Half-Year Consolidated Financial Report at 30 June 2017

AEROPORTO G. MARCONI DI BOLOGNA S.P.A.

Half-Year Consolidated Financial Report

Aeroporto Guglielmo Marconi di Bologna Group

at 30 June 2017

This document is a courtesy translation from Italian into English.

In case of any inconsistency between the two versions, the Italian original version shall prevail.

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Aeroporto Guglielmo Marconi di Bologna S.p.A.
Via Triumvirato, 84 - 40132 Bologna
REA Bologna 268716
Bologna Registry of Companies, Tax Code and VAT No 03145140376
Share Capital Euro 90,314,162.00 fully paid up

Composition of the Share Capital of the Parent Company Aeroporto Guglielmo Marconi di Bologna S.p.A.

Based on the shareholder register and communications received pursuant to Article 120 of Legislative Decree 58/98, the shareholders of the Parent Company Aeroporto Guglielmo Marconi di Bologna S.p.A. with investments above 5% as at 30 June 2017 are:

DECLARANT	% Owned
CHAMBER OF COMMERCE OF BOLOGNA	37.53%
AMBER CAPITAL UK LLP	16.30%
STRATEGIC CAPITAL ADVISORS LIMITED	11.53%
F2I FONDI ITALIANI PER LE INFRASTRUTTURE SGR S.p.A.	9.99%

For the purpose of presenting the composition of the share capital of the Parent Company, the following items are considered:

- the shares of the Declarant of the investment, i.e. the Entity at the top of the investment control chain;
- the shares arising from communications made by shareholders or those relating to significant investments pursuant to Article 152 of the CONSOB Issuers' Regulation.

We also note that between the Chamber of Commerce, Industry and Agriculture of Bologna; the Municipality of Bologna; the Metropolitan City of Bologna; the Region of Emilia-Romagna; the Chamber of Commerce, Industry and Agriculture of Modena; the Chamber of Commerce, Industry and Agriculture of Ferrara; the Chamber of Commerce, Industry and Agriculture of Reggio Emilia; and the Chamber of Commerce, Industry and Agriculture of Parma (collectively the “Public Shareholders”), a shareholders' agreement (the “Shareholders' Agreement”) was signed on 20 May 2015 to govern certain rights and obligations in relation to the ownership structure and corporate governance of Aeroporto Guglielmo Marconi di Bologna S.p.A. The said Shareholders' Agreement, published on 28 July 2015, requires a Voting Group and Block Voting Group to which - as at the date of publication of the Shareholders' Agreement - the shares corresponding to the following percentages of share capital were conferred:

PUBLIC SHAREHOLDERS	% Share Capital with Voting Group

CHAMBER OF COMMERCE OF BOLOGNA	37.53%
MUNICIPALITY OF BOLOGNA	3.88%
METROPOLITAN CITY OF BOLOGNA	2.31%
REGION OF EMILIA-ROMAGNA	2.04%
CHAMBER OF COMMERCE OF MODENA	0.30%
CHAMBER OF COMMERCE OF FERRARA	0.22%
CHAMBER OF COMMERCE OF REGGIO EMILIA	0.15%
CHAMBER OF COMMERCE OF PARMA	0.11%

PUBLIC SHAREHOLDERS	**% Share Capital with Block Voting Group**
CHAMBER OF COMMERCE OF BOLOGNA	37.53%
MUNICIPALITY OF BOLOGNA	3.85%
METROPOLITAN CITY OF BOLOGNA	2.30%
REGION OF EMILIA-ROMAGNA	2.02%
CHAMBER OF COMMERCE OF MODENA	0.08%
CHAMBER OF COMMERCE OF FERRARA	0.06%
CHAMBER OF COMMERCE OF REGGIO EMILIA	0.04%
CHAMBER OF COMMERCE OF PARMA	0.03%

Board of Directors

The composition of the Board of Directors, appointed by the Shareholders' Meeting of 27 April 2016 and in office until the date of approval of the financial statements as at 31 December 2018, is as follows:

Name	**Office**
Enrico Postacchini	Chairman
Nazareno Ventola	CEO (*) (**)
Giorgio Tabellini	Member
Sonia Bonfiglioli	Member (A) (B)
Giada Grandi	Member
Luca Mantecchini	Member (A)
Arturo Albano	Member (B)
Gabriele Del Torchio	Member (A) (***)
Laura Pascotto	Member (B)

(*) Chief Executive Officer appointed by the Board of Directors on 09 May 2016

(**) holds the position of General Manager.

Amongst his responsibilities is the position of Chief Internal Control System and Risk Management Officer.

(A) Member of the Remuneration Committee (Chairman Luca Mantecchini)

(B) Member of the Control and Risk Committee (Chairman Sonia Bonfiglioli)

(***) resigned on 04 September 2017.

Board of Statutory Auditors

The composition of the Board of Statutory Auditors, appointed by the Shareholders' Meeting of 27 April 2016 and in office until the date of approval of the financial statements as at 31 December 2018, is as follows:

Name	**Office**
Pietro Floriddia	Chairman
Anna Maria Fellegara	Auditor
Matteo Tiezzi	Auditor
Carla Gatti	Alternate auditor
Giovanna Conca	Alternate auditor

Audit Firm

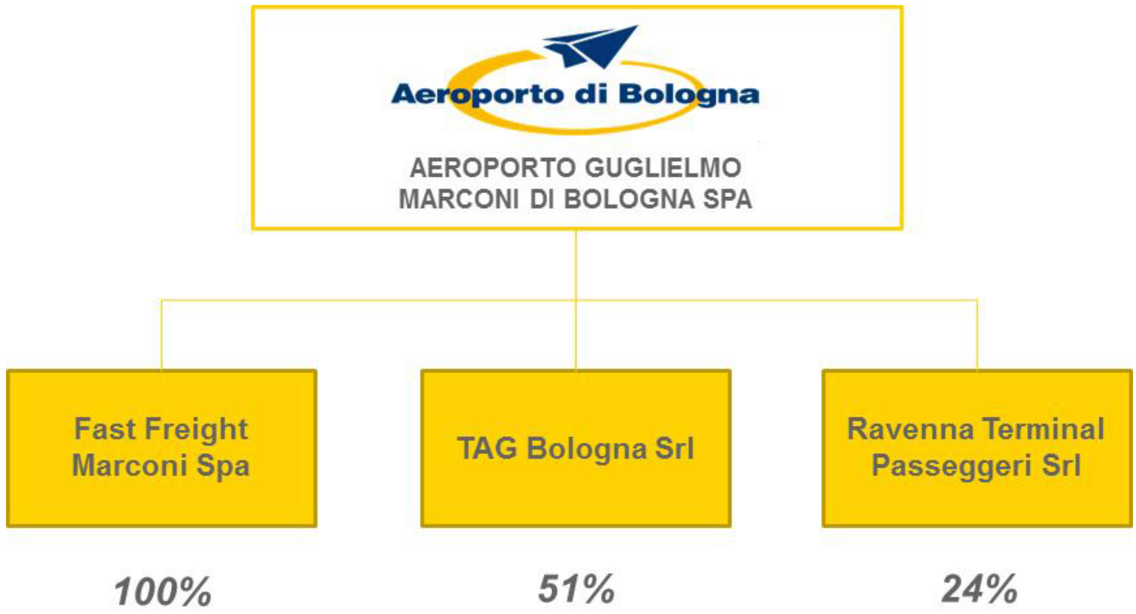
The Audit Firm appointed by the Shareholders' Meeting of 20 May 2015 for financial years 2015 to 2023 is E&Y S.p.A.

Directors' Report of the Aeroporto Guglielmo Marconi di Bologna S.p.A. Group as at 30 June 2017

INTRODUCTION

This report, submitted with the Consolidated Interim Report of the Aeroporto Guglielmo Marconi di Bologna S.p.A. Group (hereinafter also the "Airport Group" or the "Airport" or "AdB") for the half year ended 30 June 2017, in presenting the Group's performance, indirectly provides an analysis of the performance of the Parent Company, Aeroporto Guglielmo Marconi di Bologna S.p.A., full management operator of Bologna Airport according to Full Management Concession no. 98 of 12 July 2004 et seq., approved with the Ministry of Transport and Infrastructure and Ministry of Economy and Finance Decree dated 15 March 2006, for a 40-year period starting on 28 December 2004.

The following diagram shows the structure of the Group as at 30 June 2017 and a brief description of the type of activities carried out by its subsidiaries and associates:



- Tag Bologna S.r.l. (hereinafter also TAG) was founded in 2001 and commenced operations in 2008 following the completion and opening of the terminal and hangar for General Aviation. The company, besides managing this infrastructure at Bologna Airport, is engaged in the General Aviation sector as a handler;
- Fast Freight Marconi S.p.A. (hereinafter also "FFM") was set up in 2008 by the former subsidiary Marconi Handling S.r.l. (starting as of 01 April 2017, GH Bologna S.p.A.), with share capital of Euro 10 thousand, later increased to Euro 520 thousand through the contribution, by the then sole shareholder, of the Bologna Airport cargo and mail handling business unit. The entire investment in FFM was acquired by the Parent Company in 2009;
- Ravenna Passenger Terminal S.r.l. (hereinafter also RTP) was founded in 2009 together with several public and private partners in the cruise industry for carrying out activities related to the concession for managing the Porto Corsini (Ravenna) Maritime Station Service.

The values in the tables of this Directors' Report are expressed in thousands of Euros and, in the comments, the values are expressed in millions of Euros, unless otherwise indicated. Unless otherwise indicated, data comes from Company reports.

Description of the business

The activities performed by airport operators can be divided into aviation and non-aviation. The first category consists mainly of airport management, maintenance and development, including security controls and supervision, in addition to the provision of aeronautic services for passengers and airport operators and users, as well as marketing activities for the development of passenger and cargo traffic. The second consists mainly of potential commercial and real estate development activities for airports.

Consistent with the nature of the activities performed, the Group manages the Airport through the following Strategic Business Units (SBUs):

- *Aviation Strategic Business Unit;*
- *Non-Aviation Strategic Business Unit.*

Aviation SBU

The main activities performed within the Aviation SBU relate to managing and developing airport infrastructure, and in particular consist of:

- providing customers and operators with efficient access to all infrastructure, both land side (terminal, baggage handling, parking areas, access roads and cargo warehouses) and airside (runway and apron);
- providing security services and services to passengers with reduced mobility (PRM);
- providing information to the public and airport users;
- renovating or expanding airport infrastructure, including facilities and equipment, partly in order to ensure compliance with applicable legislation.

The airlines, airport operators and passengers pay for these activities through airport charges, which can be divided into:

- passenger boarding fees: these fees are due for the use of the infrastructure, facilities and communal areas necessary for boarding, disembarking and passenger reception and are calculated according to the number of departing passengers taking into account whether the destination is EU or non-EU and with reductions for children;
- landing and departure fees: these fees are due for all aircraft that take off and land, and are calculated based on the maximum authorised take-off weight of the aircraft and the aviation sector to which the flights belong (commercial or general aviation);
- aircraft stopover and recovery fees, calculated according to the maximum tonnage at take-off;
- fees for boarding and disembarking cargo calculated according to the weight of the cargo transported by the aircraft;
- refuelling fees, due as a fixed amount per cubic metre of fuel supplied to refuel the aircraft.

The main additional sources of revenue of the Aviation SBU are:

- fees for checks on departing passengers: these fees are due for the inspection service, including inspection personnel and equipment assigned by the provider;

- fees for security checks of checked luggage: such fees are due for the remuneration of the equipment and personnel that perform these controls;
- fees for PRM: which include fees paid for services provided to passengers with reduced mobility and are determined according to the number of departing passengers (PRM and non-PRM);
- fees due for the use of exclusive-use assets: which include fees due for the use of airport infrastructure dedicated to individual carriers or operators (check-in desks, offices, operating premises), calculated according to the time of use or square metres and/or location and type of assets granted;
- fees due for the use of certain centralised infrastructures: these fees relate exclusively to the thawing services of aircraft - *de-icing* - calculated based on the movements of aircraft in the movements of aircraft in the winter season;
- fees related to cargo handling and general aviation handling and related activities such as customs clearance and fuelling.

Non-Aviation SBU

The main activities performed in the Non-Aviation SBU concern the management of parking areas, retail sub-concessions, advertising, passenger services and real estate management.

Parking

The direct management of paid parking at Bologna Airport consists of approximately 5,400 available parking spaces, mainly concentrated in six large parking areas of which the first five are next to the terminal and the sixth located about 1.5 km from the terminal. The growing popularity of the Airport in recent years has persuaded private companies to enter the market near the Airport, creating competitor car parks connected to the terminal via shuttles.

Retail

Retail activities at Bologna Airport are characterised by the presence of brands that are internationally recognised and associated with the local area. The mall comprises approximately 4,500 square metres and 42 stores. The recent upgrading of the airport has increased the surface area dedicated to retail and consequently the choice available to customers. The greatest expansion was in duty-free areas, which represent one of the main sources of profitability for the SBU.

Advertising

Advertising consists of large backlit signs, both inside and outside the airport, located in areas where they are likely to be seen by as many people as possible. Sometimes, campaigns involve specific areas or items of furniture at the Airport being customised.

Passenger services

Passenger services include a business lounge, managed directly by the Parent Company. The Marconi Business Lounge (MBL) is a comfortable reserved room, used mostly by business passengers of the major European airlines. In addition, through the “You First” service, “top flyer”passengers can benefit from exclusive services on both departure and arrival, such as assistance with check-in and baggage collection, porterage and assistance and priority boarding at the gate.
Passengers are also offered a car rental service. At Bologna Airport, there are 10 companies offering a total of 16 makes, ensuring that 478 vehicles are available in total.

Real Estate

Real estate is characterised by two macro-areas: the first relates to revenue from the sub-licensing of spaces for commercial activities closely linked to aeronautical operations, first and foremost those of couriers, and the second relates to the sub-licensing revenues of areas and premises for handling, the rates of which are regulated.

Overall, there are more than 90,000 square metres available for sub-licensing, of which over 70,000 square metres are for offices, warehouses, technical services and hangars, and approximately 20,000 square metres are uncovered areas dedicated to storing operational vehicles and handling in the loading/unloading areas, and areas for the vehicles used for aircraft refuelling.

1 STRATEGIES AND RESULTS

1.1 INDUSTRY TRENDS AND AIR TRANSPORT: SUMMARY HIGHLIGHTS AND POSITIONING OF THE G. MARCONI AIRPORT

The economy has strengthened in recent months, with a continuing recovery in advanced economies and emerging countries. The most recent data confirm that trading activities are gaining strength, especially since the end of 2016, due to the recovery in manufacturing and investments. On the whole, the medium-term global growth outlook is positive, but there continue to be risks associated with uncertainties over economic policies and ongoing geopolitical tensions.

According to the latest OECD projections, global GDP should grow by about 3.5% per year from 2017-2018, which is an improvement over last year, due to the end of the recession in Russia and Brazil, and stronger investments and employment in advanced economies.

In the Eurozone, favourable signs of growth in economic activity intensified, supported primarily by investments, and there are no signs of a return of inflation. During the first quarter, GDP in the Eurozone rose by 0.6% over the previous period. According to projections made by European central banks in 2017, GDP should rise by 1.9%. Inflation, which was at a level of 2.0% last February, averaged 1.5% in the second quarter.

In the first quarter of 2017, GDP in Italy rose by 0.4% over the previous period; equivalent GDP growth is also expected in the second quarter of the year, bolstered mainly by higher household spending, and on the supply side, by the strengthening of the service sector. Stronger household spending, especially on services and durable goods, more than offset the decrease in fixed investments that was concentrated in components other than construction. On the whole, GDP in Italy should rise by 1.4% in 2017, 1.3% in 2018 and 1.2% in 2019. (Source: Bollettino Economico, Banca d’Italia, July 2017).

In this economic environment, **global** passenger traffic rose by 7.9% in the first half of 2017 continuing a positive trend for air transport. Cargo traffic also posted excellent performance with a 10.4% increase in volume in the first half of 2017.

In **Europe** passenger traffic rose by 8.8% in the first half of 2017, which was in line with global traffic performance. Cargo traffic also posted good performance with a 13.6% increase in volume in the first half of 2017, bolstered by the weak euro that favoured exports (Air Passenger Market Analysis and Air Freight Market Analysis, June 2017).

During the same period, the **Italian** market recorded passenger traffic growth of 6.7% (Source: Assaeroporti, June 2017). During the first half of 2017, Bologna Airport grew by 6.6%.

1.2 STRATEGIC OBJECTIVES

In 2017, the Group continues to take steps to achieve the objectives of the Strategic Plan that underpins the stock market listing. The Plan calls for various measures which, in view of the major market transformation under way and the specific characteristics of individual business areas, have the following objectives:

Incremental expansion of the network of destinations and traffic volumes
Maintaining the current offer of flights and type of airlines operating at the Airport, with a roughly even split between the low-cost and legacy airline segments.
In this perspective, the Company aims to maintain varied and functional flight offerings to different user segments through an increase in the number of carriers operating at the Airport, while continuing to maintain a profit margin even in the incremental traffic that might be generated. As part of the development of traffic, the Group will work to increase routes through, inter alia, the introduction of new routes to the East, an increase in the frequency of flights to destinations already served, and an increase in the tonnage of aircraft operating at the Airport, following the possible introduction of long-haul destinations and the achievement of load factor levels that could require the use of larger aircraft by the carriers.

Infrastructure development
Functional to the development of the Group's business is the realisation of the planned investments in the Master Plan and the Programme Contract being finalised, with a strategy that provides efficient use of the existing infrastructure capacity and a modular implementation of new investments in order to align infrastructure capacity with the development of expected traffic. Furthermore, the Company intends to create new retail spaces to enhance the marketing offer available to the passenger.

Non-Aviation Business Development
Strengthening the Non-Aviation business by enhancing commercial offerings and developing marketing activities designed to meet the multiple needs expressed by passengers.

Focus on efficiency, quality and innovation
In 2014, as part of its development strategies, the Group began to optimise its key operating processes to create an appropriate structure for addressing the increasingly challenging competitive dynamics of the business. In this context, the Group has geared itself towards the search for greater functionality and efficiency while also evaluating the potential internalisation of services and cost savings.
The Group is also careful to ensure continuous improvement of services provided to airport users in the business areas in which the Group operates, directly and indirectly, while ensuring an even higher standard of safety, quality and environmental friendliness.
With the aim of improving service quality and customer loyalty, the Group feels it is important to implement technological systems that encourage interaction with passengers and provide the best travel experience inside the Airport.

1.3 STOCK PERFORMANCE

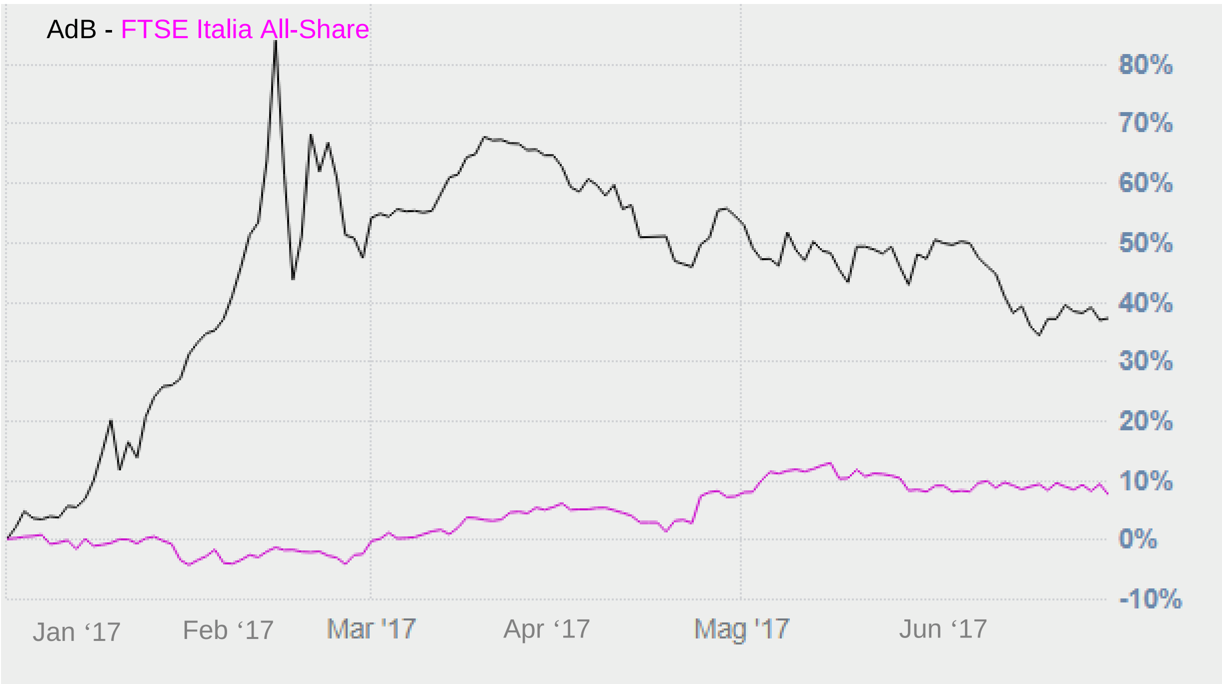
On 14 July 2015, the AdB stock began trading on the MTA Star segment of the Milan Stock Exchange.
The report below indicates:

- the stock’s performance from 1 January 2017 to 30 June 2017;
- the comparison between the share price and changes in the FTSE Italia All-Share index.

At 30 June 2017, the official price was Euro 13.91 per share, bringing the market capitalisation of the AdB Group on that date to approximately Euro 502 million.

Performance of AdB shares (01/01/2017 - 30/06/2017)

Performance of AdB shares and FTSE Italia All-Share index (01/01/2017 - 30/06/2017)



2. ANALYSIS OF THE MAIN OPERATING RESULTS

2.1 AVIATION STRATEGIC BUSINESS UNIT

2.1.1 AVIATION STRATEGIC BUSINESS UNIT: TRAFFIC DATA

In the first half of 2017, there was significant growth in traffic at Bologna Airport. Specifically, in the first six months of the year, there were 3,827,978 **passengers**, including transits and general aviation, an increase of 6.6% compared with the same period in 2016. At the same time, there was an increase in **movements** (34,507, +3.6%) and **tonnage** (2,171,841, +2.2%). Contributing to this positive performance were the introduction of new destinations and expansion of existing routes. There was also significant growth in average load factor, which rose from 77.2% in the first half of 2016 to 80.1% in the first half of 2017 due to an increase in passengers that was higher than the increase in seats offered.

In the first half of 2017 **cargo traffic** overall was 28,088,373 kg representing an increase of 18.2% on 2016. This increase was due to growth in all traffic components. In fact, there was a strong recovery in the surface component as well as continued growth in cargo traffic by air due to a fortuitous combination of factors involving the increase of volume of carriers with a strong presence at the airport, and additional new carriers.

	January – June 2017	January – June 2016	% Change
Passengers	3,827,978	3,590,527	6.6%
Movements	34,507	33,298	3.6%
Tonnage	2,171,841	2,124,485	2.2%
Freight	28,088,373	23,757,774	18.2%

Data including General Aviation and transits

The growth in passenger traffic was due to the increase in both major components, i.e., legacy and low-cost traffic.

Legacy traffic rose by 10.3% in passenger volume in the first half of 2017, especially due to the introduction of new flights and increased flights to certain hubs by major international airlines. Specifically, several increases in flights on existing routes were introduced including the fourth daily Alitalia flight to Rome, the second weekly TAP flight to Lisbon in the summer season, the second weekly Jetairly flight to Marrakesh, and confirmation of the fifth weekly Air Dolomiti flight to Munich. There was also a new flight to Tirana with three weekly flights starting as of 07 June 2017 operated by Ernst Airlines, and a new seasonal connection to Kiev with 2 weekly flights starting on 02 June 2017 operated by Dart Airlines.

Ongoing investments by major **low-cost** carriers continued at the airport due to the expansion of operations by Ryanair (introduction of new flights to Lisbon and Eindhoven, both with 3 weekly flights) and Wizzair (new flight to Suceava with 2 weekly fights, and the introduction of the third flight to Chisinau and Timisoara). In the first half of 2017, this component rose by 4.1%.

There was also growth in charter segment traffic due to the resumption of flights to Egypt.

Passenger Traffic Composition	January – June 2017	% of total	January - June 2016	% of total	% Change
Legacy	1,585,840	*41.4%*	1,437,604	*40.0%*	10.3%
Low cost	2,211,595	*57.8%*	2,125,432	*59.2%*	4.1%
Charter	23,507	*0.6%*	17,932	*0.5%*	31.1%
Transits	2,952	*0.1%*	5,808	*0.2%*	-49.2%
Commercial Aviation Total	**3,823,894**	***99.9%***	**3,586,776**	***99.9%***	**6.6%**
General Aviation	4,084	*0.1%*	3,751	*0.1%*	8.9%
Overall Total	**3,827,978**	***100.0%***	**3,590,527**	***100.0%***	**6.6%**

The international status of Bologna Airport continues to rise and, in the first half of 2017, passengers on international flights represented 75.9% of total (74.7% in the first half of 2016). There was also significant growth in the EU and non-EU components of traffic.

Passenger Traffic Composition - Commercial Aviation	January - June 2017	January - June 2016	% Change
EU	3,326,492	3,132,571	6.2%
Non-EU	497,402	454,205	9.5%
Commercial Aviation Total	**3,823,894**	**3,586,776**	**6.6%**

About a quarter of passenger traffic from the Airport is domestic, while Spain, with 14.6%, remains the second largest country by number of passengers carried. Germany follows with 10.5% of the passengers, the UK with 8.7% and France with 5.9%.

Passenger traffic by country	January - June 2017	% of total	January - June 2016	% of total	% Change
Italy	921,215	24.1%	909,024	25.3%	1.3%
Spain	559,617	14.6%	532,123	14.8%	5.2%
Germany	402,918	10.5%	370,696	10.3%	8.7%
United Kingdom	334,173	8.7%	307,576	8.6%	8.6%
France	224,038	5.9%	256,020	7.1%	-12.5%
Romania	216,325	5.7%	182,968	5.1%	18.2%
Netherlands	136,195	3.6%	110,227	3.1%	23.6%
Turkey	124,069	3.2%	121,144	3.4%	2.4%
Poland	94,616	2.5%	89,880	2.5%	5.3%
Belgium	87,789	2.3%	81,367	2.3%	7.9%
Other countries	727,023	19%	629,502	17.5%	15.5%
Overall Total	**3,827,978**	**100%**	**3,590,527**	**100%**	**6.6%**

With regard to routes operated, Catania and Frankfurt are the destinations with the highest traffic volume reported in the first half of 2017.
The main destinations served confirm the strength of the traffic mix, as they are both hubs of traditional airlines and point-to-point destinations of low-cost carriers.

Main routes for passenger traffic	January-June 2017	January-June 2016	% Change 2017/2016
Catania	175,210	143,372	22.2%
Frankfurt	150,222	136,485	10.1%
Madrid	143,609	143,341	0.2%
Barcelona	142,930	131,729	8.5%
Paris CDG	140,417	143,856	-2.4%
Palermo	135,330	134,222	0.8%
London Heathrow	126,936	114,188	11.2%
London Stansted	116,606	114,038	2.3%
Rome FCO	115,133	127,859	-10.0%
Bucharest OTP	106,666	96,626	10.4%

Legacy + low-cost passenger traffic, excluding charter, transits and general aviation

In the first half of 2017, Ryanair accounted for 46.3% of total passenger traffic. The Wizzair group continued to come in second place, with Alitalia in third, with good performance also reported for Lufthansa, British Airways and Air Dolomiti.

Passenger traffic by carrier	January-June 2017	% of total	January-June 2016	% of total	% Change
Ryanair	1,773,640	46.3%	1,702,419	47.4%	4.2%
Wizz air	215,258	5.6%	168,530	4.7%	27.7%
Alitalia	162,765	4.3%	164,674	4.6%	-1.2%
Lufthansa	150,264	3.9%	136,607	3.8%	10.0%
Air France	140,287	3.7%	133,460	3.7%	5.1%
British Airways	127,349	3.3%	114,519	3.2%	11.2%
Air Dolomiti	101,812	2.7%	85,795	2.4%	18.7%
KLM	96,594	2.5%	95,888	2.7%	0.7%
Emirates	85,428	2.2%	89,270	2.5%	-4.3%
Turkish	81,419	2.1%	83,346	2.3%	-2.3%
Others	893,162	23.3%	816,019	22.7%	9.5%
Overall Total	**3,827,978**	**100%**	**3,590,527**	**100%**	**6.6%**

Cargo Traffic

(in kg)	January-June 2017	January-June 2016	% Change
Cargo via air of which	20,886,958	18,979,182	10.1%
Freight	20,824,086	18,978,090	9.7%
Mail	62,872	1,092	5657.5%
Cargo via surface	7,201,415	4,778,592	50.7%
Total	**28,088,373**	**23,757,774**	**18.2%**

In the first half of 2017, cargo traffic totalled 28,088,373 kg, representing growth of 18.2% compared with the same period in 2016.
This increase was due to both the continued growth of the air traffic component, representing an increase of 10.1%, and the surface traffic component, which reflected a sharp recovery in volume in the first half of 2017 (+50.7%) as compared with 2016, which was essentially unchanged.

2.1.2 AVIATION STRATEGIC BUSINESS UNIT: SUMMARY OF ECONOMIC RESULTS

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Abs. change	Change %
Revenues from Passengers	23,626	22,328	1,298	5.8%
Revenues from Carriers	10,845	10,210	635	6.2%
Revenues from Airport Operators	1,530	1,376	154	11.2%
Traffic incentives	(11,425)	(13,203)	1,778	-13.5%
Revenues from construction services	1,576	3,455	(1,879)	-54.4%
Other revenues	700	622	78	12.5%
Fee reduction due to doubtful receivables	(125)	0	(125)	n.s.
Total AVIATION SBU Revenues	**26,727**	**24,788**	**1,939**	**7.8%**

Group revenues attributable to the Aviation Strategic Business Unit include the fees paid by users (passengers and carriers) and by airport operators for the use of infrastructure and services provided exclusively by the Group for landing, take-off, lighting and aircraft parking, and the processing of passengers and cargo, as well as for the use of centralised infrastructure and assets for exclusive use.
Given the public utility nature of airport services, airport charges are subject to regulation, based on EU rules. The previous regulations required that such charges were established for each airport by planning agreements concluded between individual airport operators and the Italian Civil Aviation Authority (ENAC). The new legislation and the enforcement measures – including the models approved by the Transport Regulation Authority (ART) – require, however, that changes to the system or the level of airport charges must be made in agreement between the airport operator and the airport users.
The increase in the first half of 2017 compared with the same period of 2016 was due to the combined effect of several factors including the increase in traffic, and the decrease in incentives and revenues from construction services.

On the whole, Group revenues attributable to the Aviation Strategic Business Unit rose by 7.8%. Individual items performed as follows:
- Passenger revenues (+5.8%): passenger revenues rose at a slower pace than passenger traffic (6.6%) due to the new tariffs starting as of 01 January 2017, and the adjustment of data for 2016, which resulted in a slight decrease in tariffs for this revenue category;
- Carrier revenues (+6.2%): this revenue category posted higher growth than total tonnage, which is its main driver (+2.2%), due to the increase in tariffs and cargo traffic;
- Airport operator revenues: the 11.2% growth was due to an increase in fuelling service revenues of the subsidiary TAG;
- Incentives: despite the increase in traffic, the 13.5% decrease in this item compared with 2016 was due to the renegotiation of several agreements;

- Revenues from construction services: the decrease (-54.4%) resulted from fewer projects than the same period of last year;
- Other revenues: growth (+12.5%) was due to higher ancillary services provided by the subsidiary FFM.

2.2 NON-AVIATION STRATEGIC BUSINESS UNIT

2.2.1 NON-AVIATION STRATEGIC BUSINESS UNIT: SUMMARY OF ECONOMIC RESULTS

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Abs. change	Change %
Retail and Advertising	6,255	5,681	574	10.1%
Parking	7,092	6,697	395	5.9%
Real Estate	1,123	1,200	(77)	-6.4%
Passenger services	2,459	2,185	274	12.5%
Other revenues	985	1,039	(54)	-5.2%
Revenues from construction services	572	381	191	50.1%
Total NON-AVIATION SBU Revenues	**18,486**	**17,183**	**1,303**	**7.6%**

Total revenues from the Non-Aviation Strategic Business Unit rose by 7.6% during the period, with major revenue items increasing.
The performance of individual areas of this business unit is shown below.

Retail and Advertising

This revenue category rose by 10.1% compared with 2016 due to the increase in traffic, the positive impact of several new agreements with higher guaranteed minimums than in 2016 and significant improvements in product offerings. All Retail segments (Duty Free, Food and Beverage and Other) grew considerably over the previous year.
However, advertising was again affected by the market weakness that is reflected in this business's performance, including at Bologna Airport.

Parking

Parking revenues rose by 5.9%.
The increase was due to the rise in passengers, and the interception of most of this growth with the resulting increase in cars parking in car parks managed by the Parent Company, including a new additional car park in an area adjacent to the airport grounds.

Real Estate

The 6.4% decrease in revenues in this area compared with 2016 was mainly due to the early termination of an agreement concerning ground rent to perform ancillary airport operations; it was replaced by lease agreements on the building acquired only in the second half of May.

Passenger services

Passenger services, which rose by 12.5% in the first half of 2017 compared with 2016, mainly consisted of premium services (lounge and ancillary services) and car rentals, the performance of which is indicated below.

Premium services

The main elements that continued to report good performance included all business components in the area, i.e. entries into lounges managed directly and through specialised channels for airport lounges.

Rent a car sub-licensing

First half results were more positive than in 2016 due to the combined effect of the increase in traffic, the favourable ISTAT index, the additional availability of several parking places for car renters and the delivery of new areas for preparing cars on site.

Other revenues

The item "Other revenues" was largely unchanged from the comparison period.

3 ANALYSIS OF THE OPERATING RESULTS, FINANCIAL POSITION AND CASH FLOWS

3.1 ANALYSIS OF THE CONSOLIDATED FINANCIAL RESULTS

in thousands of Euro	for the half-year ended 30.06.2017	for the half-year ended 30.06.2016	Abs. change	% Change
Revenues from aeronautical services	24,612	20,857	3,755	18.0%
Revenues from non-aeronautical services	18,150	16,957	1,193	7.0%
Revenues from construction services	2,148	3,836	(1,688)	-44.0%
Other operating revenues and income	303	321	(18)	-5.6%
Revenues	**45,213**	**41,971**	**3,242**	**7.7%**
Consumables and goods	(938)	(698)	(240)	34.4%
Services costs	(8,688)	(8,993)	305	-3.4%
Costs for construction services	(2,046)	(3,653)	1,607	-44.0%
Leases, rentals and other costs	(3,528)	(3,438)	(90)	2.6%
Other operating expenses	(1,793)	(1,432)	(361)	25.2%
Personnel costs	(13,522)	(12,849)	(673)	5.2%
Costs	**(30,515)**	**(31,063)**	**548**	**-1.8%**
Gross operating profit (EBITDA)	**14,698**	**10,908**	**3,790**	**34.7%**
Amortisation of concession rights	(2,750)	(2,616)	(134)	5.1%
Amortisation of other intangible assets	(330)	(249)	(81)	32.5%
Depreciation of tangible assets	(983)	(809)	(174)	21.5%
Depreciation and amortisation	**(4,063)**	**(3,674)**	**(389)**	**10.6%**
Provisions for doubtful accounts	36	(38)	74	n.s.
Provisions for renewal of airport infrastructure	(672)	(1,405)	733	-52.2%
Provisions for other risks and charges	(208)	107	(315)	n.s.
Provisions for risks and charges	**(844)**	**(1,336)**	**492**	**-36.8%**
Total costs	**(35,422)**	**(36,073)**	**651**	**-1.8%**
Operating result	**9,791**	**5,898**	**3,893**	**66.0%**
Financial income	393	156	237	151.9%
Financial expenses	(439)	(747)	308	-41.2%
Result before taxes	**9,745**	**5,307**	**4,438**	**83.6%**

in thousands of Euro	for the half-year ended 30.06.2017	for the half-year ended 30.06.2016	Abs. change	% Change
Taxes for the period	**(2,730)**	**(1,560)**	**(1,170)**	**75.0%**
Profit (loss) for the period	**7,015**	**3,747**	**3,268**	**87.2%**
Minority interests in profit (loss)	**96**	**35**	**61**	**174.3%**
Group profit (loss)	**6,919**	**3,712**	**3,207**	**86.4%**

The first half of 2017 ended with consolidated profit of **Euro 7 million,** compared with **Euro 3.7** million in the first half of 2016 (+87.2%).

This result was driven by an increase in traffic and the positive impact this had with a multiplier effect on all key result-related items.
In particular, together with the tariff increase, the traffic growth and mix had a positive impact on aviation revenues, generated incremental revenues in the non-aviation component and, as a result of careful cost containment measures, did not lead to a proportional increase in costs.

Core revenues rose by 7.7% overall compared with 2016 and, specifically:
- **revenues from aeronautical services** rose by 18% mainly due to the increase in traffic and decrease in incentives following the renegotiation of agreements with airlines;
- **revenues from non-aeronautical services** were up by 7% due to the good performance of several components of this category as explained in the relevant section;
- the decrease in **revenues from construction services** was due to lower investments on concession rights.

Costs for the period were down by a total of 1.8% on the same period of 2016.
These can be broken down as follows:

- ✓ **consumables and goods** rose (+34.4%) due primarily to higher purchases of aviation fuel, which had a positive impact on revenues as indicated in the appropriate section; in addition, the winter equipment used by personnel in charge of monitoring air side areas was supplemented, and lastly, there was an increase in consumables due to higher volumes of goods handled;
- ✓ **services costs** were down by 3.4% due to:
    - the impact due to the reversal of one-off energy costs related to AdB cogeneration plants and recorded in the 2016 financial statements; see comments in the section on adjusted results;
    - lower costs for maintenance work; during the period being compared, specific work related to the reconfiguration of spaces and structures servicing passengers was carried out.

  Within this item, there were several components which rose, such as:
    - energy costs, due to the less-than-optimal operation of alternative supply sources requiring greater use of traditional sources;
    - PRM service costs, due to the higher number of departing passengers;
- ✓ **costs for construction services** dropped by 44.0% due to less work performed as reflected in the decrease in the corresponding revenue item;
- ✓ the 2.6% increase in **leases, rentals and other costs** compared with 2016 was mostly due to the increase in traffic on which airport concession and security service fees are calculated;
- ✓ **other operating expenses** rose by 25.2% over 2016 mainly due to ancillary costs for exercising the purchase option for a property as indicated in the section dedicated to investments.

For comments on the personnel costs trends, please see the specific section of this report.

On the whole, for the first half of 2017 there was **gross operating profit** (EBITDA) of **Euro 14.7 million**, an increase of about Euro 3.8 million (+34.7%) over the same period of 2016.

Moving on to **structural costs**, there was an increase in amortisation and depreciation (10.6%) from Euro 3.7 to **Euro 4.1 million**, which is consistent with the depreciation/amortisation schedule and new Group's investments, while provisions totalled **Euro 0.8 million**, which was a 36.8% decrease from June 2016. This decrease was mainly due to the reduction in the allocation to the provisions for the renewal of airport infrastructure due to a new scheduling of air-side works.

On the whole, total costs were down by 1.8% as compared to a 7.7% increase in revenues, resulting in an increase in **operating profit (EBIT)** of 66% from Euro 5.9 million in the first six months of 2016 to **Euro 9.8 million** as at 30 June 2017.

Net financial income (expenses) was essentially a zero balance compared with a net financial expense of Euro 0.59 million in the first half of 2016 due to two factors:

- the decrease in bank interest expense as a result of:
    - the reduction in debt following the completion, on 30 September 2016, of the amortisation schedule of the Intesa loan obtained in 2007;
    - the early repayment, on 20 April 2016, of the payable resulting from the Seaf guarantee;
    - the revision, signed on 6 April 2017, of the pricing for the Intesa San Paolo loan maturing in 2024, which calls for the application of a rate of 3.693% until 10 April 2017, 3.3% from 11 April to 10 June 2017, and 3% until maturity;
- income from discounting provisions compared with expenses recognised in the comparison period.

As a result of the above, **the result before taxes** for the first half of 2017 totalled **Euro 9.7 million** compared with Euro 5.3 million in the first half of 2016 representing an increase of 83.6%**.**

Income taxes rose due to the increase in the result before taxes (up by Euro 4.4 million) following amendments introduced in the calculation of the ACE (economic growth incentive, Decree Law 201/2011) tax benefit, and specifically in the determination of the calculation base and the reduction in the rate of return.

The **net result** for the period totalled **Euro 7 million** compared with Euro 3.7 million (+87.2%): The Group's quote was **Euro 6.9 million** compared with Euro 3.7 million in the first half of 2016 (+86.4%).

In the first six months of 2017, progress made on investments related to concession rights was lower than in the same period in 2016 and, as a result, there was a relative impact on economic performance for the period, as can be seen in the following table showing the revenues, costs and gross operating profit adjusted respectively for the revenues, costs and margin for construction services.

The trend in **adjusted gross operating profit** of the margin of construction services and non-recurring components is indicated in the table below:

in thousands of Euros	for the half-year ended 30.06.2017	for the half-year ended 30.06.2016	Abs. change	% Change
Revenues from aeronautical services	24,612	20,857	3,755	18.0%
Revenues from non-aeronautical services	18,150	16,957	1,193	7.0%
Other operating revenues and income	303	321	(18)	-5.6%
ADJUSTED REVENUES	**43,065**	**38,136**	**4,929**	**12.9%**
Consumables and goods	(938)	(698)	(240)	34.4%
Services costs	(9,315)	(8,993)	(322)	3.6%
Leases, rentals and other costs	(3,528)	(3,438)	(90)	2.6%
Other operating expenses	(1,793)	(1,432)	(361)	25.2%
Personnel costs	(13,522)	(12,849)	(673)	5.2%
ADJUSTED COSTS	**(29,096)**	**(27,411)**	**(1,685)**	**6.1%**
ADJUSTED GROSS OPERATING PROFIT (ADJUSTED EBITDA)	**13,969**	**10,725**	**3,244**	**30.2%**
Revenues from construction services	2,148	3,836	(1,688)	-44.0%
Costs for construction services	(2,046)	(3,653)	1,607	-44.0%
Margin for construction services	**102**	**183**	**(81)**	**-44.3%**
Utilities - One-off energy costs	627	0	627	100.0%
GROSS OPERATING PROFIT (EBITDA)	**14,698**	**10,908**	**3,790**	**34.7%**

As shown in the table, excluding construction services revenues and costs and one-off energy costs and despite revenue growth of 12.9%, cost growth was limited to 6.1% resulting in **adjusted gross operating profit** of **Euro 14 million**, which was 30.2% higher than in the first half of 2016.

The item "Utilities - One-off Energy Costs " was for the reversal of the payable for system expenses related to AdB cogeneration plants recorded as at 31 December 2016 in accordance with regulations in effect at that time. With regard to these system expenses, during the half year under review, the Group used specialised consulting services to obtain clarifications regarding the provisions of Decree Law 19/2017 and Resolution 276/2017/R/ee of the Authority for Electricity and Gas and Water System which provided final confirmation regarding the implementation of the new procedures for the administration of utility systems and the new procedures for allocating system expenses just for taking electricity from grids with mandatory third-party connections (for the systems allowed). Based on the above, the Group determined that such system expenses were no longer due and in keeping with what was carried out in 2016, this income was considered to be a "one-off" amount and, thus, the determination of KPIs as at 30 June 2017 was adjusted for this positive impact.

3.2 ANALYSIS OF CASH FLOWS

Details of the Group's net financial position as at 30 June 2017 are provided below, compared with 31 December 2016 and 30 June 2016:

	in thousands of Euros	as at 30.06.2017	as at 31.12.2016	as at 30.06.2016	Change 30.06.2017 - 31.12.2016	Change 30.06.2017 - 30.06.2016
A	Cash	24	25	24	(1)	0
B	Other cash equivalents	11,327	20,085	17,407	(8,758)	(6,080)
C	Securities held for trading	0	0	2,879	0	(2,879)
D	**Liquidity (A) +(B) + (C)**	**11,351**	**20,110**	**20,310**	**(8,759)**	**(8,959)**
E	**Current financial receivables**	**14,687**	**22,085**	**12,048**	**(7,398)**	**2,639**
F	Current bank debt	(45)	(70)	(103)	25	58
G	Current portion of non-current debt	(5,804)	(5,800)	(7,450)	(4)	1.646
H	Other current financial debt	(4,256)	(2,970)	(4,503)	(1,286)	247
I	**Current financial debt (F) + (G) + (H)**	**(10,105)**	**(8,840)**	**(12,056)**	**(1,265)**	**1,951**
J	**Net current financial position (I) – (E) – (D)**	**15,933**	**33,355**	**20,302**	**(17,422)**	**(4,369)**

	in thousands of Euros	as at 30.06.2017	as at 31.12.2016	as at 30.06.2016	Change 30.06.2017 - 31.12.2016	Change 30.06.2017 - 30.06.2016
K	Non-current bank debt	(22,005)	(24,896)	(27,792)	2,891	5,787
L	Bonds issued	0	0	0	0	0
M	Other non-current liabilities	0	0	0	0	0
N	**Non-current financial debt (K) +(L) + (M)**	**(22,005)**	**(24,896)**	**(27,792)**	**2,891**	**5,787**
O	**Net financial debt (J) + (N)**	**(6,072)**	**8,459**	**(7,490)**	**(14,531)**	**1,418**

The Group's **net financial position** went from a net debt position of Euro 7.5 million as at 30 June 2016 to a positive figure of Euro 8.5 million as at 31 December 2016 and, again, to a net debt position of **Euro 6.1 million as** at 30 June 2017.

Looking in detail at the individual components, the lower **liquidity** than at 31 December 2016 (**Euro 11.35 million** compared with Euro 20.11 million) was mainly due to the distribution of dividends of Euro 10 million related to 2016 profits, whilst the decrease in **current financial receivables** was mainly due to the cashing of time deposits expiring during the half year.

The lower **current and non-current financial debt** (**Euro 32.11 million** compared with Euro 33.74 million as at 31 December 2016) was due to the following changes:

- on the one hand, the reduction of the payable for the municipal surcharge collected and to be transferred to creditors (down by Euro 1.7 million compared with 31 December 2016) and repayment of loan instalments falling due during the half year (Euro 2.9 million);
- on the other hand, an increase in debt of Euro 3 million for the commitment to pay the third tranche of the equity financial instrument for the People Mover corresponding to the completion of 51% of the overall work.

A summarised version of the consolidated cash flow statement below shows the cash flows generated/absorbed by operating, investment and financing activities for the periods under review:

in thousands of Euros	as at 30.06.2017	as at 30.06.2016	Change
Cash flow generated / (absorbed) by net operating activities	**5,959**	**10,824**	**(4,865)**
Cash flow generated/(absorbed) by investment activities	**(1,801)**	**(30,369)**	**28,568**
Cash flow generated/(absorbed) by financing activities	**(12,917)**	**(13,708)**	**791**
Final cash change	**(8,759)**	**(33,253)**	**24,494**
Cash and cash equivalents at beginning of period	**20,110**	**50,684**	**(30,574)**
Final cash change	**(8,759)**	**(33,253)**	**24,494**
Cash and cash equivalents at end of period	**11,351**	**17,431**	**(6,080)**

Cash flow generated by operating activities totalled **Euro 5.96 million**, which was down from the same period of 2016, due to the absorption of resources by net working capital in the amount of Euro 8.8 million.

In fact, before changes in working capital, cash flow from operating activities generated financial resources totalling Euro 14.78 million compared with Euro 10.78 million in the first half of 2016; working capital absorbed more resources primarily due to the payment of taxes, trade payables, operating payables and the municipal surcharge on boarding fees.

Cash flow from operating activities was slightly less than the needs to cover requirements generated by **infrastructure investments,** totalling **Euro 6.2 million**.

Net of infrastructure investments, cash flow **from investment activities** was a positive figure of **Euro 4.37 million** due to:

- the collection of Euro 9.37 million due to the redemption of time deposits (Euro 7 million) and savings bonds (Euro 2 million) and to the sale of the equity investment in Marconi Handling (Euro 0.37 million);
- the purchase of time deposits totalling Euro 5 million with a term greater than 12 months.

Lastly, **cash flow generated by financing activities** was a negative figure of **Euro 12.92 million** due to the payment of dividends of Euro 10 million on profits for 2016, and the repayment of maturing loan instalments during the half year (Euro 2.91 million).

As a result, the **final overall cash change** for the period was **Euro - 8.76 million**.

3.3 ANALYSIS OF THE CAPITAL STRUCTURE

Below is the Group's capital structure classified based on "sources" and "uses":

USES	as at 30.06.2017	as at 31.12.2016	as at 30.06.2016	% Change 30.06.2017 31.12.2016	% Change 30.06.2017 30.06.2016
- Trade receivables	13,374	13,454	14,107	-0.6%	-5.2%
- Tax receivables	217	134	263	61.9%	-17.3%
- Other receivables	5,578	3,265	8,879	70.8%	-37.2%
- Inventories	531	519	458	2.3%	15.9%
Subtotal	**19,700**	**17,372**	**23,707**	**13.4%**	**-16.9%**
- Trade payables	(12,806)	(15,669)	(13,529)	-18.3%	-5.3%
- Tax payables	(1,753)	(2,420)	(1,448)	-27.6%	21.0%
- Other payables	(22,620)	(20,382)	(20,500)	11.0%	10.3%
Subtotal	**(37,179)**	**(38,471)**	**(35,477)**	**-3.4%**	**4.8%**
Net working capital	**(17,479)**	**(21,099)**	**(11,771)**	**-17.2%**	**48.5%**
Fixed assets	175,733	173,541	171,607	1.3%	2.4%
- Deferred tax assets	6,938	7,427	7,512	-6.6%	-7.6%
- Other non-current assets	25,544	19,521	21,618	30.9%	18.2%
Total fixed assets	**208,215**	**200,489**	**200,737**	**3.9%**	**3.7%**
- Provisions for risks, charges and severance	(19,006)	(19,325)	(20,803)	-1.7%	-8.6%
- Deferred tax provision	(2,248)	(2,216)	(2,185)	1.4%	2.9%
- Other non-current liabilities	(168)	(194)	(194)	-13.4%	-13.4%
Subtotal	**(21,422)**	**(21,735)**	**(23,182)**	**-1.4%**	**-7.6%**
Operating Fixed Asset	**186,793**	**178,754**	**177,555**	**4.5%**	**5.2%**
Total uses	**169,314**	**157,655**	**165,785**	**7.4%**	**2.1%**

SOURCES	as at 30.06.2017	as at 31.12.2016	as at 30.06.2016	% Change 30.06.2017 31.12.2016	% Change 30.06.2017 30.06.2016
Net financial position	**(6,072)**	**8,459**	**(7,490)**	**-171.8%**	**-18.9%**
- Share capital	90,314	90,314	90,250	0.0%	0.1%
- Reserves	65,306	63,882	63,787	2.2%	2.4%
- Profit (loss) for the period	6,919	11,311	3,712	-38.8%	86.4%
Total Group Shareholders' Equity	**162,539**	**165,507**	**157,749**	**-1.8%**	**3.0%**
Minority interests	703	607	546	15.8%	28.8%
Total shareholders' equity	**163,242**	**166,114**	**158,295**	**-1.7%**	**3.1%**
Total sources	**(169,314)**	**(157,655)**	**(165,785)**	**7.4%**	**2.1%**

The Group's balance sheet structure shows a decrease in **net working capital** as at 30 June 2017 compared with the end of 2016, from Euro -21.1 million to **Euro -17.5 million**, mainly due to the increase in primarily non-trade-related receivables, largely due to the municipal surcharge on passenger boarding fees. During the first half of 2016, net working capital totalled Euro -11.8 million; the increase over that period was due to the substantial decrease in receivables, mainly due to the collection of a Euro 3.6 million receivable for the security deposit required under Article 17 of Law 135/97 in October 2016, and a concurrent, but lower, increase in payables.

Operating fixed asset rose from Euro 177.5 million in the first half of 2016 to **Euro 186.8 million** in the first half of 2017 due to the growth in fixed assets resulting from progress on the investment plan and the investment of liquidity in financial instruments with maturities over twelve months.

As at 30 June 2017, **consolidated shareholders' equity** totalled **Euro 163.2 million** compared with Euro 166.1 million as at 31 December 2016. The decrease was due to the distribution of dividends of Euro 10 million on profits for 2016, which was approved by the Parent Company's shareholders' meeting on 27 April 2017.

3.4 INDICES

Considering that this is an interim period, the directors felt that the Group's main income statement and statement of financial position indicators as at 30 June 2017 were not significant.

3.5 INVESTMENTS

Investments as at 30 June 2017 totalled Euro 6.2 million, of which Euro 1.5 million related to the implementation of the Master Plan and thus mainly to infrastructure, and the remainder to investments intended for airport operations.

Below is a description of the progress made on key Master Plan investments:

- **Work on existing terminal**: The final design for the expansion of the existing terminal is under way;
- **People Mover**: Work is continuing on Marconi Express's construction of the airport station of the People Mover, for which the Parent Company's contribution is projected to be Euro 2.7 million to be

paid on the basis of work progress. Progress of 66% resulted in the payment of the second tranche of the contribution of Euro 0.89 million by the Parent Company in June;

- **Displacement of State Bodies**: The technical and economic feasibility study has begun to complete this work.

Note the following work being carried out with respect to other investments intended for airport operations, improved services offered to passengers and improved efficiency of corporate processes:

- **Work to upgrade several areas on the first floor of the terminal**: Several projects were completed that were aimed at improving passenger flow by optimising queuing areas adjacent to several boarding areas and work was completed to upgrade the security lane for staff and passengers from the business lounge;
- **Work to upgrade the underground level of the terminal**: Work is underway to upgrade warehouses servicing sub-licensees and the construction of new changing rooms for AdB staff is in the work planning phase;
- **Construction of a new inter-company restaurant**: Work was completed on the construction of a new inter-company restaurant, which, as of in April, will offer the airport community a food service based on healthy nutritional standards;
- **Construction of a new transformer room to support high mast airport lighting**: The construction of a new transformer room is under way for high mast airport lighting installed in the air side area next to the area dedicated to general aviation;
- **Purchase of a property by Air Service S.r.l. built on the basis of surface rights:** The Parent Company owns an area on which surface rights were granted to Air Service S.r.l. on 28 December 2006. After obtaining this right, this company built an industrial building on the site. Ten years after entering into the agreement, Air Service S.r.l. exercised its option to break the contractual relationship, and indicated that 28 December 2016 would be the end of the contractual validity date of its surface rights . The Parent Company then decided to exercise the purchase option on the property specified in the agreement and became its owner on 17 May 2017.

Provisions for renewal

The total amount of work recorded in the provisions for renewal was Euro 0.7 million as at 30 June 2017.

3.6 PERSONNEL

Workforce composition

	for the half-year ended 30.06.2017	for the half-year ended 30.06.2016	Abs. Change	% Change
Average Full Time Equivalent	**447**	**433**	**14**	**3%**
Executive Managers	10	10	0	2%
Middle Managers	30	31	(1)	-2%
White-collar workers	312	298	14	5%
Blue-collar workers	95	94	1	1%

	for the half-year ended 30.06.2017	for the half-year ended 30.06.2016	Abs. Change	% Change
Average Workforce	**494**	**469**	**25**	**5%**
Executive Managers	10	10	0	0%
Middle Managers	30	31	(1)	-3%
White-collar workers	354	331	23	7%
Blue-collar workers	100	97	3	3%

Source: Data from the Company

The increase in the workforce by 14 full-time equivalents compared with the first half of 2016 was mainly due to the hiring of resources to be used for work that is particularly sensitive to traffic increases, such as security. There was also an increase in the security area due to the greater need for resources based on an increase in the security of several activities required by competent authorities in several areas along the airport's perimeter.

Costs

	for the half-year ended 30.06.2017	for the half-year ended 30.06.2016	Abs. change	% Change
Personnel Costs	13,522	12,849	673	5.2%

Source: Data from the Company

The 5.2% increase in personnel costs compared with the same period in 2016 was mainly due to the increase in the workforce described above and the last tranche of the new National Collective Agreement, which went into effect in July 2016 and its resulting impact on the first half of 2017.

Organisation

As of 01 February 2017, AdB was charged with patrolling and video surveillance duties based on the provisions of the National Security Programme for Airports.

Operations

On 23 May 2017, the new Internal Company Regulations were published that incorporated the provisions of the Company's Code of Ethics and Organisation, Management and Control Model pursuant to Legislative Decree 231/01, as well as company protocols and procedures and regulatory developments concerning privacy, work protection and safety and labour law.
On 21 April 2017, the new canteen service was inaugurated; it is managed by an outside company and reserved for airport workers. The service meets airport staff's need to have a dedicated food service conceived on the basis of modern nutritional standards and the ability to reduce meal times.

Labour relations

Work moved forward during the period included the agreement signed in February between AdB and the RSU [unified union representative] governing the use, timing and procedures for saving images taken by AdB using cameras at the airport. The same agreement also governed GPS systems used by the company's service vehicles.

Personnel training

Training in the first half of 2017 included specific refresher courses on regulations for the various areas as well as mandatory training involving the Prevention and Protection unit and Security area.
In accordance with Regulation 139/EU, in-house training was carried out based on the theme of Train the Trainer for all company trainers, and courses on auditing techniques were provided to all company auditors.

4 ANALYSIS OF THE MAIN NON-ECONOMIC RESULTS

4.1 THE ENVIRONMENT

The Company continues to focus on all major environmental issues, from the impact on air quality to noise, energy savings and the use of alternative sources.
To increase the awareness of these aspects, as part of the G7 Environment meeting held in Bologna in June, a conference was organised at the airport called"Managing growth and sustainability in the aviation industry: challenges and opportunities".
In addition, in view of the sensitivity to, and respect for, the local area where it operates, through the Regional Agreement for the Decarbonisation of the Airport signed in 2015 with regional authorities, the Parent Company undertook to carry out several projects for a total of Euro 6.5 million. These investments will be made over a period of time consistent with the timing for the completion of work contained in the airport's Master Plan, i.e., by the end of 2023.

4.2 QUALITY

The development strategies of Bologna Airport combine a great emphasis on passenger needs with an approach open to new trends in the sector. The Group's goal is to provide passengers with airport facilities and services that will make their travel experiences extremely pleasant.

User satisfaction

In the first half of 2017, the Customer Satisfaction Index, the index that measures the overall degree of satisfaction of passengers, decreased as compared with the same period in 2016, especially due to traffic increases and the concentration of traffic in certain hourly periods, but still remained at an excellent level of satisfaction of 96.8%.
On the other hand, check-in waiting times increased compared with 2016: as a result, the Company implemented significant remedial and awareness-raising measures with handlers and carriers in order to initiate an improvement in the process and the resources involved.

Main Quality Indicators		January - June 2017	January - June 2016
Customer Satisfaction Index	% satisfied passengers	**96.8%**	**98.7%**
Regularity and speed of service	% satisfied passengers	**95.8%**	**98.7%**
Perception of general cleanliness	% satisfied passengers	**97%**	**98.9%**

Main Quality Indicators		January - June 2017	January - June 2016
Perception of toilet cleanliness and functionality	% satisfied passengers	**92%**	**95.6%**
Waiting time at check-in	Time in 90% of cases	**16'09''**	**14'49''**
Waiting time at baggage x-ray	Time in 90% of cases	**6'04''**	**7'56''**
Delivery time for the first/last bag from aircraft block-on	First bag (time in 90% of cases)	**22'**	**22'**
	Last bag (time in 90% of cases)	**30'**	**30'**

Source: Data from the Company

Once again, as compared with 2016, Bologna Airport improved its performance in terms of ACI World's Airport Service Quality programme, which is the most prominent airport benchmark in the area of service quality : in fact, in the first half of 2017, this overall satisfaction indicator reached a level of 3.78 on a scale of 1 to 5, which is greater than the 3.69 reported in the first half of 2016 confirming the positive trend seen in 2017 despite the higher volumes of traffic managed.

5 LEGISLATIVE FRAMEWORK

5.1 THE PLANNING AGREEMENT

On 19 February 2016, Aeroporto G. Marconi di Bologna and ENAC signed the Planning Agreement, which represents a further step towards completing the process that will be finalised with a decree issued by the Ministry of Transportation and Ministry of the Economy.

The Planning Agreement defines the realisation of the investment plan and compliance with the quality and environmental protection objectives at Bologna Airport for the 2016-2019 period.

The Planning Agreement provides that AdB will make total investments over the four-year period of approximately Euro 112.4 million, of which Euro 84 million relates to the Masterplan (investments in airport infrastructure) and Euro 28.4 million is for investments in support of commercial areas, operational processes and improving the passenger experience.

5.2 TARIFF REGULATION 2016-2019

In accordance with the existing legislative framework and the tariff models developed by the ART, during 2015 AdB carried out and successfully completed the tariff regulation process for the 2016-2019 period, which took place in close coordination with and under the supervision of the ART.

The new tariff system took effect on 01 January 2016; tariff adjustments were made on 01 January 2017; and in 2017, the tariff system will be subject to verification and updating as required by industry regulations.

5.3 REGULATIONS ON CONTRIBUTIONS AND SUBSIDIES PAID BY AIRPORTS TO CARRIERS

Decree-Law 145/2013, known as "Destination Italy", introduced provisions governing the procedures for the disbursement by airport operators of contributions, support or any other form of remuneration for air carriers as goodwill for the functioning and development of routes designed to meet and promote demand in the respective catchment areas. Specifically, Article 13, paragraphs 14 and 15 of the above Decree, as amended and converted into law by Law No 9 of 21 February 2014, require the Ministry of Infrastructure and Transport (MIT) to issue specific implementation guidelines after consulting with ART and ENAC.

Thus, on 11 August 2016, the MIT, by ministerial decree, adopted the "*Guidelines concerning incentives for setting up and developing routes by carriers..*", thereby repealing the previous guidelines of 02 October 2014 and replacing previous rules with new regulations governing the entire matter applicable only to government incentives, which constitute State aid. Among other things, the new regulation, with respect to

incentive agreements entered into before and after 11 August 2016, exempt management companies from publishing and providing information on these agreements to the appropriate administrative authorities (ART and ENAC), as well as combined operating data regarding the incentives granted.
Although it does not provide incentives that comply with the type, and fall under the scope, of the new MIT guidelines, the Company still deems it appropriate to continue to publish on its institutional website the traffic development policy related to the scheduled incentive plan in order to ensure fair, transparent and non-discriminatory access procedures that will guarantee the broadest participation. The traffic development policy is in fact accessible to all interested carriers, and it ensures the potential finalisation of agreements between AdB and carriers meeting the requirements and with an interest in developing traffic at Bologna Airport according to the different models and targets governed in the policy that comply with EU regulations protecting competition.

5.4 MUNICIPAL SURCHARGE ON PASSENGER BOARDING FEES

Under Inter-Ministerial Decree No. 357 of 29 October 2015 of the Ministry of Infrastructure and Transport, in conjunction with the Ministry for the Economy and Finance, the new additional amount was set for the increase of the municipal surcharge on passenger boarding fees (as referenced in Article 2, paragraph 11 of Law No. 350 of 24 December 2003). The surcharge will be used to fund the cost resulting from applying the provisions of paragraph 21 of Article 13 of Decree Law No. 145/2013, converted with amendments to Law No. 9 of 21 February 2014. Specifically, Inter-ministerial Decree No. 357 of 29 October 2015 of the Ministry of Infrastructure and Transport, in effect from 01 January 2016, specified that the new additional amount of the increase in the municipal surcharge on passenger boarding fees (to be allocated to INPS), as referenced in Article 2, paragraph 11 of Law No. 350 of 24 December 2003, as subsequently amended, is Euro 2.50 for 2016, Euro 2.42 for 2017 and Euro 2.34 for 2018.
Thus, the Company acknowledges the suspension of the application of the additional increase in the municipal surcharge on boarding fees set pursuant to Article 13, paragraph 23 of Decree-Law 145/2013 of 23 December for the period from 01 September to 31 December 2016 pursuant to the provisions of Article 13-ter of Decree-Law 113 of 24 June 2016, which was introduced and converted into law by Law 160 of 07 August 2016.
In order to support future growth in the airline sector and reduce costs incurred by passengers, Law 232 of 11 December 2016 (“State budget for financial year 2017 and long-term budget for the three-year period 2017-2019”), under Article 1, paragraph 378, called for the repeal, effective 01 January 2017, of the above increase in the municipal surcharge on boarding fees as indicated in the above-mentioned Article 13, paragraph 23 of Decree-Law 145/2013 of 23 December.
Therefore, for boardings as of January 2017, airport management companies are required to pay INPS the amounts collected as an increase to the passenger surcharge equal to Euro 3 per passenger for the provisions of Article 6-quater, paragraph 2 of Decree-Law 7/2005 converted into Law 43 of 2005, and equal to Euro 2 for the provisions of Article 4, paragraph 75 of Law 92/2012.

See the related material below on recent updates to the related dispute.

5.5. CONTINUITY OF SERVICES PROVIDED BY ALITALIA UNDER SPECIAL ADMINISTRATION

Pursuant to the Order of 02 May 2017 of the Minister of Economic Development, published in Official Gazette No. 104 of 06 May 2017, Alitalia - Società Aerea Italiana S.p.A., was placed, with immediate effect, in special administration pursuant to Decree Law no. 347 of 23 December 2003, and three Special Commissioners were appointed. The court of Civitavecchia declared Alitalia - Società Aerea Italiana S.p.A. in special administration (“Alitalia SAI in AS”) bankrupt in a judgement dated 11 May 2017. Subsequently, Official Gazette No. 124 of 30 May 2017 published the Decree of 12 May 2017 of the Minister of Economic

Development whereby Alitalia Cityline S.p.A. was also allowed to be placed under special administration, and the same panel of commissioners was appointed as for Alitalia.

On 17 May 2017, the Special Commissioners published a "Call for the Collection of Non-Binding Expressions of Interest" to propose the content of a possible programme to restore economic equilibrium to the business activities of the companies in special administration. To avoid service interruptions by Alitalia SAI in AS, Decree Law no. 55 of 02 May 2017 ordered an interest-bearing loan of Euro 600 million with a six-month term to be provided to the carrier to be used for the undelayable operating requirements of the company and other group companies subject to the special administration procedure. The loan was provided at a rate of six-month Euribor plus 1,000 basis points, and must be repaid six months following disbursement as a preferential borrower ahead of any other debt covered by the procedure. Decree Law 55/2017 was not converted, but was repealed; it was then completely reintroduced as Art. 50 of Law no. 96 of 21 June 2017 (published in S.O. 31/L of Official Gazette no. 144 of 23 June 2017), as a conversion, with amendments, of Decree Law no. 50 of 24 April 2017 providing "urgent provisions on financial matters, initiatives for the benefit of regional authorities, additional measures for areas affected by seismic events and measures for development." Law 96/2017 requires that the procedures resulting from the request published by Special Commissioners to gather expressions of interest aimed at settling the special administration procedure must be carried out within six months of the date the loan is provided ensuring compliance with the principles of transparency, equal treatment and non-discrimination.

5.6 RESCUE AND FIREFIGHTING ACTIVITIES OF THE NATIONAL CORPS OF FIRE FIGHTERS

Legislative Decree no. 97 of 29 May 2017, published in Official Gazette no. 144 of 23 June 2017, and in effect since 08 July 2017, partially amended Legislative Decree no. 139 of 08 March 2006 concerning the "Restructuring of provisions related to the functions and duties of the National Corps of Fire Fighters pursuant to Article 11 of Law 229 of 29 July 2003.

With regard to the rescue and fire-fighting service at airports, Article 26 of Legislative Decree 139/2006 specifies, in particular, that:

- at civilian and military airports open for commercial air transportation, the National Corps of Fire Fighters shall serve as the competent authority for the certification and surveillance aspects of the rescue and fire-fighting service in accordance with ENAC and in compliance with EU and national regulations;
- at the airports indicated in Table A in the decree, [*Writer's note* including Bologna Airport] the National Corps shall provide the rescue and fire-fighting service in accordance with international, EU and national regulations as well as appropriate agreements with the airport operator as stipulated in these regulations.

As a part of the approval process for converting the airport certificate, the operator of Guglielmo Marconi Airport signed interface agreements to govern specific technical aspects of that matter in keeping with industry best practices and subject to recognition of the exclusive institutional authority of the National Corps of Fire Fighters as confirmed in accordance with the aforementioned order.

6 DISPUTES

With regard to the increase in the amount of the **municipal surcharge** established by the aforementioned ministerial decree of 29 October 2015, several carriers contested the measure before the administrative authority in that it did not stipulate that any change in amounts to be passed on in tickets to be sold to passengers could not go into effect any earlier than 60 days after the effective date of the decree; they contend that this is in violation of the provisions of Article 3, paragraph 21, of Law 212/2000, which states that "tax regulations may not require tax payers to take actions by a deadline set before the sixtieth day

following their effective date or following the date of adoption of implementation measures specifically stipulated therein".
At this point, it should be noted that in a judgement dated 30 June 2016, the Regional Administrative Tribunal (TAR) of Lazio accepted the appeal filed by Ryanair Dac and Easyjet Airline Company Ltd. and repealed the portion of the ministerial decree referenced calling for the application of the increase in the municipal surcharge for the period from 01 January 2016 to 20 February 2016 since it conflicted with Law no. 212/2000, and that in March 2017, before the Council of State, (i) an appeal was filed by MIT, MEF and ENAC, and
(ii) a cross appeal was filed by Ryanair; in a judgment published on 07 June 2017, the Council of State rejected both of the appeals referenced, thereby confirming the ruling of the TAR of Lazio - ROME, SECTION III-*TER* no. 9692/2016.

Other than the above, there were no major changes compared with what was indicated in the Directors' Report of the 2016 Financial Report, and the latter document should be referred to for more details.

7 MAIN RISKS AND UNCERTAINTIES

With regard to the information required by Article 2428, paragraph 2, no 6-*bis*, note that the Group holds significant quantities of financial instruments; however, in view of investment selection criteria such as:

- the minimisation of risk relative to the return on invested capital;
- the differentiation of credit institutions;
- the term that is usually less than two years;
- the return offered,

the Group believes that **financial risks**, defined as risks of a change in value of the financial instruments, are limited.

The Group is not subject to **exchange rate risk** because it does not engage in foreign-currency transactions.

Liquidity risk, taking into account the significant commitments for infrastructure development, may result from difficulties in obtaining financing in a timely and cost-effective manner. In order to deal with the needs resulting from the progress of the investment plan, the Group has implemented all measures in order to equip itself with the medium-term financial means necessary for development; in particular, the recent listing of the Parent Company's stock increased the Group's available cash and shored up its statement of financial position. Lastly, the Group's cash flows, financing requirements and liquidity are constantly monitored in order to guarantee effective and efficient resource management.

As far as **interest rate risk** is concerned, taking into account existing financing, the Group tried to minimise the risk by obtaining fixed-rate and variable-rate loans.

Lastly, as far as **credit risk** is concerned, the persistent global economic crisis has had a strong negative impact on the airline industry with a subsequent increase in credit risk. The Group's **credit risk** presents a moderate degree of concentration in that 48% of receivables are from its ten largest clients. This risk was dealt with by implementing specific procedures and instruments for monitoring and managing accounts receivable as well as through an adequate provision for doubtful receivables, according to the principle of prudence, in continuity with the financial statements of previous periods.
The commercial policies implemented by the Group with the aim of limiting exposure call for the following:

- request for immediate payment of transactions made with end consumers or with occasional counterparties (i.e. parking);

- request for advance payment to occasional carriers or those without an adequate credit profile or without collateral;
- request for surety bonds from sub-licensees.

After Alitalia was allowed to be placed in special administration pursuant to the Decree of the Minister of Economic Development of 02 May 2017, the Group reported the following financial exposure as at 30 June 2017:

- Euro 0.84 million in relation to the carrier before special administration, of which Euro 0.26 million in municipal surcharges on boarding fees;
- Euro 0.45 million in relation to the carrier under special administration, including Euro 0.18 million in municipal surcharges on boarding fees.

With regard to the former, the Group adjusted the provision for doubtful receivables allocated for the credit risk bringing it to Euro 0.3 million on trade receivables, in addition to the entire amount of the municipal surcharge of Euro 0.26 million in a specific provision, bearing in mind that Euro 0.48 million of receivables accrued for airport fees between 31 January 2017 and 01 May 2017 may be proven in bankruptcy pursuant to Art. 1023 of the Navigation Code, and thus may only be written down by 50%.
However, with regard to the credit risk and other contingent liabilities related to the carrier in special administration, no particular problems have been encountered in collecting payments for flight activities during the period, but we continue to be alert to the operator’s debt position for pending operations in the context of the current special administration. Therefore, no provisions for doubtful receivables have been posted as at 30 June in view of the payment of airport fees in June and fees for the sub-licensing of space in May and June Bearing in mind collections in July and August, the receivable from the carrier at 30 June 2017 only consists of the receivable for the municipal surcharge and a few invoices being verified and/or contested. In a message dated 05 July 2017, Alitalia in A.S. indicated that starting as of 01 July, it will pay receivables accrued by airport operators by the 15th and 30th of each future month, and this was the case for the payment of July airport fees.
With regard to the potential risks to the Group’s business resulting from the carrier’s crisis, note that as at the date this document was prepared, no notices had been received regarding a change in scheduled flights at Bologna Airport. From the standpoint of credit risk, the Group will continue to closely monitor the carrier’s situation and report on any changed assessments in the annual financial statements.

Risks relating to the effect of relations with Ryanair on traffic volumes

The Group’s business is related to a significant extent to its relationship with some of the major carriers operating at the Airport, and to which the Group provides services, including Ryanair in particular. Because Ryanair accounts for a large share of the Airport’s total passenger volume, the Group is exposed to the risk of the carrier reducing or terminating operations there. As at 30 June 2017, Ryanair passengers represented 46.3% of traffic volume reported by the Airport. Moreover, on 27 October 2016, AdB and Ryanair enhanced their partnership by entering into a long-term agreement expiring in 2022 whereby they undertook to increase the number of destinations from and to Bologna Airport and offer a level of service based on high quality standards as a result of investments carried out by the Airport and the carrier’s “Always getting better” programme. The agreement provides for a scheme connected to AdB’s traffic growth policy and Ryanair’s commitment to it and for a mechanism of contractual guarantees in order to ensure the accomplishment of the targets. Although the Company believes Bologna Airport is strategically important for this carrier, it is possible that Ryanair may decide to change the routes it operates, significantly reduce its presence or terminate flights to the Airport, or that the aforementioned agreement may not be renewed, in whole or in part, or may contain less favourable terms for the Group. Any decrease or cessation of flights by the aforesaid carrier or the termination or modification of flights for certain destinations marked by high passenger traffic could have a negative, and potentially significant, impact on the Group’s results, assets and liabilities and cash flows. In light of the interest in Bologna Airport shown by low-cost carriers, and the evolution of traffic at the Airport in general, the Company believes that the Group could reasonably cope with any interruption or limitation of flights by Ryanair by virtue of the possible redistribution of passenger traffic among the various airlines present at the Airport, and the Airport's ability to attract new carriers. It cannot, however, be excluded that, if there is a significant time lag between when the flights are interrupted and when they are partially or totally replaced by other carriers, or if the rotation proves more difficult than expected or is not in whole or in part feasible, such an interruption or reduction in flights could have a negative, and potentially significant, impact on the Group’s results, assets and liabilities and cash flows.

Risk relative to the influence of the incentives on the revenue margins

The Parent Company is exposed to the risk of the reduction of margins on revenues of the Aviation Business Unit in the event of an increase in traffic volume by carriers that benefit from incentives. The Company, in compliance with its incentive policy aimed at traffic and route development at the Airport, grants incentives to both legacy carriers and low-cost airlines related to the volume of passenger traffic and new routes. This policy stipulates that the incentives may not in any case exceed an amount such that there is no longer a positive revenue margin for the Group with reference to the activity of each airline. Nevertheless, should the passenger traffic and the routes operated by the carriers that enjoy the incentives increase over time, the positive margin recorded by the Aviation Business Unit could be reduced proportionally, with a significant negative impact on the Group's results, assets and liabilities and cash flows.
With regard to this risk, although its national market, particularly for domestic connections, is characterised by a growing presence of low-cost flights, the Company is actively developing a mix of traffic so as to maintain a profit margin, with the recent opening of the Emirates route to Dubai considered particularly significant.

Risks related to the implementation of the Capex Plan

The Parent Company makes investments in the Airport on the basis of the Capex Plan approved by ENAC. AdB might find it hard to implement investments in accordance with the time frame laid down in the Capex Plan due to unforeseen events or delays in the authorisation and/or realisation of the works, with possible negative effects on the amount of the applicable fees and possible risks of revocation or forfeiture of the Agreement. The Capex Plan was prepared based on the actions planned in the Master Plan, according to a modularity criterion whose main driver is the trend in air traffic.

Risks relating to the legislative framework

The Aeroporto Guglielmo Marconi di Bologna S.p.A. Group carries out its main activity as a licensee operating under special or exclusive rights at Bologna Airport and operates, for this main reason, in a sector highly regulated by national, supranational and international standards. Any changes in the current legislative framework (and, in particular, any changes with regard to relations with the State, public bodies and industry authorities; the determination of airport charges and the amount of concession fees; the airport tariff system; assigning slots; environmental protection and noise pollution) could have an impact on the operations and results of the Company and its Group.

Risk relative to the significance of intangible assets on the total assets and net equity of the Group

The Group's consolidated financial statements contain non-current assets which include, among other things, Concession Rights of Euro 156 million at 31 December 2016 and Euro 155 million at 31 December 2015. The overall impact on total assets amounted to 59.83% as at 31 December 2016 and to 59.27% as at 31 December 2015. The overall impact of the Concession Rights on the Group's shareholders' equity amounted to 93.34% at 31 December 2016 and to 96.57% at 31 December 2015. These amounts express the values of the Concession Rights as determined in application of IFRIC Interpretation 12 - Service Concession Arrangements (“IFRIC 12”) to all freely transferable assets received from ENAC in 2004.
For the purposes of preparing the Group's consolidated financial statements, the Concession Rights were subject to an impairment test in accordance with IAS 36.

The impairment test did not show a permanent loss of value with reference to the amounts booked among Concession Rights for the year 2016 and, as a result, there were no write-downs of these assets.

For further information, please see the section “Checking the recoverability of the value of the assets or groups of assets” in Note 1 to the 2016 consolidated financial statements.

Seasonality of revenues

Due to the cyclical nature of the sector in which the Group operates, operating revenues and results are generally expected to be higher in the third quarter of the year, rather than in the first and last months. The highest sales are concentrated in the period from June-September, the peak of the summer holidays, in which the highest level of use is registered. Added to this is a large component of business passengers, due to the industrial fabric of the region and the presence of exhibitions with international appeal, which tempers the seasonal peaks of tourist activity. Therefore, financial and economic data relating to interim periods may not be representative of the Group's results, assets and liabilities and cash flows on an annual basis.

8 ALTERNATIVE PERFORMANCE INDICATORS

This Directors’ Report uses several performance indicators to allow for a better assessment of operating performance, assets and liabilities and cash flows.
With regard to these indicators, on 03 December 2015, Consob issued Communication 92543/15 which implements the Guidelines enacted on 05 October 2015 by the European Security and Markets Authority (ESMA) with regard to their presentation in regulated distributed information or in statements published starting on 03 July 2016. These Guidelines, which update the previous CESR Recommendation (CESR/05-178b), are aimed at promoting the utility and transparency of the alternative performance indicators included in regulated information or in statements falling within the scope of Directive 2003/71/EC to improve their comparability, reliability and comprehension.
In keeping with the communications referenced above, the criteria used to develop these indicators are indicated below:

- **EBITDA/MOL**: *Earnings Before Interest, Taxation Depreciation, and Amortization*. Management defines this as profit before taxes for the period and before financial income and expenses, income and expenses from investments, amortisation and depreciation, provisions and write-downs. Thus, it specifically coincides with gross operating margin (MOL). EBITDA is not an approved IFRS accounting measure, and thus must be considered an alternative measure for assessing the

Group's operating performance. Since the determination of this measure is not governed by the reference accounting standards for preparing the Group's consolidated financial report, the criterion applied for its determination and measurement might not be the same as that used by other groups, and thus this figure might not be comparable with that presented by such groups;

- **Adjusted EBITDA:** measure used by the Group's management to monitor and assess the Group's operating performance. This indicator is calculated by subtracting from EBITDA the profit calculated as the difference between construction revenues and the costs of construction that the Group carries out as Airport operator.
- **Margin for construction services:** the difference between construction revenues and the costs of construction that the Group carries out as Airport operator;
- **Net Financial Position**: the composition of the net financial position is stated in accordance with the provisions of the Consob Communication of 28 July 2006, and in compliance with the ESMA/2011/81 Recommendations.

9 GUARANTEES PROVIDED

The following table provides a summary of the guarantees given by the Group.

in thousands of Euros	As at 30/06/2017	As at 30/06/2016	Change	% Change %
Sureties	9,348	5,149	4,199	81.6%
Lien on equity financial instrument	10,873	0	10,873	100.0%
Patronage letters	2,316	2,573	-257	-10.0%
Total guarantees issued	**22,537**	**7,722**	**14,815**	**191.9%**

As at 30 June 2017, the guarantees issued by the Group amount to Euro 22.5 million and refer to:
- sureties, the largest of which were:
o in favour of ENAC required by the Full Management Agreement (Euro 4.4 million);
o in favour of Marconi Express S.p.A. for the proper fulfilment of obligations assumed by the Parent Company with the signing of the contribution agreement of 30 September 2016 (Euro 3.87 million); On 11 August 2017, the surety was reduced to Euro 0.87 million as a result of payments made;
- lien on the equity financial instrument issued by Marconi Express S.p.A. and signed by the Parent Company. The lien's aim was to secure the obligations of Marconi Express to credit institutions financing the People Mover project. To implement this lien executed on 30 September 2016, the equity financial instrument was deposited with the Custodian Bank (UniCredit S.p.A.) in a restricted securities account in the name of the Parent Company;
- patronage letter relating to the loan granted to the subsidiary Tag Bologna S.r.l. by Banca Agricola Mantovana (now Monte dei Paschi di Siena) equal to 51% of the remaining principal which, as at the end of the period, stood at Euro 2.3 million.

10 SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

After the end of the half year, no events occurred that would justify changes to the results, assets and liabilities and cash flows shown in the financial statements, and therefore require adjustments and/or amendments to the financial statements.

Please note, however, the following significant events that occurred after the end of the period or that will occur in the next few months.

Traffic trends and launch of new flights

In July 2017, the airport reported a 7.2% increase in passenger traffic over the same month in 2016 confirming the positive trend seen at the beginning of 2017.

In the first seven months of the year, total passenger traffic reached 4.7 million representing a 6.7% increase over the same period of 2016, and movements were 38,611, up by 2.7%.

Investment of ATLANTIA S.p.A. in the capital of Aeroporto Guglielmo Marconi di Bologna S.p.A.

On 03 August 2017, Atlantia S.p.A. announced that it would be joining the shareholder structure of Aeroporto Guglielmo Marconi S.p.A. as a result of purchasing 11.53% of the company's share capital from Italian Airports S.A.R.L. and 17.85% from San Lazzaro Investments Spain, S.L. resulting in a total investment of 29.38%.

In the following days, the transactions were finalised as announced in the tables available in the Internal Dealing section of the Company's website.

Airport Certificate obtained based on European Regulation no. 139/2014

On 10 August 2017, the Airport of Bologna received the conversion of the Airport Certificate from ENAC based on the provisions of European Regulation 139 of 2014, which sets out the technical requirements and administrative procedures that airport operators must comply with by the end of 2017. The new certificate, which was presented to AdB, confirms that the Company's organisation, the procedures for ground operations and all airport infrastructure and facilities meet the requirements of the EU regulation.

Marconi is the sixth airport in Italy to receive the new airport certificate from ENAC (before Bologna Airport, the following airports had received the new certificate: Rome, Milan Malpensa, Venice, Bergamo and Naples).

Since 2003, Italy's 46 major airports had been certified on the basis of a national regulation that incorporated Annex 14 of the ICAO (International Civil Aviation Organisation), called the "Regulation for the Construction and Operation of Airports". With the entry into force of the new EU regulation, ENAC has initiated the procedures to convert previous certificates.

Although the European regulation calls for the conversion of all certificates by the end of 2017, the Airport of Bologna obtained the conversion of its certificate in advance on 10 August.

Air Berlin in preliminary self-administration (German Law) effective 15 August 2017

On 25 August, the Group was notified by the carrier Air Berlin that it had initiated the preliminary self-administration procedure effective 15 August 2017.

As a result, the receivable accrued until that date is frozen and subject to the bankruptcy procedure. For the period following that date, the airline has stated that it intends to continue operations paying for them with prepayments. Air Berlin has operated out of Bologna Airport with three daily flights to Dusseldorf since May 2016 with the prepayment of airport fees, and thus, there was no Group financial exposure at 30 June or 15 August 2017 in relation to the airline.

As at the date this document was prepared, no notices had been received regarding a change in scheduled flights at the airport.

Relations with subsidiaries, associated companies and related parties

With regard to relations with subsidiaries, associated companies and related parties during the period, see the special section in the Notes to the Consolidated Financial Statements at 30 June 2017.

Resignation of director

As at today's date, and effective immediately, Director Gabriele Del Torchio announced his resignation from the office of Independent Director.

Business outlook

The signs of recovery based on overall macroeconomic performance lead to an optimistic outlook for the coming months, but we are aware of potential risks due to the uncertain international geopolitical situation that could have a negative impact on air traffic performance.

The Chairman of the Board of Directors

(Enrico Postacchini)

Bologna, 04 September 2017

Half-Year Consolidated Financial Report as at 30 June 2017

Statement of Consolidated Financial Position
Consolidated Income Statement
Consolidated Statement of Comprehensive Income
Consolidated Cash Flow Statement
Statement of Changes in Consolidated Shareholders' Equity

Statement of Consolidated Financial Position

in thousands of Euros	Notes	as at 30.06.2017	as at 31.12.2016
Concession Rights		154,993	155,595
Other intangible assets		1,303	1,116
Intangible assets	**1**	**156,296**	**156,711**
Property, plant and equipment		14,705	12,098
Investment property		4,732	4,732
Tangible assets	**2**	**19,437**	**16,830**
Equity investments	**3**	147	147
Other non-current financial assets	**4**	23,949	17,990
Deferred tax assets	**5**	6,938	7,427
Other non-current assets	**6**	1,448	1,384
Other non-current assets		**32,482**	**26,948**
NON-CURRENT ASSETS		**208,215**	**200,489**
Inventories	**7**	531	519
Trade receivables	**8**	13,374	13,454
Other current assets	**9**	5,795	3,399
Current financial assets	**10**	14,687	22,085
Cash and cash equivalents	**11**	11,351	20,110
CURRENT ASSETS		**45,738**	**59,567**
TOTAL ASSETS		**253,953**	**260,056**

in thousands of Euros	Notes	at 30.06.2017	at 31.12.2016
Share capital		90,314	90,314
Reserves		65,306	63,882
Profit (loss) for the period		6,919	11,311
GROUP SHAREHOLDERS' EQUITY	**12**	**162,539**	**165,507**
MINORITY INTERESTS	**12**	**703**	**607**
TOTAL SHAREHOLDERS’ EQUITY		**163,242**	**166,114**
Severance and other personnel provisions	**13**	4,496	4,596
Deferred tax liabilities	**14**	2,248	2,216
Provisions for renewal of airport infrastructure	**15**	10,324	10,631
Provisions for risks and charges	**16**	1,143	1,006
Non-current financial liabilities	**17**	22,005	24,896
Other non-current liabilities		168	194
NON-CURRENT LIABILITIES		**40,384**	**43,539**
Trade payables	**18**	12,806	15,669
Other liabilities	**19**	24,373	22,802
Provisions for renewal of airport infrastructure	**20**	2,953	2,933
Provisions for risks and charges	**21**	90	159
Current financial liabilities	**22**	10,105	8,840
CURRENT LIABILITIES		**50,327**	**50,403**
TOTAL LIABILITIES		**90,711**	**93,942**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**253,953**	**260,056**

Consolidated Income Statement

in thousands of Euros	Notes	for the half year ended as at 30.06.2017	for the half year ended as at 30.06.2016
Revenues from aeronautical services		24,612	20,857
Revenues from non-aeronautical services		18,150	16,957
Revenues from construction services		2,148	3,836
Other operating revenues and income		303	321
Revenues	**23**	**45,213**	**41,971**
Consumables and goods		(938)	(698)
Services costs		(8,688)	(8,993)
Costs for construction services		(2,046)	(3,653)
Leases, rentals and other costs		(3,528)	(3,438)
Other operating expenses		(1,793)	(1,432)
Personnel costs		(13,522)	(12,849)
Costs	**24**	**(30,515)**	**(31,063)**
Amortisation of concession rights		(2,750)	(2,616)
Amortisation of other intangible assets		(330)	(249)
Depreciation of tangible assets		(983)	(809)
Depreciation and amortisation	**25**	**(4,063)**	**(3,674)**
Provisions for doubtful accounts		36	(38)
Provisions for renewal of airport infrastructure		(672)	(1,405)
Provisions for other risks and charges		(208)	107
Provisions for risks and charges	**26**	**(844)**	**(1,336)**
Total costs		**(35,422)**	**(36,073)**
Operating result		**9,791**	**5,898**
Financial income	**27**	393	156
Financial expenses	**27**	(439)	(747)
Result before taxes		**9,745**	**5,307**
Taxes for the period	**28**	(2,730)	(1,560)
Profit (loss) for the period		**7,015**	**3,747**
Minority interests in profit (loss)		**96**	**35**
Group profit (loss)		**6,919**	**3,712**
Undiluted earnings/(loss) per share (in Euro)		**0.19**	**0.09**
Diluted earnings/(loss) per share (in Euro)		**0.19**	**0.09**

Consolidated Statement of Comprehensive Income

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016
Profit/(loss) for the period (A)	**7,015**	**3,747**
Other profits (losses) that will be reclassified in the net result for the period	0	0
Total other profits (losses) that will be reclassified in the net result for the period (B1)	**0**	**0**
Other profits (losses) that will not be reclassified in the net result for the period		
Actuarial gains (losses) on severance	158	(472)
Tax impact of actuarial gains (losses) on severance	(38)	130
Total other profits (losses) that will not be reclassified in the net result for the period (B2)	**120**	**(342)**
Total other profits (losses) net of taxes (B1 + B2) = B	**120**	**(342)**
Total comprehensive profit (loss) net of taxes (A + B)	**7,135**	**3,405**
of which Minority Interests	**96**	**32**
of which Group	**7,039**	**3,373**

Consolidated Cash Flow Statement

in thousands of Euros	as at 30.06.2017	as at 30.06.2016
Core income-generating operations		
Result for the period before taxes	9,745	5,307
Adjustments to items with no impact on cash and cash equivalents		
- Margin from construction services	(102)	(183)
+ Depreciation and amortisation	4,063	3,674
+ Provisions	968	1,336
+ Interest expense on discounting provisions and severance	(187)	238
+/- Interest income and financial charges	233	353
+/- Losses/gains and other non-monetary costs/revenues	1	1
+/- Severance provisions and other personnel costs	59	52
Cash flow generated/(absorbed) by operating activities before changes in working capital	**14,780**	**10,778**
Change in inventories	(12)	9
(Increase)/decrease in trade receivables	288	(296)
(Increase)/decrease in other receivables and current/non-current assets (non-financial)	(2,364)	(1,422)
Increase/(decrease) in trade payables	(2,863)	(126)
Increase/(decrease) in other liabilities, various and financial	577	5,220
Interest paid	(398)	(533)
Interest collected	185	131
Taxes paid	(3,047)	(1,644)
Severance paid	(31)	(112)
Use of provisions	(1,156)	(1,181)
Cash flow generated / (absorbed) by net operating activities	**5,959**	**10,824**
Purchase of tangible assets	(3,606)	(591)
Payment from sale of tangible assets	0	0
Purchase of intangible assets/concession rights	(2,563)	(3,972)
Purchase/capital increase of equity investments	0	0
Payment from sale of equity investments	368	293
Change in investment in current and non-current financial assets	4,000	(26,099)
Cash flow generated/(absorbed) by investment activities	**(1,801)**	**(30,369)**
Proceeds from the issuance of shares and other equity instruments	0	0
Dividends paid	(10,007)	(6,137)
Loans received	0	0
Loans repaid	(2,910)	(7,571)
Cash flow generated/(absorbed) by financing activities	**(12,917)**	**(13,708)**
Final cash change	**(8,759)**	**(33,253)**
Cash and cash equivalents at beginning of period	**20,110**	**50,684**
Final cash change	**(8,759)**	**(33,253)**
Cash and cash equivalents at end of period	**11,351**	**17,431**

Statement of Changes in Consolidated Shareholders' Equity

in thousands of Euros	*Share capital*	*Share Premium Reserve*	*Legal Reserve*	*Other Reserves*	*FTA Reserve*	*Actuarial Gain (Loss) Reserve*	*Profits (Losses) Carried Forward*	*Profit (loss) for the period*	*Group Shareholders' Equity*	*Minority interests*	*Shareholders' equity*
Shareholders' Equity as at 31.12.2015	**90,250**	**25,747**	**4,679**	**34,606**	**(3,222)**	**(752)**	**2,248**	**6,957**	**160,513**	**514**	**161,027**
Allocation of the 2015 financial year result	0	0	339	316	0	0	6,302	(6,957)	0	0	0
Dividends distributed	0	0	0	0	0	0	(6,137)	0	(6,137)	0	(6,137)
Total comprehensive profit (loss)	0	0	0	0	0	(339)	0	3,712	3,373	32	3,405
Shareholders' Equity as at 30.06.2016	**90,250**	**25,747**	**5,018**	**34,922**	**(3,222)**	**(1,091)**	**2,413**	**3,712**	**157,749**	**546**	**158,295**

in thousands of Euros	*Share capital*	*Share Premium Reserve*	*Legal Reserve*	*Other Reserves*	*FTA Reserve*	*Actuarial Gain (Loss) Reserve*	*Profits (Losses) Carried Forward*	*Profit (loss) for the period*	*Group Shareholders' Equity*	*Minority interests*	*Shareholders' equity*
Shareholders' Equity as at 31.12.2016	**90,314**	**25,683**	**5,018**	**34,923**	**(3,222)**	**(933)**	**2,413**	**11,311**	**165,507**	**607**	**166,114**
Allocation of the 2016 financial year result	0	0	527	677	0	0	10,107	(11,311)	0	0	0
Dividends distributed	0	0	0	0	0	0	(10,007)	0	(10,007)	0	(10,007)
Total comprehensive profit (loss)	0	0	0	0	0	120	0	6,919	7,039	96	7,135
Shareholders' Equity as at 30.06.2017	**90,314**	**25,683**	**5,545**	**35,600**	**(3,222)**	**(813)**	**2,513**	**6,919**	**162,539**	**703**	**163,242**

Notes to the Consolidated Financial Statements

Information on Group Operations

The Group operates in the business of airport management. Specifically:

- Aeroporto Guglielmo Marconi di Bologna S.p.A. (referred to hereinafter as AdB or Parent Company) is the full management operator of Bologna Airport according to Full Management Concession No. 98 of 12 July 2004 et seq., approved by Ministry of Transport and Infrastructure and Ministry of the Economy and Finance Decree dated 15 March 2006, for a forty-year duration starting on 28 December 2004. Its registered office is located at Via del Triumvirato 84, Bologna and it is registered with the Bologna Companies Registry.
- Fast Freight Marconi S.p.A. (referred to hereinafter as FFM) operates a freight and mail handling business at Bologna Airport. Its registered office is located at Via del Triumvirato 84, Bologna and it is registered with the Bologna Companies Registry. It is subject to management and coordination by the company Aeroporto Guglielmo Marconi di Bologna S.p.A.
- TAG Bologna S.r.l. (referred to hereinafter as TAG) operates in the general aviation business as a handler and manages the relative infrastructure at Bologna Airport. Its registered office is located at Via del Triumvirato 84, Bologna and it is registered with the Bologna Companies Registry. It is subject to management and coordination by the company Aeroporto Guglielmo Marconi di Bologna S.p.A.

Accounting Standards Applied in the Preparation of the Half-Year Consolidated Financial Report as at 30 June 2017

Preparation Criteria

This Half-Year Consolidated Financial Report of the Group (hereinafter “the Group’s Half-Year Consolidated Financial Report” or “Consolidated Financial Statements”) was prepared for the six months ended 30 June 2017 and includes comparative data for the period ended 31 December 2016, limited to items included in the Statement of Consolidated Financial Position and comparative data for the half-year from 01 January 2016 to 30 June 2016, limited to entries included in the Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Consolidated Statement of Cash Flows. The consolidated financial statements were prepared on the basis of historical cost, with the exception of financial assets held for sale, which were recorded at their fair value, and on the basis of a “going concern” assumption.

The consolidated financial statements are presented in Euro, which is also the Group's operating currency, and all the amounts in this Note are rounded off in thousands of Euro unless otherwise indicated.

The publication of the Half-Year Consolidated Financial Report of Aeroporto Guglielmo Marconi di Bologna S.p.A. and its subsidiaries (the Group) for the period ended 30 June 2017 was authorised by the Board of Directors on 04 September 2017.

Content and Form of the Half-Year Consolidated Financial Report

The Consolidated Financial Statements as at 30 June presented in summary form were prepared in accordance with the requirements of IAS 34 “Interim Financial Reporting” with the summary notes required by this international accounting standard, supplemented as needed to provide additional information when deemed necessary. Thus, these Consolidated Financial Statements must be read in conjunction with the consolidated financial statements for 2016 prepared in accordance with the IFRS issued by the International Accounting Standards Board ("IASB") and prepared on the basis of an IFRS transition date (First Time Adoption or "FTA") of 01 January 2012.

The Group has chosen the Separate and Comprehensive Income Statement presentation indicated as preferable in the IAS 1 Accounting Standard, and deems it to be more effective in representing business events. In particular, the presentation of the Statement of Consolidated Financial Position utilised a format that divides assets and liabilities into current and non-current assets and liabilities.
An asset is current when:

- it is assumed that it will be realised, or that it is held for the purpose of sale or consumption during the normal operating cycle;
- it is held principally for the purpose of trading it;
- it is assumed that it will be realised within twelve months following the end of the financial year; or
- it consists of cash or cash equivalents unless it is prohibited to exchange or use it to settle a liability for at least twelve months following the end of the financial year.

All other assets are classified as non-current.

A liability is current when:

- it is planned that it will be paid off within its normal operating cycle;
- it is held principally for the purpose of trading it;
- it must be paid no later than twelve months following the end of the financial year;
- the entity has no unconditional right to postpone payment of the liability for at least twelve months following the end of the financial year.

The Group classifies all other liabilities as non-current.

Assets and liabilities for prepaid and deferred taxes are classified as non-current assets and liabilities.
The presentation of the Consolidated Income Statement employed a format that allocates revenues and costs by type, and the presentation of the Consolidated Cash Flow statement employs the indirect method, which divides cash flows among operating, investing and financing activities.

Consolidation principles

The Half-Year Consolidated Financial Report includes the statement of consolidated financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, and the statement of changes in consolidated shareholders' equity.
The Group has chosen a presentation of the comprehensive income statement which includes, besides the results for the period, the changes in shareholders' equity pertaining to financial items which, by express provision of international accounting standards, are recorded among components of shareholders' equity.
The Consolidated Financial Statements were prepared on the basis of the financial statements of the Parent Company and its direct and indirect subsidiaries, which have been approved by their respective shareholders' meetings and governing bodies, appropriately adjusted to bring them into compliance with the IFRS. The subsidiaries are wholly consolidated as of their acquisition dates, i.e. the dates on which the Group acquired control, and cease to be consolidated on the date on which control is transferred outside the Group.
A company is capable of exercising control if it is exposed to or has the right to the variable income generated by its relationship with the entity in which it has invested and, at the same time, it is capable of having an impact on that income by exercising its power over that entity.

Specifically, a company is able to exercise control if, and only if, it has:

- power over the entity in which it has invested (or in which it has valid rights that give it the actual ability to direct the significant activities of the entity in which it has invested);
- exposure or rights to variable income generated by the relationship with the entity in which it has invested;
- the ability to exercise its power over the entity in which it has invested in order to have an impact on the amount of its income.

When a group company holds less than a majority of the voting rights (or similar rights) in an investee company, it considers all relevant facts and circumstances in establishing whether the investee entity is controlled, including:

- contractual agreements with other parties holding voting rights;
- rights arising from contractual agreements;
- the group's voting rights and potential voting rights.

The Group reconsiders whether or not there is control of an investee company if the facts and circumstances indicate that there have been changes in one or more of the three components that are relevant for the purposes of determination of control. The consolidation of a subsidiary begins when the group acquires its control and ceases when the group loses said control. The assets, liabilities, revenues and costs of a subsidiary acquired or sold during the financial year are included in the comprehensive income statement since the date on which the group acquired control and until the date on which the group no longer exercises control over the company.

The financial year profit/loss and each of the other components of the comprehensive income statement are allocated to controlling shareholders and minority shareholder stakes, even if that means that minority shareholder stakes have a negative balance. Where necessary, the appropriate adjustments are made to subsidiaries' financial statements to ensure compliance with group accounting policies. All intercompany assets and liabilities, shareholders' equity, revenues and costs, and cash flows pertaining to transactions among group entities are completely eliminated during consolidation.

When the share of shareholders' equity held by the controlling company changes, but that fact does not result in a loss of control, this change must be recorded under shareholders' equity. If the group loses control, it must:

- eliminate the assets (including any goodwill) and the liabilities of the subsidiary;
- eliminate the book value of all minority interests;
- eliminate accrued foreign exchange differences recognised under shareholders' equity;
- record the fair value of the consideration received;
- record the fair value of any investment retained;
- record the profit or loss in the income statement for the period;
- reclassify the controlling company's share of the components previously recorded in the consolidated statement of other components of comprehensive income to the income statement or among profits carried forward, as required by specific accounting standards, as if the Group had directly sold or transferred the corresponding assets or liabilities.

The following table summarises information on subsidiaries as of 30 June 2017 and 31 December 2016 as to their company names and the portion of the share capital held directly or indirectly by the Group.

in thousands of Euros	**Currency**	**Share capital**	**as at 30.06.2017**	**as at 31.12.2016**
Fast Freight Marconi S.p.A. Single-shareholder company	Euro	520	100.00%	100.00%
Tag Bologna S.r.l	Euro	316	51.00%	51.00%

The following table summarises information on affiliates as at 30 June 2017 and 31 December 2016 as to their company names and the portion of the share capital held directly or indirectly by the Group.

in thousands of Euros	Currency	Share capital	at 30.06.2017	at 31.12.2016
Ravenna Terminal Passeggeri S.r.l.	Euro	165	24.00%	24.00%

The share capital of the associated company Ravenna Terminal Passeggeri S.r.l. was reduced for losses from Euro 300 thousand to Euro 165 thousand by the Shareholders' Meeting on 04 April 2017. This transaction had no impact on the half year under review since the value of the investment was fully written down in previous periods.

Measurement Criteria

Business Combinations and Goodwill

Business combinations are recorded using the acquisition method. Acquisition cost is determined as the total consideration transferred, measured at fair value as of the acquisition date, and the amount of the minority investment in the acquired company. For each business combination, the Group decides whether to measure the minority investment in the acquired company at fair value or in proportion to the minority investment's share of the identifiable net assets of the acquired company. Acquisition costs are expensed during the year and classified under administrative expenses.

When the Group acquires a business, it classifies or designates the financial assets acquired or the liabilities assumed in accordance with the contractual terms, economic conditions, and other conditions relevant as of the acquisition date. That process includes an examination to establish whether an embedded derivative must be separated from the primary contract.

If the business combination is carried out in several phases, the previously held investment is returned to its fair value as of the acquisition date and any resulting profit or loss is recorded in the income statement. It is therefore considered in the determination of goodwill.

Any consideration to be paid is recognised by the buyer at fair value as of the acquisition date. Changes in the fair value of the potential consideration classified as an asset or liability must be recognised in the income statement or in the statement of other components of the statement of comprehensive income. In instances where the potential consideration does not fall within the scope of IAS 39, it shall be measured in accordance with the appropriate IFRS. If the potential consideration is classified under shareholders' equity, its value is not to be re-determined and its subsequent adjustment shall be recorded under shareholders' equity.

Goodwill shall be initially recognised as the cost consisting of the amount in excess of the entire amount of the consideration paid and the amount recognised as minority interest with respect to the identifiable net assets acquired and the liabilities assumed by the Group. If the fair value of the net assets acquired exceeds the entire consideration paid, the Group again determines whether it has correctly identified all the assets acquired and all the liabilities assumed, and it reviews the procedures employed to determine the amounts to be recognised as of the acquisition date. If the new valuation also shows a fair value for the net assets acquired that exceeds the consideration paid, the difference (profit) is recorded in the income statement.

After initial recognition, goodwill shall be measured at cost net of accumulated impairment. For the purposes of the impairment test, the goodwill acquired in a business combination is allocated, as of the acquisition date, to each Group cash-generating unit for which benefits from combination synergies are foreseen, regardless of the fact that other assets or liabilities of the acquired entity are assigned to those units.

If the goodwill was allocated to a CGU, and the entity divests part of the assets of that unit, the goodwill associated with the divested assets shall be included in the book value of the assets when the profit or loss from the divestment is determined. The goodwill associated with the divested asset shall be determined on the basis of the values pertaining to the divested asset and the retained portion of the CGU.

Investments in Associated Companies and Joint-Ventures

An associated company is a company over which the Group exerts significant influence, and which cannot be classified as a subsidiary or joint venture. The Group’s investments in associated companies are measured using the equity method.

Under the equity method, the investment in an associated company is initially recognised at cost, and the book value is increased or decreased to recognise the investor's share of the investee company's profits and losses realised after the acquisition date.

The goodwill pertaining to the associated company is included in the book value of the investment and is not subject to amortisation nor to an individual impairment test.

The income statement shall reflect the Group's share of the financial year profit/loss of the affiliated company. In the event that an associated company recognises adjustments that are charged directly to shareholders' equity, the Group shall recognise its share and present it, where applicable, in the statement of changes in shareholders' equity. Profits and losses generated by transactions between the Group and the associated company shall be eliminated in proportion to the investment in the associated company.

The Group's share of an associated company's financial year profit/loss shall be reflected in the income statement. The share belonging to the Group represents the associated company's profit/loss that is attributable to shareholders; this is therefore the after-tax profit/loss net of the shares belonging to other shareholders of the associated company.

The associated company's reporting date must be the same as the parent company's reporting date. The associated company's financial statements must be prepared employing accounting standards that are uniform for similar transactions and events in similar circumstances.

After the application of the equity method, the Group shall assess whether it is necessary to recognise an impairment of its equity stake in the associated company. The Group shall assess on every reporting date whether there is objective evidence that the investment in the associated company has suffered an impairment. If this is the case, the Group shall calculate the amount of the loss as the difference between the recoverable value of the associated company and its book value recording the difference in the income statement for the period.

Once it has lost a significant influence over an associated company, the Group must measure and recognise any remaining investment at fair value. Any difference between the book value of the investment at the date of loss of significant influence and the fair value of the remaining investment and the consideration received must be recorded in the income statement.

Conversion of Entries in Foreign Currencies

Transactions and Balances

Transactions in foreign currency shall be initially recognised in the operating currency, applying the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency shall be converted into the operating currency at the exchange rate at the reporting date. The gain or loss generated by conversion shall be charged to the income statement.

Non-monetary items measured at historic cost in foreign currency shall be converted using the exchange rates in effect on the date of the initial recognition of the transaction. Non-monetary items recorded at fair value in a foreign currency are converted using the exchange rate on the date when this value was determined. The gain or loss arising from the reconversion of non-monetary items is treated in a manner consistent with the recognition of gains and losses pertaining to the aforementioned items' changes in fair value (conversion differences with respect to items whose changes in fair value were recognised in the statement of comprehensive income or in the income statement are recognised in the statement of comprehensive income or the income statement, respectively).

Intangible assets

Intangible assets pertain to assets that have no identifiable physical substance, which are controlled by the company and capable of producing future economic benefits, as well as those assets created by business combination transactions.
The useful life of intangible assets is determined to be definite or indefinite.
Intangible assets that have a definite useful life are recorded at acquisition or production cost or, if they are generated by business combination transactions, they are capitalised at fair value as of the acquisition date; they are inclusive of accessory costs, systematically amortised over the period of their remaining useful life in accordance with the provisions of IAS 36, and are subject to an impairment test any time that there are indications of a possible loss of value.
The remaining value at the end of useful life is presumed to be equal to zero unless there is a commitment by third parties to purchase the asset at the end of its useful life or if there is an active market for the asset.
The directors shall review the estimate of the useful life of intangible assets at the end of every financial year.
Amortisation charges related to intangible assets with a definite useful life shall be recognised in an appropriate item in the income statement.

The Group has not identified intangible assets with an indefinite useful life among its intangible assets.

The item "Concession Rights" contains the amount recognised under intangible assets consisting of airport infrastructure held by the company in connection with the concession rights acquired to manage such infrastructure in exchange for the right to charge users for said infrastructure's use in performing a public service, in accordance with the provisions of IFRIC 12 – Service Concession Agreements.

The Concession on the basis of which the Group operates meets the requirements in accordance with which the concession holder constructs and manages the infrastructure on behalf of the concession grantor; consequently, there is no basis for recognising said infrastructure in its financial statements as a tangible asset.

The Group subcontracts infrastructure construction and improvement activities to third parties. As such, the fair value of the consideration for construction/improvement services performed by the Group is equal to the fair value of the consideration for construction/improvement services performed by third parties, plus a mark-up representing the internal costs incurred for the planning and coordination activities performed by the appropriate internal unit.

The external costs incurred to provide construction services are therefore recognised under the item Cost of construction services, in the income statement.

At the same time that those costs are recognised, the Group recognises an increase in the item Concession Rights in an amount representing the fair value of the service performed, with revenues from construction services as an offsetting entry.

The Concession Rights determined in the above manner shall be subject to a straight-line amortisation process during the entire term of the Concession, beginning at the time the pertinent asset created on behalf of the concession grantor was placed in service.

The useful life of an intangible asset arising from contractual rights or other legal rights is determined on the basis of the term of the contractual or legal rights (term of the concession) or the period of the utilisation of the assets, whichever is less. The ability to recover the carrying value, reduced by amortisation, is verified annually by employing impairment test criteria.

The item "Software, Licences and Similar Rights" mainly pertains to costs for the implementation and customisation of operating software as well as the purchase of software licenses, which are amortised at a rate of 33%.

Gains or losses generated by the derecognition of an intangible asset shall be measured as the difference between the net proceeds from divestment and the book value of the intangible asset, and shall be recognised in the income statement for the financial year in which the derecognition occurs.

Tangible assets

Tangible assets are initially recognised at the acquisition cost or realisation value; the value shall include the price paid to purchase or construct the asset (after discounts and rebates) and any costs directly attributable to the acquisition and necessary to place the asset in service.

Land, whether unbuilt or adjoining office and industrial buildings, was recorded separately and is not depreciated because it is an item with an unlimited useful life.

Tangible assets shall be stated net of accumulated depreciation and any impairments determined in accordance with the procedures described below. Depreciation shall be calculated using the straight-line method, on the basis of the estimated useful life of the asset. When the tangible asset is made up of several significant components that have different useful lives, depreciation shall be applied to each component. Land and tangible assets held for sale, which are measured at the lower of their carrying value or fair value after divestment costs, are not depreciated.

The following are the annual depreciation rates applied:

- Buildings and light structures: from 3% to 10%;
- Machinery, plant and equipment: from 10% to 31.5%;
- Furniture, office equipment, and transport vehicles: from 12% to 25%.

The remaining value of the asset, its useful life, and the methods employed shall be reviewed annually and adjusted if necessary at the end of every financial year.

Losses in value shall be recorded in the income statement as depreciation costs. Such losses in value shall be restored in the event that the reasons that caused them to no longer apply.

At the time of sale or when there are no expected future economic benefits from the use of an asset, it shall be derecognised in the financial statements, and any possible gain or loss (calculated as the difference between the sales price and the book value) shall be recognised in the income statement in the year of said derecognition.

Maintenance and repair costs that do not potentially increase the value and/or extend the remaining life of assets, shall be costed in the financial year in which they are incurred; otherwise they shall be capitalised.

Investment property

The Group classifies as investment properties land purchased for the purpose of making real estate investments which have not yet been determined.

The aforementioned land shall initially be recognised at the purchase cost, and subsequent measurements shall be in accordance with the cost criterion.

Such tangible assets are not subject to depreciation because they pertain to land. The Group monitors changes in the pertinent fair value through expert valuations to identify any permanent impairment.
Investment properties are derecognised in the financial statements when they have been sold or when the investment is unusable over the long term and no future economic benefits are expected from their sale. Any gains or losses generated by the derecognition or divestment of an investment property shall be recorded in the income statement for the financial year in which the derecognition or divestment occurs.

Leasing

The definition of a contractual agreement as a leasing transaction (or containing a leasing transaction) is based on the substance of the agreement, and requires an assessment as to whether the performance of the agreement depends on one or more specific assets, or whether the agreement transfers the right to use such asset. Verification as to whether an agreement contains a lease is done at the beginning of the agreement.
A lease agreement is classified as a finance lease or operating lease at the beginning of the lease. A lease agreement that transfers substantially all risks and benefits from owning the leased asset is classified as a finance lease.
An operating lease is a lease agreement that cannot be qualified as a finance lease. As a lessee, the Group recognises operating lease payments as costs in the income statement in equal amounts over the life of the lease. As a lessor, the Group recognises lease agreements as operating leases when substantially all risks and benefits of owning the asset remain with the Group. Initial negotiating costs are added to the book value of the asset leased and recognised on the basis of the term of the agreement on the same basis as lease income. Unbudgeted rents are recognised as revenues in the period in which they accrue.

Impairment of Non-Financial Assets

The book values of non-financial assets are subject to measurement any time that there are evident indications inside or outside the company that indicate the possibility of a loss in the value of the assets or a group of assets (defined as Cash Generating Units or CGU).
The recoverable value is the greater of the fair value of the asset or cash generating unit, after sales costs, and its value in use. The recoverable value shall be determined for each asset, except when said asset generates cash flows that are not fully independent of the cash flows generated by other assets or groups of assets.
If the book value of an asset exceeds its recoverable value, that asset has suffered an impairment, and consequently it shall be written down to bring it in line with its recoverable value. In determining value in use, the Group discounts estimated future cash flows to their present value, using a pre-tax discount rate that reflects market valuations of the present value of funds and the specific risks of the asset. An appropriate measurement model is employed to determine fair value after deducting sale costs. These calculations are performed utilising appropriate valuation multipliers, the prices of listed shares for investee companies whose shares are publicly traded, and other available indicators of fair value.
Impairments of operating assets shall be recognised in the income statement under cost categories consistent with the intended use of the asset which has been impaired.
For assets other than goodwill, at the end of every financial year the Group shall also assess any existing indications of the elimination (or reduction) of the previously recorded impairment, and if such indications exist, shall estimate the recoverable value. The value of a previously impaired asset may be restored only if there have been changes in the estimates which were the basis for the calculation of the recoverable value that was determined subsequent to the recognition of the most recent impairment. The recovery of the value may not exceed the book value that would have been determined, net of depreciation, in the event that no impairment had been recognised in prior financial years. Said recovery shall be recognised in the

income statement unless the asset has been recognised at the remeasured value, in which case the recovery shall be treated as a re-measurement increase.

The following criteria are used to recognise impairments for specific categories of assets:

Concession Rights

The Group subjects the value recorded under Concession Rights to impairment tests on an annual basis during the financial statements closeout process, or more frequently if events or changes in circumstances indicate that the book value could be subject to impairment (any time that impairment indicators should appear).

An impairment of the aforementioned intangible assets is determined by assessing the recoverable value of the cash generating unit (or group of cash generating units) to which it is attributable. In instances where the recoverable value of the cash generating unit (or group of cash generating units) is less than the book value of the cash generating unit (or group of cash generating units) to which the intangible assets have been allocated, an impairment shall be recognised.
For the purposes of performing impairment tests, the Group has established a single CGU which is one and the same as the Aeroporto Guglielmo Marconi di Bologna S.p.A. Group.
Impairment tests are performed by comparing the book value of the asset or cash generating unit (CGU) with the recoverable value of same, which is determined as the greater of the fair value (net of any possible sale costs) and the amount of discounted net cash flows that are projected to be generated by the assets or CGU.
Each unit or group of units to which the specific intangible asset is allocated represents the lowest level within the Group at which it is monitored for internal management purposes.
The conditions and procedures for any possible reversal of the value of an asset which was previously impaired by the Group, excluding, however, any possible reversal of the value of goodwill, are those established by IAS 36.

Financial assets
IAS 39 establishes the following categories of financial instruments: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets.
Initially all financial assets are recognised at fair value plus, in the instance of assets not measured at fair value through profit or loss, transaction costs. The Group considers whether a contract contains embedded derivatives at the time it is signed.
Embedded derivatives are separated from their host contract if the latter is not measured at fair value when the analysis shows that the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.
The Group determines the classification of its financial assets after initial recognition and, if appropriate and allowable, it reviews that classification at the end of each financial year.

Financial Assets at Fair Value through Profit or Loss
This category includes assets held for trading and the assets designated at initial recognition as financial assets measured at fair value, and after initial recognition, changes in fair value are recognised in the income statement.
Assets held for trading are all those assets purchased for the purpose of short-term sale. Derivatives, including those separated out, are classified as financial instruments held for trading unless they have been designated as effective hedging instruments. Gains or losses on assets held for trading are recognised in the income statement.

If a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, with the exception of those instances in which the embedded derivative does not significantly alter cash flows, or it is evident that separation of the derivative is not allowed.
At the time of initial recognition, it is possible to classify financial assets as financial assets at *fair value* through profit or loss if the following conditions are met: (i) the designation eliminates or significantly reduces the inconsistency in treatment that would otherwise result from measuring the assets or recognising gains or losses that the assets generate, using a different criterion; or (ii) the assets are part of a group of managed financial assets and their yield is measured on the basis of their fair value, based upon a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that must be separated out and recognised separately.

Held-To-Maturity Investments
Financial assets that are not derivative instruments, and that are characterised by payments at a fixed or determinable maturity, are classified as "held-to-maturity investments" in instances where the Group has the intention and the ability to hold them until maturity. After initial recognition, held-to-maturity investments are measured at amortised cost, using the effective interest rate method, after deducting impairments. The amortised cost is calculated by recognising any possible purchase discounts, purchase premiums, fees or costs that are an integral part of the effective interest rate. The effective interest rate is included in financial income in the income statement for the period. Write-downs are recognised as financial expense in the income statement for the period.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. After initial recognition, such assets are measured according to the amortised cost criterion using the effective discount rate method, net after all impairment provisions.

Amortised cost is calculated taking into account any purchase discount or premium, and includes the fees that are an integral part of the effective interest rate and transaction costs. Short term trade receivables are not discounted because the effect of discounting cash flows is immaterial. Gains and losses are recognised in the income statement when loans and receivables are written off for accounting purposes or upon the occurrence of impairments, other than through the amortisation process.

Available-for-Sale Financial Assets
Available-for-sale financial assets are those financial assets, excluding derivative financial instruments, which have been designated as such and are not classified in any other of the foregoing categories. After initial recognition, financial assets held for sale are measured at fair value, and gains and losses are recognised in a separate item under shareholders' equity. When the assets are derecognised for accounting purposes, accumulated gains or losses under shareholders' equity are posted to the income statement. Interest accrued or paid on such investments is recognised as interest income or interest expense utilising the effective interest rate. Dividends accrued on such investments are posted to the income statement as "dividends received" when the right to receive the dividends occurs.

Fair value
The Group provides in an accompanying note the fair value of financial instruments measured at amortised cost and of non-financial assets, such as investment properties.

Fair value is the price that would be received for the sale of an asset, or that would be paid for the transfer of a liability, in a regular transaction between market operators as of the measurement date.

A measurement at fair value assumes that the asset sale or liability transfer transaction occurs:

(a) in the principal market for the asset or liability; or

(b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market or the most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured by making the assumptions that market operators would employ in determining the price of the asset or liability, assuming that the latter act in such a way as to best serve their own economic interest.

A measurement of the fair value of a non-financial asset considers the capacity of a market operator to generate economic benefits through the optimal investment or optimal utilisation of the asset, or by selling it to another market operator that would optimally invest and optimally utilise it.

The Group employs measurement techniques that are appropriate to the circumstances and for which there is sufficient data available in order to measure fair value, by maximising the use of observable relevant inputs and minimising the use of non-observable inputs.

All assets and liabilities for which fair value is to be measured or stated in financial statements are categorised on the basis of a fair value hierarchy, as described below:

- Level 1 - the (unadjusted) quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – inputs other than listed prices included in Level 1, which are directly or indirectly observable for the asset or liability;
- Level 3 – measurement techniques for which input data is not observable for the asset or liability.

The measurement of fair value is classified entirely at the same level of the fair value hierarchy as the classification of the lowest hierarchical level input employed for the measurement.

In the instance of assets and liabilities recognised in the financial statements on a recurring basis, the Group determines whether the hierarchy level has changed by reviewing the categorisation (based on the lowest level input that is significant for the purposes of measuring the fair value in its entirety) at the end of every reporting period.

Impairment of Financial Assets

At each reporting date, the Group determines whether a financial asset or group of financial assets has been impaired.

Assets Measured According to the Amortised Cost Criterion

If there is an objective indication that a loan or receivable recorded at amortised cost has been impaired, the amount of the impairment shall be measured as the difference between the book value of the assets and the present value of estimated future cash flows (excluding future losses on receivables that have not yet been incurred) discounted at the original effective interest rate of the financial assets (which is to say, the effective interest rate calculated at the initial recognition date). The book value of the assets shall be reduced through the use of a provision, and the impairment shall be recognised in the income statement.

The Group, first of all, determines the existence of objective indications of impairments on an individual level, for financial assets that are individually significant, and then at an individual or collective level for financial assets that are not. In the absence of objective indications of impairment of a financial asset measured individually, whether or not it is significant, said asset shall be included in a group of financial assets with similar credit risk characteristics, and that group shall be collectively subjected to an impairment test. Assets measured individually for which an impairment is recognised or continues to be recognised shall not be included in a collective measurement.

If, during a subsequent period, the amount of the impairment is reduced and that reduction can be objectively attributed to an event that occurred after the recognition of the impairment, the previously reduced value may be recovered. Any subsequent recoveries of value shall be recognised in the income statement, to the extent that the book value of the assets does not exceed the amortised cost as of the date of recovery.
In the instance of trade receivables, an impairment provision is made when there is an objective indication (such as, for example, the likelihood of the debtor's insolvency or significant financial difficulties) that the Group will not be able to collect all the amounts owed on the basis of the original terms and conditions of the receivable. The receivable's book value shall be reduced through an appropriate provision. Impaired receivables shall be written off when it is determined that they are uncollectible.

Available-for-Sale Financial Assets
In the instance of equity instruments classified as available-for-sale, the objective evidence of impairment would include a significant or prolonged reduction in the fair value of the instrument below its cost. The term 'significant' is assessed in relation to the original cost of the instrument and the term 'prolonged' is assessed in relation to the period during which the fair value remained below the original cost.
In the event of impairment of an available-for-sale financial asset, an amount is transferred from shareholders' equity to the income statement which represents the difference between its cost (net of repayment of principal and amortisation) and its current fair value net of any impairments recognised previously in the income statement.
Recoveries of the values of equity instruments classified as available-for-sale shall not be recognised in the income statement. Recoveries of value related to debt instruments are recognised in the income if the increase in the fair value of the instrument can be objectively attributed to an event that occurred after the impairment was recognised in the income statement.

Non-Current Held-for-Sale Assets and Discontinued Operations
Non-current assets classified as held for sale must be measured at either the book value or the fair value net of sales costs, whichever is lower. They are classified as such if their book value will be recovered through a sales transaction instead of through their ongoing use. This condition is considered to be met only when a sale is highly probable and the assets or group of assets to be divested is available for immediate sale under their current conditions. Management must be committed to the sale, the completion of which must be scheduled no later than one year after the date of classification.
In the consolidated income statement and the income statement for the prior year used as a comparison period, the profits and losses from discontinued operations shall be reported separately from profits and losses from operating activities, in the line item for profit after tax, including when the Group retains a minority stake in the subsidiary after the sale. The resulting after-tax profit or loss shall be stated separately in the income statement.
Once property, plant and equipment and intangible assets are classified as held for sale, they must no longer be depreciated/amortised.

Derecognition of Financial Assets
A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised (e.g. removed from the statement of financial position) first of all when:
- the rights to receive cash flows on the asset are extinguished, or
- the Group has transferred to a third party the right to receive the asset's cash flows, or has assumed a contractual obligation to pay them in full and without delay and (a) has basically transferred all the risks and benefits of ownership of the financial asset, or (b) has not transferred

nor substantially retained all the risks and benefits of the asset, but has transferred control of same.

Construction Services and Contracts in Progress

Construction contracts in progress are measured on the basis of the contractual consideration accrued with reasonable certainty in relation to the progress of the work, and according to a percentage completion criterion, determined by the methodology of physical measurement of the work performed, so as to allocate the revenues and the profit/loss from the work contract to the individual financial years in which they are accrued, in proportion to progress in the work. The positive or negative difference between the completed amount of the contracts and the amount of prepayments received is recognised as balance sheet assets or liabilities, respectively, also taking into account any possible impairments in view of the risk connected to the client's failure to pay for the work performed.

Contract revenues, in addition to contractual consideration, include project changes, price revisions, as well as any possible claims, to the extent that it is probable that they represent actual revenues that can be reliably determined.

In the event that a loss is anticipated from completion of the contract activities, said loss shall be immediately recognised in full in the financial statements, regardless of the contract's state of progress.

Specifically, construction services for the concession grantor pertaining to the concession agreement that AdB holds, shall also be recognised in the income statement on the basis of the state of progress of the work. Specifically, revenues from construction and/or improvement services, which represent the consideration owing for the work performed, are measured at fair value, determined on the basis of the total costs incurred, which mainly consist of the cost of outside services and the cost of benefits for the employees assigned to that work.

The offsetting entry for such construction services revenues consists of a financial asset or airport concession asset recognised in Concession Rights under intangible assets, as was explained in that paragraph.

Inventories

Inventories are recorded at the lesser of acquisition or production cost and the net realisation value, which consists of the amount that the company expects to receive from sale of the inventory pursuant to normal operations. The cost of inventories is determined by applying the weighted average cost method.

Cash and Cash Equivalents

Cash and cash equivalents include readily liquid cash instruments, which is to say, cash instruments that meet the requirements for payment at sight or within an extremely short period of time, which can be successfully executed, and have no collection expenses.

Employee Benefits

The benefits guaranteed for employees that are provided at the same time as or subsequent to termination of employment through defined-benefit programs (severance pay) or other long-term benefits (such as, for example, Non-Compete Agreements and long-term Incentive Plans) are recognised in the period when the right accrues.

The pertinent liability, net of any possible assets to service the plan, is determined on the basis of actuarial assumptions and is recognised on an accrual basis, consistent with work in employment necessary to receive the benefits; the liability is measured by independent actuaries, utilising the unit credit projection method.

The amount reflects not only the payable accrued as of the reporting date for the consolidated financial statements, but also future salary increases and related statistical movements.

Re-measurements, which include actuarial gains and losses, changes in the impact of the maximum amount of the assets, excluding net interest (not applicable to the Group) and the income from assets servicing the plan (excluding net interest), are immediately recognised in the statement of financial position by debiting or crediting the profits carried forward through other components of the comprehensive income statement, in the financial year in which they occur. Re-measurements are not reclassified in the income statement in subsequent financial years.
The cost of past work in employment is recognised in the income statement as at the later of the following dates:

(a) the date on which a change or reduction in the plan occurs; and

(b) the date on which the Group recognises the related restructuring costs.

Net interest on net liabilities/assets for defined benefits must be determined by multiplying net liabilities/assets by the discount rate. The Group recognises the following changes in net obligations for defined benefits in the cost of sales, administrative overhead expenses, and in the costs of sale and distribution in the consolidated income statement (according to type):

- Labour costs, including current and past labour costs, gains and losses on non-routine reductions and terminations;
- Net interest income or expense.

As a result of the changes made to severance pay by Law No. 296 of 27 December 2006 (2007 Finance Law) and subsequent Decrees and Regulations, the severance pay of Italian companies with more than 50 employees that has been accrued since 01 January 2007 or the date employees chose to exercise the option, falls within the category of defined contribution plans, both in the instance of the supplementary retirement option, and in the instance of allocation to the Treasury Fund at the National Social Security Agency (INPS). The severance pay accrued up to 31 December 2006 is recognised as a defined benefit.

The contributions to be paid to a defined contribution plan instead of a work in employment plan are recognised as liabilities (payables), after deducting in the contributions possibly already paid, and as a cost.

Provisions for risks and charges
Provisions for risks and charges concern costs and charges of a specific nature that are certain or likely to occur, the total amount of which and date of occurrence cannot be determined as of the reporting date of these consolidated financial statements. Provisions are recognised when:

(i) it is likely that there is a current legal or implied obligation arising from a past event;

(ii) it is likely that the fulfilment of the obligation will require payment;

(iii) the total amount of the obligation can be reliably estimated.

Provisions are recorded in an amount that represents the best estimate, provided at times with the support of experts, of the amount that the company would pay to extinguish the obligation or to transfer it to third parties, as of the reporting date. When the financial impact over time is significant and the payment dates for obligations can be reliably estimated, the provision is discounted; an increase in the provision connected to the passage of time is recognised in the income statement under the item "Financial income (expenses)".
When the liability pertains to tangible assets (demolition of capital assets), the provision is recognised in an offsetting entry to the asset to which it pertains; it is charged to the income statement through the depreciation process.
Provisions are periodically updated to reflect changes in cost estimates, completion times, and the discount rate; revisions to estimated provisions are recognised in the same income statement item that previously contained the provision or, when the liability pertains to tangible assets, as an offsetting entry to the asset to which they pertain.

Provisions for renewal of airport infrastructure
In keeping with existing contractual obligations, as of the reporting date, airport infrastructure renewal provisions contain provisions for extraordinary maintenance, restorations and replacements to be performed in the future for the purpose of ensuring the proper functionality and safety of the airport infrastructure. Allocations to this provision are calculated as a function of the degree of utilisation of the infrastructure, which is indirectly reflected in the planned date for its replacement/renewal in the most recently approved company plan. The determination of the amounts that change this financial statement item also takes due account of a financial component, to be applied as a function of the amount of time between the various renewal cycles, for the purpose of ensuring the sufficiency of the provisions allocated.

Trade Payables and Other Non-Financial Liabilities
Short-term trade payables, the maturities of which fall within normal commercial time frames, are recorded at cost (their face value) and they are not discounted because the impact of discounting cash flows is immaterial.
Other non-financial liabilities are recognised at cost (identified as face value).

Loans
Other financial liabilities, with the exception of derivatives, are initially recognised at cost, which corresponds to the fair value of the liability net of transaction costs which are directly attributable to said liability.
After initial recognition, financial liabilities are measured using the amortised cost criterion, and employing the original effective interest rate method; this is the rate that makes the present value of cash flows, at the time of initial recognition, equal to the initial recognition value (referred to as the amortised cost method).
Any gain or loss is recognised in the income statement when the liability is extinguished, including through the amortisation process.

Financial Guarantees Issued
Financial guarantees issued by the Group are contracts that require a payment to reimburse the holder of a debt instrument in the event the holder suffers a loss as a result of the debtor's default on payment at the contractually established maturity. Financial guarantee contracts are initially recognised as a liability at fair value, plus the transaction costs directly attributable to the issuance of the guarantee. Subsequently, the liability is measured as the greater of the best estimate of the expenditure required to fulfil the guaranteed obligation as of the reporting date, and the initially recognised amount, net of accumulated amortisation.

Derecognition of Financial Liabilities
The financial liability is derecognised when the obligation underlying the liability is extinguished, cancelled or honoured. In instances where an existing financial liability is replaced by another from the same lender, under substantially different terms and conditions, or the terms and conditions of an existing liability are substantially amended, this exchange or amendment shall be treated as an accounting derecognition of the original liability, accompanied by the recognition of a new liability, with any differences between the book values recorded in the income statement for the period.

Recognition of Revenues
Revenues are recognised to the extent that it is possible to reliably determine their value (fair value), and it is probable that the pertinent economic benefits will materialise.

Depending upon the type of transaction, revenues are recognised on the basis of the following specific criteria:

- revenues from the sale of goods are recognised when the significant risks and benefits of ownership of the goods are transferred to the buyer;
- revenues from providing services are recognised when the service is rendered;
- revenues from the performance of services connected with work under contract are recognised on the basis of the state of progress of the work, based upon the same criteria established for contract work in progress.

Revenues are recognised net of returns, discounts, rebates, bonuses and promotional costs directly related to sales revenues, as well as directly connected taxes.

Commercial discounts that directly reduce revenues are determined on the basis of contracts entered into with airlines and tour operators.
Royalties are recognised on an accrual basis according to the substance of contractual agreements.

Interest income is recognised on an accrual basis, taking into account the actual income on the asset in question.

Dividends are recognised when the shareholders' right to receive payment is established.

Recognition of Costs and Expenses
Costs are recognised when they pertain to goods and services sold or consumed during the period or through a systematic distribution, which is to say when it is not possible to identify the future usefulness of same.

Interest expense is recognised on an accrual basis, taking into account the actual rate of return of the liability in question. Interest expense directly chargeable to the purchase, construction or production of an asset that requires a rather long period before being available for use, is capitalised on the basis of the cost of the asset.

Income Taxes
Current taxes
Current taxes for the financial year in progress are measured as the amount representing anticipated rebates from or payments to tax authorities. The rates and provisions of tax law employed to calculate the amount are those promulgated or substantially promulgated as of the reporting date for the consolidated financial statements. Current taxes pertaining to items directly recognised as shareholders' equity are recognised directly as shareholders' equity and not in the income statement. The Directors periodically evaluate the position taken in the tax return in instances where the provisions of tax law are subject to interpretation and, where appropriate, they direct the allocation of provisions.

Deferred taxes
Deferred taxes are calculated by applying the liability method to the temporary differences in existence on the reporting date between the tax amounts used as a reference for assets and liabilities, and the amounts

stated in the consolidated financial report. Deferred tax liabilities are recognised with respect to all taxable temporary differences, with the exception of:

- the initial recognition of goodwill or an asset or liability in a transaction other than a business combination and which, at the time of said transaction, has no impact on either the profit for the period calculated for financial statements purposes, nor upon the profit or loss calculated for tax purposes;
- the transfer of taxable temporary differences associated with investments in subsidiaries, associated companies and joint ventures may be controlled and inspected, and it is probable that the latter will not occur in the foreseeable future.

Deferred tax assets are recognised with respect to all deductible temporary differences and for all tax losses carried forward, to the extent it is probable that there will be sufficient future profits for tax purposes to enable the utilisation of deductible temporary differences and tax assets and liabilities carried forward, except in instances in which

- the deferred tax asset connected to deductible temporary differences is based on the initial recognition of an asset or liability in a transaction other than a business combination and, at the time of said transaction, has no impact on either the profit for the period calculated for financial statement purposes nor upon the profit or loss calculated for tax purposes;
- in the instance of deductible temporary differences associated with investments in subsidiaries, associated companies and joint ventures, deferred tax assets are recognised only to the extent it is probable that they shall be applied in the foreseeable future and that there shall be sufficient taxable amounts that enable the recovery of such temporary differences.

The book value of deferred tax assets is re-examined at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable amounts shall be available in the future to enable the utilisation of all or a part of that receivable. Deferred tax assets not recognised shall be re-examined at every reporting date and are recognised to the extent that it becomes probable that income stated for tax purposes shall be sufficient to enable the recovery of those deferred tax assets.

Deferred tax assets and liabilities are measured on the basis of the tax rate expected to be applied in the financial year in which such assets shall be realised or such liabilities shall be extinguished, considering the rates currently in effect and the rates previously issued, or substantially in effect, as of the reporting date.

Deferred taxes pertaining to items recognised outside the income statement are also recognised outside the income statement and consequently under shareholders' equity or in the comprehensive income statement, in a manner consistent with the item in question.

Deferred tax assets and deferred tax liabilities shall be used to offset each other in instances where there is a legal right to use current tax assets to offset current tax liabilities, and the deferred taxes pertain to the same taxpayer and the same tax authority.

The tax benefits acquired as a result of a business combination, but which do not meet the criteria for separate recognition as of the acquisition date, are recognised subsequently, as necessary, at the time additional information is received regarding changes in facts and circumstances. The adjustment is recognised as a reduction in goodwill (up to the entire amount of goodwill) to the extent that it is recognised during measurement, or in the income statement, if recognised subsequently.

The rates used to calculate deferred taxes, which reflect future rates based on current national laws, are as follows:

- IRES 24%;
- IRAP 4.2% (airport companies);
- IRAP 3.9%.

Indirect Taxes
Costs, revenues, assets and liabilities are recognised after indirect taxes, such as the value added tax, with the following exceptions:

- the tax applied to the purchase of goods or services is non-deductible; in that case it is recognised as part of the cost of purchase of the asset or part of the cost recognised in the income statement;
- trade receivables and payables include the applicable indirect tax.

The net amount of indirect taxes to be recovered from or paid to the Treasury is included in the financial statements under receivables or payables.

Earnings Per Share

<u>Base or Undiluted</u>
Earnings (loss) per share is the ratio between the Group's profit (loss) and the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

<u>Diluted</u>
Diluted earnings (loss) per share is the ratio between the Group's profit (loss) and the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares. For the purposes of the calculation of diluted earnings per share, the weighted average of shares outstanding is modified assuming the conversion of all shares that potentially have a diluting effect, whereas the Group profit (loss) is adjusted to take into account the after-tax effects of conversion.

Dividends and Distribution of Assets Other Than Cash and Cash Equivalents

The Group recognises a liability with respect to the distribution to shareholders of cash, cash equivalents or assets other than cash and cash equivalents when the distribution is properly authorised and is no longer at the discretion of the company. Based on applicable corporate law in Europe, a distribution is authorised when it is approved by the shareholders. The corresponding amount is recognised directly in shareholders' equity.
Distributions of assets other than cash and cash equivalents are measured at the fair value of the assets to be distributed; re-calculations of fair value are directly recognised in shareholders' equity.
At the time, the dividend payable is paid, any difference between the book value of the assets distributed and the book value of the dividend payable shall be recognised in the income statement for the period.

Listing Costs
Pursuant to the listing plan which was completed on 14 July 2015 with the start-up of trading of shares in the Star Segment of the Electronic Stock Exchange organised and operated by Borsa Italiana S.p.A., the parent company incurred specific costs, such as (i) the fees that are to be paid to the banks which coordinated the offering, (ii) the fees pertaining to assistance by consultants, specialists and attorneys; (iii) other costs such as, for example, communications costs, the costs of printing prospectuses, and the other costs and sundry expenses directly pertaining thereto.
In a listing in which the Issuer is expected to issue new shares and to list both the new shares and the existing shares, some costs are incurred jointly both for the capital increase and sale of new shares, and for the sale of existing shares. In this situation, the criteria for their allocation to the two activities must be identified in accordance with reasonable criteria that reflect the provisions of IAS 32, recognising them in part as a decrease in shareholders' equity and in part in the income statement.
Listing costs definable as incremental costs directly attributable to the share capital increase transaction that otherwise would have been avoided such as, for example, brokerage fees were recognised in 2015 as a

reduction to Shareholders' Equity in the Share Premium Reserve; the remaining portion, such as costs pertaining to assistance by consultants, specialists and attorneys, was charged in part to the Income Statement and in part to Shareholders' Equity in accordance with the aforementioned criterion.

Cash Flow Statement

The Company presents its cash flow statement by employing the indirect method, which is allowed by IAS 7. The Company reconciled the before tax profit with net cash flows from operating activities. Paragraph 33 of IAS 7 allows classifying interest income and interest expense as operating or lending activities on the basis of the presentation that the company deems relevant; the Company classifies interest income received and interest expense paid as cash flows from operating activities.

New accounting standards, amendments and interpretations

Starting in 2017, the following new accounting standards, amendments and interpretations revised by the IASB go into effect:

- Amendments to IAS 12 - Income taxes. The IASB published several amendments to this standard. The document "Recognition of deferred tax assets for unrealised losses", (Amendment to IAS 12) aims to clarify how to account for deferred tax assets related to debt instruments measured at fair value.
- Amendments to IAS 7 – Statement of Cash Flows. On 29 January 2016, the IASB published an amendment to the standard covering the "Disclosure Initiative" to provide better disclosure on changes in financial liabilities.
- 2014-2016 annual cycle of IFRS improvements - On 08 December 2016 the IASB issued several minor changes to IFRS 12 (Disclosure of Interests in Other Entities). The goal of the annual improvements is to cover necessary issues related to inconsistencies found in the IFRSs or term-related clarifications. These are not urgent measures, but were discussed by the IAS during the plan cycle.

As at the authorisation date of this consolidated interim report, the appropriate bodies of the European Union had not completed the approval process for the new standards and amendments applicable to financial statements for financial years beginning on or after 01 January 2017. In any case, the amendments do not have an impact on the Group's financial position and operating results.

As compared with 31 December 2016, in 2017 the IASB issued the following interpretation that will enter into force after 31 December 2017:

- IFRIC 22 – Foreign Currency Transactions and Advance Consideration. On 08 December 2016, the IASB published this interpretation that addresses the use of exchange rates in transactions in which consideration in foreign currency is paid or received in advance. These amendments will be applied to financial years beginning on or after 01 January 2018.

New accounting standards and amendments not yet applicable and not adopted in advance by the Group

IFRS 15 Revenue from Contracts with Customers

The Group continued the analysis, initiated in 2016, of the potential impact that the application of the new IFRS 15 Revenue from Contracts with Customers may have on the Group's financial position, operating results and cash flow.

IFRS 15 was issued in May 2014 and introduces a new five-step analysis model that will be applied to revenues from contracts with customers. IFRS 15 calls for recognising revenues in an amount that reflects the consideration to which the entity believes it is entitled in exchange for the transfer of goods or services to the customer. The new standard will replace all current requirements in the IFRSs concerning revenue recognition, and it applies to all financial years starting on or after 01 January 2018. The Group expects to apply the new standard on the mandatory effective date.

As part of the preliminary process to assess the accounting impact from the adoption of the new standard, the main revenue streams have been identified from analyses performed in relation to Aeroporto Guglielmo Marconi di Bologna S.p.A. and the Group's subsidiaries:

1. Airport fees;
2. Sub-licensing/Lease of commercial and non-commercial space;
3. Parking;
4. Construction services;
5. Other.

Based on the preliminary qualitative assessment performed, there is no significant impact projected on the Group's financial position, operating results and cash flows.

Later in the period, the Group will analyse the disclosure requirements, and following the analysis, it will determine whether to apply the new standard retroactively or using the simplified method.

IFRS 9 Financial Instruments

The Group continued the analysis, initiated in 2016, of the potential impact that the application of the new IFRS 9 - Financial Instruments may have on the Group's financial position, operating results and cash flow.

On 24 July 2014, the IASB issued the final version of IFRS 9 to replace IAS 39. The main new features concern a new classification and measurement model, impairment, hedge accounting and the company's liabilities. The new standard will be applied as of 01 January 2018.

The standard introduces the need to conduct a business model analysis to determine the classification of financial instruments. A company's business model reflects how financial instruments are managed in order to generate cash flow; its business model indicates whether cash flows are due to contractual cash flows, sales or both. This assessment is performed on the basis of expected future scenarios.

From the preliminary qualitative assessment performed, the Group expects that the main impact will concern the model for classifying financial assets and liabilities, which are currently classified in the AVS category, which is no longer specified in the standard in effect on 01 January 2018, and the adoption of a predictive model for the impairment of financial assets; the Group has already made certain qualitative comments on this model for its implementation as of 01 January 2018.

From the preliminary assessment performed, no significant impact is projected on the Group's financial position following the adoption of the new rules specified in the standard, including the new hedge accounting model.

IFRS 16 - Leasing (applicable to years ending after 01 January 2019)

The scope of the new standard is all lease agreements, with a few exceptions. The accounting treatment for all leases follows the model specified in IAS 17, but it excludes leases for low value assets (e.g., computers) and short-term agreements (e.g., under 12 months). Thus, on the date the lease is recorded, a liability must be recorded for payments to be made, and the asset must be recorded that the entity is entitled to use, with financial expenses and amortisation/depreciation related to the asset recorded separately. The liability may be re-determined (e.g., due to changes in contractual terms or a change in the indices to which lease payments for the use of the asset are linked), and this change must be recorded on the underlying asset. Lastly, from the standpoint of the lessor, the accounting treatment model is largely unchanged from the provisions of the current IAS 17. The standard must be applied using the modified retroactive method, while early application is allowed concurrently with IFRS 15.

Discretionary Measurements and Significant Accounting Estimates

The preparation of the Group's financial statements requires directors to make discretionary judgements, perform estimates, and make assumptions that have an impact on the amounts of revenues, costs, assets and liabilities and related disclosures, as well as the statement of contingent liabilities. The uncertainty regarding such assumptions and estimates could produce results that in the future shall require a significant adjustment to the book value of such assets and/or liabilities.

IAS 8 Corrections of Accounting Estimates and Errors

Certain elements of the financial statements cannot be measured precisely, and are therefore based on estimates that depend on future uncertain conditions for carrying out the company's business. Over time these estimates are revised to reflect data and information that later become available. The impact of a change in accounting estimates must be recognised prospectively in the year it occurs, by including it in the operating result for the current and future years if the change also affects the latter. The prospective recognition of the impact of the estimate means that the change is applied to transactions that occurred starting with the change in the estimate. The revision or change in accounting estimates originates from new information or new developments in operating transactions, and therefore is not a correction of errors.

Errors in previous years are omissions and incorrect measurements of the entity's financial statement items for one or more periods resulting in the failure to use, or improper use, of reliable information that was available when the financial statements for those years were authorised to be issued, and it could be reasonably assumed that it was obtained and used in the preparation and presentation of such financial statements. These errors include the effects of arithmetic errors, errors in the application of accounting standards, oversights or distorted interpretations of facts and fraud. Financial statements are not in compliance with IFRS when they contain significant or insignificant errors if committed intentionally to achieve a certain presentation of the capital and financial structure, operating result or cash flows of the entity. Potential errors in the current year, which are recognised in the same year, are corrected before financial statements are authorised for publication. Errors discovered in subsequent years, if deemed significant, and if correction is deemed feasible, must be corrected in the comparative information provided in the financial statements for the subsequent year, and opening balances of assets, liabilities and shareholders' equity must be restated.

The restatement is not applied, and the error is recognised going forward when errors and omissions are deemed to be insignificant.

Omissions and incorrect measurements of items are relevant if, individually or collectively they could affect operating decisions that users make on the basis of the financial statements. Significance depends on the size and nature of the omission or incorrect measurement assessed based on circumstances.

Estimates and Assumptions

The following are examples of assumptions regarding the future and the other principal causes of uncertainty in estimates that, as of the reporting date, present a significant risk of causing significant adjustments to the book values of assets and liabilities no later than the following financial year. The Group has based its estimates and assumptions on parameters available at the time the consolidated financial statements were prepared. However, present circumstances and assumptions regarding future developments could be altered as a result of changes in the market or events beyond the Group's control. Such changes, should they occur, are reflected in the assumptions.

Impairment of Non-Financial Assets

See comments provided above in the principle “impairment of non-financial assets” and comments provided below in Note 1 - Intangible assets.

Fair Value of Investment Properties

The Group recognises its investment properties at cost, which value approximates the fair value of investment properties given the particular nature of same (absence of a comparable active market).

Fair Value of Financial Instruments

The Group provides the fair value of financial instruments in the Notes. When the fair value of an asset or liability cannot be measured based on prices in an active market, the fair value is to be determined by employing various measurement techniques, including the discounted cash flow model. The inputs to the latter model are found in observable markets, where possible, but should that not be possible, a certain amount of estimation is required in order to determine fair values. Estimates include considerations regarding variables such as liquidity risk, credit risk and volatility. Changes in the assumptions for these items could have an impact on the fair value of the recognised financial instrument.

IAS 10 Events after the Reporting Period

After assessing events occurring after the reporting period, the Group analyses the conditions that should lead to an appropriate change in accounting records and related disclosure, depending on whether the events occurring after the reporting period relate to:

- existing transactions on the reporting date that must be adjusted in the financial statements (adjusting events);
- transactions originating after the reporting date, for which it is not necessary to make any adjustment in the financial statements (non-adjusting events).

Information Regarding Operating Segments

The Aeroporto Guglielmo Marconi di Bologna Group, in application of IFRS 8, has identified its operating segments as the business areas that generate revenues and costs, whose results are periodically reviewed at the highest decision-making level in order to assess the performance of decisions regarding resource allocation, for which separate financial statement information is available.

The following are the Group's operating segments that have been identified in accordance with IFRS8:

- Aviation;
- Non-Aviation;
- Other.

It should be noted that the information regarding operating segments is provided for continuing operations in order to reflect the Group's future operating structure, and separately, for assets held for sale.

The Group assesses the performance of its operating segments based on revenues per passenger, making a distinction between revenues attributable to the aviation segment and those attributable to the non-aviation segment.

The item "Other" encompasses everything that is not directly attributable to the segments identified.

In managing the Group, financial income and expenses and taxes are not allocated to individual operating segments.

Segment activities are those employed by the segment in carrying out its characteristic activity or which may be reasonably allocated to it as a function of its characteristic activity.

The segment activities presented are measured using the same accounting criteria employed for the preparation of the Group's consolidated financial statements.

in thousands of Euros	for the half year ended 30.06.2017 Aviation	for the half year ended 30.06.2017 Non-Aviation	for the half year ended 30.06.2017 Other	for the half year ended 30.06.2017
Revenues	26,727	18,486	0	45,213
Costs	(21,084)	(9,431)	0	(30,515)
Gross operating profit	**5,643**	**9,055**	**0**	**14,698**
Depreciation and amortisation	(2,701)	(1,362)	0	(4,063)
Provisions	(726)	(118)	0	(844)
Operating result	**2,216**	**7,575**	**0**	**9,791**
Financial income	0	0	393	393
Financial expenses	0	0	(439)	(439)
Result before taxes	**2,216**	**7,575**	**(46)**	**9,745**
Taxes for the period	0	0	(2,730)	(2,730)
Profit (loss) for the period	**2,216**	**7,575**	**(2,776)**	**7,015**
Minority interests in profit (loss)	**0**	**0**	**0**	**96**
Group profit (loss)	**0**	**0**	**0**	**6,919**

in thousands of Euros	for the half year ended 30.06.2016 Aviation	for the half year ended 30.06.2016 Non-Aviation	for the half year ended 30.06.2016 Other	for the half year ended 30.06.2016
Revenues	24,788	17,183	0	41,971
Costs	(22,706)	(8,357)	0	(31,063)
Gross operating profit	**2,082**	**8,826**	**0**	**10,908**
Depreciation and amortisation	(2,516)	(1,158)	0	(3,674)
Provisions	(1,098)	(238)	0	(1,336)
Operating result	**(1,532)**	**7,430**	**0**	**5,898**
Financial income	0	0	156	156
Financial expenses	0	0	(747)	(747)
Non-recurring income and expenses	0	0	0	0
Result before taxes	**(1,532)**	**7,430**	**(591)**	**5,307**
Taxes for the period	0	0	(1,560)	(1,560)
Profit (loss) for the period	**(1,532)**	**7,430**	**(2,151)**	**3,747**
Minority interests in profit (loss)	**0**	**0**	**0**	**35**
Group profit (loss)	**0**	**0**	**0**	**3,712**

The following tables provide segment information on assets:

in thousands of Euros	for the half year ended 30.06.2017 Aviation	for the half year ended 30.06.2017 Non-Aviation	for the half year ended 30.06.2017 Others	for the half year ended 30.06.2017
Non-current assets	**150,409**	**25,425**	**32,381**	**208,215**
Intangible assets	**144,432**	**11,864**	**0**	**156,296**
Concession Rights	143,777	11,216	0	154,993
Other intangible assets	655	648	0	1,303
Tangible assets	**5,903**	**13,534**	**0**	**19,437**
Property, plant and equipment	5,903	8,802	0	14,705
Investment property	0	4,732	0	4,732
Other non-current assets	**74**	**27**	**32,381**	**32,482**
Investments	0	0	147	147
Other non-current financial assets	0	0	23,949	23,949
Deferred tax assets	0	0	6,938	6,938
Other non-current assets	74	27	1,347	1,448
Current assets	**14,875**	**4,331**	**26,532**	**45,738**
Inventories	314	217	0	531
Trade receivables	10,099	3,275	0	13,374
Other current assets	4,462	840	494	5,795
Current financial assets	0	0	14,687	14,687
Cash and cash equivalents	0	0	11,351	11,351
Total assets	**165,284**	**29,756**	**58,913**	**253,953**

in thousands of Euros	for the half year ended 30.06.2016 Aviation	for the half year ended 30.06.2016 Non-Aviation	for the half year ended 30.06.2016 Other	for the half year ended 30.06.2016
Non-current assets	**147,080**	**24,567**	**29,090**	**200,737**
Intangible assets	**142,952**	**14,220**	**0**	**157,172**
Concession Rights	142,460	13,761	0	156,222
Other intangible assets	492	458	0	950
Tangible assets	**4,088**	**10,347**	**0**	**14,435**
Property, plant and equipment	4,088	5,615	0	9,703
Investment property	0	4,732	0	4,732
Other non-current assets	**40**	**0**	**29,090**	**29,130**
Investments	0	0	147	147
Other non-current financial assets	0	0	20,099	20,099
Deferred tax assets	0	0	7,512	7,512
Other non-current assets	40	0	1,332	1,372
Current assets	**19,067**	**4,144**	**32,854**	**56,065**
Inventories	289	169	0	458
Trade receivables	10,867	3,240	0	14,107
Other current assets	7,911	735	496	9,142
Current financial assets	0	0	14,927	14,927
Cash and cash equivalents	0	0	17,431	17,431
Total assets	**166,147**	**28,711**	**61,944**	**256,802**

The segment information pertaining to identified operating segments is prepared in the manner described in more detail below.

- Aviation: includes aeronautical activity, which represents the airport's core business. This aggregate includes the aircraft landing, take-off and parking fees, passenger boarding fees, freight loading and unloading fees, as well as fees for passenger and luggage security checks. It also incorporates freight handling, customs clearance and fuelling. Lastly, this segment encompasses all centralised infrastructure and assets for exclusive use: the centralised infrastructure represents the revenues received in connection with infrastructure, the management of which is assigned exclusively to the airport management company, for safety and security reasons or for reasons of its economic impact. On the other hand, assets for exclusive use are made up of check-in counters, gates and spaces rented to airport operators to carry out their business.
- Non-Aviation: represents those activities not directly related to the aviation business. These consist of sub-licensed retail, food outlets and car rental activities, as well as the management of car parks, the Marconi Business Lounge and advertising.

The distribution of revenues and costs between the Aviation SBU and the Non-Aviation SBU follows the guidelines set out by ENAC for the preparation of analytical and regulatory reporting data for airport management companies in accordance with the provisions of Article 11-*decies* of Law 248/05 and the Minister of Transport Guidance Document of 31 December 2006.

The remaining items not included in regulatory reporting were subsequently allocated according to management criteria.

The main differences are as follows:

- items considered not relevant for the purposes of regulatory accounting, which are allocated on the basis of a specific examination of the individual cost/revenue item;
- construction services revenues and costs allocated on the basis of a detailed distribution of financial year investments between the two Strategic Business Units (SBU) according to regulatory criteria;

- incentives for the expansion of air traffic allocated entirely to the Aviation SBU in line with what is done in the financial statements.

Information about the Main Customers

The Group generates most of its revenues with the following customers:

Description
RYANAIR LTD
WIZZ AIR HUNGARY LTD
TRAVEL RETAIL ITALIANA SRL
EMIRATES
LUFTHANSA GERMAN AIRLINES
ALITALIA SOCIETA' AEREA ITALIANA SPA
BRITISH AIRWAYS PLC
SOCIETE' AIR FRANCE S.A.
AIR DOLOMITI SPA
TURKISH AIRLINES

ANALYSIS OF THE MAIN ITEMS ON THE STATEMENT OF CONSOLIDATED FINANCIAL POSITION

ASSETS

1. Intangible assets

The following table presents a breakdown of intangible assets as at 30 June 2017, compared with 31 December 2016.

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
Concession Rights	154,993	155,595	(602)
Software, licences and similar rights	812	885	(73)
Other intangible assets	73	76	(3)
Other intangible assets under development	418	155	263
TOTAL INTANGIBLE ASSETS	**156,296**	**156,711**	**(415)**

The following table shows changes in intangible assets for the half-year ended 30 June 2017, along with a comparison with the half-year ended 30 June 2016, presented by individual intangible asset category.

	31.12.2016			Changes for the Period				30.06.2017		
in thousands of Euros	Historical cost	Accumulated depreciation	Book Value	Increases/ Purchases	Depreciation	Decreases/ Sales	Decrease in accum. deprec.	Historical cost	Accumulated depreciation	Book Value
Concession Rights	179,991	(24,396)	155,595	2,148	(2,750)			182,139	(27,416)	154,993
Software, licences and similar rights	8,872	(7,987)	885	254	(327)			9,126	(8,314)	812
Other intangible assets	250	(174)	76		(3)			250	(177)	73
Other intangible assets under development	155	0	155	263				418		418
TOTAL INTANGIBLE ASSETS	**189,268**	**(32,557)**	**156,711**	**2,665**	**(3,080)**			**191,933**	**(35,637)**	**156,296**

	31.12.2015			Changes for the Period				30.06.2016		
in thousands of Euros	Historical cost	Accumulated depreciation	Book Value	Increases/ Purchases	Depreciation	Decreases/ Sales	Decrease in accum. deprec.	Historical cost	Accumulated depreciation	Book Value
Concession Rights	174,050	(19,049)	155,001	3,837	(2,616)	0	0	177,887	(21,665)	156,222
Software, licences and similar rights	7,924	(7,234)	690	167	(247)	0	0	8,091	(7,481)	610
Other intangible assets	250	(169)	81	0	(2)	0	0	250	(171)	79
Other intangible assets under development	110	0	110	151	0	0	0	261	0	261
TOTAL INTANGIBLE ASSETS	**182,334**	**(26,452)**	**155,882**	**4,155**	**(2,865)**	**0**	**0**	**186,489**	**(29,317)**	**157,172**

As at 30 June 2017, the Concession Rights item rose by Euro 2.15 million (which represents the fair value of the construction services performed during the half year), mainly due to work to :

- complete the new inter-company restaurant in the passenger terminal;
- build a new transformer room to support airport beacon towers installed in the airside area to be used for general aviation traffic;
- upgrade several terminal areas to improve services offered to passengers and airport staff. This work, which mainly involved certain boarding areas, consists of optimising queuing areas and upgrading the security lane for staff and passengers from the Marconi Business Lounge;
- build a shed in the area outside the cargo terminal adjacent to the customs enclosure.

In addition, an agreement was signed for the final working design of the new expansion of the existing terminal.

Amortisation of concession rights for the period under review totalled Euro 2.75 million, and it was applied on the basis of the remaining duration of the Airport concession relative to the first half of 2017.

The item “Software, licences and similar rights,” which consists of software used to manage services, rose by Euro 0.25 million mainly due to work to implement and improve the new company intranet platform in addition to software licences to manage data bases and user access to the company domain.

Other intangible assets under development included amounts incurred for projects not completed as at 30 June 2017.

Test of the Recoverable Value of Assets or Asset Groups

The Group performed impairment tests to assess whether there had been long-term impairment of the “Concession rights” recorded in the year ended 31 December 2016 and in previous years.

With respect to preparing the half-year consolidated financial report, since there were no indicators of impairment as defined by IAS 36, and since the Group’s economic and financial performance was in line with the economic and financial projections for 2017-2044 formulated by the Board of Directors and already used to perform impairment tests for the year ended 31 December 2016 and previous years, no impairment tests were performed since it is believed that there was no permanent loss of value in relation to the amounts recorded under “Concession rights” as at 30 June 2017.

2. Tangible assets

The following table presents a breakdown of tangible assets as at 30 June 2017, compared with 31 December 2016.

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
Land	2,763	2,758	5
Buildings and minor construction and improvements	4,596	2,348	2,248
Machinery, equipment and facilities	3,268	3,486	(218)
Furniture, office machinery, transport equipment	1,891	1,965	(74)
Property, plant and equipment under construction and advances	2,187	1,541	646
Investment property	4,732	4,732	0
TOTAL TANGIBLE ASSETS	**19,437**	**16,830**	**2,607**

The following table shows changes in tangible assets for the half year ended 30 June 2017, along with a comparison with the half year ended 30 June 2016, presented by individual tangible asset category.

	31.12.2016			Changes for the Period				30.06.2017		
in thousands of Euros	Historical cost	Accumulated depreciation	Book Value	Increases/ Purchases	Depreciation	Decreases/ Sales	Decrease in accum. deprec.	Historical cost	Accumulated depreciation	Book Value
Land	2,758	0	2,758	5				2,763	0	2,763
Buildings and minor construction and improvements	5,862	(3,514)	2,348	2,416	(168)			8,278	(3,682)	4,596
Machinery, equipment and facilities	12,611	(9,126)	3,486	348	(566)	1	(1)	12,960	(9,693)	3,268
Furniture, office machinery, transport equipment	8,368	(6,403)	1,965	176	(249)	(44)	43	8,500	(6,609)	1,891
Tangible assets under construction	1,541	0	1,541	661		(15)		2,187		2,187
Investment property	4,732	0	4,732					4,732		4,732
TOTAL TANGIBLE ASSETS	**35,872**	**(19,043)**	**16,830**	**3,606**	**(983)**	**(58)**	**42**	**39,420**	**(19,984)**	**19,437**

	31.12.2015			Changes for the Period				30.06.2016		
in thousands of Euros	Historical cost	Accumulated depreciation	Book Value	Increases/ Purchases	Depreciation	Decreases/ Sales	Decrease in accum. deprec.	Historical cost	Accumulated depreciation	Book Value
Land	2,758	0	2,758	0	0	0	0	2,758	0	2,758
Buildings and minor construction and improvements	4,888	(3,250)	1,638	87	(87)	(2)	2	4,973	(3,335)	1,638
Machinery, equipment and facilities	11,429	(8,104)	3,325	43	(471)	0	0	11,472	(8,577)	2,896
Furniture, office machinery, transport equipment	8,266	(6,200)	2,066	203	(251)	(11)	9	8,458	(6,442)	2,016
Tangible assets under construction	135	0	135	260	0	0	0	395	0	395
Investment property	4,732	0	4,732	0	0	0	0	4,732	0	4,732
TOTAL TANGIBLE ASSETS	**32,208**	**(17,554)**	**14,654**	**593**	**(809)**	**(13)**	**11**	**32,788**	**(18,354)**	**14,435**

In the first half of 2017, this category increased by a total of Euro 3.61 million. Other than fittings and electronic office equipment installed in certain passenger terminal areas and offices, the most significant increase (Euro 2.42 million) was for the category "Buildings and minor construction and improvements." This was for the purchase of an industrial building built on land owned by AdB adjacent to the airport by the company to which AdB granted surface rights in an agreement dated 28 December 2006. Ten years after entering into the agreement, the other party took advantage of the contract termination option, which was why AdB exercised the purchase option on the property becoming its owner in May 2017.

"Tangible assets under construction" include amounts incurred for unfinished projects as at 30 June 2017. These include the first two tranches totalling Euro 1.78 million of the Parent Company's contribution to Marconi Express S.p.A. to build the "Aeroporto" station of the People Mover corresponding to work progress of 66% in the airport area.

The item "Investment property" includes the total value of land owned by the Group for real estate investments; this land was initially recognised at acquisition cost and subsequently measured using the cost method.
The aforementioned land is not subject to depreciation but, as indicated in IAS 40, an expert valuation is performed to support the fair value measurement. This expert valuation performed internally at the Parent Company confirms that the cost at which it was recognised approximates the fair value of the land, due to its nature and strategic value. No indications of impairment of these assets were found on the date that the Consolidated Interim Report was prepared.

3. Investments

The following table presents a breakdown of equity investments as at 30 June 2017, compared with the data as at 31 December 2016 along with changes during the period under review:

in thousands of Euros	as at 31.12.2016	Increases/Acquisitions	Decreases/Disposals	Write-downs	as at 30.06.2017
Other investments	147	0	0	0	147
TOTAL INVESTMENTS	**147**	**0**	**0**	**0**	**147**

Detailed breakdown:

in thousands of Euros	Share held	as at 30.06.2017	as at 31.12.2016	Change
Consorzio Energia Fiera District	14.3%	3	3	0
CAAF dell'Industria S.p.A.	0.07%	0	0	0
Bologna Welcome Srl	10%	40	40	0
Bologna Congressi S.p.A.	10%	104	104	0
TOTAL OTHER INVESTMENTS		**147**	**147**	**0**

4. Other non-current financial assets

The following table shows changes in other non-current financial assets for the half year ended 30 June 2017, compared with the data as at 31 December 2016.

in thousands of Euros	as at 31.12.2016	Increases/Acquisitions	Decreases/Disposals	Write-downs	as at 30.06.2017
Equity financial instruments	7,000	3,000	0	0	10,000
Bonds	4,668	0	(44)	0	4,624
Deposit accounts/Savings bonds	6,070	5,000	(2,000)	0	9,070
Other financial assets	252	3	0	0	255
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**17,990**	**8,003**	**(2,044)**	**0**	**23,949**

The item "Other non-current financial assets" includes:

- Euro 10 million for the equity financial instrument in Marconi Express S.p.A., the company licensed to build and manage the infrastructure for the express railway link (People Mover) between the airport and Bologna's main train station. This financial instrument was:
    - subscribed on 21 January 2016 for a total of Euro 10.9 million;
    - recorded at 30 June 2017 as at Euro 10 million equal to the cost incurred corresponding to the amount actually paid of Euro 7 million (in two tranches: the first of Euro 4 million at the time of the subscription and the second of Euro 3 million in October 2016 corresponding to work progress of 20%) plus a third tranche of Euro 3 million corresponding to work progress of 51% paid in July 2017.

Pursuant to IAS 39, this financial asset was classified under available-for-sale financial assets. According to IAS 39, subsequent measurement following initial recording should be at fair value, and related changes should be posted to shareholders' equity and reported in the statement of comprehensive income as OCI (other comprehensive income), whereas impairment should be posted to the income statement. However, in this case, in view of the difficulty in measuring the fair value of this equity financial instrument, the Group elected to take advantage of the exemption allowed for equity instruments for which fair value cannot be reliably measured. As a result, subsequent measurements of this equity financial instrument will be at cost and any impairment, which is quantified by comparing the book value with the present value of cash flows discounted at the market rate for similar instruments, will be posted to the income statement and cannot be reversed.

- Euro 4.6 million for a senior bond with a nominal value of Euro 4.5 million maturing in September 2018. Pursuant to IAS 39, the Group elected to classify this financial asset under investments held to maturity (HTM) since it has the intention and capability to hold these in its portfolio until maturity. After initial recognition at acquisition cost, these investments are measured at amortised cost, using the effective interest rate method and thus recognising any discounts or premiums on the purchase or other costs that are an integral part of the effective interest rate. The decrease reported during the half year was due to the application of the amortised cost method. There were no impairment indicators in relation to the value of these financial assets as at 30 June 2017;
- Euro 9 million in deposit accounts/savings bonds, including:
    - Euro 4 million in savings bonds maturing in August 2018; these were already outstanding as at 31 December 2016, net of Euro 2 million that were disposed of in June 2017;
    - Euro 4 million in time deposits from March 2017 to September 2018, and Euro 1 million from April 2017 to October 2018;
- Euro 0.25 million for a capitalisation product with a term of five years acquired in 2016 that the Group elected to classify, pursuant to IAS 39, under investments held to maturity (HTM) with the related initial recognition and periodic measurement as described above.

Fair value - hierarchy

All assets and liabilities for which fair value is to be measured or stated in financial statements are categorised on the basis of a fair value hierarchy, as required by IFRS 13 and described below:

- Level 1: prices obtained in an active market;
- Level 2: inputs other than quoted prices as indicated in the item above that are observable directly (prices) or indirectly (price derivatives) in the market;
- Level 3: inputs that are not based on observable market data.

The following tables indicate the assets and liabilities measured at fair value as at 30 June 2017 and 31 December 2016 by hierarchy level:

in thousands of Euros	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets	7,903	0	571	8,474
Available-for-Sale Financial Assets	0	20,070	10,000	30,070
Derivative	0	0	0	0
Total at 30 06 2017	**7,903**	**20,070**	**10,571**	**38,544**

in thousands of Euros	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets	7,967	0	967	8,934
Available-for-Sale Financial Assets	0	24,070	7,000	31,070
Derivative	0	0	0	0
Total at 31 12 2016	**7,967**	**24,070**	**7,967**	**40,004**

5. Deferred tax assets

The table below shows the overall change in deferred tax assets for the half year ended 30 June 2017 compared with figures as at 31 December 2016. For the sake of a like-for-like comparison, the table also shows changes in the item being analysed for the period from 31 December 2015 to 30 June 2016.

in thousands of Euros	as at 31.12.2016	Provisions	Uses	as at 30.06.2017
DEFERRED TAX ASSETS	**7,427**	**599**	**(1,088)**	**6,938**

in thousands of Euros	as at 31.12.2015	Provisions	Uses	as at 30.06.2016
DEFERRED TAX ASSETS	**7,474**	**920**	**(882)**	**7,512**

The following tables provide a breakdown of taxable amounts that result in the recording of receivables for deferred tax assets, with IRES and IRAP shown separately.

Specifically:

- the item "Other costs with deferred deductibility" mainly includes the maintenance costs covered by Article 107 of the TUIR, which are deductible in subsequent financial years;
- the item "Deferred tax provisions" mainly includes the provision for doubtful receivables, other provisions for litigation, future costs that are deductible in subsequent financial years, and airport

infrastructure renewal provisions, with respect to the portion deductible in subsequent financial years;

- The item "Listing Costs" includes costs connected to the listing of shares in the Star Segment of the Borsa Italiana Electronic Stock Exchange on 14 July 2015, recorded in part in the income statement and in part as an offset to shareholders' equity reserves and deductible over 5 years starting in 2015;
- The item "Other" includes tax credits due to AdB for taking advantage of tax benefits in relation to: energy upgrade measures; investments in new capital assets pursuant to Article 18 of Decree Law 91/2014; investments in research and development activities referenced in Article 1, paragraph 35 of Law 190/2014.

IRES rate 24%	*Taxable Amount*				*Tax*			
in thousands of Euros	as at 31.12.2016	Increases	Uses	as at 30.06.2017	as at 31.12.2016	Increases	Amounts used/ Adjustments	as at 30.06.2017
Other costs with deferred IRES deductibility	7,873	17	(1,227)	6,663	1,888	5	(295)	1,598
Provisions with deferred IRES/IRAP taxes	4,134	2,319	(1,408)	5,045	995	557	(339)	1,213
Provisions for renewal of airport infrastructure	9,495	14	0	9,509	2,278	3	0	2,281
Amortisation of FTA system and expansion costs	22	0	(1)	21	4	0	0	4
Amortisation of Concession Rights. ENAC-ENAV agreement	249	0	0	249	60	0	0	60
Listing Costs	2,774	0	(462)	2,312	666	0	(111)	555
Tax losses with unlimited reversal	1,129	0	(149)	980	271	0	(36)	235
Discounting of severance and other personnel provisions	507	53	(175)	385	92	13	(42)	63
Total IRES	**26,183**	**2,403**	**(3,422)**	**25164**	**6,254**	**578**	**(823)**	**6,009**

Other	*Taxable Amount*				*Tax*			
in thousands of Euros	as at 31.12.2016	Increases	Uses	as at 30.06.2017	as at 31.12.2016	Increases	Amounts used/ Adjustments	as at 30.06.2017
Other credits	0	0	0	0	571	0	(235)	336
Total "Other credits"					**571**	**0**	**(235)**	**336**
Total IRES	**26,183**	**2,403**	**(3,422)**	**25,164**	**6,825**	**578**	**(1,058)**	**6,345**

IRAP rate 4.20% - 3.90%	*Taxable Amount*				*Tax*			
in thousands of Euros	as at 31.12.2016	Increases	Uses	as at 30.06.2017	as at 31.12.2016	Increases	Amounts used/ Adjustments	as at 30.06.2017
Other provisions for deferred IRAP taxes	3,092	0	(10)	3,082	129	0	0	129
Provisions with deferred IRES/IRAP taxes	1,417	424	(708)	1,134	61	18	(30)	49

IRAP rate 4.20% - 3.90%	Taxable Amount				Tax			
in thousands of Euros	as at 31.12.2016	Increases	Uses	as at 30.06.2017	as at 31.12.2016	Increases	Amounts used/ Adjustments	as at 30.06.2017
Provisions for renewal of airport infrastructure	9,489	14	0	9,503	399	1	0	400
Amortisation of FTA system and expansion costs	22	0	(1)	21	1	0	0	1
Amortisation of Concession Rights. ENAC-ENAV agreement	177	0	0	177	7	0	0	7
Other personnel provisions	106	52	0	158	5	2	0	7
Total IRAP	**14,303**	**490**	**(719)**	**14,074**	**602**	**21**	**(30)**	**593**
Total	**40,486**	**2,893**	**(4,141)**	**39,238**	**7,427**	**599**	**(1,088)**	**6,938**

6. Other non-current assets

The following table shows the breakdown of other non-current assets as at 30 June 2017, compared with 31 December 2016.

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
Non-current prepayments and accrued income	61	57	4
Security deposits	83	83	0
Non-current tax receivables	1,304	1,244	60
OTHER NON-CURRENT ASSETS	**1,448**	**1,384**	**64**

The main item related to non-current tax receivables includes:

- the receivable recorded following the IRES reimbursement request for the failure to deduct IRAP on personnel costs (Decree Law 201/2011 and Order No. 2012/140973 of 2012 of the Revenue Agency) totalling Euro 1 million, including portions applicable to the subsidiaries Tag Bologna and Fast Freight Marconi and the former subsidiary Marconi Handling as a part of the group's tax consolidation scheme;
- Euro 41 thousand for the receivable for the reimbursement of IRAP pursuant to Decree Law 185/,2008, related to Marconi Handling, the collection of which will be directly from Società Aeroporto Guglielmo Marconi di Bologna S.p.A. pursuant to the tax consolidation agreement in force in the year this item was recorded in the financial statements;
- the receivable relating to the recovery of VAT on unpaid invoices as a result of the bankruptcy of certain customers pursuant to Article 26, paragraph 2 of Presidential Decree 633 of 26 October 1972.

7. Inventories

The following table presents the breakdown of inventories as at 30 June 2017, compared with 31 December 2016.

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
Inventories of raw materials, supplies and consumables	504	476	28
Inventory of finished products	27	43	(16)
INVENTORIES	**531**	**519**	**12**

Inventories of raw materials, supplies and consumables refer to inventories of workshop materials, heating oil and de-icing fluid to de-ice the runway and aircraft, and stationery supplies and printed materials. Inventories of finished products refer to aircraft fuel (aviation fuel).

8. Trade receivables

The following table provides a breakdown of trade receivables and related provisions as at 30 June 2017 with a comparison with 31 December 2016; during the half-year, there were no significant changes.

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
Trade receivables	14,534	14,822	(288)
Provision for doubtful receivables	(1,160)	(1,368)	208
TRADE RECEIVABLES	**13,374**	**13,454**	**(80)**

Trade receivables are restored to their face value through a provision for doubtful receivables determined in each period on the basis of a specific analysis of both items subject to disputes and items that, even though not in dispute, have been outstanding for a significant period.
This measurement requires estimating the probability of collecting the receivables in question, including with the support of lawyers assigned to pursue disputes, and taking into account sureties received from customers.
The Group closely monitors developments in the Alitalia situation, as discussed in detail in the Directors' Report, which should be referenced for further information.
The amount of the provision, equal to Euro 1.16 million as at 30 June 2017 is deemed appropriate for the purpose of adjusting the face value of trade receivables to the presumed realisation value.
The changes in the provision for doubtful receivables during the two periods were as follows:

in thousands of Euros	as at 31.12.2016	Provisions	Uses	Releases	as at 30.06.2017
PROVISIONS FOR DOUBTFUL TRADE RECEIVABLES	**(1,368)**	**(149)**	**296**	**61**	**(1,160)**

in thousands of Euros	as at 31.12.2015	Provisions	Uses	Releases	as at 30.06.2016
PROVISIONS FOR DOUBTFUL TRADE RECEIVABLES	**(1,594)**	**(109)**	**143**	**0**	**(1,560)**

The following is an ageing analysis of the Group's trade receivables outstanding as at 30 June 2017, as compared with 31 December 2016.
The receivables past due for over 90 days show a decrease compared with 31 December 2016, mainly as a result of the reversal of receivables from customers who went bankrupt during 2017 with the use of the special doubtful receivables as an offsetting entry. In general, as a result of the close monitoring and management of financial exposure related to customers, a further reduction in the average collection days for trade receivables from 46 days as at 31 December 2016 to 45 days as at 30 June 2017, is highlighted.

in thousands of Euros	Falling due	Past due	Total as at 30.06.2017
Trade receivables for invoices/credit notes issued	7,537	6,309	13,846
Trade receivables for invoices/credit notes to be issued	688	0	688
TOTAL TRADE RECEIVABLES	**8,225**	**6,309**	**14,534**

in thousands of Euros	Falling due	Past due 0-30	Past due 30-60 days	Past due 60-90 days	Past due over 90 days	Total
TOTAL TRADE RECEIVABLES	**7,537**	**2,770**	**1,296**	**500**	**1,743**	**13,846**

in thousands of Euros	Falling due	Past due	Total as at 31.12.2016
Trade receivables for invoices/credit notes issued	7,606	7,303	14,909
Trade receivables for invoices/credit notes to be issued	(87)	0	(87)
TOTAL TRADE RECEIVABLES	**7,519**	**7,303**	**14,822**

in thousands of Euros	Falling due	Expired 0-30 days	Expired 30-60 days	Past due 60-90 days	Past due over 90 days	Total
TRADE RECEIVABLES	**7,606**	**4,082**	**1,018**	**92**	**2,111**	**14,909**

9. Other current assets

The following table shows the breakdown of other current assets as at 30 June 2017, compared with 31 December 2016.

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
VAT credit	98	118	(20)
Direct tax receivables	119	13	106
Other tax receivables	0	3	(3)
Receivables from personnel	71	73	(2)
Other receivables	5,507	3,192	2,315
OTHER CURRENT ASSETS	**5,795**	**3,399**	**2,396**

The direct tax receivable mainly included the parent company’s (AdB) receivable for the excess payment of IRES and IRAP taxes in 2015 following the revised settlement of 2015 income.

The most significant change in the first half of 2017 was for the item “Other receivables” the detail of which is provided below:

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
Accrued income and prepayments	1,157	361	796
Advances to suppliers	98	59	39
Receivables from retirement and social security institutions	98	28	70
Receivables for municipal surcharge	4,879	3,155	1,724
Provisions for other doubtful current receivables	(1,080)	(875)	(205)
Other current receivables	355	464	(109)
TOTAL OTHER RECEIVABLES	**5,507**	**3,192**	**2,315**

The item "Accrued income and prepayments" included Euro 0.22 million in insurance premiums paid in advance in the first half of the year, Euro 0.28 million in prepayments for local taxes paid in the first half of the year, Euro 0.17 million in data processing charges invoiced in advance during the half year and Euro 0.49 million in other costs for services invoiced in advance. The increase in the balance of accrued income and prepayments compared with 31 December resulted from the seasonality of invoices payable for maintenance and data processing fees, insurance premiums and local taxes;

With regard to the receivables for the municipal surcharge, AdB charges the airlines the municipal surcharge on passenger boarding fees established by Article 2, paragraph 11 of Law No. 350/2003, as subsequently amended and supplemented, and once collected, allocates it as appropriate to the government and INPS respectively, in the amount of Euro 1.50 and Euro 5.00 per passenger boarded. This amount is valid up until 31 December 2015 and starting as of 01 January 2017.
Article 1 of Law Decree No. 357 of 29 October 2015 increased the portion allocated to INPS by an additional Euro 2.50 effective as of 01 January 2016. This increase was subsequently suspended from 01 September 2016 to 31 December 2016 by Decree Law 113/2016 "Urgent Financial Measures for Local Authorities and Local Areas" (the so-called Decree Law of Local Authorities published in the Official Gazette of 20 August 2016); and lastly, Article 55 of the draft "2017 Budget Law" called for the final abolition, effective as of 01 January 2017, of the portion of the municipal surcharge equal to Euro 2.41 for 2017 and Euro 2.34 for 2018, introduced by Article 13, paragraphs 21 and 23 of Decree Law 145/2013 For additional details, see the Directors' Report. For matters of interest in this regard, note that the tariff increase in 2016, and specifically its starting date, have resulted in several objections by carriers. This resulted in an increase in the provisions for doubtful receivables for municipal surcharges, the changes in which are shown in the table below:

in thousands of Euros	as at 31.12.2016	Provisions/Increases(*)	Uses	Releases	as at 30.06.2017
Provisions for doubtful receivables for municipal surcharge	(875)	(205)	0	0	(1,080)
TOTAL PROVISIONS FOR OTHER DOUBTFUL RECEIVABLES	**(875)**	**(205)**	**0**	**0**	**(1,080)**

in thousands of Euros	as at 31.12.2015	Provisions/Increases	Uses	Releases	as at 30.06.2016
Provisions for doubtful receivables for municipal surcharge	(449)	(359)	1	0	(807)
TOTAL PROVISIONS FOR OTHER DOUBTFUL RECEIVABLES	**(449)**	**(359)**	**1**	**0**	**(807)**

This provision was the result of reclassifying to assets - as a deduction of the relevant receivable - the municipal surcharge passed on to carriers, the collection of which is deemed to be highly unlikely due to the insolvency procedure of the carrier and/or the objections noted above.

10. Current Financial Assets

The following table presents a breakdown of current financial assets as at 30 June 2017, compared with 31 December 2016.

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
Bonds	3,024	3,047	(23)
Deposit accounts	11,000	18,000	(7,000)
Receivables from the sale of investments	571	967	(396)
Other financial receivables	92	71	21
CURRENT FINANCIAL ASSETS	**14,687**	**22,085**	**(7,398)**

Other current financial assets changed as indicated in the table below:

in thousands of Euros	as at 31.12.2016	Increases/Acquisitions	Decreases/Disposals	Write-downs	as at 30.06.2017
Bonds	3,047	0	(23)	0	3,024
Deposit accounts	18,000	0	(7,000)	0	11,000
Receivables from the sale of investments	967	35	(431)	0	571
Other financial receivables	71	21	0	0	92
TOTAL OTHER CURRENT FINANCIAL ASSETS	**22,085**	**56**	**(7,454)**	**0**	**14,687**

Detailed breakdown:

- bonds: this is a senior bond with a nominal value of Euro 3 million acquired in 2016 and maturing in October 2017. See the item "Non-current financial assets" (Note 4) for additional details;
- deposit accounts: these are temporary investments of cash in:
  - certificates of deposit totalling Euro 4 million maturing in November 2017;
  - time deposits totalling Euro 7 million maturing in October 2017.

  The decrease reported during the period was due to the reclassification of the following in item 11 "Cash and cash equivalents":
  - Euro 3 million in time deposits that matured in April 2017;
  - Euro 3 million in certificates of deposit that matured in May 2017;
  - Euro 1 million in time deposits maturing in August 2017;
- receivable from the sale of equity investments: this item includes the remaining receivable for the sale of the investment in Marconi Handling on 19 December 2012 (named GH Bologna S.p.A. starting as of 01 April 2017). This receivable, which is broken down by related contractual maturities as redefined by a debt rescheduling agreement of 15 November 2016, is secured by a special lien on the corporate stake sold and bears interest at 4%. The new repayment plan agreed is broken down into 12 monthly instalments ending in December 2017. The increase during the period was for the portion of interest accrued, while the decrease concerned collections of instalments made during the half year including principal and interest.

Lastly, the certificates of deposit totalling Euro 4 million maturing in November 2017 were provided as collateral for a guarantee issued by the Banco BPM Group in favour of Marconi Express S.p.A. for the proper fulfilment of obligations assumed by the Parent Company by signing the contribution agreement.

11. Cash and cash equivalents

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
Bank and postal deposits	11,327	20,085	(8,758)
Cash on hand	24	25	(1)
CASH AND CASH EQUIVALENTS	**11,351**	**20,110**	**(8,759)**

The item "bank and postal deposit accounts" represents the available balances of bank checking accounts as well as bank deposits that are readily convertible into cash (time deposits) totalling Euro 1 million and maturing in August 2017.

Net financial position

The following table shows the composition of the net financial position as at 30 June 2017, 31 December 2016 and 30 June 2016, in accordance with the provisions of the Consob Notice of 28 July 2006, and in compliance with the ESMA/2011/81 Recommendations:

	in thousands of Euros	as at 30.06.2017	as at 31.12.2016	as at 30.06.2016
A	Cash	24	25	24
B	Other cash equivalents	11,327	20,085	17,407
C	Securities held for trading	0	0	2,879
D	**Liquidity (A) + (B) + (C)**	**11,351**	**20,110**	**20,310**
E	**Current financial receivables**	**14,687**	**22,085**	**12,048**
F	Current bank debt	(45)	(70)	(103)
G	Current portion of non-current debt	(5,804)	(5,800)	(7,450)
H	Other current financial debt	(4,256)	(2,970)	(4,503)
I	**Current financial debt (F) + (G) + (H)**	**(10,105)**	**(8,840)**	**(12,056)**
J	**Net current financial position (I) – (E) – (D)**	**15,933**	**33,355**	**20,302**
K	Non-current bank debt	(22,005)	(24,896)	(27,792)
L	Bonds issued	0	0	0
M	Other non-current liabilities	0	0	0
N	**Non-current financial debt (K) + (L) + (M)**	**(22,005)**	**(24,896)**	**(27,792)**
O	**Net financial debt (J) + (N)**	**(6,072)**	**8,459**	**(7,490)**

Items A + B represent the balance of the item "cash and cash equivalents"; please see Note 11 for additional details.
Item C is contained in the item "current financial assets"; please see Note 10 for further details.
Items F + G + H represent the balance of the item "current financial liabilities"; please see Note 22 for further details.

Item K represents the balance of the item "non-current financial liabilities"; please see Note 17 for further details.

LIABILITIES AND SHAREHOLDERS' EQUITY

12. Shareholders' equity

The following table presents a breakdown of Shareholders' Equity as at 30 June 2017, compared with 31 December 2016.

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
Share capital	90,314	90,314	0
Reserves	65,306	63,882	1,424
Profit (loss) for the period	6,919	11,311	(4,392)
GROUP SHAREHOLDERS' EQUITY	**162,539**	**165,507**	**(2,968)**

i. Share capital

As at 30 June 2017, the Parent Company's share capital totalled Euro 90,314,162; it was fully paid up and consisted of 36,125,665 ordinary shares with no par value.

The following information was used as the basis for calculating undiluted and diluted earnings per share:

in units of Euro	for the half year ended 30.06.2017	for the half year ended 30.06.2016
Group profit/(loss) for the period	7,038,983	3,372,890
Average number of outstanding shares	36,125,665	36,100,000
Average number of shares including bonus shares	36,125,665	36,209,200
Undiluted earnings/(losses) per share	**0.19**	**0.09**
Diluted earnings/(losses) per share	**0.19**	**0.09**

ii. Reserves

The following table details reserves at 30 June 2017, compared with 31 December 2016.

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
Share premium reserve	25,683	25,683	0
Legal Reserve	5,545	5,018	527
Extraordinary reserve	35,600	34,923	677
FTA Reserve	(3,222)	(3,222)	0
Profits (losses) carried forward	2,513	2,413	100
OCI reserve	(813)	(933)	120
TOTAL RESERVES	**65,306**	**63,882**	**1,424**

The share premium reserve consisted of the following:

- o Euro 14.35 million as a result of the paid capital increase approved by the Shareholders' Meeting on 20 February 2006;
- o Euro 11.33 million as a result of the Public Subscription and Sale Offer in 2015.

In compliance with Article 2431 of the Italian Civil Code, this reserve is available but cannot be distributed until the legal reserve has reached the limit established by Article 2430 of the Italian Civil Code.

The legal reserve and extraordinary reserve rose as a result of the allocation of profit for the previous year, and, with regard to the Parent Company, net of the distribution of dividends approved by the Shareholders' Meeting of 27 April 2017 totalling Euro 10 million, corresponding to a gross dividend of Euro 0.277 for each of the 36,125,665 ordinary shares outstanding on the ex-dividend date (02 May 2017). The extraordinary reserve is made up entirely of profits from prior financial years.

The reserve for profits/losses carried forward increased as a result of the allocation of the profits/losses resulting from the IAS accounting records of subsidiaries as well as the proportional share of TAG's result for the period.

The OCI reserve shows the changes arising from the discounting of severance in accordance with revised IAS 19 (Note 13), net of the related tax effect.

The following table shows details of the reserve as at 30 June 2017 and the pertinent comparison:

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
Actuarial gains/losses as per IAS 19	(1,074)	(1,232)	158
Deferred taxes on actuarial gains/losses as per IAS 19	257	295	(38)
OCI RESERVE	**(817)**	**(937)**	**120**
of which Minority Interests	**(4)**	**(4)**	**0**
of which GROUP	**(813)**	**(933)**	**120**

The minority interests represent the portion of shareholders' equity and the profit/loss for the period of subsidiaries that are not wholly owned, which breaks down as follows:

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
Share capital – minority interests	155	155	0
Reserves – minority interests	452	358	94
Profit (loss) for the period – minority interests	96	94	2
MINORITY INTERESTS	**703**	**607**	**96**

Changes in minority shareholders' equity are mainly to be attributed to the allocation of profit generated during the previous year.

13. Severance and other personnel provisions

The following table presents a breakdown of severance and other personnel provisions as at 30 June 2017, compared with the data as at 31 December 2016:

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
Severance	4,337	4,489	(152)
Other personnel provisions	159	107	52
SEVERANCE AND OTHER PERSONNEL PROVISIONS	**4,496**	**4,596**	**(100)**

The following table indicates changes in the provisions under review from 31 December 2016 to 30 June 2017 compared with the same changes during the period from 31 December 2015 to 30 June 2016.

in thousands of Euros	as at 31.12.2016	Service Cost	Net Interest	Benefits Paid	Actuarial Gains (Losses)	as at 30.06.2017
Severance	4,489	7	30	(31)	(158)	4,337
Other personnel provisions	107	52	0	0	0	159
SEVERANCE AND OTHER PERSONNEL PROVISIONS	**4,596**	**59**	**30**	**(31)**	**(158)**	**4,496**

in thousands of Euros	as at 31.12.2015	Service Cost	Net Interest	Benefits Paid	Actuarial Gains (Losses)	as at 30.06.2016
Severance	4,453	6	45	(112)	472	4,864
Other personnel provisions	18	45	0	0	0	63
SEVERANCE AND OTHER PERSONNEL PROVISIONS	**4,471**	**51**	**45**	**(112)**	**472**	**4,927**

The actuarial evaluation of severance provisions was performed on the basis of "accrued benefits" methodology, with the support of expert actuaries.

The following is a summary of the principal assumptions made for the process of the actuarial estimation of severance:

a) discount rate: 1.67% for the evaluation as at 30 June 2017 and 1.31% as at 31 December 2016;
b) current and projected inflation rate: 1.50%;
c) demographic bases (mortality/disability): the RG 48 mortality tables published by the Italian General Accounting Service were utilised for mortality. An INPS table broken down by age and gender was employed for disability;
d) personnel turnover rate: 15% for TAG, 2% for FFM, and 1% for the Aeroporto di Bologna.

As with any actuarial evaluation, the results depend upon the technical bases adopted, which included, among other factors, the interest rate, inflation rate, and expected turnover. The following table indicates the impact from changes that are reasonably possible in the relevant actuarial assumptions as at 30 June 2017, in absolute terms.

in thousands of Euros	Evaluation Parameter					
	+1% in turnover rate	-1% in turnover rate	+ 0.25% in annual inflation rate	- 0.25% in annual inflation rate	+ 0.25% in annual discount rate	- 0.25% in annual discount rate
Severance pay	4,322	4,356	4,408	4,269	4,229	4,452

As additional information, the following table shows the payments forecast by the plan over a 5-year period.

Years	Estimated future payments (in thousands of Euro)
1	285
2	151
3	234
4	195
5	233

Other personnel provisions concern the liability as at 30 June 2017 related to the long-term incentive plan and the non-compete clause of the Parent Company's Chief Executive Officer/General Manager.

14. Deferred Tax Liabilities

The following table shows a breakdown of deferred tax liabilities as at 30 June 2017, compared with the data at 30 June 2016.

in thousands of Euros	as at 31.12.2016	Provisions	Uses	as at 30.06.2017
DEFERRED TAX LIABILITIES	**2,216**	**32**	**0**	**2,248**

in thousands of Euros	as at 31.12.2015	Provisions	Uses	as at 30.06.2016
DEFERRED TAX LIABILITIES	**2,145**	**40**	**0**	**2,185**

Provisions for deferred tax liabilities totalled Euro 2.25 million. The items that resulted in the recording of deferred taxes are to be allocated to the adjustments relating to the application of IFRIC 12 "Service Concession Arrangements".

IRES rate 24%	Taxable Amount				Tax			
in thousands of Euros	as at 31.12.2016	Increases	Uses	as at 30.06.2017	as at 31.12.2016	Increases	Uses	as at 30.06.2017
Amortisation of concession rights	7,861	112	0	7,973	1,885	27	0	1,912
Total IRES	**7,861**	**112**	**0**	**7,973**	**1,885**	**27**	**0**	**1,912**

IRAP rate 4.2% - 3.90%	Taxable Amount				Tax			
in thousands of Euros	as at 31.12.2016	Increases	Uses	as at 30.06.2017	as at 31.12.2016	Increases	Uses	as at 30.06.2017
Amortisation of concession rights	7,861	112	0	7,973	331	5	0	336
Total IRAP	**7,861**	**112**	**0**	**7,861**	**331**	**5**	**0**	**336**
Total	**7,861**	**112**	**0**	**7,973**	**2,216**	**32**	**0**	**2,248**

15. Provisions for renewal of airport infrastructure (non-current)

Provisions for renewal of airport infrastructure refer to the coverage of future costs of conservative maintenance and renewal of concession assets that the Group is required to return at the scheduled end of the concession in 2044, in perfect working condition.
The following table indicates changes in the provision in the half years ended 30 June 2017 and 2016:

in thousands of Euros	as at 31.12.2016	Provisions	Uses	Reclassifications	as at 30.06.2017
PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (NON-CURRENT)	**10,631**	**434**	**0**	**(741)**	**10,324**

in thousands of Euros	as at 31.12.2015	Provisions	Uses	Reclassifications	as at 30.06.2016
PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (NON-CURRENT)	**9,548**	**1,578**	**0**	**(844)**	**10,282**

The increases for the first half of 2017 totalled Euro 0.43 million, of which Euro 0.67 million was classified under provisions in the income statement net of Euro 0.24 million classified under financial income from discounting. The decreases from reclassifications relate to the periodic reclassification to current liabilities of the portion of costs whose disbursement is expected in the year following the half year concerned. Amounts used during the period in question were recognised under current liabilities in Note 20.
To supplement the required information, the following table shows the interest rate sensitivity analysis performed on the discounting of provisions for airport infrastructure renewal as at 30 June 2017:

in thousands of Euros	Balance for the period - Interest/Financial income	Sensitivity (+0.5%)	Sensitivity (-0.1%)
Provisions for renewal of airport Infrastructure	238	175	254

The discounting curve employed for the measurement includes the applicable country risk. In this particular case, the input data employed was the yields on government zero-coupon bonds with short-, medium- and long-term maturities (from 3 months to 30 years) obtained from information provider Bloomberg.

16. Provisions for risks and charges (non-current)

The table below indicates detailed changes in provisions for risks and charges for the half year ended 30 June 2017 compared with the first half of the previous year:

in thousands of Euros	as at 31.12.2016	Provisions	Uses/Releases	as at 30.06.2017
Provisions for ongoing disputes	853	4	0	857
Provisions for employee back pay	0	133	0	133
Provisions for other risks and charges	153	0	0	153
PROVISIONS FOR RISKS AND CHARGES (NON-CURRENT)	**1,006**	**137**	**0**	**1,143**

in thousands of Euros	as at 31.12.2015	Provisions	Uses/Releases	as at 30.06.2016
Provisions for ongoing disputes	1,353	8	(122)	1,239
Provisions for employee back pay	14	0	(14)	0
Provisions for other risks and charges	154	0	0	154
PROVISIONS FOR RISKS AND CHARGES (NON-CURRENT)	**1,521**	**8**	**(136)**	**1,393**

The main change concerned the provision for employee back pay, which, while awaiting the renewal of the National Collective Agreement of Airport Operators (which expired on 31 December 2016), arises from the estimate of the liability for the lump-sum/employee back pay for the half year.

Contingent liabilities

On 26 July 2016, following a comprehensive audit started on 18 May 2016 for the Parent Company's 2013 financial year, the Revenue Agency of Bologna prepared a Tax Audit Report with a single observation. The observation consists of a presumed disallowance of IRES deductibility for the Euro 5 million loss resulting from the May 2013 declaration of bankruptcy of SEAF, the management company of Forlì Airport. This insolvency procedure resulted in the execution of the surety related to the strong patronage letter issued in 2007 by AdB to the credit institutions that financed SEAF in the form of an unsecured loan, which the Parent Company carried out with a schedule of repayments to lending institutions. This debt was fully repaid in April 2016 with the full payment of remaining instalments.

Bearing in mind the Parent Company's arguments in fact and law that were formalised in appropriate briefs submitted to the Revenue Agency regarding the economic, and thus tax-related, reasons for the decisions made, the Directors have chosen to classify these merely as contingent liabilities and include only appropriate information in the Notes.

Lastly, with respect to Alitalia's special administration procedure, the Group has assessed the contingent liability related to the risk of the revocation of receivables collected in the six months prior to the procedure in the amount of Euro 1.49 million net of the municipal surcharge. As at the date of this document, taking into account known information and defence elements to which an objection can be made if such a request is made, the directors have decided to provide appropriate disclosure of this in the notes without making any provision and, in the meantime, will continue to closely monitor the carrier's situation.

17. Non-current financial liabilities

The following table presents a breakdown of non-current financial liabilities as at 30 June 2017, compared with 31 December 2016.

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
Loans - non-current portion	22,005	24,896	(2,891)
NON-CURRENT FINANCIAL LIABILITIES	**22,005**	**24,896**	**(2,891)**

The non-current portion of loans consists of medium- and long-term loans taken out by the Group. The decrease during the period was due to the repayment of maturing instalments totalling Euro 2.91 million.
As at 30 June 2017, total liabilities for loans were Euro 27.8 million, including the current portion of loans totalling Euro 5.8 million.

The following is the breakdown of loans, including the current portion, by calendar year of maturity:

- a fifteen-year loan maturing on 15 June 2019, with a total outstanding balance of Euro 5.52 million as at 30 June 2017 (Euro 6.90 million as at 31 December 2016) provided by Banca OPI S.p.A (now Intesa Sanpaolo S.p.A.) and to be used to implement the infrastructure investment plan. Euro 2.76 million of this debt (Euro 4.14 million as at 31 December 2016) was classified under Loans – non-current portion, and Euro 2.76 million, representing the principal to be repaid by 30 June 2018, under Loans – current portion. It is interest-bearing at a variable rate applied to the Bank quarterly by the European Investment Bank, plus a spread of 0.45%;
- a fifteen-year loan maturing on 30 March 2026, with a total outstanding amount of Euro 4.52 million as at 30 June 2017 (Euro 4.77 million as at 31 December 2016), granted by Monte dei Paschi di Siena (formerly Banca Agricola Mantovana) to support the costs of constructing the General Aviation Terminal. Euro 4.02 million of this debt was classified under "Loans – Non-current portion" (Euro 4.27 million as at 31 December 2016), and Euro 0.5 million, representing the principal to be repaid by 30 June 2018, under "Loans – Current portion." This debt is interest-bearing at a variable rate equal to 3-month Euribor + a 0.9% spread;
- a ten-year loan with maturity on 10 June 2024 in the total amount of Euro 23 million, with a total outstanding amount as at 30 June 2017 of Euro 17.77 million (Euro 19.02 million as at 31 December 2016), provided by Banca Intesa for the purpose of making infrastructure investments. Euro 15.23 million of this debt (Euro 16.49 million as at 31 December 2016) was classified under Loans – non-current portion, and Euro 2.54 million (Euro 2.54 million as at 31 December 2016), representing the principal to be repaid by 30 June 2018, under Loans – current portion. In connection with this loan, in 2014 the parent company paid Euro 0.3 million as an arrangement and structuring fee, which was recognised under other current assets as at 31 December 2014, and once the loan was subsequently received, in 2015, fees were treated in accordance with IAS 39. As a result of the revision (signed by the parties on 06 April 2017) of the loan's pricing conditions, the rate of 3.693%, in effect until 10 April 2017, dropped to 3.3% effective 11 April until 10 June 2017 and to 3% from 11 June to 10 June 2024.
  The Parent Company must comply with the following financial covenants, which are calculated annually:
  - Ratio of Net Financial Liabilities to Gross Operating Margin (less than 1.8 in 2017 – at 30/06/2017, complied);
  - Ratio of Net Financial Liabilities to Shareholders' Equity (less than 0.3 in 2017 – at 30/06/2017, complied).

The following are the contractual terms and conditions of loans as at 30 June 2017:

Financial liabilities	Debt	Debt	Rate	Instalments Maturity	*Covenants Intesa Sanpaolo S.p.A.*
Intesa San Paolo Spa (formerly Banca OPI S.p.A.)	Loan	Rate applied to the Bank by the EIB + 0.45%	Six-monthly	2019	No
Monte dei Paschi di Siena (formerly Banca Agricola Mantovana)	Loan	Variable rate 3-month Euribor + 0.9% spread	Quarterly	2026	No
Intesa San Paolo S.p.A.	Loan	Fixed rate of 3.693% until 10/4/2017; 3.3% from 11/04 to 10/06/2017; 3% from 11/06/2017 to 10/06/2024	Six-monthly	2024	Yes

The following is a sensitivity analysis performed on the interest rates applied to variable rate loans outstanding as at 30 June 2017.

			in thousands of Euros			
Financial Institution	**Type of Financing**	**Interest Rate Applied**	**Debt at 30.06.2017**	**Interest at 30.06.2017**	**Sensitivity (+0.5%)**	**Sensitivity Analysis (-0,1%)**
Monte dei Paschi di Siena (formerly Banca Agricola Mantovana)	Loan	Variable rate 3-month/360 Euribor + 0.9% spread	4,525	14	25	11
Intesa San Paolo Spa (formerly Banca OPI S.p.A.)	Loan	Rate applied to the Bank by the EIB + 0.45%	5,517	15	32	12

The cross-default clauses in the Group's loan agreements specify that if the Group companies financed fail to comply with credit or financial obligations, or if they default on guarantees assumed in relation to any entity, the acceleration clause can be invoked. Note that in the Group's loan agreements there are no cross-default clauses with companies outside the Group. As at 30 June 2017, the Company had not received any communication for the application of cross default clauses by its lenders.

18. Trade payables

in thousands of Euros	at 30.06.2017	at 31.12.2016	Change
Trade payables	12,806	15,669	(2,863)
TRADE PAYABLES	**12,806**	**15,669**	**(2,863)**

Trade payables are mainly to domestic suppliers; they decreased compared with 31 December 2016 due to higher payments made in the first six months of the current year.

Below is a breakdown of trade payables reported in the financial statements by past due dates in the two half years being compared:

in thousands of Euros	Falling due	Past due	Total as at 30.06.2017
Invoices/credit notes received	4,287	1,665	5,952
Invoices/credit notes to be received	6,854	0	6,854
TOTAL TRADE PAYABLES	**11,141**	**1,665**	**12,806**

in thousands of Euros	Falling due	Past due 0-30 days	Past due 30-60 days	Past due 60-90 days	Past due over 90 days	Total
TRADE PAYABLES	**4,287**	**1,156**	**125**	**16**	**368**	**5,952**

in thousands of Euros	Falling due	Past due	Total as at 31.12.2016
Invoices/credit notes received	3,915	2,522	6,437
Invoices/credit notes to be received	9,232	0	9,232
TOTAL TRADE PAYABLES	**13,147**	**2,522**	**15,669**

in thousands of Euros	Falling due	Past due 0-30 days	Past due 30-60 days	Past due 60-90 days	Past due over 90 days	Total
TRADE PAYABLES	**3,915**	**2,378**	**60**	**39**	**45**	**6,437**

19. Other Liabilities

The following table presents a breakdown of current liabilities as at 30 June 2017, compared with 31 December 2016.

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
Current tax payables	1,753	2,420	(667)
Current payables to personnel and social security institutions	3,710	4,169	(459)
ENAC concession fees and other State payables	13,910	13,050	860
Other current payables, accrued expenses and deferred income	5,000	3,163	1,837
TOTAL OTHER CURRENT LIABILITIES	**24,373**	**22,802**	**1,571**

The following are comments regarding the main changes:

i. Current tax payables

The following table shows a breakdown of current tax payables as at 30 June 2017, compared with 31 December 2016.

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
VAT payables	95	249	(154)
Direct tax payables	573	1,330	(757)
Other tax payables	1,085	841	244
CURRENT TAX PAYABLES	**1,753**	**2,420**	**(667)**

The item “Other tax payables” is mainly due to withheld personal income tax (IRPEF) for employees and local taxes.

ii. Current payables to personnel and social security institutions

The following table presents a breakdown of current payables to personnel and social security institutions as at 30 June 2017, compared with 31 December 2016.

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
Payables to personnel for salaries	931	971	(40)
Payables to personnel for deferred compensation	1,787	2,034	(247)
Payables to social security institutions	992	1,164	(172)
CURRENT PAYABLES TO PERSONNEL AND SOCIAL SECURITY INSTITUTIONS	**3,710**	**4,169**	**(459)**

iii. ENAC concession fees and other State payables

The payable to ENAC for concession fees and other State payables mainly includes:

- Euro 10.64 million (Euro 9.96 million in December) in relation to the payable for fire-fighting services as regulated by Article 1, paragraph 1328 of the 2007 Finance Act, as amended by Article 4, paragraph 3-*bis* of Law 2/2009. This amount relates to the years 2009-2016 in addition to the amount accrued as at 30 June 2017 which is being disputed. For additional details on this matter, see the Directors' Report for the 2016 Financial Statements;
- Euro 2.98 million (Euro 2.83 million in December) as a payable for the Airport concession fee.

iv. Other current payables, accrued expenses and deferred income

The following table shows other current payables, accrued expenses and deferred income as at 30 June 2017, compared with 31 December 2016.

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
Municipal surcharge payables	3,799	2,280	1,519
Other current payables	755	749	6
Current accrued expenses and deferred income	446	134	312
TOTAL OTHER CURRENT PAYABLES, ACCRUED EXPENSES AND DEFERRED INCOME	**5,000**	**3,163**	**1,837**

The principal item consists of the municipal surcharge payables connected to the receivables of Euro 3.8 million from carriers that had not been collected as at 30 June. The portion of the municipal surcharge payable pertaining to receivables collected from carriers but not yet paid to creditors is instead classified among current financial liabilities (Note 22). Other current payables include security deposits and advances received from customers as well as pre-paid revenues and sundry payables. The increase in current accrued expenses and deferred income was due to the invoice issuing process involving advance invoicing of sub-licensing fees and other types of services.

20. Provisions for renewal of Airport infrastructure (current)

The following table details changes in provisions for renewal of airport infrastructure for the half years ended 30 June 2017 and 2016.

in thousands of Euros	as at 31.12.2016	Provisions	Uses	Reclassifications	as at 30.06.2017
PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (CURRENT)	**2,933**	**0**	**(721)**	**741**	**2,953**

in thousands of Euros	as at 31.12.2015	Provisions	Uses	Reclassifications	as at 30.06.2016
PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (CURRENT)	**3,439**	**0**	**(1,004)**	**844**	**3,279**

This item includes the current portion of provisions for renewal of Airport infrastructure. Uses in the first half of 2017 mainly involved work related to:

- the restoration of a section of a taxiway and a portion of "Piazzale Apron 2";
- fire-fighting and function modification of fire escapes in the P2 multi-level car park, in addition to the flooring of several airport buildings;
- control and supervision systems for technological facilities, in addition to air treatment units located on the first floor of the passenger terminal.

21. Provisions for risks and charges (current)

The following table shows the changes in current provisions for risks and charges for the half years ended 30 June 2017 and 2016.

in thousands of Euros	as at 31.12.2016	Provisions	Uses	as at 30.06.2017
Provision for ENAC-ENAV agreement	159	0	(139)	20
Provisions for ongoing disputes	0	70	0	70
PROVISIONS FOR RISKS AND CHARGES (CURRENT)	**159**	**70**	**(139)**	**90**

in thousands of Euros	as at 31.12.2015	Provisions	Uses	as at 30.06.2016
Provision for ENAC-ENAV agreement	936	0	(14)	922
PROVISIONS FOR RISKS AND CHARGES (CURRENT)	**936**	**0**	**(14)**	**922**

As at 30 June 2017, other provisions for risks and charges included:

- the contractual liability provisions recognised on the basis of the agreement signed in 2009 with ENAV and ENAC, which provides for another area to be included in the inventory of assets received under the concession in relation to the obligation consisting of:
    1) demolition of pre-existing capital assets;
    2) construction of a new building on behalf of the original concessionaire.

  In view of this obligation, the Parent Company quantified the increase in Concession Rights as at 31 December 2009 on the basis of the present value of the estimated cost of the fulfilment of its obligations with respect to a liability recognised in accordance with IAS 37.

  The new building was built in 2016 with the exception of some remaining work, which was completed at the beginning of 2017 (Euro 0.14 million). The provision remaining as at 30 June 2017 includes an estimate of certain incidental completion expenses yet to be incurred.

- the current portion of the provision for risks associated with pending disputes, which increased during the half year following the assessment of the risk related to a labour law dispute.

22. Current financial liabilities

The following table presents a breakdown of current financial liabilities for the half year ended 30 June 2017, compared with 31 December 2016.

in thousands of Euros	as at 30.06.2017	as at 31.12.2016	Change
Loans - current portion	5,804	5,801	3
Payables for municipal surcharge	1,256	2,969	(1,713)
Other current financial debt	3,045	70	2,975
CURRENT FINANCIAL LIABILITIES	**10,105**	**8,840**	**1,265**

For details of the items “Loans – current portion,” see the explanation in Note 17 “Non-Current Financial Liabilities,” which indicates the loans obtained by the Group and outstanding as at 30 June 2017.
Payables for the municipal surcharge on passenger boarding fees relate to the portion received from the airlines in June and paid on to lenders in July 2017.
Other current financial payables included Euro 3 million in payables to Marconi Express S.p.A. for the third tranche of the equity financial instrument (Note 4) corresponding to work progress of 51%. This tranche was paid in July 2017.

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

The following are comments on the principal items of the income statement for the period ended on 30 June 2017, compared with those posted for the period ended on 30 June 2016.

REVENUES

23. Revenues

The following table shows a breakdown of revenues by business segment for the half years ended 30 June 2017 and 2016.

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Revenues from aeronautical services	24,612	20,857	3,755
Revenues from non-aeronautical services	18,150	16,957	1,193
Revenues from construction services	2,148	3,836	(1,688)
Other operating revenues and income	303	321	(18)
REVENUES	**45,213**	**41,971**	**3,242**

In regard to trends in revenues, please see the Directors' detailed comments in the Directors’ Report.

i. Revenues from aeronautical services

The following table shows a breakdown of revenues from aeronautical services for the half years ended 30 June 2017 and 2016.

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Revenues from centralised infrastructure/other airport services	278	275	3
Revenues from fees/ exclusive-use assets	589	615	(26)
Revenues from airport fees	30,638	29,238	1,400
Revenues from PRM fees	1,990	1,866	124
Incentives for the development of air traffic	(11,425)	(13,203)	1,778
Handling services	1,441	1,160	281
Other aeronautical revenues	1,101	906	195
TOTAL REVENUES FROM AERONAUTICAL SERVICES	**24,612**	**20,857**	**3,755**

Below are details on revenues from airport fees. For comments, see the Directors' Report. The item "Fee reduction due to doubtful receivables" includes the amount allocated to the provision for doubtful receivables as a precautionary measure on receivables accrued in 2017 in relation to Alitalia before special administration.

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Passenger boarding fees	15,414	14,576	838
Landing, take-off and parking fees	8,711	8,376	335
Passenger security fees	4,857	4,536	321
Hold luggage security fees	1,365	1,351	14
Freight loading and unloading charges	416	399	17
Fee reduction due to doubtful receivables	(125)	0	(125)
TOTAL REVENUES FROM AIRPORT FEES	**30,638**	**29,238**	**1,400**

ii. Revenues from non-aeronautical services

The following table shows a breakdown of revenues from non-aeronautical services for the half years ended 30 June 2017 and 2016.

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Sub-licensing of retail areas and premises	8,077	7,410	667
Parking	7,092	6,697	395
Other commercial revenues	2,981	2,850	131
TOTAL REVENUES FROM NON-AERONAUTICAL SERVICES	**18,150**	**16,957**	**1,193**

Other commercial revenues are itemised below:

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Ticketing	26	33	(7)
Marconi Business Lounge	1,118	947	171
Advertising	751	809	(58)
Miscellaneous commercial revenues	1,086	1,061	25
TOTAL OTHER COMMERCIAL REVENUES	**2,981**	**2,850**	**131**

iii. Revenues from Construction Services

Revenues from construction services pertain to the expansion of the construction services provided by Aeroporto Guglielmo Marconi di Bologna S.p.A. to the concession grantor authority ENAC, for the purpose of the implementation of the investments previously commented upon in connection with Concession Rights in Note 1.
These revenues totalled Euro 2.1 million, which was down from the Euro 3.8 million in the first half of 2016 due to lower investments made.

iv. Other revenues and income

The following table shows a breakdown of other revenues and income for the half years ended 30 June 2017 and 2016.

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Compensation, reimbursements and other income	303	315	(12)
Capital gain	0	6	(6)
TOTAL OTHER OPERATING REVENUES AND INCOME	**303**	**321**	**(18)**

COSTS

24. Costs

i. Consumables and goods

The following table shows a breakdown of the cost of consumables and goods for the half years ended 30 June 2017 and 2016.

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Consumables and goods	256	184	72
Maintenance materials	95	72	23
Fuels	587	442	145

TOTAL CONSUMABLES AND GOODS	938	698	240

This cost category reflects the most significant growth of the "Fuels" component, which was mainly attributable to higher purchases of aviation fuel.

ii. Services costs

The following table shows a breakdown of services costs for the half years ended 30 June 2017 and 2016.

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Maintenance costs	1,965	2,217	(252)
Utilities	533	1,015	(482)
Cleaning and similar services	951	961	(10)
Third party services	2,936	2,565	371
Marconi Business Lounge services	147	127	20
Advertising, promotion and development	504	473	31
Insurance	359	362	(3)
Professional and consultancy services	807	762	45
Fees and reimbursements for statutory bodies	306	285	21
Other services costs	180	226	(46)
TOTAL SERVICES COSTS	**8,688**	**8,993**	**(305)**

Services costs decreased compared with the first half of 2016 due mainly to lower expenses for:

- maintenance, due to the lack of work related to the reconfiguration of space done in the half year being compared;
- utilities, resulting from the reversal of one-off energy expenses related to the cogeneration plants recorded in the previous year which positively offset the less-than-optimal operation of alternative energy sources.

On the other hand, there was an increase in outsourced services, such as the PRM service, in relation to the increase in traffic and shuttle service to transport passengers from car parks to the terminal.

Below are further details of maintenance costs:

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Maintenance costs of owned assets	462	411	51
Maintenance costs of airport infrastructure	1,302	1,596	(294)
Maintenance costs of third-party assets	201	210	(9)
TOTAL MAINTENANCE COSTS	**1,965**	**2,217**	**(252)**

The following shows a breakdown of third-party services:

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Snow clearance	265	239	26
Porterage, transport and third-party services	192	32	160
PRM services	706	633	73
De-icing services and other public service costs	235	291	(56)
Security services	588	540	48
Other third-party services	950	830	120

TOTAL THIRD-PARTY SERVICES	2,936	2,565	371

iii. Costs for construction services

These were costs for construction services related to the reporting of construction costs incurred by Aeroporto Guglielmo Marconi di Bologna S.p.A. due to the implementation of the investments previously commented upon in Note 1 in connection with Concession Rights.

iv. Leases, rentals and other costs

The following table shows a breakdown of fees, rentals, and other costs for the half years ended 30 June 2017 and 2016.

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Concession fees	2,641	2,499	142
Rental fees	188	183	5
Payable rents	257	252	5
Data processing fees	516	498	18
Other costs for using third-party assets	(74)	6	(80)
TOTAL LEASES, RENTALS AND OTHER COSTS	**3,528**	**3,438**	**90**

Overall, this item rose mainly due to the growth of traffic used to calculate airport concession fees and security services fees.

v. Other operating expenses

The following table shows a breakdown of other operating expenses for the half years ended 30 June 2017 and 2016.

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Tax charges	666	658	8
Fire-fighting service contribution	675	648	27
Capital losses	1	1	0
Other operating costs and expenses	451	125	326
TOTAL OTHER OPERATING EXPENSES	**1,793**	**1,432**	**361**

Operating costs rose as a result of the ancillary costs for exercising the purchase option for the property, as more fully described in Note 2 “Tangible assets” and in the section covering investments in the Directors’ Report.

vi. Personnel costs

The following table shows a breakdown of personnel costs for the half years ended 30 June 2017 and 2016.

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Salaries and wages	9,327	8,898	429
Social security contributions	2,552	2,497	55
Severance	692	649	43
Pension and similar	96	93	3
Other personnel costs	855	712	143
TOTAL PERSONNEL COSTS	**13,522**	**12,849**	**673**

Personnel costs rose in the first half of 2017 mainly due to the increase in the Group's workforce (average personnel levels +25, full-time equivalents +14) for operations that are closely related to traffic growth such as security checks. The increased cost was also due to the application of the last tranche of the new collective bargaining agreement starting as of July 2016.

Other personnel costs break down as follows:

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Staff canteen	294	310	(16)
Personnel training and refresher courses	164	58	106
Personnel travel expenses	116	88	28
Other personnel provisions	52	45	7
Miscellaneous personnel costs	229	211	18
TOTAL OTHER PERSONNEL COSTS	**855**	**712**	**143**

The following is the average staffing level broken down by category for the two half years in question:

Average workforce (no. of staff)	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Executive Managers	10	10	0
White-collar workers	384	362	22
Blue-collar workers	100	97	3
TOTAL PERSONNEL	**494**	**469**	**25**

Below is a breakdown of the workforce by category at the end of the two half years compared:

Average workforce (no. of staff)	as at 30.06.2017	as at 30.06.2016	Change
Executive Managers	10	10	0
White-collar workers	395	371	24
Blue-collar workers	100	96	4
TOTAL PERSONNEL	**505**	**477**	**28**

25. Depreciation and amortisation

The following table shows a breakdown of depreciation and amortisation for the half years ended 30 June 2017 and 2016.

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Amortisation of concession rights	2,750	2,616	134
Amortisation of other intangible assets	330	249	81
Depreciation of tangible assets	983	809	174
TOTAL DEPRECIATION AND AMORTISATION	**4,063**	**3,674**	**389**

The increase in the item "Amortisation and depreciation" is consistent with ongoing implementation of the amortisation and depreciation plan and is also the result of the gradual placement into service of investments made over the last 12 months.

26. Provisions for risks and charges

The following table presents a breakdown of provisions for risks and charges for the half years ended on 30 June 2017 and 2016.

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Provisions for doubtful accounts	(36)	38	(74)
Provisions for renewal of airport infrastructure	672	1,405	(733)
Provisions for other risks and charges	208	(107)	315
TOTAL PROVISIONS FOR RISKS AND CHARGES	**844**	**1,336**	**(492)**

Savings resulted from lower allocations to the provision for renewal of airport infrastructure (see Notes 15 and 20) due to the updating of scheduling with certain air side projects being delayed.

27. Financial income and expenses

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Income from securities	22	52	(30)
Financial income other than the previous items	130	104	26
Income from discounting provisions	241	0	241
TOTAL FINANCIAL INCOME	**393**	**156**	**237**
Interest expenses and bank charges	(363)	(507)	144
Expenses from discounting provisions	(54)	(238)	184
Other financial expenses	(22)	(2)	(20)
TOTAL FINANCIAL EXPENSES	**(439)**	**(747)**	**308**
TOTAL FINANCIAL INCOME AND EXPENSES	**(46)**	**(591)**	**545**

There was an improvement in the net balance of financial income (expenses) due to the increase in financial income resulting from income from the discounting of provisions as compared with the expenses recorded in the first half of 2016. In addition, there was a decrease in financial expenses due to lower overall debt levels and the reduction in the interest rate on the Intesa San Paolo loan maturing in 2024.

28. Taxes for the period

The following table shows a breakdown of taxes for the period for the half years ended 30 June 2017 and 2016.

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Current taxes	2,482	1,428	1,054
Deferred tax assets and liabilities	248	132	116
TOTAL TAXES FOR THE PERIOD	**2,730**	**1,560**	**1,170**
Current taxes as a % of result before tax	**25.47%**	**26.91%**	
Taxes for the period as a % of result before taxes	**28.01%**	**29.40%**	

The effective tax rate for the first half of 2017 was 28.01% of the result before taxes compared with 29.40% reported in the first half of 2016. This favourable shift was due to a reduction in the IRES rate of 3.5 percentage points starting in 2017, which was partially offset by the gradual negative impact of the ACE (economic growth incentive - Decree Law 201/2011), and was especially due to changes introduced in the determination of the calculation base and the reduction in the rate of return.

The following table shows the reconciliation of the effective IRES rate with the theoretical rate:

Reconciliation between effective/theoretical IRES tax rate	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
Result before taxes	9,745	5,307	4,438
Ordinary tax rate	**24%**	**27.50%**	
Theoretical tax charge	2,339	1,459	879
Effect of increase or decrease in the ordinary tax rate			
Taxed provisions deductible in subsequent financial years	279	54	225
Costs deductible in subsequent financial years	1,286	1,604	(318)
Other non-deductible costs	608	533	75
Use of provisions taxed in prior financial years	(507)	(136)	(371)
Reconciliation between actual/theoretical IRES tax rate	**for the half year ended 30.06.2017**	**for the half year ended 30.06.2016**	**Change**
Costs not deducted in prior financial years	(1,498)	(1,670)	172
Other differences	(1,018)	(1,579)	561
Change in deferred/prepaid taxes from IAS conversion	(115)	(113)	(2)
Total increases/decreases	**(965)**	**(1,307)**	**342**
Tax impact on changes in the ordinary tax rate	(232)	(359)	128
IRES for the period	2,107	1,100	1,007
Effective tax rate	**21.62%**	**20.73%**	

Lastly, the following table shows a breakdown of current taxes for the two periods:

in thousands of Euros	for the half year ended 30.06.2017	for the half year ended 30.06.2016	Change
IRES	2,107	1,100	1,007
IRAP	489	323	166
Taxes for previous financial years	(114)	5	(119)
TOTAL CURRENT TAXES	**2,482**	**1,428**	**1,054**

Related party transactions

A definition of "Related Parties" can be found in IAS 24, approved by EC Regulation 1725/2003.
Intercompany transactions are executed as part of ordinary operations and under normal market conditions. Related party transactions mainly pertain to commercial and financial transactions, as well as compliance with the tax consolidation regime. None of those relationships is of particular economic or strategic importance for the Parent Company since they do not represent a significant share of the total amounts in the financial statements.
The shareholder Bologna Chamber of Commerce has been identified as a government entity making it exempt from related party disclosure under IAS 24. Classifying the Bologna Chamber of Commerce as a government entity therefore limited the scope of checks to identify related parties to the identification of only the Bologna Chamber of Commerce Furthermore, the financial statements contain no further information regarding the Company's relationship with the Bologna Chamber of Commerce, because there are no significant transactions with that shareholder.
In the first half of 2017, related-party relationships referred only to inter-company transactions. The main transactions are described below.
In the half year under review, trade relationships on the asset side between the Parent Company and the subsidiary Tag Bologna S.r.l. mainly concerned the twenty-year sub-licensing of infrastructure dedicated to general aviation traffic support and the supply of certain services, mainly related to safety, for a total of Euro 0.02 million.

AdB’s service agreements with the subsidiary mainly involve contributions to operating expenses to cover costs related to the management and maintenance of the infrastructure of the general aviation terminal used for the boarding and disembarkation of passengers based on the resulting balance sheet advantage for AdB from including these costs in the calculation base of passenger boarding fees. In the first half of 2017, service costs accrued in relation to Tag totalled Euro 0.1 million.
Non-commercial relationships with Tag included:

- the tax consolidation agreement renewed in September 2015 for 2015-2017, on the basis of which, at 30 June 2017, the Parent Company reported non-current payables totalling Euro 9 thousand, which was unchanged from the previous year. These payables were for the request for IRAP reimbursement from IRES (Decree Law 201/2011, Article 2, paragraph a);
- the binding patronage letter issued by AdB and minority shareholders of Tag in proportion to stakes held, in favour of Monte dei Paschi di Siena in relation to the long-term loan provided by the latter bank to Tag. As at 30 June 2017, the portion of the secured loan related to AdB totalled Euro 2.3 million (Euro 2.4 million as at 31 December 2016).

During the half year under review, trade relationships between the Parent Company and the subsidiary Fast Freight Marconi S.p.A. consisted of providing the following services:

- sub-licensing of offices and operating areas and premises;
- management and staffing, which includes the following staff services: accounting, administration, finance, operations control, management reporting, personnel, legal, ICT, staff secondment and single director;
- security for baggage and cargo x-rays, totalling Euro 0.19 million.

Non-commercial relationships with FFM included:

- the tax consolidation agreement renewed in September 2015 for 2015-2017, on the basis of which, in the first half of 2017 receivables from the subsidiary totalled Euro 20 thousand and payables totalled Euro 15 thousand (unchanged from the previous year) for the request for IRAP reimbursement from IRES (Decree Law 201/2011, Article 2, paragraph a);

- AdB's joint obligation on a guarantee of Euro 0.9 million issued by Assicurazioni Generali in favour of the Bologna Customs Agency for various customs deposits of FFM.

Obligations and risks

Operating lease obligations

As at 30 June 2017, the Group had irrevocable operating leases in place pursuant to IAS 17 for equipment, facilities and machinery, vehicles, land and "in cloud" software licences, for which future lease payments are indicated below that mature in the second half of 2017, in the next five years or beyond that time period. The Group's final figure for the first half of 2017 was Euro 0.42 million.

in thousands of Euros	
By the second half of 2017	404
From 2018 to 2022	1,253
From 2023	151
Total	**1,808**

Operating leases with Group as lessor

As at 30 June 2017 the Group had agreements in place to sub-licence areas, offices and operating and commercial space in the passenger and cargo terminal and other airport infrastructure as indicated in greater detail in Section 2 of the Directors' Report. The following table indicates minimum future payments on irrevocable leases pursuant to IAS 17 in place as at 30 June 2017 and maturing in the second half of 2017, in the next five years or beyond that time period. The Group's final figure for the first half of 2017 was Euro 4.76 million. The amounts indicated below do not include variable payments or sub-licensing agreements at administered rates since they are subject to potential upward or downward rate changes.

in thousands of Euros	
By the second half of 2017	4,775
From 2018 to 2022	20,678
From 2023	900
Total	**26,353**

Environmental investment obligations

The Parent Company's specific obligations in the area of the environment were stipulated with the signing of the Regional Agreement for the Decarbonisation of the Airport with local authorities in 2015. This agreement will require AdB to make investments totalling Euro 6.5 million over a period of time consistent with the timing for the completion of work contained in the airport Master Plan, i.e., by the end of 2023. In the last quarter of 2016, the design was finalised for the wooded area to be completed to the north of the Airport, and for the cycle path along Via Triumvirato.

People Mover investment obligations

As at 30 June 2017, “Tangible assets under construction” included the first tranche of Euro 1.78 million of the Company’s contribution to Marconi Express S.p.A. (Note 2) to build the “Aeroporto” station of the People Mover corresponding to work progress of 66% in the airport area. The total contribution owed by AdB is Euro 2.7 million, and the last tranche of Euro 0.92 million to be disbursed is scheduled at the time the project is tested. As a part of the same agreement (signed by AdB, the municipality of Bologna, the Province of Bologna and the Emilia Romagna Region on 23 July 2007), AdB also undertook to build the connecting bridge to link the “Aeroporto” stop and the airport. Based on this obligation, tangible assets under construction as at 30 June 2017 included design and preliminary building costs for the project totalling Euro 0.14 million.

As at 30 June 2017, non-current financial assets included Euro 10 million for the equity financial instrument in Marconi Express S.p.A., which was subscribed by the Company in January 2016 in the total amount of Euro 10.9 million (see Note 4). Of this amount, Euro 7 million had been paid as at 30 June 2017 with the payment of the third tranche of an additional Euro 3 million in July 2017 after verifying work progress of 51% on the entire project. The last tranche of Euro 0.9 million is scheduled when work is completed.

Guarantees provided

See the pertinent section in the Directors’ Report (Section 9) for information on guarantees provided.

Other risk classification and management

For information regarding the financial risk classification and management procedures required by Article 2428, paragraph 2, sub-paragraph 6-*bis* of the Italian Civil Code, as well as comments on the Group’s other risks, please see the pertinent section of the Directors’ Report (Section 7).

The Chairman of the Board of Directors
(Enrico Postacchini)

Bologna, 04 September 2017

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the corporate accounting documents of Aeroporto Guglielmo Marconi di Bologna S.p.A. pursuant to the provision of article 154-bis paragraph 5 TUF (Testo Unico Finanziario [Consolidated Law on Financial Intermediation]

1. The undersigned, Nazareno Ventola and Patrizia Muffato in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the corporate accounting documents of Aeroporto Guglielmo Marconi di Bologna S.p.A., hereby certify, pursuant to article 154-bis, paragraphs 3 and 4, of legislative decree No. 58, of 24 February 1998:

    - the accounting procedures for the preparation of the Half-year consolidated financial statements at June 30, 2017, are adequate based on the characteristics of the company;
    - the effective adoption of the administrative and accounting procedures for the preparation of the consolidated financial statements.

2. The assessment of the adequacy of administrative and accounting procedures for the preparation of the Half-year Consolidated financial statements at June 30, 2017 was based on a process defined by Aeroporto Guglielmo Marconi di Bologna S.p.A., in compliance with the Internal Control-Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents the standard reference generally accepted at the international level.

3. In addition we certify that:

    3.1 The Half-year consolidated financial statements at June 30, 2017:

    a) has been prepared in accordance with applicable international accounting standards recognized in the European Community within the meaning of (EC) Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
    b) correspond to the information in the books and other accounting documents and records;
    c) provide a true and fair representation of the financial, economic and assets situation of the issuer and all the companies included in the scope of consolidation.

    3.2 The interim Directors' report includes a reliable analysis of the material events occurred during the first half of 2017 and their impact on Half-year consolidated financial statements, as well as a description of the main risks and uncertainties for the second half of the year. The interim operating and financial review contains a reliable analysis of the disclosure on significant related-partly transactions.

Bologna, 4 September 2017

The Chief Executive Officer	**Officer in charge of preparing the corporate accounting documents**
(Nazareno Ventola)	(Patrizia Muffato)

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Review report on the interim condensed consolidated financial statements (Translation from the original Italian text)

To the Shareholders of
Aeroporto Guglielmo Marconi di Bologna S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of consolidated financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity and consolidated cash flows statement and the related notes of Aeroporto Guglielmo Marconi di Bologna S.p.A. and its subsidiaries (the "Aeroporto di Bologna Group") as of 30 June 2017. The Directors are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Aeroporto di Bologna Group as of June 30, 2017 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, September 4, 2017

EY S.p.A.
Signed by: Andrea Nobili, Partner

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

Aeroporto di Bologna

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