SEA Group
2014 Half-Year Report

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

SEA - Società per Azioni Esercizi Aeroportuali
Milan Linate Airport – 20090 Segrate, Milan
Tax Code and Milan Companies Registration Office No: 00826040156
Milan REA no.: 472807 – Share Capital: Euro 27,500,000 fully paid-in
www.seamilano.eu

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General information

Corporate Boards

Board of Directors (for the three-year period 2013/2015, appointed by the Shareholders' Meeting of June 24, 2013)		
	Chairman	Pietro Vitale Modiano
	Directors	Renato Ravasio (1) (2)
		Mario Anastasio Aspesi (3) (5)
		Salvatore Bragantini (2) (4)
		Mauro Maia (3)
		Susanna Stefani (3)
		Susanna Zucchelli (2)

Board of Statutory Auditors (for the three-year period 2013/2015, appointed by the Shareholders' Meeting of June 24, 2013)		
	Chairman	Rita Cicchiello
	Standing members	Andrea Galli
		Paolo Giovanelli
		Antonio Passantino
		Ezio Maria Simonelli
	Alternate members	Andrea Cioccarelli
		Ilaria Moretti

Independent Audit Firm (for the three-year period 2013/2015, appointed by the Shareholders' Meeting of June 24, 2013)		
		Deloitte & Touche SpA

(1) Vice Chairman
(2) Member of the Control and Risks Committee
(3) Member of the Remuneration Committee
(4) Member of the Ethics Committee
(5) Member of the Supervisory Board

The SEA Group – Group structure at June 30, 2014

Structure of the SEA Group at June 30, 2014

SEA SpA

Airport management	Utilities	Commercial activities	Other activities	Handling
SACBO Bergamo SpA 30.98%	SEA Energia SpA 100%	Dufrital SpA 40%	Consorzio Malpensa Construction 51%	SEA Handling SpA 100%
Aeropuertos Argentina 2000 SA* 8.5%	Disma SpA 18.75%	SEA Services Srl 30%	Consorzio Milano Sistema (in liquidation) 10%	Airport Handling Srl 100%
Ali Trasporti Aerei ATA SpA 98.34%**			Romairport SpA 0.23%	ATA Ali Servizi SpA 98.34%**
			SITA Società Cooperativa arl 1 share	Malpensa Logistica Europa SpA 25%
			Railink Srl (in liquidation) 100%	

Key:

Controlling shareholding

Associated company

Investments in other companies

* *In relation to the holding of SEA in AA2000, on June 30, 2011, SEA SpA and Cedicor S.A, in execution of the agreement of August 9, 2006, signed a contract concerning the sale by SEA of the above-stated investment in AA2000, subject to the approval of the Regulador del Sistema Nacional de Aeropuertos, which has not yet been issued at the approval date of the present Half-Year Report.*

** *Company acquired on December 18, 2013.*

Introduction

The present Half-Year Report at June 30, 2014, comprises the Directors' Report and the Condensed Consolidated Half-Year Financial Statements at June 30, 2014; the Condensed Consolidated Half-Year Financial Statements, prepared in thousands of Euro, is compared with the Consolidated Half-Year Financial Statements and Annual Accounts of the previous year and comprises the Financial Statements (Consolidated Balance Sheet, the Consolidated Comprehensive Income Statement, the Statement of changes in Shareholders' Equity and the Consolidated Cash Flow Statement) and the Explanatory Notes.

The Half-Year Report at June 30, 2014, was prepared in accordance with International Accounting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"), approved by the European Union and in particular according to IAS 34 – Interim Financial Reporting; in accordance with paragraphs 15 and 16 of this standard, such Condensed Consolidated Half-Year Financial Statements do not require the extent of disclosure necessary for the Annual Financial Statements and must be read together with the 2013 Annual Financial Statements. In their preparation, the same accounting principles were adopted as in the preparation of the Consolidated Financial Statements at December 31, 2013.

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Consolidated Financial Highlights

The results in the first half-year were impacted by higher charges relating to the planned discontinuation of activities of the subsidiary SEA Handling and the handling sector restructuring. The commencement of the liquidation process on June 9, 2014, and the consequent possibility to determine total personnel restructuring charges on the basis of agreements signed with the trade unions on June 15 requires that the Half-Year Report reflects, in accordance with IAS 37, a provision of Euro 25.2 million against the above-mentioned SEA Handling restructuring charges. The financial effect of this provision is in part offset by the provisions made in previous years following impairment tests undertaken on the handling activities and totalling Euro 10.3 million.
It should be noted that EBITDA benefitted from the one-off effect amounting to Euro 5,439 thousand from the transfer of traffic from Orio al Serio due to the closure of the airport's runway for resurfacing.

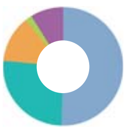
(in thousands of Euro)	H1 2014	H1 2013	change	2013
Revenues	371,740	354,298	17,442	724,080
EBITDA (1)	74,609	80,487	(5,878)	161,778
EBIT	36,668	44,874	(8,206)	85,565
Pre-tax profit	24,937	38,617	(13,680)	64,952
Group Net Profit	19,239	23,331	(4,092)	33,707

(in thousands of Euro)	at 30/06/2014	at 31/12/2013	change	at 30/06/2013
Fixed assets (A)	1,242,549	1,213,879	28,670	1,177,575
Working capital (B)	(189,660)	(174,496)	(15,164)	(235,789)
Provision for risks and charges (C)	(200,839)	(187,111)	(13,728)	(156,613)
Employee benefit provisions (D)	(50,891)	(77,155)	26,264	(74,696)
Net capital employed (A+B+C+D)	**801,159**	**775,117**	**26,042**	**710,477**
Group shareholders' equity	275,371	286,766	(11,395)	277,529
Minority interest shareholders' equity	610	611	(1)	86
Net Debt	525,178	487,740	37,438	432,862
Total sources of financing	**801,159**	**775,117**	**26,042**	**710,477**

	at 30/06/2014	at 31/12/2013	change	at 30/06/2013
Investments in tangible and intangible assets	42,941	90,486	(47,545)	49,830
Employees (at period-end)	5,145	4,986	159	5,070

(1) Group net result adjusted for taxes, financial income and charges, amortisation and depreciation and impairments and write-backs. The EBITDA is a measure utilised to monitor and assess the operating performance and is not an accounting measure as per IFRS and, therefore, should not be considered as an alternative measure for evaluating the operating results.

H1 2014 consolidated revenues Euro 371,740 thousand



	%
Aviation	50.5
Non Aviation	26.1
Handling	12.8
Energia	1.8
Revenues from application IFRIC 12	8.8

Directors’ Report

First half 2014: significant events

SEA and APCOA Parking Italia awarded the parking rights for Bergamo Orio al Serio airport
On January 3, 2014, SEA SpA and APCOA Parking Italia SpA, were jointly awarded the tender last July by SACBO for the management of parking at Bergamo Orio al Serio Airport from February 1, 2014 to January 31, 2020.
The Consortium formed by SEA and APCOA, European leader in parking services and successfully partnering for over fifteen years with SEA in the operational management of parking at Milan Malpensa Terminal 1, manages over 7,000 thousand parking spaces, serving the specific requirements of the Bergamo airport customer base. The SEA Group, with over 5,000 thousand parking spaces at Milan Linate and over 10,000 thousand at Milan Malpensa, manages therefore the largest Lombardy airport parking system.

Transfer of flights from Bergamo Orio al Serio to Malpensa Terminal 1
On May 12, 2014, flights were transferred from Bergamo Orio al Serio airport to Milan Malpensa following the suspension of flights for three works for runway resurfacing.
The SEA Group managed the increased traffic flows well, optimising all structures and services to incorporate as best as possible the passengers transiting at the inter-continental terminal. In particular, the number of departure gate security filters was increased from 14 to 20 and pedestrian walkways for boarding on foot at satellite A and in the areas dedicated to the Orio passengers were constructed. The number of runway shuttle buses to transport passengers to the terminal was also increased. In terms of infrastructure available to airlines, restructuring works were undertaken for the crew briefing centre and warehouse and offices constructed for Ryanair maintenance, in addition to a catering warehouse and renovation of the northern section of the Terminal 2 cargo hanger.
The number of temporary staff to handle arriving passengers was increased, in particular check-in staff and weight & balance operators. At strategic access and journey points four welcome desks manned by SEA personnel were also installed at the airport, assisted by 15 airport helpers.

Opening of the New Luxury Plaza at Malpensa Terminal 1
On May 12 the new Malpensa Luxury Plaza was opened to passengers, marking the first phase of the Terminal restyling and extension project. New shops and new brands offering passengers a top-end commercial offer were opened: from the presence of a star chef with the Davide Oldani Cafè and Giorgio Armani (for the first time at a European airport) to Bottega Veneta and Tod's and Moncler. New shops were also unveiled by Bulgari, Gucci, Hermes, Etro, Salvatore Ferragamo, Burberry, Ermenegildo Zegna, Montblanc, Hour Passion and Boggi, presenting even larger and more prestigious boutiques.

SEA Handling – Advance winding up and appointment of a liquidator
The Extraordinary Shareholders' Meeting of SEA Handling on June 9, 2014 approved the advance winding up of the Company and its placement into liquidation, establishing the effective winding up date as July 1, 2014.
The liquidation was entrusted to a sole liquidator in the person of Mr. Marco Reboa.

SEA/Quintavalle - Cascina Tre Pini Civil Case
Judgement 15223/2014 of 13.6.2014, published on 13.7.2014 by the Court of Cassation, pronounced upon the appeal put forward by SEA against the Milan Court of Appeal decision which imposed, together with the Ministry of Transport, the payment to Cascina Tre Pini of Euro 5,803,500 - in addition to interest of Euro 1,687,440.84 and accessory charges – as compensation under Article 46 L.1865/2359 for sound emissions and pollution impacting the properties of Cascina Tre Pini due to air traffic at Malpensa airport.
The Court of Cassation, accepting SEA's appeal declared upon:
(i) the formation of the entire final judgement on the applicability to SEA of Article 46 L.1865/2359 in relation to dispossession; *(ii)* the non-applicability, for the alleged damage, (damage from public work emissions) of Article 844 of the Civil Code which governs "Emissions" in the surrounding area.
The judgement accepted the applications put forward by SEA on appeal concerning SEA's absolution request from all compensatory/indemnification responsibility and the repayment request for all amounts paid under the original judgement (approx. Euro 2 million); the entire amount was received in August.
Following the decision, SEA obtained access to Euro 8.1 million which from July 2012 was held as a restricted deposit as guarantee in favour of Quintavalle.
The Court confirmed the decision against the Ministry of Transport, judging compensation for damage in the above-stated amounts and rejected the requests for further damage put forward by Cascina Tre Pini.

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Financing activities

Redefinition of the Group debt structure

In mid-April 2014, the SEA Group redefined the financial debt structure through *(i)* subscription to a five-year revolving credit line for Euro 260 million and *(ii)* the issue of a Bond, listed on the official Irish market, for Euro 300 million, in order to achieve the following objectives:

- guarantee the availability of credit lines to improve the coverage of financial needs in the coming years;
- lengthen the debt maturity, minimising the relative cost of debt;
- ensure the meeting of the particularly extensive financial commitments for 2014-2015. In this two-year period, according to the financial debt structure preceding the operation, medium-term loans of over Euro 213 million were due to mature, in addition to the refinancing of nearly Euro 73 million of short-term lines (open until the end of 2013) and a further Euro 100 million of unutilised committed lines maturing by 2016;
- enable a high level of financial flexibility in terms of the accessing of credit lines under the best European market practices and at particularly competitive rates in relation to the duration of the corresponding debt.

At June 30, 2014, following the above-stated bond issue, approx. 70% of loans maturing in 2014/2015 (Euro 150 million) had been repaid and also of uncommitted lines unutilised by the end of 2013 (over Euro 52 million); furthermore, the newly maturing committed credit lines were cancelled, replaced by the RCF line undertaken in April.

The bond issued by SEA on April 17, 2014, called "SEA 1/8 2014-2021", in the opinion of finance sector operators, was the most successful one by an officially non-rated Italian issuer, guaranteeing the Group a 7 year loan at a fixed annual cost of 3.125% (+183.5 basis points on the period mid swap), with a highly successful uptake and subscriber demand over four times greater than availability.

Since issue, the value of the bond has continually increased, hitting by the end of June 2014 Euro 101.98, corresponding to an effective yield of 2.80%.

Ministry for Economic Development Grants

In May, SEA accepted the subsidised ten-year loan issued by the Ministry for Economic Development under Law 46/82 to finance innovative projects leading to the creation of the Aircraft Ground Guiding Light System at Malpensa and Linate airports.
In particular, the grant totalling Euro 1.1 million concerns the Special Rotational Fund for technological innovation and permits the undertaking of a subsidised loan from the fund to support businesses and investment in research for a total of Euro 9.2 million (in an advanced stage of agreement with the counterparty banks).

Malpensa Terminal 1/Terminal 2 rail link – EU Grants

In relation to the rail link between the two Milan Malpensa terminals and the co-financing approved in 2013 by the European Union, in June 2014 the SEA Group received the first tranche of the grant (Euro 3.7 million). The selection of contractors, scheduled for September 2014, is in a significantly advanced stage.

Malpensa third satellite investments

At Malpensa Airport the work on the extension of Terminal 1 continued. In January 2013, an area of the third satellite was opened of approx. 35 thousand sq. mtrs. and with a VIP lounge of approx. 1,500 sq. mtrs. and two gates from which passengers can directly and contemporaneously board Airbus A380 aircraft through two linked piers – one to the principal airport bridge and one to the higher bridge. In the first half of 2014, the completion works continued and the new baggage reclaim area for Non-Schengen flights and the commercial operations facing the luxury plaza opened to the public. Overall, the third satellite, whose completion is scheduled for 2015, covers 128 thousand sq. mtrs. of additional space at Terminal 1, of which 85 thousand for passengers and commercial activity.

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Market and regulatory overview: developments

An analysis of market and regulatory developments in the first half of 2014 follows.

Economic overview

General economy

Following the significant drop off at the beginning of the year, global economic activity returned to growth – although at a more contained level and at an uneven rate among the major regions. This was particularly evident in the United States - in which growth picked up once again – and in China, in which the slowdown has been interrupted. Commercial trade in part recovered the first quarter contraction, although in a contained manner. The risks related to geo-political tensions in a number of oil producing countries however worsened; the heightening of these risk factors may have repercussions on supply and on the price of energy products, on activity generally and global trade.
The recovery continued in the Eurozone, although at a moderate and uneven pace, accompanied by very low inflation and reduced business lending.
Within a sluggish and uneven economy, consumer inflation in the Eurozone dropped to historic minimums (0.8%), impacted by the weak nature of the recovery, amid a significant degree of unutilised production capacity. In more recent months, operators surveyed by Consensus Economics have gradually lowered their Eurozone inflation expectations, which in June stood at 0.7% for the current year and 1.2% for 2015.
The Italian economic recovery, although amid signs of business confidence, struggles to reignite. Economic activity in the winter months was impacted by the drop in energy production - partly related to climatic factors.
Consumer inflation (measured according to the standardised consumer price index, IPCA) dropped once again, reaching in June 0.2% on an annual basis.

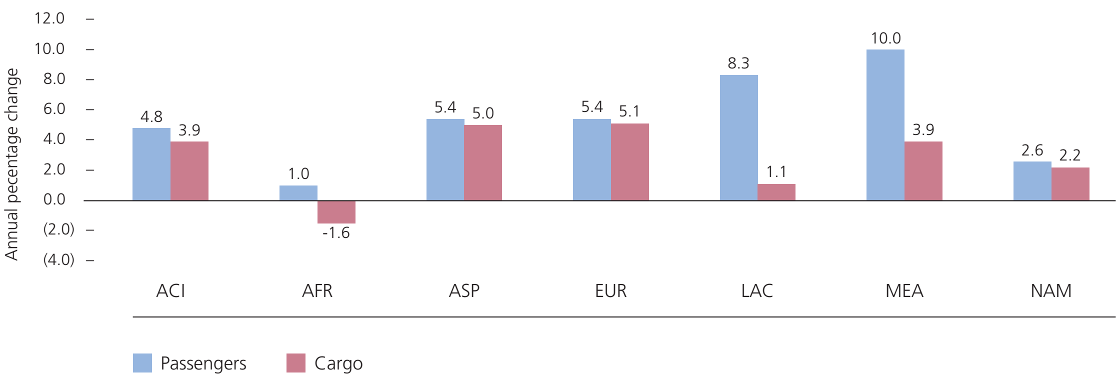
Forecast for 2014

According to the latest OECD estimates, which do not include the significant contraction in US GDP in the first quarter, global GDP growth will accelerate to 3.4% in 2014 and 3.9% in 2015. Between March and June, private sector operators have gradually lowered their growth expectations for the current year for the United States (-0.6%), Brazil (-0.3%) and Russia (-1.1%). The risk of dropping back into recession remains for the global economy. The recent slowdown in emerging economy activity may turn out to be more protracted than originally expected. The uncertainties surrounding the crises in Libya and Iraq in addition weigh heavily, further to the tensions between Russia and Ukraine. In the medium-term, the continuation of significantly expansive monetary conditions in the advanced countries may cause fresh financial and property market imbalances.

Air transport and airports

Global air transport market performance in the first five months of 2014

Global air traffic in May 2014 (the latest available figures) reported growth of 4.8% for passengers and 3.9% for cargo.
Signs of recovery were evident for passenger traffic across all regions: in particular, for both Asia and Europe an increase of 5.4% and for the Middle East growth of 10%.
The American continent reports strong performances: more contained for North America (+2.6%), while more significant for Latin America (+8.3%).
For the cargo sector, Europe reported the highest percentage growth (+5.1%), with Asia reporting 5%, the Middle East 3.9% and North America 2.2%.



Key: ACI (Airport Council International), AFR (Africa), ASP (Asia Pacific), EUR (Europe), LAC (Latin America), MEA (Middle East), NAM (North America).
Source: ACI World (Pax Flash & Freight Flash – May 2014)

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European airport traffic performance for the first five months of 2014

European air traffic, according to the latest available information in May, reported an improvement on the same period of 2013. In particular, the ACI Europe airports (the major airports, including: London Sys, Paris Sys, Frankfurt, Amsterdam, Rome Sys, Madrid, Munich, Barcelona, Milan Sys and Berlin Sys) on average reported strong passenger (+4.7%) and cargo (+5.2%) performances.
In Italy the airports managed by SEA reported growth of 6.5% in passenger numbers and 11.1% for cargo, while the Rome airport system reported respectively +4.2% and -2.2%.

SEA Group airport traffic performance in the first half of 2014

	Movements			Passengers [1]			Cargo (tonnes) [2]		
	2014	2013	%	2014	2013	%	2014	2013	%
Malpensa	81,879	77,820	5.2%	9,226,852	8,439,668	9.3%	230,615	205,312	12.3%
Linate	44,789	45,099	-0.7%	4,370,627	4,328,090	1.0%	6,353	7,949	-20.1%
Total commercial traffic	**126,668**	**122,919**	**3.0%**	**13,597,479**	**12,767,758**	**6.5%**	**236,968**	**213,261**	**11.1%**
General Aviation [3]	12,884	12,818	0.5%	28,967	31,585	-8.3%	–	–	–
SEA Group Airport System	**139,552**	**135,737**	**2.8%**	**13,626,446**	**12,799,343**	**6.5%**	**236,968**	**213,261**	**11.1%**

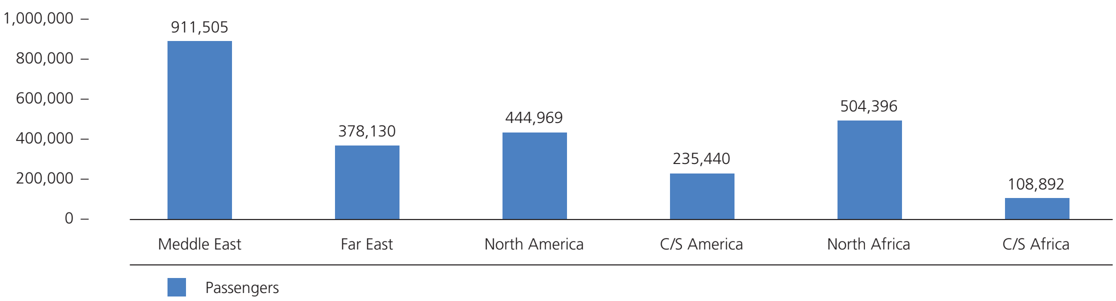
(1) Arriving + departing passengers.
(2) Cargo in transit not included.
(3) From ATA Ali Servizi SpA and Ali Trasporti Aerei ATA SpA (*Note* 2.3).

The results for H1 2014 of the airports managed by the SEA Group report an increase in passenger traffic (+6.5%), supported by increased movements (+3%).
The higher passenger numbers relate almost exclusively to Malpensa airport (+9.3%); Linate also reported a contained increase on the same period of the previous year (+1%).

Malpensa

Malpensa passenger numbers totalled 9.2 million, up 9.3%, with aircraft movements increasing 5.2%.
The sustained traffic growth was strengthened by the temporary transfer of all flights from Bergamo airport between May 12 and June 2.
Passenger traffic, excluding the traffic related to Bergamo, in fact increased 3.7% - confirming the growth of recent months, while movements were more or less in line with H1 2013 (+0.6%).

Passenger traffic on inter-continental routes by Region



Malpensa 1

The number of passengers rose 12.4% to 6.1 million; the result is principally due to the temporary transfer of Ryanair with more than 400 thousand passengers (following the closure of Bergamo Orio al Serio), Emirates with the new flight to New York introduced last Winter following approval on an extra bilateral basis by ENAC with an increase of 91 thousand passengers, Meridiana fly, which performed strongly in the leisure sector, increasing passenger numbers 69%, the new flight of American Airlines with Miami and airberlin and Wizz Air, each with an approx. 39 thousand passenger increase.

From June, new inter-continental flights were introduced by Air Canada with Toronto, with five weekly flights and Air India with Delhi, co-hubbing with Rome. Air Canada has returned excellent performances from the outset in terms of load factor per aircraft (94%), while Air India in terms of passengers from Milan reported an average airport load factor of 35%.

The strong performances principally related to international traffic with Europe, which generated 54% of passenger share at the Terminal, +14.5% and on international flights +11.2% (40% share). Domestic traffic, which concerns a minor share (6%), grew 2%.

Malpensa 2

Terminal 2 reported 3.1 million passengers served in the half-year, increasing by 3.8%. The stronger results reported by easyJet stemmed from the European routes (+3.8%, 68 thousand passenger increase), where 60% of the airlines passengers are concentrated principally to Paris Charles de Gaulle, Belgrade and the new flights with Hamburg, Malàga and Luxembourg.

Despite the low traffic share (5% of the airline total), traffic with non-European destinations is highlighted: Tel Aviv, a new route introduced in March, Marrakesh, Sharm el Sheikh and Casablanca reported a 39% increase, with over 46 thousand passengers.

Linate

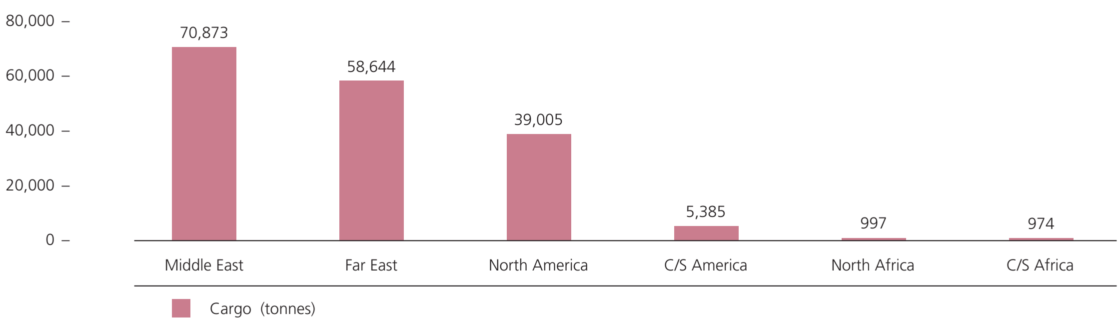
For Linate, passenger traffic – despite a downturn in May and June – reported an improvement of 1%, principally due to domestic traffic (57% share) and a substantial maintenance of international traffic. Alitalia and easyJet are the principal airlines behind the result, with the former linking with Cagliari and Alghero, operating in its key role to guarantee an ongoing service, and the latter with Fiumicino.

Milano Malpensa Cargo

In the first half of 2014, Milan Malpensa Cargo reported growth of 12.3%, transporting 231 thousand tonnes of cargo, following the strong performances of the all-cargo airlines Qatar, Air Bridge, Etihad, Cargolux Group and Korean and the start-up of operations by Lufthansa Cargo and Emirates and the temporary transfer from Bergamo of Aerologic and Star Air (DHL).

In particular, Qatar, thanks to the fifth freedom rights granted, introduced new flights with Doha and Chicago, doubling transport to 18 thousand tonnes in the period. Among the airlines with mixed configuration aircraft, we particularly highlight Emirates (+15%), American Airlines (+50%) and Air China (+27%).

Cargo traffico on inter-continental routes by Region



Outlook

The slight economic recovery and the latest IATA (International Air Transport Association) estimates on the global air transport sector indicate tentative signs of improvement for 2014. The increased price of oil due to geo-political tensions has had an impact however.
In Italy, the air transport sector, as in the other southern European countries, is significantly exposed to general economic factors, with the Italian airlines also faced with a fragmentation of their restricted market share through competition from low cost airlines, charters and traditional airlines, requiring therefore corporate restructuring in order to recover productivity and reduce costs.
The SEA Group, despite the remaining uncertainties within the sector, confirms its commitments to the development of the business areas managed, in order to achieve further efficiencies and develop the capacity of traffic, passengers and cargo. Group results may continue to improve therefore also in 2014, providing that the outlook for the domestic and international economy does not alter significantly. In this regard, the future impact of the new Alitalia/Etihad agreement is as yet unknown.
In particular, the SEA Group intends to continue to operate in the airport handling business - which is considered synergetic with its core business - taking into account the restrictions imposed by the decision of the European Union through the actions outlined in detail in the subsequent paragraph "Strategic risks – Decision of the European Commission of 19.12.2012 concerning the presumed State Aid in favour of SEA Handling".

Regulatory framework

New airport fee governance models
In May 2014, the Transport Regulation Authority (TRA) opened up consultation on the new airport tariff models, to align the Italian regulatory framework to Directive 2009/12/EU. The current draft model, once applied after the current consultations, will not apply however to airport managers who have signed the Regulatory Agreement currently in operation, including SEA.

EU Regulation No. 376/2014 on the system for the mandatory reporting of civil aviation events
On April 24, 2014, European Regulation No. 376/2014 on the system for the mandatory reporting of civil aviation events was published in the European Official Gazette. The new regulation, applicable from 2015, amends the previous regulation, introducing significant improvements to aeronautic safety in terms of accident prevention according to the just culture principle, with the aim of educating all parties involved in the functioning of the entire sector.

Group performance and results

Income Statement

(in thousands of Euro)	H1 2014	%	H1 2013	%	Change % 2014-2013
Operating revenues	338,775	91.1%	319,205	90.1%	6.1%
Revenues for works on assets under concession	32,965	8.9%	35,092	9.9%	-6.1%
Total revenues	**371,740**	**100.0%**	**354,298**	**100.0%**	**4.9%**
Operating costs					
Personnel costs	162,360	43.7%	127,028	35.9%	27.8%
Consumable materials	22,791	6.1%	27,494	7.8%	-17.1%
Other operating costs	89,649	24.1%	81,648	23.0%	9.8%
Provisions & write-downs	(8,639)	-2.3%	5,247	1.5%	-264.6%
Costs for works on assets under concession	30,970	8.3%	32,393	9.1%	-4.4%
Total operating costs	**297,131**	**79.9%**	**273,810**	**77.3%**	**8.5%**
Gross Operating Margin / EBITDA	**74,609**	**20.1%**	**80,488**	**22.7%**	**-7.3%**
Restoration & replacement provision	9,000	2.4%	10,397	2.9%	-13.4%
Ammortisation & Depreciation	28,941	7.8%	25,216	7.1%	14.8%
EBIT	**36,668**	**9.9%**	**44,875**	**12.7%**	**-18.3%**
Investment income (charges)	1,367	0.4%	2,986	0.8%	-54.2%
Financial charges	(13,854)	-3.7%	(9,766)	-2.8%	41.9%
Financial income	756	0.2%	522	0.1%	44.8%
Pre-tax profit	**24,937**	**6.7%**	**38,617**	**10.9%**	**-35.4%**
Income taxes	5,699	1.5%	15,285	4.3%	-62.7%
Net profit	**19,238**	**5.2%**	**23,332**	**6.6%**	**-17.5%**
Minority interest profit	(1)	n.s.	1	n.s.	n.s.
Group profit	**19,239**	**5.2%**	**23,331**	**6.6%**	**-17.5%**

Group revenues (operating revenues and revenues for works on assets under concession) amounted to Euro 371,740 thousand in H1 2014, compared to Euro 354,298 thousand in the first half of the previous year, increasing therefore Euro 17,442 thousand (+4.9%).
Operating revenues, analysed in detail by segment below, totalled Euro 338,775 thousand, increasing 6.1% on the first six months of 2013 (Euro 319,205 thousand); they include Aviation revenues for Euro 187,667 thousand (Euro 175,477 thousand in the first half of 2013), non-Aviation revenues of Euro 96,960 thousand (Euro 84,462 thousand in the first half of 2013), Handling revenues of Euro 47,554 thousand (Euro 47,497 in the first half of 2013) and Energy revenues of Euro 6,594 thousand (Euro 11,769 thousand in the first half of 2013).
Revenues for works on assets under concession decreased from Euro 35,092 thousand in the first half of 2013 to Euro 32,965 thousand in the first half of 2014, reducing 6.1% and related to the amount of investment in assets held under concession.
EBITDA amounted to Euro 74,609 thousand, compared to Euro 80,488 thousand in the first half of 2013 (-7.3%). This result was impacted by higher restructuring charges relating to the planned discontinuation of activities of the subsidiary SEA Handling and the handling sector restructuring. The commencement of the liquidation process on June 9, 2014 and the consequent possibility to determine total personnel restructuring charges on the basis of agreements signed with the trade unions on July 15 requires that the Half-Year Report reflects, in accordance with IAS 37, a provision of Euro 25,188 thousand under "Personnel costs" against the above-mentioned SEA Handling personnel restructuring. As previously described, the impact of the above-mentioned charge on the operating result and the result for the period is lower due to the provisions made in previous years within the impairment tests undertaken on the handling activities and amounting to Euro 10.3 million, which were consequently released in the account "Provisions and write-downs".
On the other hand, EBITDA benefitted from the one-off effect of Euro 5,439 thousand from the transfer of traffic from Orio al Serio due to the closure of the runway for resurfacing.
EBIT totalled Euro 36,668 thousand in H1 2014, compared to Euro 44,874 thousand in the first half of 2013 – decreasing Euro 8,206 thousand (18.3%).
Net financial charges, including the results of

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associates and dividends from other companies, amounted to Euro 11,731 thousand in H1 2014 and Euro 6,258 thousand in H1 2013.
Income taxes of Euro 5,699 thousand in the first half of 2014 and Euro 15,285 thousand in the first half of 2013, estimated on the assessable base at period-end, result in a tax rate respectively of 22.9% and 39.6%.
During the half-year, deferred tax assets were recognised on timing differences relating to non-deductible provisions in previous years in the handling sector for Euro 4,677 thousand which, due to the corporate changes within SEA Handling, will probably be realised by December 31, 2014 within the Group tax consolidation framework, and which were prudently not recognised in previous years by the Group in consideration of the uncertainty on the timing of the utilisation of these risk provisions.
The Net Profit in the first half of 2014 amounts to Euro 19,239 thousand compared to Euro 23,331 thousand in the first six months of 2013.

Group balance sheet and financial position

(in thousands of Euro)	at 30/06/2014	at 31/12/2013	change	at 30/06/2013
Fixed assets (A)	1,242,549	1,213,879	28,670	1,177,575
Working capital (B)	(189,660)	(174,496)	(15,164)	(235,789)
Provision for risks and charges (C)	(200,839)	(187,111)	(13,728)	(156,613)
Employee benefit provisions (D)	(50,891)	(77,155)	26,264	(74,696)
Net capital employed (A+B+C+D)	**801,159**	**775,117**	**26,042**	**710,477**
Group shareholders' equity	275,371	286,766	(11,395)	277,529
Minority interest shareholders' equity	610	611	(1)	86
Net Debt	525,178	487,740	37,438	432,862
Total sources of financing	**801,159**	**775,117**	**26,042**	**710,477**

Net capital employed at June 30, 2014 amounted to Euro 801,159 thousand, an increase of Euro 26,042 thousand on December 31, 2013.

At June 30, 2014, fixed assets, amounting to Euro 1,242,549 thousand, include investments in tangible and intangible fixed assets of Euro 1,154,112 thousand, investments in associated companies of Euro 40,125 thousand, deferred tax assets of Euro 47,938 thousand and other receivables of Euro 374 thousand. Fixed assets increased by Euro 28,670 thousand compared to December 31, 2013, principally due to the net investments in the period of Euro 40,761 thousand (including the mark-up and capitalised financial charges), partially offset by amortisation/depreciation in the period of Euro 28,941 thousand and the decrease in financial fixed assets following the measurement at equity of the investments in associated companies for Euro 330 thousand.

Working capital amounted to Euro 189,660 thousand, decreasing by Euro 15,164 thousand compared to December 31, 2013, principally due to the following:

- the increase of other payables of Euro 38,176 thousand, mainly relating to: *i)* reclassification of SEA Handling employees post-employment benefit provision (following the signing of the trade union agreement in July 2014 which provides for settlement in the final quarter of 2014); *ii)* increase in payables for airport fire safety services; *iii)* increase in employee payables for remuneration matured;
- increase in income tax payables of Euro 9,832 thousand, mainly due to higher payables for additional landing rights;
- increase in other receivables of Euro 8,381 thousand due to higher prepayments and accrued income related to revenues for the period and costs of future periods and higher receivables from the Energy Service Operator (GSE) for white and green certificates;
- trade receivables increase of Euro 24,777 thousand, as outlined in the explanatory notes at Note 8.9.

The following table illustrates the principle components of Net Working Capital.

(in thousands of Euro)	30/06/2014	31/12/2013	Change
Inventories	6,382	6,716	(334)
Trade receivables	142,872	118,095	24,777
Trade payables	(165,133)	(165,867)	734
Other receivables / (payables)	(173,782)	(133,441)	(40,341)
Total net working capital	**(189,660)**	**(174,496)**	**(15,164)**

The movements in the risks and charges provisions are commented upon at *Note 8.13*.
The reduction in the Post-employment benefit provision is due to the reclassification previously commented upon in relation to SEA Handling.

Net Financial Position

At June 30, 2014, the net debt amounted to Euro 525,178 thousand - Euro 487,740 thousand at December 31, 2013. In the first six months of 2014 the SEA Group therefore absorbed financial resources for a total of Euro 37,438 thousand.
The net debt was affected by a number of factors, including:

- the issue of a Bond for Euro 300 million which permitted:
    - *i.* advance repayment of loans of Euro 150 million with maturity in the two-year period 2014/2015 (average interest rate of 4.84%);
    - *ii.* termination of the short-term uncommitted credit lines of Euro 52,075 thousand, utilised for financing needs at the end of 2013 and providing significant flexibility in view of the issue of the bond;
- the continuation of the repayment of part of the EIB loans (principal repaid in the half-year totalling Euro 8,206 thousand) and the SEA Energia loans (repayments of Euro 9,208 thousand);
- the fair value change of the derivatives of Euro 1,617 thousand, impacted by the further decrease in the expected interest rate curve, as well as accruals on financial debt, impacted by the change in the configuration of the Group debt following the debt restructuring programme;
- the increase in Group liquidity to Euro 104,841 thousand (Euro 60,720 thousand at end of 2013) and principally related to the bond issue in April, invested in treasury current accounts which guarantee significant returns.

As further described in the paragraph Strategic Risks – "European Commission decision of December 19, 2012 concerning presumed State Aid granted to SEA Handling", within the reorganisational process of the handling sector from September 1, 2014, the employees of SEA Handling will be made redundant with a pay-out of post-employment benefits, deferred remuneration and leaving incentives totalling approx. Euro 70 million from September. In accordance with the commitments undertaken by SEA on March 25, 2014, to ensure a solvent liquidation of the subsidiary SEA Handling and based on the balance sheet at June 30, 2014, of the subsidiary which reflects the obligations undertaken with personnel based on the trade union agreement of July 15, 2014, SEA will utilise the liquidity invested in treasury current accounts. The forecast financial debt at year-end is not expected to result in the non-compliance of the financial commitments undertaken with the lenders of the SEA Group.

Cash flow statement

(in thousands of Euro)	H1 2014	H1 2013
Cash flow from operating activities	14,525	23,027
Cash flow from investing activity (*)	(40,010)	(40,715)
Cash flow from financing activity	69,606	3,212
Increase / (Decrease) in cash and cash equivalents	44,121	(14,476)
Cash and cash equivalents at beginning of period	60,720	54,339
Cash and cash equivalents at end of period	104,841	39,863

(*) Includes the amount relating to dividends received of Euro 1,717 thousand in H1 2013 and Euro 1,697 thousand in H1 2014.

The principle factors impacting the cash flows in H1 2014 are illustrated below.

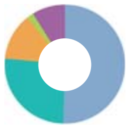
Net cash flow from operating activities
Operating activities generated liquidity of Euro 14,525 thousand in the first six months of 2014 (Euro 23,027 thousand in the first half of 2013). Specifically, operating activities before changes in working capital generated cash of Euro 53,421 thousand (Euro 57,240 thousand in H1 2013), principally due to the pre-tax profit of Euro 24,937 thousand (Euro 38,616 thousand in the first half of 2013), adjusted for non-monetary items, principally amortisation and depreciation of Euro 28,941 thousand (Euro 25,216 thousand in the first half of 2013).
The changes in working capital on the other hand absorbed cash of Euro 19,108 thousand (absorption of Euro 34,213 thousand in the first half of 2013) as a result of the combined effect of cash absorbed of Euro 35,846 thousand from the increase in trade receivables and other receivables, adjusted by non-monetary changes, and cash absorbed of Euro 16,365 thousand from the change in trade payables and other payables, also adjusted for non-monetary items.

Net cash flow from investing activities
Cash absorbed by investment activity totalled Euro 40,010 thousand in the first half of 2014 (Euro 40,715 thousand in H1 2013), including: Euro 34,329 thousand for the increase in intangible assets (Euro 35,511 thousand in the first half of 2013), net of the mark up for works on third party assets (as per the measurement of investments in assets under concession according to IFRIC 12) and capitalised financial charges; Euro 7,378 thousand for the increase in property, plant and equipment (Euro 6,921 thousand in the first half of 2013); these cash absorptions were in part offset by the receipt of dividends from associated companies of Euro 1,697 thousand in the first half of 2014 and Euro 1,717 thousand in the first half of 2013.

Net cash flow from financing activities
Financing activity in the first six months of 2014 generated liquidity of Euro 69,606 thousand (Euro 3,212 thousand in the first half of 2013), principally due to the net effect of increases and decreases in the financial debt for Euro 80,511 thousand (Euro 13,541 thousand in the first half of 2013) and the payment of interest on loans of Euro 9,507 thousand (Euro 7,363 thousand in the first half of 2013).

Aviation

H1 2014 consolidated revenues Euro 371,740 thousand



	%
Aviation	50.5
Non Aviation	26.1
Handling	12.8
Energy	1.8
Revenues from application IFRIC 12	8.8

Key Results

The Aviation business, comprising the "core" airport activities in support of passenger and cargo aviation, in H1 2014 reported net revenues of Euro 187,667 thousand (including General Aviation revenues following the acquisition of Ali Trasporti Aerei ATA SpA on December 18, 2013), growth of 6.9% on H1 2013. General Aviation revenues in the period amounted to Euro 7,954 thousand. Excluding revenues deriving from the transfer of traffic from Bergamo (Euro 7,717 thousand), the increase in Aviation revenues was 2.2%.

Traffic developments: increase in airlines, frequencies and services

The SEA Group continued to promote the development of passenger and cargo traffic in the first half of 2014 through focusing on the extension of the routes and frequencies operated both by airlines already present and by new airlines, with a particular focus on routes to and from countries of highest economic growth.
Further marketing tools included the promotion of bilateral agreements, also under fifth freedom traffic rights and the adoption of incentives for the development of new routes and destinations.
At June 30, 2014, approx. 118 airlines operated out of airports managed by SEA, serving over 180 destinations across the world.

In the first half of 2014, 13 new services commenced and 19 routes increased frequencies, with a total of 92 new weekly flights.

The most significant development was the introduction of two new long haul flights from June with 2 major new destinations: Delhi (daily flight operated by Air India together with Rome) and Toronto (five weekly flights operated by Air Canada).

easyJet introduced 2 new destinations to the Malpensa network with three weekly flights with Tel Aviv and six with Hamburg, in addition to doubling flights with Brindisi, while suspending the Sharm El Sheikh route given the continued warning issued by the Ministry for Foreign Affairs on Egypt. In September a new three weekly flight will be introduced with Tenerife and from December a new service with Munich and 10 weekly flights is scheduled to start.

The non-European Malpensa network, in addition to the 2 new destinations mentioned, will be extended with a new service with Marrakesh (operated by Royal Air Maroc through two weekly flights) and significant capacity increases for Beijing (Air China, from 3 to 5 weekly), Tokyo (Alitalia, from 4 to 5 weekly) and Singapore (Singapore Airlines, from 5 weekly flights to daily flights).

In Europe, the low cost Polish airline Eurolot began operations with the airport, introducing two weekly flights with Lublin, a new destination from Malpensa. Of the increased services, we highlight Tap, Fly Niki, Fly Be, Bulgaria Air, Lot, Air Serbia and Twin Jet (this latter introducing a new flight with Nice for the summer season).

With cargo traffic growth in the half-year of 12% (10% excluding the traffic transferred from Bergamo in May), Malpensa was confirmed as among the highest growth airports in Europe, more than double the European average. Among the new freight operators, we highlight the return of Lufthansa Cargo, with weekly flights with Frankfurt, Emirates Sky Cargo (one weekly flight) and Egypt Air Cargo (one weekly flight), while Turkish Cargo and Qatar Cargo increased flights respectively with Istanbul and Doha.

New bilateral agreements in the half-year and granting of fifth freedom traffic rights

In 2014 the SEA Group, within the strategies adopted to develop traffic at the Milan airports, confirmed its commitment to the drawing up and review of a number of bilateral agreements which govern access to the non-EU international air transport market.

In the first half-year a new bilateral agreement was signed with Bangladesh, which provides for the inclusion of Milan among operable destinations by Bangladeshi airlines, as multi-designation and with significant increases in operable flights to 14 weekly for passenger flights and 7 for cargo flights.
In July a new bilateral agreement was signed with Turkey, providing for an increased number of passenger and cargo flights.

ViaMilano: the innovative self-hubbing strategy of the SEA Group

In the first half of 2014 the promotional activities for the ViaMilano service continued, principally focused on distribution and communication through the digital channels.
In relation to Trade, ViaMilano confirmed its presence and visibility at a number of important events such as the BIT trade fair of Milan, TTG of Rimini and the 10th workshop at the Puglia airports.
Many connectivity study requests were received from the partner airlines of the ViaMilano service (United, Emirates, Air Canada and American Airlines).
Communication activity on the digital channel was principally concentrated on Facebook, with a significant increase in the fanbase (Likes).
We particularly highlight the competitions developed in partnership with American Airlines called "QuantoMiami", in addition to the Ads campaign and the extensive publishing plan targeting Italian and overseas fans.
Recently an agreement with the "Welcome Travel Group" network was drawn up (more than 2,500 travel agents) for the promotion of the ViaMilano service through the introduction of a range of activities, including training events and the distribution at agencies of co-branded material.

"Chinese Friendly Airport" project

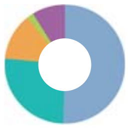
The SEA Group considers the increase in Chinese passenger numbers as a significant business opportunity for its terminals and is aware that in order to fully develop such potential targeted actions must be identified, planned and carried out.
In the first half of 2014, commercial and operating initiatives were undertaken, with the involvement of airport shops, tour operators and institutional and operative bodies.
In addition, thanks to the collaboration with the Class group, as part of the Chinese friendly airport project, from the first week of May news in the Chinese language was broadcast on all Malpensa Terminal 1 monitors. The publishers of Class, thanks to the partnership with the Xinhua News Agency, broadcast five news articles daily which appear on a ticker approximately ten times per hour.
The activities related to the rolling out of Chinese language airport signage and the development of the Chinese language "app" continued, with completion expected in the second half of the year.

Investments

In H1 2014 the SEA Group continued its commitment to infrastructural development in support of Group development plan. In particular, at Milan Malpensa the completion of the works for the third satellite and the restyling of Terminal 1 continued.

Non Aviation

H1 2014 consolidated revenues Euro 371,740 thousand



	%
Aviation	50.5
Non Aviation	26.1
Handling	12.8
Energy	1.8
Revenues from application IFRIC 12	8.8

Key Results

The Non Aviation segment, which offers a wide and segmented range of commercial services for passengers, operators and visitors, in the first half of 2014 reports net revenues of Euro 96,960 thousand (including the General Aviation revenues following the acquisition of Ali Trasporti Aerei ATA SpA on December 18, 2013), growth of 14.8% on H1 2013.
The increase in retail revenues contributed to this performance, supported by increased income in the shops following the introduction of a commercial offer strategy focused on the needs of the traffic served at each terminal and from the Car Rental operations, due to the increase in arriving passenger traffic (+1.9% at Malpensa Terminal 1 and +3,7% at Linate). Parking revenues also performed very strongly compared to H1 2013, principally due to the management of parking at Bergamo Orio al Serio airport, in ATI with APCOA.

Commercial performance

In the first half of 2014, the strategy taken to enhance and redevelop the commercial offer was consolidated, further differentiating the offer to increasingly meet the target market demands according to the type of traffic at each terminal.
This objective was pursued particularly through the introduction in the retail sector of new brands and new goods categories, while for parking the positioning towards a greater modulation of tariffs and a structured marketing and communication plan was strengthened.

Shops

Malpensa Terminal 1

In the first half of the year the strategy focused on bringing to the terminal brands which better serve the target passenger profile was improved, in particular in the Terminal 1 Schengen area with the beginning of the restructuring of the Montblanc shop, which will leave space for a new Moleskine shop (previously located in a temporary satellite structure).
Also at Malpensa, in the non-Schengen area the works continued for the construction of the new commercial areas, with a commercial impact (although positive overall) following the closure of a number of sales points which have not yet reopened in new areas (for example Boggi). In particular, we highlight the closure of Ermenegildo Zegna and Hermès, which will reopen in the new luxury plaza, which has repositioned with two elegant temporary stores.

Food & Beverage

In the first half-year, a contraction of 8.3% is reported, following principally the discontinuation at the end of 2013 of the contract with Autogrill for the management of the food area at the Terminal 1 mezzanine area. This impact was partly offset by the opening of the new Sky Lounge to those checking-in at T1 (opened in December) and of the Motta bar (opened in January) at the Northern Satellite and the strong performance by MyChef at T1 and T2.

Parking

The commercial options focused on the business to business and the business to consumer markets continue to be developed, with the optimisation of tariffs, the usage of all offline and online sales channels and with an increased segmentation of the type of parking offered to the user.
Parking revenues increased significantly (+23.6%),

with departing passenger numbers increasing 2.2% compared to 2013 at the three terminals.
This strong performance benefitted from parking revenues at Orio al Serio and the increased traffic at Malpensa, following the transfer of flights from Bergamo Orio al Serio after the closure of the airport for runway resurfacing.

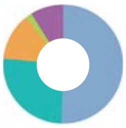
Cargo spaces
The ENAC/SEA Regulatory Agreement, which entered into force on September 23, 2012, sets the unitary fee levels for the use of exclusive assets (spaces and desks) assigned to Handling Operators (Ramp handlers, Passengers and Supervision/Representation, Refuelling, Catering, Aircraft Maintenance).

Advertising
In the first half-year, a turnaround was seen on the previous year, with revenues increasing 2.6%. Malpensa Terminal 1 in fact confirmed its increasingly prominent position as a showcase for fashion, with the brands Philipp Plein, Bikkemberg, Prada, Dolce&Gabbana and Armani confirming investments. Advertisers have begun to show particular interest in the non-Schengen arrivals area.

Investments
In the first half of 2014, SEA Group investments included the continued work on the new Malpensa Terminal 1 commercial areas which will add from the first half of 2015 8,500 square metres, strengthening the partnership with the largest international luxury brands and allowing direct accessibility to the commercial areas by both domestic and international passengers.

Handling

H1 2014 consolidated revenues Euro 371,740 thousand



	%
Aviation	50.5
Non Aviation	26.1
Handling	12.8
Energy	1.8
Revenues from application IFRIC 12	8.8

	Movements			Passengers [1]			Cargo (tonnes) [2]		
	H1			H1			H1		
Handling	2014	2013	%	2014	2013	%	2014	2013	%
Malpensa	57,148	55,849	2.3%	6,726,723	6,291,514	6.9%	184,514	161,707	14.1%
Linate	34,874	35,145	-0.8%	2,623,283	2,782,004	-5.7%	5,897	7,354	-19.8%
System	**92,022**	**90,994**	**1.1%**	**9,350,006**	**9,073,518**	**3.0%**	**190,411**	**169,061**	**12.6%**

(1) Arriving + departing passengers.
(2) Cargo in transit not included.

Key Results

The Handling segment, which provides land-side assistance services to aircraft, passengers, luggage, cargo and mail, in H1 2014 reported net revenues of Euro 47,554 thousand (-0.1% on H1 2013).
The reduction is due to the contractual revision of handling service prices (principally with Alitalia-CAI) and a decrease in traffic served, partly offset by the transfer to Malpensa in May of flights originating from Bergamo.

Handling performance

In H1 2014, SEA Handling managed the ramp, passenger and cargo handling amid a difficult market, with high levels of competition, significant price pressures and increasingly challenging demands from airlines. In addition, as previously outlined, it should be noted that the figures benefited from the extraordinary events concerning the transfer of traffic from Orio al Serio.

During the period, the various areas of activity reported the following performances:

- In the passengers area, compared to the same period of the previous year, at System level an increase of approx. 0.28 million units was reported (+3.0%), entirely relating to the traffic transferred from Bergamo to Malpensa, in particular by the low cost airline Ryanair (approx. 0.41 million passengers); Linate in fact reported a contraction of 5.7% and, excluding the Bergamo closure, passengers served also would have reduced approx. 0.5% at Malpensa, resulting in passengers at System level, compared to the first half of 2013, reducing approx. 2.1% (Linate: Alitalia Group -6.3%, Meridiana Group -25.4%; Malpensa: Alitalia Group -29.5%, Lufthansa -17.8%);
- in the ramp area, compared to H1 2013, total movements served at System level increased approx. 1.1% (approx. 1,028 movements), also following the Orio al Serio transfer, therefore entirely concentrated at Malpensa airport (approx. 3,390 movements); Linate reported lower movements compared to H1 2013 (-0.8%, -270 movements) and Malpensa, excluding the traffic transferred from Bergamo, would have reported a reduction of approx. 3.7% (approx. -2,091 movements), resulting in a System level contraction of 2.6% (Linate: Meridiana Group -28.8%; Malpensa: Alitalia Group -28.1%, Lufthansa -28.1%);
- in the cargo segment, whose activities are concentrated at Malpensa airport, where the company provides cargo unloading and loading services to nearly all of the cargo airlines at the terminal, a strong performance in terms of cargo transported was reported, continuing the recovery which took hold last year, with an increase at the terminal of 14.1% (approx. 12.6% at system level). This result benefitted from, in addition to the traffic transferred from Bergamo (approx. 1,570 tonnes of cargo), the strong performance of the all-cargo airlines such as Cargolux (+6.7%), Qatar (approx. +68.5%) and AirBridgeCargo (approx. +41.3%).

Going concern

Considering the subsequent paragraph *"Risk factors – Decision of the European Commission of 19.12.2012 concerning presumed State Aid granted to SEA Handling"* with indication of the legal and extrajudicial initiatives with the European Commission, with regard to the going concern of the subsidiary SEA Handling SpA, it is highlighted that on June 9, 2014, the liquidation procedure opened, through Notary deed of Mr. Filippo Zabban, Register No. 66.473/11.466, with the effects of the winding up running from July 1, 2014. The liquidation was entrusted to Professor Marco Reboa, who will act also as the legal representative of the Company.

Therefore, the figures provided by the Directors of the subsidiary for the consolidation of SEA, with reference to the balance sheet at June 30, 2014, were also utilised by the Directors for the preparation of the management accounts for the transfer of the assets and liabilities of the subsidiary to the Liquidator for his duties.

Similarly to the financial statements at December 31, 2013, the Directors of the subsidiary report that the Directors' Report at June 30, 2014, therefore represents the final interim statements before the entry of the Company into the above-mentioned liquidation procedure; consequently, the Directors of the subsidiary have applied accounting standard OIC 5 in the preparation of the financial statements at June 30, 2014, in addition to OIC 30 in relation to accounting principles to be applied to interim financial statements; in substance, also with reference to the financial statements at June 30, 2014, the accounting principles applied are those of a company under the going concern principle, applied taking into account, however, the proposed discontinuation of activities and, therefore, of the effects the liquidation procedure will have on the balance sheet and the recoverable value of the assets of the subsidiary.
Within this process we report, given the nature of the assets, that the application of these principles did not result in adjustments to the normal valuation criteria in the recoverability of the tangible fixed assets and estimates in the recoverability of the receivables.

In relation to the consolidation process in SEA of the accounting data of the subsidiary, the Italian accounting standards previously described are in line with the international accounting standards utilised for the preparation of the consolidated financial statements, and consequently the amounts recorded in accordance with international accounting standards do not differ from those presented by the Directors of the subsidiary to the Liquidator.

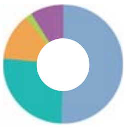
In addition, the consequent possibility to establish personnel restructuring charges in view of the Trade Union agreements reached on July 15, 2014, requires that the half-year figures of the subsidiary, both in accordance with OIC 5 and OIC 19 and IAS 37, reflect a provision for risks and charges against the personnel restructuring charges; this differs from the preparation of the consolidated financial statements at December 31, 2013, due to the uncertainty surrounding the means of execution for the restructuring, in particular in relation to the means and number of employees placed at the new operator and SEA and the consequent inability to reliably quantify the liability to be incurred and therefore without any risks and charge provision been made in accordance with IAS 37.

While reference should be made to *Note* 8.13 "Provisions for risks and charges" for a detailed analysis on the procedures for the estimate of the restructuring provision in view of the trade union agreements, we report that due to the establishment of the above-mentioned restructuring provision, the balance sheet at June 30, 2014, of SEA Handling reports a net equity deficit.

It is highlighted, in relation to the management of the solvent liquidation and in the presence of the above-stated net equity deficit transferred at the opening date of the liquidation by the Directors of the subsidiary to the Liquidator that, the Liquidator on August 26, 2014 requested the availability of the procedure as per the letter of March 25, 2014 to SEA and the recognition to departing employees of amounts due in an appropriate timeframe so that SEA Handling in liquidation can promptly meet its commitments. Consequently, the equity deficit at June 30, 2014 can be recovered with the reinstatement of financial equilibrium for the solvent completion of the liquidation of the Company, guaranteed by SEA through a commitment letter, also in relation to the need to further financially support the settlement of the obligations undertaken by the Liquidator during his management.

Energy

H1 2014 consolidated revenues Euro 371,740 thousand



	%
Aviation	50.5
Non Aviation	26.1
Handling	12.8
Energy	1.8
Revenues from application IFRIC 12	8.8

Key Results

The Energy business, involved in the production and sale of electric and thermal energy, in H1 2014 reported net revenues of Euro 6,594 thousand (-44% on H1 2013).

Production and Sale of Energy

Electricity

In the first half of 2014, the production of electricity for sale decreased 23.8% (-48.1 million kWh) compared to the same period of 2013 to 154.1 million kWh, of which over 58% allocated to serve the needs of the airports managed by the SEA Group.
This reduction was caused by a significant drop in electricity sales to third parties (-51.2 million kWh) and a slight increase in electricity demand by SEA.
The production of electricity for sale through Borsa Elettrica decreased 65% on the first half of 2013. The reduction in quantities sold to third parties is exclusively due to continued low Exchange sales prices: in fact, the current methane and electricity market prices do not provide an adequate return. Therefore, the quantities of electricity sold through the Exchange reduced 67.9% compared to the first half of 2013, amounting to 5.8 million kWh.
In relation to sales under bilateral contracts (from 2013 concerning electricity surpluses produced under co-generation), in 2014 the sale to third parties of electricity continued particularly to Naples airport, Bergamo Orio al Serio, Florence and Cagliari airports, 2i Rete Gas and the Sheraton hotel at Malpensa for approx. 29.3 million kWh (+74.8% on H1 2013).
Production at the Malpensa and Linate co-generation stations is part of the continued energy saving policy introduced by SEA; in H1 2014, SEA in fact consumed only approx. 3 million kWh more than the corresponding period of 2013 (+3%).

Thermal energy

In the first six months of 2014, electricity production decreased 8.6% on the same period of 2013 (-15.5 million kWh) to 164.3 million kWh, of which over 84% serving the needs of Linate and Malpensa airports.
This reduction follows the improved climatic conditions of winter 2014, with higher average temperatures than previous years. Compared to the first half of 2013, the thermal energy requirements of SEA decreased 10.3% (-16 million kWh), while sales to third party clients increased approx. 500 kWh (+1.9%).

Customer Care

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Customer Care

The SEA Group, always keenly aware of the opinion of its users – passengers, accompanying persons, visitors and employees – continued in the first half of 2014 to monitor and improve the quality level of services offered to the various parties which interact with the Group. The improvement of the "Passenger Experience" is assuming across the airport industry an increasingly significant role, in that Quality Perception, which is the principal measurement, is recognised as an essential element to support business profitability.

Quality of airport services provided: European context and positioning

The punctuality data collated confidentially by the members of the EAPN (European Airport Punctuality Network) working group on both arriving and departing flights (updated figures to May 2014) reports an improvement on the average European level compared to the same period of the previous year. 86% of flights departed on time, with approx. 87% of arrivals on time, compared to 82% and 83% respectively in the previous year. The particularly mild winter this year benefitted the Q1 2014 punctuality numbers. In Spring, in April and May, the torrential rains, the strong winds and the strike by flight controllers in France and airline sector workers (including those of a number of airlines and airport employees of SEA Handling) significantly impacted the general performance, particularly in the affected French, Italian (Fiumicino and Malpensa) and North European airports, including Amsterdam and London Heathrow.

Within Europe, Linate, reporting departing punctuality of over 92%, is among the leading European airports with traffic between 5 and 15 million passengers annually.
Malpensa, which reports punctuality of approx. 85%, is in line with the average of the group of airports with annual traffic of between 15 and 25 million passengers. In May, the airport accepted traffic from Bergamo Orio al Serio, principally concerning low cost airlines. Despite a slight deterioration in punctuality for the month compared to preceding months, the airport demonstrated a strong capacity to recover arrival delays.

Malpensa

At Malpensa, passenger flight departing punctuality to June was 85.8%, improving on the same period of the previous year by 0.9%. The analysis by Terminal also highlights a similar performance: Terminal 1 reported departing punctuality of 84.4% (+1.1%), with Terminal 2 reporting 87.0%. The year-to-date figures were impacted by the May and June numbers due to strikes and meetings (punctuality in these months was under 80%). In addition, May featured the temporary transfer of flights from Bergamo Orio al Serio.
The baggage delivery times reported were well ahead in the first half year of those set by the Services Charter: at Terminal 1 the delivery of the first bag within 27 minutes was achieved for 97% of flights, while the delivery of the last bag within 37 minutes was achieved for 92.9%; at Terminal 2 the delivery of the first bag within 26 minutes was achieved for 94.5% of flights, while the delivery of the last bag within 37 minutes was reported for 97.5% of flights.
The misdirected bag numbers continually improve year-on-year (the figures refer to the first 5 months of the year); Terminal 1 reported 2.7 misdirected bags for every 1,000 departing passengers, compared to 3.3 for the same period of 2013, with Terminal 2 reporting 0.4 misdirect bags for every 1,000 departing passengers compared to 0.5 in H1 2013.
The hand baggage security screening waiting times were comfortably within that required by the Regulatory Agreement.
For the individual terminals, the Services Charter was complied with both for Terminal 1 and Terminal 2 (9'08" vs 10'30"). In particular, the Terminal 1 figures benefitted from the May numbers, as in this period in order to handle the temporary transfer of flights from Bergamo without impinging upon the airlines regularly operating out of the airport, personnel at control stations and other employees were reinforced.

Linate

Linate airport, with passenger aircraft punctuality of 92.2%, continues to maintain its leading position among comparable European airports by traffic volume. The capacity to recover arrival delays was 0.6 points, achieved despite the excellent arrival punctuality and a number of strike and trade union meeting days.
The delivery of the first bag within 18 minutes was achieved for 95.5% of flights. These numbers comfortably satisfy the Services Charter standards.
The misdirected bag numbers improved significantly on the previous year: 3.3 misdirected bags for every 1,000 departing passengers in the first 5 months of the year, compared to 3.5 bags in the same period of 2013.
The result was impacted by the poor May figure (6.8), due to strikes and trade union meetings.

In relation to hand baggage screening waiting times, the figures for the first six months improved on the Regulatory Agreement requirements and those of the Services Charter.

Overall passenger satisfaction

At the beginning of 2014, SEA introduced a new measurement method which accompanies that of ENAC for the Services Charter of Airport Managers.
A Customer Satisfaction Index has been designed. The index is based on a model which measures and explains the link between the perceived quality of the various product/service aspects, the Score/Satisfaction and the relation between the expectations and future intentions of customers.
The Customer Satisfaction Index is measured through three questions: current overall satisfaction, satisfaction compared to expectations and satisfaction against an ideal situation. The index is currently stable at System level, while slightly improving at Malpensa 1 to more than reasonably acceptable levels.
According to the ENAC method, the results of our airports are better than satisfactory, broadly meeting the prefixed objectives of the Body.

Quality Perception: the return of the “Bergamo Orio al Serio Operation”

In the three weeks in which Bergamo traffic operated from Malpensa, also with regard to the new method introduced, it emerged that Malpensa offered a very positive experience for Bergamo passengers, although operating in a contingency situation. The rest of the passengers also had a positive experience despite the traffic peak caused by the flights transfer.

Customer Relationship Management

At June 30, 2014, approx. 880,000 subscribers were registered to the CRM database, of which 90,000 in the first half of 2014. Registrations in the first half of 2014 dropped 46% on 2013, following the introduction of the new SEA Wi-Fi system at the end of 2013 which no longer requires registration for access; now, only those wishing to surf at a speed of 2MBPS need to register to the Via Milano Program.
The increase in the number of personalised calls (customers automatically recognised by their registered telephone number) is confirmed by our call center, which represent 9.2% of total calls.
Complaints in the first half of 2014 reduced slightly (-8%) compared to 2013.

Virtual Desk System at Malpensa and Linate

5 Virtual Desk stations are operative (4 in Malpensa and 1 in Linate), with the integration of telephone support for passenger information services, which is normally provided at desks manned by personnel. At each Virtual Desk the passenger can communicate via audio and video and may even virtually exchange documents with Customer Care personnel located in a centralised back office at Malpensa.
Thanks to this solution the passenger has improved contact with airport personnel, allowing at the same time a more efficient use of personnel, whose presence at the terminal desks is concentrated during the times and at the places of greatest demand.
This innovative service, with few comparable examples in other airports, is particularly welcomed by overseas arriving passengers who require greater assistance once arriving in Milan.

Human Resources Management

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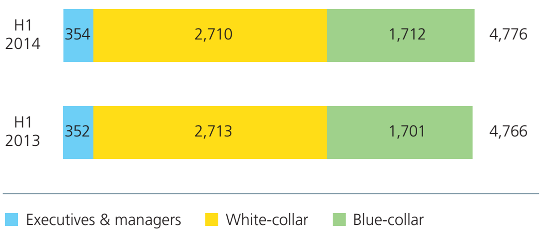
Human resources

Personnel (average)



Workforce

At June 30, 2014, SEA Group employees numbered 5,145, increasing by 159 on the end of 2013 (+3.2%). The number of Full Time Equivalent employees in the first half of 2014 compared to the same period of 2013 increased by 10 from 4,766 to 4,776. Opposing factors contributed to this movement: reductions related to mobility schemes (in June SEA reported 75 departures), increases relating to the handling restructuring process and the growth in traffic served during the period, with 253 agency sourced staff at June 30, 2014 (equal to 50 Full Time Equivalent in the half-year), and an extension of the consolidation scope with 85 Full Time Equivalent employees from the companies ATA Ali Servizi SpA and Ali Trasporti Aerei – ATA SpA.
During the period, the Extraordinary Temporary Lay-Off Scheme was utilised by SEA Handling and the Solidarity Contract was introduced for SEA. These instruments were used by office and airport staff departments in a targeted manner: the Extraordinary Temporary Lay-Off and Solidarity Schemes were operated based on traffic developments and workloads. For these social security schemes, total hours amounted to approx. 248 thousand.

Industrial relations

Trade Union relations – featuring throughout 2013 significant tension due to the handling activities reorganisation – which were however extensively contained by the Trade Union agreement of November 4, 2013, identifying a path for the maintenance of the handling activities within the Group scope, suffered a fresh set back following the position undertaken by the European Commission, communicated to the Trade Union organisations by SEA on March 25, which set as a pre-condition for the approval of the plan proposed by SEA through the Italian Government – in order to introduce alternative means to the payment of a penalty – the ceding of control of the constituting company Airport Handling to a private party other than SEA.
As a result, CGIL, CISL, UIL, UGL and FLAI communicated to SEA Group the suspension of industrial relations and the introduction of a series of agitation actions, which had already been a significant feature following the disruptive stands of the non-confederate Trade Unions.
On April 22 mobility procedures were introduced for SEA Handling (stoppage of activities) and for SEA SpA (reduction of personnel). On May 23, 2014, the SEA mobility procedure was successfully introduced through the signing of an agreement which provides for the incentivised departure of a maximum of 100 Employees. The agreement was signed by CGIL, CISL, UIL, UGL and FLAI.
A similar agreement was signed by CGIL, CISL, UIL, UGL and FLAI with SEA Handling on June 4, 2014. Through the placing into voluntary mobility of a maximum 300 Employees and the absorption of the remaining departures into the newly incorporated Airport Handling and partly into SEA – based on their respective organisational needs – the agreement of June 4 succeeded in the primary objective of avoiding job losses. The absorption of employees into Airport Handling and into SEA was governed by two separate agreements, also dated June 4, which cover the means for absorption of departing employees and the related financial and regulatory conditions. In particular, the agreement establishes that employees allocated to Airport Handling firstly and consensually resolve their contracts with SEA Handling and sign with Airport Handling a new employment contract, formally and substantially differing from that previously undertaken with SEA Handling – in line with the commitments undertaken by the Italian Government with the EU Commission.
By express declaration of the signatory parties the three agreements were substantially bound and by declaration of the trade union organisations their efficacy was explicitly subject to the positive outcome

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of the referendum put to workers between June 11 and June 13, 2014. The defeat of the referendum therefore voided the 3 agreements. On July 15, after a number of interpretative clarifications required by the signatory trade unions and provided by the company and particularly following the petition signed by over 1,250 SEA Handling in support of the agreements previously rejected by the referendum, the mobility procedure of SEA Handling was introduced successfully, according to regulations, at ARIFL Lombardy, recognising both the agreements signed on June 4, 2014, and the clarifications provided by the company. On the same date, separate agreements were signed by SEA and Airport Handling which confirmed the validity of the previous agreements of June 4, supplemented with the clarifications provided by the company on the request of the signatory Trade Unions.

Development and training

The first half of 2014 featured a number of development and training initiatives which, in line with corporate guidelines and market demands, contribute to improving individual performance and teamwork through improving both key skills and general abilities. The two Project Work programmes fall within this scope, introduced at the end of 2013 and concluding at the beginning of the current year, involving 24 senior managers, identified on the basis of the latest evaluations, tackling projects which identify proposals and solutions upon two themes commissioned by the respective Managers in charge.
The "1+1=3" project stems from the idea that the coming together of male and female talent can generate added value for the company, with the objective to explore, through various participation tools – including a blog, individual interviews and an anonymous survey open to the entire workforce – the positioning of SEA in terms of gender diversity and the effective promotion of female talent on an equal basis with males. The results of the analysis will be shared in the coming months through the corporate social network (SEIinSEA) and will offer points of reflection in terms of possible development actions to be adopted in the future.

In June, continuing on from that introduced by the training and development processes, a further edition of the Development Center was carried out which involved a group of newly hired or promoted senior managers, with a focus on the individual development of managerial skills.

In terms of Professional Training, the major organisational aspects concerned the hiring for the peak season and the strengthening of the workforce following the temporary closure of Bergamo Orio al Serio airport and the consequent transfer of flights, in addition to the necessary reorganisation still underway. The professional training of front line staff – check-in and departure gate staff – and airside - loading and unloading staff, baggage and ramp handlers – involved the Security, Airport safety and Workplace Safety areas, ensuring comprehensive compliance with domestic and international regulations and the corporate technical – operative guidelines. In the first half-year participants at the Linate and Malpensa Training Centers numbered 695, thanks to the planning, organisational and operating efforts made over a number of months.

We particularly highlight the training for the new Ramp Agent role for assistance to the airline easyJet, involving 20 employees identified by the service and focusing on the specific issues of aircraft balancing, ramp procedures and problem solving. As usual the control activities concerning the Mandatory Recurrent Activity processes for the training of Group personnel at the 2 airports involved over 1,700 participants in terms of the Recurrent Security Awareness, Dangerous Goods Regulation and Airport License activities.

In terms of Workplace Safety, in April sessions were held dedicated to the targeted training established by the Agreement approved by the State – Regions conference concerning the use of equipment. Over 300 participants were involved in the theory sessions in this first phase. Under the strategy already introduced, the theory – practical training is currently being organised, which will provide the focus over the coming months for the completion of the programmes by the deadline of March 31, 2015.

Welfare

The first half of 2014 was dedicated to the analysis of data and costs for the welfare initiatives provided in 2013, with a precise comparison with that provided by the NoiSea Association.

Beginning with the introduction of hydro-therapy under the Supplementary Contract in place, the activities dedicated to the children of employees in the school summer holidays were planned, in collaboration with the NoiSea Association, from the current year owner of the initiative: the summer centres organised at the Linate and Malpensa airports, with new registration methods and new educational projects and the camp which from the current year offers a multi-sport programme at specialised structures in Umbria. Particular attention was in addition dedicated to the preparation of diet programmes which, as part of the tender for the awarding of the collective catering contract, will ensure health promotion and optimal diet benefits.

The benchmark activities in terms of corporate welfare and in particular in relation to work-life balance issues continued, both with external companies and institutions through “Value D” and the “Enterprises and Individuals” network.

Corporate Governance system

Profile

The governance system of the Company is based on a traditional organisational model comprising the Shareholders' Meetings, Board of Directors and the Board of Statutory Auditors.
SEA SpA and the Companies of the Group, although not listed on the stock exchange, voluntarily comply, since June 27, 2001, with a Corporate Governance System based on the principles and recommendations contained in the Self-Governance Code of Listed Companies, published by Borsa Italiana SpA, where applicable.
SEA SpA considers that the adoption of a Corporate Governance Model – such as that recommended by the Self-Governance Code – based on the principles of transparency and the correct balance between management and control, constitutes an essential requisite and an effective instrument to implement the values of the Company's mission.
The company is not subject to management and co-ordination pursuant to Article 2497 and subsequent of the Italian Civil Code.

Shareholders' Meeting

The Shareholders' Meeting is the body that, through its resolutions, expresses the shareholders wishes.
The Shareholders' Meetings approves the most important decisions of the Company, among which, the appointment of the Corporate Boards, the approval of the financial statements, and changes to the Company By-laws.

Board of Directors

The Board of Directors of the Company in office at the date of the present Report comprises seven members, appointed by the Shareholders' Meeting of June 24, 2013.
The current Board of Directors remains in office until the approval of the 2015 Annual Accounts.
The Board of Directors of SEA SpA is composed of Non-Executive Directors and has set up Committees with proposal and consultation functions (Control and Risks Committee and Remuneration Committee).

Committees

The Committees are comprised exclusively of Non-Executive Directors and without operating powers, who undertake their activities through regular meetings and the minutes of these meetings are kept at the Company's registered office.
The remit of these Committees is set out in accordance with applicable legislation, by the Self-Governance Code and is indicated in the articles of incorporation of the Committees.

Internal Control System

The internal control system of the Company comprises of regulations, procedures, and organisational structure aimed at monitoring:
1) the efficiency and effectiveness of the business processes;
2) the reliability of financial disclosure;
3) compliance with law, regulations, the By-laws and internal procedures;
4) the safeguarding of the company's assets.

For these functions, the Board of Directors works together with the Control and Risks Committee. The Committee, renewed by the Board of Directors on July 11, 2013, is an Internal Committee to the Board of Directors, comprising three Non-Executive Directors with consultation and proposal functions on internal control and corporate risk management which, in addition to assessing the adequacy of the internal control system, also acts as a liaison between the Board of Directors, Board of Statutory Auditors and the Independent Audit Firm.

Within its activities, the Risk and Control Committee is assisted by the Auditing Department.

The review on the effectiveness and adequacy of the Organisation and Management model is undertaken by the Supervisory Board, appointed by the Board of Directors of the Company, and comprising 4 members (2 external independent members, 1 Board of Directors member without operating duties and the Auditing Director).

Board of Statutory Auditors

The Board of Statutory Auditors in office at the date of the present report was appointed by the Shareholders' Meeting of June 24, 2013, in accordance with the Company By-laws and remains in office until the approval of the 2015 Annual Accounts.

Ethics Code

Since April 2000, SEA has its own Ethics Code which defines the ethical and moral values of the Company, indicating the conduct to be undertaken by personnel and members of the Corporate Boards, in corporate business and external affairs; in 2011, SEA updated its Ethics Code in line with best practices.
For its disclosure and compliance, the Company appointed the “Ethics Committee”.
The Ethics Code is available on the website www.seamilano.eu in the Governance section.

Corporate Governance Report

The Company prepares annually the Corporate Governance and Ownership Report; the report is available on the website www.seamilano.eu.

Risk Factors

Strategic risks

The strategic risk factors to which the SEA Group is subject may also have particularly significant effects on the long-term performance, with a consequent possible review of the development policies at the SEA Group.

Air transport market structure and development

The performance of the airport sector is strongly influenced by the overall volume growth of air traffic, which in turn is related to a number of factors such as, for example, the performance of the economy and the development of fast and alternative transport means, in particular rail.

Risks related to airline company choices

As for the other airport operators, the future development of activities depends significantly on the strategic choices of airlines, which are dependent also on the global economic-financial performance. In particular, in recent years traditional airlines have undertaken processes to create international alliances which strengthen their market position and in general alter the demand structure; in the same period a significant shift has also taken place in demand, generated by the increased presence of low cost airlines with a consequent increase in terminal competition, allowing the development of decentralised and smaller airports. Reference should be made to the preceding "Outlook" section in relation to the effects of the recent developments concerning Alitalia and Etihad on Group airport operating activities.

Risks related to a reduction of passenger numbers or the quantity of cargo transported at the airports managed by the SEA Group

The volume of passenger traffic and cargo in transit at the Linate and Malpensa airports represents a key factor in the results achieved by the Group. Any reduction or interruption to flights by one or more airlines, operating out of the airports managed by the SEA Group, also as a result of the continued weak economic-financial position of the airlines, in addition to any stoppage or a change in connections with a number of destinations with significant passenger traffic may result in a reduction in the above-stated traffic, with consequent impacts on activities and Group results.
The Group considers itself, based on experience gained over the years, although not being certain in this regard, to be able to offset the risk of a reduction or interruption in flights, through the redistribution of passenger traffic between airlines operating on the market and the capacity to attract new airlines. Any redistribution of traffic may require a certain period of time, temporarily influencing traffic volumes.

Uncertainties relating to regulatory developments

SEA Group activities, as is the case for all Italian Airport Managers, are subject to a high level of regulation which impacts in particular the allocation of slots, the control of air traffic and the establishment of fees concerning services which may be provided only by the Airport Manager (airport fees, security control fees, fees for the use of common use assets and centralised infrastructure for handling services).
In addition, as for the other sector companies, the activities of the SEA Group are subject to a number of environmental protection laws and regulations at EU, national, regional and local level.

Decision of the European Commission of 19.12.2012 concerning presumed State Aid granted to SEA Handling

With decision of December 19, 2012, the European Commission judged that the share capital increases carried out by SEA in favour of its subsidiary SEA Handling in the 2002-2010 period for Euro 360 million, plus interest, constituted impermissible State Aid. This decision established the obligation for the Italian State to recover the Aid within four months from notification (and therefore by April 20, 2013, a deadline subsequently extended to June 5, 2013).
In the consolidated financial statements at December 31, 2013, the Directors presented the events occurring between December 2012 and the approval date of the consolidated financial statements, outlining the state of advancement at that date of the legal and extra-judicial initiatives in place with the European Commission and concluding with the judgement of the inexistence, in accordance with IAS 37, of the requirements for the provisioning of the total charge for the solvent liquidation procedure of the subsidiary SEA Handling as an alternative to monetary settlement of the sanction. For detailed analysis of these events, reference should therefore be made to the annual report and in particular the paragraphs "Going concern" of the handling sector and "Risks relating to the SEA Group – Risks related to the European Commission decision of December 19, 2012, concerning presumed State Aid granted in favour of SEA Handling" of the Directors' Report to the 2013 consolidated financial statements, in addition to *Note*

6.13 “Provisions for risks and charges” and 12.3 “Other commitments and potential liabilities” – The investigation procedure of the European Commission and the decision of December 19, 2012, concerning presumed State Aid in favour of SEA Handling” in the explanatory notes to the 2013 consolidated financial statements.

In summary, in relation to the state of advancement of the legal and extra-judicial initiatives with the European Commission, in the second half of 2013 and in the first quarter of 2014 exploratory meetings were held in search of an alternative path, proposed by SEA Handling and SEA to the European Commission, in order to deliver the strategic need for the maintenance of the involvement of SEA in handling activities, in compliance with EU law, in addition to the need of the European Commission to execute the decision.

In particular, on November 27, 2013, SEA and SEA Handling presented a proposal for the execution of the decision, which provided for the exit from the market of SEA Handling through the ordered and transparent disposal of the SEA Handling assets within a liquidation procedure with the re-placement, through the use of social security schemes, of personnel who would have been laid off on the entry of the subsidiary into liquidation. Through an entirely independent and autonomous plan, a new entity called Airport Handling, as indicated in the pre-notification presented to the European Commission, would develop a new and differing handling sector project based on financial discontinuity from SEA Handling and with assets and relations entirely organised *ex-novo*.

At the date of the preparation of the consolidated financial statements at December 31, 2013, the European Commission was examining the methods proposed by SEA for the liquidation of SEA Handling and evaluating whether the decision would be correctly executed – without the need for the repayment of the amounts assessed as state aid – in the case of the sale of the SEA Handling assets at market price and the complete exit of this latter from the market through liquidation.

Throughout the contacts with the European Commission offices, the fact that the complete exit from the market of SEA Handling would require a longer timeframe than the four months indicated in the decision was stressed; in this regard, the European Commission was informed that, taking account of the disposal programme and the existing levels of capitalisation of SEA Handling at that date, the placing into liquidation of the company would take place in the second half of 2014, with the liquidation to be completed by December 2015.

In relation to the incorporation of Airport Handling, in order to assist the Commission in ascertaining the absence of financial continuity between SEA Handling and Airport Handling, on the suggestion of the Italian Government, SEA proposed the setting up of a trust, managed by a third party independent both of the SEA Group and/or the liquidator of SEA Handling (Trustee) – to which the ownership and management of the entire Airport Handling investment would be conferred, therefore ensuring the *de facto* full divestment of the subsidiary.

In particular, within the process of the disposal of SEA Handling and the start-up of Airport Handling, the setting up of a Trust independent of SEA and the liquidator of SEA Handling would provide a supplementary guarantee – if ever necessary – that the liquidation of SEA Handling, on the one hand, and the start-up of Airport Handling operations on the other, would take place under non-contaminating, market, and discontinued conditions.

The proposal for the creation of the Trust was outlined over a series of meetings between the Staff of the Italian representative in Brussels and SEA with the Offices of the European Commission.

Subsequently, following the meeting between Minister Lupi and Competition Commissioner Almunia on March 14, 2014, the Italian Government prepared an official document which, in order to clear up any remaining uncertainties held by the European Commission, not only better outlined and clarified the commitments which – as part of a “resolution” and without the admission or recognition of the existence of the aid in question – SEA would be able to sign up to and also extended its scope. In this document, in fact, the Italian Government on the one hand restated the commitment of Airport Handling not to participate in the tender which would be set up by SEA Handling for the sale of its assets, with the exception only of the possible temporary leasing of such; on the other, the government communicated to the European Commission the availability of SEA *(i)* to amend the ownership structure of Airport Handling through the sale of a minority share and *(ii)* outlined the means for the setting up and the management of the Trust.

This document was examined at a meeting in April 2014 between the legal representatives of SEA and representatives of the European Commission. On June 5, 2014, the European Commission unexpectedly (considering the above-stated contacts and the substantial absence of similar correspondence throughout the period of trilateral discussions between the European Commission, the Italian Government and SEA) sent the Italian Government a request to communicate by July 3, 2014, proof of full repayment by SEA Handling of the state aid, including interest, or the admission of the relative liability to the bankruptcy procedure which would arise following the disengagement from operations and the liquidation of SEA Handling; together with this proof, the breakdown of the calculation of interest until the date of full payment or the declaration of the bankruptcy of SEA Handling was also requested; finally, the European Commission indicated that, without the prompt execution of the decision by the Italian Government, an action against the Italian Republic in accordance with Article 108, paragraph 2 of the Treaty for the functioning of the European Union would be instigated.

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Following this request, on July 3, 2014, the Ministry for Infrastructure and Transport responded with a letter outlining the events - also those recent events and not noted by the European Commission - which, in demonstrating the significant development of the situation towards full execution of the recovery decision, set out a factual and legal framework entirely diverging from that outlined by the European Commission in its letter of June 5.
The Government informed the Commission that:

- on June 9, the Shareholders' Meeting of SEA Handling approved the placement into liquidation of the Company on July 1, 2014;
- an independent liquidator Mr. Marco Reboa had been appointed;
- SEA Handling had introduced and concluded the procedures for the valuation of company assets, in view of their disposal to third parties under a public procedure;
- SEA had begun the public procedure for the appointment of the advisor to assist in the identification of a third party to the SEA Group and/or Italian public bodies (i.e. private and independent and guided by profit driven motives) – to purchase 30% of Airport Handling;
- the workers of SEA Handling, through the referendum of June 11-13, had rejected the Trade Union agreement which was reached with the company, considering the terms of the new collective contract as excessively onerous and at the same time announcing strikes and protests, and that consequently SEA Handling had introduced lay-off procedures with effect from December 30, 2014 for all employees;
- on June 30, 2014, the "The Milan Airport Handling Trust" was set up which will devolve all benefits from full ownership of Airport Handling;
- according to a SEA Handling development programme, under a precise timeframe, the Trust will sell to third party private and independent investors at least 30% of Airport Handling;
- following the first opening phase to third party investors of Airport Handling, the Trust – under the plan with the Italian Government and the Trade Unions – will assist SEA in the sale of the residual Airport Handling shares so as to ensure third party shareholders other than SEA the acquisition of a majority share of Airport Handling;
- the trustee of the Trust is Crowe Horwath Trustee Services It Srl and the manager of the dossier is Mr. Tiziano Treu, a former senator and Italian Government Minister;
- the Trustee will verify that the start-up of Airport Handling operations will take place in discontinuity with SEA Handling operations, also in relation to the contracts undertaken with the airlines.

The Italian Government thereafter stated that the above-mentioned circumstances fully equate with the EU case law which substantiates the legitimacy of a Member State to not proceed with monetary recovery where the impossibility of such due to the financial conditions of the beneficiary is evident.
The European Commission – as for the previous letters – has not responded to the Italian Government. On July 9 and July 21 the Commission respectively approved *(i)* the opening of a formal investigation in order to establish if the capital contribution of Euro 25 million in favour of Airport Handling, provided in order to allow the new entity to operate according to the minimum capitalisation limits established by ENAC, complies with the state aid rules in place and *(ii)* the introduction of a legal procedure before the European Court of Justice against the Italian Government for the non-recovery of Euro 360 million disbursed by SEA to the subsidiary SEA Handling between 2002 and 2010 and considered incompatible with European regulations.
None of that outlined above however took account of the indications offered by the Italian Government in the note of July 3 cited above.
Considering the actions of the European Commission, SEA and SEA Handling, in addition to the Italian Government, having complied with all the requests of the European Commission and having provided all clarifications solicited, has confidence in its ability to defend the stance of SEA, SEA Handling, the Municipality of Milan and the Italian Government before the European Court.
Finally, independently of the development of negotiations with the European Union, in execution of the above-stated disposal plan of SEA Handling, on July 15 SEA Handling, SEA and the Trade Unions reached an agreement on the new Airport Handling labour contract and on the procedures to ensure the re-placement of SEA Handling personnel or to guarantee leaving incentives for employees not re-placed; the conditions of this agreement are further described at Note 8.13 "Provisions for risks and charges" and enable a reliable quantification of the total charge for the re-placement of personnel.
In relation to the capacity of SEA Handling to satisfy the obligation undertaken in this Trade Union agreement, it is noted that, in order to allow the execution of the liquidation, SEA undertook on March 24, 2014, a commitment to support SEA Handling SpA financially against the liquidation costs incurred.
Therefore, as occurred on the preparation of the 2012 and 2013 consolidated financial statements and the relative interim reporting, and furthermore considering the important corporate developments described above, SEA considers that the most probable outcome of the negotiations with the European Commission will not involve the repayment in cash to SEA SpA of the aid by SEA Handling through the use of its financial resources, although the actions taken by the European Commission on July 9 and 21 must be considered. Therefore, also on the preparation of the present half-year report, it was decided not to allocate sums to the risks provision in the financial statements of SEA Handling and of SEA to cover the potential repayment obligations by SEA Handling

outlined above or to recognise receivables from the subsidiary entirely written down due to the risk of non-payment.
The commencement of the liquidation procedure on June 9, 2014, and the consequent possibility to determine total personnel restructuring charges based on the agreements signed with the trade unions on July 15 require that the Half-Year Report reflects, in accordance with IAS 37, a risks and charges provision against the above-stated SEA Handling personnel restructuring charges; this differs from the preparation of the consolidated financial statements at December 31, 2013, in which uncertainties surrounding the execution manner of the restructuring, in particular in relation to the manner and number of employees re-placed at the new manager and SEA resulted in the impossibility to reliably estimate the liabilities to be incurred and the consequent decision in accordance with IAS 37 not to allocate any sums to the risks and charges provisions.
Reference should be made to the paragraph below “Subsequent events to the end of the period” for developments concerning Airport Handling.

Operating Risks

The operating risk factors are strictly related to the carrying out of airport activities and may impact the short and long-term performances.

Risks related to safety and security management

The occurrence of accidents would have consequent impacts on group activity and may also impact passengers,
local residents and employees. The risk management instruments are: safety management system, progressive investments in safety and security, staff training activities and control and monitoring of security standard activities.

Risks related to the interruption of activities

Group activities may be interrupted through: strikes by personnel, by those of the airlines, of personnel dedicated to air traffic control services and of the public emergency service operators; the incorrect and non-punctual provision of services by third parties; adverse weather conditions (snow, fog etc.).
The risk management instruments are: emergency procedures and plans, highly prepared and competent staff, insurance plans.

Risks related to the management of human resources

The reaching of Group objectives depends on internal resources and relations with employees. The non-ethical or inappropriate behaviour of employees may have legal and financial consequences on company activities. The risk management instruments are: optimal workplace environment, talent development plans, ongoing dialogue and cooperation with the Trade Unions, Ethics Code, procedures 231.

Risk related to dependence on third parties

Airport management activities depend on third parties, for example: local authorities, airlines, handlers etc. Any interruption in their activities or unacceptable conduct by third parties may damage the reputation and activities of the Group.
The risk management instruments are: continuous updating of agreement with trade parties, selection of partners based on economic – financial and sustainability criteria, adequate contract management activity.

Risks related to airport handling activities

The airport handling sector performance is impacted by the development and structure of the air transport market, similar to the risks related to airline choices. These latter significantly impact the handlers activities as the relative contracts are subject to particularly favourable airline withdrawal conditions. The high level of competition for airport handlers involves also a significant risk in alteration of market share held.

Financial risks

The management of financial risks is carried out by the parent company which identifies, evaluates and implements actions to prevent and limit the consequences of the occurrence of the above-stated risk factors. For further information, reference should be made to paragraph 4 “Risk management” of the explanatory notes to the condensed consolidated half-year financial statements.

Commodity risks

The SEA Group is exposed to changes in prices, and the relative currencies, of the energy commodities handled, i.e. gas and minimally electricity. These risks are based on the acquisition of the above-stated energy commodities. For further information, reference should be made to paragraph 4 “Risk management” of the explanatory notes to the condensed consolidated half-year financial statements.

Compliance risks

Contract system

A significant part of SEA Group revenues derives from the activities carried out based on the agreement signed between Società per Azioni Esercizi Aeroportuali SEA and ENAC, with duration until May 4, 2041. The Agreement provides for a series of obligations relating to the management and development of the Milan airport system, in addition to advanced withdrawal in the case of serious non-fulfilment by SEA and dissolution conditions in the case of a delay for more than 12 months in the payment of the fee due by SEA, or in the case of a declaration of bankruptcy by SEA. At the conclusion of the Agreement, SEA must return state assets forming part of the Malpensa and Linate airports and freely provide to the State all plant, works and infrastructure created by SEA through these assets.

Risks associated to safety and security management

The SEA Group, fulfilling the obligations established for airport managers by ENAC Regulation of October 21, 2003, for the Construction and Operation of Airports, through the Safety Management System guarantees that airport operations are carried out under pre-established security conditions and evaluates the efficacy of the system in order to correct any conduct deviations by any of the airport operators.
In this regard, the SEA Group guarantees that the flight infrastructure, plant, equipment and the operational processes and procedures comply with national and international standards; an ongoing training programme for personnel is implemented in order to guarantee maximum safety protection, quality levels and the punctuality and efficiency of the service. For further information in this regard, reference should be made to the paragraph Certification of Airports and Airport Safety in the Corporate Social Responsibility section.

Transactions with related parties

The transactions with related parties are not atypical or unusual and form part of the ordinary business activities of the companies of the Group.
These operations are regulated at market conditions and take account of the characteristics of the goods and services provided.
For greater details, reference should be made to paragraph 11 “Transactions with related parties” of the Explanatory Notes to the 2014 Condensed Consolidated Half-Year Financial Statements.

Significant events after June 30, 2014

SEA Group airport traffic performance – July 1/August 27, 2014

In the July/August 2014 period, the airports managed by the SEA Group reported a slight increase in passenger traffic on the previous year (+0.7%) and a decrease in movements of 0.7%.
The strong passenger traffic performance is entirely due to Malpensa (+2%); Linate however reported a contraction of 1.9% on the same period of the previous year.

Malpensa
Passengers at Malpensa airport numbered 3.4 million, despite the reduction in aircraft movements (-1.5%).

Malpensa Terminal 1
Passenger traffic numbers were mainly in line with the previous year (+0.3%); Meridiana Fly reported strong results, improving 39% due to the higher number of movements (+346), as did Emirates with passenger numbers increasing 31%, in addition to American Airlines with the introduction of a new flight to Miami (116 movements), not present in the two-month period of the previous year, and Mistral which introduced new flights with Turkey, contributing 18 thousand passengers in the period. The Alitalia Group reported a reduction of 119 thousand passengers (approx. 1,100 movements), with Liberia and Aegean also seeing contractions. Belle Air reported cancellations however, with a loss of 31 thousand passengers on the same period of the previous year.

Malpensa Terminal 2
Malpensa 2 saw easyJet (+5.5%) report vibrant passenger traffic with 1.2 million passengers served. The routes with Brindisi (+52%), Mahon (+41%), Paris Charles de Gaulle (+19%) and London Gatwick (+8%) reported strong results. Compared to the previous year, two new routes were introduced in the summer season: Hamburg with 9 thousand passengers and Tel Aviv with approx. 7 thousand passengers.

Milano Malpensa Cargo
Milan Malpensa Cargo in the two-month period saw growth of 4.5%, with 69 thousand tonnes of cargo transported, thanks to the strong performances of the all-cargo airlines: Korean, which practically doubled the number of flights with Seoul, increasing transported cargo 45%, Etihad with growth of 44% and also Qatar and Silk Way. Compared to the previous year, all cargo flights were introduced by Lufthansa Cargo and Emirates, contributing 940 tonnes of cargo. Among aircraft with mixed configuration, we particularly highlight Singapore Airlines, American Airlines and Air Canada, which were not present in the previous year.

Linate
At Linate, passenger traffic reduced 1.9%, principally following the poor performance of Meridiana fly, the transfer of Tap from Linate to Malpensa and the cancellation of the Copenhagen route by Scandinavian Airlines.
The Alitalia Group reported strong passenger numbers, increasing 7.9% following the introduction of new EU routes such as Vienna, Varsavia, Prague, Athens, Copenhagen, Heraklion and Salonicco and the strong performances of the London City, Cagliari and Alghero routes, with the airline acting as the principal operator under the regional continuity agreements.
Passenger traffic served by easyJet decreased 2.2%, principally as a result of a contraction on the Linate-Fiumicino route, where the airline reduced the number of movements (-100%), with a consequent reduction in passengers transported (-4.1%).

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Malpensa Masterplan

The evaluation process of the Malpensa airport development Masterplan, who's VIA process was introduced in May 2011, has involved all stakeholders in an intense collaborative effort.
After a series of supplementations presented by the proponent to respond to all issues raised during the discussion phase, in February 2014, ENAC and SEA presented a proposal for the re-formulation of the original project to incorporate a series of issues which emerged during discussions, reconfiguring the development of the various works according to a timeframe amended on the basis of external developments.
This redesign considers the allocation of a significant part of the airport development area to a joint project with the region, following the "clearance" of an area originally allocated to logistics development, with a consequent approx. 50% lowering of surface area compared to the original project.
Also due to the lack of response from the VIA Commission on the redesign, ENAC, as the proposing body, together with SEA, suspended the process in order to carry out an extensive review of all issues raised during the procedure and to re-propose the most inclusive possible organic process with the regional and national stakeholders.
This review therefore involves the development of a medium/long-term masterplan based on current market realities (e.g. the impact on the Northern Italy airport system by the Alitalia-Etihad alliance), on the new European and national aeronautic planning developments (e.g. New Guidelines for the National Airport Plan, published by MIT and the subsequent National Plan) and on the latest environmental studies concerning Malpensa (e.g. the Surrounding Lombardy Region Study and the Arpa Lombardy Region Study on atmospheric pollution in the vicinity of MXP).

Airport handling developments

On August 27, 2014, the Shareholders' Meeting of the subsidiary Airport Handling Srl increased the share capital from Euro 1.3 million to Euro 5 million through the use of future share capital payments. On the same date, SEA transferred the entire holding of the subsidiary to the Milan Airport Handling Trust through corporate deed. Subsequent to this transfer of ownership, Airport Handling was converted into a limited liability company, with the appointment of new corporate boards and the issue of 20,000 Equity Financial Instruments (EFI) of a value of Euro 1,000 each, subscribed by SEA SpA, with the approval of the sole shareholder Milan Airport Handling Trust. These instruments are equity-based (therefore not subject to any repayment obligation of the amount contributed by SEA), without administrative rights but similar to shares in terms of equity rights; in particular these instruments provide profit-sharing and reserve rights and rights to other equity items, also on the winding up of the company.
The "Equity Financial Instrument contribution reserve", following the contribution made by SEA with the undertaking of the equity instruments, satisfies the capitalisation requirements of Article 13 of Legislative Decree 18/1999 for operating activities.
On August 28 SEA executed the payment of Euro 20 million.

Execution of the Trade Union agreements of July 15, 2014

On August 31, 2014, 1,832 employees departed according to the agreements outlined at the subsequent paragraph 8.13 Provisions for Risks and Charges.

Consolidated Financial Statements

Consolidated balance sheet

(in thousands of Euro)	Note	at June 30, 2014 Total	at June 30, 2014 of which related parties	at December 31, 2013 Total	at December 31, 2013 of which elated parties
ASSETS					
Intangible assets	8.1	956,900		942,987	
Property, plant & equipment	8.2	193,797		196,495	
Property investments	8.3	3,415		3,416	
Investments in associated companies	8.4	40,099		40,429	
Available-for-sale investments	8.5	26		26	
Deferred tax assets	8.6	47,938		30,031	
Other receivables	8.7	374		495	
Total non-current assets		**1,242,549**		**1,213,879**	
Inventories	8.8	6,382		6,716	
Trade receivables	8.9	142,872	8,242	118,095	6,212
Tax receivables	8.10	17,095		17,809	
Other receivables	8.10	26,121		17,740	
Cash and cash equivalents	8.11	104,841		60,720	
Total current assets		**297,311**	**8,242**	**221,080**	**6,212**
Assets held-for-sale		**0**		**0**	
TOTAL ASSETS		**1,539,860**	**8,242**	**1,434,959**	**6,212**
LIABILITIES					
Share capital	8.12	27,500		27,500	
Other reserves	8.12	228,632		225,559	
Net profit	8.12	19,239		33,707	
Group Shareholders' equity		**275,371**		**286,766**	
Minority interest shareholders' equity	8.12	**610**		**611**	
Group & minority interest shareholders' equity		**275,981**		**287,377**	
Provision for risks & charges	8.13	200,839		187,111	
Employee provisions	8.14	50,891		77,155	
Non-current financial liabilities	8.15	534,937		401,361	
Total non-current liabilities		**786,667**		**665,627**	
Trade payables	8.16	165,133	3,422	165,867	2,952
Income tax payables	8.17	67,539		57,707	
Other payables	8.18	149,458		111,282	
Current financial liabilities	8.15	95,082		147,099	
Total current liabilities		**477,212**	**3,422**	**481,955**	**2,952**
Liabilities related to assets held-for-sale		**0**		**0**	
TOTAL LIABILITIES		**1,263,879**	**3,422**	**1,147,582**	**2,952**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**1,539,860**	**3,422**	**1,434,959**	**2,952**

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Comprehensive consolidated income statement

		H1 2014		H1 2013	
(in thousands of Euro)	Note	Total	of which related parties	Total	of which related parties
Operating revenues	9.1	338,775	17,900	319,205	15,731
Revenues for works on assets under concession	9.2	32,965		35,092	
Total revenues		**371,740**	**17,900**	**354,298**	**15,731**
Operating costs					
Personnel costs	9.3	(162,360)		(127,028)	
Consumable materials	9.4	(22,791)		(27,494)	
Other operating costs	9.5	(89,649)		(81,648)	
Provisions & write-downs	9.6	8,639		(5,247)	
Costs for works on assets under concession	9.7	(30,970)		(32,393)	
Total operating costs		**(297,131)**	**(4,516)**	**(273,810)**	**(938)**
Gross Operating margin / EBITDA (*)		**74,609**	**13,384**	**80,488**	**14,793**
Restoration & replacement provision	9.8	(9,000)		(10,397)	
Amortisation & depreciation	9.9	(28,941)		(25,216)	
EBIT		**36,668**	**13,384**	**44,875**	**14,793**
Investment income (charges)	9.10	1,367	1,367	2,986	2,986
Financial charges	9.11	(13,854)		(9,766)	
Financial income	9.11	756		522	
Pre-tax profit		**24,937**	**14,751**	**38,617**	**17,779**
Income taxes	9.12	(5,699)		(15,285)	
Continuing operations profit		**19,238**	**14,751**	**23,332**	**17,779**
Discontinued operations profit		**0**	**0**	**0**	**0**
Minority interest profit		(1)		1	
Group net profit		**19,239**	**14,751**	**23,331**	**17,779**
- Items reclassifiable in future periods to the net result					
Fair value measurement of derivative financial instruments		(2,556)	0	3,547	
Tax effect from fair value measurement of derivative financial instruments		703		(976)	
Total items reclassifiable, net of the tax effect		**(1,853)**		**2,571**	
- Items not reclassifiable in future periods to the net result					
Actuarial Profit / (loss) on Employee Leaving Indemnity		(3,216)		1,145	
Tax effect on Actuarial Profit / (loss) on Employee Leaving Indemnity		884		(64)	
Total items not reclassifiable net of the tax effect		**(2,332)**		**1,081**	
Total other comprehensive income items		**(4,185)**		**3,653**	
Total comprehensive profit		**15,053**		**26,985**	
Attributable to:					
- Parent Company Shareholders		15,054		26,984	
- Minority interest		(1)		1	
Basic earnings per share (in Euro)	10	0.08		0.09	
Diluted earnings per share (in Euro)	10	0.08		0.09	

(*) EBITDA was defined by the Group as the difference between total revenues and total operating costs, including provisions and write-downs and excluding the restoration and replacement provision.

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Consolidated Cash Flow Statement

	H1 2014		H1 2013	
(in thousands of Euro)	Total	of which related parties	Total	of which related parties
Pre-tax profit	24,937		38,616	
Adjustements:	0		0	
Ammortisation & depreciation of tangible & intangible assets	28,941		25,216	
Net provisions (including employee provisions)	(12,966)		(5,379)	
Net financial charges	13,098		9,244	
Investment income	(1,367)		(2,986)	
Other non-cash items	778		(7,472)	
Cash flow generated from operating activities before changes in working capital	**53,421**	**-**	**57,239**	
Change in inventories	334		464	
Change in trade receivables & other receivables	(35,846)	(2,030)	(8,111)	(1,845)
Change in other non-current assets	41		(945)	
Change in trade payables & other payables	16,363	470	(25,621)	1,225
Cash flow generated from changes in working capital	**(19,108)**	**(1,560)**	**(34,213)**	**(620)**
Income taxes paid	(19,788)			
Cash flow generated from operating activities	**14,525**	**(1,560)**	**23,026**	**(620)**
Investments in fixed assets:				
- intangible	(34,329)		(35,511)	
- tangible	(7,378)		(6,921)	
Dividends received	1,697	1,697	1,717	1,717
Cash flow generated from investing activity	**(40,010)**	**1,697**	**(40,715)**	**1,717**
Change in gross financial debt				
- increases / (decreases) in short-term & medium / long-term debt	(219,489)		13,541	
- increases / (decreases) in advances on State grants	300,000		0	
Decreases / (increases) in receivables for State grants	0		(5)	
Net increases / (decreases) in other financial liabilities	(1,398)		(2,960)	
Interest paid	(9,507)		(7,363)	
Cash flow generated from financing activity	**69,606**	**0**	**3,213**	
Increase / (decrease) in cash and cash equivalents	**44,121**	**137**	**(14,476)**	**1,097**
Cash and cash equivalents at beginning of period	60,720		54,339	
Cash and cash equivalents at end of period	104,841		39,863	

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Statement of changes in consolidated shareholders' equity

	Share capital	Legal reserve	Other reserves & retained earnings	Actuarial profit / (losses) reserve	Derivative contracts hedge acctg. reserve	Net profit	Consolidated share equity	Minority interest capital & reserves	Group & minority interest consolidat. share equity
Balance at 31/12/2012	**27,500**	**5,500**	**192,795**	**(2,254)**	**(10,297)**	**64,003**	**277,247**	**85**	**277,332**
Allocation of 2012 net profit			64,003			(64,003)	0		0
Dividends distributed			(26,700)				(26,700)		(26,700)
Other movements									
Change in consolidation scope			(100)				(100)	523	423
Other comprehensive income statement items result				(1,013)	3,625		2,612		2,612
Reclassifications			(512)	512			0		
Net profit						33,707	33,707	3	33,710
Balance at 31/12/2013	**27,500**	**5,500**	**229,486**	**(2,755)**	**(6,672)**	**33,707**	**286,766**	**611**	**287,377**
Allocation of 2013 net profit			33,707			(33,707)	0		0
Dividends distributed			(26,450)				(26,450)		(26,450)
Other movements									
Other comprehensive income statement items result				(2,332)	(1,853)		(4,184)		(4,184)
Net profit						19,239	19,239	(1)	19,238
Balance at 30/06/2014	**27,500**	**5,500**	**236,743**	**(5,087)**	**(8,525)**	**19,239**	**275,371**	**610**	**275,981**

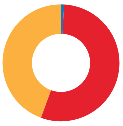
Notes to the
Condensed Consolidated
Half-Year Financial Statements

1. General information

Società per Azioni Esercizi Aeroportuali S.E.A. is a limited liability company, incorporated and domiciled in Italy according to Italian Law (the "Company").
The Company's headquarters are located at Milan Linate Airport in Segrate (Milan).
The Company and its subsidiaries (jointly the "**Group**" or the "**SEA Group**") manage Milan Malpensa Airport and Milan Linate Airport under the 2001 Agreement signed between SEA and ENAC with a forty'year duration (renewing the previous concession of May 7, 1962).
SEA and the Group companies, in the running of the airports, are involved in the management, development and maintenance of the infrastructure and plant at the airports and offer customers all flight related services and activities, such as the landing and departure of aircraft and the airport security services (aviation business); these companies in addition provide a wide and specialised range of commercial services for passengers, operators and visitors, both managed directly and outsourced (non-aviation business).
Through SEA Handling, a subsidiary of SEA, the SEA Group provides also land-side assistance services for aircraft, passengers, luggage, cargo and mail (handling business).
In addition, the SEA Group, through the company SEA Energia, produces electric and thermal energy both to serve the requirements of its airports and for sale on the external market (energy activities).
At the preparation date of the present document, the Company has a 51% holding in Malpensa Construction Consortium, which provides engineering services and airport construction and infrastructure works.
It is also reported that the Group (i) through a 40% holding of SEA in the share capital of Dufrital, also undertakes commercial activities at other Italian airports, including Bergamo, Genoa and Verona; (ii) through the investee company Malpensa Logistica Europa (in which SEA holds 25% of the share capital) undertakes integrated logistics activities; (iii) through the shareholding (30% of the share capital) in SEA Services operates in the catering sector for the Milan airports and (iv) through an investment in Disma (18.75% of the share capital) manages a plant for the storage and distribution of aviation fuel at Milan Malpensa Airport.
The Company, with a shareholding of 30.98%, is also the largest shareholder of SACBO, which manages the Bergamo airport, Orio al Serio.
Following the acquisition on December 18, 2013, of Ali Trasporti Aerei ATA SpA, the Group manages the General Aviation Airport of Milan Linate Ovest and through the indirect subsidiary ATA Ali Servizi SpA (held by 100% by Ali Trasporti Aerei ATA) became the principal General Aviation handler, operating on a competitive basis at the airports of Linate Ovest, Ciampino, Venice, Catania and Malpensa.
The activities carried out by the SEA Group, as outlined above, are therefore structured into the following major areas, corresponding to the individual segments, with the Group sourcing revenues from each as follows:

- Aviation business ("core" airport business in support of passenger and cargo transport, also in General Aviation); the revenues generated are based on a regulated tariff system and stem from airport rights, fees for the use of centralised infrastructure and of shared use assets, in addition to security fees and tariffs for the exclusive use of spaces by airlines and Handlers. The rights and fees for security are set by Ministerial Decrees, while the fees for the use of centralised infrastructure and shared assets are monitored and verified by ENAC;
- Non Aviation business (commercial services offered to passengers and users of the Milan Airports), whose revenues derive from market fees for the Non-Aviation business directly carried out by SEA, and/or from the above-stated business carried out by sub-contractors, from royalties based on a percentage of revenues of third party operators, with minimum guarantees where established;
- Handling business (and assistance services to aircrafts, passengers, luggage, cargo and mail); the revenues stem from market fees for the ramp handling business (services provided air-side, including the boarding/disembarking of passengers, luggage and cargo, aircraft balancing and luggage distribution and reconciliation) and for passenger handling (land-side services, including check-in and Lost & Found). These fees were freely negotiated between the SEA Group and the airlines;
- Energy (generation and sale of electric and thermal energy) whose revenues stem from market fees set by unit, multiplied by quantity of energy supplied.

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



Shareholders	
Municipality of Milan(*)	54.81%
F2i – Fondi italiani per le infrastrutture	44.34%
Others	0.85%

(*) Holder of Class A shares

Public shareholders		
12 entities / comp.	Municipality of Milan	54.81%
	Province of Varese	0.64%
	Municipality of Busto Arsizio	0.06%
	Other public shareholders	0.11%
Total		**55.62%**
Private shareholders		
	F2i – Fondi italiani per le infrastrutture	44.34%
	Other private shareholders	0.04%
Total		**44.38%**

2. Compliance with International Accounting Standards

The present condensed consolidated half-year financial statements were prepared in accordance with the IFRS in force, issued by the International Accounting Standards Board and approved by the European Union. Account was also taken of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously the Standing Interpretations Committee ("SIC"). In particular, the present condensed consolidated half-year financial statements were prepared in accordance with IAS 34 Interim Financial Reporting; in accordance with paragraphs 15 and 16 of the standard, these condensed consolidated half-year financial statements therefore do not include all the information published in the annual report and must be read together with the consolidated financial statements at December 31, 2013, with particular reference to the analysis of the individual accounts, with the disclosure in the present Half-Year Report, as per IAS 34, and the explanations for the changes to the comparative accounts. In the preparation of the condensed consolidated financial statements at June 30, 2014, the same accounting principles were adopted as in the preparation of the Consolidated Financial Statements at December 31, 2013, updated as indicated below to take account of those issued recently.
Following the issue on a regulated market of the "SEA 1/8 2014-2021" bond loan, IFRS 8 and IAS 33 concerning segment reporting and earnings per share were utilised for the first time.

The preparation of the condensed consolidated half-year financial statements and the relative notes in application of IFRS require that the Directors make estimates and assumptions on the values of revenues, costs, assets and liabilities in the half-year report and on the disclosures relating to the assets and contingent liabilities at June 30, 2014. If in the future, these estimates and assumptions, which are based on the best valuations made by the Directors, should be different from the actual results recorded, they will be modified appropriately in the period in which the circumstances occur. The estimates and assumptions are reviewed periodically and the effects of all variations are immediately recognised in the Income Statement.

It should also be noted that some valuation processes, in particular the most complex, such as the determination of any loss in value of non-current assets, are generally made on a complete basis on the preparation of the annual accounts, when all the necessary information is available, except where there are specific indications of impairment which require an immediate valuation of any loss in value.
For the present Half-Year Report, indicators of impairment requiring advanced testing from the usual year-end test did not emerge.

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2.1 Recently issued accounting standards

Accounting standards and interpretations whose application is mandatory from January 1, 2014, did not have any impact on the Group financial statements, as concerning non-applicable circumstances or with an immaterial impact.

Description	Approved at the date of the present document	Effective date as per the standard
IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements	Dec. 11, 2012	Periods which begin from January 1, 2014
IFRS 11 Joint arrangements	Dec. 11, 2012	Periods which begin from January 1, 2014
IFRS 12 Disclosure of Interests in Other Entities	Dec. 11, 2012	Periods which begin from January 1, 2014
IAS 28 Investments in Associates and Joint Ventures	Dec. 11, 2012	Periods which begin from January 1, 2014
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	Dec. 13, 2012	Periods which begin from January 1, 2014
Amendments to IFRS 10, IFRS 12 e IAS 27 Investment entities	Dec. 11, 2012	Periods which begin from January 1, 2014
Amendments to IAS 36 Impairment of assets	Dec. 19, 2013	Periods which begin from January 1, 2014
Amendment to IAS 39 Financial instruments: Recognition and measurement, on novation of derivatives and hedge accounting	Dec. 19, 2013	Periods which begin from January 1, 2014
IFRIC 21 Levies	NO	Periods which begin from January 1, 2014
IFRS 9 Financial instruments	NO	Periods which begin from January 1, 2015

On December 12, 2013, the IASB, within its Annual Improvements of IFRS, published the documents relating to the 2010-2012 and 2011-2013 cycles. The principal changes relate to:

IFRS	Amendments
IFRS 2 Share-based Payment	*Definition of vesting condition*
IFRS 3 Business Combinations	*Accounting for contingent consideration in a business combination* *Scope exception for joint ventures*
IFRS 8 Operating Segments	*Aggregation of operating segments* *Reconciliation of the total of the reportable segments' assets to the entity's assets*
IFRS 13 Fair Value Measurement	*Short-term receivables and payables* *Scope of portfolio exception*
IAS 1 Presentation of Financial Statements	*Current/non-current classification of liabilities*
IAS 7 Statement of Cash Flows	*Interest paid that is capitalised*
IAS 12 Income Taxes	*Recognition of deferred tax assets for unrealised losses*
IAS 16 Property, Plant and Equipment *IAS 38 Intangible Assets*	*Revaluation method - proportionate restatement of accumulated depreciation*
IAS 24 Related Party Disclosures	*Key management personnel*
IAS 36 Impairment of Assets	*Harmonisation of disclosures for value in use and fair value less costs of disposal*
IAS 40 Investment Properties	*Interrelationship between IFRS 3 and IAS 40*

The amendments will be applied from periods beginning July 1, 2014 and thereafter.
The Group considers either not applicable or immaterial the effects from the application of these standards on the Consolidated Financial Statements.

2.2 Financial Statements

The present condensed consolidated half-year financial statements, as part of the Half-Year Report, include the consolidated balance sheet at June 30, 2014 and at December 31, 2013, the comprehensive consolidated income statement, the consolidated cash flow statement, the change in consolidated shareholders' equity at June 30, 2014 and December 31, 2013, and the relative explanatory notes.
In relation to the presentation method of the financial statements "the current/non-current" criterion was adopted for the balance sheet while the classification by nature was utilised for the comprehensive income statement and the indirect method for the cash flow statement.
The condensed consolidated half-year financial statements were prepared in accordance with the historical cost convention, except for the measurement of financial assets and liabilities, including derivative instruments, where the obligatory application of the fair value criterion is required.
The condensed consolidated half-year financial

statements were prepared in accordance with the going concern concept, as the Directors verified the non-existence of financial, operational or other indicators which could indicate difficulties in the capacity of the Group to meet its obligations in the foreseeable future and in particular in the next 12 months.
The Half-Year Financial Report at June 30, 2014, was prepared in thousands of Euro, as were the tables reported in the Explanatory Notes.
The Half-Year Report at June 30, 2014, was subject to limited audit by the Independent Audit Firm Deloitte & Touche SpA, the Auditor of the Company and of the Group.
The present Half-Year Report was approved by the Board of Directors of the Parent Company SEA SpA on September 2, 2014.

2.3 Consolidation scope and changes in the year

The registered office and the share capital (at June 30, 2014) of the companies included in the consolidation scope at June 30, 2014, under the full consolidation method and equity method are reported below:

Company	Registered Office	Share capital at 30/06/2014 (Euro)	Share capital at 31/12/2013 (Euro)
SEA Handling SpA	Malpensa Airport - Terminal 2 - Somma Lombardo (VA)	10,304,659	38,050,394
SEA Energia SpA	Milan Linate Airport - Segrate (MI)	5,200,000	5,200,000
Railink Srl (in liquidation)	Milan Linate Airport - Segrate (MI)	10,000	10,000
Airport Handling Srl	Malpensa Airport - Terminal 2 - Somma Lombardo (VA)	1,300,000	50,000
Ali Trasporti Aerei ATA SpA	Viale dell'Aviazione, 65 - Milan	2,976,000	2,976,000
ATA Ali Servizi SpA	Viale dell'Aviazione, 65 - Milan	420,000	420,000
Consorzio Malpensa Construction	Via del Vecchio Politecnico, 8 - Milan	51,646	51,646
Dufrital SpA	Via Lancetti, 43 - Milan	466,250	466,250
SACBO SpA	Via Orio al Serio, 49/51 - Grassobbio (BG)	17,010,000	17,010,000
SEA Services Srl	Via Caldera, 21 - Milan	105,000	105,000
Malpensa Logistica Europa SpA	Milan Linate Airport - Segrate (MI)	6,000,000	6,000,000
Disma SpA	Milan Linate Airport - Segrate (MI)	2,600,000	2,600,000

The companies included in the consolidation scope at June 30, 2014, and the respective consolidation methods are reported below::

Company	Consolidation Method at 30/06/2014	% Held at 30/06/2014	% Held at 31/12/2013
SEA Handling SpA	line-by-line	100%	100%
SEA Energia SpA	line-by-line	100%	100%
Railink Srl (in liquidation)	line-by-line	100%	100%
Airport Handling Srl	line-by-line	100%	100%
Ali Trasporti Aerei ATA SpA	line-by-line	98.34%	98.34%
Ata Ali Servizi SpA (*)	line-by-line	(*) 98.34%	(*) 98.34%
Consorzio Malpensa Construction	line-by-line	51%	51%
Dufrital SpA	Equity	40%	40%
SACBO SpA	Equity	30.979%	30.979%
SEA Services Srl	Equity	30%	30%
Malpensa Logistica Europa SpA	Equity	25%	25%
Disma SpA	Equity	19%	19%

(*) Indirectly through Ali Trasporti Aerei ATA SpA.

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As described in paragraph 1 General Information, on December 18, 2013, SEA acquired the company Ali Trasporti Aerei ATA SpA, which in turn holds 100% of ATA Ali Servizi SpA. In accordance with international accounting standards, the financial statements of the two companies were consolidated under the full consolidation method from the acquisition date which, considering the proximity of the acquisition to year-end, is taken as December 31, 2013. The comparative balance sheet at December 31, 2013, therefore includes the new companies but not the comparative income statement for the first half of 2013.
The effects on revenues and on EBIT of the first consolidation for the entire 2014 half-year of the General Aviation activities were respectively Euro 8.0 million and Euro 1.9 million.

3. Accounting policies and consolidation methods

In the preparation of the present Condensed Half-Year Report, the same accounting policies and consolidation methods adopted for the preparation of the 2013 Annual Financial Statements were applied.

4. Risk Management

The management of financial risks is carried out by the parent company which identifies, evaluates and implements actions to prevent and limit the consequences of the occurrence of the above-stated risk factors.

4.1 Credit risk

The credit risks represent the exposure of the SEA Group to potential losses deriving from the non-compliance of obligations by trading and financial partners.
This risk is primarily of an economic/financial nature, or rather the possibility of the default of a counterparty, and also factors of a technical/commercial or administrative/legal nature.
For the SEA Group the credit risk exposure is largely related to the deterioration of a financial nature of the principle airline companies which incur on the one hand the effects of the seasonality related to aviation operations, and on the other consequences of geopolitical events which impact upon the air transport sector (wars, epidemics, atmospheric events, rise in oil prices and economic/financial crises).
In order to control this risk, the SEA Group has implemented procedures and actions to monitor the expected cash flows and recovery actions.
In accordance with the internal policy on receivables the client is required to provide guarantees: this typically relates to bank or insurance guarantees issued by primary credit institutions or deposit guarantees.
In relation to the payment terms applied for the majority of the clients, credit terms are largely concentrated within 30 days from the relative invoicing.
Trade receivables are reported in the financial statements net of doubtful debt provisions, which are prudently made based on the underlying disputes at the balance sheet date. The doubtful debt provision necessary to adjust the nominal value to the realisable value is determined analysing all receivables and utilising all available information on the debtor. The SEA Group, against overdue receivables, receivables in dispute, or for which there is a legal or administrative procedure, utilises the same write-down percentages.

A summary of the trade receivables and the relative doubtful debt provisions is reported below:

Trade receivables (in thousands of Euro)	at 30/06/2014	at 31/12/2013
Customer receivables	249,369	224,360
- of which overdue	132,365	145,182
Doubtful debt provision	(114,739)	(112,477)
Trade receivables from associated companies	8,242	6,212
Total net trade receivables	**142,872**	**118,095**

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The aging of the overdue receivables is as follows:

Trade receivables (in thousands of Euro)	at 30/06/2014	at 31/12/2013
doverdue less than 180 days	26,041	36,518
doverdue more than 180 days	106,324	108,664
Total trade receivables due	**132,365**	**145,182**

The table below illustrates the gross trade receivables at June 30, 2014, as well as the breakdown of receivables from counterparties under administration and in dispute, with indication of the bank and insurance sureties and deposit guarantees provided.

Trade receivables (in thousands of Euro)	at 30/06/2014	at 31/12/2013
Customer receivables	257,610	230,572
(i) receivables from parties in administration	72,913	72,068
(ii) disputed receivables	25,350	23,806
Total trade receivables net of receivables at (i) and (ii)	**159,347**	**134,698**
Receivables due other than receivables at (i) and (ii)	34,431	51,657
Sureties and guarantee deposits	64,314	70,451
Percentage of receivables guaranteed by sureties and guarantee deposits compared to the total trade receivables net of receivables at (i) and (ii)	40.4%	52.3%

4.2 Market risks

The market risk to which the SEA Group is exposed comprises all types of risks directly and indirectly related to market prices. In H1 2014, the market risks to which the SEA Group were subject were:

a) interest rate risk
b) currency risk
c) commodity risk, related to the volatility of the energy commodity prices, in SEA Energia.

a) Interest rate risk

The SEA Group is exposed to the risk of changes in interest rates in relation to the necessity to finance its operating activities and the use of available liquidity. The changes in interest rates may impact positively or negatively on the results of the SEA Group, modifying the costs and returns on financial and investment operations.

The SEA Group manages this risk through an appropriate mixture between fixed and variable rate loans, with the objective to mitigate the economic effect of the volatility of the interest rates.

Variable interest loans exposes the SEA Group to a risk originating from the volatility of the interest rates (cash flow risk). Relating to this risk, for the purposes of the relative hedging, the SEA Group makes recourse to derivative contracts, which converts the variable rate to a fixed rate or limits the fluctuations in variable rates over a range, in this manner reducing the risk originating from the volatility of the rates. We highlight that these derivative contracts, underwritten exclusively for the purposes of hedging market rate volatility, are recorded through the cash flow hedge method.

At June 30, 2014, the gross financial debt of the SEA Group was comprised of medium/long-term loans (medium/long term portions of loans) and short-term loans (the medium/long-term portion of loans maturing within 12 months and short-term loans).

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Medium/long-terms loans at June 30, 2014

Loans	type of rate	issue date	maturity date	June 30, 2014 in thousands of Euro	June 30, 2014 rate	December 31, 2013 in thousands of Euro	December 31, 2013 rate
SEA SpA:							
BIIS (ex Comit) -BEI 1st drawdown	F	26-Aug-1999	15-Mar-2014	-	-	1.000	3.14%
BIIS (ex Comit) -BEI 2nd drawdown	V	30-Nov-2000	15-Sep-2015	1,500	0.66%	2,000	0.59%
BIIS (ex Comit) -BEI 3rd drawdown	V	17-Mar-2003	15-Sep-2017	8,105	0.66%	9,263	0.59%
Total EIB/Comit				**9,605**	**0.66%**	**12,263**	**0.80%**
BNL-BEI 1st drawdown	V	22-Nov-1999	15-Sep-2014	1,000	0.64%	2,000	0.52%
BNL-BEI 2nd drawdown	V	11-Aug-2000	15-Mar-2015	1,000	0.64%	1,500	0.52%
BNL-BEI 4th erogazione	V	8-May-2003	15-Mar-2018	4,658	0.64%	5,240	0.52%
BNL-BEI 13.06.2006 1st drawdown	V	4-Sep-2006	4-Sep-2026	9,483	0.69%	9,862	0.57%
BNL-BEI 13.06.2006 2nd drawdown	V	4-Sep-2006	4-Sep-2026	9,483	0.69%	9,862	0.57%
BNL-BEI 13.06.2006 3rd drawdown (*)	V	4-Sep-2006	4-Sep-2026	9,483	0.69%	9,862	0.57%
BNL-BEI 13.06.2006 4th drawdown (*)	V	4-Sep-2006	4-Sep-2026	10,345	0.69%	10,759	0.57%
BNL-BEI 13.06.2006 5th drawdown (*)	V	4-Sep-2006	4-Sep-2026	10,345	0.69%	10,759	0.57%
BNL-BEI 2007 1st drawdown (*)	V	7-Mar-2007	7-Mar-2027	9,821	0.69%	10,214	0.57%
BNL-BEI 2007 2nd drawdown (*)	V	7-Mar-2007	7-Mar-2027	9,821	0.69%	10,214	0.57%
BNL-BEI 2013	F	15-Mar-2013	15-Mar-2023	30,000	3.83%	30,000	3.83%
Total EIB/BNL				**105,439**	**1.58%**	**110,272**	**1.45%**
UNICREDIT BEI 1st drawdown (*)	V	8-Sep-2007	8-Sep-2027	9,286	0.66%	9,643	0.59%
UNICREDIT BEI 2nd drawdown (*)	V	8-Sep-2007	8-Sep-2027	9,286	0.66%	9,643	0.59%
UNICREDIT BEI 3rd drawdown (*)	V	16-Feb-2009	15-Sep-2028	15,000	0.89%	15,000	0.82%
Total EIB/UNICREDIT				**33,571**	**0.76%**	**34,286**	**0.69%**
BIIS-BEI 1st drawdown (*)	V	25-Feb-2011	15-Sep-2030	10,000	1.03%	10,000	0.96%
BIIS-BEI 2nd drawdown (*)	V	25-Feb-2011	15-Sep-2030	5,000	1.03%	5,000	0.96%
BIIS-BEI 3rd drawdown	V	23-Jun-2011	15-Mar-2031	10,000	1.09%	10,000	1.02%
BIIS-BEI 4th drawdown	V	23-Jun-2011	15-Mar-2031	5,000	1.09%	5,000	1.02%
Total EIB/BIIS				**30,000**	**1.06%**	**30,000**	**0.99%**
CDP-BEI 2012 1st drawdown	F	27-Apr-2012	15-Mar-2027	10,000	4.05%	10,000	4.05%
CDP-BEI 2012 2nd drawdown	F	27-Spr-2012	15-Mar-2027	5,000	4.05%	5,000	4.05%
CDP-BEI 2012 3rd drawdown	F	29-Jun-2012	15-Mar2027	10,000	3.88%	10,000	3.88%
CDP-BEI 2012 4th drawdown	F	29-Jun-2012	15-Mar-2027	5,000	3.88%	5,000	3.88%
CDP-BEI 2013 1st drawdown	V	30-Sep-2013	15-Sep-2028	10,000	2.84%	10,000	2.75%
CDP-BEI 2013 2nd drawdown	V	30-Sep-2013	15-Sep-2028	10,000	2.84%	10,000	2.75%
CDP-BEI 2013 3rd drawdown	V	30-Sep-2013	15-Sep-2028	10,000	2.84%	10,000	2.75%
Total EIB/CDP				**60,000**	**3.40%**	**60,000**	**3.36%**
UniCredit Mediobanca 2011 Tranche A 1st drawdown	V	31-Jul-2012	6-May-2014	-	-	13,271	5.79%
UniCredit Mediobanca 2011 *Tranche* A 2nd drawdown	V	13-Dec-2012	6-May-2014			21,729	5.79%
UniCredit Mediobanca 2012 Tranche A	V	21-Nov-2012	6-May-2014	-	-	80,000	4.54%
Mediobanca 2012	V	20-Dec-2012	20-Nov-2015	-	-	35,000	4.34%
Mediobanca 2013	V	10-Dec-2013	29-May-2015	50,000	2.61%	50,000	2.46%
Total loans excluding EIB				**50,000**	**2.61%**	**200,000**	**4.20%**
BOND SEA 3⅛ 2014-2021	F	17Apr-2014	17-Apr-2021	300,000	3.13%	-	-
TOTAL SEA SpA				**588,615**	**2.55%**	**446,821**	**2.83%**
SEA Energia SpA:							
BPM	V	20-Jun-2003	31-Dec-2014	4,600	1.33%	5,162	1.225%
UNICREDIT - BPM	V	20-Jun-2006	30-Jun-2014	-	-	8,646	1.10%
TOTAL SEA ENERGIA SpA				**4,600**	**1.33%**	**13,808**	**1.16%**
TOTAL GROUP DEBT				**593,215**	**2.54%**	**460,629**	**2.78%**
	total tranches swappated			98,387	16.6%	101,094	21.9%
	portion of debt at fixed rates			360,000	60.7%	61,000	13.2%
	portion of debt not hedged			134,829	22.7%	298,536	64.8%

Following the debt restructuring operation the total medium/long-term debt at June 30, 2014, amounted to Euro 593,215 thousand, an increase of Euro 132,586 thousand compared to December 31, 2013, with the average cost reducing 24 basis points to 2.54% at the balance sheet date. The cost of this debt, after the interest hedging operations, amounts to 3.02%, a reduction on 3.41% at the end of December 2013 (-39 basis points).
The fair value of the overall bank and bond medium/long-term Group debt at June 30, 2014, amounted to Euro 621,397 thousand (Euro 492,982 thousand at December 31, 2013) and was calculated as follows:

- for the loans at fixed interest rates, the capital portion and interest were discounted utilising the spot rates for each contractual maturity, extrapolated from the market rates;
- for the bond listed on a regulated market the market, value refers to June 30, 2014;
- for the loans at variable interest rates, the interest portion was calculated utilising the estimate of the expected rates at the end of each contractual maturity, increased by the spread defined contractually. The interest portion defined as outlined above and the capital on maturity was discounted utilising the spot rate for each contractual maturity, extrapolated from the market rate.

The following table reports the derivative instruments utilised by the SEA Group to cover the interest rate risk (measured based on the cash flow hedge method).

Interest rate hedges

(in thousands of Euro)	Notional on signing	Residual debt at 30/06/2014	Signing date	Start date	Maturity	Fair value at 30/06/2014	Fair value at 31/12/2013
IRS	10,000	10,000	18/5/2011	15/9/2012	15/9/2021	(1,625.1)	(1,274.8)
	5,000	5,000	18/5/2011	15/9/2012	15/9/2021	(812.6)	(637.4)
	15,000	15,000	18/5/2011	15/9/2012	15/9/2021	(2,231.2)	(1,784.9)
	11,000	9,862	18/5/2011	15/9/2011	15/9/2016	(600.3)	(649.7)
	10,000	9,286	6/6/2011	15/9/2012	15/9/2021	(1,281.7)	(1,027.7)
	11,000	9,862	6/6/2011	15/9/2012	15/9/2021	(1,358.6)	(1,090.6)
	12,000	10,345	6/6/2011	15/9/2012	15/9/2021	(1,405.2)	(1,129.7)
	12,000	10,345	6/6/2011	15/9/2012	15/9/2021	(1,405.2)	(1,129.7)
Collar	10,000	9,286	6/6/2011	15/9/2011	15/9/2021	(970.1)	(741.7)
	11,000	9,483	6/6/2011	15/9/2011	15/9/2021	(765.9)	(743.6)
Total		**98,468**				**(12,656.0)**	**(10,209.8)**

"- " indicates the cost for the SEA Group for advance settlement of the operation.
"+" indicates the benefit for the SEA Group for advance settlement of the operation.

The fair value of the derivative financial instruments at June 30, 2014 and December 31, 2013 was determined in accordance with IFRS 13. The fair value includes accrued financial charges on derivatives for the "effective" part of the cash flow hedge reported in the comprehensive income statement and of the "ineffective" part classified to financial charges.

b) Currency risk

The SEA Group, with the exception of the currency risk related to the commodity risk, is subject to a low currency fluctuation risk as, although operating in an international environment, the transactions are principally in Euro. Therefore, the SEA Group does not consider it necessary to implement specific hedging against this risk as the amounts in currencies other than the Euro are insignificant and the relative receipts and payments generally offset one another.

c) Commodity risk

The SEA Group, limited to only SEA Energia, is exposed to changes in prices, and the relative currency fluctuations, of the energy commodities utilised i.e. gas. These risks derive from the purchase of the above-mentioned energy commodities, which are principally impacted by fluctuations in the prices of the underlying fuels, denominated in US Dollars. These fluctuations arise both directly and indirectly, through formulas and indexations utilised in the pricing structures. The risks also arise in the sales phase, in relation to the fluctuations in the electricity market prices sold to third parties.
In the first half of 2014, the SEA Group did not undertake any hedging of this risk, although not excluding the possibility in the future. It is also highlighted that the SEA Group, through the subsidiary SEA Energia, signed bilateral contracts for

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the supply of electricity and heat to third parties which ties the sales price to the cost of methane, thereby implementing an implicit hedge of the commodity risk. The hedging strategy of commodity risk was also strengthened through the signing of procurement contracts which, in order to reduce the exposure to methane price movements, set a fixed price for part of the needs.

4.3 Liquidity risk

The liquidity risk for the SEA Group may arise where the financial resources available are not sufficient to meet the financial and commercial commitments within the agreed terms and conditions.

The liquidity, cash flows and financial needs of the SEA Group are managed through policies and processes with the objective to minimise the liquidity risk. Specifically, the SEA Group:

- centrally monitors and manages, under the control of the Group Treasury, the financial resources available, in order to ensure an efficient management of these resources, also in forward budgeting terms;
- maintains adequate liquidity in treasury current accounts;
- obtains committed credit lines (revolving and non), which covers the financial commitments of the Group in the coming 12 months deriving from the investment plan and debt repayments;
- monitors the liquidity position, in relation to the business planning.

At the end of June 2014, the SEA Group had access to irrevocable unutilised credit lines totalling Euro 260 million, maturing in April 2019 and a further Euro 127,687 thousand of utilisable uncommitted credit lines for immediate cash requirements.

The debt restructuring operation has guaranteed the SEA Group the availability of committed credit lines which strengthen the coverage of financial requirements in the coming years, permitting a significant lengthening of the average maturity of the debt and minimising debt sourcing costs (over 76% of the group medium/long-term debt matures beyond 5 years).

Trade payables are guaranteed by the SEA Group through careful working capital management which largely concerns trade receivables and the relative contractual conditions established (also utilising indirect factoring which provides further financial credit lines to guarantee adequate cash flexibility).

The tables below illustrates for the SEA Group the breakdown and maturity of the financial debt (capital, medium/long-term interest, financial charges on derivative instruments and leasing) and trade payables at June 30, 2014 and December 31, 2013:

	at June 30, 2014				
(millions of Euro)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
Gross debt	87.0	65.9	69.5	494.7	717.1
Trade payables	165.1				165.1
Total debt	**252.1**	**65.9**	**69.5**	**494.7**	**882.2**

	at December 31, 2013				
(millions of Euro)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
Gross debt	86.6	211.5	52.6	192.7	543.4
Trade payables	165.9				165.9
Total debt	**252.5**	**211.5**	**52.6**	**192.7**	**709.3**

The debt restructuring operation of the SEA Group resulted in a significant lengthening of the duration of the debt, in particular on the maturities between 1 and 3 years and those beyond 5 years. Loans with maturity of less than 1 year for Euro 50 million concern the 2013 Mediobanca loan, with maturity in May 2015.

As further described in the paragraph Strategic Risks – "European Commission decision of December 19, 2012, concerning presumed State Aid granted to SEA Handling", within the reorganisational process of the handling sector from September 1, 2014, the employees of SEA Handling will be made redundant with the payment of post-employment benefits, deferred remuneration and leaving incentives totalling approx. Euro 70 million. In accordance with the commitments undertaken by SEA on March 24, 2014, to ensure a solvent liquidation of the subsidiary SEA Handling and based on the balance sheet at June 30, 2014 of the subsidiary which reflects the obligations undertaken with personnel based on the trade union agreement of July 15, 2014, SEA will utilise the liquidity invested in treasury current accounts. The forecast financial debt at year-end is not expected to result in the non-compliance of the financial commitments undertaken with the lenders of the Group.

4.4 Sensitivity

In consideration of the fact that for the SEA Group the currency risk is almost non-existent, the sensitivity analysis refers to balance sheet accounts which could incur changes in value due to changes in interest rates.
In particular, the analysis considered:

- bank deposits
- loans
- interest risk derivative hedge instruments.

The assumptions and calculation methods utilised in the sensitivity analysis undertaken by the SEA Group were as follows:

a) Assumptions:
   - the effect was analysed on the SEA Group income statement for H1 2014 and 2013 of a change in market rates of +50 or of -50 basis points.

b) Calculation methods:
   - the remuneration of the bank deposits is related to the interbank rates. In order to estimate the increase/decrease of interest income to changes in market conditions, the change was assumed as per point a) on the average annual balance of bank deposits of the SEA Group;
   - the loans measured were those at variable interest rates, which incur interest payable linked to the Euribor at 6 months. The increase/decrease of the interest payable to changes in market conditions was estimated applying the changes assumed as per point a) on the capital portion of the loans held during the year;
   - the interest risk derivative hedge instruments were measured both in terms of cash flows and fair value (in terms of changes compared to the same period of the previous year). In both cases, the values were estimated applying the changes as per point a) to the forward curve expected for the period.

The results of the sensitivity analysis are reported below:

(in thousands of Euro)	June 30, 2014		December 31, 2013	
	-50 bp	+50 bp	-50 bp	+50 bp
Current accounts (interest income)	-250.88	281.72	-180.42	188.95
Loans (interest expense) (1)	996.70	-996.70	1,748.03	-1,748.03
Derivative hedging instruments (cash flow) (2)	-255.38	255.38	-530.96	530.96
Derivative hedging instruments (fair value)	-2,408.91	2,364.75	-2,521.45	2,427.93

(1) + = lower interest expense; = higher interest expense.
(2) + = hedging income; = hedging cost.

It should be noted that the results of the sensitivity analysis undertaken on some accounts of the previous tables are impacted by the low level of the market interest rates, which in the case of a change of -50 basis points would result as negative, and therefore are recorded as equal to zero.
Some loans include covenant conditions, relating to the capacity of the SEA Group to meet annual and/or half year financial commitments (net of financial resources available and receivables from the State) from operating activities. It should be noted that, for some loans, non-compliance of the covenant terms results in, for the following half-year period, the application of a correlated predetermined spread (in accordance with a contractually defined pricing grid). At the present moment the SEA Group is not aware of any default situations related to the loans held or violations of any of the above-mentioned covenants.

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5. Classification of the financial instruments

The following tables provide a breakdown of the financial assets and liabilities by category at June 30, 2014 and at December 31, 2013 of the Group.

(in thousands of Euro)						June 30, 2014
	Financial assets and liabilities valued at fair value	Investments held-to-maturity	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised cost	Total
Available-for-sale investments				26		26
Other non-current receivables			374			374
Trade receivables			142,872			142,872
Tax receivables			17,095			17,095
Other current receivables			26,121			26,121
Cash and cash equivalents			104,841			104,841
Total	**-**	**-**	**291,302**	**26**	**-**	**291,328**
Non-current financial liabilities excluding leasing	12,656				521,374	534,030
Non-current financial liabilities for leasing					907	907
Trade payables					165,133	165,133
Tax payables					67,539	67,539
Other current payables					149,458	149,458
Current financial liabilities e xcluding leasing					94,012	94,012
Current financial liabilities for leasing					1,070	1,070
Total	**12,656**	**-**	**-**	**-**	**999,493**	**1,012.149**

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

(in thousands of Euro)						December 31, 2013
	Financial assets and liabilities valued at fair value	Investments held-to-maturity	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised cost	Total
Available-for-sale investments				26		26
Other non-current receivables			495			495
Trade receivables			118,095			118,095
Tax receivables			17,809			17,809
Other current receivables			17,740			17,740
Cash and cash equivalents			60,720			60,720
Total	**-**	**-**	**214,859**	**26**	**-**	**214,885**
Non-current financial liabilities excluding leasing	10,210				389,783	399,993
Non-current financial liabilities for leasing					1,368	1,368
Trade payables					165,867	165,867
Tax payables					57,707	57,707
Other current payables					111,282	111,282
Current financial liabilities excluding leasing					146,071	146,071
Current financial liabilities for leasing					1,028	1,028
Total	**10,210**	**-**	**-**	**-**	**873,106**	**883,316**

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6. Disclosure on fair value

In relation to financial instruments measured at fair value, the table below reports information on the method chosen by the Group to measure the fair value. The methods applied are broken down into the following levels, based on the information available, as follows:

- level 1: prices practiced in active markets;
- level 2: valuation techniques based on observable market information, both directly and indirectly;
- level 3: other information.

The following table shows the Group assets and liabilities measured at fair value at June 30, 2014 and at December 31, 2013:

(in thousands of Euro)			at June 30, 2014
	Level 1	Level 2	Level 3
Available-for-sale investments			26
Derivative financial instruments		12,656	
Total		**12,656**	**26**

(in thousands of Euro)			at December 31, 2013
	Level 1	Level 2	Level 3
Available-for-sale investments			26
Derivative financial instruments		10,210	
Total		**10,210**	**26**

7. Disclosure by operating segment

Following the issue of the fixed rate bond of Euro 300 million in April 2014, SEA SpA joins the category of companies with listed securities on regulated markets required to provide disclosure as per IFRS 8.
Therefore, the present half-year report includes the figures for the operating segment in H1 2014 and the relative comparative figures for H1 2013.
It is important to highlight that due to the type of activities undertaken by the Group, "traffic" is conditioned by the results of all activities.
The SEA Group has identified four operating segments, as further described in the Directors' Report and specifically: *(i)* Aviation, *(ii)* Non Aviation, *(iii)* Handling, *(iv)* Energy.
In particular, a project to appropriately set an economic performance indicator for the Aviation and Non-Aviation sectors within the Legal Entity SEA SpA, and for which currently only the separate Revenue figures as reported in the Directors' Report, is in the completion phase. Therefore, as per IFRS 8, the provisional aggregate figures of the Aviation and Non-Aviation operating sectors were presented for the first half of 2014.
The information currently available concerning the principal operating sectors identified is presented below.

Aviation and Non Aviation: the Aviation business consists of the "core" passenger and cargo aviation support activities. This concerns the management, development and maintenance of infrastructure and plant within the airports and the offer to SEA Group customers of services and activities related to the arrival and departure of aircraft, in addition to airport safety services. The revenues generated by these activities are established by a regulated tariff system and comprise airport fees, fees for the use of centralised infrastructure, in addition to security fees and tariffs for the use of check-in desks and spaces by airlines and handlers.
The Non Aviation business however provides a wide and segregated offer, managed both directly and under license to third parties, of commercial services for passengers, operators and visitors to the Milan Airports, in addition to real estate activities. The revenues from this area consist of the market fees for activities directly carried out by SEA or from activities carried out by third parties under license and of royalties based on a percentage of revenues generated by the licensee, usually with the provision of a guaranteed minimum. The Aviation activities include in addition the General Aviation activities which are carried out through the subsidiary ALI Trasporti Aerei ATA SpA acquired in 2013 and which supplies the entire range of services related to business traffic (commercial and general aviation) at the Western section of Linate airport.

Handling: Handling services are carried out by SEA Handling, a subsidiary of SEA and concern the provision of land-side assistance regarding aircraft, passengers, luggage, cargo and mail. Revenues in this segment concern market fees for the execution of these activities and are freely negotiated by the SEA Group, through SEA Handling, and the individual airlines.

Energy: these activities – provided by the company SEA Energia, a subsidiary of SEA – concern the generation and sale of electric and thermal energy, providing coverage of the Milan Malpensa and Milano Linate energy requirements and which is also sold on the external market.

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The following tables present the segment income statements and balance sheets, reconciled with the figures presented in the present Report. The accounting standards utilised for the recognition and measurement of segment disclosure are the same as those used for the preparation of the SEA Group financial statements.

The Aviation sector results for the first half of 2014 include revenues of Euro 7,954 concerning the General Aviation business acquired in December 2013; the General Aviation operating profit in the first half of 2014 was Euro 1.9 million.

Segment disclosure: H1 2014 Income Statement & Balance Sheet at June 30, 2014

(in thousands of Euro)	Aviation and Non Aviation	Handling	Energy	Consolidated financial statements
Revenues	306,729	47,774	22,533	377,036
Consolidation adjustments & IC eliminations	(22,101)	(220)	(15,939)	(38,260)
Total operating revenues	**284,628**	**47,554**	**6,594**	**338,775**
IFRIC 12 revenues	32,965			32,965
Total revenues	**317,592**	**47,554**	**6,594**	**371,740**
Amortisation, Depreciation & Provisions	16,656	315	2,970	19,941
EBIT	**64,556**	**(27,606)**	**(282)**	**36,668**
Investment income (charges)				1,367
Financial charges				(13,854)
Financial income				756
Pre-tax profit				**24,937**
Investment in fixed assets	**42,562**	**0**	**379**	**42,941**
Tangible	7,201	0	379	7,580
Intangible	35,361	0	0	35,361

Segment disclosure: H1 2013 Income Statement & Balance Sheet at December 31, 2013

(in thousands of Euro)	Aviation and Non Aviation	Handling	Energy	Consolidated financial statements
Revenues	278,440	47,407	30,044	355,892
Consolidation adjustments & IC eliminations	(18,369)	(41)	(18,276)	(36,686)
Total operating revenues	**260,071**	**47,366**	**11,769**	**319,206**
IFRIC 12 revenues	35,092			35,092
Total revenues	**295,164**	**47,366**	**11,769**	**354,298**
Amortisation, Depreciation & Provisions	11,589	396	2,834	14,819
EBIT	**54,287**	**(11,243)**	**1,831**	**44,874**
Investment income (charges)				2,986
Financial charges				(9,766)
Financial income				522
Pre-tax profit				**38,617**
Investment in fixed assets	**89,108**	**67**	**1,326**	**90,501**
Tangible	11,464	67	1,326	12,856
Intangible	77,645	0	0	77,645

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8. Explanatory Notes to the Balance Sheet and Financial Position

8.1 Intangible assets

The following table summarises the movements in intangible fixed assets between December 31, 2013 and June 30, 2014.

(in thousands of Euro)	at 31/12/2013	Increases in the period	Reclass./ transfers	Destruction/ obsolete/sale	Amortisation	at 30/06/2014
Gross value						
Assets under concession	1,268,919		21,857	(3,265)		1,287,511
Assets under concession in progress & advances	41,037	32,564	(21,857)			51,744
Industrial patents and intellectual property rights	42,658		8,089			50,747
Assets in progress and advances	8,014	2,797	(8,089)			2,722
Other	17,551					17,551
Gross value	**1,378,180**	**35,361**	**-**	**(3,265)**		**1,410,276**
Accumulated amortisation						
Assets under concession	(384,490)			1,286	(16,421)	(399,625)
Assets under concession in progress & advances						
Industrial patents and intellectual property rights	(35,441)				(3,048)	(38,489)
Assets in progress and advances						
Other	(15,262)					(15,262)
Accumulated amortisation	**(435,193)**			**1,286**	**(19,469)**	**(453,376)**
Net value						
Assets under concession	884,429		21,857	(1,979)	(16,421)	887,886
Assets under concession in progress & advances	41,037	32,564	(21,857)			51,744
Industrial patents and intellectual property rights	7,217		8,089		(3,048)	12,258
Assets in progress and advances	8,014	2,797	(8,089)			2,722
Other	2,289					2,289
Intangible assets (net value)	**942,987**	**35,361**		**(1,979)**	**(19,469)**	**956,900**

As per IFRIC 12, rights on assets under concession amount to Euro 887,886 thousand at June 30, 2014, and to Euro 884,429 thousand at December 31, 2013. These rights are amortised on a straight-line basis over the duration of the concession from the State. Amortisation in the first six months of 2014 amounted to Euro 16,421 thousand.

On these assets, as per IFRIC 12, the SEA Group does not hold control, but has the obligation to record a restoration and replacement provision.

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

- execution of works for the completion of the third satellite at the Terminal 1 passenger terminal of Malpensa;
- the restyling of Terminal 1 at Malpensa;
- energy saving actions.

The reclassification of Euro 21,857 thousand from "Assets under concession in progress and advances" to "Assets under concession" principally relates to the opening of new areas at the third satellite at Malpensa.

The intellectual property rights, with a net residual value of Euro 12,258 thousand at June 30, 2014, principally relate to company software licenses concerning both airport and operational management and to the purchase of software components. The amortisation amounts to Euro 3,048 thousand. During the year investments classified as assets in progress and advances at December 31, 2013, for Euro 8,089 thousand entered into use.

8.2 Property, plant & equipment

The following tables summarises the movements in property, plant and equipment between December 31, 2013 and June 30, 2014:

(in thousands of Euro)	at 31/12/2013	Increases in the period	Reclassi-fications	Destruction/ obsolete/sale	Depreciation	at 30/06/2014
Gross value						
Land and buildings	202,785	25	2,105	(382)		204,533
Plant ad machinery	134,000	221		(11)		134,210
Industrial and commercial equipment	51,172	720		(24)		51,868
Other assets	110,953	1,244	348	(447)		112,098
Assets in progress and advances	3,618	5,370	(2,453)		(604)	5,931
Total gross value	**502,528**	**7,580**	**-**	**(864)**	**(604)**	**508,640**
Accumulated depreciation						
Land and buildings	(78,473)			193	(3,233)	(81,513)
Plant ad machinery	(86,405)			8	(2,316)	(88,713)
Industrial and commercial equipment	(47,803)			24	(1,136)	(48,915)
Other assets	(93,352)			437	(2,787)	(95,702)
Assets in progress and advances						
Accumulated depreciation	**(306,033)**			**662**	**(9,472)**	**(314,843)**
Net values						
Land and buildings	124,312	25	2,105	(189)	(3,233)	123,020
Plant ad machinery	47,595	221		(3)	(2,316)	45,497
Industrial and commercial equipment	3,369	720			(1,136)	2,953
Other assets	17,601	1,244	348	(10)	(2,787)	16,396
Assets in progress and advances	3,618	5,370	(2,453)		(604)	5,931
Total net values	**196,495**	**7,580**	**-**	**(202)**	**(10,076)**	**193,797**

Investments relating to property, plant and equipment principally regard:

- execution of works concerning the completion of the third satellite at the Terminal 1 passenger terminal of Malpensa, for those not included under assets under concession and assets under concession in progress;
- the restyling of Malpensa Terminal 1, for that not included under assets under concession and assets under concession in progress.

8.3 Investment property

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

8.4 Investments in associated companies

The change in the account "investments in associated companies" at December 31, 2013 and at June 30, 2014, is shown below:

Investments in associated companies		Movements		
(in thousands of Euro)	at 31/12/2013	Increases / revaluations	Decreases/ write-downs	at 30/06/2014
SACBO SpA	29,107		(1,215)	27,892
Dufrital SpA	6,436	935		7,371
Disma SpA	2,571		(162)	2,409
Malpensa Logistica Europa SpA	1,825	39		1,864
SEA Services Srl	489	73		562
Total	**40,429**	**1,047**	**(1,377)**	**40,099**

The companies held are all resident in Italy.
The net equity of the associated companies was adjusted to take account of the Group accounting principles and the measurement of investments as per IAS 28.
The adjusted net equity share of the SEA Group at June 30, 2014, amounts to Euro 40,099 thousand compared to Euro 40,429 thousand at December 31, 2013.

8.5 AFS Investments

The investments available for sale are listed below:

Company	% Held at 31/12/2013	% Held at 30/06/2014
Consorzio Milano Sistema in liquidation	10%	10%
Romairport SpA	0.227%	0.227%
Aeropuertos Argentina 2000 SA	8.5%	8.5%

The following table summarises the movements in AFS investments between December 31, 2013 and June 30, 2014:

Available-for-sale investments		Movements		
(in thousands of Euro)	at 31/12/2013	Increases/ revaluations/ reclass.	Decreases/ write-downs	at 30/06/2014
Consorzio Milano Sistema	25			25
Romairport SpA	1			1
Aeropuertos Argentina 2000 SA				
Total	**26**			**26**

In relation to the investment in Aeropuertos Argentina 2000 SA recognised for Euro 1 at June 30, 2014 and at December 31, 2013, reference should be made to the Directors' Report and the paragraph "SEA Group structure at June 30, 2014" and the 2013 Consolidated Financial Statements.

8.6 Deferred tax assets

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

Net deferred tax assets (in thousands of Euro)	at 30/06/2014	at 31/12/2013
Deferred tax assets	85,433	66,072
Deferred tax liabilities	(37,495)	(36,041)
Total net deferred tax assets	**47,938**	**30,031**

The movement in net deferred tax assets in the first six months of 2014 was as follows:

Net deferred tax assets (in thousands of Euro)	Balance at 31/12/2013	Release/ recognition to P&L	Release/ recognition to equity	Balance at 30/06/2014
Deferred tax assets	66,072	17,774	1,587	85,433
Deferred tax liabilities	(36,041)	(1,454)		(37,495)
Total net deferred tax assets	**30,031**	**16,320**	**1,587**	**47,938**

At June 30, 2014, no deferred tax assets were recorded on tax losses.
During the half-year, deferred tax assets were recognised on timing differences relating to non-deductible provisions in previous years in the handling sector for Euro 4,677 thousand which, due to the corporate changes within SEA Handling, will probably be realised by December 31, 2014, within the Group tax consolidation framework, and which were prudently not recognised in previous years by the Group in consideration of the uncertainty on the timing of the utilisation of these risk provisions.

8.7 Other non-current receivables

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

Other non-current receivables (in thousands of Euro)	at 30/06/2014	at 31/12/2013
Tax receivables	-	104
Other receivables	374	391
Total non-current receivables	**374**	**495**

Non-current tax receivables of Euro 104 thousand at December 31, 2013, amounted to zero at June 30, 2014, due to the reclassification to other current receivables of the levy on post-employment benefits concerning the subsidiary SEA Handling, in consideration of the expected settlement of post-employment benefits on September 1, 2014, under the Trade Union agreements of July 15, 2014.

Other receivables, amounting to Euro 374 thousand at June 30, 2014 (Euro 391 thousand at December 31, 2013), mainly relates to employee receivables and deposit guarantees.

8.8 Inventories

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

Inventories (in thousands of Euro)	at 30/06/2014	at 31/12/2013
Raw materials, consumables and supplies	6,382	6,716
Total inventories	**6,382**	**6,716**

The account principally comprises consumable goods held for airport activities.
At June 30, 2014, no goods held in inventories comprised guarantees on loans or concerning other commitments.
The Company did not consider it necessary to record an inventory obsolescence provision.

8.9 Trade receivables

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

Trade receivables (in thousands of Euro)	at 30/06/2014	at 31/12/2013
Customer receivables	135,615	111,883
Trade receivables from assoicated companies	7,257	6,212
Total net trade receivables	**142,872**	**118,095**

Trade receivables, shown net of the doubtful debt provision, mainly include receivables from clients and provisions for invoices and credit notes to be issued.

The criteria for the adjustment of receivables to their realisable value takes account of evaluations regarding the state of the dispute.

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The changes in the doubtful debt provision were as follows:

Doubtful debt provisions (in thousands of Euro)	at 30/06/2014	at 31/12/2013
Opening provision	(112,478)	(103,060)
Business combination (*)	-	(174)
Increases	(11,469)	(21,119)
Utilisations / reversals	9,208	11,875
Closing doubtful debt provision	**(114,739)**	**(112,478)**

(*) Acquisition of Ali Trasporti Aerei ATA SpA.

The provision amounted to Euro 11,469 thousand for the first six months of 2014 (Euro 21,119 thousand in 2013) and took into account the risk of a deterioration of the financial positions of the principal operators with which disputes exist and write-downs for receivables under administration.
The utilisations/reversals relating to the first six months of 2014, amounting to Euro 9,208 thousand, refer principally to the closure during the period of disputes in which the provisions were accrued to cover such risks in previous years.

The increase in trade receivables relates to the increased revenues, also concerning the Civil Aviation activities consolidated for the entire half-year and not present in the comparative period; also at December 31, 2013, a without recourse factoring operation was in progress for approx. Euro 14 million which temporarily reduced the credit position.

8.10 Other current receivables

The following table provides the breakdown of other current receivables:

Other current receivables (in thousands of Euro)	at 30/06/2014	at 31/12/2013
Tax receivables	17,095	17,809
Other receivables	26,121	17,740
Total other current receivables	**43,216**	**35,549**

Tax receivables at June 30, 2014, refer to: for Euro 10,414 thousand (Euro 10,414 thousand at December 31, 2013) to the recalculation of IRES income tax for the years 2007-2011 following the recognition of the deductibility for IRES proposes of IRAP regional tax relating to personnel costs in accordance with Article 2, Paragraph 1, of Legislative Decree No. 201/2011 (converted into Law No. 214/2011) with consequent presentation of the request for reimbursement; for Euro 2,266 thousand (Euro 2,266 thousand at December 31, 2013) the request for reimbursement of 10% of the IRAP paid in previous years; for Euro 2,435 thousand income tax receivables (Euro 2,810 thousand at December 31, 2013); for Euro 1,125 thousand (Euro 1,424 thousand at December 31, 2013) VAT receivables and for Euro 855 thousand (Euro 898 thousand at December 31, 2013) other tax receivables.

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

Other receivables (in thousands of Euro)	at 30/06/2014	at 31/12/2013
Receivables from Energy Regulator for white and green certificates	6,275	4,709
Employee & social security institution receivables	3,802	2,197
Receivables from the State under SEA/ Min. Infras. & Transp. case	3,070	3,715
Insurance company receivables	1,799	2,119
Receivables from the State for grants under Law 449/85	1,389	1,425
Receivables for various payments	1,059	206
Receivables for dividends from investments	209	14
Stamps and duties	59	35
Receivables from the Ministry for Communications for radio bridge	29	55
Other receivables	10,629	5,377
Doubtful debt provision	(2,199)	(2,112)
Total other receivables	**26,121**	**17,740**

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The Receivables from the Energy Regulator for white and green certificates include SEA Energia receivables from the Energy Service Operator based on an estimate of the "green certificates" and "white certificates" matured in 2013 (Euro 4,709 thousand) and during the first half of 2014 (Euro 1,566 thousand).
Employee and social security institution receivables, amounting to Euro 3,802 thousand at June 30, 2014 (Euro 2,197 thousand at December 31, 2013), mainly refer to the receivable from the Fondo Volo per la Cassa Integrazione Guadagni Straordinaria for the Solidarity Contract (in force from January 1, 2014) and from INPS for advances paid to employees on behalf of the institution.
Receivables from the State under SEA/Ministry Infrastructure and Transport case, following the sentence of the Cassation Court, which recognised to the Company the non-compliance of handling tariffs for the period 1974-1981, in addition to interest and expenses incurred by the Company, for Euro 3,070 thousand at June 30, 2014 (Euro 3,715 thousand at December 31, 2013), relate to the residual amount not yet received from the Infrastructure and Transport Ministry, in addition to interest up to June 30, 2014. These receivables are considered recoverable.
Receivables from the State for grants under Law 449/85, amounting to Euro 1,389 thousand at June 30, 2014, concern receivables from the State, based on the "Regulatory Agreement" between ENAC and SEA in January 1995 and revised in December 2004, which established the partial funding, pursuant to Law 449/85, of some infrastructure projects at Malpensa Airport.
Other receivables principally concerns accrued income related to revenues accrued in the year and costs relating to future years. The account also includes reimbursements, supplier advances, arbitration with sub-contractors and other minor positions.

8.11 Cash and cash equivalents

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

Cash and cash equivalents (in thousands of Euro)	at 30/06/2014	at 31/12/2013
Bank and postal deposits	104,733	60,608
Cash in hand and at bank	108	112
Total	**104,841**	**60,720**

The available liquidity at June 30, 2014, is comprised of the following assets: bank and post deposits on demand for Euro 94,707 thousand (Euro 50,614 thousand at December 31, 2013), restricted bank deposits, which cover the quota of European Investment Bank loans due in the coming 12 months, for Euro 1,896 thousand (Euro 1,864 thousand at December 31, 2013) and a restricted deposit on the executive foreclosure on third parties for Euro 8,130 thousand relating to the case taken by Cascina Tre Pini – Quintavalle, which the company obtained in August following the positive Court of Cassation decision, and cash amounts for Euro 108 thousand (Euro 112 thousand at December 31, 2013). For further information, reference should be made to paragraph in the Directors' Report "Financing activities".

8.12 Share capital and reserves

At June 30, 2014, the share capital of SEA SpA totalled Euro 27,500 thousand, comprising 250,000,000 shares of Euro 0.11 each.
The changes in shareholders' equity in the year are shown in the balance sheet.
Reference should be made to *Note* 8.14 for an outline of the significant change to the actuarial profit/losses reserve.

8.13 Provisions for risks and charges

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

Provision for risks and charges (in thousands of Euro)	at 31/12/2013	Provisions/ increases	Utilisations	Releases	at 30/06/2014
Prov. for restoration & replacement	123,467	9,000	(3,145)	0	129,322
Provision for future charges	63,644	25,959	(4,310)	(13,776)	71,517
Total prov. for risks & charges	**187,111**	**34,959**	**(7,455)**	**(13,776)**	**200,839**

The provision for restoration & replacement on assets under concession, created in accordance with IFRIC 12, amounting to Euro 129,322 thousand at June 30, 2014 (Euro 123,467 thousand at December 31, 2013), refers to the estimate of the amount matured relating to the maintenance on assets under concession from the State which will be undertaken in future years.

Provision for future charges (in thousands of Euro)	at 31/12/2013	Provisions/ increases	Utilisations	Releases	at 30/06/2014
Employment provisions	20,062	25,188	(3,366)	(588)	41,296
Disputes with contractors	600				600
Insurance excess	4,384	680	(61)	(841)	4,162
Tax risks	4,315		(10)		4,305
Investments provision	10,305			(10,305)	-
Other provisions	23,978	91	(873)	(2,042)	21,154
Total Provision for future charges	**63,644**	**25,959**	**(4,310)**	**(13,776)**	**71,517**

The account "Employee provisions" increased Euro 25,188 thousand, principally due to restructuring charges following the above-mentioned discontinuation of activities for the subsidiary SEA Handling. The commencement of the liquidation procedure on June 9, 2014, and the consequent possibility to determine total personnel restructuring charges based on the agreement signed with the trade unions on July 15 requires that the Half-Year Report reflects, in accordance with IAS 37, a risks and charges provision against the above-stated SEA Handling personnel restructuring charges; this differs from the preparation of the consolidated financial statements at December 31, 2013, in which uncertainties surrounding the execution manner of the restructuring, in particular in relation to the manner and number of employees re-placed at the new manager and SEA, resulted in the impossibility to reliably estimate the liabilities to be incurred and the consequent decision in accordance with IAS 37 to not make any allocation to the risks and charges provisions.

On August 31, 2014, 1,832 employees departed (259 departed on July 31, 2014 and 1,573 departed on August 31, 2014).

In particular, against 1,773 employees proposed re-hiring at Airport Handling SpA, 1,567 have undertaken redundancy as of September 1, 2014. The remaining departures, with subsequent re-hiring by Airport Handling (206 employees), will take place, as established under the agreement, by 31/12/2014.
As per the SEA Handling Agreement of July 15, 2014 a further incentive for employees resolving their contracts of Euro 24,894 thousand was provisioned to the "Employee provisions" to supplement the post-employment benefit provisions and the amounts matured by the departure date from SEA Handling.
The liquidation of the Post-employment benefits and incentives will take place by September 30 according to the pre-established monthly maturities.

The "Investments provision" relates to SEA handling and was accrued in 2013 with the objective to align the net asset value, contributed to the consolidation of the subsidiary, to the valuation made by the Directors in the separate financial statements of the Parent Company, in consideration of the reorganisation of the handling sector related to the review of the existing shareholding structure following the EU Commission decision on presumed state aid by the Parent Company to the subsidiary SEA Handling. In the first half of 2014, the provision was released following the significant loss of SEA Handling related to the handling sector restructuring, which brought the company into equity deficit after the allocation of leaving incentives provisions, commented upon previously.

The account "Other provisions" for Euro 21,154 thousand at June 30, 2014, is composed of the following items:
- Euro 6,775 thousand for legal disputes related to the operational management of the airports;
- Euro 5,498 thousand for risks relating to revocatory actions taken against the Company and relating to airline companies declared bankrupt;
- Euro 8,000 thousand relating to charges from the acoustic zoning plan of the peripheral areas to the Milan Airports (Law No. 447/95 and subsequent Ministerial Decrees);
- Euro 881 thousand for disputes with ENAV.

Based on the updated state of advancement of disputes at the preparation date of the present interim report, and also based on the opinion of the consultants representing the Group in the disputes, the provisions are considered sufficient to cover potential liabilities.

8.14 Employee provisions

The changes in the employee provisions are shown below:

Employee provisions (in thousands of Euro)	at 30/06/2014	at 31/12/2013
Opening provision	77,155	77,064
Personnel cost	6,845	12,347
Financial (income) / charges	688	1,479
Utilisations	(7,906)	(13,544)
Reclassifications	(29,107)	-
Actuarial Profit / (Losses)	3,216	(191)
Total employee provisions	**50,891**	**77,155**

The actuarial calculation of the employee leaving indemnity takes into account the effects of the reform of Law No. 296 of December 27, 2006, and subsequent decrees and regulations.
The reclassification of the post-employment benefit provision relates to the subsidiary SEA Handling. Euro 29,107 thousand was reclassified to "Other payables" of working capital in view of the expected liquidation on September 1, 2014, for all employees of the post-employment benefits following the signing in July 2014 of the agreement with the Trade Unions to guarantee the re-placement of SEA Handling personnel or to ensure a leaving incentive for those personnel not to be re-placed.

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

Principal actuarial assumptions (*)	at 30/06/2014	at 31/12/2013
Annual discount rate	2.29%	3.17%
Annual inflation rate	2.00%	2.00%
Annual Employee Leaving Indemnity increase	3.00%	3.00%

(*) Assumptions undertaken in the Actuarial Report.

The annual discount rate utilised for the present value of the bond was based on the Iboxx 10+ Eurozone Corporate AA index (2.29 at June 30, 2014 against 3.17 at December 31, 2013) according to the provisions of ESMA; this reduction resulted in a significant increase in the actuarial loss, recognised directly to equity, with a consequent increase in the liability.
For completeness, on June 30, 2014 the post-employment benefit liability, established in accordance with Article 2120 of the Civil Code, was Euro 49.260 million (Euro 79.001 million at December 31, 2013).

8.15 Financial liabilities

The table below provides a breakdown of current and non-current financial liabilities at June 30, 2014 and December 31, 2013:

(in thousands of Euro)	at 30/06/2014		at 31/12/2013	
	Current portion	Non-current portion	Current portion	Non-current portion
Long-term loans	68,924	224,397	69,112	389,783
Short-term loans	25,089	-	76,959	-
Bondholder payables	-	296,977	-	-
Fair value derivatives	-	12,656	-	10,210
Bank payables	**94,013**	**534,030**	**146,071**	**399,993**
Leasing payables	1,070	907	1,028	1,368
Payables to other lenders	**1,070**	**907**	**1,028**	**1,368**
Total current and non-current liabilities	**95,082**	**534,937**	**147,099**	**401,361**

The financial debt of the Group at the end of June 2014 almost exclusively comprised medium/long-term debt, of which over half concerning the "SEA 3 1/8 2014 -2021" bond issue, with over 80% of the remainder concerning EIB loans (of which over 60% with maturity beyond 5 years) and the rest bank loans (maturing over the coming 12 months).

The short-term loans concern the usage of uncommitted credit lines to service operating working capital requirements.

The breakdown of the Group net debt at June 30, 2014 and December 31, 2013, is reported below:

Net Debt (in thousands of Euro)	at 30/06/2014	at 31/12/2013
A. Cash	(104,841)	(60,720)
B. Other Liquidity		
C. Held-for-trading securities		
D. Liquidity (A)+(B)+(C)	**(104,841)**	**(60,720)**
E. Financial receivables	0	0
F. Current financial payables	25,089	76,959
G. Current portion of medium/long-term bank loans	68,924	69,112
H. Other current financial payables	1,070	1,028
I. Payables and other current financial liabilities (F) + (G) + (H)	**95,082**	**147,099**
J. Net current financial debt (D) + (E) + (I)	**(9,758)**	**86,379**
K. Non-current portion of medium/long-term bank loans	224,397	389,783
L. Bonds issued	296,977	0
M. Other non-current financial payables	13,562	11,578
N. Payables & other non-current financial liabilities (K) + (L) + (M)	**534,937**	**401,361**
O. Net Debt (J) + (N)	**525,178**	**487,740**

At the end of June 2014, the net debt amounted to Euro 525,178 thousand, increasing Euro 37,438 thousand compared to the end 2013 (Euro 487,740 thousand).

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

- the issue of a Bond for Euro 300 million which permitted:
  - I. advance repayment of loans of Euro 150 million with maturity in the two-year period 2014/2015 (average interest rate of 4.84%);
  - II. termination of the short-term uncommitted credit lines of Euro 52,075 thousand, utilised for financing needs at the end of 2013 and providing significant flexibility in view of the issue of the bond;
- the continuation of the repayment of part of the EIB loans (principal repaid in the half-year totalling Euro 8,206 thousand) and the SEA Energia loans (repayments of Euro 9,208 thousand);
- the fair value change of the derivatives of Euro 1,617 thousand, impacted by the further decrease in the expected interest rate curve, as well as accrued expenses on financial debt, affected by the change in the configuration of the Group debt following the debt restructuring programme;
- the increase in Group liquidity to Euro 104,841 thousand (Euro 60,720 thousand at end of 2013), principally from the bond issue in April, invested in treasury current accounts which guarantee significant returns.

The redefinition of the SEA Group financial structure implemented in April 2014 resulted in the issue of a Bond and the subscription to a new RCF line.

Bond

The Bond Loan issued by SEA on April 17, 2014 - called SEA 1/8 2014-2021 - of a value of Euro 300 million features the following principal elements:

a) type of bonds: senior, unsecured, non-convertible, in minimum denominations of Euro 100 thousand and exclusively targeting qualified and institutional investors;
b) issue price: par value;
c) interest rate: fixed, 3.125% per year, with annual coupon;
d) listing: regulated market managed by the Irish Stock Exchange;
e) duration: 7 years, with single repayment on maturity, except for certain advanced repayment possibilities established under the Loan regulation and in line with market practices;
f) covenants: in line with market practices, including: the Limitation of Indebtedness or rather the requirement by the Company to maintain a Net Financial Position/EBITDA maximum of 3.8, a full investment grade level. This covenant will not be utilisable where the Company receives an official investment grade rating.

RCF line

The Euro 260 million RCF line subscribed on April 9, 2014 – called the revolving Mediobanca/BNP Paribas 2014-2019 line – may be utilised to cover the ordinary financial needs of the SEA Group and to refinance the other loans in place. The line is subject to market covenants, including the maintenance of a Net Financial Position/EBITDA ratio and the levels required for the SEA 3 1/8 2014-2021 bond issue.

Some loans include covenant conditions, relating to the capacity of the SEA Group to meet annual and/or half year financial commitments (net of financial resources available and receivables from the State) from operating activities.

At the present moment, the SEA Group is not aware of any default situations related to the loans held or violations of any of the above-mentioned covenants. Reference should be made to the paragraph in the Directors' Report "Group Balance sheet" for further details.

The finance leasing debt principally relates to radiogenic equipment.

The table below shows the reconciliation between the finance lease payables and the future lease instalments at June 30, 2014:

(in thousands of Euro)	at June 30, 2014
Future lease instalments (principal + interest)	2,089
Implied interest	(284)
Present value of instalments until contract maturity	**1,805**
Amounts for unpaid invoices	171
Total payables for leasing (current and non-current)	**1,976**

8.16 Trade payables

The breakdown of trade payables is follows:

Trade payables (in thousands of Euro)	at 30/06/2014	at 31/12/2013
Supplier payables	149,686	159,978
Advances	12,025	2,937
Payables to associated companies	3,422	2,952
Total trade payables	**165,133**	**165,867**

Trade payables (which includes invoices to receive of Euro 65,383 thousand at June 30, 2014 and Euro 83,181 thousand at December 31, 2013) refers to the purchase of goods and services relating to the operating activity and Group investments.

The payables for advances at June 30, 2014, amounting to Euro 12,025 thousand (Euro 2,937 thousand at December 31, 2013) increased principally due to: *(i)* the payments received following judgement No. 12778/2013 declared by the Milan Court concerning the case taken by SEA against the Customs Agency for the undue occupation of spaces at the airport terminals between September 2001 and October 2013 (inclusive); *(ii)* the grant received from the European Union for the construction of the railway station at Malpensa Terminal 2.

Payables to associated companies relate to services and charges.

8.17 Income tax payables

Payables for income taxes, amounting to Euro 67,539 thousand at June 30, 2014 (Euro 57,707 thousand at December 31, 2013), mainly relate to additional landing right charges created by Laws No. 166/2008, No. 350/2003, No. 43/2005 and No. 296/2006 for Euro 54,394 thousand (Euro 47,146 thousand at December 31, 2013), employee and consultant's withholding taxes for Euro 5,215 thousand (Euro 6,110 thousand at December 31, 2013), direct tax payables for Euro 3,584 thousand (Euro 1,947 thousand at December 31, 2013), VAT payable for Euro 3,007 thousand at June 30, 2014 (Euro 2,096 thousand at December 31, 2013), and other taxes for Euro 1,340 thousand (Euro 408 thousand at December 31, 2013).

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8.18 Other current payables

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

Other current payables (in thousands of Euro)	at 30/06/2014	at 31/12/2013
Payables to social security institutions	17,971	18,172
Other payables	131,487	93,110
Total other current payables	**149,458**	**111,282**

The breakdown of "other payables" is as follows:

Other payables (in thousands of Euro)	at 30/06/2014	at 31/12/2013
Airport fire protection service	37,463	34,374
SEA Handling post-employment benefit provision	29,107	-
Various payables	22,011	20,151
Payables due to employees for amounts accrued	19,371	15,653
Payables due to the State for concession charges	10,728	10,937
Payables due to employees for untaken holidays	7,073	7,771
Payables due to third parties for ticket collection	1,613	147
Payables due to A2A for green certificates	1,470	1,050
Third party guarantee deposits	1,124	1,296
Other payables for employee provisions	513	588
Payables to the Ministry for C02 units	457	493
Payables to the BOD and Board of Statutory Auditors	406	500
Payables due to the State for security concession services	88	69
Payables due to shareholders for dividends	63	81
Total other Payables	**131,487**	**93,110**

Relating to the payable of the Group for airport fire protection services, on January 16, 2013, SEA was notified, on request of the Internal Ministry and Economic and Finance Ministry, of the Injunction Decree issued by the Milan Court for the payment of Euro 10,658 thousand; the Company appealed the injunction, and the case is still pending. In relation to this issue, an appeal made in 2009 before the Lazio Administrative Court for the cancellation of the notice in which ENAC communicated the share of each of the airport management companies and the appeal made in 2012 before the Rome Civil Court in order to be exonerated from the payment of this contribution are still pending.

"SEA Handling post-employment benefit Provision" concerns the reclassification described in *Note* 8.14 "Employee Provisions".

The account "Other payables", amounting to Euro 22,011 thousand at June 30, 2014 (Euro 20,151 thousand at December 31, 2013), mainly relates to deferred income from clients for future periods and other minor payables.

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9. Notes to the Income Statement

9.1 Operating revenues

The table below shows the breakdown of operating revenues for H1 2014 and 2013.

Operating revenues by Business Unit (in thousands of Euro)	H1 2014	H1 2013
Aviation	187,667	175,477
Non Aviation	96,960	84,462
Handling	47,554	47,497
Energy	6,594	11,769
Total Operating revenues	**338,775**	**319,205**

In the first six months of 2014 operating revenues totalled Euro 338,775 thousand, increasing 6.1% on H1 2013. Operating revenues include aviation revenues, non-aviation revenues, handling revenues, energy revenues and general aviation revenues, this latter deriving from the companies ATA Ali Servizi SpA and Ali Trasporti Aerei ATA SpA (Note 2.3). As outlined in greater detail in the Directors' Report, the period revenues include Euro 7,954 from the General Aviation business.

The breakdown of Aviation operating revenues is reported below.

Aviation operating revenues (in thousands of Euro)	H1 2014	H1 2013
Centralised infrastructure and rights	156,315	142,166
Operating revenues from security controls	23,995	21,866
Use of regulated spaces	7,357	5,681
Free asset transfer	-	4,800
Others	-	963
Total Aviation operating revenues	**187,667**	**175,477**

The breakdown of Non Aviation operating revenues is reported below.

Non Aviation operating revenues (in thousands of Euro)	H1 2014	H1 2013
Retail	36,099	35,197
Parking	27,979	22,213
Cargo spaces	5,537	5,704
Services and other revenues	27,345	21,347
Total Non Aviation operating revenues	**96,960**	**84,462**

The breakdown of Retail revenues is reported below.

Retail Revenues (in thousands of Euro)	H1 2014	H1 2013
Shops	18,343	17,778
Food & Beverage	7,573	7,895
Car rental	6,507	5,878
Banks	3,676	3,646
Total Retail	**36,099**	**35,197**

The breakdown of Energy operating revenues is reported below.

Energy operating revenues (in thousands of Euro)	H1 2014	H1 2013
Sale of Electric Energy	4,014	9,064
Sale of Thermal Energy	1,164	1,305
Other Revenues and Services	1,416	1,400
Total Energy operating revenues	**6,594**	**11,769**

9.2 Revenue for works on assets under concession

Revenues for works on assets under concession decreased from Euro 35,092 thousand in the first six months of 2013 to Euro 32,965 thousand in H1 2014 (-6.1%). These revenues refer to work on assets under concession increased by a mark-up of 6% (representing the remuneration of internal costs for work supervision and design). This movement is strictly related to investment activities.

9.3 Personnel costs

The breakdown of personnel costs is as follows:

Personnel costs (in thousands of Euro)	H1 2014	H1 2013
Wages, salaries and social security charges	122,899	115,702
Employee Leaving Indemnity	6,845	6,051
Other personnel costs	32,616	5,275
Total	**162,360**	**127,028**

In the first six months of 2014, Group personnel costs increased Euro 35,332 thousand (+27.8%) compared to the same period of 2013 (from Euro 127,028 thousand to Euro 162,360 thousand). This principally concerns costs of Euro 24,894 thousand in the first half of 2014 recognised to "Other personnel costs" for restructuring charges following the planned discontinuation of activities by the subsidiary SEA Handling within the handling sector reorganisation.

The account "Wages, salaries and social security charges" increased Euro 7,197 thousand (+6.2%). This movement was principally impacted by the reduced benefits from the recourse to social security schemes, which amounted to Euro 4,858 thousand in the first half of 2014 (equal to 248 thousand hours of the Extraordinary Temporary Lay-Off Scheme and Solidarity Contract) and Euro 9,846 thousand in the first six months of 2013 (equal to 533 thousand hours of Extraordinary Temporary Lay-Off Scheme), in addition to an increase in the average number of Full Time Equivalent employees from 4,766 at June 30, 2013 to 4,776 at June 30, 2014, including 85 employees from the inclusion in the consolidation scope of the companies ATA Ali Servizi SpA and Ali Trasporti Aerei ATA SpA (*Note* 2.3).

The following table outlines the number of Full Time Equivalent employees by category in the first half of 2014 and 2013.

Number of employees at period end (FTE)	H1 2014	%	H1 2013	%
Executives	60	1%	58	1%
Managers	294	6%	294	6%
White-collar	2,710	57%	2,713	57%
Blue-collar	1,712	36%	1,701	36%
Total employees	**4,776**	**100%**	**4,766**	**100%**

9.4 Consumable materials

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

Consumable material costs (in thousands of Euro)	H1 2014	H1 2013
Raw materials, consumables and supplies	22,458	27,030
Changes in inventories	333	464
Total	**22,791**	**27,494**

In the first six months of 2014, consumable material costs decreased by Euro 4,703 thousand (-17.1%) compared to the same period of 2013 - from Euro 27,494 thousand to Euro 22,791 thousand - principally due to lower methane purchase costs for the production of electricity by the subsidiary SEA Energy and the lower supply costs of the parent company SEA.

9.5 Other operating costs

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

Other operating costs (in thousands of Euro)	H1 2014	H1 2013
Commercial costs	20,900	20,561
Public charges	14,329	13,414
Ordinary maintenance costs	13,690	14,771
Cleaning & cabin cleaning outsourcing	8,608	8,446
Misc. operating costs	6,876	6,124
Professional services	5,673	4,244
Tax charges	4,041	3,037
Utilities & Security	2,934	3,342
Costs for the uese of Bergamo parking spaces	2,858	
Hardware and software charges and rent	2,642	2,679
Rental of equipment and vehicles	2,278	1,638
Losses on assets	2,168	639
Insurance	1,524	1,529
Emoluments & costs of the Board of Statutory Auditors & BOD	731	637
Disabled assistance service	397	587
Total other operating costs	**89,649**	**81,648**

In the first half of 2014 these costs increased Euro 8,001 thousand compared to H1 2013 (+9.8%), from Euro 81,648 thousand to Euro 89,649 thousand.

The significant increase of Euro 8,001 is principally due to:

- costs for the utilisation of parking spaces at Bergamo for Euro 2,858 thousand in H1 2014, not present in H1 2013, as parking activities by SEA at Orio al Serio began at the beginning of 2014;
- higher losses on assets recorded in H1 2014 for Euro 1,529 thousand;
- increased professional service costs in the first 6 months of 2014 of Euro 1,429 thousand;
- increased tax charges of Euro 1,004 thousand;
- increased public fee costs of Euro 915 thousand;
- increased equipment and motor vehicle costs of Euro 640 thousand;
- lower ordinary maintenance costs for Euro 1,081 thousand.

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9.6 Provisions and write-downs

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

Provisions and write-downs (in thousands of Euro)	H1 2014	H1 2013
Write-downs of current assets and cash and cash equivalents	12,872	8,965
Release of doubtful debt provision	(9,399)	(5,011)
Provisions / (releases) of future charges provisions	(12,716)	1,292
Write-down of property	604	
Total provisions and write-downs	**(8,639)**	**5,247**

In the first six months of 2014, provisions and write-downs decreased Euro 13,886 thousand on the same period of the previous year, from Euro +5,247 thousand in the first six months of 2013 to Euro -8,639 thousand in H1 2014.
The doubtful debt provision of Euro 3,473 thousand in H1 2014 decreased by Euro 481 thousand compared to H1 2013, as a net effect of increased releases in the first six months of 2014 for Euro 4,388 thousand, only partly offset by increased provisions for Euro 3,907 thousand, in line with previous years, to take into account the risks of deterioration of the financial positions of the principal operators with which disputes exist and write-downs for receivables under administration.
The release of future charge provisions of Euro 12,716 thousand at June 30, 2014 (net allocation of Euro 1,292 thousand at June 30, 2013), principally refers to the release for Euro 10,305 thousand of the investment charges provision of SEA Handling, for which reference should be made to *Note* 8.13.

9.7 Costs for works on assets under concession

Costs for works on assets under concession decreased from Euro 32,393 thousand in the first half of 2013 to Euro 30,970 thousand in the first half of 2014.
These refer to, in accordance with IFRIC 12, the costs for the works undertaken on assets under concession. This movement is strictly related to investment activities.

9.8 Restoration and replacement provision

Restoration & replacement provision (in thousands of Euro)	H1 2014	H1 2013
Restoration & replacement provision	(9,000)	(10,397)

The restoration and replacement provision amounting to Euro 9,000 thousand in H1 2014 and Euro 10,397 thousand in H1 2013 include provisions for maintenance and replacements in order to ensure the functioning of the infrastructure held under concession.

9.9 Amortisation & Depreciation

The account “Amortisation & depreciation” is comprised of:

Amortisation and depreciation (in thousands of Euro)	H1 2014	H1 2013
Amortisation of intangible assets	19,469	16,108
Depreciation of property, plant & equipment & property investments	9,472	9,109
Total amortisation and depreciation	**28,941**	**25,216**

In the first half of 2014 amortisation and depreciation increased Euro 3,725 thousand compared to the same period of 2013 (+14.8%), from Euro 25,216 thousand to Euro 28,941 thousand.
Amortisation and depreciation in the period relates to tangible and intangible assets held based on the estimated useful life by the Group, which however does not exceed the duration of the concession.

9.10 Investment income and charges

The breakdown of investment income and charges is as follows:

Investment income (charges) (in thousands of Euro)	H1 2014	H1 2013
SACBO SpA	146	2,009
Dufrital SpA	935	833
Disma SpA	174	98
Malpensa Logistica Europa SpA	39	(24)
Sea Services Srl	73	56
Investments valued at equity	**1,367**	**2,973**
Other income from investments	**-**	**14**
Total investment income (charges)	**1,367**	**2,986**

In the first half of 2014 net investment income decreased by Euro 1,619 thousand from Euro 2,986 thousand in the first half of 2013 to Euro 1,367 thousand in H1 2014.

9.11 Financial income and charges

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

Financial income (charges) (in thousands of Euro)	H1 2014	H1 2013
Currency gains	3	3
Other financial income	753	519
Total financial income	**756**	**522**
Interest expense on medium/long-term loans	(7,323)	(5,782)
Loan Commissions	(4,417)	(1,680)
Currency losses	(11)	(6)
Other interest expenses:	**(2,103)**	**(2,298)**
- financial charges on Leaving indemnity	(687)	(1,127)
- financial charges on Leasing	(158)	(209)
- financial charges on Derivatives	(1,389)	(1,458)
Other	131	496
Total financial charges	**(13,854)**	**(9,766)**
Total financial income (charges)	**(13,098)**	**(9,244)**

Net financial charges in the first half of 2014 totalled Euro 13,098 thousand, increasing Euro 3,854 thousand on the same period of the previous year.
The increase stemmed from a number of factors related to the Group financial structure review concluded in April 2014, which, although resulting in a reduction in the average Group debt cost, following the related increase in the gross debt, produced increased interest charges in the period of Euro 1,541 thousand. In addition, this operation generated issue commissions related to the new funding of Euro 622 thousand, part of the overall increase of Euro 2,737 thousand of loan commissions. This was impacted by the advance settlement of a significant part of loans maturing in the 2014/2015 two-year period, requiring the recognition in H1 2014 of all the residual issue costs of the repaid loans (previously distributed according to the contractual duration of the loans).
In the same period, financial income increased by over Euro 234 thousand, also following the increased availability of cash from the bond issue and despite the significant reduction in yields compared to the first half of 2013.

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9.12 Income taxes

The breakdown of the account is as follows:

Income taxes (in thousands of Euro)	H1 2014	H1 2013
Current income taxes	22,019	14,947
Deferred income taxes	(16,320)	338
Total	**5,699**	**15,285**

In the first six months of 2014 income taxes decreased Euro 9,586 thousand, from Euro 15,285 thousand in H1 2013 to Euro 5,699 thousand in H1 2014.

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

(in thousands of Euro)	H1 2014	Tax rate	H1 2013	Tax rate
Pre-tax profit	**24.937**		**38.616**	
Theoretical income taxes	6,858	27.5%	10,620	27.5%
Tax effect of permanent differences	334	1.3%	(854)	-2.2%
IRAP	5,847	23.4%	6,154	15.9%
Other	(7,340)	-29.4%	(635)	-1.6%
Total	**5,699**	**22.9%**	**15,285**	**39.6%**

10. Earnings per share

The basic earnings per share is calculated by dividing the Group net profit by the weighted average number of ordinary shares outstanding in the period. In relation to the diluted earnings per share, as no equity instruments were issued by the parent company, the weighted average of the shares in circulation is the same as that utilised for the establishment of the basic earnings per share.
Therefore the earnings per share in the first half of 2014 was Euro 0.08 (net profit for the period of Euro 19,239 thousand/number of shares in circulation 250,000,000).

Earnings per share in the first half of 2013 was Euro 0.09 (net profit for the period of Euro 23,330 thousand/number of shares in circulation 250,000,000).

11. Transactions with related parties

The following table reports the income statement and balance sheet values with related parties at June 30, 2014 and for the first half of the year, with indication of the percentage of the relative account:

Group transactions with related parties	at December 31, 2013		at June 30, 2014	
(in thousands of Euro)	Trade receivables	Trade payables	Operating revenues	Operating costs (excluding costs for work on assets under concession)
Investments in associated companies				
SACBO	706	815	3,851	3,358
Dufrital	5,584	546	10,818	
Malpensa Logistica Europa	1,068	1,117	2,035	12
SEA Services	605	860	1,057	1,146
Disma	279	84	139	
Total related parties	**8,242**	**3,422**	**17,900**	**4,516**
Total financial statements	**142,872**	**165,133**	**338,775**	**266,161**
% of total financial statements	**5.8%**	**2.1%**	**5.3%**	**1.7%**

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The table below shows the cash flows from the transactions of the Group with related parties for the period ended June 30, 2014, with indication of the percentage of the relative account:

Cash flow generated from group trans. with related parties					at June 30, 2014
(in thousands of Euro)	Investments in associated companies	Investments in other companies	Total transactions with related parties	Consolidated balance	%
A) Cash flow generated from operating activities	(1,560)		(1,560)	14,525	-10.7%
B) Cash flow generated from investing activities	1,697		1,697	(40,010)	-4.2%
C) Cash flow generated from financing activities				69,606	0.0%

Transactions with Related Parties in the period to June 30, 2014, principally concern:

- commercial transactions with reference to the recognition to SEA of royalties on sales (Dufrital);
- rental of premises (Malpensa Logistica Europa);
- supply to SEA of catering services (SEA Services);
- commercial transactions deriving from the concession for the distribution of fuel (Disma);
- supply by SEA Energia of electricity to SACBO and Dufrital.

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

The comparative data is reported below:

Group transactions with related parties				at June 30, 2013
(in thousands of Euro)	Trade receivables	Trade payables	Operating revenues	Operating costs (excluding costs for work on assets under concession)
Investments in associated companies				
SACBO	685		429	1
Dufrital	2,041	442	12,174	20
Malpensa Logistica Europa	2,019	1,323	2,032	
SEA Services	1,334	1,088	969	917
Disma	134	98	127	
Total related parties	**6,212**	**2,952**	**15,731**	**938**
Total financial statements	**118,095**	**165,867**	**319,205**	**241,417**
% of total financial statements	**5.3%**	**1.78%**	**4.93%**	**0.39%**

Cash flow generated from group trans. with related parties					at December 31, 2013
(in thousands of Euro)	Investments in associated companies	Investments in other companies	Total transactions with related parties	Consolidated balance	%
A) Cash flow generated from operating activities	(234)		(234)	128,257	-0.2%
B) Cash flow generated from investing activities	1,717		1,717	(101,220)	-1.7%
C) Cash flow generated from financing activities				(20,657)	0.0%

12. Other transactions with related parties

No other transactions with related parties are reported for the first six months of 2014.

13. Directors fees

Fees paid by the Company and/or by other Group companies, of any type and in any form, for the first six months of 2014 to the Board of Directors totalled Euro 557 thousand.

14. Statutory auditors' fees

In the first half of 2014 the remuneration for the Board of Statutory Auditors, including welfare and accessory charges, amounted to Euro 174 thousand.

15. Commitments and guarantees

15.1 Investment commitments

The Group has investment contract commitments of Euro 57,113 thousand at June 30, 2014 (Euro 64,114 thousand at December 31, 2013), which is reported net of the works already realised and invoiced to the Group, as follows:

Breakdown of Commitments by project (in thousands of Euro)	at 30/06/2014	at 31/12/2013
R.T.I. CEFLA SOC.COOP. / GRUPPO P.S.	25,951	3,686
R.T.I. TADDEI/GEMMO/MONTAGNA	15,135	33,527
R.T.I. CODELFA SPA / COIVER CONTRACT	4,078	18,034
ITINERA SPA	3,592	-
R.T.I. / CONS.COSTR.INFRAS	3,428	-
COIVER CONTRECT SRL	3,201	-
R.T.I. GEMMO SPA / ELETTROMECCANIC	1,448	5,228
SIEMENS POSTAL, PARCEL & AIRPORT LOGISTIC	280	3,639
Total	**57,113**	**64,114**

15.2 Guarantees

The secured guarantees, amounting to Euro 2,033 thousand at June 30, 2014, relate to the lien on receivables against loans provided by credit institutions on European Investment Bank funds.

At June 30, 2014, the sureties in favour of third parties were as follows:

- surety issued by a pool of leading insurance companies in favour of ENAC, amounting to Euro 20,900 thousand as guarantee of the concession fee;
- surety of Euro 7,500 thousand to Banca Popolare di Milano to guarantee credit lines received from companies within the centralised treasury system;
- surety of Euro 4 million in favour of the Defence Ministry for utilisation by SEA of land owned by the Ministry following the road access works undertaken for the opening of the new multi-storey parking at Milan Linate Airport. This guarantee is within the technical agreement which SEA signed on June 4, 2009 with the Defence Ministry and with ENAC which establishes that the Defence Ministry transfers to ENAC some state buildings no longer of military interest adjacent to the Milan Airport. SEA, having the necessity to utilise these assets to improve and develop the airport infrastructures, acquired the concession to utilise these assets until 2041 against the realisation of a series of works in favour of the Defence Ministry for a total amount of Euro 25,900 thousand;
- surety of Euro 2,000 thousand in favour of SACBO in guarantee of the parking management at Bergamo Orio Al Serio airport;
- surety of Euro 343 thousand in favour of the supplier Contract GmbH for the rental of airport buses;
- surety of Euro 949 thousand of the subsidiary SEA Energia in favour of Terna SpA to guarantee the provision of electricity;
- surety of Euro 554 thousand of the subsidiary SEA Energia in favour of Enel Distribuzione to guarantee the provision of electricity;
- Euro 1,294 thousand for other minor sureties.

16. Seasonality

The Group business is characterised by revenue seasonality, which are normally higher in the periods of August and December due to an increase in flights by the airlines at its airports. It should be noted that the airports of Milan Malpensa and Milan Linate are to a certain degree complementary from a seasonality viewpoint, in view of the different profile of the indirect customers (i.e. leisure vs. business). This feature limits the seasonal peaks from an overall consolidated operational and financial viewpoint.

17. Non-recurring transactions

In the first six months of 2014, the Group recognised increased non-recurring charges of Euro 25,188 thousand following the restructuring according to the planned discontinuation of activities by the subsidiary SEA Handling and the handling sector restructuring. The financial effect of the increased charges is in part offset by the provisions made in previous years following impairment tests undertaken on the handling activities and totalling Euro 10,305 thousand.

Reference should be made to the Directors' Report for the non-recurring effects on revenues and on EBITDA from the temporary transfer of Orio al Serio traffic to Malpensa due to the Bergamo runway resurfacing works; finally, reference should be made to Note 9.11 – *Financial income and charges* for the estimate of the additional financial charge from the advance settlement of loans, within the financial debt restructuring described at Note 8.15 – *Current and non-current financial liabilities* and the consequent expensing to the income statement of the accessory charges to the settled loans.

18. Transactions relating to atypical or unusual operations

In accordance with CONSOB Communication of July 28, 2006, the Company did not undertake for the periods ended June 30, 2014 and June 30, 2013 any transactions deriving from atypical or unusual operations, as set out in the communication.

19. Other information

On May 7, 2014, the Shareholders' Meeting of the Parent Company SEA approved the distribution of dividends of Euro 26,450 thousand relating to the 2013 net profit, which was paid out in June 2014.

20. Contingent liabilities and disputes

For the airline New Livingston, which owes sums to the SEA Group, from June 27 the provision as per Article 802 of the Navigation Code was adopted for the advance payment of maturing airport fees. The airline has requested admission to the protected administration procedure. The Court fixed a deadline of 15.10.2014 for the presentation by New Livingston of the agreed creditor payment plan.

For a detailed updating of the procedure of the European Commission for State Aid to SEA Handling with indication of the judicial and extra-judicial initiatives, reference should be made to the risk factors section of the Directors' Report.

Fire service fees

The civil case before the Rome Court concerning the declared non-existence of the obligation to pay the contribution as per Law 296/2006 and the requested repayment of the amounts paid to the VVF fund was forwarded for conclusions on 9.4.2015. The injunction issued by the Milan Court in favour of the Fire Service for Euro 10.5 million was revoked for lack of jurisdiction with regard to the original decision. The administrative appeal presented by SEA for cancellation of ENAC note of 31.07.2009: "establishment of the contribution to the first aid and fire prevention fund" is pending before the Lazio Regional Administrative Court, awaiting a hearing date.

21. Contingent assets

In relation to the result of the *SEA/ Quintavalle - Cascina Tre Pini civil case*, the Court of Cassation accepted the applications put forward by SEA on appeal concerning SEA's absolution request from all compensatory/indemnification responsibility and the repayment request for all amounts paid under the original judgement (Euro 2 million) and which were subsequently received in August. These contingent assets were not recognised to the income statement as per IAS 37.

22. Subsequent events to the end of the period

Reference should be made to the Directors' Report.

The Chairman of the Board of Directors
Pietro Modiano

Deloitte.

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

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

**AUDITORS' REVIEW REPORT
ON THE HALF-YEARLY CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

**To the Shareholders of
S.E.A. - Società Esercizi Aeroportuali S.p.A.**

1. We have reviewed the half-yearly condensed consolidated financial statements of S.E.A. – Società Esercizi Aeroportuali S.p.A. ("Company") and subsidiaries (the "SEA Group"), which comprise the balance sheet as of June 30, 2014, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended, and the related explanatory notes. The Company's Directors are responsible for the preparation and presentation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue a report on these half-yearly condensed consolidated financial statements based on our review.

2. We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("CONSOB") for the review of the half-yearly interim financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of gathering information on the captions of the half-yearly condensed consolidated financial statements and assessing whether accounting policies have been consistently applied through enquiries of management responsible for financial and accounting matters and in applying analytical procedures to the underlying financial data. The review excluded audit procedures such as tests of controls and substantive procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, we do not express an audit opinion on the half-yearly condensed consolidated financial statements, as we expressed on the annual consolidated financial statements.

   As far as comparative figures related to the year ended December 31, 2013 and the six-month period ended June 30, 2013 are concerned - subject to a full audit and a limited review, respectively - reference should be made to the auditors' report and the auditors' review report issued by us dated April 15, 2014 and August 1, 2013, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed consolidated financial statements of SEA Group as of June 30, 2014 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

4. For a better understanding of the half-yearly condensed consolidated financial statements of the SEA Group as of June 30, 2014, please refer to the information provided by the Directors in the Directors' report, and in particular the sections "Going Concern" in the handling segment and "Risk Factors - Decision of the European Commission of 19.12.2012 concerning presumed State Aid granted to SEA Handling" and to note 8.13. "Provisions for risks and charges" in the explanatory notes about *(i)* the status of legal and extra-judicial negotiations in place with the European Commission in relation to the investigation procedure of the European Commission concerning the presumed State aid granted to the subsidiary Sea Handling S.p.A. and *(ii)* the evolution of the company status as well as of the Trade Unions negotiations relating to the subsidiary Sea Handling S.p.A.

   Based on the considerations included in the abovementioned sections and paragraphs, the Directors have resolved to record - in the half-yearly condensed consolidated financial statements of the SEA Group at June 30, 2014 - the provision for restructuring charges to be incurred, between September 1 and December 31, 2014, by the subsidiary, in execution of the agreements with the Trade Unions of July 2014, in the context of the liquidation process that began on June 8, 2014.

   In this regard, the Directors also highlight that the liquidator of the subsidiary will operate also taking into account the irrevocable commitment entered into March 24, 2014 by the sole shareholder SEA S.p.A. to grant the solvent completion of the liquidation.

DELOITTE & TOUCHE S.p.A.

Signed by
Ernesto Lanzillo
Partner

Milan, Italy,
September 3, 2014

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