SEA in its regulatory and certified quality management aspect

Twenty-one audits, fifteen of them internal, were carried out and managed at Linate and Malpensa during the first half of 2016 in the context of the quality management system.

2016 Passengers Services Charter

In accordance with the new GEN-06 and GEN-02A guidelines, ENAC prepared and approved the 2016 edition of the Passenger Services Chart.

The SEA Group Sustainable Development Policy

Strategy

The SEA Group strategy on sustainable development and on effective management of stakeholder relations is based on criteria of sustainable creation of value, considered in its many dimensions (economic, environmental, social) with a view to strengthening synergies between the three components.
Therefore, the Group draws up its strategies in such a manner that the resources, actions, and tools deployed in the social and environmental areas can be characterized as investments, which

can therefore support the proper management of company risk and the growth of the Group.
The Corporate Social Responsibility department was created in order to introduce and strengthen a management of stakeholders' relations increasingly integrated in the business options. Projects and initiatives are shared on an ongoing basis with top management through the Sustainability Committee, which handles the conceptual and decision-making governance in relation to sustainable development.

The social dimension

A study to assess the social and economic impact of Linate airport was carried out in the first half of 2016 (utilizing data for late 2015) by the Research Center on the Development of the Territory of Castellanza University. The study is a supplement to the documentation prepared to support the EIA (Environmental Impact Assessment) to which the Linate project will be subjected.
The first edition of the "The Social Challenge" project, started in the third quarter of 2015, was completed in the first quarter of 2016. The purpose of the project was to sensitize SEA's employees to the civic commitment of non-profit activities in the areas surrounding the Linate and Malpensa airports, involving them in the identification and selection of social projects conceived by non-profit organizations operating in the provinces of Milan and Varese in favor of which the sponsors (SEA SpA and the Associazione Noi SEA) made available six contributions of Euro 10,000 each. 138 projects were submitted during the first edition; 104 of them were admitted to the assessment phase. The short list of 24 finalist projects was voted by SEA's employees through a referendum organized on the corporate intranet.

Management of relations with the stakeholders

An on-line platform was launched in early 2016, whose purpose is to broaden and strengthen the stakeholders engagement activity in terms of in-depth discussion of themes related to sustainability and of assessment of the impact of said themes on business projects.
The objective is to create and expand a digital community of business partners, opinion leaders, and experts, that can be joined by direct invitation and that operates as a tool to systematically update the themes most relevant to SEA's business and as the vehicle to monitor the perception of the stakeholders and to complement the traditional qualitative and quantitative surveys already in existence for the past several years.
The digital platform began fulfilling its functions by supporting the process of stakeholder engagement in the Malpensa Master Plan. In the context of activities to establish relations with the area, initiated to support the accreditation of the Malpensa Master Plan, two workshops were conducted in the first half year: one was devoted to the social and economic impact of the airport and the other to its environmental impact.

Human Resources Management

Workforce

As of June 30, 2016, the total number of employees of the SEA Group was 2,871 (HDC) for a decrease of 34 compared to the end of 2015 (-1.2%). The total number of full time equivalent employees during the January - June 2016 period increased by 27 from 2,783 to 2,810 (+1%) compared to the full 2015 year.
Women constituted 29% of the total number of employees as of June 30, 2016, uniformly distributed at the various levels.

Organization

The organization charts of some staff and line structures were revised during the first half of the year. Specifically, the organization chart of the Aviation Business Development division was modified in order to develop all potential traffic segments and generate new passenger flows by promoting the area served by the Linate and Malpensa airports; the Legal Affairs division and the Real Estate division were reorganized in order to optimize the processes and pursue continuous improvement.
With regard to corporate projects, the Enterprise Risk Management project was started under the direction of the Chief Financial and Risk Officer; its purpose is to establish a new process aimed at identifying events involving potential risks that could affect corporate results and to monitor the level of mitigation of said risks; this would allow the BoD and corporate management to provide guidelines to manage the risks. In addition, the activity armed at optimizing management of the spending cycle, with special focus on investments, continued.

Development and training

During the first half of 2016, the skills assessment process, started in late 2015, entered the phase of communication and management of feedback to the persons evaluated. Therefore, during the past few months, the SEAnet section devoted to the SEA Professional System was broadened with the part on the return of the results.
Each employee was given the possibility both of viewing his/her skills profile and expressing his/her level of agreement and involvement with the assessment system by answering a brief questionnaire. The comments collected through the questionnaire can be viewed by the evaluators, who will also carry out the feedback interviews on the evaluations performed.

The training project "The value of security" devoted to the professional figures of Security, specifically shift manager and supervisors started in June 2016. The activity includes two days of meetings and will be completed in October with a half day of follow-up.
The objective is to improve the management of the role, be more effective in relations with customers (without neglecting the standards and rules concerning security), understand and guide motivation, and give visibility to the value of the security profession.
The course will include both classroom sessions and on-line interaction with a dedicated community on SEAnet.

An on-line English language course ("Pearson English") started in May 2016; its objective is to enhance mastery of business English. The program, currently devoted to 10 persons in various corporate functions, makes it possible to improve the knowledge of English through a personalized system that provides:
– the possibility of exchanges by telephone or Skype with a mother-tongue instructor;
– access to the practice platform, to improve one's language skills (grammar, vocabulary, reading comprehension, oral comprehension), but addressed to different professional situations.

With regard to the professional training programs on workplace safety, a training program is in place on the standard CEI 11-27 PES PAV devoted to electrical and electromechanical maintenance personnel on "Work near electrical systems and electrical work under live power and disconnected from power in accordance with the consolidated law on safety". The introductory course for new employees, started during the first quarter, was followed by updating sessions for about 110 employees already certified.

The schedule of the fire protection training included five exam sessions, which followed a theoretical and practical course, as required by the legislation in effect; a total of over 30 new SEA employees from the security, vehicle maintenance, maintenance, and airport coordination areas were certified for emergencies. In addition, a schedule of many updating sessions devoted to personnel already certified for "fire protection tasks" was established. Over 140 employees participated. Finally, the trend of growing requests from outside companies operating at the airport which ask to utilize the training services offered, including the use of the fire-protection test area at Malpensa, is to be noted.

In the area of airside safety, the first half of 2016 continued to include recurrent training devoted to the position of specialized driver. The in-depth training was devoted to the topics of ramp safety, with special focus on understanding the management and organizational apparatus of the Safety Management System and on the knowledge and utilization of the GSR (Ground Safety Report) form. The training also introduced the concepts of just culture and human factor, which recognize the central role of people in the Apron activities for the aspects linked to safety and security and identifies the issues and improvement opportunities towards a culture of airport safety.

Finally, in collaboration with the Infrastructures division, Work Safety and Infrastructures unit, four editions of the "Work Manager" course were organized; they were subdivided into 16 meetings, for a total of 128 hours of instruction at the Linate and Malpensa facilities.

Welfare

An analysis conducted on the welfare activities carried out in 2015 revealed that 82.3% of SEA's employees benefited from at least one of the welfare area services; this confirms the high interest of the employees in the services offered.
During the first half of 2016, in accordance with the guidelines identified, a great deal of effort was applied to the "education" issue, with increased and diversified initiatives from which employees' children can now benefit from elementary school to university degree.
All initiatives that accompany the course of the studies have been collected and documented in a new section of SEAnet called "Future Lab", which has been active since the month of June; this broadened the basket of corporate welfare services already available on-site with information sheets, FAQ, and communication material.
The initiatives found in the section are listed below:
- **Study pills**: program devoted to junior high school and early senior high school students, which will be offered starting with the next school year.
- **"Inter-cultural" scholarships**: scholarships to live and study abroad. The ceremony for the official award of the first two "Inter-cultural" scholarships made available by SEA was held on May 30. The scholarships will allow two students to experience life in Denmark and in China; the initiative will be available again next year.
- **Push to Open**: program devoted to students of the last two years of senior high school. Twenty-six students took part in this year edition, which ended in April. The organizers of Jointly drew a ranking based on the interventions during the webcast, workshop in the dedicated Facebook page and two of the ten finalists turned out to be children of SEA employees.

The students were able to participate as guests to the event organized at the Milan location of LinkedIn. Considering the usefulness and enthusiastic response generated by this first edition, the company decided to participate again in the initiative, which will start next fall; it was preceded by a meeting with the parents held on June 16. Even the Minister of Education Giannini expressed her appreciation for the usefulness of this important initiative in a video-recorded message.

- **HRC–Talent Days**: career orientation workshops devoted to young graduates and students approaching their degree; it has reached its third edition. This confirmed the interest and appreciation of the participants in the opportunity to interface with company managers and acquire basic and concrete tools to take their first steps in the wok environment. Six young persons participated in the May edition.
- **Merit scholarships**: devoted on a cross-disciplinary basis to all students attending junior and senior high school, professional training institutes, and university programs. The edition connected to the results obtained during the 2014/2015 school year resulted in the award of 735 scholarships. New admission requirements have been defined for next year; the objective is to reward students who obtain the most noteworthy results and to provide an incentive to commitment and persistence in schoolwork. The new criteria provide an increase in the value of the scholarships and require a higher minimum average for their award.
- **Agreements with study Assistance Centers**: two agreements have been concluded with study Assistance Centers, in order to provide help to junior and senior secondary school students who, on the other hand, are experiencing difficulties: "Noi Sì" in Milan and "RepeatME" in Varese. The offer consists in obtaining favorable rates for individual or collective lessons and for tutoring on homework in the classrooms of the organizations.

Finally, in collaboration with the Noi SEA Association, summer centers and summer camps have been organized for the summer of 2016.

Industrial relations

An ongoing interchange with the Labor Organizations continued during the reference period regarding the issues that arose in the individual departments. Specifically, the departments involved at Linate airport were: the Security department with the introduction of a new shift system in line with the operational requirements deriving from the new stations/traffic and with the definition of the new organization for oversight on quality; the Club Sea department, with a new methodology for posting work shifts; the Infrastructures and Road System department with the definition of new procedures for the utilization of company equipment. At the Malpensa airport, the exchanges concerned mainly: the Security department with the definition of equipped and independent stations that make it possible to increase the actual work performed and the Integrated Transportation department with the introduction of a new procedure to manage specific operating processes.

The new job posting process was presented to the Labor Organization and started; it is a search process through which SEA communicates the availability of vacant positions to its employees, by publishing notices on SEAnet, and through which the candidates' selection process is managed. The first job posting was for the search of two Apron Operators of the Linate Airport Coordination.

In addition, the interactions with the Labor Organization concerned the information flow on corporate welfare projects, such as the review of the model for the award of scholarships for employees and their children and the planning, by CSR function, of a new campaign aimed at analyzing the current welfare initiatives and, more generally, the company climate, by filling out questionnaires.

The initiatives aimed at increasing the productivity of the individual departments continued. In particular, the introduction at the Malpensa Security of remote independent workstations and the ensuing decrease of unproductive transfer time during working hours should be noted.

Workplace health and safety

During the first half of 2016 the SEA Group confirmed its commitment to workplace safety in order to continuously improve the 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 fact, in compliance with the guidelines of a specific State-Region agreement, the training courses for operating personnel utilizing particular work equipment for which specific skills are required were completed. These courses, different for each type of equipment, included a final test to verify learning level.

Internal activities continued to maintain the Workplace Health and Safety Management System (WHSMS) certified in accordance with the standard OHSAS 18001:2007. This system is applied correctly and kept active and useful to the pursuit of the corporate objectives on workplace health and safety as well as on the involvement and consultation of the workers directly affected.

The procedure on "near accidents" was updated in order to plan preventive and corrective actions aimed at improving working conditions and decreasing the number of accidents.

The training program for employees charged with managing emergencies, at the Malpensa fire protection grounds, and the emergency and evacuation drills plan for all buildings was fully implemented. In addition, the Prevention and Protection Service Department:

- updated the assessment of the risk from work-related stress for SEA employees, by analyzing the final data for 2015, in accordance with INAIL's [National Institute for Insurance for Workplace Accidents] guidelines;
- completed the instrument-based measurements to update the charting of the high-frequency electromagnetic fields and the assessment of the risk from exposure to noise at the Malpensa airport;
- started the instrument-based measurements to update the charting of the low-frequency electromagnetic fields and the assessment of the risk from exposure to vibrations of the hand, arm, and entire body at the Malpensa airport;
- started the update of the assessment of chemical risk as a result of the introduction of the new European Regulation C.L.P.;
- provided technical support to the various company departments that manage activities subject to contracting out, to prepare the DUVRI [consolidated document for the assessment of risks from interference] pursuant to art. 26 of Legislative Decree 81/08;
- provided technical support to the Human Resources and Organization division to prepare the documents requested by INAIL relating to investigations on specific cases of occupational diseases;
- carried out inspections of the workplaces in collaboration with the company physicians having responsibility, both at the Malpensa and Linate airports.

In collaboration with qualified Radiological Protection Experts, the monitoring activity to protect the workers' health continued, utilizing specific space and individual dosimeters to measure ionizing radiation, related to the transit of radioactive packages within the airports and to the use of X-ray equipment; the training for personnel potentially exposed to ionizing radiation was also updated.

In order to manage proactively the risks related to the use of equipment and machinery introduced to support work activities, the preventive assessment and analysis activity at the time the equipment and machinery are purchased continued. This activity is carried out within the internal testing committee of which the Prevention and Protection Service is also part.

Activities continued at SEA Prime and Prime AviationServices to bring them into line with the group's standards on documentation, training activities, and operating practices concerning regulatory compliance on workplace health and safety matters. Assistance was provided to the new representative of Prime AviationServices.

CORPORATE GOVERNANCE SYSTEM

Profile

The Corporate Governance system of the Company is based on the traditional administration and control model in accordance with Articles 2380-*bis* and following of the Civil Code; therefore, it consists of two corporate boards appointed by the Shareholders' Meeting – the Board of Directors, which is responsible for the management of the Company, and the Board of Statutory Auditors, which is mandated with the oversight of the Board of Directors, together with the Shareholders' Meeting itself, which represents the common interests of shareholders.

SEA SpA, although not listed on a market regulated by Borsa Italiana SpA, has voluntarily implemented, starting on June 27, 2001, the Self-Governance Code for listed companies, approved by the Corporate Governance Committee of Borsa Italiana SpA in March 2006, as subsequently amended and supplemented (the "Self-Governance Code" or the "Code").

SEA SpA is of the opinion that the adoption of a governance model – such as that outlined by the Self-Governance Code (based on the principles of transparency and a balance between management and control) constitutes an essential requisite and an effective instrument to pursue the values which form the basis of the Company's mission.

The Company is not subject to management and co-ordination pursuant to Article 2497 and following of the Civil Code.

Shareholders' Meeting

The Shareholders' Meeting is the body that represents all shareholders and, through its resolutions, expresses the corporates will.

The Shareholders' Meeting has the power to make the most important decisions concerning the Company's life, among which are the appointment of the Corporate Boards, the approval of the Financial Statements, and changes to the Company by-laws.

Board of Directors

The Company's Board of Directors in office at the date of this report consists of seven members appointed by the Shareholders' Meeting on May 4, 2016.

The Board of Directors of SEA SpA has set up within itself two Committees required by the Self-Governance Code; these committees (the Control and Risks Committee and the Remuneration Committee) have proposing and consultation functions. An Ethics Committee was also established, which oversees compliance with the Ethics Code.

Committees established within the Board of Directors

The Committees' members are non-executive Directors.

The prerogatives of the Committees are established by resolutions of the Board of Directors which established them, based on the recommendations and principles of the Self-Governance Code; minutes of the Committees' meetings are drawn and saved in the Company's records.

Internal Control and Risk Management System

The Internal Control and Risk Management System is based on the recommendations of the Self-Governance Code and applicable best practices.

The aims of the procedures and organization underlying the Internal Control and Risk Management System are:

- compliance with the laws, regulations, Company By-Laws, and internal procedures;
- protection of the company's assets;
- efficiency and effectiveness of the Company's processes;
- reliability of financial information documents.

For these activities, the Board of Directors utilizes the assistance of the Control and Risks Committee, which fulfills consulting and proposing functions in the area of internal control and corporate risk management as well as on the approval of the periodic financial reports and on the matter of transactions with Related Parties (except transactions intrinsic to topics that are the exclusive prerogative of the Remuneration Committee). The Committee reports to the Board of Directors on the activities carried out and on the adequacy of the Internal Control and Risk Management System.

Board of Statutory Auditors

The Board of Statutory Auditors in office at the date of this report was appointed by the Shareholders' Meeting on May 4, 2016 in accordance with the Company By-laws and will remain in office until the approval of the Financial Statements to December 31, 2018.

Transactions with Related Parties Procedure

The Board of Directors at the meetings of December 18, 2014 and January 29, 2015 approved the "Related Party Transactions Procedure" (the "RPT Procedure"), in force since February 2, 2015. The RPT Procedure is also available on the company's website www.seamilano.eu.

The Board of Directors, when assessing the substantial and procedural correctness of the transactions with Related Parties, is assisted by the Related Parties Committee which liaises, depending on the issues dealt with, with the Control and Risks Committee and the Remuneration Committee.

Code of Conduct

On December 17, 2015, the Board of Directors approved the Code of Conduct that amends and replaces Group's Ethics Code previously in effect, adopted on April 10, 2000. The Code of Conduct is integral part of the Organization and Management Model pursuant to Legislative Decree 231/2001.

The Code of Conduct falls within the broader "Ethics System" adopted by the Board of Directors and defines the framework of reference values and principles that the SEA Group intends to adopts in its corporate decision-making process.

The Ethics Committee, consisting of a director of SEA and the Managers of the Company's divisions "Human Resources and Organization", "Legal and Corporate Affairs", and "Auditing", continues to have, among its main prerogatives, the promotion of the divulgation of the Code of Conduct and the oversight of compliance with it.

Anti-Corruption Contact Person

Effective January 31, 2014, the Company designated its contact person for Anti-Corruption matters in the person of the Manager of Legal and Corporate Affairs, who is also a member of the Ethics Committee.

Through the Anti-Corruption Contact Person, SEA wishes to continue and strengthen the information channel with the Anti-Corruption Plan manager of the Municipality of Milan, its majority shareholder, as well as to comply, when applicable, with the instructions of the National Anti-Corruption Plan.

Corporate Governance Report

Every year, the Company writes, on a voluntary basis, the Corporate Governance and ownership structure report, which describes the Corporate Governance structure adopted by SEA and provides information on the means used to implement the recommendations of the Self-Governance Code for listed companies, approved by the Corporate Governance Committee of Borsa Italiana SpA in March 2006, as later amended and supplemented. The report can be consulted on the site www.seamilano.eu and was not audited by the Independent Auditors.

Organization and Management Model as per Legislative Decree 231/01

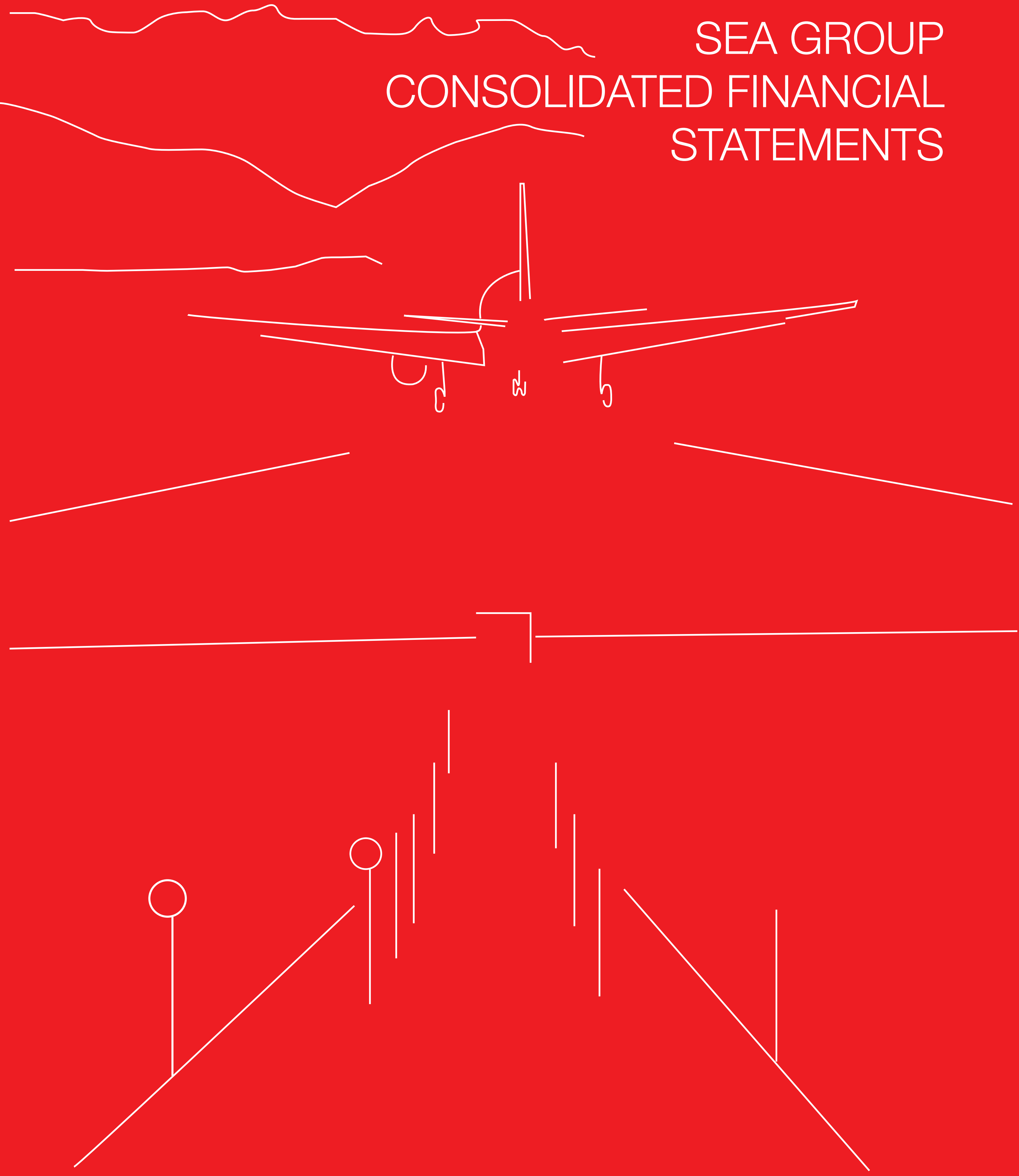
The Organization and Management Model pursuant to Legislative Decree 231/01 (the "Model") was adopted in accordance with the provisions of Legislative Decree 231/01, concerning the "Regulation of the administrative responsibility of legal persons, companies, and associations, also lacking legal personality", also taking into account the "Guidelines for the establishment of organization, management, and control models as per Legislative Decree No. 231/01" published by Confindustria .

The Model was approved by SEA's Board of Directors with a resolution of December 18, 2003; it was later amended and supplemented, by the Board of Directors with a resolution of October 29, 2015. The Model consists of a "General Part" and a "Specific Part". The General Part is published on the website www.seamilano.eu, in the "Governance" section.

The Boards of Directors of SEA's subsidiaries have adopted their own organization and management model pursuant to Legislative Decree 231/01.

The review on the effectiveness and adequacy of SEA's Model is the responsibility of the Supervisory Board, appointed by the Board of Directors of the Company and consisting of 4 members (1 Board of Directors member without management mandates, 2 independent external members, and the Auditing Director).

SEA GROUP CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

(In thousands of Euro)	Note	At June 30, 2016 Total	At June 30, 2016 of which Related Parties	At December 31, 2015 Total	At December 31, 2015 of which Related Parties
ASSETS					
Intangible Assets	9.1	1,012,421		1,004,432	
Property, plant & equipment	9.2	190,122		190,925	
Property investment	9.3	3,411		3,412	
Investments in associated companies	9.4	47,946		47,387	
Investments available-for-sale	9.5	26		26	
Deferred tax assets	9.6	46,022		42,282	
Other non-current financial assets	9.7	16,776		16,776	
Other non-current receivables	9.8	1,646		1,692	
Total non-current assets		**1,318,370**		**1,306,932**	
Inventories	9.9	5,167		4,865	
Trade receivables	9.10	98,052	7,130	90,527	10,837
Income tax receivables	9.11	11,570		12,751	
Other receivables	9.11	20,024	140	13,286	
Other current financial assets	9.7	7,190		7,190	
Cash and cash equivalents	9.12	17,559		55,502	
Total current assets		**159,562**	**7,270**	**184,121**	**10,837**
Discontinued Operations	7	**10,903**		**11,502**	
Elimination of discontinued operations' receivables and payables		**(1,094)**		**(2,015)**	
TOTAL ASSETS		**1,487,741**	**7,270**	**1,500,540**	**10,837**
LIABILITIES					
Share capital	9.13	27,500		27,500	
Other reserves	9.13	250,470		233,318	
Net profit	9.13	44,173		83,850	
Group Shareholders' Equity		322,143		344,668	
Minority interest Shareholders Equity	9.13	**563**		**541**	
Group & minority interest Shareholders' Equity		**322,706**		**345,209**	
Provision for risks & charges	9.14	175,091		177,902	
Employee provisions	9.15	52,110		48,239	
Non-current financial liabilities	9.16	560,392		569,806	
Total non-current liabilities		**787,593**		**795,947**	
Trade payables	9.17	136,740	2,346	164,486	2,945
Income tax payables	9.18	13,364		24,784	
Other payables	9.19	169,249		145,131	
Current financial liabilities	9.16	56,756		23,979	
Total current liabilities		**376,109**	**2,346**	**358,380**	**2,945**
Liabilities related to Discontinued Operations	7	2,427		3,019	
Elimination of discontinued oprations' receivables and payables		(1,094)		(2,015)	
TOTAL LIABILITIES		**1,165,035**	**2,346**	**1,155,331**	**2,945**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**1,487,741**	**2,346**	**1,500,540**	**2,945**

Consolidated Income Statement

(In thousands of Euro)	Note	H1 2016	of which Related Parties	H1 2015	of which Related Parties
Operating revenues	10.1	310,557	20,399	307,058	17,341
Revenues for works on assets under concession	10.2	23,180		26,477	
Total revenues		**333,737**	**20,399**	**333,535**	**17,341**
Operating costs					
Personnel costs	10.3	(89,679)		(86,438)	
Consumable materials	10.4	(19,133)		(23,214)	
Other operating costs	10.5	(98,412)		(102,422)	
Costs for works on assets under concession	10.7	(21,641)		(24,719)	
Total operating costs		**(228,865)**	**(6,385)**	**(236,793)**	**(5,153)**
Gross Operating margin / EBITDA *		**104,872**	**14,014**	**96,742**	**12,188**
Provisions & write-downs	10.6	1,546		4,634	
Restoration & replacement provision	10.8	(7,048)		(7,146)	
Amortisation and depreciation	10.9	(30,112)		(29,390)	
EBIT		**69,258**	**14,014**	**64,840**	**12,188**
Investment income (charges)	10.10	5,512	3,611	2,991	2,991
Financial charges	10.11	(9,627)		(9,835)	
Financial income	10.11	199		272	
Pre-tax profit		**65,342**	**17,625**	**58,268**	**15,179**
Income taxes	10.12	(21,139)		(20,184)	
Continuing operations profit		**44,203**	**17,625**	**38,084**	**15,179**
Discontinued Operations profit/(loss)	11	**(8)**	**0**	**17**	**0**
Net profit		44,195		38,101	
Minority interest profit		22		(22)	
Group profit		**44,173**	**17,625**	**38,123**	**15,179**
Basic earnings per share (in Euro)	12	0.18		0.15	
Diluted earnings per share (in Euro)	12	0.18		0.15	

* *EBITDA is calculated as the difference between total operating revenues and total operating costs, excluding provisions and write-downs. EBITDA in the comparative period was therefore recalculated according to the new approach in order to ensure data comparability.*

Consolidated Comprehensive Income Statement

(In thousands of Euro)	H1 2016	of which Related Parties	H1 2015	of which Related Parties
Group profit	**44,173**	**17,625**	**38,123**	**15,179**
- Items reclassifiable in future periods to the net result				
Fair value measurement of derivative financial instruments	(124)		1,617	
Tax effect from fair value measurement of derivative financial instruments	30		(444)	
Total items reclassifiable, net of tax effect	**(94)**		**1,173**	
- Items not reclassifiable in future periods to the net result				
Actuarial Profit / (Loss) on Employee Leaving Indemnity	(4,633)		2,434	
Tax effect from Actuarial Profit / (Loss) on Employee Leaving Indemnity	879		(669)	
Total items not reclassifiable, net of tax effect	**(3,754)**		**1,765**	
Total other comprehensive income items	**(3,848)**		**2,938**	
Total comprehensive profit	**40,303**		**41,039**	
Attributable to:				
- Parent Company Shareholders	40,325		41,061	
- Minority interest	(22)		(22)	

Consolidated Cash Flow Statement

(In thousands of Euro)	At June 30, 2016	of which Related Parties	At June 30, 2015	of which Related Parties
Cash flow generated from operating activities				
Pre-tax profit	65,342		58,268	
Adjustments:				
Amortization & depreciation of tangible & intangible assets	30,112		29,390	
Net provisions (excluding employee provisions)	(2,377)		2,887	
Change in employee provisions	(769)		(713)	
Net change in doubtful debt provision	694		(6,693)	
Net financial charges	9,428		9,563	
Investment income	(5,511)		(2,991)	
Other non-cash items	(1,350)		(1,546)	
Cash flow generated/(absorbed) from operating activities before changes in working capital of Discontinued Operations	(166)		(204)	
Cash flow generated from operating activities before changes in working capital	**95,403**		**87,961**	
Change in inventories	(311)		695	
Change in trade receivables & other receivables	(12,425)	3,567	(4,177)	(1,557)
Change in other non-current assets	21		1	
Change in trade payables & other payables	(1,641)	(599)	7,532	670
Cash flow generated/(absorbed) from changes in working capital of Discontinued Operations	1,859		(20,164)	
Cash flow generated from changes in working capital	**(12,497)**	**2,968**	**(16,113)**	**(887)**
Income taxes paid	(36,702)		(14,661)	
Cash flow generated/(absorbed) from operating activities of Discontinued Operations	849		5,204	
Cash flow generated from operating activities	**47,053**	**2,968**	**62,391**	**(887)**
Investment in fixed assets:				
- intangible	(26,274)		(31,541)	
- tangible	(9,971)		(10,373)	
Divestments of fixed assets:				
- financial	343			
Dividends received	2,116	2,116	1,758	1,758
Cash flow generated/(absorbed) from investing activities of Discontinued Operations	300		426	
Cash flow absorbed from investing activity	**(33,486)**	**2,116**	**(39,730)**	**1,758**
Change in gross financial debt:				
- increases/(decreases) in short-term and medium/long-term debt	28,373		113,236	
- increases/(decreases) for bond issue				
Change in other financial asset/liabilities	(458)		(1,178)	
Dividends distributed	(62,780)		(50,857)	
Interest paid	(13,829)		(14,290)	
Interest received	26			
Cash flow generated/(absorbed) from financing activities of Discontinued Operations	0		0	
Cash flow absorbed from financing activities	**(48,668)**		**46,911**	
Increase / (Decrease) in cash and cash equivalents	**(35,101)**	**5,084**	**69,572**	**871**
Cash and cash equivalents at beginning of period	62,001		31,514	
Cash and cash equivalents at period-end	26,900		101,086	
- of which, cash and cash equivalents included under Discontinued Operations	9,341		515	
Cash and cash equivalents at period-end reported in the accounts	17,559		100,571	

Statement of Changes in consolidated Shareholders' Equity

(In thousands of Euro)	Share capital	Legal Reserve	Other reserves & retained earnings	Actuarial profit/ (losses) reserve	Derivative contracts hedge acctg. reserve	Net Profit	Consolidated Shareolder's Equity	Minority interest capital & reserves	Group & minority interest consolidated Shareolder's Equity
Balance at December 31, 2014	**27,500**	**5,500**	**236,721**	**(6,396)**	**(8,983)**	**54,858**	**309,200**	**600**	**309,800**
Allocation of 2014 net profit			54,858			(54,858)			
Dividends distributed			(50,925)				(50,925)		(50,925)
Other movements									
Other comprehensive income				1,351	1,192		2,543		2,543
Net profit						83,850	83,850	(59)	83,791
Balance at December 31, 2015	**27,500**	**5,500**	**240,654**	**(5,045)**	**(7,791)**	**83,850**	**344,668**	**541**	**345,209**
Allocation of 2015 net profit			83,850			(83,850)			
Dividends distributed			(62,850)				(62,850)		(62,850)
Other movements									
Other comprehensive income				(3,754)	(94)		(3,848)		(3,848)
Net profit						44,173	44,173	22	44,195
Balance at June 30, 2016	**27,500**	**5,500**	**261,654**	**(8,799)**	**(7,885)**	**44,173**	**322,143**	**563**	**322,706**

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR 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 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).

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.

In addition, through SEA Handling (in liquidation), a subsidiary of SEA, the SEA Group provided also land-side assistance services for aircraft, passengers, baggage, cargo and mail (commercial aviation handling business) until August 31, 2014. In particular, as described in the Directors' Report in relation to the negotiations with the European Union in the section "Risk Factors of the SEA Group", SEA took the decision in 2014 to dispose of the commercial aviation Handling business, proceeding on the one hand with the liquidation of SEA Handling SpA – on July 1, 2014 (with provisional operations until August 31, 2014) – and on the other assigning on August 27, 2014 the investment in Airport Handling Srl to the Milan Airport Handling Trust. The above-mentioned decisions therefore resulted in the exit from the consolidation scope of Airport Handling, as the assignment to the Trust resulted in the loss of control of SEA on the company and, pursuant to IFRS 5, the inclusion of the commercial aviation handling sector (for the year 2014 comprising SEA Handling in liquidation for the entire year and Airport Handling until the assignment date to the Trust and for the first half of 2015 only SEA Handling in liquidation) under discontinued operations. A majority stake of 60% of Prime AviationServices, held by SEA Prime SpA, was sold on April 1, 2016. Thus, in 2016, handling activities only refer to the associate Malpensa Logistica Europa SpA (25% shareholding), which, however, is not involved in the commercial aviation handling business.

At the preparation date of the present document, the Company has a 51% holding in Malpensa Construction Consortium, which provides engineering services and airport construction and infrastructure works. It is recalled that the Board of Directors on November 6, 2014 confirmed the conclusion of the consortium as December 31, 2014. In accordance with Article 5 of the By-Laws, the Consortium will continue operations until the complete discharge of all contractual commitments undertaken.

In addition 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 holds 25% of the share capital) undertakes integrated logistics activities; *iii)* through the shareholding (40% 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, as outlined above, are therefore structured into the following major areas, corresponding to the individual segments, with the Group sourcing revenues from each as follows:

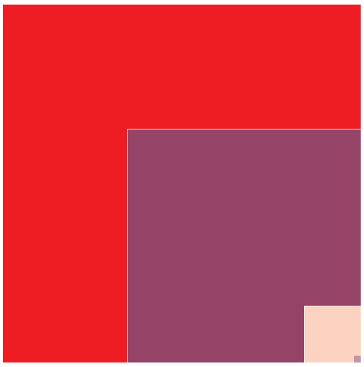
- The *Commercial Aviation* business comprising the *Aviation* business ("core" passenger and cargo aviation support activities) and the *Non Aviation* business (commercial services offered to passengers and users of the Milan Airports). The revenues generated by Aviation activities are established by a regulated tariff system and comprise airport fees, fees for the use of centralised infrastructure and shared assets and 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. The revenues from the Non Aviation business consist of market fees and, with respect to activities carried out by third parties under license, of royalties based on a percentage of revenues generated by the licensee, usually with the provision of a guaranteed minimum. This business also includes the activities carried out by the Company

Malpensa Construction Consortium directly related to the airport business.

- The General Aviation *business* includes both General Aviation activities that are carried out through the subsidiary SEA Prime, which was acquired in December 2013 and which provides the full range of services related to the *business* traffic at the West apron of Linate airport, and the General Aviation handling activities of the subsidiary Prime AviationServices until April 1, 2016, when a 60% stake in Prime AviationServices was sold by SEA Prime SpA to Signature Flight Support Uk Regions Limited.
- The Energy business activities – carried out 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 Milano Linate energy requirements and which is also sold on the external market.

At the preparation date of the present document, the shareholder structure was as follows:

Shareholders



Public shareholders		
9 entities/comp.	Milan Municipality*	54.81%
	Province of Varese	0.64%
	Municipality of Busto Arsizio	0.06%
	Other public shareholders	0.08%
Total		55.59%

Private shareholders		
	2i Aeroporti SpA**	35.75%
	F2i Sgr SpA***	8.62%
	Other private shareholders	0.04%
Total		44.41%

* *Holder of Class A shares*

** *"F2i Aeroporti SpA" changed its name to "2i Aeroporti SpA" as at April 24, 2015*

*** *On behalf of F2i - second italian Fund for infrastructure*

2. Compliance with International Accounting Standards

The present Condensed Consolidated Half-Year Financial Statements were prepared in accordance with the IFRS in force, issued by the International Accounting Standards Board and approved by the European Union. Account was also taken of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously the Standing Interpretations Committee ("SIC"). In particular, the Condensed Consolidated Half-Year Financial Statements were prepared in accordance with IAS 34 Interim Financial Reporting; in accordance with paragraphs 15 and 16 of the standard, these Condensed Consolidated Half-Year Financial Statements therefore do not include all the information published in the annual report and must be read together with the consolidated financial statements at December 31, 2015, with particular reference to the analysis of the individual accounts, with the disclosure in the present Half-Year Report, as per IAS 34, and the explanations for the changes to the comparative accounts. In the preparation of the condensed consolidated financial statements at June 30, 2016, the same accounting principles were adopted as in the preparation of the Consolidated Financial Statements at December 31, 2015, updated as indicated below to take account of those issued recently.

The preparation of the Condensed Consolidated Half-Year Financial Statements and the relative notes in application of IFRS require that the Directors make estimates and assumptions on the values of revenues, costs, assets and liabilities in the Half-Year report and on the disclosures relating to the assets and contingent liabilities at June 30, 2016. If in the future, these estimates and assumptions, which are based on the best valuations made by the Directors, should be different from the actual results recorded, they will be modified appropriately in the period in which the circumstances occur. The estimates and assumptions are reviewed periodically and the effects of all variations are immediately recognized in the income statement.

It should also be noted that some valuation processes, in particular the most complex, such as the determination of any loss in value of non-current assets, are generally made on a complete basis on the preparation of the annual accounts, when all the necessary information is available, except where there are specific indications of impairment which require an immediate valuation of any loss in value.

For the present Half-Year Report, indicators of impairment requiring advanced testing from the usual year-end test did not emerge.

2.1 Recently issued accounting standards

Accounting standards, amendments and IFRS interpretations applicable from January 1, 2016

The following IFRS accounting standards, amendments and interpretations were first applied as of January 1, 2016.

- Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions" (published on November 21, 2013): relating to recognition in the financial statements of contributions to defined benefit plans made by employees or third parties.
- Amendments to IFRS 11 Joint Arrangements - "Accounting for acquisitions of interests in joint operations" (published on May 6, 2014): related to the accounting for acquisitions of interests in a joint operation whose activity constitutes a business.
- Amendments to IAS 16 *Property, plant and equipment* and IAS 41 *Agriculture* - *"Bearer Plants"* (published on June 30, 2014): *bearer plants,* that is the fruit trees that will generate annual crops (e.g. vines, hazelnut plants), should be accounted for in accordance with IAS 16 requirements (rather than IAS 41).
- Amendments to IAS 16 - *Property, plant and Equipment* and IAS 38 - *Intangibles Assets* - *"Clarification of acceptable methods of depreciation and amortization"* (published on May 12, 2014): according to which, as a rule, a depreciation/amortisation method based on revenues is considered inappropriate, because the revenues generated by an activity that includes the use of the asset being depreciated/amortised generally reflects factors other than just consumption of economic benefits of the asset, which, on the contrary, is a requirement for depreciation/amortisation.
- Amendment to IAS 1 – "Disclosure Initiative" (published on December 18, 2014): the amendments seek to clarify the disclosure elements which may be considered impediments to a clear preparation of the financial statements.

Finally, as part of the annual improvements to the IFRS, on December 12, 2013, the IASB published the document: "*Annual Improvements to IFRSs: 2010-2012 Cycle*" (including IFRS 2 *Share Based Payments – Definition of vesting condition*, IFRS 3 *Business Combination – Accounting for contingent consideration*, IFRS 8 *Operating segments – Aggregation of operating segments* and *Reconciliation of total of the reportable segments' assets to the entity's assets*, IFRS 13 *Fair Value Measurement – Short-term receivables and payables*) and on 25 September 2014 the document *"Annual Improvements to IFRSs: 2012-2014 Cycle"* (including: IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 – *Financial Instruments: Disclosures* and IAS 19 - *Employee Benefits)* which partially supplement existing standards.

The adoption of these amendments did not have any effects on the Group consolidated financial statements.

IFRS standards, amendments and interpretations not yet approved by the European Union

At the date of this Half-Year Report, the relevant bodies of the European Union have not yet concluded the process necessary for the implementation of the amendments and standards described below.

- IFRS 15 - *Revenue from Contracts with Customers* (published on May 28, 2014 and completed with additional clarifications published on April 12, 2016) which will replace IAS 18 - Revenue and IAS 11 - *Construction Contracts*, in addition to the interpretations IFRIC 13 - *Customer Loyalty Programmes*, IFRIC 15 - *Agreements for the Construction of Real Estate,* IFRIC 18 - *Transfers of Assets from Customers* and SIC 31 - *Revenues-Barter Transactions Involving Advertising Services*. The standard establishes a new revenue recognition model, which will apply to all contracts signed with clients, with the exception of those falling under the application of other IAS/IFRS such as leasing, insurance contracts and financial instruments. The main steps for the recognition of revenue under the new model are:
  - the identification of the contract with the client;
  - the identification of the performance obligations of the contract;
  - the establishment of the price;
  - the allocation of the price to the performance obligations of the contract;
  - the recognition criteria of the revenues when the entity satisfies each of the performance obligations.

  The standard is applicable as of January 1, 2018, although early application is permitted.

  The Directors expect that application of IFRS 15 may have an impact on the amounts recorded as revenues and on the related disclosures reported in the Group consolidated financial statements. However, it is not possible to provide a reasonable estimate of the effects until the Group has completed a detailed analysis of contracts with customers.
- Final version of IFRS 9 - Financial Instruments (published July 24, 2014). The document incorporates the results of the Classification and measurement, Impairment and Hedge accounting phases of the IASB project to replace IAS 39.
  - The standard introduces new criteria for the classification and measurement of financial assets and liabilities;
  - with reference to the *impairment* model, the new standard requires that the estimate of loan losses is made on the basis of the *expected losses* model (rather than the *incurred losses* model used by IAS 39) using information that can be supported, that is available without unreasonable effort or expense and that includes historic, current and future data;
  - introduces a new hedge *accounting* model (increase in the types of transactions that are eligible for hedge *accounting*, change in the method of accounting for *forward* contracts and options when included in a hedge *accounting* relationship, change in the effectiveness test).

  The new standard, which replaces the previous version of IFRS 9, must be applied for financial statements beginning January 1, 2018 or subsequently.

  The Directors expect that the application of IFRS 16 may have a significant impact on the accounting of leases and on the related disclosures reported in the Group consolidated financial statements. However, it is not possible to provide a reasonable estimate of the effects until the Group has completed a detailed analysis of the related contracts.
- On January 13, 2016, the IASB issued IFRS 16 - Leases which is intended to replace IAS 17 - Leases, and IFRIC 4 *Determining whether an Arrangement contains a Lease,* SIC-15 *Operating Leases-Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

  The new standard provides a new definition of *lease* and introduces a criterion based on control *(right of use)* of an asset to distinguish *lease* contracts from service contracts, the following elements being identified as discriminating factors: identification of the asset, right to replace the asset, right to obtain substantially all of the economic benefits arising from use of the asset and right to direct the use of the asset underlying the contract.

  The standard establishes a single lease recognition and measurement model for the lessee which entails recognizing the leased asset, including under an operating lease, as asset in the balance sheet with a financial payable as contra entry, while also providing for the option to not recognize as leases contracts covering "*low-value assets*" and those with a term equal to or less than 12 months. By contrast, the Standard does not include significant changes for lessors.

  The standard is applicable from 1 January 2019, but early application is permitted only for companies that have early adopted IFRS 15 - Revenue from *Contracts with Customers.*
- On September 11, 2014, the IASB published an amendment to IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture. The document was published in order to resolve the current conflict between IAS 28 and IFRS 10 on the measure of profit or loss on the sale or transfer of a *non-monetary asset* to a joint venture or an associate in exchange for a share in the latter's capital.

The IASB has currently suspended the application of this amendment.

- On December 18, 2014, the IASB published the document "*Investment Entities: Applying the Consolidation Exception* (Amendments to IFRS 10, IFRS 12 and IAS 28)" (published on December 18, 2014), containing amendments to the issues emerging following the application of the consolidation exception granted to the investment entity. The amendments introduced by the document must be applied from periods beginning on or after January 1, 2016; early adoption is however permitted.
- On January 19, 2016 the IASB published the document "*Recognition of Deferred Tax Assets for Unrealised Losses (Amendments* to IAS 12)" that contains amendments to IAS 12. The document aims to provide clarifications on the recognition of deferred tax assets on unrealized losses upon the occurrence of certain circumstances and on the estimate of taxable income for future years. The amendments are applicable as of January 1, 2017, although early application is permitted.
- On January 29, 2016 the IASB published the document "Disclosure Initiative (Amendments to IAS 7)" that contains amendments to IAS 7. The document aims to provide clarifications to improve disclosures on financial liabilities. Specifically, the amendments require to disclose information that enables users of financial statements to understand the changes in liabilities arising from financing operations. The amendments are applicable as of January 1, 2017, although early application is permitted. It is not required to present comparative information relating to prior years.
- On June 20, 2016 the IASB published the document "*Classification and measurement of share-based payment transactions (Amendments* to IFRS 2)" that contains clarifications on the recognition of the effects of *vesting conditions* for *cash-settled share-based payments,* the classification of *share-based payments* with *net settlement* characteristics and the accounting of changes to the terms and conditions of a *share-based payment* which alter its classification from being *cash-settled* to being *equity-settled.* The amendments are applicable as of January 1, 2018, although early application is permitted.

2.2 Financial Statements

These Condensed Consolidated Half-Year Financial Statements, as part of the Half-Year Report, include the consolidated statement of financial position at June 30, 2016 and at December 31, 2015, the Consolidated Income Statement, the Comprehensive Consolidated Income Statement, the Consolidated Cash Flow Statement, the change in Consolidated Shareholders' Equity at June 30, 2016 and December 31, 2015 and the relative Explanatory notes.

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 Condensed Consolidated Half-Year 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 Condensed Consolidated Half-Year Financial Statements were prepared in accordance with the going concern concept, as the Directors verified the non-existence of financial, operational or other indicators which could indicate difficulties in the capacity of the Group to meet its obligations in the foreseeable future and in particular in the next 12 months.

The Half-Year Report at June 30, 2016 was prepared in thousands of Euro, as were the tables reported in the Explanatory notes.

The Half-Year Report at June 30, 2016 was subject to limited audit by the Independent Audit Firm Deloitte & Touche SpA, the Auditor of the Company and of the Group and approved by the Board of Directors of the Parent company SEA SpA on July 28, 2016.

2.3 Consolidation scope and changes in the year

The registered office and the share capital of the companies included in the consolidation scope at June 30, 2016 under the full consolidation method and equity method are reported below:

Company	Registered Office	Share capital at 30/06/2016 (Euro)	Share capital at 31/12/2015 (Euro)
SEA Handling SpA (in liquidation) [1]	Malpensa Airport - Terminal 2 - Somma Lombardo (VA)	10,304,659	10,304,659
SEA Energia SpA	Milan Linate Airport - Segrate (MI)	5,200,000	5,200,000
SEA Prime SpA	Viale dell'Aviazione, 65 - Milan	2,976,000	2,976,000
Consorzio Malpensa Construction	Via del Vecchio Politecnico, 8 - Milan	51,646	51,646
Prime AviationServices SpA [2]	Viale dell'Aviazione, 65 - Milan	420,000	420,000
Dufrital SpA	Via Lancetti, 43 - Milan	466,250	466,250
SACBO SpA	Via Orio al Serio, 49/51 - Grassobbio (BG)	17,010,000	17,010,000
SEA Services Srl	Via Caldera, 21 - Milan	105,000	105,000
Malpensa Logistica Europa SpA	Milan Linate Airport - Segrate (MI)	6,000,000	6,000,000
Disma SpA	Milan Linate Airport - Segrate (MI)	2,600,000	2,600,000

The companies included in the consolidation scope at June 30, 2016 and the respective consolidation methods are reported below:

Company	Consolidation Method at 30/06/2016	% Held at 30/06/2016	% Held at 31/12/2015
SEA Handling SpA (in liquidation) [1]	(1)	100%	100%
SEA Energia SpA	Line-by-line	100%	100%
SEA Prime SpA	Line-by-line	98.34%	98.34%
Consorzio Malpensa Construction	Line-by-line	51%	51%
Prime AviationServices SpA [2]	Equity	39.34%	98.34%
Dufrital SpA	Equity	40%	40%
SACBO SpA	Equity	30.979%	30.979%
SEA Services Srl	Equity	40%	40%
Malpensa Logistica Europa SpA	Equity	25%	25%
Disma SpA	Equity	18.75%	18.75%

1. *The Extraordinary Shareholders' Meeting of SEA Handling SpA in liquidation on June 9, 2014 approved the advance winding up of the Company and its placement into liquidation from July 1, 2014, while also authorising the provisional exercise of operations after July 1, for the minimum period necessary (the provisional exercise was confirmed in the Shareholders' Meeting of SEA Handling in liquidation of July 30, 2014 for the period July 1 - August 31, 2014). The decision to discontinue of the commercial aviation handling business did not result in the exit from the consolidation scope of the Group but the application of IFRS 5 for the discontinued operations.*
2. *Associate of SEA Prime SpA (on April 1, 2016 60% of the shares were sold).*

3. Accounting policies and consolidation methods

In the preparation of this Condensed Half-Year Report, the same accounting policies and consolidation methods adopted for the preparation of the consolidated Financial Statements at December 31, 2015 were applied.

4) Risk Management

The risk management strategy of the Group is based on minimizing 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

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 closely related to the financial deterioration of the main airline companies which on the one hand suffer the effects of the seasonality related to aviation operations, and, on the other, the 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 clients are 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 realizable value is determined analyzing all receivables and utilizing 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:

(In thousands of Euro)	At June 30, 2016	At December 31, 2015
Customer receivables	174,937	163,309
- of which overdue	87,004	95,466
Doubtful debt provision	(84,016)	(83,586)
Trade receivables from associates	7,221	10,837
Provision for doubtful debt with associates	(90)	(33)
Total net trade receivables	**98,052**	**90,527**

The aging of the overdue receivables is as follows:

Trade receivables

(In thousands of Euro)	At June 30, 2016	At December 31, 2015
overdue less than 180 days	7,164	17,594
overdue more than 180 days	79,840	77,872
Total trade receivables (overdue)	**87,004**	**95,466**

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 H1 2016, 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 energy commodity prices, in SEA Energia.

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 expose the SEA Group to a risk originating from the volatility of interest rates (cash flow risk). Relating to this risk, for the purposes of the relative hedging, the SEA Group makes 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 purpose of hedging market rate volatility, are recorded through the cash flow hedge method.

At June 30, 2016 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 ("hot money") to cover cash requirements).

The medium/long-term debt at June 30, 2016, is reported in the following table, which shows the interest rate of each loan at the nominal value (which includes a spread of between 0.20% and 1.62%, not considering the effect of hedging operations and any additional guarantees):

Medium/long-term loans

		At June 30, 2016		At December 31, 2015	
(In thousands of Euro)	Maturity	Amount	Average rate	Amount	Average rate
Bonds	**2021**	**300,000**	**3.125%**	**300,000**	**3.125%**
EIB funded bank loans	**dal 2017 al 2035**	**269,276**	**1.25%**	**276,994**	**1.37%**
at fixed rate		58,958	3.89%	60,000	3.90%
at variable rate *		210,319	0.51%	216,994	0.67%
Other Bank loans	**2020**	**176**	**0.50%**	**85**	**0.50%**
at fixed rate		176	0.50%	85	0.50%
at variable rate					
Gross medium/long-term borrowings		**569,452**	**2.24%**	**577,079**	**2.28%**

* *Includes* i) *tranche at variable rate with interest rate hedge (approx. 40% at 30.06.2016 and 41% at 31.12.2015);*
ii) *Euro 60 million of EIB loans with specific bank guarantee.*

The total medium/long-term debt at June 30, 2016 amounted to Euro 569,452 thousand, a decrease of Euro 7,627 thousand compared to December 31, 2015 (due to the reimbursement of amortizing loans), with the average cost reducing 4 basis points to 2.24% at the reporting date.

At June 30, 2016 the Group had the following bond issue outstanding with a total nominal value of Euro 300 million.

Description	Issuer	Listing market	ISIN Code	Maturity (years)	Maturity (date)	Nominal value (in Euro Million)	Coupon	Annual rate
SEA SpA 3 $^{1}/_{8}$ 04/17/21	SEA SpA	Irish Stock Exchange	XS 1053334373	7	04/17/2021	300	Fixed, annual	3.125%

The fair value of the overall bank and bond medium/long term Group debt at June 30, 2016 amounted to Euro 593,695 thousand (up from Euro 591,660 thousand at December 31, 2015, due to the effect of lower market rates on the fair value of the bonds). This value 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 bond listed on a regulated market, reference was made to the market value at June 30, 2016;
- 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

	Notional on signing	Residual Notional at 30/06/2016	Signing date	Start date	Maturity	Fair value at 30/06/2016	Fair value at 31/12/2015
IRS	10,000	9,355	18/5/2011	15/9/2012	15/9/2021	(1,549.6)	(1,512.5)
	5,000	4,677	18/5/2011	15/9/2012	15/9/2021	(774.8)	(756.3)
	15,000	12,931	18/5/2011	15/9/2012	15/9/2021	(2,065.1)	(2,028.0)
	11,000	8,345	18/5/2011	15/9/2011	15/9/2016	(132.4)	(258.5)
	10,000	7,857	6/6/2011	15/9/2012	15/9/2021	(1,173.7)	(1,155.6)
	11,000	8,345	6/6/2011	15/9/2012	15/9/2021	(1,244.7)	(1,225.3)
	12,000	8,690	6/6/2011	15/9/2012	15/9/2021	(1,275.2)	(1,258.5)
	12,000	8,690	6/6/2011	15/9/2012	15/9/2021	(1,275.2)	(1,258.5)
Collar	10,000	7,857	6/6/2011	15/9/2011	15/9/2021	(943.1)	(905.6)
	11,000	7,966	6/6/2011	15/9/2011	15/9/2021	(933.4)	(897.9)
Total		**84,712**				**(11,367.3)**	**(11,256.8)**

"-" 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 June 30, 2016 and at December 31, 2015 was determined in accordance with IFRS 13.

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 the first half of 2016, the SEA Group did not hedge this risk through derivatives, although it does not rule out such possibility in the future. In addition, the SEA Group, through its subsidiary SEA Energia, has gas supply contracts in place that provide for a contractually agreed fixed price in order to reduce its exposure to the risk of fluctuations in natural gas prices.

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 credit lines (revolving and non-revolving), which covers the financial commitments of the Group in the coming 12 months deriving from the investment plan and contractually agreed debt repayments;
- monitors the prospective liquidity position, in relation to the business planning.

At June 30, 2016, the SEA Group had irrevocable unutilised credit lines of Euro 200 million, of which Euro 120 million relating to a revolving line available until April 2020 and Euro 80 million relating to a new EIB loan, of which utilization is expected by December 2017, with maturities comprised between 15 and 20 years. At June 30, 2016, the SEA Group also had a further Euro 151,317 thousand of uncommitted credit lines available for immediate cash requirements.

The SEA Group has available committed and uncommitted credit lines which guarantee the covering of future financial needs and current operational needs, with an average maturity of medium/long-term debt above 6 years, including the bond issued in 2014. Over 60% of Bank Loans are due beyond 5 years (22% beyond 10 years).

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 direct factoring without recourse which provides further financial credit lines to guarantee adequate cash flexibility). In should be noted that the indirect factoring transactions do not change contractual payment condition and, therefore, they do not generate dilutive effects on working capital.

The tables below illustrate for the SEA Group the breakdown and maturity of the financial debt (capital, medium/long-term interest, financial charges on derivative instruments and leasing) and trade payables at June 30, 2016 and December 31, 2015:

Liabilities at June 30, 2016

(Millions of Euro)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
Gross debt	69.7	70.4	376.5	187.1	703.6
Trade payables	136.7				136.7
Total debt	**206.4**	**70.4**	**376.5**	**187.1**	**840.3**

Liabilities at December 31, 2015

(Millions of Euro)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
Gross debt	32.0	69.7	73.4	524.6	699.3
Trade payables	164.5				164.5
Total debt	**196.5**	**69.7**	**73.4**	**524.6**	**863.8**

At June 30, 2016, loans due within one year mainly consist of *i)* short-term loans (hot money) *ii)* the principal portion to be paid on some of the EIB loans and *iii)* interest due on the total debt. The loan repayment scheduling reflects the comments above relating to the capacity of the SEA Group funding to cover medium/long-term needs.

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) Assumption:

- the effect was analysed on the SEA Group income statement at June 30, 2016 and June 30, 2015 of a change in market rates of +50 or of -50 basis points.

b) Calculation method:

- 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 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:

	June 30, 2016		June 30, 2015	
(In thousands of Euro)	**-50 bp**	**+50 bp**	**-50 bp**	**+50 bp**
Current account (interest income)	-29.17	192.52	-131.07	172.90
Loans (interest expense) [1]	407.34	-548.51	555.99	-555.99
Derivative hedging instruments (cash flow) [2]	-223.44	223.44	-240.55	240.55
Derivative hedging instruments (fair value) [3]	-1,610.99	1,553.40	-1,898.03	1,934.53

1 *+ = lower interest expense; - = higher interest expense.*
2 *+ = hedging revenue; - = hedging cost.*
3 *Amount entirely allocated to equity as hedges are fully effective.*

The results of the *sensitivity analysis* conducted on some items of the above tables were affected by the low level of market interest rates. By applying a 50 *basis points* shift to the current market rate curve, the cash flows relating to Current Accounts and Loans would be of opposite sign with respect to those provided by the relevant types of contracts; in such cases, these flows were conservatively set to zero.

5. Classification of the financial instruments

The following tables provide a breakdown of the financial assets and liabilities by category at June 30, 2016 and December 31, 2015 of the Group.

	At June 30, 2016					
(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 financial assets			16,776			16,776
Other non-current receivables			1,646			1,646
Trade receivables			98,052			98,052
Income tax receivables			11,570			11,570
Other current receivables			20,024			20,024
Other current financial assets			7,190			7,190
Cash and cash equivalents			17,559			17,559
Total	**-**	**-**	**172,816**	**26**	**-**	**172,842**
Non-current financial liabilities excluding leasing	11,367				549,018	560,385
- of which bond payables					297,795	297,795
Non-current financial liabilities for leasing					7	7
Trade payables					136,740	136,740
Income tax payables					13,364	13,364
Other current payables					169,249	169,249
Current financial liabilities excluding leasing					56,703	56,703
Current financial liabilities for leasing					53	53
Total	**11,367**	**-**	**-**	**-**	**925,134**	**936,501**

The values resulting from the utilisation of the amortised cost method approximates the fair value of the category.

	At December 31, 2015					
(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 financial assets			16,776			16,776
Other non-current receivables			1,692			1,692
Trade receivables			90,527			90,527
Income tax receivables			12,751			12,751
Other current receivables			13,286			13,286
Other current financial assets			7,190			7,190
Cash and cash equivalents			55,502			55,502
Total	**-**	**-**	**197,724**	**26**	**-**	**197,750**
Non-current financial liabilities excluding leasing	11,257				558,518	569,775
- of which bond payables					297,580	297,580
Non-current financial liabilities for leasing					31	31
Trade payables					164,486	164,486
Income tax payables					24,784	24,784
Other current payables					145,131	145,131
Current financial liabilities excluding leasing					23,431	23,431
Current financial liabilities for leasing					548	548
Total	**11,257**	**-**	**-**	**-**	**916,929**	**928,186**

6. 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 June 30, 2016 and December 31, 2015:

	At June 30, 2016		
(In thousands of Euro)	Level 1	Level 2	Level 3
Available-for-sale-investments			26
Derivative financial instruments		11,367	
Total		**11,367**	**26**

	At December 31, 2015		
(In thousands of Euro)	Level 1	Level 2	Level 3
Available-for-sale-investments			26
Derivative financial instruments		11,257	
Total		**11,257**	**26**

7. Discontinued Operations assets, liabilities and profit/(loss)

This section reports a breakdown of the Discontinued Operations' accounts presented in the Income Statement, the Statement of Financial Position and the Consolidated Cash Flow Statement. In relation to the presentation of the "Discontinued Operations" under IFRS 5, such were included in the Group consolidation scope of the SEA Group at June 30, 2016.
It is recalled that at June 30, 2016, the assets and liabilities and net result of the Discontinued Operations concern SEA Handling in liquidation, given that Airport Handling is not included in the consolidation scope due to the transfer to the Milan Airport Handling Trust. The comparison illustrated below is therefore between the H1 2016 income statement of SEA Handling in liquidation and the H1 2015 income statement of SEA Handling in liquidation only. In this case, comparability between the two period is not affected because SEA Handling in liquidation ceased its operations in August 2014, therefore, the company presented the data of a non-operating company for both the first half of 2015 and the first half of 2016.
The Income Statement and Statement of Financial Position of the Discontinued Operations illustrated below were not audited by Deloitte & Touche SpA. In relation to the Cash Flow Statement of the Discontinued Operations, reference should be made to the Consolidated Cash Flow Statement which illustrates the relevant accounts of the discontinued operations.

Discontinued Operations' Income Statement

(In thousands of Euro)	H1 2016	H1 2015	Change	% Change
Operating Revenues	34	704	(670)	-95.2%
Total revenues	**34**	**704**	**(670)**	**-95.2%**
Operating costs				
Personnel costs	(82)	(676)	594	-87.9%
Consumable materials	0	0	0	n.a.
Other operating costs	(118)	(311)	193	-62.1%
Total operating costs	**(200)**	**(987)**	**787**	**-79.7%**
Gross Operating Margin / EBITDA[1]	**(166)**	**(283)**	**117**	**-41.3%**
Provisions & write-downs	156	556	(400)	-71.9%
Amortisation and depreciation	0	(348)	348	-100,0%
EBIT	**(10)**	**(75)**	**65**	**-86.7%**
Investment income (charges)	0	0	0	n.a.
Financial charges	0	0	0	n.a.
Financial income	1	0	1	n.a.
Pre-tax loss	**(9)**	**(75)**	**66**	**-88.0%**
Income taxes	1	92	(91)	-98.9%
Discontinued Operations profit/(loss)	**(8)**	**17**	**(25)**	**-147.1%**

1. *EBITDA is calculated as the difference between total operating revenues and total operating costs, excluding provisions and write-downs. EBITDA in the comparative period was therefore recalculated according to the new approach in order to ensure data comparability.*

Operating revenues for the first half of 2016 amounted to Euro 34 thousand and refer to the billing of prior years operating service for Euro 25 thousand and to other revenues for Euro 9 thousand.
Operating costs in H1 2016 amounted to Euro 200 thousand and included personnel and administration costs.
Personnel costs principally refer to SEA personnel seconded to SEA Handling and legal expenses in relation to labour disputes.
In the first half of 2016, administrative costs amounted to Euro 118 thousand and mainly refer to the costs for professional and legal advice, the fees of Statutory Auditors and administrative services.

Write-downs (Euro -25 thousand) are related to the recognition of reversed impairment losses on receivables previously deemed uncollectible, but which were collected during the first half of 2016.
Net provisions were positive for Euro 131 thousand and refer to the release of the provision for future charges, in excess given the favourable settlement of labour disputes that arose when the Company was operational.
Following the sale of the assets, no depreciation/amortisation was recognized in the first half of 2016.

Discontinued Operations' Statement of Financial Position

(In thousands of Euro)	At June 30, 2016 Total	At December 31, 2015 Total
ASSETS		
Property, plant & equipment	8	8
Deferred tax assets	42	41
Total non-current assets	**50**	**49**
Trade receivables	8	374
Other receivables	1,504	4,580
Cash and cash equivalents	9,341	6,499
Total current assets	**10,853**	**11,453**
Total assets of discontinued operations	**10,903**	**11,502**
LIABILITIES		
Share capital	10,305	10,305
Other reserves	(1,821)	(5,060)
Net profit (loss)	(8)	3,238
Group Shareholders' Equity	**8,476**	**8,483**
Provision for risks & charges	1,706	1,877
Total non-current liabilities	**1,706**	**1,877**
Trade payables	425	1,065
Income tax payables		3
Other payables	296	74
Total current liabilities	**721**	**1,142**
Total liabilities related to discontinued operations	**2,427**	**3,019**
TOTAL LIABILITIES RELATED TO DISCONTINUED OPERATIONS AND SHAREHOLDERS' EQUITY	**10,903**	**11,502**

Activities for the liquidation of SEA Handling in liquidation continued. The balance sheet differences compared to December 2015, mainly reflect the collection of the balance of the price for the transfer of the equipment and the collection of the receivable from the "Solidarity Contract Aviation Fund" resulting from the advance made by the Company to employees for the Extraordinary Temporary Lay-off Scheme.

Reference should be made to the paragraph "*Risk related to the European Commission Decision of December 19, 2012 concerning presumed State Aid to SEA Handling and the Decision of July 9, 2014 to explore the establishment of a newly incorporated and capitalized company Airport Handling*" in the section operating risks.

8. Disclosure by operating segment

Following the issue of the fixed rate bond of Euro 300 million in April 2014, the Parent Company falls within the category of companies with listed securities on regulated markets required to provide disclosure as per IFRS 8. Therefore, this Half-Year Report includes the figures by operating segment in H1 2016 and the relative comparative figures for H1 2015 or for FY 2015. It is important to highlight that due to the type of activities undertaken by the Group, "traffic" is conditioned by the results of all activities. The SEA Group has identified three operating businesses, as further described in the Directors' Report and specifically: *i) Commercial Aviation*, *ii) General Aviation*, *iii) Energy*. As a result of the new presentation by operating segments, which reflects the operational and managerial aspects of the businesses in which the Group is engaged, and in order to ensure the comparability of information, the figures for H1 2015 were restated. These data may therefore differ from those shown at the individual *legal entity* level. The information currently available concerning the principal operating businesses identified is presented below.

The Commercial Aviation business comprises the Aviation and Non Aviation activities: the former concern the management, development and maintenance of airport infrastructure and plants and the offer to SEA Group customers of services and activities related to aircraft arrival and departure and 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. The Non Aviation activities however provide a wide and differentiated 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 sector. The revenues from this area consist of the market fees for activities directly carried out by SEA and 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. This business also includes the activities carried out by the Company Malpensa Construction Consortium directly related to the airport business.

General Aviation: includes both General Aviation activities carried out through the subsidiary SEA Prime that provides the full range of services related to the business traffic at the West apron of Linate airport, and the General Aviation handling activities of the subsidiary Prime AviationServices.

Energy: concerns the generation and sale of electric and thermal energy, providing coverage of the Milan Malpensa and Milano Linate energy requirements and which is also sold on the external market.

The main results for each of the businesses described above are presented below.
The following tables present the segment income statements and balance sheets, reconciled with the figures presented in the Directors' Report, to which reference is made for more details.

Segment disclosure: Income Statement and Balance Sheet at June 30, 2016

(In thousands of Euro)	Commercial Aviation	General Aviation	Energy	IC eliminations	Consolidated Financial Statements
Revenues	301,113	8,553	17,322	(16,432)	310,557
- of which Intercompany	(4,162)	(2,186)	(10,083)	16,432	
Total operating revenues (from third parties)	**296,951**	**6,367**	**7,239**	**0**	**310,557**
EBITDA	**101,977**	**3,157**	**(262)**		**104,872**
EBIT	**67,364**	**2,336**	**(442)**		**69,258**
Investment income (charges)					5,512
Financial charges					(9,627)
Financial income					199
Pre-tax profit					**65,342**
Investment in fixed assets	**36,108**	**815**	**667**		**37,590**
Property, plant & equipment	8,720	581	667		9,968
Intangible	27,388	234	0		27,622

Segment reporting: income statement at June 30, 2015 and balance sheet figures at December 31, 2015

(In thousands of Euro)	Commercial Aviation	General Aviation	Energy	IC eliminations	Consolidated Financial Statements
Revenues	292,996	8,488	21,098	(15,523)	307,058
- of which Intercompany	(2,128)	(331)	(13,064)	15,523	
Total operating revenues (from third parties)	**290,867**	**8,157**	**8,034**		**307,058**
EBITDA	**92,581**	**2,689**	**1,471**		**96,741**
EBIT	**61,935**	**1,762**	**1,144**		**64,840**
Investment income (charges)					2,991
Financial charges					(9,835)
Financial income					272
Pre-tax profit					**58,268**
Investment in fixed assets	**80,821**	**3,110**	**2,849**		**86,780**
Property, plant & equipment	11,957	2,783	2,849		17,589
Intangible	68,864	327	0		69,191

9. Notes to the Statement of Financial Position

9.1 Intangible assets

The following table summarises the changes occurred in intangible fixed assets between December 31, 2015 and June 30, 2016.

(In thousands of Euro)	At December 31, 2015	Change in consolidation scope	Increases in the period	Reclass. / internal transfers	Destruction/ sales	Amortisation / Write-downs	At June 30, 2016
Gross Value							
Assets under concession	1,385,102		40	11,281	(261)		1,396,161
Assets under concession in progress and advances	54,044		24,104	(8,577)			69,570
Industrial patents and intellectual property rights	54,910			7,124			62,034
Assets in progress and advances	7,898		3,478	(7,132)			4,245
Others	19,090	(9)		8			19,089
Total Gross Value	**1,521,044**	**(9)**	**27,622**	**2,704**	**(261)**		**1,551,099**
Accumulated amortization							
Assets under concession	(451,198)			(74)	114	(18,714)	(469,873)
Assets under concession in progress and advances							
Industrial patents and intellectual property rights	(48,537)	1				(3,333)	(51,869)
Assets in progress and advances							
Others	(16,877)	6				(65)	(16,936)
Total accumulated amortisation	**(516,612)**	**7**		**(74)**	**114**	**(22,112)**	**(538,678)**
Net value							
Assets under concession	933,904		40	11,207	(148)	(18,714)	926,289
Assets under concession in progress and advances	54,044		24,104	(8,577)			69,570
Industrial patents and intellectual property rights	6,373	1		7,124		(3,333)	10,165
Assets in progress and advances	7,898		3,478	(7,132)			4,245
Others	2,213	(3)		8		(65)	2,153
Total net value	**1,004,432**	**(2)**	**27,622**	**2,630**	**(148)**	**(22,112)**	**1,012,421**

As per IFRIC 12, rights on assets under concession amount to Euro 926,289 thousand at June 30, 2016 and Euro 933,904 thousand at December 31, 2015. These assets are amortised on a straight-line basis over the duration of the concession from the State. Amortisation in the first six months of 2016 amounted to Euro 18,714 thousand.

On these assets, as per IFRIC 12, the SEA Group has the obligation to record a restoration and replacement provision.

The investments related to the application of IFRIC 12, which are classified as assets under concession and current airport concessions, principally related to:

- the Cargo City area, with the construction of two warehouses for cargo operators;
- the works for the construction of the Malpensa Terminal 2 railway station;
- the reconfiguration of Malpensa Terminal 2;
- works necessary for the fire prevention certification of Malpensa Terminal 1.

The intellectual property rights, with a net residual value of Euro 10,165 thousand at June 30, 2016, principally relate to company software licenses concerning both airport and operational management and to the purchase of software components. Amortisation amounted to Euro 3,333 thousand.

9.2 Property, plant and equipment

The following table summarises the changes in PP&E between December 31, 2015 and June 30, 2016

(In thousands of Euro)	At December 31, 2015	Change in consolidation scope	Increases in the period	Reclassifications / internal transfers	Destructions / sales	Depreciation/ Write-downs	At June 30, 2016
Gross Value							
Land and Buildings	201,565		732	1,170	(149)		203,318
Plant and machinery	111,590	(753)	228	(146)	(611)		110,308
Industrial & commercial equipment	37,728	(36)	2,414	(4)	(387)		39,715
Other assets	107,932	(260)	1,294	16	(2,591)		106,391
Assets in progress and advances	8,411		5,300	(3,738)	2		9,975
Total Gross Value	**467,226**	**(1,049)**	**9,968**	**(2,702)**	**(3,736)**		**469,707**
Accumulated depreciation and write-downs							
Land and Buildings	(82,221)			(82)	127	(2,996)	(85,172)
Plant and machinery	(67,392)	708		155	609	(1,402)	(67,322)
Industrial & commercial equipment	(35,089)	17		1	387	(714)	(35,398)
Other assets	(91,599)	207			2,587	(2,888)	(91,693)
Assets in progress and advances							
Total Accumulated depreciation and write-downs	**(276,301)**	**932**		**74**	**3,710**	**(8,000)**	**(279,585)**
Net value							
Land and Buildings	119,344		732	1,088	(22)	(2,996)	118,146
Plant and machinery	44,198	(45)	228	9	(2)	(1,402)	42,986
Industrial & commercial equipment	2,639	(19)	2,414	(3)		(714)	4,317
Other assets	16,333	(53)	1,294	16	(4)	(2,888)	14,698
Assets in progress and advances	8,411		5,300	(3,738)	2		9,975
Total Net Values	**190,925**	**(117)**	**9,968**	**(2,628)**	**(26)**	**(8,000)**	**190,122**

Investments relating to property, plant and equipment mainly involved the reconfiguration of Terminal 2, for the parts other than the assets under concession and current airport concessions.

9.3 Investment property

The account includes buildings not utilised in the operating activities of the Group.

9.4 Investments in associated companies

The changes in the account "Investments in associated companies" between December 31, 2015 and June 30, 2016 are shown below:

Investments in associated companies

(In thousands of Euro)	At December 31, 2015	Movements: Change in consolidation scope	Movements: Increases / revaluations	Movements: Decreases / write-downs	At June 30, 2016
SACBO SpA	30,647		2,148	(1,800)	30,995
Dufrital SpA	10,835		133		10,968
Disma SpA	2,642		134	(282)	2,494
Malpensa Logistica Europa SpA	2,560		159	(173)	2,546
SEA Services Srl	703		152		855
Prime AviationServices SpA		234	(146)		88
Total	**47,387**	**234**	**2,580**	**(2,255)**	**47,946**

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 June 30, 2016 amounted to Euro 47,946 thousand compared to Euro 47,387 thousand at December 31, 2015.
The change in the scope of consolidation refers to the exit of Prime AviationServices following the sale of 60% of the shares and the consequent loss of control. From April 1, 2016 Prime AviationServices is an associate measured at equity.

9.5 AFS Investments

The investments available for sale are listed below:

	% Held at	
Company	**June 30, 2016**	**December 31, 2015**
Consorzio Milano Sistema in liquidation	10%	10%
Romairport SpA	0.227%	0.227%
Aeropuertos Argentina 2000 SA	8.5%	8.5%
Sita Soc. Intern. de Télécom. Aéronautiques (Belgian company)	12 shares	12 shares

The following table summarises the changes in AFS investments between December 31, 2015 and June 30, 2016:

Available-for-sale-investments

		Movements		
(In thousands of Euro)	**At December 31, 2015**	**Increase / revalution / reclassification**	**Decreases / write-downs**	**At June 30, 2016**
Consorzio Milano Sistema in liquidation	25			25
Romairport SpA	1			1
Aeropuertos Argentina 2000 SA	-			-
Sita Soc. Intern. de Télécom. Aéronautiques (Belgian company)	-			-
Total	**26**	**-**	**-**	**26**

In relation to the investment in Aeropuertos Argentina 2000 SA recognized for Euro 1 at June 30, 2016 and at December 31, 2015, reference should be made to the 2015 Consolidated Annual Accounts.

9.6 Deferred tax assets

The breakdown of the net deferred tax assets is reported below:

Net deferred tax assets

(In thousands of Euro)	At June 30, 2016	At December 31, 2015
Deferred tax assets	85,412	83,291
Deferred tax liabilities	(39,390)	(41,009)
Total net deferred tax assets	**46,022**	**42,282**

The movement in net deferred tax assets in the first six months of 2016 was as follows:

(In thousands of Euro)	At December 31, 2015	Change in consolidation scope	Release / recognition to P&L	Release / recognition to equity	At June 30, 2016
Total deferred tax assets	83,291	(157)	1,369	909	85,412
Total deferred tax liabilities	(41,009)		1,619		(39,390)
Total net deferred tax assets	**42,282**	**(157)**	**2,988**	**909**	**46,022**

9.7 Other current and non-current financial assets

The balance of the item "Other current and non-current financial assets" refers to capital contributions made to the Airport Handling, net of write-downs in the financial years 2013 and 2014. Following the closing of the transaction with dnata on March 23, 2016, for the sale of 30% of the shares of Airport Handling and of the FIP (Financial Instruments of Partecipation) held by SEA, the portion of other financial assets to be sold has been reclassified as current.

Current and non-current financial assets

(In thousands of Euro)	At June 30, 2016	At December 31, 2015
Other non-current financial assets	16,776	16,776
Other current financial assets	7,190	7,190
Total other current and non-current financial assets	**23,966**	**23,966**

9.8 Other non-current receivables

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

Other non-current receivables

(In thousands of Euro)	At June 30, 2016	At December 31, 2015
Receivables from the State for grants under Law 449/85	1,329	1,329
Other receivables	317	363
Total non-current receivables	**1,646**	**1,692**

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 funding, pursuant to Law 449/85, of some infrastructure projects at Malpensa Airport.
Other receivables, amounting to Euro 317 thousand at June 30, 2016 (Euro 363 thousand at December 31, 2015), mainly relates to employee receivables and deposit guarantees.

9.9 Inventories

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

Inventories

(In thousands of Euro)	At June 30, 2016	At December 31, 2015
Raw materials, consumables and supplies	5,167	4,865
Total Inventories	**5,167**	**4,865**

The account principally comprises consumable goods held for airport activities.
At June 30, 2016 no goods held in inventories were used to guarantee loans or other transactions in place at that date.
As a result of the comparison of inventories with the realisable or replacement value, an obsolescence inventory provision of Euro 194 thousand was recognized at June 30, 2016 (Euro 300 thousand at December 31, 2015). The amounts are stated net of the related provision.

9.10 Trade receivables

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

Trade receivables

(In thousands of Euro)	At June 30, 2016	At December 31, 2015
Customer receivables	90,922	79,690
Trade receivables from associates	7,130	10,837
Total net trade receivables	**98,052**	**90,527**

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 realizable value takes account of evaluations regarding the state of the dispute.
Receivables sold through factoring transactions are derecognized only if the risks and rewards associated with their ownership have been substantially transferred to the transferee. The receivables sold which do not satisfy this condition remain on the balance sheet of the Company although they have been legally sold. In this case a financial liability of the same amount is recorded under liabilities to represent the advance received.

The changes in the doubtful debt provision were as follows:

Doubtful debt provision

(In thousands of Euro)	At June 30, 2016	At December 31, 2015
Opening provision	(83,619)	(89,742)
(Increases) / reversals	(694)	5,456
Utilisation	128	667
Change in consolidation scope	78	
Total doubtful debt provision	**(84,107)**	**(83,619)**

The provisions net of releases amounted to Euro 694 thousand for the first six months of 2016 (Euro -5,456 thousand in 2015). The doubtful debt provision 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 releases/utilizations refer to the closure during the year of disputes for which the provisions were accrued to cover such risks in previous years. The changes relating to the scope of consolidation refer to the loss of control over the investee Prime AviationServices.

9.11 Tax receivables and other current receivables

The following table provides the breakdown of other current receivables:

Tax receivables and other current receivables

(In thousands of Euro)	At June 30, 2016	At December 31, 2015
Tax receivables	11,570	12,751
Other receivables	20,024	13,286
Total tax receivables and other current receivables	**31,594**	**26,037**

Tax receivables, amounting to Euro 11,570 thousand at June 30, 2016, principally refer to:

- for Euro 10,414 thousand (Euro 10,414 thousand at December 31, 2015) to the recalculation of IRES income tax for the years 2007-2011 following the recognition of the deductibility for IRES purposes 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;
- for Euro 368 thousand (Euro 1.293 thousand at December 31, 2015) to current tax receivables;
- for Euro 19 thousand (Euro 394 thousand at December 31, 2015) to VAT receivables;
- and for Euro 769 thousand (Euro 650 thousand at December 31, 2015) to 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 June 30, 2016	At December 31, 2015
Receivables from Energy Regulator for white and green certificates	7,532	4,780
Receivables for dividends from cash out	2,042	
Receivables from employees and social security institutions	649	245
Insurance company receivables	1,108	406
Receivables for various payments	514	279
Stamps and duties	64	
Receivables from the Ministry for Communications for radio bridge	3	3
Other receivables	8,113	7,573
Total other current receivables	**20,024**	**13,286**

The receivables from the Energy Regulator for white and green certificates include SEA Energia receivables from the Energy Service Operator based on an estimate of the "green certificates" and "white certificates" matured in 2015 (Euro 4,780 thousand) and during the first half of 2016 (Euro 2,752 thousand).
Receivables from the State under SEA/Ministry for Infrastructure and Transport case, following the judgement of the Court of Cassation, which recognized to the Company the non-adjustment of handling tariffs for the period 1974-1981, in addition to interest and expenses incurred by the Company for Euro 3,889 thousand at June 30, 2016 (Euro 3,889 thousand at December 31, 2015), entirely covered by the doubtful debt provision, relate to the residual amount not yet received from the Ministry for Infrastructure and Transport, in addition to interest up to December 31, 2014.
Receivables for dividends from cash out to be collected relate, for an amount of Euro 1,901 thousand to dividends declared by Airport Handling SpA as per notice received from the Chairman of the Board of Directors and legal representative of Fieldfisher Trustee Services Srl (formerly Crowe Horwath Trustee Services It Ltd.), referring to the shareholders' meeting resolution of Airport Handling SpA of May 6, 2016 on the allocation of profit for 2015, which will be paid as from 1 September 2016. SEA SpA, as holder of Equity Financial Instruments, is entitled to receive the dividend approved by the Shareholders' meeting.
Other receivables principally concerns accrued income related to revenues accrued in the year and costs relating to future years. The account also includes reimbursements, supplier advances, arbitration with sub-contractors and other minor positions.

The changes in the doubtful debt provision were as follows:

Doubtful debt provision

(In thousands of Euro)	At June 30, 2016	At December 31, 2015
Opening provision	(4,045)	(2,285)
(Increases) / reversals		(1,760)
Utilisation		
Change in consolidation scope	156	
Closing doubtful debt provision	**(3,889)**	**(4,045)**

The item "Change in scope of consolidation" refers to the exit of Prime AviationServices following the sale of 60% of the investment.

9.12 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 June 30, 2016	At December 31, 2015
Bank and postal deposits	17,492	55,422
Cash in hand and at bank	67	80
Total	**17,559**	**55,502**

Available liquidity at June 30, 2016 decreased by Euro 37,943 thousand compared to December 31, 2015. The breakdown of liquidity at June 30, 2016 was as follows: *i)* bank and postal deposits on demand for Euro 15,253 thousand (Euro 53,398 thousand at December 31, 2015), *ii)* restricted bank deposits for Euro 2,239 thousand, which cover the portion of European Investment Bank loans due in the coming 12 months (Euro 2,024 thousand at December 31, 2015), *iii)* cash at bank and on hand for Euro 67 thousand (Euro 80 thousand at December 31, 2015).
It should be noted that liquidity at June 30, 2016 does not include the *escrow account*; Euro 6,000 thousand are deposited to this account which result from collection of the price from the sale of 30% of the Equity Financial Instruments held by SEA Group in Airport Handling.

9.13 Share capital and reserves

At June 30, 2016, the share capital of SEA SpA totaled Euro 27,500 thousand, comprising 250,000,000 shares of Euro 0.11 each.
The changes in Shareholders' Equity in the year are shown in the balance sheet.

9.14 Provisions for risks and charges

The account "Provisions for risks and charges" is broken down as follows:

Provision for risks and charges

(In thousands of Euro)	At December 31, 2015	Change in consolidation scope	Provisions / increases	Utilisations/ reclassifications	Releases	At June 30, 2016
Provision for restoration & replacement	136,160		7,048	(4,299)	-	138,909
Provision for future charges	41,742	(193)	318	(3,128)	(2,559)	36,180
Total	**177,902**	**(193)**	**7,366**	**(7,427)**	**(2,559)**	**175,089**

The restoration and replacement provision on assets under concession, created in accordance with IFRIC 12, amounting to Euro 138,909 thousand at June 30, 2016 (Euro 136,160 thousand at December 31, 2015), refers to the best estimate of the amount matured relating to the maintenance on assets under concession from the State which will be undertaken in future years. 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, 2015	Change in consolidation scope	Provisions / increases	Utilisations/ reclassifications	Releases	At June 30, 2016
Employment provisions	8,261			(1,222)	(78)	6,961
Disputes with contractors	550			(550)		-
Insurance excess	3,356	(145)	318	(583)	(2)	2,944
Tax risks	6,119	(48)		(1,686)	(1,885)	2,500
Other provisions	23,456			913	(594)	23,775
Total provision for future charges	**41,742**	**(193)**	**318**	**(3,128)**	**(2,559)**	**36,180**

The item "Tax risks" refers to:

- the provisions of Euro 1,500 thousand set aside by SEA Prime SpA, to meet the liabilities related to the non-payment of Group VAT by the former parent in the years 2011 and 2012.
- Euro 1,000 thousand set aside to cover the administrative, technical and tax audit commenced in 2015 by the Customs Agency, in relation to the sale of electricity and aimed at verifying compliance with excise duty requirements. The portion allocated in the previous year was used in the first half of 2016 for an amount equal to the tax recognized for Malpensa; the provision was then reinstated to cover the overall risk for taxes and penalties necessary to regularize SEA's position on both airports .

The account "Other provisions" for Euro 23,775 thousand at June 30, 2016 is mainly composed of the following items:

- Euro 14,371 thousand for legal disputes related to the operational management of the airports;
- Euro 523 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 arising from the acoustic zoning plan of the Milan Airports peripheral areas (Law No. 447/95 and subsequent Ministerial Decrees);
- Euro 881 thousand for disputes with ENAV.

The changes related to the scope of consolidation refer to the exit of Prime AviationServices following the sale of 60% of the investment.

On the basis of the progress of disputes at the preparation date of this financial report, and also based on the opinion of the consultants representing the Group in the disputes, the provisions are considered sufficient to cover potential liabilities.

9.15 Employee provisions

The changes in the employee provisions are shown below:

Employee provisions

(In thousands of Euro)	At June 30, 2016	At December 31, 2015
Opening provision	48,239	50,505
Financial (income)/charges	407	801
Utilisation	(1,169)	(1,203)
Actuarial profit /(loss)	4,633	(1,864)
Total employee provisions	**52,110**	**48,239**

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:

Financial assumptions

	At June 30, 2016	At December 31, 2015
Annual discount rate	1.05%	2.03%
Annual inflation rate	1.50% for 2016	1.50% per il 2016
	1.80% for 2017	1.80% per il 2017
	1.70% for 2018	1.70% per il 2018
	1.60% for 2019	1.60% per il 2019
	2.0% from 2020 onwards	2.0% from 2020 onwards
Annual employee leaving indemnity increase	2.625% for 2016	2.625% for 2016
	2.850% for 2017	2.850% for 2017
	2.775% for2018	2.775% for 2018
	2.70% for 2019	2.70% for 2019
	3.0% from 2020 onwards	3.0% from 2020 onwards

Assumptions undertaken in the Actuarial Report.

The annual discount rate utilised for the present value of the bond was based on the Iboxx 10+ Eurozone Corporate AA index (1.05% at June 30, 2016 against 2.03% at December 31, 2015) according to the provisions of ESMA.

9.16 Current and non-current financial liabilities

The table below provides a breakdown of current and non-current financial liabilities at June 30, 2016 and December 31, 2015.

	At June 30, 2016		At December 31, 2015	
(In thousands of Euro)	Current portion	Non-current portion	Current portion	Non-current portion
Long-term loans	17,552	251,068	15,456	260,853
Short-term loans	36,000			
Loan charges payables	1,227		1,366	
Fair value derivatives		11,367		11,257
Bank payables	**54,779**	**262,435**	**16,822**	**272,110**
Bond payables		297,795		297,580
Bond charge payables	1,901		6,609	
Leasing payables	54	8	548	31
Subsidised loan payables	22	154		85
Payables to other lenders	**1,977**	**297,957**	**7,157**	**297,696**
Total current and non-current liabilities	**56,756**	**560,392**	**23,979**	**569,806**

The Group's borrowings at June 30, 2016, as illustrated in the table below, are comprised for 95% of medium/long-term debt, of which over half concerning the "SEA 3 1/8 2014-2021" bond issue (expressed at amortised cost). The remainder of the medium/long term debt is comprised of Euro 176 thousand EIB subsidised loans (of which 61% with maturity beyond 5 years and only 7% due in the next 12 months). The residual portion of the debt comprises short-term loans (hot money) to cover working capital needs.

The breakdown of the Group net debt at June 30, 2016 and December 31, 2015 is reported below:

Net Debt

(In thousands of Euro)	At June 30, 2016	At December 31, 2015
A. Cash	(17,559)	(55,502)
B. Other liquidity		
C. Held-for-trading securities		
D. Liquidity (A) + (B) + (C)	**(17,559)**	**(55,502)**
E. Financial receivables		
F. Current financial payables	39,128	7,975
G. Current portion of medium/long-term bank loans	17,574	15,456
H. Other current financial payables	54	548
I. Payables and other current financial liabilities (F) + (G) + (H)	**56,756**	**23,979**
J. Net current financial debt (D) + (E) + (I)	**39,197**	**(31,523)**
K. Non-current portion of medium/long-term bank loans	251,068	260,853
L. Bonds issued	297,795	297,580
M. Other non-current financial payables	11,529	11,373
N. Payables & other non-current financial liabilities (K) + (L) + (M)	**560,392**	**569,806**
O. Net Debt (J) + (N)	**599,589**	**538,283**

At the end of June 2016, net debt amounted to Euro 599,589 thousand, increasing Euro 61,306 thousand compared to the end 2015 (Euro 538,283 thousand).
The net debt was affected by a number of factors, including:

a) the continuation of the repayment of part of the EIB loans (principal repaid in the period totaling Euro 7,718 thousand);
b) lower liquidity for Euro 37,943 thousand and increased reliance on short-term loans (hot money) for Euro 36,000 thousand, to cover operating requirements and the payment of dividends (which took place at the end of June);
c) lower IAS related adjustments for Euro 5,010 thousand mainly determined by *i)* lower accrued expenses on loans for Euro 4,846 thousand, as a result of the payment of the annual bond coupon maturing in April *ii)* lower lease payable for Euro 519 thousand *iii)* improved *fair value* of derivatives for Euro 104 thousand.

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) with cash flows from operating activities.
At present, the SEA Group is not aware of any default situations related to the loans held or of violations of any of the above-mentioned covenants.
Finance lease payables principally relate to radiogenic equipment.

The table below shows the reconciliation between the finance lease payables and the future lease instalments at June 30, 2016:

(In thousands of Euro)	At June 30, 2016
Future lease instalments until contract maturity	62
Implied interest	(2)
Present value of instalments until contract maturity	**60**
Amounts for unpaid invoices	2
Total payables for leasing (current and non-current)	**62**

9.17 Trade payables

The breakdown of trade payables is follows:

Trade payables

(In thousands of Euro)	At June 30, 2016	At December 31, 2015
Supplier payables	127,136	154,520
Advances	7,258	7,021
Payables to associated companies	2,346	2,945
Total trade payables	**136,740**	**164,486**

Trade payables (which includes invoices to be received of Euro 63,959 thousand at June 30, 2016 and Euro 94,730 thousand at December 31, 2015) refer to the purchase of goods and services relating to operations and Group investments.
The payables for advances at June 30, 2016 amounting to Euro 7,258 thousand (Euro 7,021 thousand at December 31, 2015) principally refer to advances from clients.
Payables to associated companies relate to services and miscellaneous charges.

9.18 Income tax payables

Income tax payables amounted to Euro 13,364 thousand at June 30, 2016 (Euro 24,784 thousand at December 31, 2015); they mainly consist of withholding taxes on employees and self-employed staff for Euro 3,771 thousand (Euro 4,778 thousand at December 31 2015), IRES income tax payable for Euro 3,769 thousand (Euro 17,888 thousand at December 31, 2015), IRAP regional tax payable for Euro 1,628 thousand (Euro 1,101 thousand at December 31, 2015), VAT payable for Euro 3,612 thousand at June 30, 2016 (Euro 1,003 thousand at December 31, 2015) and other tax payables for Euro 559 thousand (Euro 14 thousand at 31 December 2015).

9.19 Other current payables

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

Other current payables

(In thousands of Euro)	At June 30, 2016	At December 31, 2015
Payables to social security institutions	10,731	12,527
Other payables	158,518	132,604
Total other current payables	**169,249**	**145,131**

The breakdown of "Other payables" is as follows:

Other payables

(In thousands of Euro)	At June 30, 2016	At December 31, 2015
Airport fire protection service	49,874	46,714
Additional boarding right charges	62,494	38,233
Other miscellaneous payables	19,019	17,150
Payables due to the State for concession charges	11,567	11,504
Payables due to employees for amounts accrued	7,025	11,340
Payables due to employees for holidays not taken	3,518	3,311
Third party guarantee deposits	1,365	1,604
Payables due to A2A for green certificates	1,806	1,134
Payables due to third parties for ticket collection	806	925
Other payables related to employee contributions	270	268
Payables to the BOD and Board of Statutory Auditors	123	262
Payables due to the State for security concession services	91	70
Payables to shareholders for dividends	133	63
Payables to the Ministry for Co_2 allowances	427	26
Total other payables	**158,518**	**132,604**

In order to improve presentation, the item "Additional boarding rights charges", relating to the surtax established by Laws no. 166/2008, no. 350/2003, no. 43/2005 and no. 296/2006, has been reclassified from "Income tax payables" to "Payables to other lenders" for both the reporting and the comparative period.

The account "Other miscellaneous payables", amounting to Euro 19,019 thousand at June 30, 2016 (Euro 17,150 thousand at December 31, 2015), mainly refers to deferred income from clients relating to future periods and other minor payables.

10. Notes to the Income Statement

10.1 Operating revenues

The table below shows the breakdown of operating revenues for H1 2016 and 2015. Such data reflect the operational and managerial aspects of the businesses in which the Group is engaged. These data may therefore differ from those shown at the individual *legal entity* level.

Operating revenues

(In thousands of Euro)	H1 2016	H1 2015
Commercial Aviation	296,951	290,867
General Aviation	6,367	8,157
Energy	7,239	8,034
Total operating revenues	**310,557**	**307,058**

In the first six months of 2016 operating revenues totaled Euro 310,557 thousand, increasing 1.1% on H1 2015. Operating revenues include the *Commercial Aviation* and *General Aviation* revenues and the revenues from the *Energy* business.

Commercial Aviation operating revenues

The breakdown of Aviation operating revenues is reported below.

Aviation operating revenues

(In thousands of Euro)	H1 2016	H1 2015
Centralised infrastructure and rights	164,985	156,563
Operating revenues from security controls	20,918	22,822
Use of regulated spaces	6,556	6,698
Total Aviation operating revenues	**192,459**	**186,083**

In the first half of 2016, the **Aviation** revenues showed an increase of Euro 6,376 thousand (+ 3.4%) on the same period of the previous year. More specifically, revenues from airport and centralized infrastructure fees increased by Euro 8,422 thousand (+ 5.4%), mainly due to higher traffic volumes and tariff changes linked to the Regulatory Agreement.

The breakdown of **Non Aviation** operating revenues by sector is reported below.

Non Aviation operating revenues

(In thousands of Euro)	H1 2016	H1 2015
Retail	42,836	41,737
Parking	29,000	28,236
Cargo	6,312	6,170
Advertising	5,195	5,693
Premium service	8,977	8,172
Real estate	1,216	1,163
Other revenues and services	10,956	13,613
Total Non Aviation operating revenues	**104,492**	**104,784**

Retail revenues were up Euro 1,099 thousand (+ 2.6%), mainly as a net effect of: *i)* increase in *food & beverage* revenues for Euro 495 thousand (+ 5.7%) reflecting the good performance of "Rosso Pomodoro" at Malpensa and "Ferrari spazio bollicine" at Linate; *ii)* increase in revenues from stores of Euro 1,083 thousand (+ 5%); *iii)* increase in *car rental* revenues for Euro 419 thousand (6.5%); *iv)* decrease in revenues from banking activities for Euro 892 thousand (-18.3%).

The breakdown of Retail revenues by segment is reported below.

Retail revenues

(In thousands of Euro)	H1 2016	H1 2015
Shops	22,851	21,769
Food & Beverage	9,133	8,638
Car rental	6,845	6,425
Bank services	4,007	4,905
Total Retail	**42,836**	**41,737**

General Aviation operating revenues
The *General Aviation* business includes both General aviation activities that are carried out through the subsidiary SEA Prime and the General Aviation handling activities carried out by the subsidiary Prime AviationServices. Revenues from the *General Aviation* business, amounting to Euro 6,367 thousand, recorded a significant 21.9% decline compared to the comparative period.

Energy operating revenues
The breakdown of Energy operating revenues is reported below.

Energy operating revenues

(In thousands of Euro)	H1 2016	H1 2015
Sale of Electric Energy	3,302	4,370
Sale of Thermal Energy	1,711	1,484
Other Revenues and Services	2,226	2,180
Total Energy operating revenues	**7,238**	**8,034**

For more details on revenue, see the comments in the "*Operating Performance – Sector Analysis"* in the Directors' Report section.

10.2 Revenues for works on assets under concession

Revenues for works on assets under concession decreased from Euro 26,477 thousand in the first six months of 2015 to Euro 23,180 thousand in H1 2016 (-12.5%). These revenues 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, as well as a mark-up that a general contractor would request to undertake such activities, and are included in the aviation business unit. This account is strictly related to investment and infrastructure upgrading activities.

10.3 Personnel costs

The breakdown of personnel costs is as follows:

Personnel costs

(In thousands of Euro)	H1 2016	H1 2015
Wages, salaries and social security charges	83,110	80,234
Employee leaving Indemnity (T.F.R.)	3,897	3,721
Other personnel costs	2,672	2,483
Total	**89,679**	**86,438**

In the first six months of 2016, Group personnel costs increased Euro 3,241 thousand (3.7%) on the same period of 2015.

The change primarily reflects the increase in the average number of FTE employees, which increased from 2,749 in the first half of 2015 to 2,810 in the first half of 2016. The change in headcount reflected the restructuring of handling activities, which culminated with the liquidation of SEA Handling.

The following table outlines the average FTE by category for the periods January-June 2016 and January-June 2015.

Average number of employees (FTE)

	H1 2016	%	H1 2015	%
Senior Managers	54	2%	57	2%
Middle Managers	267	10%	262	10%
White-collar	1,774	63%	1,714	62%
Blue-collar	694	25%	694	25%
Total Employees	**2,789**	**99%**	**2,727**	**99%**
Agency employees	21	1%	22	1%
Total Employees	**2,810**	**100%**	**2,749**	**100%**

10.4 Consumable materials

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

Consumable materials

(In thousands of Euro)	H1 2016	H1 2015
Raw materials, consumables and supplies	19,503	22,519
Changes in inventories	(370)	695
Total consumable materials	**19,133**	**23,214**

At June 30, 2016, Consumable material costs showed a decrease of Euro 4,081 thousand (17.6%) compared to the same period of 2015, from Euro 23,214 thousand to Euro 19,133 thousand, mainly due to: *i)* lower consumption of de-icing materials; *ii)* lower fuel costs, linked both to an actual decrease in consumption and to lower prices; *iii)* lower purchases of spare parts.

10.5 Other operating costs

The breakdown of "Other operating costs" is as follows:

Other operating costs

(In thousands of Euro)	H1 2016	H1 2015
Commercial costs & traffic development contributions	20,437	20,221
Airport services	13,777	14,758
Public charges	14,678	14,190
Ordinary maintenance costs	14,333	13,824
Cleaning	6,662	6,692
Miscellaneous operating costs	9,511	9,634
Professional services	4,760	5,699
Tax charges	3,888	3,971
Utilities and security	3,478	3,068
Hardware and software charges and rent	2,266	2,324
Insurance	923	1,063
Emoluments & costs of the Board of Statutory Auditors & BOD	432	534
Other administrative costs	2,529	5,820
Other costs	738	624
Total other operating costs	**98,412**	**102,422**

In the first half of 2016 other operating costs decreased Euro 4,010 thousand compared to H1 2015 (-5.5%), from Euro 102,422 thousand to Euro 98,412 thousand.
The net decrease is mainly due to:

- lower airport service costs for Euro 981 thousand, mainly in relation to *emergency/contingency* services, snow emergency services and *de-icing* services;
- higher ordinary maintenance costs for Euro 509 thousand, mainly linked to programmed maintenance of the TGD turbine at the Malpensa power plant;
- higher security expenses for Euro 542 thousand due to the increase in the number of security controls and customs gates;
- lower expenses for professional services for Euro 939 thousand (in the same period of the previous year consulting costs for extraordinary operations had been incurred);
- lower administrative costs (in the same period of the previous year the accounts reflected the payment of the penalty imposed on SEA by the Antitrust Authority);
- reduction in insurance costs of Euro 140 thousand, following the renegotiation of expiring insurance policies.

10.6 Provisions and Write-downs

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

Provisions and write-downs

(In thousands of Euro)	H1 2016	H1 2015
Write-downs / (reversals) of current assets and cash & cash equivalents	694	(6,693)
Provisions / (releases) of future charges provisions	(2,240)	2,059
Total provisions and write-downs	**(1,546)**	**(4,634)**

In the first six months of 2016, net provisions and Write-downs decreased Euro 3,088 thousand on the same period of the previous year, from Euro -4,634 thousand at June 30, 2015 to Euro -1,546 thousand at June 30, 2016.
The significant difference in the provision for doubtful receivables between the two half-years is linked to the agreements reached with certain carriers for the repayment of old debts, which were fully complied with in the first half of 2015, leading to a significantly reduction in the provision which was only partly offset by new allocations made for new risks. Conversely, the

changes recorded in the first half of 2016 reflect a normal credit risk management performance.
The net allocations to future charge provisions, negative for Euro 2,240 thousand at June 30, 2016 (positive for Euro 2,059 thousand at June 30, 2015), were mainly affected by the partial release of the tax risk provision, which, following the notification of the tax and penalty amount due for the Malpensa airport, was readjusted to regularize SEA's positions on both airports.

10.7 Costs for works on assets under concession

Costs for works on assets under concession decreased from Euro 24,719 thousand in the first half of 2015 to Euro 21,641 thousand in the first half of 2016.
These refer to, in accordance with IFRIC 12, the costs for the works undertaken on assets under concession. This movement is strictly related to investment activities.

10.8 Restoration and replacement provision

Restoration and replacement provision

(In thousands of Euro)	H1 2016	H1 2015
Restoration and replacement provision	(7,048)	(7,146)

The restoration and replacement provision amounting to Euro 7,048 thousand at June 30, 2016 and Euro 7,146 thousand at June 30, 2015 include provisions for maintenance and replacements in order to ensure the functioning of the infrastructure held under concession.

10.9 Amortisation and depreciation

The account "Amortisation and depreciation" is comprised of:

Amortisation and depreciation

(In thousands of Euro)	H1 2016	H1 2015
Amortisation of intangible assets	22,112	21,043
Depreciation of prop., plant & equipment & property investment	8,000	8,347
Total amortization and depreciation	**30,112**	**29,390**

In the first half of 2016 amortisation and depreciation increased Euro 722 thousand compared to the same period of 2015 (+2.5%), from Euro 29,390 thousand to Euro 30,112 thousand.
Amortisation and depreciation in the period relates to tangible and intangible assets held based on the estimated useful life by the Group, which however does not exceed the duration of the concession.

10.10 Investment income (charges)

The breakdown of investment income and charges is as follows:

Investment income (charges)

(In thousands of Euro)	H1 2016	H1 2015
SACBO SpA	2,149	1,490
Dufrital SpA	133	949
Malpensa Logistica Europa SpA	134	252
Disma SpA	159	111
SEA Services Srl	152	189
Prime AviationServices SpA	(71)	
Investments valued at equity	**2,656**	**2,991**
Other income from investments	**2,856**	
Total investment income (charges)	**5,512**	**2,991**

In the first six months of 2016, net investment income increased by Euro 2,521 thousand, from Euro 2,991 thousand at June 30, 2015 to Euro 5,512 thousand at June 30, 2016.
The proceeds from associates measured at equity decreased by Euro 335 thousand, from Euro 2,991 thousand at June 30, 2015 to Euro 2,656 thousand at June 30, 2016 while the other income from equity investments refer to the sale of the 60% stake in Prime AviationServices, for Euro 955 thousand, and to the Euro 1,901 thousand dividends from Airport Handling SpA approved by the shareholders' meeting of said company on May 6, 2016 regarding the allocation of profit for 2015. SEA SpA, as holder of Equity Financial Instruments, is entitled to receive the dividend approved by the Shareholders' meeting.

10.11 Financial income (charges)

The breakdown of the account "Financial income (charges)" is as follows:

Financial income (charges)

(In thousands of Euro)	H1 2016	H1 2015
Currency gains	86	1
Other financial income	113	271
Total financial income	**199**	**272**
Interest expense on medium/long-term loans	(6,451)	(7,055)
Loan Commissions	(743)	(923)
Currency losses	(27)	(26)
Other interest expenses:	**(2,406)**	**(1,831)**
- financial charges on Leaving indemnity	(407)	(325)
- financial charges on Leasing	(13)	(90)
- financial charges on Derivatives	(1,438)	(1,490)
Other	(548)	74
Total financial charges	**(9,627)**	**(9,835)**
Total financial income (charges)	**(9,428)**	**(9,563)**

Net financial charges at June 30, 2016 amounted to Euro 9,428 thousand, decreasing Euro 135 thousand on the previous year.
This reduction derives from a number of factors, including: *i)* lower interest expense for the period on medium-long term loans for Euro 604 thousand as a result of the decrease in gross borrowings and in the average borrowing cost; *ii)* lower fees on loans for Euro 180 thousand; *iii)* higher other interest expense of Euro 575 thousand, mainly for bank guarantees related to the disbursement of EIB loans in June 2015.
In the same period financial income decreased by Euro 73 thousand following the decrease in market rates.

10.12 Income taxes

The breakdown of the account is as follows:

Income taxes

(In thousands of Euro)	H1 2016	H1 2015
Current income taxes	24,127	20,157
Net deferred income taxes	(2,988)	27
Total income taxes	**21,139**	**20,184**

In the first six months of 2016, taxes increased by Euro 955 thousand, from Euro 20,184 thousand at June 30, 2015 to Euro 21,139 thousand at June 30, 2016.

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

(In thousands of Euro)	H1 2016	Tax rate	H1 2015	Tax rate
Continuing operations' pre-tax profit	**65,342**		**58,268**	
Discontinued operations' pre-tax profit/loss	**(9)**		**(75)**	
Pre-tax profit	**65,333**		**58,343**	
Theoretical income taxes	17,967	27.5%	16,044	27.5%
Tax effect of permanent differences	(1,477)	-2.3%	657	1.1%
IRAP	3,048	4.7%	2,078	3.6%
Others	1,601	2.5%	1,312	2.2%
Total	**21,138**	**32.4%**	**20,092**	**34.4%**
Income taxes on continuing operations	(21,139)		(20,184)	
Income taxes on discontinued operations	1		92	
Total Group income taxes	**(21,138)**		**(20,092)**	

11. Discontinued operations profit/(loss)

The discontinued operations reported a loss of Euro 8 thousand. The account includes the result of the company SEA Handling SpA in liquidation, following its classification as discontinued operations during 2014. For further information, reference should be made to "*Discontinued Operations assets, liabilities and profit/(loss)"* in the Explanatory notes.

12. Earnings per share

The basic earnings per share is calculated by dividing the Group net profit by the weighted average number of ordinary shares outstanding in the period. For the diluted earnings per share, as no equity instruments were issued by the Parent Company, the weighted average of the shares in circulation is the same as that utilised for the establishment of the basic earnings per share.
Therefore, the basic earnings per share at June 30, 2016 was Euro 0.18 (net profit for the year of Euro 44,173 thousand/number of shares in circulation 250,000,000).
The basic earnings per share at June 30, 2015 was Euro 0.15 (net profit for the year of Euro 38,123 thousand/number of shares in circulation 250,000,000).

13. 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.
The following table reports the income statement and statement of financial position values with Related Parties at June 30, 2016 and for the first half of the year, with indication of the percentage of the relative account:

Group transactions with related parties

(In thousands of Euro)	At June 30, 2016 Trade receivables	Other receivables	Trade payables	Operating revenues	Operating costs (excluding costs for works on assets under concession)
Investments in associated companies					
SACBO	153		431	2,278	4,846
Dufrital	5,732		771	14,050	9
Malpensa Logistica Europa	330		35	2,231	0
SEA Services	478		959	1,290	1,288
Disma	54	140	32	416	0
Prime AviationServices	385		118	134	242
Total related parties	**7,132**	**140**	**2,346**	**20,399**	**6,385**
Total financial statements	98,052	20,024	136,740	310,557	207,224
% of total financial statements	**7.27%**	**0.70%**	**1.72%**	**6.57%**	**3.08%**

The table below shows the cash flows from the transactions of the Group with Related Parties for the period ended June 30, 2016, with indication of the percentage of the relative account:

Cash flow generated from group transactions with related parties

(In thousands of Euro)	At June 30, 2016 Investments in associated companies	Investments in other companies	Total transactions with Related Parties	Consolidated balance	%
A) Cash flow generated from operating activities	2,968		2,968	46,773	6.3%
B) Cash flow generated from investing activities	2,116		2,116	(33,549)	-6.3%
C) Cash flow generated from financing activities				(49,435)	0.0%

Transactions with Related Parties in the period to June 30, 2016 principally concern:

- relationships related to the management of parking at the Orio al Serio-Bergamo airport (SACBO);
- commercial transactions with reference to the recognition to SEA of royalties on sales (Dufrital and SEA Services);
- 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 Dufrital;
- revenues from administrative services and revenues related to the fees and the refueling concession granted by SEA Prime; push-back costs (Prime AviationServices).

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

The comparative data is reported below:

Group transactions with related parties

(In thousands of Euro)	At June 30, 2015 Trade receivables	Trade payables	Operating revenues	Operating costs (excluding costs for works on assets under concession)
Investments in associated companies				
SACBO	208	678	271	3,927
Dufrital	8,557	889	13,475	11
Malpensa Logistica Europa	1,640	1,020	2,042	(20)
SEA Services	500	548	1,432	1,235
Disma	112	91	121	0
Total related parties	**11,017**	**3,226**	**17,341**	**5,153**
Total financial statements	131,496	168,679	307,058	207,440
% of total financial statements	**8.38%**	**1.91%**	**5.65%**	**2.48%**

Cash flow generated from group transactions with related parties

(In thousands of Euro)	At June 30, 2015 Investments in associated companies	Investments in other companies	Total transactions with Related Parties	Consolidated balance	%
A) Cash flow generated from operating activities	(887)		(887)	62,391	-1.4%
B) Cash flow generated from investing activities	1,758		1,758	(39,730)	-4.4%
C) Cash flow generated from financing activities				46,911	0.0%

14. Other transactions with Related Parties

No other transactions with Related Parties are reported for the first six months of 2016.

15. Directors fees

The fees paid by the Company and/or by other Group companies, of any type and in any form, for the first six months of 2016 to the Board of Directors amounted to Euro 280 thousand.

16. Statutory auditors' fees

In the first half of 2016 the remuneration for the Board of Statutory Auditors, including welfare and accessory charges, amounted to Euro 152 thousand.

17. Commitments and guarantees

17.1 Investment commitments

The Group had investment contract commitments of Euro 48,666 thousand at June 30, 2016 (Euro 64,068 thousand at December 31, 2015), which is reported net of the works already completed and invoiced to the Group, as follows:

Breakdown of Commitments by project

(In thousands of Euro)	At June 30, 2016	At December 31, 2015
Design and extraordinary maintenance civil works and installations at Linate and Malpensa	16,089	21,797
Design and construction of a new warehouse at Malpensa Cargo City	11,928	9,688
Design and extraordinary maintenance of airport infrastructure and roads at Linate and Malpensa	7,829	9,283
General Aviation Hangar	3,679	26
Design and construction of new building for Malpensa T2 railway station	3,097	12,608
Extraordinary maintenance for general aviation civil works and installations	2,693	3,000
General Aviation Lambro river design and restructuring works	2,656	2,889
Design and extraordinary maintenance Linate infrastructure	661	2,043
General Aviation external and eating areas	29	
General aviation coordinated image design Linate Airport	5	
Complementary construction works for Malpensa T1 Passengers area		949
Internal architectural and structural completion works at Malpensa		731
Complementary construction works - mechanical systems of Malpensa passengers terminal T1 and third satellite		462
Redesign of arrivals and check-in floors at Malpensa T1		331
Redesign of General Aviation external and eating areas		110
Automatic system for managing General Aviation parking		100
R.T.I. Consorzio Costruzioni infrastrutture		51
Total	**48,666**	**64,068**

17.2. Commitments and guarantees

The secured guarantees, amounting to Euro 2,033 thousand at June 30, 2016, relate to the lien on receivables against loans provided by credit institutions on European Investment Bank funds.

At June 30, 2016, the guarantees in favour of third parties were as follows:

- two Bank Guarantees on the first two tranches drawn down in June 2015 on the EIB line entered into in December 2014 of respectively Euro 31,500 thousand and Euro 34,500 thousand;
- guarantee of Euro 25,000 thousand to Banca Popolare di Milano to guarantee credit lines received from companies within the centralised treasury system;
- guarantee of Euro 22,930 thousand in favour of ENAC, as guarantee of the concession fee;
- guarantee of Euro 4 million in favour of the Ministry for Defence 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, for the realisation of works at Ghedi which began in 2015. 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 Ministry of Defence 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 Ministry of Defence for a total amount of Euro 25,900 thousand, including works against the availability of land at Linate. In relation to the areas of Malpensa negotiations are in course with the Ministry for the definition of the land to be transferred to SEA and the relative works which they will be requested to undertake;
- guarantee of Euro 2,000 thousand in favour of Sacbo as guarantee for the parking management at Bergamo airport;
- guarantee of Euro 2,000 thousand in favor of the Ministry

of Defense to secure the obligations under the technical agreement of 04/06/2009 following the advanced delivery of an area comprised in "Cascina Malpensa";
- guarantee provided by Banca Popolare di Milano to Enel Distribuzione for electricity transport amounting to Euro 1,600 thousand;
- guarantee issued by Banca Popolare di Milano to Terna (Rete elettrica nazionale SpA) as security for the dispatch of electricity of Euro 1,214 thousand;
- guarantee provided by Banca Popolare di Milano to GESAC for the supply of electricity to the Naples airport for Euro 323 thousand. Administrative procedures to discharge the commitment are ongoing;
- guarantee provided by Banca Popolare di Milano to A2A electrical grids for electricity transport amounting to Euro 195 thousand;
- guarantee provided by Banca Popolare di Milano to Aeroporti di Firenze for the supply of electricity amounting to Euro 130 thousand; Administrative procedures to discharge the commitment are ongoing;
- guarantee of Euro 102 thousand in favour of the supplier Contract GmbH for the rental of airport buses;
- guarantee provided by Banca Popolare di Milano to SOGAER for the supply of electricity to the Cagliari airport for Euro 75 thousand. Administrative procedures to discharge the commitment are ongoing;
- guarantee provided by Banca Popolare di Milano in favor of the Milan Customs Agency as guarantee for the proper payment of consumption taxes for Euro 69 thousand;
- guarantee provided by Banca Popolare di Sondrio in favor of UTF as guarantee for the proper payment of consumption taxes for Euro 52 thousand and other guarantees of Euro 30 thousand.
- guarantee of Euro 75 thousand in favor of Milan 3 Customs Office Department (General Aviation);
- guarantee of Euro 50 thousand in favor of SAVE (General Aviation).
- Euro 455 thousand for other minor guarantees.

18. Seasonality

The Group business is characterised by revenue seasonality, which are normally higher in the periods of August and December due to increased 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.

19. Non-recurring transactions

During the first six months of 2016 there have been no transactions of a non-recurring nature. During the first half of 2015 the Group had undertaken the following non-recurring transactions:
- enforcement of the surety of Euro 2.2 million provided by Assicurazioni Generali to cover the obligations of Ati Emini/ Va.Fra Srl for the construction of the New Southern Link Road of Malpensa airport;
- payment of penalties of Euro 3.3 million by SEA to the Antitrust Authority for abuse of dominant position.

20. Transactions relating to atypical or unusual operations

In accordance with CONSOB Communication of July 28, 2006, in the period as at June 30, 2016 the Company did not undertake any transactions deriving from atypical or unusual operations, as set out in the communication.

21. Other information

On May 4, 2016, the Shareholders' Meeting of the Parent Company SEA approved the distribution of dividends of Euro 62,850 thousand relating to the 2015 net profit, which was paid out in June 2016.

22. Contingent liabilities and disputes

Reference should be made to the "*SEA Group risks factors*" and "*Main disputes as of June 30, 2016*" sections in the Directors' Report.

23. Contingent assets

There are no updates on the figure disclosed in the Annual Financial Report at December 31, 2015.

24. Significant events after the period end

Reference should be made to the Directors' Report.

The Chairman of the Board of Directors
Pietro Modiano

AUDITORS' REPORT

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

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

To the Shareholders of
SOCIETÀ PER AZIONI ESERCIZI AEROPORTUALI – SEA S.p.A.

INTRODUCTION

We have reviewed the accompanying half-yearly condensed interim consolidated financial statements of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. and subsidiaries (the "SEA Group"), which comprise the consolidated statement of financial position as of June 30, 2016, the consolidated income statement, consolidated comprehensive income statement, statement of changes in consolidated shareholders' equity and consolidated cash flow statement for the six-month period, and the related explanatory notes. The Directors are responsible for the preparation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed interim consolidated financial statements of the SEA Group as at June 30, 2016 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova
Palermo Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 - 20144 Milano - Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239
Partita IVA: IT 03049560166

EMPHASIS OF MATTER

Without qualifying our conclusion in respect of these matters, for a better understanding of the half-yearly condensed interim consolidated financial statements of the SEA Group as of June 30, 2016, reference should be made to the Directors' Report, and in particular to paragraph "SEA Group Risk Factors – Strategic risks – Risk related to the European Commission Decision of December 19, 2012 concerning presumed state aid to SEA Handling and the Decision of July 9, 2014 for the start of a new investigation on the incorporation and capitalization of Airport 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 December 19, 2012 on alleged State Aid in favor of SEA Handling S.p.A. with particular reference to liquidation of the subsidiary SEA Handling S.p.A. and to the initiatives carried out by Trustee regarding the transfer of a quota of the shares of Airport Handling S.p.A. completed on March 23, 2016, and *(ii)* on the future developments related to the European Commission decision of July 9, 2014, published on February 6, 2015, concerning the incorporation and capitalization of Airport Handling S.p.A., which investigation procedures has been concluded with the European Commission decision of July 5, 2016.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Pessina
Partner

Milan, Italy
July 29, 2016

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