

6 Notes to the Statement of financial position

6.1 Intangible assets

The table below reports the changes in the year in intangible assets:

INTANGIBLE ASSETS

(Euro thousands)	at December 31, 2016	Increases in the year	Reclassi- fications/ transfers	Destruct./ sales	Amort.	Write- downs	at December 31, 2017
Gross value							
Rights on assets under concession	1,419,510		26,573	(50)			1,446,033
Rights on assets under concess. in prog. & advances	33,897	25,619	(26,024)	(1,006)			32,486
Patents and right to use intellectu- al property & others	62,030		7,243				69,273
Assets in progress and advances	5,766	6,829	(7,243)				5,352
Gross value	1,521,203	32,448	549	(1,056)	-	-	1,553,144
Accumulated amortisation							
Rights on assets under concession	(477,589)			23	(44,003)		(521,569)
Rights on assets under concess. in prog. & advances							
Patents and right to use intellectu- al property & others	(53,979)				(6,567)		(60,546)
Assets in progress and advances							
Accumulated amortisation	(531,568)	-	-	23	(50,570)	-	(582,115)
Net value							
Rights on assets under concession	941,921		26,573	(27)	(44,003)		924,464
Rights on assets under concess. in prog. & advances	33,897	25,619	(26,024)	(1,006)			32,486
Patents and right to use intellectu- al property & others	8,051		7,243		(6,567)		8,727
Assets in progress and advances	5,766	6,829	(7,243)				5,352
Net value	989,635	32,448	549	(1,033)	(50,570)	-	971,029



As per IFRIC 12, rights on assets under concession amount to Euro 924,464 thousand at December 31, 2017 and Euro 941,921 thousand at December 31, 2016. These assets are amortised on a straight-line basis over the duration of the concession from the State. The amortisation for the year 2017 amounts to Euro 44,003 thousand. The increases in the year, amounting to Euro 26,573 thousand, derive from the entry into use of investments made in previous years and recorded under "Assets under concession".

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 6.16.

The account "Assets under concession in progress and advances", amounting to Euro 32,486 thousand, refers to the work in progress on concession assets, not yet completed at December 31, 2017. The increase of Euro 25,619 thousand is expressed net of State and EU contributions amounting to Euro 2,364 thousand, collected in 2017, for the

construction of the Malpensa Terminal 2 railway station.

The main works carried out during the year at Malpensa amounted to Euro 13,416 thousand and are mainly related to: (i) the continuation of restyling works at Airport Terminal 1, with the construction of new commercial areas, remote Schengen boarding areas in the north zone, the shifting of gate counters to create pre-boarding areas, the completion of the south commercial area's reconfiguration with the construction of new commercial areas and the fitting out of a new VIP area to be dedicated to an operator; (ii) the construction of a second warehouse in the Cargo area (with a surface area of about 15,000 sq. m) to be allocated to Cargo operators.

In Linate, works amounted to Euro 12,203 thousand and are mainly related to the commencement of functional upgrading works, the Terminal's restyling and the construction of a new de-icing area in the North Apron which envisages the aircraft apron's extension by about 22.000 sq. m. A number of flight infrastructure

plant upgrades continued at both Malpensa and Linate for the implementation of the Advanced Surface Movement Guidance and Control System, which will enable a clearer indication of paths to be followed by aircraft during the taxiing of aircraft, in addition to an improved use of lights on the taxiing runways. The reclassifications to assets under concession, principally relate to the gradual entry into service of the works on Terminal 1 and the baggage reclamation area at Terminal 2.

Industrial patents and intellectual property rights and other intangible assets, amounting to Euro 8,727 thousand at December 31, 2017 (Euro 8,051 thousand at December 31, 2016), relate to the purchase of software components for the airport and operating IT systems. Specifically, the investments in 2017 principally related to the development and implementation of the administrative and airport management systems, of which Euro 7,243 thousand principally relating to previous years and recorded in the account "Assets in progress and advances" which at December 31, 2017 record a residual amount of Euro 5,352 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, 2017 the Company did not identify any impairment indicators.

The changes in intangible assets during 2016 were as follows:

INTANGIBLE ASSETS

(Euro thousands)	at December 31, 2015	Increases in the year	Reclassi- fications/ transfers	De- struct./ sales	Amorti- sation	Write- downs	at December 31, 2016
Gross value							
Rights on assets under concession	1,357,235	550	63,239	(1,514)			1,419,510
Rights on assets under concess. in prog. & advances	54,327	40,301	(60,731)				33,897
Patents and right to use intellectual property & others	53,397		8,633				62,030
Assets in progress and advances	7,519	6,880	(8,633)				5,766
Gross value	1,472,478	47,731	2,508	(1,514)	-	-	1,521,203
Accumulated amortisation							
Rights on assets under concession	(441,392)			1,104	(37,301)		(477,589)
Rights on assets under concess. in prog. & advances							
Patents and right to use intellectual property & others	(46,764)				(7,215)		(53,979)
Assets in progress and advances							
Accumulated amortisation	(488,156)	-	-	1,104	(44,516)	-	(531,568)
Net value							
Rights on assets under concession	915,843	550	63,239	(410)	(37,301)	-	941,921
Rights on assets under concess. in prog. & advances	54,327	40,301	(60,731)			-	33,897
Patents and right to use intellectual property & others	6,633		8,633		(7,215)	-	8,051
Assets in progress and advances	7,519	6,880	(8,633)			-	5,766
Net value	984,322	47,731	2,508	(410)	(44,516)	-	989,635

6.2 Property, plant & equipment

The table below reports the changes in the year in tangible fixed assets:

PROPERTY, PLANT & EQUIPMENT

(Euro thousands)	at December 31, 2016	Increases in the year	Reclassi- fications/ transfers	Destruct./ sales	Deprecia- tion	at December 31, 2017
Gross value						
Property	193,165	15,611	2,340	(179)		210,937
Plant and machinery	4,509	146				4,655
Industrial and commercial equipment	38,511	5,793		(330)		43,974
Other assets	61,239	2,454	4,200	(22)		67,871
Assets in progress and advances	5,190	8,270	(7,099)			6,361
Gross value	302,614	32,274	(559)	(531)	-	333,798
Depreciation & write-downs						
Property	(84,945)			142	(5,903)	(90,706)
Plant and machinery	(3,381)				(187)	(3,568)
Industrial and commercial equipment	(31,494)			330	(3,386)	(34,550)
Other assets	(47,473)			22	(5,433)	(52,884)
Assets in progress and advances						
Depreciation & write-downs	(167,293)	-	-	494	(14,909)	(181,708)
Net value						
Property	108,220	15,611	2,340	(37)	(5,903)	120,231
Plant and machinery	1,128	146		-	(187)	1,087
Industrial and commercial equipment	7,017	5,793			(3,386)	9,424
Other assets	13,766	2,454	4,200	-	(5,433)	14,987
Assets in progress and advances	5,190	8,270	(7,099)			6,361
Net value	135,321	32,274	(559)	(37)	(14,909)	152,090

The investments relate to the development of the Aviation sector which, as already reported, in accordance with IFRIC 12 are classified as assets under concession and current airport concessions

and those in the Non Aviation sector, amounting to Euro 2,340 thousand at December 31, 2017, principally related to the restyling work at Terminal 1 of Malpensa. Finally, increases in the item

“property” include the acquisition of ownership of the Sheraton Malpensa building, finalised on December 18, 2017. For further information, reference should be made to the Directors’ Report.

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Increments in “Tangible fixed assets” also include the purchase of new de-icer equipment and snow ploughs for Euro 5,149 thousand, gate counters and control stations for Euro 205 thousand, new aircraft towing tractors for Euro 1,235 thousand and new video terminals for Euro 380 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, 2017 the Company did not identify any impairment indicators.

All fixed assets, including those

falling under IFRIC 12, are expressed net of those funded by State and European Union contributions. These latter at December 31, 2017 amounted to Euro 504,383 thousand and Euro 7,019 thousand respectively.

The changes in tangible fixed assets during 2016 were as follows:

PROPERTY, PLANT & EQUIPMENT

(Euro thousands)	at December 31, 2015	Increases in the year	Reclassi- fications/ transfers	Destruct./ sales	Deprecia- tion	at December 31, 2016
Gross value						
Property	188,542		4,775	(152)		193,165
Plant and machinery	7,760	12		(3,263)		4,509
Industrial and commercial equipment	37,384	6,222		(5,095)		38,511
Other assets	105,170	1,760	2,379	(48,070)		61,239
Assets in progress and advances	7,916	6,936	(9,662)			5,190
Gross value	346,772	14,930	(2,508)	(56,580)	-	302,614
Depreciation & write-downs						
Property	(79,196)			127	(5,876)	(84,945)
Plant and machinery	(6,173)			3,027	(235)	(3,381)
Industrial and commercial equipment	(34,895)			5,095	(1,694)	(31,494)
Other assets	(89,174)			47,433	(5,732)	(47,473)
Assets in progress and advances						
Depreciation & write-downs	(209,438)	-	-	55,682	(13,537)	(167,293)
Net value						
Property	109,346		4,775	(25)	(5,876)	108,220
Plant and machinery	1,587	12		(236)	(235)	1,128
Industrial and commercial equipment	2,489	6,222			(1,694)	7,017
Other assets	15,996	1,760	2,379	(637)	(5,732)	13,766
Assets in progress and advances	7,916	6,936	(9,662)			5,190
Net value	137,334	14,930	(2,508)	(898)	(13,537)	135,321

6.3 Investment property

The breakdown of investment property at December 31, 2017 is shown below:

INVESTMENT PROPERTY

(Euro thousands)	at December 31, 2017	at December 31, 2016
Gross value	4,118	4,125
Accumulated depreciation	(724)	(727)
Total investment property	3,394	3,398

The changes in the accumulated depreciation provision of the property investments in 2017 is shown below:

MOVEMENT ACCUMULATED DEPRECIATION INVESTMENT PROPERTY

(Euro thousands)	at December 31, 2017
Opening balance	(727)
Decreases	4
Depreciation	(1)
Final value accumulated depreciation investment property	(724)

The account includes buildings not utilised in the operated activities (apartments and garages).

Against the backdrop of uncertainty related to the real estate market there was no loss in value of real estate investments at December 31, 2017.



6.4 Investments in subsidiaries and associates

The breakdown of the account "Investments in subsidiaries and

associates" at December 31, 2017 and at December 31, 2016 are shown below:

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

(Euro thousands)	at December 31, 2017	at December 31, 2016
Sea Handling SpA in liquidation		8,226
SEA Energia SpA	7,026	7,026
SEA Prime SpA	25,451	25,200
Consorzio Malpensa Contruction		22
Investments in subsidiaries	32,477	40,474
SACBO SpA	4,562	4,562
Dufrital SpA	3,822	3,822
Malpensa Logistica Europa SpA	1,674	1,674
Disma SpA	421	421
SEA Services Srl	300	300
Investments in associates	10,779	10,779
Investments in subsidiaries and associates	43,256	51,253

On July 10, 2017, the Ordinary Shareholders' Meeting of SEA Handling SpA in liquidation approved the final liquidators accounts at June 30, 2017 and the relative division plans, authorising the Liquidator to request the cancellation of the company (cancellation on July 25, 2017). The liquidator has arranged to pay the sole shareholder SEA SpA the sum of Euro 8,376 thousand resulting from the distribution plan. For the economic effects deriving from the liquidation of SEA Handling SpA in liquidation reference should be made to Note 7.10.

On November 23, 2017, the Board of Directors of SEA SpA noted and approved the proposal of the Liquidator of the Malpensa Construction Consortium (which was also approved by the shareholder MM SpA), contained in the

liquidators' final accounts prepared at October 31, 2017. The liquidator has arranged to pay the shareholder SEA SpA the sum of Euro 93 thousand resulting from the above-mentioned distribution plan and the completion of all the activities necessary for the cancellation of the Malpensa Construction Consortium from the company's registrar (on December 14, 2017).

On September 7, 2017, the investment held by the company in SEA Prime SpA increased to 99.91% following the further acquisition of 1.57% of the share capital against a payment of Euro 251 thousand.

Risk related to the European Commission Decision of December 19, 2012 concerning presumed State Aid to SEA Handling and the Deci-

sion of July 9, 2014 to explore the establishment of a newly incorporated and capitalised company Airport Handling

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

With decision of December 19, 2012, the European Commission judged that the share capital increases carried out by SEA in favour of its subsidiary SEA Handling in the 2002-2010 period for approx. Euro 360 million, constituted State Aid incompatible with the internal market, and consequently imposed upon the Italian State the obligation to demand restitution of the presumed State Aid from SEA Handling.

As more fully described in the Annual Financial Report 2016, SEA, in the context of a formal 'alter-

native execution' project of the decision, without prejudice to any reservations and objections on the decision's unlawfulness, has taken a series of measures - in the framework of the discussions between the Italian authorities and the European Commission - including: *i)* SEA Handling's liquidation and definitive exit from the market, *ii)* the incorporation of Airport Handling to continue offering ground handling services at arm's length, with other handling companies and in absolute economic discontinuity with SEA Handling, *iii)* the assignment of the entire stake in the share capital of Airport Handling into a trust called the "Milan Airport Handling Trust", in order to exclude any form of SEA control over Airport Handling and continuity between SEA Handling and Airport Handling, *iv)* the sale of 30% of Airport Handling shares to a third operator with the option, under certain conditions, to purchase an additional 40% of the shares.

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

However, with the liquidation of SEA Handling having been concluded in the meantime and the company having sold all remaining assets and defined all its assets and liabilities, following the approval of the final liquidation financial statements by the shareholders' meeting on July 10, 2017, the company filed an application to be removed from the Companies Register.

By reason of the changed *de facto* and *de jure* situations relating to SEA Handling, the Court of the European Union, at the request

of the European Commission and SEA Handling, ascertained by Order of January 22, 2018 that the matter of the dispute concerning SEA Handling's appeal has ceased to exist since the appellant company was dissolved. As a result, the Court found that there was no longer a need to adjudicate on the appeal brought by SEA Handling.

In parallel, having taken note of the Italian Government's observations regarding SEA Handling's dissolution, it ordered the cancellation of the case relating to the appeal brought by the Government against the Commission's decision.

Given the above, the only appeal currently pending against the Commission's decision is that brought by the Municipality of Milan. The hearing was held on February 28, 2018. A decision is expected during the current financial year.

(b) Proceedings relating to the commencement of the European Commission's preliminary investigation of July 9, 2014

On July 9, 2014, the European Commission launched a formal investigation, under the powers conferred upon it with regard to State aid, to get a better insight on certain aspects concerning the economic discontinuity relationship between SEA Handling and Airport Handling, and the possible existence of (additional) alleged State aid in SEA's capitalisation of the new company.

By decision of July 5, 2016, sent to SEA by the Ministry of Transport on July 19, 2016, the European Commission concluded the investigation proceedings initiated in relation to the incorporation and capitalisation of Airport Handling S.p.A., noting: *i)* the

absence of economic continuity between SEA Handling S.p.A. and Airport Handling S.p.A., *ii)* the absence of the transfer to Airport Handling S.p.A. of the obligation to repay the incompatible State aid, and *iii)* the absence of State aid in the incorporation and capitalisation of this company.

The decision was published in the Official Journal of the European Communities dated December 1, 2017.

In the absence of appeals within the time limits envisaged by EU law, the Commission's decision became *res judicata* and final.

Meanwhile, the process of SEA's divestment of control over Airport Handling was completed:

- In December 2014, jointly with the Milan Airport Handling Trust's Trustee, SEA conferred a mandate to an independent financial advisor in order to identify potential investors interested in acquiring a stake in Airport Handling;
- In September 2015, the Trustee signed a binding agreement with dnata, a leading international company in the airport handling sector, for the sale of 30% of the Airport Handling shares, and a similar percentage of the Financial Instruments of Participation (FIPs) held by SEA in Airport Handling, with the assignment to dnata, on closing, of the majority of members of the board of directors and, therefore, of Airport Handling's Governance;
- The agreement also provides for an option in favour of dnata for the purchase of an additional 40% of shares (call option) and a corresponding share of FIPs, upon the occurrence of certain conditions.

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The European Commission's positive decision with regard to the July 2014 investigation no longer made it possible for dnata to exercise a put option provided in the event of an unfavourable decision;

- The closing of the transaction took place on March 23, 2016, after the decision of the Anti-trust Authority which, in the transaction in question and pursuant to Article 6, paragraph 1 of Law No. 287/90, did not recognise the establishment or strengthening of a dominant market position such as to eliminate or substantially and indefinitely reduce competition. As a result of this, it reclassified

the portion of other financial assets held by SEA under the proposed sale as "current";

- Dnata's investment in Airport Handling led to the company's valuation of Euro 25 million. The amount confirmed the assets recorded in the Statement of financial position up to the previous half-year report. The transaction, in view of the sale of the first 30%, led to the payment of Euro 7.5 million by dnata as a lien for a predetermined period of time, and provided for the additional payment of Euro 10 million for the acquisition of the additional 40% stake (amounts to be divided proportionally between

shares and FIPs respectively, held by the Trustee and SEA).

On the basis of current forecasts regarding the negotiations underway for the sale of the further share in Airport Handling through the Trust, the directors considered it appropriate to reduce the value of the assets recorded in the statement of financial position for Euro 3,476 thousand.

The key financial highlights at December 31, 2017 and for the previous year of the subsidiaries and associated companies prepared in accordance with Italian GAAP are shown below.

AT DECEMBER 31, 2017 AND FOR YEAR ENDED DECEMBER 31, 2017

(Euro thousands)	Assets	Liabilities	Revenues	Profit/ (loss)	Share. Equity	Pro-quota Share. Equity	% held
Subsidiaries							
SEA Handling SpA in liquidation ^(*)	10,051	142	1,965	1,683	9,909	9,909	100.00%
SEA Energia SpA	56,357	35,420	40,487	2,876	20,937	20,937	100.00%
SEA Prime SpA	26,456	15,170	12,334	2,321	11,286	11,276	99.91%
Consorzio Malpensa Contruction ^(**)	190	2	4	-	188	96	51.00%
Associates							
Dufrital SpA	76,315	45,378	162,405	5,185	30,937	12,375	40.00%
SACBO SpA	238,185	107,811	119,537	12,722	130,474	40,389	30.979%
SEA Services Srl ^(***)	5,873	3,544	14,660	1,564	2,329	932	40.00%
Malpensa Logistica Europa SpA	23,221	12,956	43,649	3,823	10,265	2,566	25.00%
Disma SpA	10,644	5,035	6,364	712	5,609	1,052	18.75%

^(*) Final liquidation accounts at 30/06/2017

^(**) Final liquidation accounts at 31/10/2017

^(***) Financial Statements at 30/09/2017

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AT DECEMBER 31, 2016 AND FOR YEAR ENDED AT DECEMBER 31, 2016

(Euro thousands)	Assets	Liabilities	Revenues	Profit/ (loss)	Share. Equity	Pro-quota Share. Equity	% held
Subsidiaries							
SEA Handling SpA in liquidation	10,732	2,506	587	(125)	8,226	8,226	100.00%
SEA Energia SpA	79,295	61,234	46,267	627	18,061	18,061	100.00%
SEA Prime SpA	25,950	16,984	11,373	2,105	8,966	8,817	98.34%
Consorzio Malpensa Contraction	415	227	1	-	188	96	51.00%
Associates							
Dufrital SpA	78,382	48,434	151,502	4,220	29,948	11,979	40.00%
SACBO SpA	228,329	104,015	125,167	13,343	124,314	38,511	30.979%
SEA Services Srl ^(*)	6,470	4,005	12,484	830	2,465	986	40.00%
Malpensa Logistica Europa SpA	21,684	10,299	37,360	2,028	11,385	2,846	25.00%
Disma SpA	12,144	5,998	6,072	601	6,146	1,152	18.75%

^(*) Financial Statements at 30/09/2016

6.5 AFS Investments

The breakdown of the "AFS investments" at December 31, 2017 and

at December 31, 2016 are shown below:

Company	% Held at December 31, 2017	% Held at December 31, 2016
Aereopuertos Argentina 2000 SA	8.5%	8.5%
Consorzio Milano Sistema in liquidation	10%	10%
Romairport Srl	0.227%	0.227%
Sita Soc. Intern. De Telecom.Aeroneonautiques (Belgian reg. company)	6 shares	12 shares

The following table reports the changes for the years 2017 and 2016 of the AFS investments:

AFS INVESTMENTS

(Euro thousands)	at December 31, 2017	at December 31, 2016
Aereopuertos Argentina 2000 SA	0	0
Consorzio Milano Sistema	25	25
Romairport Srl	1	1
Sita Soc. Intern. De Telecom.Aeroneonautiques (Belgian reg. company)	0	0
Total AFS Investments	26	26

AA2000

The investment of SEA in the share capital of Aeropuertos Argentina 2000 (hereafter AA2000) amounted to 8.5% following the conversion, by the Argentinian government, of the bonds issued in 2008 by AA2000 into shares.

On June 30, 2011, an agreement was signed with CEDICOR for the sale of all the investment held by SEA in the share capital of

AA2000, equal to 21,973,747 ordinary Class A shares with 1 vote for each share.

The consideration paid was Euro 14,000,000 entirely received in 2011.

The transfer of the shares will only be completed with authorisation by the ORSNA regulator (Organismo Regulador del Sistema Nacional de Aeropuertos).

At the date of the present document, ORSNA had not yet formalised the authorisation of the sale of the investment in favour of Cedikor and, therefore, still holds 8.5% of the share capital of AA2000; therefore, the investment of 1 Euro was maintained in the 2017 financial statements.



6.6 Deferred tax assets

The changes in the net deferred

tax assets for the year 2017 are shown below:

NET DEFERRED TAX ASSETS

(Euro thousands)	at December 31, 2016	Released / allocated to P&L	Released / allocated to Equity	at December 31, 2017
Restoration prov. as per IFRIC 12	33,750	790		34,540
Write-downs Tan. assets (impairment test)	14,101			14,101
Provisions for risks and charges	9,416	3,724		13,140
Non-deductible doubtful debt provision	8,281	(1,114)		7,167
Other receivables provision	319			319
Inventory obsolescence provision	125	17		142
Fair value measurement of derivatives	2,149		(585)	1,564
Post-em. bens. prov. discounting (IAS 19)	944	(14)	(13)	917
Ord. main. on assets under concession	6,241	1,749		7,990
Other	132	(8)		124
Total deferred tax assets	75,458	5,144	(598)	80,004
Accel. amort. & deprec. & lower amort. & deprec. from initial app. IFRS	30,263	(2,530)		27,733
Other	23	(23)		0
Total deferred tax liabilities	30,86	(2,553)	0	27,733
Total deferred tax assets, net of liabilities	45,172	7,697	(598)	52,271

6.7 Other current and non-current financial assets

The breakdown of current and

non-current financial assets at December 31, 2017 and at the end of the previous year is reported below:

OTHER FINANCIAL ASSETS

(Euro thousands)	at December 31, 2017		at December 31, 2016	
	Current portion	Non-current portion	Current portion	Non-current portion
Other financial assets	13,300	7,190	7,190	16,776
Total other financial assets	13,300	7,190	7,190	16,776

Other 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 and the write-down in 2017 of Euro 3,476 thousand in order to align the value of the assets recorded in the accounts.

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 at 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 "Milan Airport Handling Trust", registered in Jersey, Channel Islands, in order to adopt the best possible procedure to implement the discontinuation of the handling activities, 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 the 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 (FIPs) 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 sale was completed of 30% of Airport Handling shares, and a similar percentage of the FIPs held by SEA in Airport Handling, with the assignment to dnata, on closing, of the majority of members of the board of directors and, therefore, of Airport Handling's Governance. Therefore, the portion of other financial

assets held under the proposed sale were reclassified as "current".

Dnata's investment in Airport Handling led to the company's valuation of Euro 25 million. The amount confirmed the assets recorded in the Statement of financial position up to the previous half-year report. The transaction, in view of the sale of the first 30%, led to the payment of Euro 7.5 million by dnata, as a lien for a predetermined period of time, and provided for the additional payment of Euro 10 million for the acquisition of an additional 40% stake (amounts to be divided proportionally between shares and FIPs respectively, held by the Trustee and SEA). The directors, on the basis of current forecasts concerning the ongoing negotiations for the sale of a further holding in Airport Handling through the Trust, considered it appropriate to reduce the value of the asset recorded in the accounts for Euro 3,476 thousand. Moreover, estimating that these negotiations will be concluded by 2018, the 40% share of other financial assets under negotiation were reclassified from "Non-current" to "current".

6.8 Other non-current receivables

The breakdown of the "Other non-current receivables" is shown below:

OTHER NON-CURRENT RECEIVABLES

(Euro thousands)	at December 31, 2017	at December 31, 2016
Receivables from the state for contributions as per Law 449/85	-	-
Other receivables	212	240
Total other non-current receivables	212	240

“Other non-current receivables” amount to Euro 212 thousand at December 31, 2017 (Euro 240 thousand at December 31, 2016) and is comprised of the accounts outlined below.

Receivables from the State for grants under Law 449/85, equal to Euro 1,328 thousand (Euro 1,328

thousand at December 31, 2016), 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 Malpen-

sa Airport.

Other receivables principally refer to receivables from employees and guarantee deposits.

6.9 Inventories

The table below reports the breakdown of “Inventories”:

INVENTORIES

(Euro thousands)	at December 31, 2017	at December 31, 2016
Raw material, ancillaries and consumables	4,594	4,574
Inventory obsolescence provision	(503)	(444)
Total inventories	4,091	4,130

The account includes consumable materials for airport activities; no goods held in inventories comprised guarantees on loans or concerning other commitments.

Inventories were adjusted to their realisable or replacement value through an obsolescence provision which at December 31, 2017 amounts to Euro 503 thousand.

The changes in the obsolescence provision in 2017 is shown below:

MOVEMENTS IN INVENTORY OBSOLESCENCE PROVISION

(Euro thousands)	at December 31, 2017
Opening balance	(444)
Provisions	(139)
Utilisations	80
Final value inventory obsolescence provision	(503)

6.10 Trade receivables

The breakdown of "Trade receivables" at December 31, 2017 and for the previous year are shown below:

TRADE RECEIVABLES

(Euro thousands)	at December 31, 2017	at December 31, 2016
Trade receivables - customers	96,443	72,706
Trade receivables - subsidiaries	3,306	3,227
Trade receivables - associates	8,863	7,032
Total trade receivables	108,612	82,965

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 take account of valuations regarding the state of the dispute and are subject to estimates which are described in the previ-

ous paragraph 3, to which reference should be made.

The changes in the doubtful debt provision were as follows:

DOUBTFUL DEBT PROVISION

(Euro thousands)	at December 31, 2017	at December 31, 2016
Opening provision	78,450	81,891
Net increases (decreases)	26,897	2,581
Utilisations	(5,506)	(6,022)
Final value doubtful debt provision	99,841	78,450

The net increase in the provision in the year amounted to Euro 26,897 thousand (Euro 2,581 thousand in 2016) and was calculated to take into account the risk in deterioration of the financial positions of the principle operators with which disputes exist and write-downs for receivables under administration. This increase, amounting to Euro 24,316 thousand, mainly refer to the full write-down of existing receivables, prior to May 2, 2017, claimed from Alitalia SAI in

Extraordinary Administration. For further details, reference should be made to the Directors' Report.

The utilisations relating to the year 2017, amounting to Euro 5,506 thousand, refer to the closure during the year of disputes in which the provisions were accrued to cover such risks in previous years.

For details on the aging of the receivables reference should be made to Note 4.1.

The increase in trade receivables from related companies on the other hand is substantially due to invoicing maturity periods and relative timing on collection of invoices.

For receivables from subsidiaries and associated companies reference should be made to Note 8, relating to transactions with related parties.

6.11 Current financial receivables

The account "Current financial receivables" amounts to Euro 20,630 thousand at December 31, 2017 (Euro 43,532 thousand at December 31, 2016) and relates entirely to financial receivables from subsidiaries. In particular the balance at December 31, 2017 is comprised of cash pooling receivables from SEA Energia SpA and SEA Prime SpA. Reference should be made to Note 8 relating to transactions with related parties.

6.12 Tax receivables

The account "Tax receivables" amounts to Euro 12,406 thou-

sand at December 31, 2017 (Euro 14,174 thousand at December 31, 2016) and refers for Euro 10,384 thousand to reimbursement requests made in March 2013 for higher IRES paid against the non-deductibility of IRAP regional tax on personnel costs for the years 2007/2011 (Euro 10,384 thousand at December 31, 2016), for Euro 873 thousand the IRES credit deriving from the higher payments on account paid in June and November compared to the 2017 charge (Euro 2,631 thousand at December 31, 2016), Euro 439 thousand to the VAT receivable deriving from the payment on account in December (Euro 782

thousand at December 31, 2016) and Euro 452 thousand of tax receivables recorded following the liquidators distribution plan of the subsidiary SEA Handling SpA in liquidation.

On March 27, 2018, the Tax Agency communicated to SEA SpA that submissions were being accepted for issue of the IRES receivable concerning the deduction of IRAP from IRES for the financial years from 2007 to 2011 ("click day").

6.13 Other current receivables

The breakdown of "Other current receivables" is shown below:

OTHER CURRENT RECEIVABLES

(Euro thousands)	at December 31, 2017	at December 31, 2016
Other receivables	6,380	5,490
Misc. receivables	822	277
Employee & soc. sec. receivables	238	208
Receivables from insurance companies	206	232
Receivables for dividends	-	1,901
Receivables from Ministry for Communications for radio bridge	-	3
Receivables from the State for SEA / Ministry for Infrastructure and Transport case	-	-
Total other current receivables	7,646	8,111

"Other current receivables" amount to Euro 7,646 thousand at December 31, 2017 (Euro 8,111 thousand at December 31, 2016) and is comprised of the accounts outlined below.

Other receivables, amounting to Euro 6,380 thousand at December 31, 2017 (Euro 5,490 thousand at December 31, 2016), includes miscellaneous receivables (reimbursements, supplier advances, arbitrations with subcontractors

and other minor positions). The balance at the end of 2017 includes in addition receivables of Euro 2,430 thousand relating to the reimbursement of a portion of the penalty imposed on SEA by the Antitrust Authority (AGCM) in 2015 following the acquisition of SEA Prime SpA (formerly ATA Ali Trasporti Aerei SpA); on May 30, 2017, the Authority confirmed the reassessment of the penalties and communication to the Ministry for the Economy and Finance of the

approval for the reimbursement of the amounts.

Miscellaneous receivables amounting to Euro 822 thousand at December 31, 2017 (Euro 277 thousand at December 31, 2016) mainly refer to receivables from payments by Telepass, credit card and POS which have not yet been credited in the bank account.

Employee and social security receivables, amounting to Euro 238

thousand at December 31, 2017 (Euro 208 thousand at December 31, 2016), mainly refer to the receivable from INPS and the "Fondo Volo per la Cassa Integrazione Guadagni Straordinaria" paid to employees on behalf of the institution and receivables from INAIL.

Receivables from insurance companies, amounting to Euro 206 thousand at December 31, 2017 (Euro 232 thousand at December 31, 2016) relates to amounts paid on insurance policies in advance of the period to which the cost refers.

Receivables from the State under SEA/Ministry Infrastructure and Transport case which amounts to Euro 3,889 thousand, following the judgement of the Cassation Court, which recognised to the Company the non adjustment of handling tariffs for the period 1974-1981, in addition to interest and expenses incurred, is entirely covered by the doubtful debt provision and relates to the residual amount not yet received from the Ministry for Infrastructure and Transport, in addition to interest matured up to December 31, 2014.

The receivable recorded in the financial statements in 2016 relating to the dividends approved by the Shareholders' Meeting of Airport Handling SpA on May 6, 2016 and amounting to Euro 1,901 thousand, was received by the company in April 2017.

6.14 Cash and cash equivalents

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

CASH AND CASH EQUIVALENTS

(Euro thousands)	at December 31, 2017	at December 31, 2016
Bank and postal deposits	67,069	46,954
Cash in hand and similar	60	44
Total	67,129	46,998

The account at year end comprises bank and postal deposits on demand for Euro 64,721 thousand (Euro 45,438 thousand at December 31, 2016), restricted bank deposits to cover the quota of European Investment Bank loans due in the coming 12 months of Euro 2,348 thousand (Euro 1,516 thousand at December 31, 2016) and cash amounts for Euro 60 thousand (Euro 44 thousand at December 31, 2016). For further information on the movements to cash and cash equivalents, reference should be made to the Cash Flow Statement.

It should be noted that at December 31, 2017 liquidity does not include the escrow account in which Euro 6,000 thousand are deposited in respect of income from the sale price of 30% of the Equity Financial Instruments held

by SEA in Airport Handling.

6.15 Shareholders' Equity

Share capital

At December 31, 2017, the share capital of SEA is comprised of 250,000,000 shares of a value of Euro 0.11 each, with a total value of Euro 27,500 thousand.

Legal and extraordinary reserve

At December 31, 2017 the legal reserve of SEA amounts to Euro 5,500 thousand while the extraordinary reserve amounts to Euro 156,348 thousand (Euro 138,792 thousand at December 31, 2016), with the increase of Euro 17,556 thousand following the allocation of the profit for the year 2016.

AFS reserve (Available for sale)

The AFS reserve at December 31, 2017, equal to Euro 1, represents

the investment held by SEA in AA2000 based on the agreement with Cedacor as described in Note 6.5.

Cash Flow Hedge Reserve

The balance of the reserve at December 31, 2017, amounting to Euro -4,953 thousand (Euro -6,804 at December 31, 2016), relates to the change in the fair value of the effective part of the derivative hedge contracts listed at Note 4.2.

Actuarial gain/loss reserve

The balance of the reserve at December 31, 2017, equal to Euro -1,215 thousand (Euro -1,257 thousand at December 31, 2016), represents the actuarial losses matured at the statement of financial position date on the Post-Employment Benefits provision.

Other reserves

The other reserves, amounting to Euro 60,288 thousand at December 31, 2017, refer entirely to the reserves recorded in accordance with the revaluation laws 576/75, 72/83 and 413/91.

Distribution of dividends

On May 3, 2017, the Shareholders' Meeting approved the distribution of dividends of Euro 70,300 thousand and the carrying forward to reserves of Euro 17,556 thousand, relating to the allocation of the 2016 net profit, amounting to Euro 87,856 thousand.

For the net equity movements, reference is made to the "Statement of changes in Shareholders' Equity".

Available reserves

In accordance with Article 2427, No. 7-bis of the Civil Code, the equity accounts and their availability and possibility for distribution are reported below.



(Euro thousands)	at December 31, 2017	Possibility of use ^(*)	Quota available	Summary of utilisations over last 3 years
Share capital	27,500			
Legal reserve	5,500		B	
Extraordinary reserve	156,348		A,B,C	156,348
IFRS initial conversion reserve	14,814			-
AFS reserve	0			
Cash Flow Hedge Reserve	(4,953)			
Actuarial gain/loss reserve	(1,215)			
Other Reserves ⁽¹⁾ :				
- as per revaluation law 576/76	3,649		A,B,C	3,649
- as per revaluation law 72/83	13,557		A,B,C	13,557
- as per revaluation law 413/91	43,082		A,B,C	43,082
Total	258,282		216,636	-
Total non-distributable amount		41,646		

Key:

^(*)A: for share capital increase; B: for coverage of losses; C: for distribution to shareholders

⁽¹⁾ Suspension of taxes reserve

6.16 Provision for risks and charges

The changes in the “Provisions for risks and charges” in the year are reported below:

PROVISION FOR RISKS AND CHARGES

(Euro thousands)	at December 31, 2016	Provisions/ Increases	Utilisations/ Decreases	Releases	at December 31, 2017
Restoration and replacement provision	136,782	15,000	(12,808)	(1,491)	137,483
Provision for future charges	33,391	2,083	(5,006)	(1,840)	28,628
Total provision for risks and charges	170,173	17,083	(17,814)	(3,331)	166,111

The restoration and replacement provision on assets under concession, created in accordance with IFRIC 12, amounting to Euro 137,483 thousand at December 31, 2017 (Euro 136,782 thousand at December 31, 2016), refers to the estimate of the amount ma-

tured relating to the maintenance on assets under concession from the State which will be undertaken in future years. The provision for the year takes into account the updated long-term scheduled maintenance and replacement plans on these assets, while the

utilisations in the year refer to the restoration works carried out covered by the provisions made in previous years.

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

PROVISION FOR FUTURE CHARGES

(Euro thousands)	at December 31, 2016	Provisions/ Increases	Utilisations/ Decreases	Releases	at December 31, 2017
Personnel provisions	6,584	171	(2,143)		4,612
Tax risks	1,000		(324)	(193)	483
Other provisions	25,807	1,912	(2,539)	(1,647)	23,533
Total provision for future charges	33,391	2,083	(5,006)	(1,840)	28,628

The personnel provisions relate to the expected streamlining actions to be undertaken on operations. The utilisations in the year are related to the incentivised departures for which a specific provision was made in the accounts in 2016.

The “Tax risks” provision of Euro 483 thousand is related to the provision for disputes currently

underway with the competent tax judicial bodies over VAT resulting from the tax audit by the Customs Agency in respect of the resale of electricity and registration tax applied on the transactions in accordance with a number of civil judgments.

The account “Other provisions” for Euro 23,533 thousand at December 31, 2017 (Euro 25,807

thousand at December 31, 2016) is mainly composed of the following items:

- Euro 9,281 thousand for legal disputes related to the operational management of the Milan Airports;
- Euro 2,405 thousand relating to disputes with insurance companies for requests for indemnities;
- Euro 8,000 thousand relating

to charges from the acoustic zoning of the peripheral areas to the Milan Airports (Law No. 447/95 and subsequent Ministerial Decrees). It is reported that the Airport Commission of Malpensa has not yet given the final approval, unlike the Airport Commission of Linate;

- Euro 847 thousand for disputes with ENAV;
- Euro 3,000 thousand for various legal disputes.

Based on the updated state of advancement of disputes at the preparation date of the present report, and also based on the

opinion of the consultants representing the Company in the disputes, the provisions are considered sufficient to cover potential liabilities.

6.17 Employee provisions

The changes in the employee provisions in 2017 are shown below:

EMPLOYEE PROVISIONS

(Euro thousands)	at December 31, 2017
Opening provision	48,095
Financial (income)/charges	686
Utilisations	(1,989)
Actuarial losses / (profits) rec. to equity reserve	(56)
Total employee provisions	46,736

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:

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

The sensitivity analysis for each of the significant assumptions at December 31, 2017 is shown below, indicating the effects that would arise on the post-employment benefit provision.

ECONOMIC-FINANCIAL TECHNICAL PARAMETERS

	at December 31, 2017
Annual discount rate	1.30%
Annual inflation rate	1.50%
Annual increase in employee leaving indemnity	2.63%

CHANGE

(Euro thousands)	at December 31, 2017
+ 1 % on turnover rate	46,485
- 1 % on turnover rate	47,014
+ 1/4 % on annual inflation rate	47,437
- 1/4 % on annual inflation rate	46,048
+ 1/4 % on annual discount rate	45,634
- 1/4 % on annual discount rate	47,878

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

AVERAGE DURATION OF THE OBLIGATION

(in years)	at December 31, 2017
Duration of the plan	10.3

EXPECTED DISBURSEMENTS

(Euro thousands)	at December 31, 2017
Year 1	2,224
Year 2	1,887
Year 3	2,488
Year 4	2,755
Year 5	3,713

6.18 Current and non-current financial liabilities

The breakdown of current and non-current financial liabilities at

December 31, 2017 and at the end of the previous year is reported below:

(Euro thousands)	at December 31, 2017		at December 31, 2016	
	Current	Non-Current	Current	Non-Current
Bank payables	20,919	247,760	20,829	250,929
Payables to other lenders	6,693	298,529	11,248	298,140
Total financial liabilities	27,612	546,289	32,077	549,069



The breakdown of the accounts is shown below:

(Euro thousands)	at December 31, 2017		at December 31, 2016	
	Current portion	Non-current portion	Current portion	Non-current portion
Long-term loans	19,766	240,532	19,689	241,208
Loan charges payable	1,153		1,140	
Derivatives fair value		7,228		9,721
Bank payables	20,919	247,760	20,829	250,929
Payables to bondholders		298,441		298,008
Payables for charges on bonds	6,627		6,627	
Subsidised rate loans	66	88	44	132
Financial payable to subsidiaries			4,577	
Payables to other lenders	6,693	298,529	11,248	298,140
Total current and non-current liabilities	27,612	546,289	32,077	549,069

As illustrated in the table above, the Company debt primary consists of medium/long term bank loans and the bond issued on April 17, 2014, the "SEA 3 1/B 2014-2021".

The principal features of the bond are as follows:

- **Type of bond:** Senior, unsecured, non-convertible, in minimum denominations of Euro 100 thousand and exclusively targeting qualified and institutional investors;
- **Issue price:** at par;
- **Value:** Euro 300 million;
- **Interest rate:** fixed annual coupon of 3.125%;
- **Duration:** 7 years, with single repayment on maturity, except for advanced repayment possibilities established under the Loan regulation and in line with market practices;
- **Listing:** Regulated market managed by the Irish Stock Exchange;
- **Covenant:** typical international practice for the issue of such bonds, such as the Limitation of Indebtedness or rather to maintain a Net Financial Position/EBITDA maximum of 3.8. The covenant has been complied with to date.

For further information on bank loans and derivative contracts underwritten reference should be made to Note 4.

For further information on loans received in 2017, the principal features of these loans and Company repayment schedules reference should be made to Note 4.

The breakdown of the Company net financial debt at December 31, 2017 and December 31, 2016, in accordance with CONSOB Communication of July 28, 2006 and ESMA/2012/81 recommendations are reported below:

SEA SPA - SEPARATE FINANCIAL STATEMENTS

(Euro thousands)	at December 31, 2017	at December 31, 2016
A. Cash and Cash Equivalents	(67,129)	(46,998)
B. Other cash equivalents	-	-
C. Securities held for trading	-	-
D. Liquidity (A) + (B) + (C)	(67,129)	(46,998)
E. Financial receivables	(20,630)	(43,532)
F. Current financial payables	-	4,577
G. Current portion of medium/long-term bank payables	19,766	19,689
H. Other current financial payables	7,846	7,811
I. Payables and other current financial liabilities (F) + (G) + (H)	27,612	32,077
J. Net current financial debt (D) + (E) + (I)	(60,147)	(58,453)
K. Non-current portion of medium/long-term bank payables	240,532	241,208
L. Bonds issued	298,441	298,008
M. Other non-current financial payables	7,316	9,853
N. Payables & other non-current financial liabilities (K) + (L) + (M)	546,289	549,069
O. Net Financial Debt (J) + (N)	486,142	490,616

At the end of December 2017, the net financial debt amounted to Euro 486,142 thousand, decreasing by Euro 4,474 thousand compared to the end of 2016 (Euro 490,616 thousand).

As illustrated in the cash flow statement, the level of net financial debt was impacted by the fact that the cash flow generated from the operating activity of Euro 135,528 thousand was sufficient to offset the cash flow absorbed by investing activity (Euro 46,964

thousand) and that absorbed from financing activity for the payment of dividends and interest and commissions (respectively of Euro 70,307 thousand and Euro 16,747 thousand); financing activities were impacted by the following factors: *i)* increase in cash and cash equivalents by Euro 20,131 thousand (Euro 67,129 thousand at the end of 2017 compared to Euro 46,998 thousand at the end of 2016), *ii)* the disbursement at the end of June 2017 of new medium/long-term loans of Euro

20 millions from the EIB at variable interest rates for a period of twenty years; *iii)* the continuation of the repayment of loans in place amounting to Euro 19,711 thousand.

The following is a breakdown of the variations of current and non-current financial assets and liabilities, with a separate indication of cash flows recorded in the year 2017 and other variations.

CURRENT & NON-CURRENT FINANCIAL ASSETS & LIABILITIES

(Euro thousands)	Current & non-current portion of medium/long-term bank loans	Bond loans	Subsidised loans (current and non-current)	Payables for charges on loans & bond loans	Derivative liabilities	Financial payables/receiv. to subsid.e	Total
At December 31, 2016						(38,955)	537,614
Cash flows:							
Issue new tranche of EIB loans	20,000						20,000
Repayments (capital portion)	(19,689)		(22)				(19,711)
Cash pooling changes						18,325	18,325
Payment interest charges on bank loans & bond loans in FY 2016				(7,767)			(7,767)
Total cash flows	311		(22)	(7,767)		18,325	10,847
Other changes:							
Amortised cost effect	(910)	433					(477)
Fair value change					(2,493)		(2,493)
Accrual on interest charges on loan& bond loan				7,780			7,780
Total other changes	(910)	433		7,780	(2,493)		4,810
At December 31, 2017	260,298	298,441	154	7,780	7,228	(20,630)	553,271

6.19 Trade payables

The breakdown of the "Trade payables" is shown below:

TRADE PAYABLES

(Euro thousands)	at December 31, 2017	at December 31, 2016
Trade payables	130,362	135,537
Advances	7,582	7,419
Payable to subsidiaries	4,371	15,381
Payables to associates	4,519	3,434
Total trade payables	146,834	161,771

Trade payables of Euro 146,834 thousand at December 31, 2017 refers to the purchase of goods and services relating to the operating activity and investments. In order to optimise operations with suppliers, trade payables at December 31, 2017 include sums ceded under indirect factoring contracts for Euro 4,218 thousand (Euro 12,279 at December 31, 2016).

The payables for advances at December 31, 2017 amounting to Euro 7,582 thousand principally refer to advances from clients and the balance is in line with the previous year.

With regard to payments received in the year 2014 and classified under payables for advances following Judgment No. 12778/2013 of the Court of Milan (confirmed by the Court of Appeal of Milan with Judgment No. 3553/2015) with which the Customs Agency was ordered to pay a total of Euro 5,631 thousand in relation to disputes relating to the occupation of spaces located in the Linate and Malpensa airport grounds, it should be noted that in December 2016, the Customs Agency challenged this judgement before the Cassation Court and contested the ruling of the Court of Appeal. Since not all levels of judgment have been completed, no revenue has been posted in the present separate financial statements.

The remainder of payables on account mainly relate to payments on account by clients.

For payables from subsidiaries and associated companies reference should be made to Note 8, relat-

ing to transactions with related parties.

6.20 Income tax payables

Payables for income taxes amounting to Euro 7,227 thousand at December 31, 2017 (Euro 6,046 thousand at December 31, 2016), mainly relate to direct taxes for Euro 1,142 thousand, employee and consultant's withholding taxes for Euro 5,520 thousand (Euro 4,972 thousand at December 31, 2016) and VAT "split payables" for Euro 504 thousand.

The balance at December 31, 2016 included payables relating to higher IRES income tax paid by the Subsidiaries (within the Tax Consolidation) and requests for reimbursement in March 2013 through the consolidating company, against the non-deductibility from IRES of the IRAP regional tax on personnel costs relating to the years 2007/2011, for Euro 1,028 thousand.

6.21 Other current and non-current payables

The breakdown of the account "Other current and non-current payables" at December 31, 2017 is shown below:



OTHER CURRENT PAYABLES

(Euro thousands)	at December 31, 2017	at December 31, 2016
Payables to social security institutions	12,714	11,760
Employee payables for amounts matured	15,979	13,522
Employee payables for vacations not taken	2,536	2,749
Payables to the State for airport fire services	59,040	53,088
Payables to the State for concession fee	13,634	12,198
Payables to the state for concession fee security service	83	81
Payables for additional landing rights	46,131	46,011
Payables to third parties for ticketing collections	70	414
Third party guarantee deposits	968	1,110
Payables to the Board of Directors and Board of Statutory Auditors	190	187
Payables to shareholders for dividends	77	88
Payables to others employee withholdings	251	265
Other	17,985	13,530
Total other current liabilities	169,658	155,003

“Other current liabilities” increased by Euro 14,655 thousand, from Euro 155,003 thousand at December 31, 2016 to Euro 169,658 thousand at December 31, 2017.

This increase is mainly due to the offsetting of the following items: *i)* higher charges of Euro 5,952 thousand for the contribution of the Company to the airport fire protection service under Law No. 296 of December 27, 2006 *ii)* higher employee payables for services matured, for Euro 2,457 thousand, principally due to the recognition, for the year 2017, of a bonus based on the results of the company, related to the achievement of company performances; *iii)* increase in payables to the State relating to the payment of concession fees, for Euro 1,436 thousand, following the change in

the traffic data; *iv)* increase in the account “Others” for Euro 4,455 thousand. The account “Other payables”, amounting to Euro 17,985 thousand at December 31, 2017 (Euro 13,530 thousand at December 31, 2016), mainly relates to deferred income from clients for future periods and other minor payables. The increase of Euro 4,455 thousand is principally due to the timing of invoicing by the company.

In relation to the payable to the State for airport fire services, in judgment No. 1870/2018, the Court of Rome ruled that the regular courts have no jurisdiction and that the case must revert to the Tax Commission.

The breakdown of the account “Other non-current payables” at December 31, 2017 is shown below:

OTHER NON-CURRENT PAYABLES

(Euro thousands)	at December 31, 2017	at December 31, 2016
Employee payables	14,946	
Payables to social security institutions	2,642	
Total other non-current liabilities	17,588	-

“Other non-current payables” refers to payables to employees and associated social security contributions, recorded as a result of the mobility procedure’s commencement on December 27, 2017. Through the mobility procedure, early retirement incentive payments were established for a pre-determined number of work-

ers who will qualify for pension benefits by August 2023 (early retirement or old age pension). The agreement with Trade Unions covering this procedure was signed on January 15, 2018.

6.22 Payables and receivables beyond five years

There are no receivables over five years.

Financial payables above five years amount to Euro 147,670 thousand relating to the repayment of principal on medium/long-term loans at December 31, 2017.

