

8 Notes to the Balance Sheet

8.1 Intangible assets

The following tables illustrate the changes for the years ended De-

cember 31, 2017 and 2016 relating to intangible assets.

(Euro thousands)	at December 31, 2016	Increases in the period	Reclassi- fications/ transfers	Destruct./ sales	Amort. & deprec./ write-downs	at December 31, 2017
Gross value						
Rights on assets under concession	1,447,809	1,059	29,131	(50)		1,477,949
Rights on assets under concess. in prog. & advances	33,614	25,625	(25,750)	(1,003)		32,486
Patents and right to use intellectual property & others	63,543		9,338			72,881
Assets in progress and advances	7,993	9,596	(8,837)			8,752
Other	18,744	86	(1,885)			16,945
Total Gross Value	1,571,703	36,366	1,997	(1,053)	0	1,609,013
Accumulated amortisation						
Rights on assets under concession	(488,341)			13	(45,012)	(533,340)
Rights on assets under concess. in prog. & advances						
Patents and right to use intellectual property & others	(55,609)				(6,554)	(62,163)
Assets in progress and advances						
Other	(16,642)		1,380		(66)	(15,328)
Total accumulated amortisation	(560,592)	0	1,380	13	(51,632)	(610,831)
Net value						
Rights on assets under concession	959,468	1,059	29,131	(37)	(45,012)	944,609
Rights on assets under concess. in prog. & advances	33,614	25,625	(25,750)	(1,003)		32,486
Patents and right to use intellectual property & others	7,934		9,338		(6,554)	10,718
Assets in progress and advances	7,993	9,596	(8,837)			8,752
Other	2,102	86	(505)		(66)	1,617
Total net value	1,011,111	36,366	3,377	(1,040)	(51,632)	998,182



As per IFRIC 12, rights on assets under concession amount to Euro 944,609 thousand at December 31, 2017 and Euro 959,468 thousand at December 31, 2016. 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 2017 amounts to Euro 45,012 thousand. The increases in the year of Euro 30,190 thousand mainly derive from the entry into use of investments made in previous years and recorded under "Assets under concession in progress and advances" and from reclassifications and transfers between intangible and tangible fixed assets.

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 8.14.

The account "Assets under concession in progress and advances", amounting to Euro 32,486 thousand, refers to the work in pro-

gress on concession assets, not yet completed at December 31, 2017. The increase of Euro 25,625 thousand is expressed net of the State contribution 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 13,415 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 10,718 thousand at December 31, 2017 (Euro 7,934 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 8,837 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 8,752 thousand and, 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 Group did not identify any impairment indicators.

The changes in intangible assets during 2016 were as follows:

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(Euro thousands)	at December 31, 2015	Change consol. scope	Increases in the period	Reclas- sifica- tions/ transfers	Destruct./ sales	Amort. & deprec./ write-downs	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
Total 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)
Total 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	0	8,633		(7,073)	7,934
Assets in progress and advances	7,898		8,753	(8,658)			7,993
Others	2,213	(3)	0	25		(133)	2,102
Total net value	1,004,432	(2)	49,950	2,630	(502)	(45,397)	1,011,111

The movement relating to the change in the consolidation scope refers to the loss of control over the investee company Signature Flight Support Italy Srl (formerly,

Prime AviationServices SpA), following the sale of the 60% stake previously held by SEA Prime SpA to the Signature Group.

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8.2 Property, plant & equipment
The following tables summarises the movements in property, plant

and equipment between December 31, 2016 and December 31, 2017.

(Euro thousands)	at December 31, 2016	Increases in the period	Reclassi- fications/ transfers	Destruct./ sales	Amort. & deprec./ write-downs	at December 31, 2017
Gross value						
Property	206,872	14,955	2,871	(179)		224,519
Plant and machinery	107,510	306	358	(4)		108,170
Industrial and commercial equipment	38,690	5,828	2	(331)		44,189
Other assets	62,521	2,612	4,200	(23)		69,310
Assets in progress and advances	8,489	12,073	(10,808)			9,754
Total Gross Value	424,082	35,774	(3,377)	(537)		455,942
Accumulated depreciation & write-downs						
Property	(88,386)			142	(6,213)	(94,457)
Plant and machinery	(65,362)			4	(2,556)	(67,914)
Industrial and commercial equipment	(31,600)			330	(3,403)	(34,673)
Other assets	(48,458)			22	(5,490)	(53,926)
Assets in progress and advances						
Total accumulated depreciation & write-downs	(233,806)			498	(17,662)	(250,970)
Net value						
Property	118,486	14,955	2,871	(37)	(6,213)	130,062
Plant and machinery	42,148	306	358		(2,556)	40,256
Industrial and commercial equipment	7,090	5,828	2	(1)	(3,403)	9,516
Other assets	14,063	2,612	4,200	(2)	(5,490)	15,383
Assets in progress and advances	8,489	12,073	(10,808)			9,754
Total net value	190,276	35,774	(3,377)	(40)	(17,662)	204,971

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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 2,871 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.

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.

On November 22, 2017, the Board of Directors of SEA Energia SpA approved the purchase of a new turbine with the simultaneous disposal of the current TGC turbine in early 2019. Following this decision, the depreciation of the Malpensa plant’s turbine was recalculated with an assumption for this turbine’s recovery value amounting to Euro 1 million.

In consideration of the results re-

ported and the business outlook, as well as the definition of the airport tariffs contained in the Regulatory Agreement, at December 31, 2017 the SEA Group 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 504,868 thousand and Euro 7,019 thousand respectively.

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



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(Euro thousands)	at December 31, 2015	Change consol. scope	Increases in the period	Reclassi- fications/ Internal Transfers	Destruc- tions / Sales	Amorti- zation/ write- downs	at December 31, 2016
Gross Value							
Land and Buildings	201,565		661	4,792	(151)	5	206,872
Plant ad 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
Total Gross Value	467,226	(1,049)	19,537	(2,704)	(58,933)	5	424,082
Accumulated depreciation and write-downs							
Land and Buildings	(82,221)				125	(6,290)	(88,386)
Plant ad 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							
Total accumulated depreciation and write-downs	(276,301)	932	0	74	57,896	(16,407)	(233,806)
Net value							
Land and Buildings	119,344		661	4,792	(26)	(6,285)	118,486
Plant ad 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
Total net value	190,925	(117)	19,537	(2,630)	(1,037)	(16,402)	190,276

8.3 Investment property

Information on investment property is provided below:

INVESTMENT PROPERTY

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

MOVEMENT ACCUMULATED DEPRECIATION

(Euro thousands)	at December 31, 2017	at December 31, 2016
Opening balance	(727)	(736)
Decreases	5	11
Depreciation	(2)	(2)
Closing balance	(724)	(727)

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

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

8.4 Investments in associates

The changes in the account "investments in associates" at December 31, 2017 and December 31, 2016 are shown below.

INVESTMENTS IN ASSOCIATES

(Euro thousands)	Movements				at December 31, 2017
	at December 31, 2016	future charges on investments provision	increases / revaluations	decreases / write-downs	
SACBO SpA	33,839		4,915	(2,128)	36,626
Dufrital SpA	12,034		2,056	(1,679)	12,411
Disma SpA	2,605		262	(234)	2,633
Malpensa Logistica Europa SpA	2,682		477	(1,236)	1,923
SEA Services Srl	381		704	(624)	461
Signature Flight Support Italy Srl	56	152		(208)	
Total	51,597	152	8,414	(6,109)	54,054

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The companies held are all resident in Italy. and the measurement of investments as per IAS 28. (Euro 51,597 thousand at December 31, 2016).

The net equity of the associates was adjusted to take account of the Group accounting principles The SEA Group share of adjusted net equity at December 31, 2017 amounts to Euro 54,054 thousand **8.5 AFS Investments** The investments available-for-sale are listed below:

AFS INVESTMENTS

Company	% Holding	
	at December 31, 2017	at December 31, 2016
Consorzio Milano Sistema in liquidation	10%	10%
Romairport Srl	0.227%	0.227%
Aereopuertos Argentina 2000 SA	8.500%	8.500%
Sita Soc. Intern. De Telecom. Aereoneonautiques (Belgian reg. company) ^(*)	6 shares	6 shares

^(*) The Board of Directors of SEA SpA, in the meeting of January 25, 2018, authorised the formalisation of the request for withdrawal from SITA SC.

The tables below report the changes in the investments available for sale during 2017:

AFS INVESTMENTS

(Euro thousands)	Movements			at December 31, 2017
	at December 31, 2016	increases / revaluations / reclassifications	decreases / write-downs	
Consorzio Milano Sistema in liquidation	25			25
Romairport Srl	1			1
Aereopuertos Argentina 2000 SA	0			0
Sita Soc. Intern. De Telecom. Aereoneonautiques (Belgian reg. company) ^(*)	0			0
Total	26	-	-	26

^(*) The Board of Directors of SEA SpA, in the meeting of January 25, 2018, authorised the formalisation of the request for withdrawal from SITA SC.

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

8.6 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	33,802	803		34,605
Write-downs tan. assets (impairment test)	14,288	14		14,302
Provisions for risks and charges	10,172	3,665		13,837
Non-deductible doubtful debt provision	8,657	(1,058)		7,599
Labour dispute	3,320	1,749		5,069
Fair value measurement of derivatives	2,149		(584)	1,565
Post-em. bens. prov. discounting (IAS 19)	945	(15)	(13)	917
Ord. main. on assets under concession	2,921			2,921
Amortisation & Depreciation	1,665	180		1,845
Other	3,890	(65)		3,825
Total deferred tax assets	81,808	5,273	(597)	86,484
Amortisation & Depreciation	(32,912)	2,488		(30,424)
Allocation gain acquisition SEA Prime	(5,337)	218		(5,119)
Other	106	106		211
Total deferred tax liabilities	(38,143)	2,812	0	(35,332)
Total deferred tax assets, net of liabilities	43,665	8,085	(597)	51,152

The IRAP tax rate for the Parent Company SEA SpA is equivalent to 4.2%, while for the other com-

panies fully consolidated by the Group this is 3.9%. The IRES rate for Group companies is 24%.

8.7 Other current and non-current financial assets

Other current and non-current financial assets are shown in the table below:

OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS

(Euro thousands)	at December 31, 2017	at December 31, 2016
Other non-current financial assets	7,190	16,776
Other current financial assets	13,300	7,190
Other current and non-current financial assets	20,490	23,966

Other current and non-current financial assets relate 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 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 capi-

tal 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 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 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 val-

ue of the assets recorded in the Statement of Financial Position 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".

8.8 Other non-current receivables

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

OTHER NON-CURRENT RECEIVABLES

(Euro thousands)	at December 31, 2017	at December 31, 2016
Other receivables	280	308
Total other non-current receivables	280	308

Other receivables, amounting to Euro 280 thousand at December 31, 2017 (Euro 308 thousand at December 31, 2016) did not

change significantly and mainly relates to employee receivables and deposit guarantees.

8.9 Inventories

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

INVENTORIES

(Euro thousands)	at December 31, 2017	at December 31, 2016
Raw material, ancillaries and consumables	4,607	4,585
Inventory obsolescence provision	(503)	(444)
Total Inventories	4,104	4,141

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

The comparison of inventories

with the realisable value or replacement necessitated an obsolescence inventory provision amounting to Euro 503 thousand at December 31, 2017 (Euro 444 thousand at December 31, 2016). The amounts are reported net of

the relative provision.

The changes in the obsolescence provision in 2017 are 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)

8.10 Trade receivables

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

TRADE RECEIVABLES

(Euro thousands)	at December 31, 2017	at December 31, 2016
Trade receivables - customers	101,658	79,446
Trade receivables - associates	9,419	7,522
Total net trade receivables	111,077	86,968

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 changes in the doubtful debt provision were as follows:

DOUBTFUL DEBT PROVISION

(Euro thousands)	at December 31, 2017	at December 31, 2016
Opening provision	(80,263)	(83,619)
(Increases)/releases	(27,248)	(2,744)
Utilisations	5,257	6,022
Change in scope	-	78
Total doubtful debt provision	(102,254)	(80,263)

Allocation provisions are shown net of reversals and amount to Euro 27,248 thousand in 2017 (Euro 2,744 thousand at December 31, 2016).

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.

These provisions mainly refer to the full write-down of existing receivables, prior to May 2, 2017, claimed from Alitalia SAI in Extraordinary Administration. The utilizations refer to the closure during the year of disputes in which the provisions were accrued to cover such risks in previous years. "Change in scope" refers to the deconsolidation which occurred as of April 1, 2016 following the loss of control over

the investee company Signature Flight Support Italy S.r.l. (formerly, Prime Aviation Services S.p.A.).

8.11 Tax receivables and other current receivables

The following table provides the breakdown of other current receivables:

TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES

(Euro thousands)	at December 31, 2017	at December 31, 2016
Tax receivables	14,941	14,800
Other current receivables	9,200	18,563
Total tax receivables and other current receivables	24,141	33,363

Tax receivables of Euro 14,941 thousand at December 31, 2017 mainly refers to:

- for Euro 10,402 thousand (Euro 10,414 thousand at December 31, 2016) the recalculation of IRES income tax for the years 2007-2011 following the recognition of the deductibility for IRES purposes of IRAP regional tax relating to personnel costs in accordance with Article 2, Paragraph 1, of Legislative Decree No. 201/2011 (converted into Law No. 214/2011) with consequent presentation of the request for reimbursement;
- for Euro 873 thousand (Euro 2,873 thousand at December 31, 2016) current income tax receivables;
- for Euro 2,902 thousand (Euro 909 thousand at December 31, 2016) VAT receivables;
- for Euro 764 thousand (Euro 604 thousand at December 31, 2016) other tax credits.

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").

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



OTHER CURRENT RECEIVABLES

(Euro thousands)	at December 31, 2017	at December 31, 2016
Receivables from GSE for white & green certs.	1,120	9,530
Other receivables	6,813	6,391
Misc. receivables	821	278
Receivables from insurance companies	206	232
Employee & soc. sec. receivables	236	203
Post & tax stamps	4	25
Receivables for dividends		1,901
Receivables from Ministry for Communications for radio bridge		3
Total other current receivables	9,200	18,563

“Other current receivables” amount to Euro 9,200 thousand at December 31, 2017 (Euro 18,563 thousand at December 31, 2016) and is comprised of the accounts outlined below.

Receivables from GSE, claimed by the SEA Group for white and green certificates, amount to Euro 1,120 thousand. At December 31, 2017, this amount included the receivables claimed by SEA Energia from the Energy Service Operator relating to the estimate of 2016 “white certificates”. As commented upon in the Directors’ Report to which reference should be made, in 2017 the company did not accrue the envisaged incentives for ‘green certificates’, as the recognition period came to a close in 2016. At the date of the financial statements, the company had not yet received the white certificates accrued in 2016 and was subjected to an audit by the Energy Service Operator in respect of white certificates assigned for the period 2012 - 2015. At December 31, 2017, receivables from the Energy Service Operator for green certificates were collected in full

(Euro 8,717 thousand at December 31, 2016). Euro 57 thousand from the corresponding write-down provision was utilised while the surplus amounting to Euro 249 thousand was released. In 2017, the company did not accrue the envisaged incentives for ‘district heating green certificates’, as the recognition period came to a close in 2016.

Receivables from the State under SEA/Ministry for Infrastructure and Transport case, following the judgement of the Court of Cassation, which recognised to the Company the non-adjustment of handling tariffs for the period 1974-1981, in addition to interest and expenses incurred by the Company, for Euro 3,889 thousand at December 31, 2017 and entirely covered by the doubtful debt provision. This receivable was related to the residual credit position that was not collected from the Ministry of Infrastructure and Transport, in addition to interest up to December 31, 2014.

Receivables for sundry income amounting to Euro 821 thousand

at December 31, 2017 mainly refer to receivables from payments by Telepass, credit card and POS which have not yet been credited in the bank account.

Other receivables principally concern accrued income related to revenues accrued in the year and costs relating to future years. The balance as at December 31, 2017 includes Euro 2,429 thousand relating to the reimbursement of a portion of the penalty imposed on SEA by the Anti-Trust Authority (AGCM) in 2015 following the acquisition of SEA Prime – formerly, ATA Ali Trasporti Aerei. The account also includes supplier advances, operating grants and other minor positions.

The change in the other current receivables doubtful debt provision is as follows:

OTHER RECEIVABLES DOUBTFUL DEBT PROVISION

(Euro thousands)	at December 31, 2017	at December 31, 2016
Opening provision	(4,196)	(4,045)
(Increases)/releases	307	(307)
Change in scope		156
Total other receivables doubtful debt provision	(3,889)	(4,196)

The “Change in scope” item refers to the loss of control over the investee company Signature Flight Support Italy Srl (formerly, Prime AviationServices SpA).

8.12 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	67,120	47,178
Cash in hand and similar	74	58
Total	67,194	47,236

Cash and cash equivalents at December 31, 2017 increased Euro 19,958 thousand compared to the previous year. The account at year end comprises bank and postal deposits on demand for Euro 64,667 thousand (Euro 45,558 thousand at December 31, 2016), restricted bank deposits of Euro 2,453 thousand, principally to cover the quota of European Investment Bank loans due in the coming 12 months (Euro 1,620 thousand at December 31, 2016) and cash amounts for Euro 74 thousand (Euro 58 thousand at December 31, 2016). For further informa-

tion 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 and December 31, 2016, 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 the SEA Group in Airport Handling.

8.13 Shareholders' Equity

At December 31, 2017, 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 financial position.

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

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(Euro thousands)	Shareholders' equity at December 31, 2016	Equity movements	OCI Reserve	Net profit / (loss)	Shareholders' equity at December 31, 2017
Parent Company Financial Statements	326,689	(70,300)	1,893	76,946	335,228
Share of net equity and net profit of the consolidated subsidiaries attributable to the Group, net of the carrying amount of the relative investments	14,955	(250)		4,215	18,920
Adjustments for measurement at equity of associates	40,696			2,533	43,229
Other consolidation adjustments	(6,510)			311	(6,199)
Consolidated Financial Statements	375,830	(70,550)	1,893	84,004	391,177

8.14 Provision for risks and charges

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

PROVISIONS FOR RISKS AND CHARGES

(Euro thousands)	at December 31, 2016	Provisions/ Increases	Utilisations / reclassifications	Releases	at December 31, 2017
Restoration and replacement provision	136,966	15,093	(12,855)	(1,491)	137,713
Provision for future charges	37,095	3,441	(6,367)	(1,947)	32,222
Total provision for risks and charges	174,061	18,534	(19,222)	(3,438)	169,935

The restoration and replacement provision on assets under concession, created in accordance with IFRIC 12, amounting to Euro 137,713 thousand at December 31, 2017 (Euro 136,966 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 / reclassifications	Releases	at December 31, 2017
Labour provisions	6,895	366	(2,453)	(100)	4,708
Insurance excesses	3,136	355	(390)	(1,591)	1,510
Tax risks	2,500		(324)	(193)	1,983
Green & white certificates	1,049	990	(1,049)		990
Future charges on investments provision			152		152
Other provisions	23,515	1,730	(2,303)	(63)	22,879
Total provision for future charges	37,095	3,441	(6,367)	(1,947)	32,222

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

The "Tax risk" account mainly includes:

- 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;
- Euro 1,500 thousand for the amount allocated by SEA Prime SpA, to cover liabilities related to the non-payment of Group VAT by the former parent company for the years 2011 and 2012.

The item "Green and white certificates" amounting to Euro 990 thousand at December 31, 2017 refers to SEA Energia. The

amount allocated for the dispute with the Energy Service Operator over green certificates is of Euro 490 thousand. In May 2017, the company refunded 17,106 green certificates for the period 2010 - 2014 (of which 12,435 pertained to the company and 4,671 pertained to A2A) as requested by the GSE on December 19, 2016; the company, assisted by its legal advisers, filed an appeal within the prescriptive deadlines. The allocation refers to a provision for incentives accrued during the period 2015-2016, already collected but provisionally allocated by the GSE. In 2017, an amount of Euro 500 thousand was also allocated for the dispute with the Energy Service Operator over white certificates since an audit is underway in relation to white certificates assigned for the period 2012-2015.

The "Future charges on investments provision" of Euro 152 thousand at December 31, 2017 was allocated against the valuation of the stake in Signature Flight Support Italy Srl, which has a negative shareholder' equity at the same date. In this regard, it should be noted that in its meet-

ing of February 26, 2018, the shareholders' meeting of Signature Flight Support Italy S.r.l., resolved to cover losses of Euro 923 thousand and to recapitalise the company as follows:

- To cover losses by cancelling the share capital of Euro 420 thousand and reserves - net of losses carried forward - of a total Euro 240 thousand.
- To recapitalise the share capital through an increase up to a nominal Euro 420 thousand, with a total share premium of Euro 263 thousand, equivalent to the residual losses, to be offered for subscription to all shareholders in proportion to the shares held.

The account "Other provisions" for Euro 22,879 thousand at December 31, 2017 is mainly composed of the following items:

- Euro 10,509 thousand for legal disputes related to the operational management of the airports;
- Euro 8,000 thousand relating to charges from the acoustic zoning of the peripheral areas to the Milan Airports (Law No.

447/95 and subsequent Ministerial Decrees). It is reported that the Airport Commission of Malpensa has not yet 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;
- Euro 523 thousand for risks relating to revocatory actions taken against the Group and relating to airline companies declared bankrupt.

8.15 Employee provisions

The changes in the employee provisions are shown below:

EMPLOYEE PROVISIONS

(Euro thousands)	at December 31, 2017	at December 31, 2016
Opening provision	49,220	48,239
Change in scope		(399)
Financial (income)/charges	686	645
Utilisations	(2,016)	(1,079)
Actuarial losses/(profits)	(56)	1,814
Total employee provisions	47,834	49,220

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 scope" refers to the effects resulting from the deconsolidation of Signature Flight Support Italy Srl (formerly, Prime AviationServices SpA) as of April 1, 2016, the date of loss of control and the transition from full consolidation to equity valuation.

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

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%



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.

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

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

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

8.16 Current and non-current financial liabilities

The table below provides a breakdown of current and non-current

financial liabilities at December 31, 2017 and December 31, 2016.

(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	19,688	241,207
Loan charges payable	1,153		1,140	
Derivatives fair value		7,228		9,721
Bank payables	20,919	247,760	20,828	250,928
Payables to bondholders		298,441		298,009
Payables for charges on bonds	6,627		6,627	
Lease payables	3		31	
Payables for subsidised loans	66	88	44	132
Other financial payables	2,169			
Payables to other lenders	8,865	298,529	6,702	298,141
Total current and non-current liabilities	29,784	546,289	27,530	549,069

The financial debt of the Group at year-end, as illustrated in the table below, is almost exclusively comprised of medium/long-term debt - of which over half concerning the "SEA 3 1/8 2014-2021" bond issue (expressed at amortised cost). The remainder of the debt is comprised of Euro 154 thousand EIB subsidised loans (of which 56% with maturity beyond 5 years and 8% due in the next 12 months).

At the Statement of Financial Position date, a debt of Euro 2,169 thousand is recorded toward A2A Calore & Servizi. This is equivalent to the value of the incentives for green certificates generated by the management of the Linate plant in 2015 and 2016, provisionally allocated in 2017 by the GSE and regularly collected by SEA Energia SpA. This debt is recorded on the basis of a contract that com-

mits SEA Energia to transfer a part of the incentives to A2A Calore & Servizi, since the investment linked to the heat distribution network was fully carried out at the expense and responsibility of A2A.

The breakdown of the Group net debt at December 31, 2017 and December 31, 2016 is reported below:

NET FINANCIAL DEBT

(Euro thousands)	at December 31, 2017	at December 31, 2016
A. Cash and Cash Equivalents	(67,194)	(47,236)
B. Other cash equivalents		
C. Securities held for trading		
D. Liquidity (A)+(B)+ (C)	(67,194)	(47,236)
E. Financial receivables		
F. Current financial payables	7,780	7,767
G. Current portion of medium/long-term bank payables	19,832	19,732
H. Other current financial payables	2,172	31
I. Payables and other current financial liabilities (F) + (G) + (H)	29,784	27,530
J. Net current financial debt (D) + (E) + (I)	(37,410)	(19,706)
K. Non-current portion of medium/long-term bank payables	240,531	241,207
L. Bonds issued	298,441	298,008
M. Other non-current financial payables	7,316	9,854
N. Payables and other non-current financial liabilities (K) + (L) + (M)	546,288	549,069
O. Net Financial Debt (J) + (N)	508,878	529,363

At the end of December 2017, the net debt of Euro 508,878 thousand decreased Euro 20,485 thousand on the end of 2016 (Euro 529,363 thousand).

The net debt was affected by a number of factors, including:

- a. the drawdown at the end of June 2017 of new medium/long-term loans of Euro 20 million from the EIB at variable interest rates and for duration of twenty years (grace period 4 years);
- b. the continuation of the repayment of part of the EIB loans (principal repaid in the year totalling Euro 19,689 thousand);
- c. greater liquidity of Euro 19,958 thousand deriving from the favourable cash flows from current operations which also made it possible to cover investment needs;
- d. lower IAS adjustments of Euro 2,984 thousand primarily due to: *i*) the improvement of the fair value of derivatives for Euro 2,493 thousand, *ii*) the amortised cost's positive impact

of Euro 478 thousand, connected to the EIB disbursement of June 2017 and *iii*) lower payables for leasing amounting to Euro 28 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.

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	Loans	Bond loans	Derivative liabilities	Lease payables	Other liabilities	Total
Balance at Dec. 31, 2016	268,838	298,009	9,721	31	0	576,599
Cash flows	289			(28)		261
Other changes:						
- Amortised cost	(910)	432				(478)
- Fair value change			(2,493)			(2,493)
- Accruals	14					14
- Payable to A2A for green certs. 2015 & 2016					2,169	2,169
Balance at Dec. 31, 2016	268,231	298,441	7,228	3	2,169	576,072

The table below shows the reconciliation between the finance lease payables and the future lease instalments at December 31, 2017.

(Euro thousands)	at December 31, 2017
Future lease instalments until contract maturity	3
Implied interest	(1)
Current value of lease instalments until contract maturity	2
Amounts for invoices not paid	1
Total leasing payables (current and non-current)	3

8.17 Other non-current payables

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

OTHER NON-CURRENT PAYABLES

(Euro thousands)	at December 31, 2017	at December 31, 2016
Employee payables	14,946	
Social security institutions	2,642	
Total	17,588	-

The item includes payables to employees and the corresponding obligation due to the INPS resulting from the signing of early retirement agreements in the context of the Personnel Restructuring Industrial Plan 2018-2023.

“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 workers who will qualify for pension benefits by August 2023 (early re-

tirement or old age pension). The agreement with Trade Unions covering this procedure was signed on January 15, 2018.

8.18 Trade payables

The breakdown of trade payables is follows.

TRADE PAYABLES

(Euro thousands)	at December 31, 2017	at December 31, 2016
Trade payables	141,353	151,042
Advances	7,625	7,023
Payables to associates	4,519	3,465
Total trade payables	153,497	161,530

Trade payables (which includes invoices to be received of Euro 109,445 thousand at December 31, 2017 and Euro 83,154 thousand at December 31, 2016) refers to the purchase of goods and services relating to operations and Group investments.

The payables for advances at December 31, 2017 amounting to Euro 7,625 thousand (Euro 7,023 thousand at December 31, 2016) 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 consolidated financial statements.

Payables to associated companies relate to services and other charges; reference should be made to Note 10.

8.19 Income tax payables

Payables for income taxes amounting to Euro 8,370 thousand at December 31, 2017 (Euro 6,841 thousand at December 31, 2016), mainly relate to employee and consultant’s withholding taxes for Euro 5,626 thousand (Euro 5,095 thousand at December 31, 2016), IRAP payables for Euro 1,306 thousand (Euro 1,034 thousand at December 31, 2016), IRES tax payables for Euro 697 thousand, VAT payables for Euro

709 thousand (Euro 686 thousand at December 31, 2016) and other taxes for Euro 32 thousand (Euro 26 thousand at December 31, 2016).

8.20 Other payables

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

OTHER PAYABLES

(Euro thousands)	at December 31, 2017	at December 31, 2016
Airport fire service	59,040	53,088
Payables for additional landing rights	46,131	46,011
Other payables	21,845	15,768
Employee payables for amounts matured	16,179	13,632
Payables to the state for concession fee	13,634	12,198
Payables to social security institutions	12,968	12,039
Employee payables for vacations not taken	2,625	2,881
Third party guarantee deposits	1,179	1,277
Payables to ministry CO ₂ quotas	301	81
Payables to others post-em. ben.	253	265
Payables to BoD & Boards of Statutory Auditors	207	197
Payables to the state for concession fee security service	83	85
Payables to shareholders for dividends	77	95
Payables to third parties for ticketing collections	70	414
Payables to A2A for Green Certificates	-	2,296
Total	174,592	160,327

In relation to the SEA Group's payables 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 further details, reference should be made to the Directors' Report in the section "Risk factors of the SEA Group".

"Payables for additional landing rights" represent the additional charges created by Laws No. 166/2008, No. 350/2003, No. 43/2005 and No. 296/2006.

The account "Other payables", amounting to Euro 21,845 thou-

sand at December 31, 2017 (Euro 15,768 thousand at December 31, 2016), 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 in 2016 and zero in 2017 related to the estimate of the value of the green certificates matured in 2015 at the Linate plant. As already described, in 2017 SEA Energia SpA did not accrue the envisaged incentives for 'district heating green certificates', as the recognition period came to a close in 2016.