

6. Notes to the Statement of Financial Position

6.1 Intangible assets

The following tables illustrate the changes for the years ended December 31, 2016 and 2015 relating to intangible assets.

<i>(In thousands of Euro)</i>	At December 31, 2015	Change consol. scope	Increases in the period	Reclassifications /internal transfers	Destructions /Sales	Amortization /writed-owns	At December 31, 2016
Gross Value							
Assets under concession	1,385,102		896	63,435	(1,624)		1,447,809
Assets under concession in progress & advances	54,044		40,301	(60,731)			33,614
Industrial patents and intellectual property rights	54,910			8,633			63,543
Assets in progress and advances	7,898		8,753	(8,658)			7,993
Others	19,090	(9)		25	(362)		18,744
Gross Value	1,521,044	(9)	49,950	2,704	(1,986)	0	1,571,703
Accumulated amortisation							
Assets under concession	(451,198)			(74)	1,122	(38,191)	(488,341)
Assets under concession in progress & advances							
Industrial patents and intellectual property rights	(48,537)	1				(7,073)	(55,609)
Assets in progress and advances							
Others	(16,877)	6			362	(133)	(16,642)
Accumulated amortisation	(516,612)	7	0	(74)	1,484	(45,397)	(560,592)
Net value							
Assets under concession	933,904		896	63,361	(502)	(38,191)	959,468
Assets under concession in progress & advances	54,044		40,301	(60,731)			33,614
Industrial patents and intellectual property rights	6,373	1		8,633		(7,073)	7,934
Assets in progress and advances	7,898		8,753	(8,658)			7,993
Others	2,213	(3)		25		(133)	2,102
Net value	1,004,432	(2)	49,950	2,630	(502)	(45,397)	1,011,111

The change related to modification in the consolidation scope refers to the loss of control of the investee Signature Flight Support Italy Srl (previously Prime AviationServices SpA), following the sale of 60% of the investment, previously held by SEA Prime SpA, to the Signature Group.

As per IFRIC 12, rights on assets under concession amount to Euro 959,468 thousand at December 31, 2016 and Euro 933,904 thousand at December 31, 2015. These rights are amortised on a straight-line basis over the duration of the concession from the State, as they will be returned to the grantor at the end of the concession. The amortisation for the year 2016 amounts to Euro 38,191 thousand.

The increases result, for Euro 63,435 thousand, mainly from the entry into operation of the investments made in previous years and recognized under "Rights on assets under concession and advances" and from reclassifications and transfers between intangible and tangible assets accounts.

For assets under concession, SEA has the obligation to record a restoration and replacement provision, in relation to which reference should be made to *Note 7.8*.

The account "Assets under concession in progress and advances", amounting to Euro 33,614 thousand, refers to the work in progress on concession assets, not yet completed at 2016 reporting date. The increase, totalling Euro 40,301 thousand, is stated net of the government grant totalling Euro 5,307 thousand, collected in December 2016, to build the Malpensa Terminal 2 railway station. The main works performed during the year at Malpensa amount to Euro 32,700 thousand and regard: i) continuation of the restyling work on Terminal 1, with the creation of new retail areas, Schengen remote boarding areas, in the north area and renewal of the firefighting system; ii) completion of the new cargo building (intended for a cargo carrier) in the Cargo area and construction of a second warehouse for cargo operators;

iii) completion of the works to create new security filters, new check-in desks and upgrading of the baggage delivery area at Terminal 2; iv) completion of the works to build the new railway station, with relative railway connection. The value of the works performed at Linate totals Euro 7,601 thousand and mainly refer to expansion of the west apron and restyling work for the Terminal, its design activity is currently in the completion phase.

Lastly, in terms of flight infrastructures, plant upgrading work continued at both Malpensa and Linate aimed at setting up the Advanced Surface Movement Guidance and Control System systems which will allow a clearer and unequivocal indication of the routes to follow during aircraft taxiing as well as an improvement and more efficient management of the lights on taxiing runways. The reclassifications to assets under concession, principally relate to the gradual entry into service of the works on Terminal 1 and completion of the Malpensa cargo warehouse.

The industrial patents and intellectual property rights and other intangible assets, amounting to Euro 7,934 thousand at December 31, 2016 (Euro 6,373 thousand at December 31, 2015), relate to the purchase of software components for the company, airport and operating IT systems. Specifically, the investments principally related to the development and implementation of the administrative and airport management systems, of which Euro 8,658 thousand relating to previous years and recorded in the account "Fixed assets in progress and payments on account" which at December 31, 2016 record a total residual amount of Euro 7,993 thousand, relating to software developments in progress.

In consideration of the results reported and the business outlook, as well as the definition of the airport tariffs contained in the Regulatory Agreement, at December 31, 2016 the Company did not identify any impairment indicators.

The changes in intangible assets during 2015 were as follows:

<i>(In thousands of Euro)</i>	At December 31, 2014	Increased in the period	Reclassifications /Internal transfers	Destructions /sales	Amortization /write-downs	At December 31, 2015
Gross Value						
Assets under concession	1,331,788		56,003	(598)	(2,091)	1,385,102
Assets under concession in progress & advances	45,497	62,089	(53,542)			54,044
Industrial patents and intellectual property rights	54,838		348	(276)		54,910
Assets in progress and advances	1,258	7,050	(410)			7,898
Others	17,583	52	1,455			19,090
Gross Value	1,450,964	69,191	3,854	(874)	(2,091)	1,521,044
Accumulated amortisation						
Assets under concession	(415,458)		(20)	235	(35,955)	(451,198)
Assets under concession in progress & advances						
Industrial patents and intellectual property rights	(41,979)				(6,558)	(48,537)
Assets in progress and advances						
Others	(15,356)		(1,393)		(128)	(16,877)
Accumulated amortisation	(472,793)	0	(1,413)	235	(42,641)	(516,612)
Net Value						
Assets under concession	916,330		55,983	(363)	(38,046)	933,904
Assets under concession in progress & advances	45,497	62,089	(53,542)			54,044
Industrial patents and intellectual property rights	12,859		348	(276)	(6,558)	6,373
Assets in progress and advances	1,258	7,050	(410)			7,898
Others	2,227	52	62		(128)	2,213
Net value	978,171	69,191	2,441	(639)	(44,732)	1,004,432

6.2 Tangible assets

The following tables summarises the movements in

tangible assets between December 31, 2015 and December 31, 2016.

<i>(In thousands of Euro)</i>							
	At December 31, 2015	Change consol. scope	Increases in the period	Reclassifications /Internal Transfers	Destructions /Sales	Deprecation /write-downs	At December 31, 2016
Gross Value							
Land and Buildings	201,565		661	4,792	(151)	5	206,872
Plant and machinery	111,590	(753)	782	(13)	(4,096)		107,510
Industrial and commercial equipment	37,728	(36)	6,265	19	(5,286)		38,690
Other assets	107,932	(260)	1,876	2,373	(49,400)		62,521
Assets in progress and advances	8,411		9,953	(9,875)			8,489
Gross Value	467,226	(1,049)	19,537	(2,704)	(58,933)	5	424,082
Accumulated depreciation & write-downs							
Land and Buildings	(82,221)				125	(6,290)	(88,386)
Plant and machinery	(67,392)	708		73	3,848	(2,599)	(65,362)
Industrial and commercial equipment	(35,089)	17		(22)	5,200	(1,706)	(31,600)
Other assets	(91,599)	207		23	48,723	(5,812)	(48,458)
Assets in progress and advances							
Accumulated depreciation & write-downs	(276,301)	932		74	57,896	(16,407)	(233,806)
Net Value							
Land and Buildings	119,344		661	4,792	(26)	(6,285)	118,486
Plant and machinery	44,198	(45)	782	60	(248)	(2,599)	42,148
Industrial and commercial equipment	2,639	(19)	6,265	(3)	(86)	(1,706)	7,090
Other assets	16,333	(53)	1,876	2,396	(677)	(5,812)	14,063
Assets in progress and advances	8,411		9,953	(9,875)			8,489
Net Value	190,925	(117)	19,537	(2,630)	(1,037)	(16,402)	190,276

The investments related to the development of the Commercial Aviation business and those related to Aviation activities (which, as already reported, in accordance with IFRIC 12 are classified as assets under concession and current airport concessions) as well as those related to Non Aviation activities principally related to the redesign of Malpensa Terminal 1.

The increases of "tangible assets" also include the purchase of new de-icer equipment and snowploughs for Euro 3,793 thousand, as well as new video terminals

for Euro 940 thousand. In consideration of the results reported and the business outlook, as well as the definition of the airport tariffs contained in the Regulatory Agreement, at December 31, 2016 the Company did not identify any impairment indicators.

All fixed assets, including those falling within IFRIC 12 scope, are shown net of fixed assets financed by State and European Community grants. The latter amounted to Euro 503,601 thousand and Euro 5,517 thousand respectively at December 31, 2016.

The changes in tangible fixed assets during 2015 were as follows:

<i>(In thousands of Euro)</i>	At December 31, 2014	Increases in the period	Reclassifications /Internal transfers	Distribution /Sales	Depreciation/ write-downs	At December 31, 2015
Gross Value						
Land and Buildings	194,797	437	6,402	(71)		201,565
Plant and machinery	108,719	3,047	(51)	(125)		111,590
Industrial and commercial equipment	35,642	2,181		(95)		37,728
Other assets	102,846	2,479	4,057	(1,450)		107,932
Assets in progress and advances	11,662	9,445	(12,695)	(1)		8,411
Gross Value	453,666	17,589	(2,287)	(1,742)		467,226
Accumulated depreciation & write-downs						
Land and Buildings	(75,816)		(152)	38	(6,291)	(82,221)
Plant and machinery	(64,808)		(2)	119	(2,701)	(67,392)
Industrial and commercial equipment	(33,529)			95	(1,655)	(35,089)
Other assets	(86,780)			1,417	(6,236)	(91,599)
Assets in progress and advances						
Accumulated depreciation & write-downs	(260,933)		(154)	1,669	(16,883)	(276,301)
Net Value						
Land and Buildings	118,981	437	6,250	(33)	(6,291)	119,344
Plant and machinery	43,911	3,047	(53)	(6)	(2,701)	44,198
Industrial and commercial equipment	2,113	2,181			(1,655)	2,639
Other assets	16,066	2,479	4,057	(33)	(6,236)	16,333
Assets in progress and advances	11,662	9,445	(12,695)	(1)		8,411
Net Value	192,733	17,589	(2,441)	(73)	(16,883)	190,925

6.3 Investment property

Information on investment property is provided below:

	Investment property	
<i>(In thousands of Euro)</i>	At December 31, 2016	At December 31, 2015
Gross Value	4,125	4,148
Accumulated depreciation	(727)	(736)
Total net investment property	3,398	3,412

Movements in Accumulated Depreciation

<i>(In thousands of Euro)</i>		
	At December 31, 2016	At December 31, 2015
Opening Value	(736)	(734)
Decreases	11	-
Amortisation and Depreciation	(2)	(2)
Closing value	(727)	(736)

The account includes buildings not utilised in the operated activities of the Group (apartments and garages). Despite uncertainty related to the real estate market there was no loss in value of investment property at December 31, 2016.

6.4 Investments in associates

The changes in the account “investments in associates” at December 31, 2016 and December 31, 2015 are shown below.

Investments in associates

	Changes				
	At December 31, 2015	Change consol. scope	reversal of capital gains on assets	increases / revaluations	decreases / write-downs
SACBO SpA	30,647			4,992	(1,800)
Dufrital SpA	10,835			1,199	0
Disma SpA	2,642			244	(281)
Malpensa Logistica Europa SpA	2,560			295	(173)
SEA Services Srl	703			358	(680)
Signature Flight Support Italy Srl (previously Prime AviationServices SpA)	0	233	(75)		(102)
Total	47,387	233	(75)	7,088	(3,036)

The companies held are all resident in Italy. The net equity of the associated companies was adjusted to take account of the Group accounting principles and the measurement of investments as per IAS 28. The adjusted net equity share of the SEA Group at December 31, 2016 amounted to Euro 51,597 thousand compared to Euro 47,387 thousand at December 31, 2015. The “change in consolidation scope” column refers to the reporting of the company Signature Flight Support Italy Srl in the associated companies following the sale (on April 1, 2016) of 60% of its share capital to the third party company by SEA Prime SpA, which had held 100% of it until March 31, 2016. The “reversal of capital gains on assets” column refers to the entry made at consolidated level related to the capital

gain realised by SEA Prime SpA following the sale of assets to Signature Flight Support Italy Srl (previously Prime AviationServices SpA).

It should also be noted that in December 2016 the Shareholders’ Meeting of SACBO approved the proposal to purchase the treasury shares held by the Province of Bergamo, corresponding to 3% of share capital for a value equal to Euro 6,804,000. The transaction did not have any impacts on the company’s share capital, or dilutive effects on the stake held by SEA, therefore it was not included in the measurement of the investment in the Consolidated financial statements of the SEA Group, postponing recognition of the effects to when allocation of the shares is voted on as required by the reference Accounting standards.

6.5 AFS Investments

The investments available-for-sale are listed below:

Company	% Held	
	At December 31, 2016	At December 31, 2015
Consorzio Milano Malpensa in liquidation	10%	10%
Romairport SpA	0.227%	0.227%
Aereopuertos Argentina 2000 SA	8.5%	8.5%
Sita Soc. Intern. De Telecom. Aeroneonautiques (Belgian company)	6 shares	12 shares

The table below reports the changes in the investments available for sale during 2016:

Company	Changes			At December 31, 2016
	At December 31, 2015	increases/ revaluation/ reclass.	decreases /write-downs	
Consorzio Milano Malpensa in liquidation	25			25
Romairport SpA	1			1
Aereopuertos Argentina 2000 SA				
Sita Soc. Intern. De Telecom. Aeroneonautiques (Belgian company)	0			0
Total	26	-	-	26

For the investment in Aeropuertos Argentina 2000 SA, reference should be made to the separate financial statements of SEA.

6.6 Deferred tax assets

The breakdown of the deferred tax assets is reported below:

Net deferred tax assets		
<i>(In thousands of Euro)</i>		
	At December 31, 2016	At December 31, 2015
Deferred tax assets	81,808	83,291
Deferred tax liabilities	(38,143)	(41,009)
Total net deferred tax assets	43,665	42,282

The changes in the net deferred tax assets for the year 2016 are shown below:

Net deferred tax assets					
<i>(In thousands of Euro)</i>					
	At December 31, 2015	Change consol. scope	Release / recognition to P&L	Release / recognition to equity	At December 31, 2016
Restoration provision as per IFRIC 12	34,566		(764)		33,802
Impairment test	14,399		(111)		14,288
Provision for risks & charges	11,759		(1,587)		10,172
Non-deductible doubtful debt provision	9,155	(6)	(492)		8,657
Labour disputes			3,320		3,320
Fair value measurement of derivatives	2,587			(438)	2,149
Discounting Employee Leaving Indemnity (IAS 19)	2,522		(677)	(900)	945
Normal maintenance on assets under concession	2,921				2,921
Expected tax losses of SEA Handling in liquidation net of benefit	42		(42)		0
Tax loss Prime AviationServices	135	(135)			0
Amortisation and Depreciation	1,510		155		1,665
Others	3,695	(1)	197		3,890
Total deferred tax assets	83,291	(143)	(2)	(1,339)	81,808
Amortisation and Depreciation	(33,997)		1,085		(32,912)
Allocation of surplus from Prime AviationServices acquisition	(5,582)		245		(5,337)
Discounting Employee Leaving Indemnity (IAS 19)	(1,554)			1,554	0
Others	124		(17)		106
Total deferred tax liabilities	(41,009)	0	1,313	1,554	(38,143)
Total net deferred tax assets	42,282	(143)	1,311	215	43,665

The item "change in consolidation scope" refers to the loss of control over the investee Signature Flight Support Italy Srl (previously Prime AviationServices SpA). It should be noted that the item "discounting post-employment benefits (IAS19)" reported in deferred tax

liabilities for Euro 1,554 thousand was reclassified by nature in the corresponding item of deferred tax assets. The IRAP tax rate for the parent company SEA SpA amounted to 4.2%, while for the other fully consolidated companies of the Group it was 3.9%.

6.7 Other current and non-current financial assets

The table below shows the other current and non-current financial assets;

<i>(In thousands of Euro)</i>		At December 31, 2016	At December 31, 2015
Current and 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

The balance of current and non-current financial assets relates to the capital paid in favour of Airport Handling less write-downs made in 2013 and 2014 totalling Euro 1,034 thousand, against the losses generated before the disposal to the trust.

The company was incorporated on September 9, 2013 with a share capital of Euro 10 thousand, fully paid-in by the sole shareholder SEA on September 27, 2013. On October 30, 2013, the Extraordinary Shareholders' Meeting of Airport Handling approved the share capital increase up to a maximum of Euro 90 thousand, to be offered as options to the shareholder SEA - entirely subscribed with the payments in November 2013 and February 2014.

On April 3, 2014, the Ordinary Shareholders' Meeting of Airport Handling approved the share capital increase up to a maximum of Euro 2,500 thousand to be offered as options to the shareholder SEA. The first tranche of Euro 500 thousand was subscribed in the shareholders' meeting and paid-in simultaneously by the shareholder SEA. The two subsequent tranches were paid by SEA in June 2014 (Euro 710 thousand) and July 2014 (Euro 1,290 thousand) on the request of the Board of Directors of Airport Handling.

On June 30, 2014, the Board of Directors of SEA SpA approved the incorporation of the Trust "Milan Airport Handling Trust", registered in Jersey, Channel Islands, in order to adopt the best possible procedure to implement the discontinuation with the handling activity, previously undertaken by SEA Handling SpA, in accordance with the terms and conditions of the incorporation deed of the Milan Airport Handling Trust.

On August 27, 2014, the Shareholders' Meeting of Airport Handling Srl approved the share capital increase to Euro 5,000 thousand through the use of future share capital payments. On the same date, SEA, the sole shareholder of Airport Handling, with the signing of the Trust Deed transferred to the "Milan Airport Handling Trust":

(i) the entire nominal investment of Euro 5,000 thousand;

(ii) all rights to this latter relating to the share capital increase of Airport Handling. This was undertaken without any consideration and in accordance with the Trust Deed. Subsequent to this transfer of ownership, on August 27, 2014, Airport Handling Srl was converted into a limited liability company, with the appointment of new corporate boards and the issue of 20,000 Financial Instruments of Participation (FIP) of a value of Euro 1 thousand each, subscribed by SEA SpA, with the approval of the sole shareholder Milan Airport Handling Trust. These instruments are equity-based (therefore not subject to any repayment obligation of the amount contributed), without administrative rights but similar to shares in terms of equity rights; in particular these instruments provide profit-sharing and reserve rights and rights to other equity items, also on the winding up of the company. On August 28, 2014, SEA executed the payment of Euro 20,000 thousand. On March 23, 2016 the transfer transaction of 30% of the Airport Handling shares, and the same percentage of FIPs held by SEA in Airport Handling was completed, with assignment to dnata at the *closing*, of the majority of the members of the Board of Directors and thus the *Governance* of Airport Handling. Following the transfer the portion of other financial assets involved in the transfer were reclassified as "current".

Following dnata investment in Airport Handling, the latter company is valued at Euro 25 million, such amount being in line with the carrying amount of the assets recognized in the accounts. The transaction involved the payment of Euro 7.5 million by dnata for the purchase of the first 30%, which will be subject to lien for a predefined period as guarantee by dnata and entails the payment of Euro 10 million for the additional 40% interest (amounts to be divided proportionally between stocks and FIPs respectively held by the Trustee and SEA).

6.8 Other non-current receivables

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

Other non-current receivables		
(In thousands of Euro)	At December 31, 2016	At December 31, 2015
Other receivables	308	363
Receivables from the State for grants under Law 449/85	-	1,329
Total non-current receivables	308	1,692

Receivables from the State for grants under Law 449/85, amounting to Euro 1,328 thousand (Euro 1,329 thousand at December 31, 2015), are entirely covered by the doubtful debt provision and 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 308 thousand at December 31, 2016 (Euro 363 thousand at December 31, 2015) do not show a significant change and mainly relate to employee receivables and deposit guarantees.

6.9 Inventories

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

Inventories		
(In thousands of Euro)	At December 31, 2016	At December 31, 2015
Raw materials, consumables and supplies	4,585	5,165
Provision for inventory obsolescence	(444)	(300)
Total Inventories	4,141	4,865

The account includes consumable materials for airport activities; no goods held in inventories comprised guarantees on loans or concerning other commitments. As a result of the comparison of inventories with the realisable or replacement value, an obsolescence inventory provision of Euro 444 thousand was recogni-

zed at December 31, 2016 (Euro 300 thousand at December 31, 2015). The amounts are stated net of the related provision.

The following changes were reported for the obsolescence inventory provision during 2016:

Change in the provision for inventory obsolescence	
(In thousands of Euro)	At December 31, 2016
Initial value	(300)
Provision	(250)
Use	106
Final value of provision for inventory obsolescence	(444)

6.10 Trade receivables

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

Trade receivables		
(In thousands of Euro)	At December 31, 2016	At December 31, 2015
Customer receivables	79,446	79,690
Trade receivables from associated companies	7,522	10,837
Total trade receivables	86,968	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 realisable value takes account of valuations regarding the state of the dispute and are subject to estimates which are described in the previous paragraphs 2.7 and 4.1, to which reference should be made.

The reduction of trade receivables due from associated companies is basically due to the due dates and relative collection of invoices.

Management of receivables using factoring transaction

continued in 2016. Receivables sold through factoring transactions are de-recognized 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 December 31, 2016	At December 31, 2015
Opening provision	(83,619)	(89,742)
(Increases) / reversals	(2,744)	5,456
Utilisation	6,022	667
Change consol. scope	78	-
Total doubtful debt provision	(80,263)	(83,619)

The provisions net of releases amounted to Euro 2,744 thousand for 2016 (Euro 5,456 thousand net releases 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 utilizations refer to the closure du-

ring the year of disputes for which the provisions were accrued to cover such risks in previous years. The item "change in consolidation scope" refers to the deconsolidation as of April 1, 2016 following the loss of control over the investee Signature Flight Support Italy Srl (previously Prime AviationServices SpA).

6.11 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 December 31, 2016	At December 31, 2015
Tax receivables	14,800	12,751
Other current receivables	18,563	13,286
Total tax receivables and other current receivables	33,363	26,037

Tax receivables, amounting to Euro 14,800 thousand at December 31, 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 re-

quest for reimbursement;

- for Euro 2,873 thousand (Euro 1,293 thousand at December 31, 2015) to current tax receivables;
- for Euro 909 thousand (Euro 394 thousand at December 31, 2015) to VAT receivables;
- and for Euro 604 thousand (Euro 634 thousand at December 31, 2015) to other tax receivables.

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

Other current receivables		
(In thousands of Euro)	At December 31, 2016	At December 31, 2015
Receivables from Energy Regulator for white and green certificates	9,530	4,780
Receivables for dividends to collect	1,901	-
Receivables for various payments	278	279
Insurance company receivables	232	406
Receivables from employees and social security institutions	203	245
Stamps and duties	25	-
Receivables from the Ministry for Communications for radio bridge	3	3
Other receivables	6,391	7,573
Total other current receivables	18,563	13,286

The account "Other current receivables" amounts to Euro 18,563 thousand at December 31, 2016 (Euro 13,286 thousand at December 31, 2015) and is comprised of the accounts outlined below.

The receivables due from GSE to the SEA Group for white and green certificates total Euro 9,530 thousand. This amount includes the receivables due to SEA Energia from the Energy Service Operator related to the estimate of the 2015 "green certificates" (totalling Euro 3,733 thousand net of the relative doubtful debt provision) and the estimate of the 2016 "green certificates" and "white certificates" (totalling Euro 4,677 and 1,120 thousand, re-

spectively). It should be noted that on December 31, 2016 a doubtful debt provision was established for the 2015 green certificates, totalling Euro 307 thousand, following the inspection in March 2016, to verify the figures provided for the request for green certificates from district heating for the Linate power plant, for the years 2010-2014 GSE asked for the restitution of 17,106 green certificates already collected by the SEA Group, which therefore adjusted the existing receivable for the 2015 green certificates within the calculation range identified by GSE.

Receivables from the State under SEA/Ministry for Infrastructure and Transport case, for Euro 3,889 thousand at

December 31, 2016, 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, are entirely covered by the doubtful debt provision. This receivable is related to the remaining credit position not yet collected by the Ministry for Infrastructure and Transport, as well as interest until December 31, 2014.

The receivables for dividends to collect refer, for an amount totalled Euro 1,901 thousand to dividends approved by the shareholders' meeting of Airport Handling SpA: on May 6, 2016 on the allocation of profit from 2015. SEA SpA, as holder of Financial Instruments

of Participation, is entitled to receive the dividend approved by the Shareholders' meeting.

The receivables for various collections, totalling Euro 278 thousand at December 31, 2016 are mainly related to receivables resulting from collections paid by credit card, POS and telepass not yet credited to the current account. 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 for other current receivables are provided below.

Doubtful debt provision

(In thousands of Euro)	At December 31, 2016	At December 31, 2015
Opening provision	(4,045)	(2,285)
(Increases) / reversals	(307)	(1,760)
Change consol. scope	156	
Provision for other doubtful receivables	(4,196)	(4,045)

The item "change in consolidation scope" refers to the loss of control over the investee Signature Flight Support Italy Srl (previously Prime AviationServices SpA).

6.12 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 December 31, 2016	At December 31, 2015
Bank and postal deposits	47,178	55,422
Cash in hand and at bank	58	80
Total	47,236	55,502

The available liquidity at December 31, 2016 decreased by Euro 8,266 thousand compared to the previous year. The breakdown of liquidity at year-end follows: bank and postal deposits on demand for Euro 45,558 thousand (Euro 53,398 thousand at December 31, 2015), restricted bank deposits for Euro 1,620 thousand, mainly to cover the quota of European Investment Bank loans due in the coming 12 months (Euro 2,024 thousand at December 31, 2015) and cash amounts for Euro 58 thousand (Euro

80 thousand at December 31, 2015). For further information on changes in cash and cash equivalents, please refer to the Consolidated Cash Flow Statement.

It should be noted that liquidity at December 31, 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 Financial Instruments of Participation held by SEA Group in Airport Handling.

6.13 Shareholders' Equity

At December 31, 2016, the share capital of the Company amounted to Euro 27,500 thousand.

The par value of each share was Euro 0.11.

The changes in shareholders' equity in the year are shown

in the statement of changes in shareholders' equity.

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

<i>(In thousands of Euro)</i>	Shareholders' equity at December 31, 2015	Change in equity	CIS Reserve	Net Profit	Shareholders' equity at December 31, 2016
Financial statements of the Parent Company	301,854	(62,850)	(173)	87,856	326,687
Share of equity and result of the consolidated subsidiaries attributable to the Group, net of the carrying value of the relative investments	13,428			1,527	14,955
Equity method valuation of associates	36,608			4,088	40,696
Other consolidation adjustments	(6,681)			173	(6,508)
Consolidated financial statements	345,209	(62,850)	(173)	93,644	375,830

6.14 Provision for risks & charges

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

Provision for risks & charges						
<i>(In thousands of Euro)</i>	At December 31, 2015	Change Scope	Provisions /Increases	reclassification	Releases	At December 31, 2016
Provision for restoration & replacement	136,160		17,193	(16,387)		136,966
Provision for future charges	41,742	(193)	3,902	(5,489)	(2,867)	37,095
Total provision for risks & charges	177,902	(193)	21,095	(21,876)	(2,867)	174,061

The restoration and replacement provision on assets under concession, created in accordance with IFRIC 12, amounting to Euro 136,966 thousand at December 31, 2016 (Euro 136,160 thousand at December 31, 2015), refers to the estimate of the amount matured relating to the maintenance on assets under concession from the State which will be undertaken in future years. The provision for the year takes into account the long-term updating of the scheduled replacement and

maintenance plan of such assets, while the uses for the period refer to restoration interventions covered by provisions of previous years.

The item "change in consolidation scope" refers to the departure of the investee Signature Flight Support Italy Srl (previously Prime AviationServices SpA) from the consolidation scope following the loss of control on April 1, 2016 with the sale of 60% of the investment held by SEA Prime SpA.

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

Provision for future charges						
<i>(In thousands of Euro)</i>	At December 31, 2015	Change cons. scope	Provisions / increases	Utilisations / reclassifications	Releases	At December 31, 2016
Employment provisions	8,261		250	(1,614)	(2)	6,895
Disputes with contractors	550			(550)		-
Insurance excess	3,356	(145)	629	(598)	(106)	3,136
Tax risks	6,119	(48)	268	(1,954)	(1,885)	2,500
Green Certificates			1,049			1,049
Other provisions	23,456		1,706	(773)	(874)	23,515
Total provision for future charges	41,742	(193)	3,902	(5,489)	(2,867)	37,095

The employee provisions relate to the expected streamlining actions to be undertaken on operations. Uses for the year are connected to incentivised departures for which a specific provision was created in the 2015 financial statements.

The item "Tax risks" mainly refers to:

- Euro 1,000 thousand to the amount allocated by SEA SpA to cover litigation of a tax nature for which the Company is being audited by the competent authorities. It should be noted that in 2016, SEA settled litigation started in 2015 by the Customs Agency for the Malpensa and Linate airports, for the electricity business, related to regularity of compliance with excise related requirements pursuant to Legislative Decree no. 504/1995 (Consolidated Excise Act). The established amounts were fully covered by the provision allocated in 2015 (for additional information see the Directors' Report in the paragraph Main ongoing disputes as of December 31, 2016);
- 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.

"Green certificates" for Euro 1,049 thousand at De-

cember 31, 2016 refer to the company SEA Energia. On December 19, 2016, the Energy Services Operator sent the company a report prepared following an inspection to verify the reliability of the figures provided for issue of green certificates requested for the Linate power plant. GSE asked for the restitution of 17,106 green certificates for the 2010-2014 period (of which 12,435 of the Company and 4,671 of A2A) which led to reporting a future charges provision totalling Euro 1,049 thousand.

The account "Other provisions" for Euro 23,515 thousand at December 31, 2016 is mainly composed of the following items:

- Euro 11,611 thousand for legal disputes related to the operational management of the airports;
- 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;
- Euro 3,000 thousand for litigation of a different nature;
- Euro 23 thousand for risks relating to revocatory actions taken against the Group and relating to airline companies declared bankrupt.

6.15 Employee provisions

The changes in the employee provisions are shown below:

Employee provision		
<i>(In thousands of Euro)</i>		
	At December 31, 2016	At December 31, 2015
Opening provision	48,239	50,505
Change consol. scope	(399)	
Financial (income)/charges	645	801
Utilisation	(1,079)	(1,203)
Actuarial profit /(losses)	1,814	(1,864)
Total employee provision	49,220	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 item "change in consolidation scope" refers to the effects resulting from deconsolidation of Signature Flight Support Italy Srl (previously Prime AviationServices

SpA) starting from April 1, 2016, the date of loss of control and change from full consolidation to measurement at equity.

The principal actuarial assumptions, utilised for the determination of the pension obligations, are reported below:

Financial assumptions	
	At December 31, 2016
Annual discount rate	1.31%
Annual inflation rate	1.50%
Annual post-employment benefit increase	2.63%

The annual discount rate, utilised for the establishment of the present value of the bond, was based on the Iboxx Eurozone Corporate A index.

The sensitivity analysis for each of the significant as-

sumptions at December 31, 2016 is shown below, indicating the effects that would arise on the post-employment benefit provision.

Change in assumptions	
<i>(In thousands of Euro)</i>	
	At December 31, 2016
+ 1 % on turnover	47,816
- 1 % on turnover	48,407
+ 1/4 % on the annual inflation rate	48,855
- 1/4 % on the annual inflation rate	47,351
+ 1/4 % on the annual discount rate	46,902
- 1/4 % on the annual discount rate	49,334

The average duration of the financial obligation and scheduled payments of the benefits are reported in the following tables:

Average financial duration of the obligation	
(in years)	At December 31, 2016
Duration of the plan	10.8

Scheduled disbursements	
(in thousands of Euro)	At December 31, 2016
Year 1	2,100
Year 2	2,116
Year 3	1,892
Year 4	2,550
Year 5	2,837

6.16 Current and non-current financial liabilities

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

and December 31, 2015.

The breakdown of the accounts is shown below.

(in thousands of Euro)	At December 31, 2016		At December 31, 2015	
	Current portion	Non-current portion	Current portion	Non-current portion
Long-term loans	19,688	241,207	15,456	260,853
Loan charges payables	1,140		1,366	
Fair value derivatives		9,721		11,257
Bank payables	20,828	250,928	16,822	272,110
Bond payables		298,009		297,580
Bond charge payables	6,627		6,609	
Leasing payables	31		548	31
Subsidised loan payables	44	132		85
Payables to other lenders	6,702	298,141	7,157	297,696
Total current and non-curr. liabilities	27,530	549,069	23,979	569,806

The financial debt of the Group at year-end, as illustrated in the table below, is exclusively comprised of medium/long-term debt - of which over half concerning the "SEA 3 1/8 2014 -2021" bond issue (expres-

sed at amortised cost). The remainder of the debt is comprised of Euro 176 thousand EIB subsidised loans (of which 59% with maturity beyond 5 years and only 8% due in the next 12 months).

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

Group Net Debt		
<i>(In thousands of Euro)</i>		
	At December 31, 2016	At December 31, 2015
A. Cash	(47,236)	(55,502)
B. Other Liquidity		
C. Held-for-trading securities		
D. Liquidity (A)+(B)+(C)	(47,236)	(55,502)
E. Financial receivables		
F. Current financial payables	7,767	7,975
G. Current portion of medium/long-term bank loans	19,732	15,456
H. Other current financial payables	31	548
I. Payables and other current financial liabilities (F) + (G) + (H)	27,530	23,979
J. Net current financial debt (D) + (E) + (I)	(19,706)	(31,523)
K. Non-current portion of medium/long-term bank loans	241,207	260,853
L. Bonds issued	298,008	297,580
M. Other non-current financial payables	9,854	11,373
N. Payables & other non-current financial liabilities (K) + (L) + (M)	549,069	569,806
O. Net Debt (J) + (N)	529,363	538,283

At the end of December 2016, net debt amounted to Euro 529,363 thousand, decreasing Euro 8,920 thousand compared to the end 2015 (Euro 538,283 thousand).

The composition of 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 2016 totalling Euro 15,456 thousand);
- b) lower liquidity for Euro 8,266 thousand (Euro 47,236 thousand at the end of 2016 against Euro 55,502 in 2015);
- c) fewer IAS adjustments for Euro 1,831 thousand mainly due to (i) an improvement in the fair value of derivatives for Euro 1,447 thousand (ii) lower ac-

rued liabilities on loans and derivatives for Euro 372 thousand and (iii) lower debt for leasing for Euro 548 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.

The table below shows the reconciliation between the finance lease payables and the future lease instalments at December 31, 2016.

<i>(In thousands of Euro)</i>		At December 31, 2016
Future lease instalments until contract maturity		32
Implied interest		(2)
Present value of instalments until contract maturity		30
Amounts for unpaid invoices		1
Total payables for leasing (current and non-current)		31

6.17 Trade payables

The breakdown of trade payables is follows.

Trade payables		
(In thousands of Euro)	At December 31, 2016	At December 31, 2015
Supplier payables	151,042	154,520
Advances	7,023	7,021
Payables to associated companies	3,465	2,945
Total trade payables	161,530	164,486

Trade payables (which includes invoices to be received of Euro 83,154 thousand at December 31, 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 December 31, 2016 amounting to Euro 7,023 thousand (Euro 7,021 thousand at December 31, 2015) principally refer to advances from clients.

In terms of the collection received in 2014 and, classified in payables for advances, following the Judgement no. 12778/2013 of the Court of Milan (upheld by the Milan Court of Appeals with judgement no. 3553/2015) with which the Customs Agency was sentenced to pay a total of Euro 5,631 thousand for litigation related to the occupation of spaces in the Linate and Malpensa airports, in December 2016 the Customs Agency challenged this judgement before the Supreme Cassation Court, disputing the amount due established by the appeals judge. It should be noted that as not all jurisdictional degrees have been exhausted, no income was recognized in these finan-

cial statements.

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

6.18 Income tax payables

Income tax payables amounted to Euro 6,841 thousand at December 31, 2016 (Euro 24,784 thousand at December 31, 2015); they mainly consist of withholding taxes on employees and self-employed staff for Euro 5,095 thousand (Euro 4,778 thousand at December 31, 2015), IRAP regional tax payable for Euro 1,034 thousand (Euro 1,101 thousand at December 31, 2015), VAT payable for Euro 686 thousand at December 31, 2016 (Euro 1,003 thousand at December 31, 2015) and other tax payables for Euro 26 thousand (Euro 14 thousand at December 31, 2015).

In order to improve presentation, the item "Surtaxes payable on landing rights charges", has been reclassified from the item "Income tax payable" to the item "Payables to other lenders" for both the reporting and the comparative period.

6.19 Other payables

The table below reports the breakdown of the account “other payables”.

Other payables		
<i>(In thousands of Euro)</i>		
	At December 31, 2016	At December 31, 2015
Airport fire protection service	53,088	46,714
Payables for surtaxes on landing rights charges	46,011	38,233
Other miscellaneous payables	15,768	17,150
Payables due to employees for amounts accrued	13,632	11,340
Payables due to the State for concession charges	12,198	11,504
Payable to social security institutions	12,039	12,527
Payables due to employees for holidays not taken	2,881	3,311
Payables due to A2A for green certificates	2,296	1,134
Third party guarantee deposits	1,277	1,604
Payables due to third parties for ticket collection	414	925
Other payables for employee provisions	265	268
Payables to the BoD and Board of Statutory Auditors	197	262
Payables to shareholders for dividends	95	63
Payables due to the State for security concession services	85	70
Payables to the Ministry for CO ₂ allowances	81	26
Total other payables	160,327	145,131

In relation to the payables of the SEA Group for airport fire protection services the appeal made before the Rome Civil Court by the Parent Company against the payment of this contribution is still pending. For more details, please refer to comments in the Directors' Report in the “SEA Group Risk Factors” section.

In order to improve presentation, the item “Additional landing 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 payables”, amounting to Euro 15,768 thousand at December 31, 2016 (Euro 17,150 thousand at December 31, 2015), mainly relates to deferred income from clients for future periods and other minor payables.

The payables to A2A for green certificates amounting to Euro 2,296 thousand refer to the estimate of the value of the green certificates matured in 2015 and 2016 at the Linate plant.