Annual Report 2016

Aeroporto di Bologna

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

Consolidated Financial Statements at 31 December 2016

Aeroporto Guglielmo Marconi di Bologna S.p.A. Group

and Aeroporto G. Marconi di Bologna Spa Financial Statements

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CONTENTS

Letter from the Chairman……………………………………………………………………………………………..pag.3

Composition of the Share Capital of the Parent Company Aeroporto Guglielmo Marconi di Bologna Spa……….....pag.5
Board of Directors.……………………………………………………………………………………………………..pag.6
Board of Statutory Auditors……………………………………………………………………………………………..pag.7
Auditing Firm………...pag.7

Directors' Report at 31 December 2016………………………………………………………………………………pag.8

Consolidated financial statements at 31 December 2016………………………………………………………..pag.50
Statement of Consolidated Financial Position…………………………………………………………………………pag.51
Consolidated Income Statement…………………………………………………………………………………….pag.52
Consolidated Statement of Comprehensive Income………………………………………………………………..pag.53
Consolidated Cash Flow statement………………………………………………………………………………….pag.54
Statement of Changes in Consolidated Shareholders' Equity……………………………………………………..pag.55

Notes to the consolidated financial statements at 31 December 2016…………………………………….pag.56
Statement on the Consolidated Financial Statements pursuant to Article 154 bis of the TUF….pag.128
Auditing firm report…………………………………………………………………………………………………pag.129

Aeroporto G. Marconi di Bologna Spa financial statements at 31 December 2016……………….…pag.131
Statement of Financial Position…………………………………………………………………………………….pag.132
Income Statement……………………………………………………………………………………………………pag.133
Statement of Comprehensive Income………………………………………………………………………….....pag.134
Cash Flow Statement …………………………………………………………………………………………….....pag.135
Statement of Changes in Shareholders' Equity………………………………………………………………......pag.136

Notes to the financial statements at 31 December 2016………………………………………………………pag.137
Statement on the Financial Statements pursuant to Article 154 bis of the TUF……………………… pag.203
Board of Statutory Auditors report………………………………………………………………………………pag.204
Auditing firm report…………………………………………………………………………………………………pag.211

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Dear Shareholders,

Bologna Airport reported record results in 2016, driven by traffic growth and its positive performance that had a multiplier effect on all key result items.

In 2016, 7,680,992 passengers transited through the airport, representing an increase of 11.5% over the previous year compared with an increase of 4.6% in the Italian and European market and 6.3% in the global market.

Growth was driven by the passenger component on international flights, which rose by 11.3% over 2015 and was 75% of the total, and by the domestic component (+12.1% over 2015) due to Alitalia's reintroduction of its flight to Catania and Ryanair's launch of a daily flight to Cagliari.

To summarise, the growth trend benefited from the introduction of new destinations (with 103 destinations now served), the expansion of active routes and the use of larger aircraft, especially for legacy traffic.

With regard to the type of traffic, both legacy traffic (+13.4%) and low-cost traffic (+12.6%) contributed to the growth in passenger traffic. The former benefited from the Emirates flight to Dubai launched in November 2015, the entry of new strategic carriers such as Air Berlin to Düsseldorf, and increased flights to hubs served by several major international airlines (Air Dolomiti/Lufthansa, Aeroflot, CSA), as well as the growing "seasonal leisure" flight segment with Blue Panorama and Neos. Low-cost traffic continued its growth trend due to higher investments at the airport by Ryanair and Wizz Air.

In line with the strategic objective of developing and maintaining a comprehensive network of air carriers, 2016 confirmed the soundness of the traffic mix of "traditional" and low-cost airlines, for a total of 49 carriers active at the airport. Specifically, Ryanair continued to be the largest airline by number of passengers, followed by the Lufthansa group (Lufthansa and Air Dolomiti), the Air France KLM group, and Wizz Air, Alitalia and British Airways.

Cargo traffic was up by 16.4% in 2016, mainly due to the air traffic component showing growth of 21.5% with a lower increase in the surface component (+0.8% compared to 2015). The launch of operations by Emirates and concurrent maintenance of traffic by other carriers at the airport led to cargo traffic growth by air.

Service quality improved in 2016 as measured by the Customer Satisfaction Index (CSI). This indicator reached a level of 98.4% compared to the already very positive figure of 97.9% in 2015.

Moving to consolidated operating results, the increase in Group revenues (+12.8%) of Euro 90.4 million was driven by the increase in traffic and new tariffs in effect starting 1 January 2016. The latter had a positive impact on revenues for both aeronautical services (+11.5%) and non-aeronautical services (+9.1%).

Costs rose at a slower pace (+10.6%) and included:

- higher costs for construction services (+65%) due to higher investments made,
- additional runway maintenance work and new security services for reduced mobility passengers (+9.8%),
- leases, rentals and other costs (+12.1%) due to traffic growth,
- personnel costs (+5.5%), due to the new National Collective Agreement and an increase of 13 full-time equivalents.

Based on the above, the Group's interim operating margins rose significantly: gross operating profit totalled Euro 28.2 million compared to Euro 23.9 million in 2015 (+18.1%); the operating result stood at Euro 17.3 million compared to Euro 14.2 million in 2015 (+21.5%), and the result before taxes was Euro 16.4 million

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compared to Euro 10.7 million in 2015 (+53.9%). The latter was affected by non-recurring listing expenses of Euro 2.6 million. Adjusted for this component, the growth in the result before taxes from 2015 to 2016 was still significant at 24.1%.

Lastly, income taxes rose by 41.1% due primarily to growth in the result before taxes, which was offset by the recording of the tax credit for investments in research and development activities and the positive impact from using the tax benefit ("super depreciation") for investments in new capital assets made in 2016.

After taxes, the financial year 2016 ended with consolidated net profit of Euro 11.4 million compared with Euro 7.1 million in 2015, an increase of over 60%. The Group portion was Euro 11.3 million compared with Euro 6.96 million in 2015 (+62.6%).

Moving to balance sheet and financial data, in 2016 the Airport's strong balance sheet continued with consolidated shareholders' equity of Euro 166.1 million compared with Euro 161 million at the end of 2015, which reflects the result for the period as well as the distribution of Euro 6.1 million in dividends. The Group's net financial position as at 31 December 2016 is positive at Euro 8.5 million compared to Euro 14.6 million at the end of 2015. In 2016, investments totalling Euro 10.7 million were funded (in addition to Euro 2.5 million in renovation and cyclical maintenance work for the airport infrastructure and facilities); debt totalling Euro 12.1 million was repaid; the first two tranches of the equity financial instrument in Marconi Express were paid (Euro 7 million); and bonds and other financial instruments totalling Euro 24.2 million were purchased.

The Board of Directors and I are fully satisfied with the excellent performance reported in 2016, and as a result the Board has proposed the distribution of a dividend with an impressive payout ratio, and a higher amount distributed than last year.

To conclude, the Company's 2016 financial statements, which we submit for your approval, report net profit of Euro 10,542,980.31, which, on behalf of the Board of Directors, I propose to be distributed as follows:

- 5% to the legal reserve, on the basis of statutory provisions and Article 2430 of the Civil Code, in the amount of Euro 527,149.02;
- Euro 10,006,809.21 to shareholders, corresponding to a dividend of Euro 0.277 for each of the 36,125,665 ordinary shares outstanding on the ex-dividend date;
- the remainder of Euro 9,022.08 to the extraordinary reserve.

The Chairman of the Board of Directors

(Enrico Postacchini)

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

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

Based on the shareholder register and communications received pursuant to Article 120 of Legislative Decree 58/98, the shareholders of the Parent Company Aeroporto Guglielmo Marconi di Bologna S.p.A. with investments above 5% as at 31 December 2016 are:

DECLARANT	% Owned
CHAMBER OF COMMERCE OF BOLOGNA	37.53%
AMBER CAPITAL UK LLP	16.31%
STRATEGIC CAPITAL ADVISORS LIMITED	11.74%
F2I FONDI ITALIANI PER LE INFRASTRUTTURE SGR S.p.A.	9.99%

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

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

We also note that between the Chamber of Commerce, Industry and Agriculture of Bologna; the Municipality of Bologna; the Metropolitan City of Bologna; the Region of Emilia-Romagna; the Chamber of Commerce, Industry and Agriculture of Modena; the Chamber of Commerce, Industry and Agriculture of Ferrara; the Chamber of Commerce, Industry and Agriculture of Reggio Emilia; and the Chamber of Commerce, Industry and Agriculture of Parma (collectively the “Public Shareholders”), a shareholders' agreement (the “Shareholders' Agreement”) was signed on 20 May 2015 to govern certain rights and obligations in relation to the ownership structure and corporate governance of Aeroporto Guglielmo Marconi di Bologna S.p.A. This Shareholders' Agreement, published on 28 July 2015, requires a voting group and block voting group to which – as at the date of publication of the Shareholders' Agreement – the shares corresponding to the following percentages of share capital (amended following the issuance of bonus shares in September 2016) were conferred:

PUBLIC SHAREHOLDERS	% Share Capital with Voting Group
CHAMBER OF COMMERCE OF BOLOGNA	37.53%
MUNICIPALITY OF BOLOGNA	3.88%
METROPOLITAN CITY OF BOLOGNA	2.31%

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REGION OF EMILIA-ROMAGNA	2.04%
CHAMBER OF COMMERCE OF MODENA	0.30%
CHAMBER OF COMMERCE OF FERRARA	0.22%
CHAMBER OF COMMERCE OF REGGIO EMILIA	0.15%
CHAMBER OF COMMERCE OF PARMA	0.11%

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

Board of Directors

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

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

(*) Chief Executive Officer appointed by the Board of Directors on 9 May 2016
(**) holds the position of General Manager.
Amongst his responsibilities is the position of Chief Internal Control System and Risk Management Officer.

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(A) Member of the Remuneration Committee (Chairman Luca Mantecchini)
(B) Member of the Control and Risk Committee (Chairman Sonia Bonfiglioli)

Board of Statutory Auditors

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

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

Audit Firm

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

Directors’ Report of the Aeroporto Guglielmo Marconi di Bologna S.p.A. Group for the financial year ended 31 December 2016

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Index

INTRODUCTION **11**

1 STRATEGIES AND RESULTS **14**

1.1 INDUSTRY TRENDS AND AIR TRANSPORT: SUMMARY HIGHLIGHTS AND POSITIONING OF THE G. MARCONI AIRPORT 14

1.2 STRATEGIC OBJECTIVES 15

1.3 STOCK PERFORMANCE 15

2. ANALYSIS OF THE MAIN OPERATING RESULTS **17**

2.1 AVIATION STRATEGIC BUSINESS UNIT 17

2.1.1 AVIATION STRATEGIC BUSINESS UNIT: TRAFFIC DATA 17

2.1.2 AVIATION STRATEGIC BUSINESS UNIT: SUMMARY OF ECONOMIC RESULTS 20

2.2 NON-AVIATION STRATEGIC BUSINESS UNIT 21

2.2.1 NON-AVIATION STRATEGIC BUSINESS UNIT: SUMMARY OF ECONOMIC RESULTS 21

3 ANALYSIS OF THE OPERATING RESULTS, FINANCIAL POSITION AND CASH FLOWS **23**

3.1 ANALYSIS OF THE CONSOLIDATED FINANCIAL RESULTS 23

3.2 ANALYSIS OF CASH FLOWS 26

3.3 ANALYSIS OF THE CAPITAL STRUCTURE 28

3.4 MAIN INDICES 29

3.5 INVESTMENTS 30

3.6 PERSONNEL 31

4 ANALYSIS OF THE MAIN NON-ECONOMIC RESULTS **33**

4.1 THE ENVIRONMENT 33

4.1.1 THE DEVELOPMENT OF AIRPORT INFRASTRUCTURE 33

4.2 AIRPORT SECURITY 33

4.3 QUALITY 34

5 LEGISLATIVE FRAMEWORK **35**

5.1 THE PLANNING AGREEMENT 35

5.2 TARIFF REGULATION 2016-2019 36

5.3 REGULATION (EU) NO 139/2014: NEW CERTIFICATION OF ITALIAN AIRPORTS 36

5.4 REGULATIONS ON CONTRIBUTIONS AND SUBSIDIES PAID BY AIRPORTS TO CARRIERS 36

5.5 NEW GOVERNMENT CONTRACT CODE 37

5.6 FIRE-PREVENTION FUND 37

This document is a courtesy translation from Italian into English. In case of any inconsistency between the two versions, the Italian original version shall prevail.

5.7 MUNICIPAL SURCHARGE ON PASSENGER BOARDING FEES TO BE ALLOCATED TO INPS 37
5.8 TRANSPARENT ADMINISTRATION 38
5.9 THE ADMINISTRATIVE ACCOUNTABILITY OF LEGAL PERSONS 39

6 DISPUTES 39

7 MAIN RISKS AND UNCERTAINTIES 40

8 PERFORMANCE OF THE PARENT COMPANY...43

8.1 ECONOMIC RESULTS OF THE PARENT COMPANY 43
8.2 THE CASH FLOWS OF THE PARENT COMPANY 45
8.3 THE PARENT COMPANY'S BALANCE SHEET 45

9 RECONCILIATION BETWEEN SHAREHOLDERS EQUITY AND NET PROFIT 46

10 SUBSEQUENT EVENTS AND BUSINESS OUTLOOK 47

11 ALTERNATIVE PERFORMANCE INDICATORS 47

12 GUARANTEES PROVIDED 48

13 INFORMATION ON TREASURY SHARES 48

14 SHARES HELD BY DIRECTORS AND AUDITORS 49

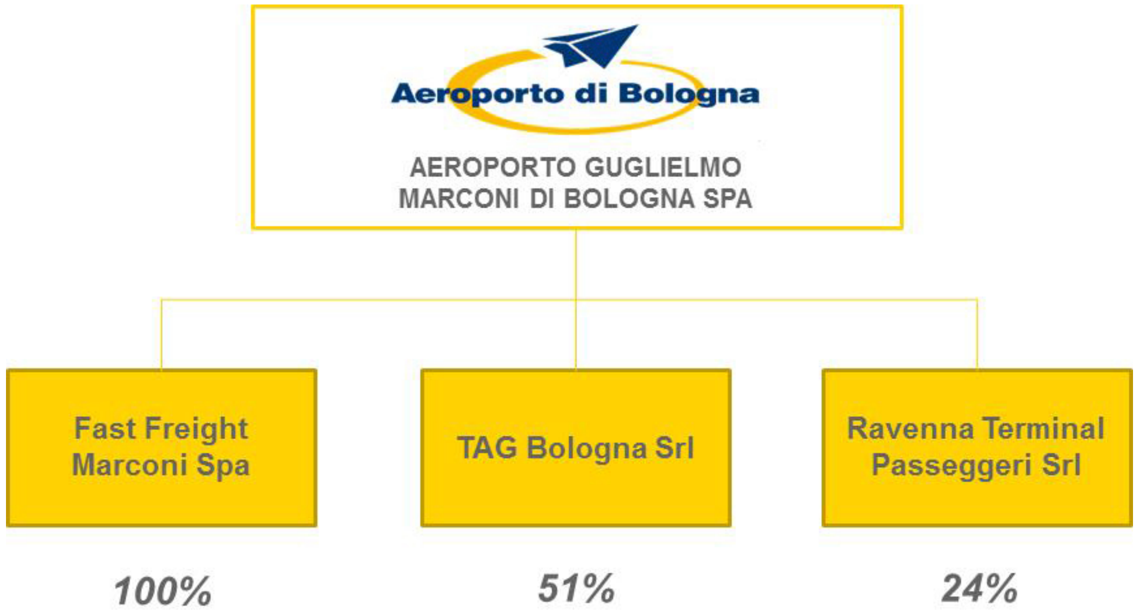
15 ALLOCATION OF NET INCOME..49

This document is a courtesy translation from Italian into English. In case of any inconsistency between the two versions, the Italian original version shall prevail.

INTRODUCTION

Dear Shareholders,
This report, submitted with the financial statements of the Aeroporto Guglielmo Marconi di Bologna S.p.A. Group (hereinafter also the "Airport Group" or the "Airport") for the year ended 31 December 2016, in presenting the Group's performance, indirectly provides an analysis of the Parent Company, Aeroporto Guglielmo Marconi di Bologna S.p.A. (hereinafter also AdB or Parent Company), agent of the total management of Bologna Airport according to Total Concession Management no 98 of 12 July 2004 et seq., approved by the Decree of the Ministry of Transport and Infrastructure and Ministry of Economy and Finance No 7 of 15 March 2006, registered at the Court of Auditors on 29 March 2006 (Reg. 1, Folio 217), for a forty-year duration starting on 28 December 2004.

The following diagram shows the structure of the Group as at 31 December 2016 and a brief description of the type of activities carried out by its subsidiaries and associates:



- Tag Bologna S.r.l. (hereinafter also TAG) was founded in 2001 and commenced operations in 2008 following the completion and opening of the terminal and hangar for General Aviation. The Company, besides managing this infrastructure at Bologna Airport, is engaged in the General Aviation sector as a handler;
- Fast Freight Marconi S.p.A. (hereinafter also FFM) was set up in 2008 by Marconi Handling S.r.l. (former subsidiary, hereinafter also MH), with share capital of Euro 10,000, later increased to Euro 520,000 through the contribution, by the then sole shareholder MH, of the Bologna Airport cargo and mail handling business unit. The entire investment in FFM was acquired by the Parent Company in 2009;
- Ravenna Passenger Terminal S.r.l. (hereinafter also RTP) was founded in 2009 together with several public and private partners in the cruise industry for carrying out activities related to the concession for managing the Porto Corsini (Ravenna) Maritime Station Service.

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

Description of the business

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

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

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

Aviation SBU

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

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

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

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

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

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

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- fees for security checks of checked luggage: such fees are due for the remuneration of the equipment and personnel that perform these controls;
- fees for PRM: including fees paid for services to passengers with reduced mobility and are determined according to the number of departing passengers (PRM and not);
- fees due for the use of exclusive-use assets: including fees due for the use of airport infrastructure dedicated to individual carriers or operators (check-in desks, offices, operative spaces), calculated according to the time of use or square meters and/or the location and type of assets granted;
- fees due for the use of certain centralised infrastructures: these fees relate exclusively to the thawing services of aircraft – de-icing – calculated based on the movements of aircraft in the winter season.

Non-Aviation SBU

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

Parking

The direct management of paid parking at Bologna Airport consists of approximately 5,100 available parking spaces, mainly concentrated in five large parking areas of which the first four are next to the terminal and the fifth located about 1.5 km from the terminal. The growing popularity of the Airport in recent years has persuaded private companies to enter the market near the Airport, creating competitor car parks connected to the terminal via shuttles.

Retail

Retail activities at Bologna Airport are characterised by the presence of brands that are internationally recognised and associated with the local area, as well as several major retail chains and local, national and international restaurants. The mall comprises approximately 4,500 square metres and 41 stores. The recent upgrading of the airport enhanced duty free areas that represent one of the main sources of profitability of the SBU.

Advertising

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

Passenger services

Passenger services include a business lounge, managed directly by the Parent Company. The Marconi Business Lounge (MBL) is a reserved and comfortable room, used mostly by business passengers of the major legacy airlines. In addition, through the "You First" service, passengers can benefit from exclusive services both when departing and arriving, such as assistance for check-in and baggage delivery, porter service as well as assistance and priority boarding at the gate.
Passengers are also offered a car rental service. At Bologna Airport, there are 10 companies offering a total of 16 makes, ensuring that 485 vehicles are available in total.

Real Estate

Real estate is characterised by two macro-areas: the first relates to revenue from the sub-licensing of spaces for commercial activities closely linked to aeronautical operations, primarily those of express

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

1 STRATEGIES AND RESULTS

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

Economic growth prospects have improved slightly with a gradual strengthening from summer 2016. According to IMF assessments made in January, global GDP would have increased by 3.1% in 2016, and growth of 3.4% is projected in 2017 and 3.6% in 2018. Compared to last October, estimates have been revised slightly upwards for nearly all major advanced economies (except Italy), and slightly downwards for the average in emerging countries, which however are projected to see accelerated growth over the next two years.
Since the end of November, the price of oil has grown following the agreement to cut production by OPEC countries and several non-OPEC countries such as Russia. During the first ten days of January, prices hovered around USD 54/barrel, the highest level since July 2015. However, it is doubtful that the agreement will be maintained due to geopolitical tensions among OPEC countries. The impact on prices could turn out to be temporary due to the continuing weakness of global demand and possible recovery of production in the US.
In the Eurozone, GDP growth is moving at a moderate pace but gradually strengthening due to the push from internal components of demand. Uncertainty over global economic performance, which is partially affected by geopolitical tensions, is the greatest risk factor for economic activity.
In the third quarter of 2016, GDP in the Eurozone rose by 0.3% over the previous period due to growth in demand, household spending and Government consumption.
Based on the latest information, economic activity in the area should have continued to expand in the autumn at a pace just above the previous period. According to projections prepared by central banks of the Eurosystem distributed in December, in 2017 overall GDP should grow by 1.7% (as in 2016).
In the third quarter of 2016, Italian GDP rose by 0.3% over the previous period due to growth in domestic demand and investments, but there was a negative impact from the slowdown in household spending and the higher growth of exports compared to imports.
Based on the information available, in the fourth quarter Banca d’Italia is still projecting moderate GDP growth of around 0.2%. Forecasts are consistent with the continuation of the moderate expansion of economic activity including in the first quarter of 2017 (Source: Economic Bulletin, Banca d’Italia, January 2017).
In this framework, world passenger traffic grew by 6.3% in 2016, confirming a positive trend for air transport. Freight traffic too confirms a positive trend at world level with a volume growth of 3.8% compared to 2015.
In 2016, European passenger traffic grew by 4.6% (Source: IATA, Air Passenger Market Analysis, December 2016), demonstrating good performance due to the economic recovery in the Eurozone, and in particular an increase in international traffic. A sharp increase was also reported in European cargo traffic (+7.6%, the highest percentage growth recorded since 1990) due to significant trading activity between Europe and Asia and across the Atlantic.

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The Italian market in 2016 recorded passenger traffic growth of 4.6% (Source: Assaeroporti, December 2016), and Bologna Airport reported growth of 11.5%.

1.2 STRATEGIC OBJECTIVES

In 2016, the Group worked to implement the Strategic Plan, which formed the basis of the market listing project and was approved by the Parent Company’s Shareholders’ Meeting on 13 April 2015. The Plan calls for measures which, in view of the major market transformation under way and the specific characteristics of individual business areas, have the following objectives:

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

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

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

Focus on efficiency, quality and innovation
As part of its development strategies, the Group continues to focus on optimising its key operating processes to create an appropriate structure for addressing the increasingly challenging competitive dynamics of the business.
The Group is also careful to ensure continuous improvement of services provided to airport users in the business areas in which the Group operates, directly and indirectly, while ensuring an even higher standard of safety, quality and environmental friendliness.
With the aim of improving service quality and customer loyalty, the Group feels it is important to implement technological systems that encourage interaction with passengers and provide the best travel experience inside the Airport.

1.3 STOCK PERFORMANCE

On 14 July 2015, the AdB stock began trading on the MTA Star segment of the Milan Stock Exchange.

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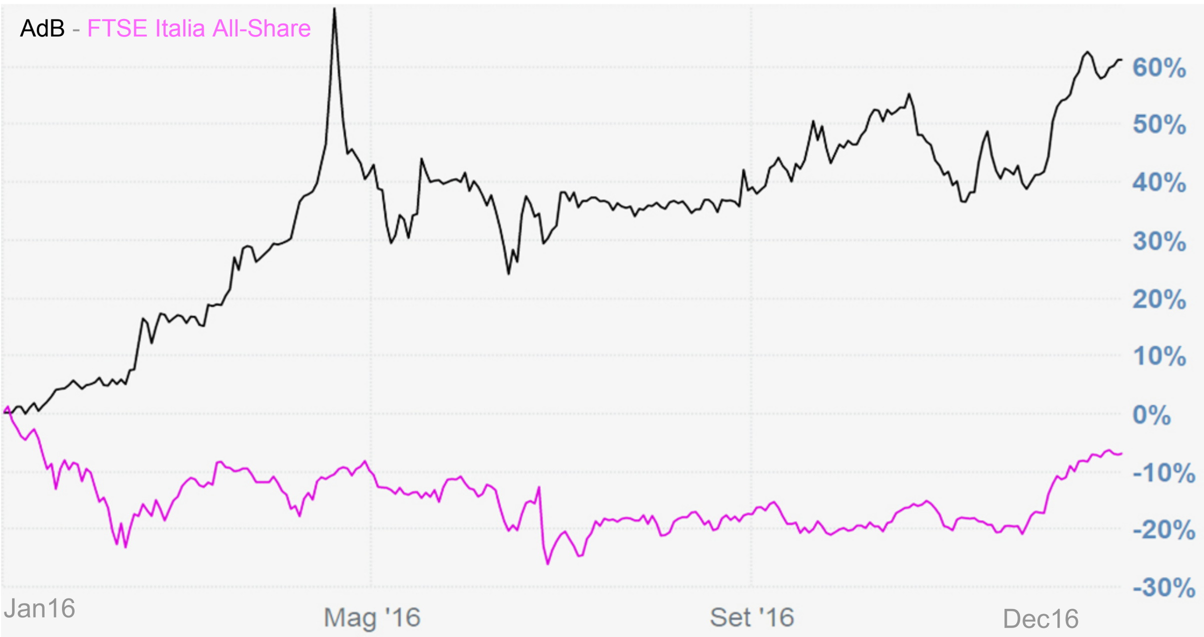
The report below indicates:

- the stock's performance from 1 January to 31 December 2016
- the comparison between the share price and changes in the FTSE Italia All-Share index in 2016.

As at 31 December 2016 there was an official listing of Euro 9.9 per share, which makes the market capitalisation of the AdB Group on that date approximately Euro 357.6 million.

Performance of AdB shares (01/01/2016 - 31/12/2016)

Performance of AdB shares and FTSE Italia All-Share (01/01/2016 - 31/12/2016)



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2. ANALYSIS OF THE MAIN OPERATING RESULTS

2.1 AVIATION STRATEGIC BUSINESS UNIT

2.1.1 AVIATION STRATEGIC BUSINESS UNIT: TRAFFIC DATA

In 2016, there was significant growth in all components of traffic. In particular, there were 7,680,992 **passengers**, including transits and General Aviation, 11.5% more than in 2015. At the same time, there was an increase in **movements** (69,697; +7.9%) and **tonnage** (4,442,542; +14.1%). Contributing to this highly positive performance were the introduction of new destinations, the expansion of existing routes and the use of larger aircraft, especially for legacy traffic. Average load factor remained essentially unchanged (78.5% in 2016 and 78.6% in 2015) due to passenger growth in line with the increase in seats offered.

	2016	2015	% Change
Passengers	7,680,992	6,889,742	11.5%
Movements	69,697	64,571	7.9%
Tonnage	4,442,542	3,894,258	14.1%
Freight	47,708,529	40,998,583	16.4%

Data including General Aviation and transits

The growth in passenger traffic was due to the increase in both major components, i.e. legacy and low-cost traffic.
Legacy traffic was up by 13.4% in passenger volumes in 2016 due to the entry of new strategically significant carriers for the Airport and the greater frequency of flights to several hubs by major international airlines. Specifically, on 2 May Air Berlin commenced service with three daily connections to Düsseldorf; Alitalia's daily flight to Catania was resumed; major legacy carriers increased their flights to several hubs (Air Dolomiti/Lufthansa to Munich, Aeroflot to Moscow and CSA to Prague), and "seasonal leisure" flights grew in popularity with Blue Panorama and Neos operating summer legacy flights to destinations in Greece and Spain. Lastly, there was the impact from the introduction of the Emirates flight to Dubai starting in November 2015.
In addition, significant ongoing investments continue to be made by major low-cost carriers at the Airport (+12.6%), as reflected in the continual expansion of operations by Ryanair (new flights to Athens, Vigo, Thessaloniki and the transition of Dublin, Malaga, Edinburgh and Las Palmas from seasonal to annual flights) and Wizz Air (new flight to Iasi with three weekly flights starting in July 2016).
However, the negative trend in the charter segment continues, showing no signs of recovery. The well-known political environment and terrorist attacks significantly reduced leisure traffic to Tunisia and Egypt.

Passenger Traffic Composition	2016	% of total	2015	% of total	% Change
Legacy	3,169,730	41.3%	2,794,312	40.6%	13.4%
Low cost	4,426,931	57.6%	3,930,287	57.0%	12.6%
Charter	65,348	0.9%	133,230	1.9%	-51.0%
Transits	11,538	0.2%	24,175	0.4%	-52.3%
Commercial Aviation Total	**7,673,547**	**99.9%**	**6,882,004**	**99.9%**	**11.5%**
General Aviation	7,445	0.1%	7,738	0.1%	-3.8%
Overall Total	**7,680,992**	**100.0%**	**6,889,742**	**100.0%**	**11.5%**

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The international status of Bologna Airport continues to rise, and passengers on international flights represented 75% of the total in 2016. In addition, there was a further recovery in domestic traffic resulting from Alitalia reintroducing its flight to Catania and Ryanair introducing a daily flight to Cagliari.

Passenger traffic breakdown	2016	2015	Change %
EU	6,688,802	6,021,467	11.1%
Non-EU	984,745	860,537	14.4%
Total Commercial Aviation	7,673,547	6,882,004	11.5%
General Aviation	7,445	7,738	-3.8%
Total	7,680,992	6,889,742	11.5%

A quarter of passenger traffic from the Airport is domestic, while Spain, with 14.9%, remains the second largest by number of passengers carried. Germany follows with 10.1% of the passengers, the UK with 8.3% and France with 6.3%.

Passenger traffic by country	2016	% of total	*2015*	% of total	*% Change*
Italy	1,917,501	25.0%	1,710,419	24.8%	12.1%
Spain	1,141,840	14.9%	1,023,954	14.9%	11.5%
Germany	777,829	10.1%	666,223	9.7%	16.8%
United Kingdom	640,911	8.3%	590,144	8.6%	8.6%
France	485,568	6.3%	577,657	8.4%	-15.9%
Romania	404,327	5.3%	292,385	4.2%	38.3%
Turkey	247,435	3.2%	269,375	3.9%	-8.1%
Netherlands	234,902	3.1%	225,082	3.3%	4.4%
Morocco	181,931	2.4%	181,925	2.6%	0.003%
Poland	181,502	2.4%	171,148	2.5%	6.0%
Other countries	1,467,246	19.1%	1,181,430	17.1%	24.2%
Overall Total	*7,680,992*	*100.0%*	*6,889,742*	*100.0%*	*11.5%*

One indicator of traffic strength is the network of destinations served that can be reached from the Airport. In 2016, 103 destinations could be reached directly from Bologna.

Destinations reachable from Bologna Airport	*2016*	*2015*	*Change*
Destinations (airports) linked directly	103	102	1

In terms of routes flown, Catania is ranked first by number of passengers followed by Madrid, Frankfurt, Paris CDG, Barcelona and Palermo. In particular, in 2016 there was a sharp increase in traffic to Catania, Madrid, Rome FCO, London Stansted and Bucharest. However, there was a decrease in traffic to Paris CDG as a result of EasyJet terminating its flight.

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*Main routes for passenger traffic **	2016	2015	*% Change*
Catania	325,840	258,061	26.3%
Madrid	282,899	257,163	10.0%
Frankfurt	276,732	281,947	-1.8%
Paris CDG	275,453	340,338	-19.1%
Barcelona	274,656	264,638	3.8%
Palermo	272,921	261,530	4.4%
Rome FCO	253,014	207,125	22.2%
London Heathrow	248,513	242,234	2.6%
London Stansted	215,054	181,334	18.6%
Bucharest OTP	205,069	124,268	65.0%

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

The network of airlines present at the Airport is strong and has remained stable in recent years.

Network development	*2016*	*2015*	*Change*
Airline companies	49	49	-

Looking in detail at carrier performance, Ryanair is the largest airline at the Airport, with 46.0% of traffic and passenger growth of 18%. Wizz Air comes in second, moving about 100,000 more passengers than in 2015 (+35.3%). Particularly worth noting was the growth reported by Alitalia (+33.6% over 2015) and the good performance of Emirates. Thus, the broad, diversified range of carriers operating at the Airport continued.

Passenger traffic by carrier	2016	% of total	2015	% of total	*% Change*
Ryanair	3,529,764	46.0%	2,990,246	43.4%	18.0%
Wizz Air	378,236	4.9%	279,502	4.1%	35.3%
Alitalia	347,971	4.5%	260,522	3.8%	33.6%
Lufthansa	276,979	3.6%	282,079	4.1%	-1.8%
Air France	265,057	3.5%	264,210	3.8%	0.3%
British Airways	249,001	3.2%	242,460	3.5%	2.7%
KLM	194,390	2.5%	185,878	2.7%	4.6%
Air Dolomiti	182,337	2.4%	183,513	2.7%	-0.6%
Emirates	175,874	2.3%	23,883	0.3%	636.4%
Turkish Airlines	169,223	2.2%	190,812	2.8%	-11.3%
Other	1,912,160	24.9%	1,986,637	28.8%	-3.7%
Overall Total	**7,680,992**	***100.00%***	**6,889,742**	***100.0%***	**11.5%**

For the 2016-2017 IATA Winter season, the main changes in operations are reported below:

Legacy

Increases in flights:

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- Madrid, operated by Air Nostrum/Iberia with an increase from two to three daily flights starting at the end of October 2016 and continuing summer operations;
- Lviv, operated by Ukraine International, with a weekly flight and continuing summer operations.

Low cost

New connections:

- Dublin, with two weekly flights operated by Ryanair and continuing summer operations;
- Malaga, with two weekly flights operated by Ryanair and continuing summer operations;
- Edinburgh, with two weekly flights operated by Ryanair and continuing summer operations;
- Las Palmas, with two weekly flights operated by Ryanair and continuing summer operations.

Cancellations:

- Berlin, operated by Eurowings, was cancelled in December 2016.

Cargo Traffic

(in kg)	2016	2015	% Change
Cargo via air of which	37,470,549	30,839,023	21.5%
Freight	37,433,815	30,836,996	21.4%
Mail	36,734	2,027	1712.2%
Cargo via surface	10,237,980	10,159,560	0.8%
Total	**47,708,529**	**40,998,583**	**16.4%**

In 2016, **cargo traffic** was 47,708,529 kg, representing an increase of 16.4% on 2015. This increase is mainly due to the air traffic component, which shows growth of 21.5%, compared with a lower increase in the surface component (+0.8% compared to 2015). The growth in cargo traffic via air was due to all traffic components supported, and especially the launch of the Emirates flight operations and the concurrent steady traffic of other carriers at the Airport.

2.1.2 AVIATION STRATEGIC BUSINESS UNIT: SUMMARY OF ECONOMIC RESULTS

in thousands of Euros	for the year ended 31.12.2016	for the year ended 31.12.2015	Abs. change	Change %
Revenues from Passengers	48,110	41,999	6,111	14.6%
Revenues from Carriers	21,181	17,617	3,564	20.2%
Revenues from Airport Operators	2,876	2,813	63	2.3%
Traffic incentives	(24,262)	(19,402)	(4,860)	25.0%
Revenues from construction services	5,144	2,847	2,297	80.7%
Other revenues	1,356	1,266	90	7.1%
Total AVIATION SBU Revenues	**54,405**	**47,138**	**7,267**	**15.4%**

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Group revenues attributable to the Aviation Strategic Business Unit include the fees paid by users (passengers and carriers) and by airport operators for the use of infrastructure and services provided exclusively by the Group for landing, take-off, lighting and aircraft parking, and the processing of passengers and cargo, as well as for the use of centralised infrastructure and assets for exclusive use.
Given the public utility nature of airport services, airport charges are subject to regulation, based on EU rules. The legislation and the enforcement measures – including the models approved by the Transport Regulation Authority (ART) – require that changes to the system or the level of airport charges are made in agreement between the airport operator and the airport users.
The new 2016-2019 tariff structure has been in effect since 1 January 2016. Specifically, the 2016 tariffs are those approved by the Transport Regulation Authority upon the conclusion of the procedure identified in Form 1.

Group revenues attributable to the Aviation Strategic Business Unit rose by 15.4% compared to 2015.

Individual items performed as follows:

- **Revenues from Passengers**: the increase in this revenue category (14.6%) resulted mainly from growth in departing passenger revenue drivers net of transits, which rose by 11.7% over the same period of 2015, and from new tariffs going into effect in January 2016 as indicated above;
- **Revenues from Carriers**: the increase of 20.2% compared to 2015 was due to the increased tonnage of aircraft (14.1%) and new tariffs;
- **Revenues from Airport Operators:** the 2.3% growth was due to higher revenues from operating premises and the temporary holding warehouse of the subsidiary FFM S.p.A., which more than offset the lower General Aviation fuelling service revenues of the subsidiary TAG S.r.l.;
- **Traffic incentives**: this item rose by 25% over 2015, especially due to the launch of new routes and traffic growth on incentivised routes;
- **Revenues from construction services**: the 80.7% growth was due to higher investments in concession assets than in 2015;
- **Other revenues**: the 7.1% increase was mainly due to contributions to operating expenses related to European project financing.

2.2 NON-AVIATION STRATEGIC BUSINESS UNIT

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

in thousands of Euros	for the year ended 31.12.2016	for the year ended 31.12.2015	Abs. change	Change %
Retail and Advertising	11,902	11,042	860	7.8%
Parking	14,218	13,043	1,175	9.0%
Real Estate	2,379	2,249	130	5.8%
Passenger services	4,542	4,048	494	12.2%
Other revenues	2,141	1,849	292	15.8%
Revenues from construction services	855	780	75	9.6%
Total NON-AVIATION SBU Revenues	**36,037**	**33,011**	**3,026**	**9.2%**

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Total revenues of the non-aviation SBU increased by 9.2% compared to 2015. The trend of the main revenue items of this business unit is shown below.

Retail and Advertising

In 2015, Retail and Advertising reported growth of 7.8% over the previous year. The increase in traffic contributed to the growth in retail, especially in the Food and Beverage and Duty Free segments. The factors driving revenue growth were the improvement of certain formats at points of sale and focus on quality in spaces adjacent to them. Also worth noting was the improvement in product offerings based on local traditions, which increasingly represents a key element of the commercial positioning of Bologna Airport.

In the advertising segment, there was a continuing problem that had repercussions on the sub-licensing's revenue performance. There continue to be difficulties, especially in attracting large investments of advertising investors on a national scale.

Parking

In 2016, parking and road access revenues were up by 9% compared with 2015.

All parking areas experienced revenue growth including those located within and outside the Airport. Good parking performance was due to a combination of factors including passenger traffic growth, revenue management activities and the consolidation of ancillary services. These include e-commerce on the website, which not only makes it possible to reserve parking spaces, but also to purchase them directly.

Real Estate

Growth of 5.8% was reported, confirming a positive trend from the beginning of the year starting with new carrier operations at the end of 2015.

Passenger services

Passenger services rose by 12.2%. They mainly consisted of premium services (lounge and ancillary services) and car rentals, the performance of which is indicated below.

Premium services

In 2016, there was an increase in MBL accesses and revenues compared with 2015, due to higher traffic and greater penetration of the service as a result of the increase in accesses achieved directly in the terminal.

Rent a car sub-licensing

This segment continued to grow, due in part to the increase in arriving passengers, many of whom require this type of service. Growth was also affected by the increase in office space used to satisfy the growing needs of car rental firms.

Other revenues

Other revenues rose by 15.8% due to the introduction of the paid baggage cart service starting at the end of May 2015, and as a result of higher revenues from service contracts for ramp vehicle maintenance and extraordinary items.

Revenues from construction services

The increase was the result of higher infrastructure investments in concession assets compared with the previous year.

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

3.1 ANALYSIS OF THE CONSOLIDATED FINANCIAL RESULTS

in thousands of Euros	for the year ended 31.12.2016	for the year ended 31.12.2015	Abs. change	Change %
Revenues from aeronautical services	48,224	43,268	4,956	11.5%
Revenues from non-aeronautical services	35,377	32,419	2,958	9.1%
Revenues from construction services	5,999	3,626	2,373	65.4%
Other operating revenues and income	842	836	6	0.7%
Revenues	**90,442**	**80,149**	**10,293**	**12.8%**
Consumables and goods	(1,467)	(1,587)	120	-7.6%
Services costs	(19,153)	(17,447)	(1,706)	9.8%
Costs for construction services	(5,713)	(3,454)	(2,259)	65.4%
Leases, rentals and other costs	(7,240)	(6,458)	(782)	12.1%
Other operating expenses	(3,120)	(3,113)	(7)	0.2%
Personnel costs	(25,537)	(24,199)	(1,338)	5.5%
Costs	**(62,230)**	**(56,258)**	**(5,972)**	**10.6%**
Gross operating profit (EBITDA)	**28,212**	**23,891**	**4,321**	**18.1%**
Amortisation of concession rights	(5,347)	(5,173)	(174)	3.4%
Amortisation of other intangible assets	(758)	(606)	(152)	25.1%
Depreciation of tangible assets	(1,836)	(1,573)	(263)	16.7%
Depreciation and amortisation	**(7,941)**	**(7,352)**	**(589)**	**8.0%**
Provisions for doubtful accounts	(63)	(115)	52	-45.2%
Provisions for renewal of airport infrastructure	(2,925)	(2,059)	(866)	42.1%
Provisions for other risks and charges	(11)	(146)	135	-92.5%
Provisions for risks and charges	**(2,999)**	**(2,320)**	**(679)**	**29.3%**
Total costs	**(73,170)**	**(65,930)**	**(7,240)**	**11.0%**
Operating result	**17,272**	**14,219**	**3,053**	**21.5%**
Financial income	362	282	80	28.4%
Financial expenses	(1,223)	(1,275)	52	-4.1%
Non-recurring income and expenses	0	(2,562)	2,562	-100.0%
Result before taxes	**16,411**	**10,664**	**5,747**	**53.9%**
Taxes for the period	**(5,006)**	**(3,548)**	**(1,458)**	**41.1%**
Profit (loss) for the period	**11,405**	**7,116**	**4,289**	**60.3%**
Minority interests in profit (loss)	**94**	**159**	**(65)**	**-40.9%**
Group profit (loss)	**11,311**	**6,957**	**4,354**	**62.6%**

In 2016, profit rose by 60.3% over 2015 to Euro 11.4 million. This result was driven by an overall increase in traffic of 11.5% and the positive impact this had with a multiplier effect on all key result-related items. In addition to these factors was the absence of the non-recurring charges of Euro 2.6 million in 2015 for listing on the Borsa Italiana Electronic Stock Exchange.

Together with the tariff increase and measures taken on the traffic mix and increasing profitability, traffic growth had a positive impact on aviation revenues, generated incremental revenues in the non-aviation component and, as a result of careful cost containment measures, did not lead to a proportional increase in costs. As a result of this trend, **gross operating profit** was up by 18.1%, and the **operating result** was up by 21.5%.

The 12.8% growth in **revenues** and lower growth in costs (10.6%) contributed to this positive result from the standpoint of core operations.

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Specifically:

- Aeronautical revenues increased by 11.5% due to higher volume and the new tariffs;
- Non-aeronautical revenues increased by 9.1% mainly due to the increase of passengers as more fully explained in the corresponding section.

Costs in 2016 rose by 10.6% over the previous year with different trends in the various categories.
Analysed in detail, the following trends are recorded:

- ✓ **Consumables and goods** dropped by 7.6% due mainly to the lower purchase cost of aviation fuel;
- ✓ **Services costs** rose by 9.8%. Specifically, there were higher costs for:
  - runway maintenance procedures and maintenance work in general;
  - the PRM service in relation to the higher number of departing passengers;
  - security services due to increased security at gates and the launch of airport fencing patrols and surveillance;
  - utilities (see comment in section on adjusted results);
  - additional professional services due to the new listed company status and new security courses with the launch of the new National Security Plan;
- ✓ **Costs for construction services** rose by 65.4%, since, as in the case of the related revenues, they rose due to higher investments in concession assets;
- ✓ **Leases, rentals and other costs** grew by 12.1%, mainly due to the increase in traffic, a parameter for calculating airport concession fees and security services, and due to the increase in data processing charges for new technology investments;
- ✓ **Other operating expenses** were largely in line with the 2015 figure with an increase of 0.2%.

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

Due to the above, **gross operating profit (EBITDA)** in 2016 increased by over Euro 4 million (18.1%) over 2015.

Amortisation and depreciation rose by 8%, in keeping with the amortisation and depreciation plan and new Group investments, while the increase in **provisions** (29.3%) was primarily due to higher allocations to the provisions for renewal of airport infrastructure resulting from planned work requirements over the next ten years.

The **operating result (EBIT)** was Euro 17.3 million compared to Euro 14.2 million in 2015, an increase of 21.5%.

Net financial expense went from -Euro 0.99 million to -Euro 0.86 million due to lower charges to discount provisions that offset higher financial expenses due to debt growth in 2016 owing to the drawdown in June 2015 of the loan obtained in 2014. These lower financial expenses were accompanied by the increase in financial income arising from greater available liquidity.

The **result before taxes** totalling Euro 16.4 million rose sharply (+53.9%) over the 2015 figure of Euro 10.7 million; as noted above, the latter was affected by non-recurring expenses of Euro 2.6 million for market listing. Adjusted for this component of Euro 13.2 million, the growth in result before taxes in 2016 over the 2015 figure was significant (24.1%).

Income taxes rose mainly due to the increase in the result before taxes, which was offset by:

- the recording of the tax credit for investments in research and development operations, as referenced in art. 1, para. 35 of Law 190/2014. The Parent Company carried out these operations in 2015 and 2016, and the positive accounting impact from both was recognised in 2016;

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- the positive impact from using the tax benefit referenced in art. 1, para. 91 of Law 208/2015 (so-called super depreciation) on investments in new capital assets made in 2016.

Due to the above, the **net profit** as at 31 December 2016 was **Euro 11.4 million**, an increase of Euro 4.3 million over the result of the prior year; **the Group's share** is equal to **Euro 11.3 million** compared to Euro 6.96 million in 2015 (+62.6%).

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

in thousands of Euros	for the year ended 31.12.2016	for the year ended 31.12.2015	Abs. change	% Change
Revenues from aeronautical services	48,224	43,268	4,956	11.5%
Revenues from non-aeronautical services	35,377	32,419	2,958	9.1%
Other operating revenues and income	842	836	6	0.7%
Adjusted revenues	**84,443**	**76,523**	**7,920**	**10.3%**
Consumables and goods	(1,467)	(1,587)	120	-7.6%
Services costs	(18,434)	(17,447)	(987)	5.7%
Leases, rentals and other costs	(7,240)	(6,458)	(782)	12.1%
Other operating expenses	(3,120)	(3,113)	(7)	0.2%
Personnel costs	(25,537)	(24,199)	(1,338)	5.5%
Adjusted costs	**(55,798)**	**(52,804)**	**(2,994)**	**5.7%**
Adjusted gross operating profit (adjusted EBITDA)	**28,645**	**23,719**	**4,926**	**20.8%**
Revenues from construction services	5,999	3,626	2,373	65.4%
Costs for construction services	(5,713)	(3,454)	(2,259)	65.4%
Margin for construction services	**286**	**172**	**114**	**66.3%**
One-off system expenses	(719)	0	(719)	n.s.
Gross operating profit (EBITDA)	**28,212**	**23,891**	**4,321**	**18.1%**

As shown in the table, excluding construction services revenues and costs and one-off system expenses, and despite revenue growth of 10.3%, cost growth was limited to 5.7% resulting in **adjusted gross operating profit** of Euro 28.6 million, which was 20.8% higher than in 2015.
One-off system expenses were separated from "services costs" in order to achieve a proper comparison of figures between the two years being compared. These expenses were for the recording of system expenses related to AdB co-generation plants.

These costs were recorded in the financial statements in accordance with regulations in effect as at 31 December 2016. On 27 February 2017, the Decree Law of 30 December 2016 ("Emergency Extension" law) was converted to law and introduced new provisions for the payment of general system expenses. Specifically, based on a reasonable interpretation of the new regulation, it was no longer necessary to recognise certain requirements in order to obtain the exemption of the payment of system expenses, and the Parent Company felt it appropriate to consider the costs recorded in the financial statements as at 31 December 2016 as "one-off" costs, and thus to remove these one-off cost components from its operating KPI structure (see indices in paragraph 3.4).

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3.2 ANALYSIS OF CASH FLOWS

Below are the details of the Group's net financial position for 2016 compared with 2015.

	in thousands of Euros	as at 31.12.2016	as at 31.12.2015	Change
A	Cash	25	27	(2)
B	Other cash equivalents	20,085	50,657	(30,572)
C	Securities held for trading	0	2,838	(2,838)
D	**Liquidity (A+B+C)**	**20,110**	**53,522**	**(33,412)**
E	**Current financial receivables**	**22,085**	**5,994**	**16,091**
F	Current bank debt	(70)	(1,110)	1,040
G	Current portion of non-current debt	(5,800)	(9,064)	3,264
H	Other current financial debt	(2,970)	(1,980)	(990)
I	**Current financial debt (F+G+H)**	**(8,840)**	**(12,154)**	**3,314**
J	**Net current financial position (I-E-D)**	**33,355**	**47,362**	**(14,007)**
K	Non-current bank debt	(24,896)	(32,728)	7,832
L	Bonds issued	0	0	0
M	Other non-current liabilities	0	0	0
N	**Non-current financial debt (K+L+M)**	**(24,896)**	**(32,728)**	**7,832**
O	**Net financial position (J+N)**	**8,459**	**14,634**	**(6,175)**

The Group’s **net financial position** as at 31 December 2016 is positive at Euro 8.5 million compared to Euro 14.6 million as at 31 December 2015.

Looking specifically at individual components, the lower **liquidity** (Euro 20.1 million compared with Euro 53.5 million) was mainly due to:

- Euro 7 million for the payment of the first two tranches of the equity financial instrument in Marconi Express;
- Euro 24.2 million for the purchase of bonds and other financial instruments, net of the collection of those maturing;
- Euro 6.1 million for the payment of dividends on the result for 2015, approved by the Parent Company’s shareholders’ meeting on 27 April 2016 and paid in May.

Overall, cash and short-term investments of cash expiring within the following year dropped from Euro 59.5 million in 2015 to Euro 42.2 million as at 31 December 2016. The Euro 17.3 million decrease was largely attributable to the investment in financial instruments maturing after the following year as indicated in Note 4, “Other non-current financial assets” in the consolidated financial statements.

The lower **debt** (Euro 33.7 million compared with Euro 44.9 million as at 31 December 2015) was largely due to the repayment of maturing loan instalments and the early repayment of the “SEAF debt” totalling Euro 12.1 million.

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A summarised version of the consolidated cash flow statement below shows the cash flows generated/absorbed by operating, investment and financing activities for 2016 and 2015:

in thousands of Euros	2016	2015	Change
Cash flow generated/(absorbed) by net operating activities	**29,344**	**8,418**	**20,926**
Cash flow generated/(absorbed) by investment activities	**(41,647)**	**(7,139)**	**(34,508)**
Cash flow generated/(absorbed) by financing activities	**(18,271)**	**42,384**	**(60,655)**
Final cash change	**(30,574)**	**43,663**	**(74,237)**
Cash and cash equivalents at beginning of period	**50,684**	**7,021**	**43,663**
Final cash change	**(30,574)**	**43,663**	**(74,237)**
Cash and cash equivalents at end of period	**20,110**	**50,684**	**(30,574)**

Cash flow generated by operating activities totalled Euro 29.3 million, which was a sharp increase compared with 2015 (Euro 8.4 million) due to cash flow from core income-generating operations of Euro 28 million compared with Euro 21.2 million in 2015. This was in addition to the change in net working capital, which had a different impact, with opposite signs, in the two years: in 2016, the change produced cash of Euro 1.3 million, and in 2015 it absorbed cash of Euro 12.8 million.

Cash flow absorbed by investing activities totalled Euro 41.6 million, resulting from:

- Euro 10.7 million for investments, mainly in infrastructure;
- Euro 7 million for the payment of the equity financial instrument in Marconi Express;
- Euro 24.2 million in temporary cash investments;

net of the collection of Euro 0.3 million from the sale of the investment in Marconi Handling S.r.l.

Lastly, **cash flow absorbed by financing activities** was Euro 18.3 million as a result of:

- Euro 12.1 million for the repayment of portions of loans and other bank debt;
- Euro 6.1 million for the distribution of dividends by the Parent Company on profit for 2015.

As a result, the **final overall change in cash** for the period was a negative figure of Euro 30.6 million, which largely corresponded to net investments in financial assets including time deposits, bonds and other financial instruments totalling Euro 31.2 million.

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3.3 ANALYSIS OF THE CAPITAL STRUCTURE

Below is the Group's capital structure classified based on "sources" and "uses" for the two-year period 2015-2016:

USES	2016	2015	Change	% Change
- Trade receivables	13,454	13,777	(323)	-2.3%
- Tax receivables	134	476	(342)	-71.8%
- Other receivables	3,265	7,354	(4,089)	-55.6%
- Inventories	519	467	52	11.1%
Subtotal	**17,372**	**22,074**	**(4,702)**	**-21.3%**
- Trade payables	(15,669)	(13,746)	(1,923)	14.0%
- Tax payables	(2,420)	(1,250)	(1,170)	93.6%
- Other payables	(20,382)	(18,312)	(2,070)	11.3%
Subtotal	**(38,471)**	**(33,308)**	**(5,163)**	**15.5%**
Net working capital	**(21,099)**	**(11,234)**	**(9,865)**	**87.8%**
Fixed assets	173,541	170,536	3,005	1.8%
- Deferred tax assets	7,427	7,474	(47)	-0.6%
- Other non-current assets	19,521	1,896	17,625	929.6%
Total fixed assets	**200,489**	**179,906**	**20,583**	**11.4%**
- Provisions for risks, charges and severance	(19,325)	(19,915)	590	-3.0%
- Deferred tax provision	(2,216)	(2,145)	(71)	3.3%
- Other non-current liabilities	(194)	(219)	25	-11.4%
Subtotal	**(21,735)**	**(22,279)**	**544**	**-2.4%**
Fixed working capital	**178,754**	**157,627**	**21,127**	**13.4%**
Total uses	**157,655**	**146,393**	**11,262**	**7.7%**

SOURCES	2016	2015	Change	% Change
Net financial position	**8,459**	**14,634**	**(6,175)**	**-42.2%**
- Share capital	90,314	90,250	64	0.1%
- Reserves	63,882	63,306	576	0.9%
- Profit (loss) for the period	11,311	6,957	4,354	62.6%
Group shareholders’ equity	**165,507**	**160,513**	**4,994**	**3.1%**
- Minority interests	607	514	93	18.1%
Total shareholders’ equity	**166,114**	**161,027**	**5,087**	**3.2%**
Total sources	**(157,655)**	**(146,393)**	**(11,262)**	**7.7%**

The Group’s capital structure reflected a significant increase in **net working capital** as at 31 December 2016 compared to the end of 2015 due to the decrease in receivables combined with the larger increase in payables.

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The decrease in receivables (-Euro 4.7 million) primarily resulted from the collection of the receivable from ENAC totalling Euro 3.6 million due to the early occupancy of government property pursuant to art. 17 of Law 135/97, but also from the careful management of trade receivables making it possible to limit financial exposure to customers despite revenue growth. On the other hand, the increase in payables (Euro 5.2 million) was mainly due to growth in trade payables, tax payables and State payables for the concession fee and VVF contribution (for additional information see the section below on Disputes).

Fixed working capital rose by Euro 21.1 million due to the increase in fixed assets as a result of both progress on the investment plan and the investment of liquidity in financial instruments with maturities over 12 months.

As at 31 December 2016, **consolidated shareholders' equity** therefore totalled Euro 166.1 million compared with Euro 161 million as at 31 December 2015. The change takes into account the distribution of dividends totalling Euro 6.1 million approved by the Parent Company's shareholders' meeting on 27 April 2016, as well as the result for the period. The **Group's shareholders' equity** totalled Euro 165.5 million, compared with Euro 160.5 million in 2015, with a positive **net financial position** of Euro 8.5 million.

3.4 MAIN INDICES

The following table shows the major consolidated financial ratios for the two-year period in question.

MAIN INDICES		2016	2015	AVERAGE
ROE	Net Profit/ Average Shareholders' Equity	7.0%	5.0%	6.0%
ROI	Adjusted operating result / Average Net Invested Capital	11.6%	9.7%	10.7%
ROS	Adjusted operating result / Adjusted revenues	21.0%	18.4%	19.7%
Return on capital employed	Adjusted operating result / Net invested capital	11.2%	9.6%	10.4%
Financial ROD	Financial expenses from borrowings/ Payables to banks	3.1%	2.0%	2.5%
Debt burden index	Financial expenses from borrowings/ Adjusted Gross Operating Profit (EBITDA)	3.3%	3.6%	3.4%
Availability quotient	Current assets Current liabilities	1.18	1.64	1.41
Index of extended structure margin	(Shareholders' Equity + non-current liabilities)/ Fixed assets	1.05	1.18	1.11
Financial independence	Shareholders' Equity/ Total assets	0.64	0.62	0.63

Days sales outstanding and days payable outstanding are shown in the following table:

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DSO DPO	2016	2015	Change
Average customer collection terms	46	47	(1)
Average suppliers’ payment terms	87	92	(5)

Careful management of the Group's trade receivables allows us to note the particularly low, and declining, average of collection days despite the increase in turnover. The average payment period of the Group's suppliers also decreased.

3.5 INVESTMENTS

Investments as at 31 December 2016 totalled Euro 10.7 million, of which Euro 5.6 million related to the implementation of the Master Plan and thus mainly to infrastructure, and the remainder to investments intended for airport operations.
The main measures were addressed to improving areas for passengers in order to optimise operating procedures.

In 2016, the following were completed:

- upgrade of the AeroClub apron and a section of the taxiway;
- work to expand the non-Schengen arrivals terminal and the completion of new lit information signs;
- completion of new gates for the electronic checking of passports for EU passengers;
- installation of new automated drop-offs in the check-in area;
- completion of 249 new parking spaces in an area adjacent to the airport, partly to offset the loss of spaces in several construction sites;
- completion of the pedestrian and cycle path that connects the terminal and public pathway to access the airport.

The main actions undertaken in 2016 but still in progress as at 31 December 2016 included:

- Terminal expansion: contract award bidding concluded for the final working design to be initiated in 2017;
- Area expansion: the preliminary design was completed for the construction of a training centre to comply with the new European Regulation 139/2014. The upgrading of certain areas to be used as a company canteen was also begun;
- People Mover: Work is continuing on Marconi Express’s construction of the “Aeroporto” station of the People Mover, for which the Parent Company’s contribution is projected to be Euro 2.7 million to be paid on the basis of work progress. At August 2016, Euro 0.89 million (plus VAT) had been contributed for work progress amounting to 33% of the airport work site;
- Environmental equilibrium projects: in 2016, the final design was initiated and completed for the creation of the “wooded area” to the north of the airport. In 2016, the municipality of Bologna approved the working plans for the completion of a cycle path that will connect the airport with Via Emilia.

In addition to Masterplan investments, work was completed for airport operations to improve the service offered to passengers and the efficiency of business processes. In particular, during 2016, we highlight the following achievements:

- the completion of the ninth security check-point to address traffic increases;
- the installation of new digital advertising systems;

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- the completion of several processes to improve ambience and passenger flow;
- new systems for installing new digital advertising systems;
- Customer Relationship Management (CRM) and Passenger Terminal Simulation systems for obtaining information aimed at better understanding the end user in addition to replacing the Intranet platform.

Provisions for renewal

As at 31 December 2016, the total amount of renovation and cyclical maintenance work completed for airport infrastructure and systems was Euro 2.5 million, of which Euro 1 million was for landside work, Euro 0.6 million for airside work and Euro 0.9 million for system-related work.

Specifically, we note:

- work to restore the pavement surface of a portion of the runway and taxiway, and the resurfacing of a portion of the lateral areas, intersections and a portion of the perimeter road;
- roof, plastering and paving work, and work to upgrade the hangars and operating offices of government agencies and commercial enterprises;
- miscellaneous system-related work (new conveyor belts for delivering arriving baggage, replacement of power generation groups, fire-fighting systems, automatic doors, elevators and monitors).

3.6 PERSONNEL

Workforce composition

	for the year ended 31.12.2016	for the year ended 31.12.2015	Change abs.	Change %
Average Full Time Equivalent	**435**	**422**	**13**	**3%**
Executive Managers	10	10	0	0%
Middle Managers	31	28	3	11%
White-collar workers	301	295	6	2%
Blue-collar workers	93	89	4	5%

	for the year ended 31.12.2016	for the year ended 31.12.2015	Change abs.	Change %
Average Workforce	**472**	**454**	**18**	**4%**
Executive Managers	10	10	0	0%
Middle Managers	31	28	3	11%
White-collar workers	335	324	11	3%
Blue-collar workers	96	92	4	4%

Source: Data from the Company

The increase of 13 full-time equivalents in the workforce compared with 2015 was primarily due to:

- ✓ the insourcing of certain services such as the passenger information service, PRM assistance, trolley collection, rush baggage handling, manual luggage coding in BHS area and vehicle washing, which was completed in the first half of 2015, and thus, was fully operational in 2016;

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- ✓ the hiring of employees for activities that are particularly sensitive to increases in traffic, such as security and PRM services;
- ✓ the expansion of certain company areas.

Costs

in thousands of Euros	for the year ended 31.12.2016	for the year ended 31.12.2015	Abs. change	Change %
Personnel Costs	25,537	24,199	1,338	5.5%

Source: Data from the Company

The 5.5% increase in personnel costs was mainly due to the 3% increase in workforce described above. Also contributing to the increased cost was the application of the penultimate tranche of the new National Collective Agreement (starting in July 2015), with an impact on the first half, and the last tranche (starting in July 2016) with an impact on the second half.

MANAGEMENT

The renewal of the National Collective Labour Agreement for air transportation was applied for handlers, which involves employees of the subsidiary FFM.

LABOUR RELATIONS

During the first six months of the year no new union agreements were signed, but several closed meetings were held with minutes signed by both parties, and in November and December two significant union agreements were signed on the management of snow-related emergencies and seasonality.
In 2016, the management company participated in crisis talks of the Metropolitan City encouraging discussion and the solution of several employment problems arising at several units operating at the airport.

PERSONNEL TRAINING IN 2016

For 2016, AdB developed an annual training plan that mainly included:

- Specific regulatory training courses in different areas, especially with regard to compulsory training that involved the Prevention, Protection and Security Service.
- Training courses concerning government contract regulations.
- In addition to "Train the trainer" training provided in the first quarter with regard to the PRM course, in accordance with EU Regulation 139/2014, PRM training (how to approach and treat reduced mobility passengers) was extended to the entire airport community.
- In-house cybersecurity courses were open to all employees to make them aware of the risks involved in using the Internet.

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4 ANALYSIS OF THE MAIN NON-ECONOMIC RESULTS

4.1 THE ENVIRONMENT

In the last quarter of 2016, the design was finalised for the wooded area to be completed to the north of the Airport, and for the cycle path along Via Triumvirato. Both projects are specified in the Regional Agreement for the Decarbonisation of the Airport signed in 2015 with the regional authorities, which will require the Company to make investments totalling Euro 6.5 million. These investments will be made over a period of time consistent with the timing for the completion of the capex contained in the Airport Master Plan, i.e. by 2023.
The two projects were formally submitted to the regional authorities on the occasion of the meeting of the board, headed by the Metropolitan City, that monitors progress in implementing measures specified in the Agreement.
With regard to airport noise, at the Company's request the Airport Committee established pursuant to the Ministerial Decree of 31 October 1997 met on 15 December 2016 to discuss ENAC's issuance of a specific order aimed at prohibiting landings near the city at night. This measure is designed to limit the discomfort experienced by people living in the immediate vicinity of the Airport. The order entered into force on 10 January 2017.

4.1.1 THE DEVELOPMENT OF AIRPORT INFRASTRUCTURE

On 9 February 2016, the approval process of the Master Plan was concluded with the final Directorial Provision for stipulating the process issued by ENAC. The process to revise this Master Plan began later in order to bring it in line with new requirements due to the fast development of air traffic at the Airport. The revision of the Master Plan primarily consists of a new philosophy for the development of the Airport and current landside in addition to an expansion of the time horizon to 2030. The current airport will expand on the airside (boarding area) and landside (new facade, new arrivals area and new access roads). In July 2016, ENAC expressed its positive opinion on this revision, and in 2017, the Company will proceed with the other required approval phases.
Also at the beginning of 2016, the preliminary design was completed for the most important measure specified in the revised Master Plan, i.e. the first phase of the expansion of the current airport. The project calls for an expansion of over 24,000 square metres of the current boarding area, with a new passenger finger bridge and new central area available to all passengers with new commercial establishments. The preliminary design was approved by ENAC in July 2016, and competitive bidding was completed for engineering services for the final working design.

4.2 AIRPORT SECURITY

Safety Management System (SMS)

In 2016, the Safety Management System, the purpose of which is to prevent aircraft accidents, initiated the process of adapting the organisation to the principles of Regulation (EU) No 139/2014, pursuant to which Bologna Airport will convert its certificate in the coming months. In addition, the risk assessment system has been further developed and implemented, and working with the reporting system, it is now able to

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provide a more accurate analysis of the events in order to focus mitigating actions on the most critical areas with the aim of being more reactive, preventative and proactive.
Lastly, in 2016 there was also a focus on the growing involvement of operators engaged in airside activities through the arrangement of new meetings and discussions (safety meetings) and the creation of educational videos on the most critical issues.

Security

In 2016, as a continuation of the Smart Security project (launched in 2014 in accordance with IATA guidelines and developed in 2015), the Parent Company moved forward with measures aimed at improving the passenger experience by reducing queuing times, providing for more effective communications and a better approach to passengers during screenings. In the area of infrastructure, the ninth security check-point was completed with the aim of addressing the increase in traffic and reducing waiting times for passengers.

4.3 QUALITY

The quality of service, meaning both in terms of the regularity of services, and their reception, communication and reporting, is one of the Parent Company’s strategic objectives. The quality of the service incorporates a strong focus on passenger needs with an open mind for new industry trends in order to offer passenger airport infrastructure and services that make the passenger travel experience more positive and satisfactory.

In 2016, the Parent Company moved forward with several projects aimed precisely at improving the passenger experience. To be specific, the new customer relationship management (CRM) system became operational, making it possible to improve the efficiency of and enhance the process of passenger feedback and involvement to support customer profiling and promotion, and to communicate better with customers on operating information, sales promotions, suggestions and complaints.

Airport information was also enhanced with the installation of additional signage within the terminal, the updating of information portals available to the public and new ground-based signs, especially at the main entrance. In addition, in 2016 the “airport helpers” project was launched to provide more detailed information to passengers in the terminal. This initiative was carried out in collaboration with local schools and made it possible to provide training to students in secondary schools.

User satisfaction

In 2016, the Customer Satisfaction Index, which measures the overall satisfaction of passengers, grew significantly to reach 98.4%, a significant increase over 2015 (97.9%) and thus continuing the strong performance of recent years.

In terms of operating performance, the Airport has been affected by the sharp increase in passenger traffic, resulting in longer wait times. Going against this trend was a slight improvement in baggage delivery wait times as a result of a productive collaboration with service providers, periodic monitoring of arriving flights and an investment in a new baggage handling system in the Schengen area.

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Passengers continue to express high levels of satisfaction with the Airport's comfort level and cleanliness, which are some of the most important factors for passengers. Specifically, satisfaction with the Airport's cleanliness resulted in positive performance for the year despite the high pressure during the summer quarter as a result of higher traffic volume. In addition, systems allowing for real-time monitoring of passenger satisfaction using tablets became operational: these systems automatically send a message to the cleaning supplier if there is continual negative feedback.

Main Quality Indicators		**2016**	**2015**
Customer Satisfaction Index	% satisfied passengers	98.4%	97.9%
Regularity and speed of service	% satisfied passengers	97.7%	98.2%
Perception of general cleanliness	% satisfied passengers	98.6%	97.5%
Perception of toilet cleanliness and functionality	% satisfied passengers	95%	95.4%
Waiting times for disembarkation of first passenger	Waiting times from aircraft block-on in 90% of cases	4'37''	4'26''
Waiting time at check-in	Time in 90% of cases	16'52''	14'27''
Waiting time at baggage x-ray	Time in 90% of cases	7'32''	6'23''
Delivery time for the first/last bag from aircraft block-on	First bag (time in 90% of cases)	23'	23'
	Last bag (time in 90% of cases)	30'	31'

Source: Data from the Company

In 2016, monitors were updated with real-time information on waiting times at security check-points, and with regard to passport control, significant investments were made to improve wait times and to make passengers more comfortable. Specifically, the queueing area for non-Schengen arrivals was expanded by the addition of a physical check point, and three gates were installed for electronic passports.

In terms of the Airport Service Quality programme of ACI World, which represents the most significant global airport benchmark in the area of service quality, Bologna Airport improved its absolute performance and compliance with an Italian benchmark. The summary indicator for overall satisfaction (measured on a scale of 1 to 5) reached a level of 3.71 in 2016 (3.69 in 2015) with strong results for comfort, public information and staff.

5 LEGISLATIVE FRAMEWORK

5.1 THE PLANNING AGREEMENT

On 19 February 2016, the Planning Agreement was signed with ENAC for the four-year period 2016-2019. The new Planning Agreement, under current legislation, governs various aspects of the relationship between ENAC and AdB; covers the plan for infrastructure measures and compliance with the goals of the quality and environmental plan; and calls for the monitoring and control of their results by the National Agency for Civil Aviation.

The Agreement specifies that the Parent Company will make total investments over the four-year period of approximately Euro 112.4 million, of which Euro 84 million is related to the Masterplan and Euro 28.4 million is for investments in support of commercial areas, operational processes and improving the passenger experience.

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5.2 TARIFF REGULATION 2016-2019

In accordance with the existing legislative framework and the tariff models developed by the ART, during 2015 the Company carried out and successfully completed the tariff regulation process for the 2016-2019 period, which took place in close coordination with and under the supervision of the ART.
The successful conclusion of this process resulted in the new tariffs entering into force on 1 January 2016.
In October 2016, in accordance with the provisions of the ART's models, carriers were consulted and tariff levels for 2017 were adjusted.

5.3 REGULATION (EU) NO 139/2014: NEW CERTIFICATION OF ITALIAN AIRPORTS

Pursuant to Regulation (EU) No 139/2014 of 12 February 2014, which entered into force on 6 March 2014, the European Commission adopted regulations to implement Regulation (EC) No 216/2008. The goal of this new regulation, aimed mainly at European civil aviation authorities (responsible for certifying EU airports), and airports and entities that provide apron management services (AMS) is to establish and maintain a high, uniform level of civil aviation safety in Europe by raising operational safety standards in EU airports.
In addition, Regulation (EU) No 139/2014 represents the new regulatory reference for airport certification, and Article 11 sets a final deadline of 31 December 2017 for complying with its requirements, or for converting current airport certificates in accordance with principles specified in the same regulation and in the detailed regulation issued by the European Aviation Safety Agency (EASA). Specifically, airport operators are assigned responsibility for airport operation and for new and more important duties concerning the coordination and control of public and private entities, while maintaining operational safety levels that meet new certification requirements. In addition, operators must draw up agreements, pursuant to VIII of the regulation concerned, with certified national authorities, which supervise air transport control (ENAV) and activities to fight and prevent fires at airports (Ministry of the Interior - Department of Firefighters and peripheral sub-divisions with local authority). Entering into these agreements, which focus on aspects of adequate operating interaction between the authority or entity appointed for this activity and the airport, relieves the airport management company of direct responsibility for the performance of the above activities.
The Company is implementing the measures necessary to successfully conclude the process of converting the airport certification in accordance with the procedures and deadline set by the new regulation.

5.4 REGULATIONS ON CONTRIBUTIONS AND SUBSIDIES PAID BY AIRPORTS TO CARRIERS

Italian legislation

Decree-Law 145/2013, known as "Destination Italy", introduced provisions governing the procedures for the disbursement by airport operators of contributions, support or any other form of remuneration for air carriers as goodwill for the functioning and development of routes designed to meet and promote demand in respective catchment areas. Specifically, Article 13, paragraphs 14 and 15 of the above Decree, as amended and converted into law by Law No 9 of 21 February 2014, require the Ministry of Infrastructure and Transport (MIT) to issue specific implementation guidelines after consulting with ART and ENAC.
Thus, on 11 August 2016, the MIT, by ministerial decree, adopted the "Guidelines concerning incentives for setting up and developing routes by carriers..." thereby repealing the previous guidelines of 2 October 2014 and replacing previous rules with new regulations governing the entire matter applicable only to government incentives, which constitute State aid.
Among other things, the new regulation, with respect to incentive agreements entered into before and after 11 August 2016, exempt management companies from publishing and providing information on these agreements to the appropriate administrative authorities (ART and ENAC), as well as combined operating data regarding the incentives granted.
Although it does not provide incentives that comply with the type, and fall under the scope, of the new MIT guidelines, the Company still deems it appropriate to continue to publish on its institutional website the traffic development policy related to the scheduled incentive plan in order to ensure fair, transparent and

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non-discriminatory access procedures that will guarantee the broadest participation. The traffic development policy is in fact accessible to all interested carriers, and it ensures the potential finalisation of agreements between AdB and carriers meeting the requirements and with an interest in developing traffic according to the different models and targets governed in the policy that comply with EU regulations protecting competition.

5.5 NEW GOVERNMENT CONTRACT CODE

Following the entry into force of Legislative Decree 50 of 18 April 2016, incorporating the new government contract code that was published in the Official Gazette, General Series No 91 of 19 April 2016 - Ordinary Supplement No 10, it was deemed necessary to study readings and interpretations of the new regulation in depth, and as a result, to revise the structure of competitive bidding documents and standard contracts in the interest of, and falling under the responsibility of, the Company in relation to all planned contracting procedures starting on 19 April 2016. This activity was also accompanied by a review of internal regulations concerning procurement in the interest of, and falling under the responsibility of, the Issuer, which takes into account the unique company profile of AdB S.p.A., and thus the considerable objective diversity of the many purchasing requirements of this company. This review was completed in December 2016 with the approval of a new “Contract Award Regulation”, governing general principles and overall levels of internal contract-related organisation. At the beginning of 2017, the “Contract Award Regulation” was initially revised after Ministerial Decree 248 of 10 November 2016 entered into force, and its revised version was published on the Company’s website on 3 February 2017.

5.6 FIRE-PREVENTION FUND

Following the entry into force, on 1 January 2016, of the new provisions of Article 1, paragraph 478 of the 2016 Stability Law, the Legislator amended Decree-Law 159 of 1 October 2007, converted with amendments by Law 222 of 29 November 2007, introducing the qualification of “fees”, with reference to the contributions intended for the “Fire Prevention Fund”, amply explained in the context of the chapter devoted to litigation, and also providing that the provisions on the matter are interpreted in the sense that they do not give rise to tax obligations (Article 1, paragraph 478 of the 2016 Stability Law). However, this latter provision is currently subject to a legitimacy opinion pending before the Constitutional Court following the postponement ordered by the joint chambers of the Court of Cassation in a substantiated order dated 28 December 2016.

5.7 MUNICIPAL SURCHARGE ON PASSENGER BOARDING FEES TO BE ALLOCATED TO INPS

By means of Interministerial Decree 357 of 29 October 2015 of the Ministry of Infrastructure and Transport, in conjunction with the Ministry of the Economy and Finance, the new additional amount was set for the increase of the municipal surcharge on passenger boarding fees (as referred to in Article 2, paragraph 11 of Law 350 of 24 December 2003). The surcharge will be used to fund the cost resulting from applying the provisions of Article 13, paragraph 21 of Decree-Law 145/2013, converted with amendments by Law 9 of 21 February 2014. Specifically, Interministerial Decree 357 of 29 October 2015 of the Ministry of Infrastructure and Transport, in effect from 1 January 2016, specified that the new additional amount of the municipal surcharge increase on passenger boarding fees (to be allocated to INPS), as referred to in Article 2, paragraph 11 of Law 350 of 24 December 2003, as amended, is Euro 2.50 for 2016, Euro 2.42 for 2017 and Euro 2.34 for 2018.

Thus, the Company acknowledges the suspension of the application of the additional increase in the municipal surcharge on boarding fees set pursuant to Article 13, paragraph 23 of Decree-Law 145/2013 of 23 December for the period from 1 September to 31 December 2016 pursuant to the provisions of Article

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13-*ter* of Decree-Law 113 of 24 June 2016, which was introduced and converted into law by Law 160 of 7 August 2016.
In order to support future growth in the airline sector and reduce costs incurred by passengers, Law 232 of 11 December 2016 ("State budget for financial year 2017 and long-term budget for the three-year period 2017-2019"), under Article 1, paragraph 378, called for the repeal, effective 1 January 2017, of the above increase in the municipal surcharge on boarding fees as indicated in the above-mentioned Article 13, paragraph 23 of Decree-Law 145/2013 of 23 December.
Therefore, for boardings as of January 2017, airport management companies are required to pay INPS the amounts collected as an increase to the passenger surcharge equal to Euro 3 per passenger for the provisions of Article 6-*quater*, paragraph 2 of Decree-Law 7/2005 converted into Law 43 of 2005, and equal to Euro 2 for the provisions of Article 4, paragraph 75 of Law 92/2012.

5.8 TRANSPARENT ADMINISTRATION

From 2012-2016, in regard to the provisions of Law 190/2912 and the information requirements prescribed by Legislative Decree 33/2013, the Parent Company has provided for the performance, in line with industry's best practices, of the limited requirements for public companies with characteristics similar to its own. In this regard, a special section was therefore created and periodically updated ("Transparent Administration") on the website, where information has been posted in compliance with the interpretation guidelines periodically provided by the trade association, Assaeroporti, also on the basis of appropriate legal advice taken by the association representing Italian airports. In addition, by means of the Board resolution of 22 December 2015, the Parent Company, though not strictly required by law, has decided to reconfirm the Director of Legal and Corporate Affairs as "Head of Transparency and Anti-Corruption", unifying the contact for all the "Transparency and Anti-Corruption" issues. On the theme of "corruption risk", the Parent Company decided to implement some principles of Law 190/2012 as part of their internal control systems. In particular, it developed a corruption prevention plan, integrated into the Organisational and Management Model, to safeguard the Company's image of impartiality and good performance, the corporate assets and shareholders' expectations, and the work of its employees and stakeholders in general.
The legislation in question, however, was subject to a re-reading and re-evaluation, following the listing of the Company on the stock market managed by Borsa Italiana S.p.A., given the substantial privatisation of AdB and its new status as a "listed company". This was especially relevant following the entry into force of Legislative Decree 97/2016 incorporating a "revision and simplification of provisions concerning corruption prevention, advertising and transparency to amend Law 190 of 6 November 2012 and Legislative Decree 33 of 14 March 2013..." The new regulation redefined the entities to which the above-mentioned Legislative Decree 33/2013 applies, namely government-controlled companies and specifically excluding listed companies (Article 2-*bis*, paragraph 2 of Legislative Decree 33/2013 introduced by Legislative Decree 97/2016), and thus serves as a clarification, as also provided for by Circular 1/2014 of the Ministry of the Public Administration and the Simplification of 14 February 2014. Moreover, in the context of devoting extreme care to the issues concerned, the Company again decided to request an updated interpretation from expert consultants at the trade association, who recently confirmed this interpretation of the above regulatory provision, and as a result, the absence of any obligations pursuant to Law 190/2012 and Legislative Decree 33/2013 for listed companies regardless of whether the investment is a majority or minority interest.
In 2017, the Issuer will submit all due diligence carried out until 31 December 2016 on the subject for proper revision and updating to bring it into line with the best practices of entities issuing shares in regulated markets.

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5.9 THE ADMINISTRATIVE ACCOUNTABILITY OF LEGAL PERSONS

As of 2008, the Parent Company voluntarily adopted the Organisational, Management and Control Model (hereinafter, the "Model"), set forth under Legislative Decree 231 of 8 June 2001, recently updated by the Board resolution of 22 December 2015 through which the Body's composition was also renewed.
The Model integrates the corruption prevention plan (pursuant to Law 190/2012), which takes into account both active and passive corruption.
Furthermore, in keeping with current domestic and international best practices, in 2016 the Company deemed it appropriate to adopt a Whistleblowing Policy with rules and regulations, including of an organisational nature, aimed at exempting an employee who reports illegal activity from detrimental disciplinary consequences and protecting them from the application of "direct or indirect discriminatory measures affecting work conditions for reasons related directly or indirectly to the report". However, the above protection is limited in "cases of liability for slander or defamation or for the same offences pursuant to Article 2043 of the Italian Civil Code". The whistleblowing tool was conceived as a means to prevent and correct any malfunction and deterioration in the internal control system or management of companies/agencies that could result in risks for workers or for the company/agency or the perpetration of crimes, and it facilitates the implementation of appropriate investigation, remediation and mitigation measures. As a part of the initiative, a technological aspect was also developed along these lines concerning the application system for handling reports through the development and implementation of a platform that generally allows all internal and external stakeholders (employees, shareholders, partners, etc.) to send reports to pre-determined recipients to ensure that communications are effective and confidential.
The Whistleblowing Policy was approved by the administrative body in July 2016 and the technological platform became operational as of 1 November 2016.
For Model details, see the Report on Corporate Governance and Ownership Structure.

6 DISPUTES

This paragraph cites the main – basically in economic terms – litigation procedures and/or those which, during the year, have had the most significant judicial and/or extrajudicial developments, without claiming to be exhaustive with respect to all positions for which specific sums have been allocated for litigation risks.

Regarding the subject of the contribution to the Fund established by the 2007 Budget, in order to reduce the cost borne by the State for the organisation and performance of the **fire-fighting service** at Italian airports, in 2012 the Parent Company initiated specific legal proceedings before the Civil Court of Rome (for which a hearing to clarify conclusions is expected to be held in the coming months), essentially asking the judge to ascertain and declare the termination of the contribution obligation following a change of the purpose of that Fund, i.e. from 1 January 2009. In fact, starting on that date, the resources related to the Fund concerned were allocated to provide for general public rescue and civil defence needs, as well as the funding of the National Collective Bargaining Agreement (CCNL) renewals of the fire department (VVF). The case is still pending and within the scope of the same, following the legislative amendment introduced by the 2016 Stability Law on this matter, an application was filed to question the constitutionality of Article 1, paragraph 478 of Law 208 of 28 December 2015, in relation to Article 39-*bis*, paragraph 1 of Decree-Law 159 of 1 October 2007, for the breach of Articles 3, 23, 24, 25, 41, 53, 111 and 117, paragraph 1 of the Constitution as well as the violation of Article 6 of the ECHR. A case is currently pending before the Constitutional Court following the postponement ordered by the joint chambers of the Court of Cassation in an order of 28 December 2016, which determined, with detailed substantiation, that the lack of legal grounds for the constitutionality issue proposed was not evident.

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Although the above civil case initiated by the Company is still pending, on 16 January 2015 the Administrations issued an injunction related to the alleged contribution fees to the Fire Prevention Fund for the years 2007, 2008, 2009 and 2010. The injunction in question is suffering from obvious material errors (for example, the request for contributions already paid for the years 2007 and 2008) and formal errors, and legal opposition was promptly proposed before the Court of Bologna, requesting the annulment of the same measure or, alternatively, to declare continence and to order the resumption of the proceedings before the Court of Rome.
In the meantime, by means of judgment No 2474 of 2016 the Court of Bologna upheld the appeal of the management company of the Airport of Parma concerning a similar injunction issued to it by the Ministry. With this ruling, which will shortly become final, the Court of Bologna notably also ruled that all documents quantifying the paying parties and amounts contributed to the Fund concerned for the period 2007-2010 are flawed.
As a result, in this regard, a positive outcome of the appeal proceeding initiated by the Company is likely, with a request for the cancellation of the injunction issued on 16 January 2015.

The Company has been involved in several disputes originating from Law 248 of 2 December 2005, the "**System requirements**", which prohibited airport operators from applying surcharges that are not directly related to the costs actually incurred to ground-handling service providers to carriers, such as fuellers. In 2010, WindJet summoned ENI, and subsequently summoned the airport operators, before the Court of Rome over the illegality of the amounts applied by the operators to fuellers and charged back to these airlines. After a long investigation, in July 2015, the Court declared its own lack of jurisdiction in favour of the administrative courts. WindJet appealed against that judgment at the beginning of 2016. Also in 2010, Blue Panorama summoned AIR BP with a joinder of the operators for the same *causa petendi*. This procedure was also concluded in July 2015 with the Ordinary Court, which declared its own lack of jurisdiction in favour of the administrative courts. Finally, in 2013, the extraordinary administration of Alitalia Italian Air Lines also proposed legal action of a similar content against AIR BP and the airport operators. The process is currently in the preliminary investigation stage. The Company has decided not to set aside any amount, as per the assessment of its own legal counsel, believing there is no real risk for the Company as it stands.

With regard to the increase in the amount of the **municipal surcharge** established by the above-mentioned Ministerial Decree of 29 October 2015, several carriers have contested the measure with the administrative authority in that it does not specify that any change in amounts to be paid in tickets sold to passengers is not valid until 60 days after the Decree has entered into force. This was based on the clear violation of the provisions of Article 3, paragraph 2 of Law 212/2000.
By means of the judgment of 30 June 2016, the Regional Administrative Court of Lazio upheld the appeal filed by air carriers. In March 2017, an appeal was filed before the Council of State. To date, no official communication has been received from INPS or the Ministry of Infrastructure.

7 MAIN RISKS AND UNCERTAINTIES

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

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

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- the return offered,

the Group believes that **financial risks**, defined as risks of a change in value of the financial instruments, are limited.
The Group is not subject to **exchange rate risk** because it does not engage in foreign-currency transactions.
Liquidity risk, taking into account the significant commitments for infrastructure development, may result from difficulties in obtaining financing in a timely and cost-effective manner. In order to deal with the needs resulting from the progress of the investment plan, the Group has implemented all measures in order to equip itself with the medium-term financial means necessary for development; in particular, the recent listing of the Parent Company's stock increased the Group's available cash and shored up its statement of financial position. Lastly, the Group's cash flows, financing requirements and liquidity are constantly monitored in order to guarantee effective and efficient resource management.
As far as **interest rate risk** is concerned, taking into account existing financing, the Group tried to minimise the risk by obtaining fixed-rate and variable-rate loans.
Lastly, as far as **credit risk** is concerned, the persistent global economic crisis has had a strong negative impact on the airline industry with a subsequent increase in credit risk. The Group's **credit risk** presents a moderate degree of concentration in that 49% of receivables are from its ten largest clients. This risk was dealt with by implementing specific procedures and instruments for monitoring and managing accounts receivable as well as through an adequate provision for doubtful receivables, according to the principle of prudence, in continuity with the financial statements of previous periods.
The commercial policies implemented by the Group with the aim of limiting exposure call for the following:

- request for immediate payment of transactions made with end consumers or with occasional counterparties (i.e. parking);
- request for advance payment to occasional carriers or those without an adequate credit profile or without collateral;
- request for surety bonds from sub-licensees.

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

The Group's business is related to a significant extent to its relationship with some of the major carriers operating at the Airport, and to which the Group provides services, including Ryanair in particular. Because Ryanair accounts for a large share of the Airport's total passenger volume, the Group is exposed to the risk of the carrier reducing or terminating operations there. As at 31 December 2016, Ryanair passengers represented 46% of traffic volume reported by the Airport. Moreover, on 27 October 2016, AdB and Ryanair enhanced their partnership by entering into a long-term agreement expiring in 2022 whereby they undertook to increase the number of destinations from and to Bologna Airport and offer a level of service based on high quality standards as a result of investments carried out by the Airport and the carrier's "Always getting better" programme. The agreement provides for a scheme connected to AdB's traffic growth policy and Ryanair's commitment to it and for a mechanism of contractual guarantees in order to ensure the accomplishment of the targets. Although the Company believes Bologna Airport is strategically important for this carrier, it is possible that Ryanair may decide to change the routes it operates, significantly reduce its presence or terminate flights to the Airport, or that the aforementioned agreement may not be renewed, in whole or in part, or may contain less favourable terms for the Group. Any decrease or cessation of flights by the aforesaid carrier or the termination or modification of flights for certain destinations marked by high passenger traffic could have a negative, and potentially significant, impact on the Group's results, assets and liabilities and cash flows. In light of the interest in Bologna Airport shown by low-cost carriers, and the evolution of traffic at the Airport in general, the Company believes that the Group could reasonably cope with any interruption or limitation of flights by Ryanair by virtue of the possible redistribution of passenger traffic among the various airlines present at the Airport, and the Airport's ability to attract new carriers. It cannot, however, be excluded that, if there is a significant time lag

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between when the flights are interrupted and when they are partially or totally replaced by other carriers, or if the rotation proves more difficult than expected or is not in whole or in part feasible, such an interruption or reduction in flights could have a negative, and potentially significant, impact on the Group's results, assets and liabilities and cash flows.

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

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

Risks related to the implementation of the Capex Plan

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

Risks relating to the legislative framework

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

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

The Group's consolidated financial statements contain non-current assets which include, among other things, Concession Rights of Euro 156 million as at 31 December 2016 and Euro 155 million as at 31 December 2015. The overall impact on total assets amounted to 59.83% as at 31 December 2016 and to

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59.27% as at 31 December 2015. The overall impact of the Concession Rights on the Group's shareholders' equity amounted to 93.34% as at 31 December 2016 and to 96.57% as at 31 December 2015. These amounts express the values of the Concession Rights as determined in application of IFRIC Interpretation 12 - Service Concession Arrangements (IFRIC 12) to all freely transferable assets received from ENAC in 2004.
For the purposes of preparing the Group's consolidated financial statements, the Concession rights were subject to an impairment test in accordance with IAS 36.

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

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

Seasonality of revenues

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

8 PERFORMANCE OF THE PARENT COMPANY

Below is the summary table of the financial performance of the Parent Company in the two years; please refer to the comments set out in chapter 3 regarding the prevalence of values of the same on the Group.

8.1 ECONOMIC RESULTS OF THE PARENT COMPANY

in thousands of Euros	for the year ended 31.12.2016	for the year ended 31.12.2015	Change abs.	Change %
Revenues from aeronautical services	43,699	39,345	4,354	11.1%
Revenues from non-aeronautical services	34,881	31,974	2,907	9.1%
Revenues from construction services	5,999	3,619	2,380	65.8%
Other operating revenues and income	811	887	(76)	-8.6%
Revenues	**85,390**	**75,825**	**9,565**	**12.6%**
Consumables and goods	(733)	(693)	(40)	5.8%
Services costs	(17,871)	(16,438)	(1,433)	8.7%
Costs for construction services	(5,713)	(3,447)	(2,266)	65.7%
Leases, rentals and other costs	(7,128)	(6,359)	(769)	12.1%
Other operating expenses	(3,069)	(3,068)	(1)	0.0%
Personnel costs	(24,264)	(22,914)	(1,350)	5.9%
Costs	**(58,778)**	**(52,919)**	**(5,859)**	**11.1%**
Gross operating profit (EBITDA)	**26,612**	**22,906**	**3,706**	**16.2%**
Amortisation of concession rights	(5,153)	(4,979)	(174)	3.5%
Amortisation of other intangible assets	(753)	(602)	(151)	25.1%
Depreciation of tangible assets	(1,752)	(1,483)	(269)	18.1%
Depreciation and amortisation	**(7,658)**	**(7,064)**	**(594)**	**8.4%**

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in thousands of Euros	**for the year ended 31.12.2016**	**for the year ended 31.12.2015**	**Change abs.**	**Change %**
Provisions for doubtful accounts	(58)	(116)	58	-50.0%
Provisions for renewal of airport infrastructure	(2,903)	(2,127)	(776)	36.5%
Provisions for other risks and charges	(3)	(159)	156	-98.1%
Provisions for risks and charges	**(2,964)**	**(2,402)**	**(562)**	**23.4%**
Total costs	**(69,400)**	**(62,385)**	**(7,015)**	**11.2%**
Operating result	**15,990**	**13,440**	**2,550**	**19.0%**
Financial income	350	275	75	27.3%
Financial expenses	(1,180)	(1,211)	31	-2.6%
Non-recurring income and expenses	0	(2,562)	2,562	-100.0%
Result before taxes	**15,160**	**9,942**	**5,218**	**52.5%**
Taxes for the period	**(4,617)**	**(3,393)**	**(1,224)**	**36.1%**
Profit (loss) for the period	**10,543**	**6,548**	**3,995**	**61.0%**

Over the two-year period the trend in **adjusted gross operating profit** of the margin of construction services and non-recurring components was as follows:

in thousands of Euros	**for the year ended 31.12.2016**	**for the year ended 31.12.2015**	**Change abs.**	**Change %**
Revenues from aeronautical services	43,699	39,345	4,354	11.1%
Revenues from non-aeronautical services	34,881	31,974	2,907	9.1%
Other operating revenues and income	811	887	(76)	-8.6%
Adjusted revenues	**79,391**	**72,206**	**7,185**	**10.0%**
Consumables and goods	(733)	(693)	(40)	5.8%
Services costs	(17,152)	(16,438)	(714)	4.3%
Leases, rentals and other costs	(7,128)	(6,359)	(769)	12.1%
Other operating expenses	(3,069)	(3,068)	(1)	0.0%
Personnel costs	(24,264)	(22,914)	(1,350)	5.9%
Adjusted costs	**(52,346)**	**(49,472)**	**(2,874)**	**5.8%**
Adjusted gross operating profit (adjusted EBITDA)	**27,045**	**22,734**	**4,311**	**19.0%**
Revenues from construction services	5,999	3,619	2,380	65.8%
Costs for construction services	(5,713)	(3,447)	(2,266)	65.7%
Margin for construction services	**286**	**172**	**114**	**66.3%**
One-off system expenses	(719)	0	(719)	n.s.
Gross operating profit (EBITDA)	**26,612**	**22,906**	**3,706**	**16.2%**

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8.2 THE CASH FLOWS OF THE PARENT COMPANY

	in thousands of Euros	as at 31.12.2016	as at 31.12.2015	Change
A	Cash	22	22	0
B	Other cash equivalents	17,028	47,321	(30,293)
C	Securities held for trading	0	2,838	(2,838)
D	**Liquidity (A+B+C)**	**17,050**	**50,181**	**(33,131)**
E	**Current financial receivables**	**21,079**	**5,944**	**15,135**
F	Current bank debt	(68)	(1,109)	1,041
G	Current portion of non-current debt	(5,295)	(8,568)	3,273
H	Other current financial debt	(2,969)	(1,980)	(989)
I	**Current financial debt (F+G+H)**	**(8,332)**	**(11,657)**	**3,325**
J	**Net current financial position (I-E-D)**	**29,797**	**44,468**	**(14,671)**
K	Non-current bank debt	(20,626)	(27,950)	7,324
L	Bonds issued	0	0	0
M	Other non-current liabilities	0	0	0
N	**Non-current financial debt (K+L+M)**	**(20,626)**	**(27,950)**	**7,324**
O	**Net financial position (J+N)**	**9,171**	**16,518**	**(7,347)**

8.3 THE PARENT COMPANY'S BALANCE SHEET

USES	2016	2015	Change	% Change
- Trade receivables	12,779	13,316	(537)	-4.0%
- Tax receivables	3	362	(359)	-99.2%
- Other receivables	3,421	7,297	(3,876)	-53.1%
- Inventories	476	427	49	11.5%
Subtotal	**16,679**	**21,402**	**(4,723)**	**-22.1%**
- Trade payables	(15,057)	(13,372)	(1,685)	12.6%
- Tax payables	(2,340)	(1,179)	(1,161)	98.5%
- Other payables	(20,114)	(17,976)	(2,138)	11.9%
Subtotal	**(37,511)**	**(32,527)**	**(4,984)**	**15.3%**
Net working capital	**(20,832)**	**(11,125)**	**(9,707)**	**87.3%**
Fixed assets	167,850	164,668	3,182	1.9%
- Deferred tax assets	7,038	7,071	(33)	-0.5%
- Other non-current assets	20,082	2,467	17,615	714.1%
Total fixed assets	**194,970**	**174,206**	**20,764**	**11.9%**
- Provisions for risks, charges and severance	(18,893)	(19,394)	501	-2.6%
- Deferred tax provision	(1,914)	(1,914)	0	0.0%
- Other non-current liabilities	(217)	(243)	26	-10.7%
Subtotal	**(21,024)**	**(21,551)**	**527**	**-2.4%**
Fixed working capital	**173,946**	**152,655**	**21,291**	**13.9%**
Total uses	**153,114**	**141,530**	**11,584**	**8.2%**

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SOURCES	2016	2015	Change	% Change
Net financial position	**9,171**	**16,518**	**(7,347)**	**-44.5%**
- Share capital	90,314	90,250	64	0.1%
- Reserves	61,428	61,249	179	0.3%
- Profit (loss) for the period	10,543	6,548	3,995	61.0%
Total shareholders' equity	**162,285**	**158,048**	**4,237**	**2.7%**
Total sources	**(153,114)**	**(141,530)**	**(11,584)**	**8.2%**

9 RECONCILIATION BETWEEN SHAREHOLDERS EQUITY AND NET PROFIT

Below are the reconciliations between shareholder's equity and the net result of the Parent Company and consolidated shareholders' equity and consolidated net result:

in thousands of Euros	**Shareholders' equity 31.12.2016**	**Net result 31.12.2016**
Shareholders' equity and result for Aeroporto G. Marconi S.p.A.	162,285	10,543
Shareholders' equity and result for consolidated company Tag Bologna S.r.l.	1,239	193
Shareholders' equity and result for consolidated company Fast Freight Marconi S.p.A.	3,276	669
Shareholders' equity and aggregate result	***166,800***	**11,405**
Book value of consolidated investments	(729)	0
Disposal and impairment of investments in consolidated companies	111	0
Effects of assessing the associated company with the equity method	0	0
Aligning costs and revenues of consolidated subsidiaries with the revenues and costs of the Parent Company	(2)	0
Disposal of costs related to the conferment of funds to increase the investment in FFM	(66)	0
Equity and consolidated result	***166,114***	**11,405**
Shareholders' equity and minority interest net result	607	94
GROUP NET EQUITY AND RESULT	**165,507**	**11,311**

in thousands of Euros	**Shareholders' equity 31.12.2015**	**Net result 31.12.2015**
Shareholders' equity and result for Aeroporto G. Marconi S.p.A.	158,048	6,548
Shareholders' equity and result for consolidated company Tag Bologna S.r.l.	1,049	324
Shareholders' equity and result for consolidated company Fast Freight Marconi S.p.A.	2,617	243
Shareholders' equity and aggregate result	***161,714***	***7,116***
Book value of consolidated investments	(729)	0
Disposal and impairment of investments in consolidated companies	111	0
Effects of assessing the associated company with the equity method	0	0
Aligning costs and revenues of consolidated subsidiaries with the revenues and costs of the Parent Company	(4)	0
Disposal of costs related to the conferment of funds to increase the investment in FFM	(65)	0
Equity and consolidated result	***161,027***	***7,116***
Shareholders' equity and minority interest net result	(514)	(159)
GROUP NET EQUITY AND RESULT	**160,513**	**6,957**

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10 SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

After the closing of the period, no events occurred so as to justify changes to the economic, capital and financial situation shown in the statements and therefore to require adjustments and/or amendments to the financial statement.
Note, however, that certain significant events occurred after the end of the period or will occur in the next few months.

Traffic trends and launch of new flights

In February 2017, the Airport saw an increase in passenger traffic of 0.9% over February 2016, for a total of 482,509 passengers.
At the beginning of 2017, total passengers came to 1,021,754 (+3.4%). Movements totalled 9,017, a decline of 1.2%.

With regard to the launch of new connections and additional flights:

- Eurowings will launch a new flight to Hamburg with two weekly flights starting in summer 2017;
- Wizz Air will launch a new flight to Suceava with two weekly flights starting in summer 2017;
- In summer 2017, Ryanair will launch two new direct connections to:
    - Lisbon, with three weekly flights;
    - Eindhoven, with three weekly flights.
- Starting in summer 2017, Alitalia will increase the number of daily flights from Bologna to Rome Fiumicino from 3 to 4.

Relations with subsidiaries, associated companies and related parties

With regard to the relationships during 2016 with subsidiaries and affiliates and with related parties, please refer to what is written in the dedicated section in the explanatory notes to the consolidated financial statements as of 31 December 2016.

11 ALTERNATIVE PERFORMANCE INDICATORS

This Directors' Report uses several performance indicators to allow for a better assessment of operating performance, assets and liabilities and cash flows.
With regard to these indicators, on 3 December 2015, Consob issued Communication 92543/15, which implements the Guidelines enacted on 5 October 2015 by the European Security and Markets Authority (ESMA) with regard to their presentation in regulated distributed information or in statements published starting on 3 July 2016. These Guidelines, which update the previous CESR Recommendation (CESR/05-178b), are aimed at promoting the utility and transparency of the alternative performance indicators included in regulated information or in statements falling within the scope of Directive 2003/71/EC to improve their comparability, reliability and comprehension.
In keeping with the communications referenced above, the criteria used to develop these indicators are indicated below:

- **EBITDA**: Earnings before interest, taxation, depreciation and amortisation. Management defines this as profit before taxes for the period and before financial income and expenses, income and expenses from investments, amortisation and depreciation, provisions and write-downs. Thus, it specifically coincides with gross operating margin (MOL). EBITDA is not an approved IFRS

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

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

12 GUARANTEES PROVIDED

The following table shows the summary status of guarantees granted by the Group in the period under review.

in thousands of Euros	2016	2015	Change	Change %
Sureties	9,113	4,757	4,356	91.6%
Lien on equity financial instrument	7,000	0	7,000	100%
Patronage letters	2,445	2,700	(255)	-9.4%
Total guarantees issued	**18,558**	**7,457**	**11,101**	**148.9%**

As at 31 December 2016, the guarantees issued by the Group amount to Euro 18.6 million and refer to:

- sureties, the largest of which were:
    - - in favour of ENAC required by the Full Management Agreement (Euro 4.2 million);
    - - in favour of Marconi Express S.p.A. for the proper fulfilment of obligations assumed by the Parent Company with the signing of the contribution agreement of 30 September 2016 (Euro 3.87 million);

- lien on the equity financial instrument issued by Marconi Express S.p.A. and signed by the Parent Company with a nominal value of Euro 10.87 million, with a contribution of Euro 7 million as at 31 December 2016. The lien aim to secure the obligations of Marconi Express to credit institutions financing the People Mover project. The agreement governing the lien on the equity financial instrument was signed on 30 September 2016;

- patronage letter relating to the loan granted to the subsidiary Tag Bologna S.r.l. by Banca Agricola Mantovana (now Monte dei Paschi di Siena) equal to 51% of the remaining principal which, as at the end of the period, stood at Euro 2.4 million.

13 INFORMATION ON TREASURY SHARES

Pursuant to Article 2428, paragraphs 2, 3 and 4 of the Italian Civil Code, it is recognised that AdB and the Group do not have any treasury shares as at 31 December 2016.

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14 SHARES HELD BY DIRECTORS AND AUDITORS

On the basis of the communications made pursuant to the law, the Directors and Statutory Auditors of Aeroporto Guglielmo Marconi di Bologna S.p.A. who, as at 31 December 2016, directly and/or indirectly hold shares in the Company are as follows:

- the spouse of the non-executive director Giorgio Tabellini holds 20,000 shares
- the executive director Nazareno Ventola holds 2,500 shares.

15 ALLOCATION OF NET INCOME

Dear Shareholders,
The financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A., which we submit for your approval, report a net profit of Euro 10,542,980.31, for which the Board of Directors proposes the following allocation:

- 5% to the legal reserve, on the basis of statutory provisions and Article 2430 of the Italian Civil Code, in the amount of Euro 527,149.02;
- Euro 10,006,809.21 to shareholders, corresponding to a dividend of Euro 0.277 for each of the 36,125,665 ordinary shares outstanding on the ex-dividend date;
- the remainder of Euro 9,022.08 to the extraordinary reserve.

The Chairman of the Board of Directors

(Enrico Postacchini)

Bologna, 20 March 2017

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Consolidated Financial Statements for the Year Ended 31 December 2016

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

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Statement of Consolidated Financial Position

in thousands of Euro	Notes	at 31.12.2016	at 31.12.2015
Concession Rights		155,595	155,001
Other intangible assets		1,116	881
Intangible assets	**1**	**156,711**	**155,882**
Property, plant and equipment		12,098	9,922
Investment property		4,732	4,732
Tangible assets	**2**	**16,830**	**14,654**
Investments	**3**	147	147
Other non-current financial assets	**4**	17,990	363
Deferred tax assets	**5**	7,427	7,474
Other non-current assets	**6**	1,384	1,386
Other non-current assets		**26,948**	**9,370**
NON-CURRENT ASSETS		**200,489**	**179,906**
Inventories	**7**	519	467
Trade receivables	**8**	13,454	13,777
Other current assets	**9**	3,399	7,830
Current financial assets	**10**	22,085	8,831
Cash and cash equivalents	**11**	20,110	50,684
CURRENT ASSETS		**59,567**	**81,589**
TOTAL ASSETS		**260,056**	**261,495**

in thousands of Euro	Notes	at 31.12.2016	at 31.12.2015
Share capital		90,314	90,250
Reserves		63,882	63,306
Result for the period		11,311	6,957
GROUP SHAREHOLDERS' EQUITY	**12**	**165,507**	**160,513**
MINORITY INTERESTS	**12**	**607**	**514**
TOTAL SHAREHOLDERS' EQUITY		**166,114**	**161,027**
Severance and other personnel provisions	**13**	4,596	4,471
Deferred tax liabilities	**14**	2,216	2,145
Provisions for renewal of airport infrastructure	**15**	10,631	9,548
Provisions for risks and charges	**16**	1,006	1,521
Non-current financial liabilities	**17**	24,896	32,728
Other non-current liabilities		194	219
NON-CURRENT LIABILITIES		**43,539**	**50,632**
Trade payables	**18**	15,669	13,746
Other liabilities	**19**	22,802	19,562
Provisions for renewal of airport infrastructure	**20**	2,933	3,439
Provisions for risks and charges	**21**	159	936
Current financial liabilities	**22**	8,840	12,153
CURRENT LIABILITIES		**50,403**	**49,836**
TOTAL LIABILITIES		**93,942**	**100,468**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**260,056**	**261,495**

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Consolidated Income Statement

in thousands of Euro	Notes	for the year ended 31.12.2016	for the year ended 31.12.2015
Revenues from aeronautical services		48,224	43,268
Revenues from non-aeronautical services		35,377	32,419
Revenues from construction services		5,999	3,626
Other operating revenues and income		842	836
Revenues	**23**	**90,442**	**80,149**
Consumables and goods		(1,467)	(1,587)
Services costs		(19,153)	(17,447)
Costs for construction services		(5,713)	(3,454)
Leases, rentals and other costs		(7,240)	(6,458)
Other operating expenses		(3,120)	(3,113)
Personnel costs		(25,537)	(24,199)
Costs	**24**	**(62,230)**	**(56,258)**
Amortisation of concession rights		(5,347)	(5,173)
Amortisation of other intangible assets		(758)	(606)
Depreciation of tangible assets		(1,836)	(1,573)
Depreciation and amortisation	**25**	**(7,941)**	**(7,352)**
Provisions for doubtful accounts		(63)	(115)
Provisions for renewal of airport infrastructure		(2,925)	(2,059)
Provisions for other risks and charges		(11)	(146)
Provisions for risks and charges	**26**	**(2,999)**	**(2,320)**
Total costs		**(73,170)**	**(65,930)**
Operating result		**17,272**	**14,219**
Financial income	**27**	362	282
Financial expenses	**27**	(1,223)	(1,275)
Non-recurring income and expenses		0	(2,562)
Result before taxes		**16,411**	**10,664**
Taxes for the period	**28**	(5,006)	(3,548)
Profit (loss) for the period		**11,405**	**7,116**
Minority interests in profit (loss)		94	159
Group profit (loss)		11,311	6,957
Undiluted earnings/(loss) per share (in Euro)		0.31	0.22
Diluted earnings/(loss) per share (in Euro)		0.31	0.22

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Consolidated Statement of Comprehensive Income

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015
Profit (loss) for the period (A)	**11,405**	**7,116**
Other profits (losses) that will be reclassified in the net result for the period	**0**	**0**
Total other profits (losses) that will be reclassified in the net result for the period (B1)	**0**	**0**
Other profits (losses) that will not be reclassified in the net result for the period		
Actuarial gains (losses) on severance and other personnel provisions	**(190)**	**313**
Tax impact on actuarial gains (losses) on severance and other personnel provisions	**9**	**(86)**
Total other profits (losses) that will not be reclassified in the net result for the period (B2)	**(181)**	**227**
Total other profits (losses) net of taxes (B1 + B2) = B	**(181)**	**227**
Total overall profit (loss) net of taxes (A + B)	**11,224**	**7,343**
of which Minority Interests	**93**	**159**
of which Group	**11,131**	**7,184**

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Consolidated Cash Flow Statement

in thousands of Euro	at 31.12.2016	at 31.12.2015
Core income-generating operations		
Result for the period before taxes	16,411	10,664
Adjustments to items with no impact on cash and cash equivalents		
- Margin from construction services	(286)	(172)
+ Depreciation and amortisation	7,941	7,352
+ Provisions	2,999	2,320
+ Interest expense on discounting provisions and severance	278	402
+/- Interest income and financial charges	583	590
+/- Losses/gains and other non-monetary costs/revenues	13	5
+/- Severance provisions and other personnel costs	106	32
Cash flow generated/(absorbed) by operating activities before changes in working capital	**28,045**	**21,193**
Change in inventories	(52)	20
(Increase)/decrease in trade receivables	549	(2,495)
(Increase)/decrease in other receivables and current/non-current assets (non-financial)	4,404	(1,484)
Increase/(decrease) in trade payables	2,015	1,434
Increase/(decrease) in other liabilities, various and financial	3,093	1,202
Interest paid	(1,012)	(867)
Interest received	319	146
Taxes paid	(3,629)	(5,802)
Severance paid	(241)	(249)
Use of provisions	(4,147)	(4,680)
Cash flow generated/(absorbed) by net operating activities	**29,344**	**8,418**
Purchase of tangible assets	(4,034)	(1,739)
Payment from sale of tangible assets	10	5
Purchase of intangible assets/concession rights	(6,708)	(4,041)
Purchase/capital increase of shares	0	0
Payment from sale of equity investments	293	586
Change in investment in current and non-current financial assets	(31,208)	(1,950)
Cash flow generated/(absorbed) by investment activities	**(41,647)**	**(7,139)**
Proceeds from the issuance of shares and other equity instruments	0	28,036
Dividends paid	(6,137)	0
Loans received	0	23,000
Loans repaid	(12,134)	(8,652)
Cash flow generated/(absorbed) by financing activities	**(18,271)**	**42,384**
Final cash change	**(30,574)**	**43,663**
Cash and cash equivalents at beginning of period	**50,684**	**7,021**
Final cash change	**(30,574)**	**43,663**
Cash and cash equivalents at end of period	**20,110**	**50,684**

Statement of Changes in Consolidated Shareholders' Equity

in thousands of Euro	*Share capital*	*Share Premium Reserve*	*Legal Reserve*	*Other Reserves*	*FTA Reserve*	*Actuarial Gain (Loss) Reserve*	*Profits (Losses) Carried Forward*	*Result for the period*	*Group Shareholders' Equity*	*Minority interests*	*Shareholders' equity*
Shareholders' Equity at 31.12.2014	**74,000**	**14,350**	**4,335**	**28,172**	**(3,222)**	**(979)**	**2,153**	**6,873**	**125,682**	**355**	**126,037**
Allocation of the 2014 financial year result	0	0	344	6,434	0	0	95	(6,873)	0	0	0
Share Capital Increase	16,250	11,397	0	0	0	0	0	0	27,647	0	27,647
Dividends distributed	0	0	0	0	0	0	0	0	0	0	0
Total profit (loss) for the period	0	0	0	0	0	227	0	6,957	7,184	159	7,343
Shareholders' Equity at 31.12.2015	**90,250**	**25,747**	**4,679**	**34,606**	**(3,222)**	**(752)**	**2,248**	**6,957**	**160,513**	**514**	**161,027**
Allocation of the 2015 financial year result	0	0	339	316	0	0	6,302	(6,957)	0	0	0
Share Capital Increase	64	(64)	0	0	0	0	0	0	0	0	0
Dividends distributed	0	0	0	0	0	0	(6,137)	0	(6,137)	0	(6,137)
Total profit (loss) for the period	0	0	0	1	0	(181)	0	11,311	11, 131	93	11,224
Shareholders' Equity at 31.12.2016	**90,314**	**25,683**	**5,018**	**34,923**	**(3,222)**	**(933)**	**2,413**	**11,311**	**165,507**	**607**	**166,114**

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Notes to the Consolidated Financial Statements for the year ended 31 December 2016

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Information on Group Operations

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

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

Accounting Standards Applied in the Preparation of the Consolidated Financial Statements at 31 December 2016

Preparation Criteria

These Group consolidated financial statements pertain to the year ended 31 December 2016 and include comparative data for the year ended 31 December 2015 (referred to hereinafter as "the Group consolidated financial statements" or "consolidated financial statements").
The consolidated financial statements were prepared on the basis of historical cost, with the exception of financial assets held for sale, which were recorded at their fair value, as well as on the basis of a "going concern" assumption. The Group determined that, despite the difficult economic and financial situation, there are no significant uncertainties regarding the company's status as a going concern (as defined by Paragraph 25 of IAS 1).

The Consolidated Interim Report is presented in thousands of Euro, which is also the Group's operating currency, and all the amounts in these Notes are rounded off in thousands of Euro unless otherwise indicated.

Declaration of compliance with IAS/IFRS and the implementing measures of article 9 of Legislative Decree 38/2005

These consolidated Group financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), adopted by the European Union and in effect as of the date of the preparation of the financial statements, as well as on the basis of directives promulgated in implementation of Article 9 of Legislative Decree 38/2005 (Consob Resolutions 15519 and 15520 of 27 July 2006).

In 2014, the Group voluntarily chose to prepare the Consolidated Financial Statements in compliance with the International Accounting Standards ("IFRS") issued by the International Accounting Standards Board

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("IASB"), and considered 1 January 2012 to be the date of the transition to the IFRS Standards (First Time Adoption "FTA").

The publication of the consolidated financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. and its subsidiaries (the Group) for the year ended 31 December 2016 was authorised by the Board of Directors on 20 March 2017.

Content and Form of the Consolidated Financial Statements

The Group has chosen the Separate and Comprehensive Income Statement presentation indicated as preferable in IAS 1, deeming it to be more effective in representing the Group's business. In addition, the Statement of Consolidated Financial Position divides assets and liabilities into current and non-current assets and liabilities.
An asset is current when:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The Consolidated Income Statement allocates revenues and costs by type and the Consolidated Cash Flow Statement employs the indirect method, which divides cash flows between operating, investment and financing activities.

Consolidation principles

The Consolidated Financial Statements include the statement of consolidated financial position, the consolidated income statement, the consolidated comprehensive income statement, the consolidated cash flow statement, and the statement of changes in consolidated shareholders' equity.
The Group has chosen a presentation of the comprehensive income statement which includes, besides the results for the period, the changes in shareholders' equity pertaining to financial items which, by express provision of international accounting standards, are recorded among components of shareholders' equity.
The consolidated financial statements were prepared on the basis of the financial statements of the company and its direct and indirect subsidiaries, which have been approved by their respective shareholders' meetings and governing bodies, appropriately adjusted to bring them into conformance with the IFRS. The subsidiaries are wholly consolidated as of their acquisition dates, i.e. the dates on which the

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Group acquired control, and cease to be consolidated on the date on which control is transferred outside the Group.
A company is capable of exercising control if it is exposed to or has the right to the variable income generated by its relationship with the entity in which it has invested and, at the same time, it is capable of having an impact on that income by exercising its power over that entity.
Specifically, a company is able to exercise control if, and only if, it has:

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

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

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

The Group reconsiders whether or not there is control of an investee company or whether the facts and circumstances indicate that there have been changes in one or more of the three components that are relevant for the purposes of determination of control. The consolidation of a subsidiary begins when the Group acquires its control and ceases when the Group loses said control. The assets, liabilities, revenues and costs of a subsidiary acquired or sold during the financial year are included in the comprehensive income statement as of the date on which the Group acquired control and until the date on which the Group no longer exercises control over the company.
The profit/loss for the period and each of the other components of the comprehensive income statement are allocated to controlling shareholders and minority interests, even if that means minority interests having a negative balance. Where necessary, the appropriate adjustments are made to subsidiaries' financial statements to ensure compliance with Group accounting policies. All intercompany assets and liabilities, shareholders' equity, revenues and costs and cash flows pertaining to transactions between Group entities, are completely eliminated during consolidation.
When the share of shareholders' equity held by the controlling company changes, but that fact does not result in a loss of control, this change must be recorded under shareholders' equity. If the Group loses control, it must:

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

The following table summarises information on subsidiaries as of 31 December 2016 and 2015 information as to their company names and the stake in the share capital held directly or indirectly by the Group.

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in thousands of Euro	Currency	Share Capital	% Owned at 31.12.2016	at 31.12.2015
Fast Freight Marconi S.p.A. Single-shareholder company	Euro	520	100.00%	100.00%
Tag Bologna S.r.l.	Euro	316	51.00%	51.00%

The following table summarises information on affiliated companies as of 31 December 2016 and 2015 as to their company names and the stake in the share capital held directly or indirectly by the Group.

in thousands of Euro	Currency	Share Capital	at 31.12.2016	at 31.12.2015
Ravenna Terminal Passeggeri S.r.l.	Euro	300	24.00%	24.00%

Measurement Criteria

Business Combinations and Goodwill

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

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

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

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

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

After initial recognition, goodwill is measured at cost after accrued impairment. For the purposes of the impairment test, the goodwill acquired in a business combination is allocated, as of the acquisition date,

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to each Group cash-generating unit for which benefits from combination synergies are foreseen, regardless of the fact that other assets or liabilities of the acquired entity are assigned to those units.

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

Investments in Associated Companies and Joint Ventures

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

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

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

The income statement reflects the Group's share of the associated company's result for the period. In the event that an associated company recognises adjustments that are charged directly to shareholders' equity, the Group recognises its share and presents it, where applicable, in the statement of changes in shareholders' equity. Profits and losses generated by transactions between the Group and the associated company are eliminated in proportion to the investment in the associated company.

The Group's share of an associated company's result for the period is reflected in the income statement. The Group's share represents the associated company's profit/loss that is attributable to shareholders; this is consequently the post-tax profit/loss net of the shares belonging to other shareholders of the associated company.

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

After the application of the equity method, the Group assesses whether it is necessary to recognise an impairment of its equity stake in the associated company. At every reporting date, the Group assesses whether there is objective evidence that the investment in the associated company has suffered an impairment. If it has, the Group calculates the amount of the loss as the difference between the recoverable value of the associated company and its book value, recording the difference in the income statement.

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

Conversion of Foreign Currencies

Transactions and Balances

Transactions in foreign currency are initially recognised in the functional currency, applying the spot exchange rate on the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are converted into the functional currency at the exchange rate on the reporting date. The gain or loss generated by conversion is recorded in the income statement.

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

Intangible assets

Intangible assets are assets that have no identifiable physical substance, are controlled by the company and are capable of producing future economic benefits, as well as those assets created by business combination transactions.

The useful life of intangible assets is determined to be definite or indefinite.

Intangible assets with a definite useful life are recorded at the acquisition or production cost or, if they are generated by business combinations, they are capitalised at fair value as at the acquisition date; they are inclusive of accessory costs, systematically amortised over the period of their remaining useful life in accordance with the provisions of IAS 36, and subject to an impairment test any time that there are indications of a possible loss of value.

The remaining value at the end of useful life is presumed to be zero unless there is a commitment by third parties to purchase the asset at the end of its useful life or is there is an active market for the asset. The directors review the estimate of the useful life of intangible fixed assets at the end of every financial year.

The amortisation of intangible assets with a definite useful life is recognised in an appropriate item in the income statement.

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

The item "Concession Rights" contains the recognised value of intangible assets pertaining to airport infrastructure in the Company's possession in connection with the concession rights acquired for the purpose of managing said infrastructure in exchange for the right to charge users for said infrastructure's use in performing a public service, in compliance with the provisions of IFRIC 12 – Service Concession Arrangements.

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

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

The external costs incurred to provide construction services are therefore recognised under the item "Costs for construction services", in the income statement.

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

The Concession Rights determined in the above manner are subject to straight-line amortisation over the entire term of the Concession, beginning at the time the pertinent asset created on behalf of the awarding entity entered into service.

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

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

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

Tangible assets

Tangible assets are initially recognised at the acquisition cost or realisation value; the value includes the price paid to purchase or construct the asset (after discounts and rebates) and any directly attributable costs required to put the asset into service.

Land, whether undeveloped or adjoining civil and industrial buildings, is recognised separately and not depreciated because it is an item with an unlimited useful life.

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

The following are the annual depreciation rates applied:

- Buildings and light structures: from 4% to 10%;
- Machinery, plant and equipment: from 10% to 31.5%;
- Furniture, office equipment, and transport vehicles: from 12% to 25%;

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

Impairment is recorded in the income statement as depreciation costs. Such impairment is reversed in the event that the reasons for it are eliminated.

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

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

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Investment property

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

The aforementioned land is initially recognised at the purchase cost, and subsequent measurement are in accordance with the cost criterion.

Such tangible assets are not subject to depreciation because they pertain to land. The Group monitors changes in fair value through expert valuations to identify any permanent impairment.

Investment properties are derecognised in the financial statements when they have been sold or when the investment is unusable over the long term and no future economic benefits are expected from the sale. Any gains or losses generated by the derecognition or divestment of an investment property are recorded in the income statement for the period in which the derecognition or divestment occurs.

Leasing

The definition of a contractual agreement as a leasing transaction (or containing a leasing transaction) is based on the substance of the agreement, and requires an assessment as to whether the performance of the agreement depends on one or more specific assets, or whether the agreement transfers the right to use such asset. Verification as to whether an agreement contains a lease is done at the beginning of the agreement.

A lease agreement is classified as a finance lease or operating lease at the beginning of the lease. A lease agreement that transfers substantially all risks and benefits from owning the leased asset is classified as a finance lease.

An operating lease is a lease agreement that cannot be qualified as a finance lease. As lessee, the Group recognises operating lease payments as costs in the income statement in equal amounts over the life of the lease. As lessor, the Group recognises lease agreements as operating leases when substantially all risks and benefits of owning the asset remain with the Group. Initial negotiating costs are added to the book value of the asset leased and recognised on the basis of the term of the agreement on the same basis as lease income. Unbudgeted rents are recognised as revenues in the period in which they accrue.

Impairment of Non-Financial Assets

The book values of non-financial assets are measured any time there are evident indications inside or outside the company that the assets or a group of assets (defined as a Cash Generating Unit or CGU) may have lost value.

The recoverable value is the greater of the fair value of the asset or CGU, less costs to sell, and its value in use. The realisable value is determined for each asset, except when said asset generates cash flows that are not fully independent of those generated by other assets or groups of assets.

If the book value of an asset exceeds its realisable value, that asset has been impaired and is therefore written down to its realisable value. In determining value in use, the Group discounts estimated future cash flows to their present value, using a discount rate that reflects market valuations of the present value of money and the specific risks of the asset. In determining the fair value less costs to sell, an appropriate measurement model is employed. This calculation is performed utilising appropriate measurement multipliers, the prices of listed shares in the instance of investee companies whose shares are publicly traded, and other available indicators of fair value.

Impairments of operating assets are recognised in the income statement under cost categories consistent with the use of the asset which has been impaired.

For assets other than goodwill, at the end of every reporting period the Group also assesses whether there are any signs that previously recognised impairment has been reversed or reduced and, if such signs exist, estimates the recoverable value. The value of a previously impaired asset may be restored only if there have been changes in the estimates which were the basis for the calculation of the recoverable value that

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was determined subsequent to the recognition of the most recent impairment. The recovery of the value may not exceed the book value that would have been determined, net of depreciation, in the event that no impairment had been recognised in prior periods. Said recovery is recognised in the income statement unless the asset has been recognised at the remeasured value, in which case the reversal is treated as a positive value adjustment.

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

Concession Rights

The Group subjects the book value of Concession Rights to impairment tests at the end of every financial year, or more frequently if events or changes in circumstances indicate that the book value may have been impaired (any time that impairment indicators appear).

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

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

Financial Assets at Fair Value Through Profit or Loss
This category includes assets held for trading and assets initially recognised at fair value; after initial recognition, changes in fair value are recognised in the income statement.
Assets held for trading are all those assets purchased for the purpose of short-term sale. Derivatives, including those separated out, are classified as financial instruments held for trading unless they have been designated as effective hedging instruments. Gains or losses on assets held for trading are recognised in the income statement.
In instances where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, with the exception of those instances

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Level 1 - the (unadjusted) quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability;
- Level 3 – measurement techniques for which input data is unobservable for the asset or liability.

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

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

Impairment of Financial Assets

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

Assets Measured at Amortised Cost

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

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

If, during a subsequent period, the amount of the impairment is reduced and that reduction can be objectively attributed to an event that occurred after the recognition of the impairment, the previously reduced value may be recovered. Any subsequent recoveries of value are recognised in the income

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statement, to the extent that the book value of the asset does not exceed the amortised cost at the date of recovery.
In the instance of trade receivables, an impairment provision is made when there is an objective indication (such as, for example, if the debtor is likely to become insolvent or experience significant financial difficulties) that the Group will not be able to collect all the amounts owed on the basis of the original terms and conditions of the receivable. The receivable's book value is reduced through an appropriate provision. Impaired receivables are derecognised when it is determined that they are irrecoverable.

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

Non-Current Held-for-Sale Assets and Discontinued Operations
Non-current assets classified as held for sale must be measured at either the book value or the fair value less costs to sell, whichever is less. They are classified as such if their book value will be recovered through a sale rather than ongoing use. This condition is considered to be met only when a sale is highly probable and the assets or group of assets to be divested is available for immediate sale in their current condition. Management must be committed to the sale, completion of which must be scheduled no later than one year after the date of classification.
In the consolidated income statement and the income statement for the previous period used as a comparison, the gains and losses from divested operating assets are presented separately from gains and losses from operating assets, under the result after taxes line, including when the Group retains a minority stake in the subsidiary after the sale. The resulting post-tax profit or loss is stated separately in the income statement.
Property, plant and equipment and intangible assets, once they are classified as held for sale, must no longer be depreciated or amortised.

Derecognition of Financial Assets
A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is initially derecognised (e.g. removed from the statement of financial position) when:

- the rights to receive cash flows from the asset are extinguished, or
- the Group has transferred to a third party the right to receive cash flows from the asset, or has assumed a contractual obligation to pay them in full and without delay and (a) has essentially transferred all the risks and benefits of ownership of the financial asset, or (b) has neither transferred nor substantially retained all the risks and benefits of the asset, but has transferred control of same.

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Construction Services Contracts in Progress
Construction contracts in progress are measured on the basis of the contractual consideration accrued with reasonable certainty in relation to the progress of the work and according to a percentage completion criterion, determined by physically measuring the work performed, so as to attribute the revenues and the profit/loss from the work contract to the individual financial years in which they are accrued, in proportion to the status of the work. The positive or negative difference between the completed amount of the contracts and the amount of prepayments received is recognised, respectively, as an asset or liability on the statement of financial position, also taking into account any impairment owing to the risk that the client may fail to pay for the work performed.
Contract revenues, in addition to contractual considerations, include variants, price revisions and any claims, to the extent that it is probable that they represent actual revenues that can be reliably determined.
In the event that a loss is anticipated from completion of the contract activities, said loss is immediately recognised in full in the financial statements, regardless of the contract's state of progress.
Specifically, construction services for the awarding party pertaining to AdB's concession agreement are also recognised in the income statement on the basis of the state of progress of the work. Specifically, revenues from construction and/or improvement services, which represent the consideration owing for the work performed, are measured at fair value, determined on the basis of the total costs incurred, which mainly consist of the cost of outside services and the cost of benefits for the employees assigned to that work.
The offsetting entry for such construction service revenues consists of a financial asset or the airport concession recognised in Concession Rights under intangible assets, as was explained in the relevant paragraph.

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

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

Employee Benefits
The benefits guaranteed for employees that are provided at the same time as or subsequent to termination of employment through defined-benefit plans (severance) or other long-term benefits (such as, for example, Non-Compete Agreements and long-term Incentivisation Plans) are recognised during the vesting period of the right.
The pertinent liability, net of any assets servicing the plan, is determined on the basis of actuarial assumptions and is recognised on an accrual basis, consistent with the provision of work required to receive the benefits; the liability is measured by independent actuaries using the projected unit credit method.
The amount reflects not only the payable accrued as at the reporting date, but also future salary increases and related statistical dynamics.

Re-measurements, which include actuarial gains and losses, changes in the impact of the maximum amount of the assets, excluding net interest (not applicable to the Group) and the income from assets servicing the plan (excluding net interest), are immediately recognised in the statement of financial position by reducing or increasing the profits carried forward through other components of comprehensive income in the

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financial period in which they occur. Re-measurements are not reclassified in the income statement in subsequent financial periods.
The cost of past work in employment is recognised in the income statement at the later of the following dates:

(a) the date on which a change or reduction in the plan occurs; and
(b) the date on which the Group recognises the related restructuring costs.

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

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

As a result of the changes made to severance by Law No. 296 of 27 December 2006 (2007 Finance Law) and subsequent Decrees and Regulations, the severance of Italian companies with more than 50 employees that has been accrued since 1 January 2007 or the date of employees' choice of the option to be exercised, falls within the category of defined-contribution plans, in the instance of both the supplementary retirement option and allocation to the Treasury Fund at INPS. The severance fund accrued up to 31 December 2006 is recognised as a defined benefit.

The contributions to be paid to a defined-contribution plan instead of a work in employment plan are recognised as liabilities (payables), after having deducted any contributions already paid, and as a cost.

Provisions for risks and charges
Risk and charge provisions concern costs and charges of a determinate nature that certainly or probably exist and which, as at the date of this Half-Year Consolidated Financial Report, are indeterminate in terms of total amount or the date of their occurrence. Provisions are recognised when:

(i) it is probable that there is an actual legal or implicit obligation arising from a past event;
(ii) it is probable that fulfilment of the obligation will require payment;
(iii) the total amount of the obligation can be reliably estimated.

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

Provisions for renewal of airport infrastructure
Airport infrastructure renewal provisions, in line with existing contractual obligations, as at the financial year-end, contain provisions for extraordinary maintenance, restorations, renovations and replacements to

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be performed in the future for the purpose of ensuring the proper functionality and safety of the airport infrastructure. Accruals to these provisions are calculated based on how much the infrastructure is used, which is indirectly reflected in the planned date for its replacement/renewal in the most recently approved business plan. Calculation of the amounts that affect this item of the financial statements also duly takes into account a financial component, to be applied based on the amount of time between the various renewal cycles, for the purpose of ensuring that allocated funds are sufficient.

Trade Payables and Other Non-Financial Liabilities

Short-term trade payables, the maturities of which fall within normal commercial time frames, are recorded at cost (their face value) and are not discounted because the impact of discounting cash flows is immaterial.

Other non-financial liabilities are recognised at cost (identified by the face value).

Loans

Other financial liabilities, with the exception of derivatives, are initially recognised at cost, i.e. the fair value of the liability net of directly attributable transaction costs.

After initial recognition, financial liabilities are measured at amortised cost using original effective interest rate method, i.e. the rate at which, at the time of initial recognition, the present value of cash flows and the initial recognition value are matched (referred to as the amortised cost method).

Any gain or loss is recognised in the income statement when the liability is extinguished as well as via the amortisation process.

Financial Guarantees Issued

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

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation underlying the liability is extinguished, cancelled or honoured. In instances where an existing financial liability is replaced by another from the same lender, under substantially different terms and conditions, or the terms and conditions of an existing liability are substantially amended, that exchange or amendment is treated as an accounting derecognition of the original liability, accompanied by the recognition of a new liability, by recording any differences between the book values in the income statement.

Recognition of Revenues

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

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

- revenues from the sale of goods are recognised when the significant risks and benefits of ownership of the goods are transferred to the buyer;
- revenues from providing services are recognised when the service is rendered;

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- revenues from providing services connected to work under contract are recognised on the basis of the state of progress of the work, based upon the same criteria established for contract work in progress.

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

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

Interest income is recognised on an accrual basis, taking into account the effective rate of return of the asset in question.

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

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

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

Income Tax
Current taxes
Current taxes for the financial year in progress are measured as the amount representing anticipated rebates from or payments to tax authorities. The tax rates and legislation used to calculate the amount are those promulgated or substantially promulgated as at the reporting date. Current taxes pertaining to items directly recognised in shareholders' equity are themselves recognised directly in shareholders' equity and not in the income statement. The Directors periodically evaluate the position taken in the tax return, and where appropriate allocate provisions, in instances where tax law is subject to interpretation.

Deferred Taxes
Deferred taxes are calculated by applying the liability method to the temporary differences in existence on the reporting date between the tax amounts used as a reference for assets and liabilities, and the amounts stated in the consolidated financial report. Deferred tax liabilities are recognised with respect to all taxable temporary differences, with the exception of:

- the initial recognition of goodwill or an asset or liability in a transaction other than a business combination and which, at the time of said transaction, has no impact on either the profit for the period calculated for financial reporting purposes, or the profit or loss calculated for tax purposes;
- the reversal of taxable temporary differences associated with investments in subsidiaries, associated companies and joint ventures may be controlled and inspected, and this is not likely to occur in the foreseeable future.

Deferred tax assets are recognised with respect to all deductible temporary differences and for all tax losses carried forward, to the extent it is probable that there will be sufficient future profits for tax

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purposes such as to enable the utilisation of deductible temporary differences and tax assets and liabilities carried forward, except in instances in which

- the deferred tax asset connected to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction other than a business combination and, at the time of said transaction, has no impact on either the profit for the period calculated for financial reporting purposes or the profit or loss calculated for tax purposes;
- in the instance of deductible temporary differences associated with investments in subsidiaries, associated companies and joint ventures, deferred tax assets are recognised only to the extent it is probable that they will be reversed in the future and that there will be sufficient taxable amounts that enable such temporary differences to be recovered.

The book value of deferred tax assets is re-examined at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable amounts will be available in the future to enable all or part of the credit to be used. Deferred tax assets not recognised are re-examined at every reporting date and are recognised to the extent that it becomes probable that taxable income will be sufficient to enable said deferred tax assets to be recovered.

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

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

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

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

Indirect Taxes

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

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

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

Earnings Per Share

Basic or Undiluted

Earnings/ (losses) per share are calculated as the ratio between the Group profit or loss and a weighted average of the common shares in circulation during the financial year, excluding any shares possibly held by the company itself.

Diluted

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Diluted earnings/ (losses) per share are calculated as the ratio between the Group profit or loss and a weighted average of the common shares in circulation during the financial year, excluding any shares possibly held by the company itself. In order to calculate diluted earnings per share, the weighted average number of shares outstanding is modified assuming the conversion of all potential shares with a dilutive effect, whereas the Group profit or loss is adjusted to take into account the effects of conversion net of tax.

Dividends and Distribution of Assets Other Than Cash and Cash Equivalents

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

Listing Costs

Pursuant to the listing plan which was completed on 14 July 2015 with the start-up of trading of shares in the Star Segment of the Electronic Stock Exchange organised and operated by Borsa Italiana S.p.A., the parent company incurred specific costs, such as (i) the fees that are to be paid to the banks who coordinated the offering, (ii) these pertaining to assistance by consultants, specialists and attorneys; (iii) other costs such as, for example, communications costs, the costs of printing prospectuses, and the other costs and sundry expenses directly pertaining thereto.
In a listing transaction in which it was established that the Issuer would issue new shares and both new and existing shares would be listed, any costs were incurred jointly for both the work on the increase in share capital and the sale of the new shares, and for the work on sale of existing shares. In this situation, the criteria for the allocation of costs to the two activities must be identified according to reasonable criteria that reflect the substance of IAS 32, with a portion of them recognised as a reduction of Shareholders' Equity and a portion in the Income Statement.
Listing costs definable as incremental costs directly attributable to the share capital increase transaction that otherwise would have been avoided such as, for example, intermediation fees, were recognised in 2015 as a reduction to Shareholders' Equity in the Share Premium Reserve; the remaining portion, such as costs pertaining to assistance by consultants, specialists and attorneys, was charged in part to the Income Statement and in part to Shareholders' Equity in accordance with the aforementioned criterion.

Cash Flow Statement

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

Accounting Standards, Amendments and Interpretations Approved by the European Union and Adopted by the Group

Starting in 2016, the Group applied the following new accounting standards, amendments and interpretations reviewed by the IASB.

Even though these new standards and amendments were applied for the first time in 2016, there were no material impacts on Group financial statements. The nature and impact of each new standard/amendment is presented below:

- Amendments to IAS 19 - Employee Benefits On 21 November 2013, the IASB published an amendment to IAS 19 limited to defined benefit compensation plans for employees. The aim of the changes made was to simplify the recording of contributions that are independent from the number of years of service, such as contributions calculated on the basis of a fixed percentage of salary.
- Amendment to IAS 16 and 38 - Tangible and Intangible Assets On 12 May 2014, the IASB published an amendment to these standards specifying that a depreciation and amortisation method based on revenues generated by the asset is not deemed appropriate since it only reflects the revenue flow generated by the asset but not the ways the economic benefits incorporated in the asset were consumed.
- Amendment to IAS 27 – Separate Financial Statements. On 12 August 2014, the IASB published an amendment to this standard that will allow entities to use the equity method to record investments in subsidiaries, joint ventures and associated companies in the separate financial statements.
- Amendment to IAS 1: Initiative on financial statement disclosure - On 18 December 2014, the IASB published the amendment concerned, which aims to introduce clarifications in IAS 1 to address certain elements perceived as limitations on the use of judgement by the party preparing the financial statements.
- On 12 December 2012, the IASB issued a number of amendments to IAS/IFRS: Improvements related to the 2010-2012 cycle. These measures made changes to: (i) IFRS 2, clarifying the definition of "vesting condition" and introducing definitions of service and result conditions; (ii) IFRS 3, clarifying that obligations to make payment of a contingent payment, other than those falling under the definition of equity instrument, are measured at fair value on each reporting date, with changes recognised in the income statement; (iii) IFRS 8, requiring that information must be provided on assessments made by the company's management in combining operating segments by describing the segments that were combined and the economic indicators assessed to determine that the combined segments have similar economic characteristics; (iv) IAS 16 and IAS 38, clarifying the procedure for determining the gross book value of assets in the event of a revaluation following the application of the value redetermination model; (v) IAS 24, specifying the information to be provided when there is a third party providing services related to the management of managers with strategic responsibility of the entity preparing the financial statements.
- Amendment to IFRS 11 – Joint Arrangements. On 6 May 2014, the IASB published an amendment to this standard which adds new guidance on the recording of the acquisition of an investment in joint ventures that constitute a business.
- Amendment to IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Application of Exception to Consolidation - On 18 December 2014, the IASB published the amendments concerned, which pertain to problems resulting from the application of the exception to consolidation specified for investment entities.
- Amendments to IFRS 10 and IAS 28: Sale or contribution of an asset between an investor and its associated company or joint venture: on 11 September 2014, the IASB published the amendments concerned, which aim to eliminate the conflict between the requirements of IAS 28 and IFRS 10, and clarify that in a transaction involving an associate company or joint venture, the degree to which it is possible to recognise a profit or loss depends on whether the asset being sold or contributed is a business.

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Standards issued but not yet in effect

IFRS 15 Revenue from Contracts with Customers

The Group expects to apply the new standard on the mandatory effective date. Based on the content of Section 114 of IFRS 15, the Group identified the revenue streams that characterise its business and is completing the five steps required by IFRS 15:

- analysis of a sample of contracts deemed to be significant;
- identification of various performance obligations;
- identification of transaction price;
- determination, on the basis of contracts examined, of the transaction price to be allocated to the various performance obligations;
- determination of the method for recognizing and recording revenues.

It can be asserted, based on the analysis completed to date, which covers about 91% of revenues recorded at 30 September 2016, that no significant impact arose on financial statements from the first application of IFRS 15.

IFRS 9 Financial Instruments

Effective 1 January 2018, IFRS 9 will replace IAS 39 "Financial Instruments" with the aim of improving the accounting procedures for reporting and measuring financial investments to bolster investor confidence in the financial statements of banks and the financial industry after the crisis that affected the economy overall and the financial sector in particular.

The new standard introduces a new model for classifying and measuring financial instruments and a new criterion for measuring expected losses with the aim of ensuring they are more promptly recognised in the financial statements, and new rules for recognising hedging instruments.

IFRS 9 introduces a new approach for classifying all financial instruments, including derivatives embedded in other financial instruments, based on the "cash flow" approach and "business model" for which the asset is held, and replaces previous classification rules that were difficult to apply. It also introduces a single model for determining impairment in order to measure financial instruments. The new receivable impairment model meets the requirement of incorporating expected losses more quickly, and requires making an allocation for the projected losses as soon as the receivable is recorded along with expected losses for its entire remaining life.

The Group will adopt the new standard on the date it goes into effect. From the preliminary analysis performed, the Group does not expect any significant impact on its financial statements or shareholders' equity from the application of IFRS 9.

IAS 7 Disclosure Initiative - Amendments to IAS 7

The amendments to IAS 7, Statement of Cash Flows, are part of the IASB's disclosure initiative, and require an entity to provide supplemental information allowing users of the financial statements to assess changes in liabilities connected with loan operations, including changes in cash flow and non-cash changes. At the time of the initial application of this amendment, an entity does not need to provide comparative information for previous periods. These amendments apply to periods beginning on or after 1 January 2017. The application of the amendments will require the Group to provide additional disclosures.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12

The amendments clarify that an entity must consider whether the tax regulation limits sources of taxable income against which it could make deductions related to the reversal of deductible temporary differences. Furthermore, the amendment provides guidelines on how an entity should determine future taxable income and explains the circumstances under which taxable income could include the recovery of certain assets at an amount higher than their book value. Entities must apply these amendments in arrears.

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However, at the time of the initial application of the amendments, the change in the opening balance of shareholders' equity for the first comparison period could be recognised in the beginning balance of retained earnings (or in another shareholders' equity item as necessary), without allocating the change in the beginning balance of other retained earnings and other items of shareholders' equity. Entities applying this accommodation must disclose they are doing so. These amendments apply to periods beginning on or after 1 January 2017. The Group expects no impact from the application of these amendments.

Amendments to IFRS 2 - Classification and Measurement of Share-Based Payments

The improvements clarify the impact of vesting conditions on the measurement of a share-based payment transaction settled in cash. Clarifications are also provided on the classification of a share-based payment with net settlement which has characteristics requiring withholding at the source. Finally, accounting rules are established for cases in which a modification in the terms and conditions of a share-based payment transaction changes the classification of the latter from cash settled to equity settled.

Amendments to IFRS 4 - Insurance Contracts

The amendments concern the introduction of the new standard on financial instruments (IFRS 9) during the transition to the new standard that will replace IFRS 4 in the future. The amendments introduce two options for entities that provide insurance services: a temporary exception and an overlapping approach.

Amendments to IAS 40 - Investment Property

The amendments clarify when an entity should transfer a property, including properties under construction or development, within or outside the "investment property" category. It clarifies that a change in the intended use does not occur simply if management intentions change.

IFRS 16 - Leasing (applicable to years ending after 1 January 2019)

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

Improvements to IFRSs

The annual improvement process of international standards is the tool used by the IASB to introduce amendments or improvements to standards already being applied by favouring a constant review of the accounting policies of IAS adopters.

In 2014, the IASB had already issued a new series of amendments to IFRSs (series 2012-2014 which follows the previous series 2009-2011, 2010-2012 and 2011-2013). Specifically, these improvements concerned a change in sale programmes in IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations, the applicability of IFRS 7 - Financial Instruments in condensed interim financial statements, the use of discount rates in IAS 19 - Employee Benefits and Disclosures to be supplemented in relation to IAS 34 - Interim Financial Statements. The amendments introduced must be applied starting in years ending after 1 January 2016.

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Finally, the last series of improvements, issued in December 2016, concerned the elimination of short-term exemptions specified for First Time Adoption under IFRS 1, the classification and measurement of investments measured at fair value through profit or loss in accordance with IAS 28 - Investments in Associated Companies and Joint Ventures, and clarifications on the purpose of disclosures specified in IFRS 12 - Disclosure of Interests in Other Entities. The amendments introduced must be applied starting in years ending after 1 January 2017 and 1 January 2018.

Discretionary Judgements and Significant Accounting Estimates

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

IAS 8 Corrections of Accounting Estimates and Errors

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

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

The restatement is not applied, and the error is recognised using the prospective procedure when errors and omissions are deemed to be insignificant.

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

Estimates and Assumptions

The following are examples of assumptions regarding the future and the other principal causes of uncertainty in estimates that, as at the reporting date, present the significant risk of causing material adjustments to the book values of assets and liabilities no later than the following financial year. The Group has based its estimates and assumptions on the parameters available at the time the consolidated financial

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report was prepared. However, present circumstances and assumptions regarding future developments could be altered as a result of changes in the market or events beyond the Group's control. Such changes, should they occur, are reflected in the assumptions.

Impairment of Non-Financial Assets

Please see the earlier "Impairment of non-financial assets" and below in Note 1 - Intangible Assets.

Fair Value of Investment Properties

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

Fair Value of Financial Instruments

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

IAS 10 Events after the Reporting Period

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

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

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Information Regarding Operating Segments

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

- Aviation;
- Non-Aviation;
- Other.

It is appropriate to make the clarification that information regarding operating segments is explained with respect to Continuing Operations in such a way as to reflect the Group's future organisational structure, and separately with respect to sales activities.

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

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

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

Segment assets are those that the segment uses to carry out its core business or which may be reasonably allocated to it on account of its core business.
The segment activities presented are measured using the same accounting criteria employed for the preparation of the Group's Consolidated financial statements.

in thousands of Euro	for the year ended 31.12.2016 Aviation	for the year ended 31.12.2016 Non-Aviation	for the year ended 31.12.2016 Other	Total for the year ended 31.12.2016
Revenues	54,405	36,037	0	90,442
Costs	(44,766)	(17,464)	0	(62,230)
Gross operating profit	**9,639**	**18,573**	**0**	**28,212**
Depreciation and amortisation	(5,407)	(2,534)	0	(7,941)
Provisions	(2,643)	(356)	0	(2,999)
Operating result	**1,589**	**15,683**	**0**	**17,272**
Financial income	0	0	362	362
Financial expenses	0	0	(1,223)	(1,223)
Non-recurring income and expenses	0	0	0	0
Result before taxes	**1,589**	**15,683**	**(861)**	**16,411**
Taxes for the period	0	0	(5,006)	(5,006)
Profit (loss) for the period	**1,589**	**15,683**	**(5,867)**	**11,405**
Minority interests in profit (loss)	**0**	**0**	**0**	**94**
Group profit (loss)	**0**	**0**	**0**	**11,311**

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in thousands of Euro	for the year ended 31.12.2015 Aviation	for the year ended 31.12.2015 Non-Aviation	for the year ended 31.12.2015 Other	Total for the year ended 31.12.2015
Revenues	47,138	33,011	0	80,149
Costs	(40,488)	(15,770)	0	(56,258)
Gross operating profit	**6,650**	**17,241**	**0**	**23,891**
Depreciation and amortisation	(4,884)	(2,468)	0	(7,352)
Provisions	(1,919)	(401)	0	(2,320)
Operating result	**(153)**	**14,372**	**0**	**14,219**
Financial income	0	0	282	282
Financial expenses	0	0	(1,275)	(1,275)
Non-recurring income and expenses	0	0	(2,562)	(2,562)
Result before taxes	**(153)**	**14,372**	**(3,555)**	**10,664**
Taxes for the period	0	0	(3,548)	(3,548)
Profit (loss) for the period	**(153)**	**14,372**	**(7,103)**	**7,116**
Minority interests in profit (loss)	**0**	**0**	**0**	**159**
Group profit (loss)	**0**	**0**	**0**	**6,957**

The following tables concern segment information on the asset side:

in thousands of Euro	at 31.12.2016	at 31.12.2016 Non-Aviation	at 31.12.2016 Other	Consolidated total at 31.12.2016
Non-current assets	**150,427**	**23,210**	**26,852**	**200,489**
Intangible assets	**145,111**	**11,600**	**0**	**156,711**
Concession Rights	144,529	11,066	0	155,595
Other intangible assets	582	534	0	1,116
Tangible assets	**5,243**	**11,587**	**0**	**16,830**
Property, plant and equipment	5,243	6,855	0	12,098
Investment property	0	4,732	0	4,732
Other non-current assets	**73**	**23**	**26,852**	**26,948**
Investments	0	0	147	147
Other non-current financial assets	0	0	17,990	17,990
Deferred tax assets	0	0	7,427	7,427
Other non-current assets	73	23	1,288	1,384
Current assets	**12,753**	**4,210**	**42,604**	**59,567**
Inventories	329	190	0	519
Trade receivables	9,845	3,609	0	13,454
Other current assets	2,579	411	409	3,399
Current financial assets	0	0	22,085	22,085
Cash and cash equivalents	0	0	20,110	20,110
Total assets	**163,180**	**27,420**	**69,456**	**260,056**

in thousands of Euro	at 31.12.2015	at 31.12.2015 Non-Aviation	at 31.12.2015 Other	Consolidated total at 31.12.2015
Non-current assets	**150,507**	**20,069**	**9,330**	**179,906**
Intangible assets	**144,049**	**11,833**	**0**	**155,882**
Concession Rights	143,588	11,413	0	155,001
Other intangible assets	461	420	0	881
Tangible assets	**6,418**	**8,236**	**0**	**14,654**
Property, plant and equipment	6,418	3,504	0	9,922
Investment property	0	4,732	0	4,732
Other non-current assets	**40**	**0**	**9,330**	**9,370**

in thousands of Euro	at 31.12.2015	at 31.12.2015 Non-Aviation	at 31.12.2015 Other	Consolidated total at 31.12.2015
Investments	0	0	147	147
Other non-current financial assets	0	0	363	363
Deferred tax assets	0	0	7,474	7,474
Other non-current assets	40	0	1,346	1,386
Current assets	**17,082**	**4,084**	**60,423**	**81,589**
Inventories	307	160	0	467
Trade receivables	10,073	3,704	0	13,777
Other current assets	6,702	220	908	7,830
Current financial assets	0	0	8,831	8,831
Cash and cash equivalents	0	0	50,684	50,684
Total assets	**167,589**	**24,153**	**69,753**	**261,495**

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

Aviation: includes aviation activity, which represents the airport's core business. This aggregate includes the aircraft landing, take-off and parking fees, passenger boarding fees, freight loading and unloading fees, as well as fees for passenger and luggage security checks. It also includes freight handling, customs clearance and fuelling. Lastly, this segment encompasses all centralised infrastructure and assets for exclusive use: the centralised infrastructure represents the revenues received in connection with infrastructure, the management of which is assigned exclusively to the airport management company, for safety and security reasons, or for reasons of its economic impact. On the other hand, assets for exclusive use are made up of check-in counters, gates and spaces rented to airport operators to carry out their business.

Non-Aviation: represents those activities not directly related to the aviation business. They are sub-licensed retail, food outlets and car rental activities, as well as the management of car parks, the Marconi Business Lounge and advertising.

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

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

The main differences are as follows:

- items considered not relevant for the purposes of regulatory reporting, which are allocated on the basis of a specific examination of the individual cost/revenue item;
- construction services revenues and costs allocated on the basis of an itemised distribution investment during the period between the two SBUs according to regulatory criteria;
- incentives for the expansion of air traffic allocated entirely to the Aviation SBU, in line with the financial statements.

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Information about the Main Customers

The Group generates most of its sales through the following clients:

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

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

ASSETS

1. Intangible assets

The following table presents a breakdown of intangible assets at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Concession Rights	155,595	155,001	594
Software, licences and similar rights	885	690	195
Other intangible assets	76	81	(5)
Other intangible assets under development	155	110	45
TOTAL INTANGIBLE ASSETS	**156,711**	**155,882**	**829**

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The following table shows changes in intangible assets for the year ended 31 December 2016, along with a comparison with the year ended 31 December 2015, presented by individual intangible asset category.

	31.12.2015			Changes for the Period				31.12.2016		
in thousands of Euro	Historical cost	Depreciation Provisions	Book Value	Increases/Acquisitions	Depreciation	Decreases/Disposals	Disposal Provision	Historical cost	Depreciation Provisions	Book Value
Concession Rights	174,050	(19,049)	155,001	6,000	(5,347)	(59)	0	179,991	(24,396)	155,595
Software, licences and similar rights	7,924	(7,234)	690	948	(753)	0	0	8,872	(7,987)	885
Other intangible assets	250	(169)	81	0	(5)	0	0	250	(174)	76
Other intangible assets under development	110	0	110	45	0	0	0	155	0	155
TOTAL INTANGIBLE ASSETS	**182,334**	**(26,452)**	**155,882**	**6,993**	**(6,105)**	**(59)**	**0**	**189,268**	**(32,557)**	**156,711**

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In 2016, the historical cost of the Concession Rights item posted an increase of Euro 6 million (which represents the fair value of the construction services performed during the financial year), mainly for:

- work to upgrade the AeroClub apron and a section of the taxiway totalling Euro 2.5 million;
- the construction of new toilets and upgrading of several offices and terminal premises for a total of Euro 0.85 million;
- the expansion of the P3, Express and Staff car parks for a total of Euro 0.31 million to meet requirements resulting from increased traffic and the decrease in parking spaces due to the presence of the construction site for building the People Mover station;
- the construction of an automated collection system for arriving baggage in an amount totalling Euro 0.30 million;
- the supply of new monitors for passenger flight information totalling Euro 0.24 million;

In 2016, two passenger finger bridges also entered into service for a total of Euro 0.93 million. Another three finger bridges are under construction for a total of Euro 0.52 million at 31 December 2016.

Amortisation of Concession Rights for the period amounted to Euro 5.35 million and has been applied on the basis of the remaining duration of the Airport concession. This amount increased compared with 2015 due to the entry into service of airport infrastructure investments made in 2016.

“Software, licenses and similar rights,” which consist of software used to manage services, were up by Euro 0.95 million during the period, mainly due to software licenses for new applications and new functionality of existing applications, in addition to the new Customer Relationship Management (CRM) and Passenger Terminal Simulation system totalling Euro 0.24 million, which entail, through technologically advanced implementations, the acquisition of information aimed at gaining better knowledge of the end customer. In 2016 the company Intranet platform was also replaced for a total of Euro 0.12 million.

“Other intangible assets under construction” included costs incurred for projects not completed at 31 December 2016, including the implementation of the new software platform for help desk management.

Assessment of the Recoverable Value of Assets or Groups of Assets

For 2016, the Group performed impairment tests to assess the existence of possible impairments with respect to the Euro 156 million recognised as Concession Rights as of 31 December 2016 (which represented, respectively, 59.83% of total assets and 93.34% of total shareholders' equity as of 31 December 2016). The aforementioned Concession Rights are subjected to an impairment test at least once a year in connection with approval of the financial statements.

Impairment tests are performed in accordance with IAS 36 by comparing the book value of the asset or the group of assets making up the cash flow generating unit with the recoverable value of same, which is determined as the higher of its fair value (net of any selling expenses) and the amount of discounted net cash flows that are expected to be produced by the assets or group of assets comprising the CGU (value in use). In consideration of the fact that the airport concession ends in 2044, explicit economic and financial forecasts for the period 2017-2044 were employed, and a "Terminal Value" was not employed.
This method is based upon the assumption that the value of a company's economic capital at a given date (in this case, 31 December 2016) is represented by the algebraic sum of the following items:

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• "operating" value, which represents the current value of cash flows generated by operational management of the company over a definite period of time (explicit forecast period, which in this case coincides with the scheduled end of the airport concession in 2044)
• value of non-strategic or non-capital ancillary assets at the date in question.

For the purposes of performing the impairment test, the Group established a single CGU, which is the Aeroporto Guglielmo Marconi di Bologna S.p.A. Group.

For the purposes of the impairment test the cash flows generated from the 2017-2044 economic and financial forecasts formulated by the Board of Directors on 20 February 2017 were applied and extrapolated from the 2017-2021 economic and financial plan approved by the Board of Directors on 19 December 2016, which is commented hereinafter. On 20 February 2017 the Board of Directors also approved the methodology for the impairment test.

The airport fees used as the basis for the calculation of cash flows for impairment test purposes were:

- for the period 2017-2019: the controlling company's aviation revenues estimated on the basis of the 2016-2019 tariffs approved by ART, which went into effect in 2016. Subsidiaries' aviation revenues are estimated on the basis of the 2017-2021 Plans approved and communicated by those companies, and prepared on the basis of detailed forecasts of the anticipated traffic volumes;
- for the period 2020-2044: for the controlling company an assumption was made of an adjustment at the unit tariff inflation rate with an average annual increase of +1.4% over the period 2020-2044. For subsidiaries, a prudent increase in revenues was assumed that is less than the detailed estimates for the years 2016-2020;
- on the other hand, potential tariff increases arising from the tariff regulation system after 2019 were not considered.

The objectives and assumptions of the 2017-2044 economic-financial forecasts were determined by taking into account the historical operating results, and they were formulated on the basis of precise estimates of passenger traffic and related revenues, as well as estimates calculated on the basis of the principal sector analyses and studies, and also by applying increases consistent with and not exceeding those forecast for the relevant sector. It is indicated in this regard that:

(i) these objectives and assumptions were based upon annual results, which therefore included the Company's multiyear trends and also took into account historical trends within the year;

(ii) these multiyear projections were formulated on the basis of objectives for increases and improvements over historical results, and therefore have elements of uncertainty and may be considered challenging;

(iii) the sector studies the Group employed as a reference for the aforementioned multiyear forecasts take into account intra-European traffic as well as worldwide traffic. The Bologna Airport has mainly European traffic and recently has been developing intercontinental routes; therefore, it is nevertheless deemed to be consistent the use of sector studies.

The aforementioned operational cash flows were discounted using the UDCF (Unlevered Discounted Cash Flow) at the rate equal to the Weighted Average Cost of Capital (WACC), which was 5.02% and was determined by applying the Capital Asset Pricing Model (“CAPM”) method, with:

- Italian risk free rate of 1.75% (12-month average);
- equity risk premium of 6.25%;
- average beta of 0.40 of identified peers (panel of listed airport companies).

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The third-party capital cost of 2.51% was based upon the Group's actual debt costs, net of the tax effect (24% - corporate income tax rate effective from 1 January 2017, as provided by paragraphs 61-64 of article 1 of Law No. 208 of 28 December 2015).

The weight assigned to shareholders' equity and debt capital, equal to 75.6% and 24.4% respectively, was on the basis of sector peers' average gearing of 32.21%.

Lastly, an additional risk premium of 1.0% was assigned in view of the following factors:

- the degree of risk in the 2017-2044 economic and financial forecasts, particularly in consideration of forecasts for a period of time as lengthy as the period 2022-2044;
- smaller size than the listed companies in the sample employed as a reference.

On the basis of the foregoing, the Group determined a WACC of 5.02%.

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

The excess of the recoverable amount as at 31 December 2016 over net invested capital was Euro 276.4 million, while the difference as at 31 December 2016 between the recoverable amount and intangible assets was Euro 283.7 million.

The Group deemed it appropriate to perform several sensitivity analyses in order to determine the impacts on the recoverable amount caused by changes in the following parameters which are deemed significant: EBITDA margin and
WACC, by analysing the impact that this change has in relation to the spread with the value of net invested capital ("NIC") and with intangible assets.
The following are the results of the sensitivity analysis performed in regard to the average change in gross operating profit for the period of the plan, and the impacts that those changes have on the recoverable amount and the difference between the recoverable amount and the amount of net invested capital and intangible assets (the amount resulting from the impairment test is in bold):

in thousands of Euro	%	Recoverable Amount	Recoverable Amount vs. Net Invested Capital	Recoverable Amount vs. Intangible Assets
GROSS OPERATING PROFIT MARGIN %	40.00%	498,807	334,802	342,096
	38.00%	463,359	299,354	306,647
	36.71%	**440,440**	**276,435**	**283,729**
	35.00%	410,185	246,180	253,474
	33.00%	374,737	210,732	218,025
	31.00%	339,288	175,283	182,576
	30.00%	321,563	157,558	164,852
	28.00%	286,115	122,110	129,403
	26.00%	250,666	86,661	93,954

The gross operating profit margin that makes the CGU value equal to the book value of net invested capital is 21.11%.

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The following are the results of the sensitivity analysis performed in regard to the average change in WACC, and the impacts that this change has on the recoverable amounts and the difference between the recoverable amounts and the amount of net invested capital and intangible assets (the amount resulting from the impairment test is in bold):

in thousands of Euro	%	Recoverable Amount	Recoverable Amount vs. Net Invested Capital	Recoverable Amount vs. Intangible Assets
% WACC	4.00%	521,444	357,439	364,733
	4.50%	479,653	315,648	322,942
	5.02%	**440,440**	**276,435**	**283,729**
	5.50%	407,680	243,675	250,969
	6.00%	376,694	212,689	219,982
	6.50%	348,580	184,575	191,869
	7.00%	323,042	159,037	166,331
	7.25%	311,155	147,150	154,444

The WACC value that makes the CGU value equal to the book value of the Net Invested Capital is 11.97%.

The Group did not deem it necessary to obtain specific fairness opinions regarding the impairment test performed on the concession rights recorded under intangible assets including in consideration of the recording
criterion on the basis of costs incurred and not on the basis of specific market values of the fair value of such intangible assets.

An impairment test simulation was also performed by considering in the determination of the WACC a 30-year term for interest rates (free risk rate and swap rate), which term approximates the remaining duration of the airport concession. In this instance as well the test did not show impairment losses.

2. Tangible Assets

The following table presents a breakdown of tangible assets at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Land	2,758	2,758	0
Buildings and minor construction and improvements	2,348	1,638	710
Machinery, equipment and facilities	3,486	3,325	161
Furniture, office machinery, transport equipment	1,965	2,066	(101)
Property, plant and equipment under construction and advances	1,541	135	1,406
Investment property	4,732	4,732	0
TOTAL TANGIBLE ASSETS	**16,830**	**14,654**	**2,176**

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The following table shows changes in tangible assets for the year ended 31 December 2016, along with a comparison with the year ended 31 December 2015, presented by individual tangible asset category.

	31.12.2015			Changes for the Period				31.12.2016		
in thousands of Euro	Historical cost	Depreciation Provisions	Book Value	Increases/Acquisitions	Depreciation	Decreases/Disposals	Disposal Provision	Historical cost	Depreciation Provisions	Book Value
Land	2,758	0	2,758	0	0	0	0	2,758	0	2,758
Buildings and minor construction and improvements	4,888	(3,250)	1,638	977	(267)	(3)	3	5,862	(3,514)	2,348
Machinery, equipment and facilities	11,429	(8,104)	3,325	1,224	(1,058)	(42)	36	12,611	(9,126)	3,486
Furniture, office machinery, transport equipment	8,266	(6,200)	2,066	427	(511)	(325)	308	8,368	(6,403)	1,965
Property, plant and equipment under construction and advances	135	0	135	1,406	0	0	0	1,541	0	1,541
Investment property	4,732	0	4,732	0	0	0	0	4,732	0	4,732
TOTAL TANGIBLE ASSETS	**32,208**	**(17,554)**	**14,654**	**4,034**	**(1,836)**	**(370)**	**347**	**35,872**	**(19,043)**	**16,830**

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The item “Buildings and minor construction and improvements” rose by Euro 0.98 million due mainly to the upgrading of an area next to the airport to build a 249-space car park for the airport.

The Euro 1.22 million increase in the item “Machinery, equipment and facilities” mainly concerned the supply and installation of new digital advertising systems totalling Euro 0.53 million, and a new automated passport control system (ABC system) totalling Euro 0.25 million, in addition to the purchase of a new elevator for reduced mobility passengers and a new freight handling vehicle totalling Euro 0.27 million.

The item “Furniture, office machinery and transport equipment” rose by Euro 0.43 million mainly due to the purchase of furnishings, electronic machinery and radio devices for offices and various terminal areas.

“Tangible assets under construction” include amounts incurred for unfinished projects at 31 December 2016. These include the first tranche of Euro 0.89 million of the Parent Company’s contribution to Marconi Express S.p.A. to build the “Aeroporto” station of the People Mover corresponding to work progress of 33% in the airport area through August 2016.

The increase in depreciation of tangible assets was primarily due to investments that entered into service during the year.

The item "Investment property" includes the total value of land owned by the Group for real estate investments; this land was initially recognised at acquisition cost and subsequently measured using the cost method.
The aforementioned land is not subject to depreciation but, as indicated in IAS 40, an expert valuation is performed to support the fair value measurement. This expert valuation performed internally at the Company confirms that the cost at which it was recognised approximates the fair value of the land, due to its nature and strategic value.

3. Investments

The following table presents a breakdown of investments at 31 December 2016, compared with the data at 31 December 2015.

in thousands of Euro	at 31.12.2015	Increases/Acquisitions	Decreases/Disposals	Write-downs	at 31.12.2016
Other investments	147	0	0	0	147
TOTAL INVESTMENTS	**147**	**0**	**0**	**0**	**147**

The equity investment held in the affiliated company Ravenna Terminal Passeggeri S.r.l., in view of the expected negative results for the 2015 and 2016 financial years, was fully impaired in 2014. The results for 2015 and 2016 confirmed this projection (loss in 2015 of Euro 47 thousand and loss in 2016 of Euro 27 thousand).

The value of Other shares underwent no changes in 2016.

in thousands of Euro	Share	at 31.12.2016	at 31.12.2015	Change
Consorzio Energia Fiera District	9.5%	3	3	0
CAAF dell’Industria S.p.A.	0.07%	0	0	0
Bologna Welcome S.r.l.	10%	40	40	0
Bologna Congressi S.p.A.	10%	104	104	0
TOTAL OTHER INVESTMENTS		**147**	**147**	**0**

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4. Other non-current financial assets

The following table shows the changes in other non-current financial assets for the year ended 31 December 2016, compared with the data at 31 December 2015.

in thousands of Euro	at 31.12.2015	Increases	Decreases / Reclassifications	Write-downs	at 31.12.2016
Equity financial instruments	0	7,000	0	0	7,000
Bonds	0	4,668	0	0	4,668
Deposit accounts/Savings bonds	70	6,000	0	0	6,070
Other financial assets	293	252	(293)	0	252
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**363**	**17,920**	**(293)**	**0**	**17,990**

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

- a Euro 7 million equity financial instrument in Marconi Express S.p.A. Marconi Express S.p.A. is the company licensed to construct and manage the infrastructure for the express railway link (People Mover) between the Airport and Bologna's main train station. Information on this already appeared in the 2015 Financial Report and 2016 Interim Financial Reports. This financial instrument was subscribed on 21 January 2016 for a total of Euro 10.9 million. Of this amount, Euro 7 million had been paid in two tranches at 31 December 2016: the first of Euro 4 million at the time of subscription and the second of Euro 3 million in October 2016 corresponding to work progress of 20%. The carrying value corresponds to the amount actually paid or the cost incurred at 31 December 2016. Pursuant to IAS 39, this financial asset was classified under available-for-sale financial assets. According to IAS 39, subsequent measurement following initial recording should be at fair value, and related changes should be posted to shareholders' equity and reported in the statement of comprehensive income as OCI (other comprehensive income), whereas impairment should be posted to the income statement. However, in this case, in view of the difficulty in measuring the fair value of this equity financial instrument, the Group elected to take advantage of the exemption allowed for equity instruments for which fair value cannot be reliably measured. As a result, subsequent measurements of this equity financial instrument will be at cost and any impairment, which is quantified by comparing the book value with the present value of cash flows discounted at the market rate for similar instruments, will be posted to the income statement and cannot be reversed;
- Euro 4.7 million for a senior bond with a nominal value of Euro 4.5 million maturing in September 2018. Pursuant to IAS 39, the Group elected to classify this financial asset under investments held to maturity (HTM) since it has the intention and capability to hold these in its portfolio until maturity. After initial recognition at acquisition cost, these investments are measured at amortised cost, using the effective interest rate method and thus recognising any discounts or premiums on the purchase or other costs that are an integral part of the effective interest rate. There were no impairment indicators in relation to the value of these financial assets at 31 December 2016;
- Euro 6 million in savings bonds maturing in August 2018;
- Euro 0.25 million for a capitalisation product with a term of five years that the Group elected to classify, pursuant to IAS 39, under investments held to maturity with the related initial recognition and periodic measurement as described above.

Lastly, the item "Other non-current financial assets" decreased due to the reclassification of the receivable arising from the sale of Marconi Handling S.r.l. to the item "Current financial assets" (Note 10) which should be referenced for additional details.

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Fair value - hierarchy

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

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

The following tables indicate the assets and liabilities measured at fair value at 31 December 2016 and 31 December 2015 by hierarchy level:

in thousands of Euro	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets	7,967	0	967	8,934
Available-for-Sale Financial Assets	0	24,070	7,000	31,070
Derivatives	0	0	0	0
Total at 31.12.2016	**7,967**	**24,070**	**7,967**	**40,004**

in thousands of Euro	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets	2,838	0	1,207	4,045
Available-for-Sale Financial Assets	0	5,120	0	5,120
Derivatives	0	0	0	0
Total at 31.12.2015	**2,838**	**5,120**	**1,207**	**9,165**

5. Deferred tax assets

The following table shows the overall change in deferred tax assets for the year ended 31 December 2016, compared with the data at 31 December 2015.

in thousands of Euro	at 31.12.2015	Provisions	Amounts used/Adjustments	at 31.12.2016
DEFERRED TAX ASSETS	**7,474**	**1,623**	**(1,670)**	**7,427**

The following table presents a breakdown of taxable amounts that result in the recognition of deferred tax assets, with a distinction between Income tax (IRES) and Regional Tax on Productive Activities (IRAP). Specifically:

- the item "Other costs with deferred deductibility" mainly includes the maintenance costs covered by Article 107 of the TUIR, which are deductible in subsequent financial years;
- the item "Deferred taxes provisions" mainly includes doubtful account impairment provisions for receivables, for the portion exceeding 0.5%, other provisions for litigation and future costs that are deductible in subsequent financial years, and airport infrastructure renewal provisions, with respect to the portion deductible in subsequent financial years;
- The item "Listing Costs" includes costs connected to the listing of shares in the Star Segment of the Borsa Italiana Electronic Stock Exchange on 14 July 2015, recorded in part in the income statement and in part as an offset to shareholders' equity reserves and deductible over 5 years starting in 2015.

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- The item “Other” includes tax credits due to AdB for taking advantage of tax benefits in relation to: energy upgrade measures; investments in new capital assets pursuant to art. 18 of Decree Law 91/2014; investments in research and development activities referenced in art. 1, para. 35 of Law 190/2014. In relation to taking advantage of tax credits for research and development activities, in 2015 and 2016 the Parent Company continued its R&D activities and focused its efforts specifically on projects deemed to be particularly innovative, and specifically on the following activities: the research, design and development of software solutions based on new IT technologies for creating new services related to the management, care and safety of passengers and ground traffic. The Company incurred a total of Euro 0.46 million in 2015 and Euro 0.44 million in 2016 for the development of these projects. The Company will use the “Research and Development” tax credit (pursuant to art. 1, para. 35 of Law 190/2014) for the total incremental expense equal to Euro 0.45 million and Euro 0.43 million respectively. This credit is available using the procedures specified in the above regulation. These credits have been recorded in the financial statements under review. Research and development activities continue in 2017.

In fact, the reduction in the IRES rate starting 1 January 2017 (amendment introduced by paragraphs 61-64 of art. 1 of Law 208 of 28 December 2015) will result in a reduced recovery of taxes paid in advance in 2016 from 27.5% to 24%.

IRES rate 27.5%- 24%	***Taxable Amount***				***Tax***			
in thousands of Euro	**at 31.12.2015**	**Increases**	**Amounts used**	**at 31.12.2016**	**at 31.12.2015**	**Increases**	**Amounts used/ Adjustments**	**at 31.12.2016**
Other costs with deferred IRES deductibility	7,220	2,910	(2,257)	7,873	1,810	698	(620)	1,888
Provisions with deferred IRES/IRAP taxes	4,928	1,347	(2,141)	4,134	1,212	324	(541)	995
Provisions for renewal of airport infrastructure	9,590	0	(95)	9,495	2,305	0	(27)	2,278
Amortisation of FTA system and expansion costs	24	0	(2)	22	5	0	(1)	4
Amortisation of Concession Rights. ENAC-ENAV agreement	143	106	0	249	40	25	(5)	60
Listing Costs	3,699	0	(925)	2,774	920	0	(254)	666
Tax losses with unlimited reversal	1,156	0	(27)	1,129	277	0	(6)	271
Discounting of severance and other personnel provisions	217	290	0	507	59	76	(43)	92
Total IRES	**20,977**	**4,653**	**(5,447)**	**26,183**	**6,628**	**1,123**	**(1,497)**	**6,254**

Other	***Taxable Amount***				***Tax***			
in thousands of Euro	**at 31.12.2015**	**Increases**	**Amounts used**	**at 31.12.2016**	**at 31.12.2015**	**Increases**	**Amounts used/ Adjustments**	**at 31.12.2016**
Other credits	0	0	0	0	275	363	(67)	571
Total “Other credits”					**275**	**363**	**(67)**	**571**

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IRAP rate 4.20% - 3.90%	*Taxable Amount*				*Tax*			
in thousands of Euro	at 31.12.2015	Increases	Amounts used	at 31.12.2016	at 31.12.2015	Increases	Amounts used/ Adjustments	at 31.12.2016
Other provisions for deferred IRAP taxes	2,414	3,072	(2,394)	3,092	101	129	(101)	129
Provisions with deferred IRES/IRAP taxes	1,410	8	(1)	1,417	61	0	0	61
Provisions for renewal of airport infrastructure	9,590	20	(121)	9,489	403	1	(5)	399
Amortisation of FTA system and expansion costs	24	0	(2)	22	1	0	0	1
Amortisation of Concession Rights. ENAC-ENAV agreement	95	82	0	177	4	3	0	7
Other personnel provisions	17	89	0	106	1	4	0	5
Total IRAP	**13,550**	**3,271**	**(2,518)**	**14,303**	**571**	**137**	**(106)**	**602**
Total					**7,474**	**1,623**	**1,670**	**7,427**

6. Other non-current assets

The following table shows the breakdown of other non-current assets at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Non-current prepayments and accrued income	57	62	(5)
Security deposits	83	80	3
Non-current tax credits	1,244	1,244	0
OTHER NON-CURRENT ASSETS	**1,384**	**1,386**	**(2)**

The main item related to non-current tax credits, which was unchanged during the two years being compared, includes the credit recorded following the IRES refund request for non-deduction of IRAP on staff costs (Decree Law No. 201/2011 and Agenzia delle Entrate [Italian Tax Authority] Provision No. 2012/140973 of 2012) for an amount of Euro 1 million, including the portions attributable to subsidiaries Tag Bologna and Fast Freight Marconi and the former subsidiary Marconi Handling forming a part of the Group’s tax consolidation scheme, and Euro 41 thousand for the credit for the IRAP reimbursement pursuant to Decree Law No. 185/2008 concerning Marconi Handling that will be collected directly by Aeroporto Guglielmo Marconi di Bologna S.p.A. under the tax consolidation agreement in force in the year that item was included in the financial statements.

7. Inventories

The following table presents the breakdown of inventories at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Inventories of raw materials, supplies and consumables	476	427	49
Inventory of finished products	43	40	3
INVENTORIES	**519**	**467**	**52**

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Inventories of raw materials, supplies and consumables did not change significantly and refer to inventories of workshop materials, heating oil, runway and aircraft de-icing fluid, stationery supplies and printed materials. Inventories of finished products refer to aviation fuel.

8. Trade receivables

The following table presents a breakdown of trade receivables and their provisions:

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Trade receivables	14,822	15,371	(549)
Provisions for doubtful accounts	(1,368)	(1,594)	226
TRADE RECEIVABLES	**13,454**	**13,777**	**(323)**

Trade receivables declined from the previous year despite the increase in revenues, due to higher collections and greater offsets of receivable and payable items than in 2015.

Trade receivables are restored to their face value through provisions for doubtful accounts determined in each period on the basis of a specific analysis of both items subject to dispute and items that, even though not in dispute, have been outstanding for a significant period.
This measurement requires estimating the probability of collecting the receivables in question, including with the support of lawyers assigned to pursue disputes, and taking into account sureties received from customers.
Measurement of provisions at Euro 1.37 million as of 31 December is deemed appropriate for the purpose of adjusting the face value of trade receivables to the presumed realisation value.

Changes in provisions for doubtful accounts were as follows:

in thousands of Euro	at 31.12.2015	Provisions	Amounts used	Releases	at 31.12.2016
PROVISIONS FOR DOUBTFUL TRADE RECEIVABLES	**(1,594)**	**(254)**	**361**	**119**	**(1,368)**

in thousands of Euro	at 31.12.2014	Provisions	Amounts used	Releases	at 31.12.2015
PROVISIONS FOR DOUBTFUL TRADE RECEIVABLES	**(2,156)**	**(355)**	**716**	**201**	**(1,594)**

Increases for the financial year were in the total amount of Euro 0.25 million, Euro 0.18 million of which were classified in the provisions item of the income statement, and the remaining Euro 0.07 million was applied as a direct reduction of revenues because this was an amount that matured in 2016 which is deemed uncollectible.

The following is a breakdown by age of the Group's trade receivables outstanding at 31 December 2016, as compared with 2015:

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

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in thousands of Euro	Expiring	Expired 0-30 days	Expired 30-60 days	Expired 60-90 days	Expired after 90 days	Total
TRADE RECEIVABLES	**7,606**	**4,082**	**1,018**	**92**	**2,111**	**14,909**

in thousands of Euro	Expiring	Expired	Total at 31.12.2015
Trade receivables for invoices/credit notes issued	6,837	8,543	15,380
Trade receivables for invoices/credit notes to be issued	(9)	0	(9)
TOTAL TRADE RECEIVABLES	**6,829**	**8,543**	**15,371**

in thousands of Euro	Expiring	Expired 0-30 days	Expired 30-60 days	Expired 60-90 days	Expired after 90 days	Total
TRADE RECEIVABLES	**6,837**	**3,690**	**2,264**	**210**	**2,379**	**15,380**

9. Other current assets

The following table presents a breakdown of other current assets at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
VAT credit	118	89	29
Direct tax receivables	13	374	(361)
Other tax receivables	3	13	(10)
Receivables from personnel	73	70	3
Other receivables	3,192	7,284	(4,092)
OTHER CURRENT ASSETS	**3,399**	**7,830**	**(4,431)**

The direct tax receivables for the IRAP credit for 2015 were nearly eliminated at 31 December 2016 as a result of the debit position of the Parent Company and subsidiary FFM. Thus, the only amount remaining in this item is the IRAP credit for the subsidiary Tag.

With regard to Other receivables, details of which are provided in the table below, the largest change relates to the elimination of the receivables for security deposits (article 17) related to the security deposit provided by the Parent Company to ENAC for the period 1998-2004, during which it operated under the mechanism for the early occupancy of government property established by article 17 of Law 135/97. This receivable totalling Euro 3.6 million was fully collected on 19 October 2016.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Accrued income and prepayments	361	291	70
Advances to suppliers	59	194	(135)
Receivables from Retirement and Social Security Institutions	28	20	8
Receivables for security deposits (article 17)	0	3,628	(3,628)
Receivables for municipal surcharge	3,155	3,316	(161)
Provisions for other doubtful current receivables	(875)	(449)	(426)
Other current receivables	464	284	180
TOTAL OTHER RECEIVABLES	**3,192**	**7,284**	**(4,092)**

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

in thousands of Euro	at 31.12.2015	Provisions/Increases	Amounts used	Releases	at 31.12.2016
Provisions for doubtful receivables for municipal surcharge	(449)	(428)	2	0	(875)
TOTAL PROVISIONS FOR OTHER DOUBTFUL RECEIVABLES	**(449)**	**(428)**	**2**	**0**	**(875)**

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

10. Current Financial Assets

The following table presents a breakdown of current financial assets at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Securities and similar	0	2,838	(2,838)
Bonds	3,047	0	3,047
Deposit accounts	18,000	5,050	12,950
Receivables from the sale of investments	967	914	53
Other financial receivables	71	29	42
CURRENT FINANCIAL ASSETS	**22,085**	**8,831**	**13,254**

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

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in thousands of Euro	at 31.12.2015	Increases/Acquisitions	Decreases/Disposals	Write-downs	at 31.12.2016
Securities and similar	2,838	0	(2,838)	0	0
Bonds	0	3,047	0	0	3,047
Deposit accounts	5,050	18,000	(5,050)	0	18,000
Receivables from the sale of investments	914	53	0	0	967
Other financial receivables	29	71	(29)	0	71
TOTAL OTHER CURRENT FINANCIAL ASSETS	**8,831**	**21,171**	**(7,917)**	**0**	**22,085**

Detailed breakdown:

- securities and similar: this item was eliminated following the collection of the capitalisation product totalling Euro 2.9 million purchased in 2011 for a nominal value of Euro 2.5 million and payable on 28 December 2016. Interest accrued in 2016 totalled Euro 0.07 million;
- bonds: this item increased due to the purchase of a senior bond with a nominal value of Euro 3 million maturing in October 2017. See the item "Non-current financial assets" (Note 4) for additional details;
- deposit accounts: this item, which rose at a faster pace than in the previous year, includes temporary investments of cash in:
  - certificates of deposit in the amount of:
    - Euro 3 million maturing in May 2017;
    - Euro 4 million maturing in November 2017;
  - time deposits in the amount of:
    - Euro 3 million maturing in April 2017;
    - Euro 1 million maturing in August 2017;
    - Euro 7 million maturing in October 2017.

  The following deposit accounts, totalling Euro 5.05 million at 31 December 2015, were cashed out:
  - Euro 5 million in April 2016;
  - Euro 0.05 million in May 2016;
- receivables from the sale of investments: this item includes the remaining receivable for the sale of the investment in Marconi Handling on 19 December 2012. This receivable, which is broken down by related contractual maturities as redefined by a debt rescheduling agreement of 15 November 2016, is secured by a special lien on the corporate stake sold and bears interest at 4%. The new repayment plan agreed is broken down into 12 monthly instalments ending in December 2017.

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

11. Cash and cash equivalents

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Bank and postal accounts	20,085	50,657	(30,572)
Cash	25	27	(2)
CASH AND CASH EQUIVALENTS	**20,110**	**50,684**	**(30,574)**

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The item "bank and postal deposit accounts" represents the available balances of bank current accounts as well as bank deposits that are convertible into cash (time deposits) within three months of the reporting date, in the amount of Euro 1.3 million.

Net Financial Position

The following table shows the composition of the net financial position at 31 December 2016 and 31 December 2015, in accordance with the provisions of the Consob Notice of 28 July 2006, and in compliance with the ESMA/2011/81 Recommendations:

	in thousands of Euro	at 31.12.2016	at 31.12.2015
A	Cash	25	27
B	Other cash equivalents	20,085	50,657
C	Securities held for trading	0	2,838
D	**Liquidity (A+B+C)**	**20,110**	**53,522**
E	**Current financial receivables**	**22,085**	**5,994**
F	Current bank debt	(70)	(1,110)
G	Current portion of non-current debt	(5,800)	(9,064)
H	Other current financial debt	(2,970)	(1,980)
I	**Current financial debt (F+G+H)**	**(8,840)**	**(12,154)**
J	**Net current financial position (I-E-D)**	**33,355**	**47,362**
K	Non-current bank debt	(24,896)	(32,728)
L	Bonds issued	0	0
M	Other non-current liabilities	0	0
N	**Non-current financial debt (K+L+M)**	**(24,896)**	**(32,728)**
O	**Net financial position (J+N)**	**8,459**	**14,634**

Items A + B represent the balance of the item "cash and cash equivalents"; please see Note 11 for additional details.
Item C + E is equal to the item "current financial assets"; please see Note 10 for further details.
Items F + G + H represent the balance of the item "current financial liabilities"; please see Note 22 for further details.
Item K represents the balance of the item "non-current financial liabilities"; please see Note 17 for further details.

For a detailed analysis of changes in net financial position over the two-year period 2015 – 2016, please see the management report.

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LIABILITIES

12. Shareholders' equity

The following table presents a breakdown of Shareholders' Equity at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Share capital	90,314	90,250	64
Reserves	63,882	63,306	576
Result for the period	11,311	6,957	4,354
GROUP SHAREHOLDERS' EQUITY	**165,507**	**160,513**	**4,994**

i. Share capital

Following the increase in the Parent Company's share capital, which was a part of the stock market listing process that took place on 14 July 2015, share capital at 31 December 2015 consisted of 36,100,000 ordinary shares equal to Euro 90.25 million, which was entirely subscribed and paid up. The Public Subscription and Sale Offer made provision for bonus shares to be awarded in the following amounts in the event that subscribed shares are held continuously for 365 days following the start of trading of the shares on the stock exchange:

- 1 share for every 20 subscribed shares for the general public and residents of the Emilia-Romagna region;
- 1 share for every 10 subscribed shares for Group employees.

Upon completion of the subscription, there were 109,200 shares with underlying Bonus Shares. After this right was exercised in September 2016, 25,665 ordinary shares were issued to shareholders entitled to bonus shares, in accordance with the resolution of the Shareholders' Meeting of 20 May 2015 and using the share premium reserve.
As notified to the Bologna Companies Registry on 19 September 2016, the Parent Company's share capital on that date was Euro 90,314,162, fully subscribed and paid up, represented by 36,125,665 ordinary shares with no par value.

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

in units of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015
Group profit/(loss) for the period	11,131,110	7,183,949
Average number of outstanding shares	36,107,223	32,627,397
Average number of shares including bonus shares	36,107,223	32,678,258
Undiluted earnings/(losses) per share	**0.31**	**0.22**
Diluted earnings/(losses) per share	**0.31**	**0.22**

ii. Reserves

The following table details reserves at 31 December 2016, compared with 31 December 2015.

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in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Share premium reserve	25,683	25,747	(64)
Legal reserve	5,018	4,679	339
Extraordinary reserve	34,923	34,606	317
FTA reserves	(3,222)	(3,222)	0
Profits (losses) carried forward	2,413	2,248	165
OCI reserve	(933)	(752)	(181)
TOTAL RESERVES	**63,882**	**63,306**	**576**

The share premium reserve consisted of the following:

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

The change during the period in the share premium reserve was due to the amount used for the capital increase in connection with exercising the bonus shares.
In compliance with article 2431 of the Italian Civil Code, this reserve is available but cannot be distributed until the legal reserve has reached the limit established by article 2430 of the Civil Code.

The legal reserve and extraordinary reserve rose as a result of the allocation of profit for the previous year, and, with regard to the Parent Company, net of the distribution of dividends approved by the Shareholders' Meeting of 27 April 2016 totalling Euro 6.137 million corresponding to a gross dividend of Euro 0.17 for each of the 36,100,000 ordinary shares outstanding on the ex-dividend date (2 May 2016).
The extraordinary reserve is made up entirely of profits from prior financial years.
The profits/losses carried forward reserve increased as a result of the allocation of the profits/losses resulting from the IAS accounting records of subsidiaries as well as the proportional share of the TAG result for the previous period.
The OCI reserve shows the changes arising from the discounting of severance and other staff-related provisions (Note 13) in accordance with revised IAS 19, net of the related tax impact.

The following table shows changes in the reserve for the year ended 31 December 2016 and the pertinent comparison:

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Actuarial gains/losses as per IAS 19	(1,232)	(1,042)	(190)
Deferred taxes on actuarial gains/losses as per IAS 19	295	286	9
OCI RESERVE	**(937)**	**(756)**	**(181)**
Minority shareholder portion	**(4)**	**(4)**	**0**
Group portion	**(933)**	**(752)**	**(181)**

The minority interests represents their share of shareholders' equity and the financial year profit/loss of not fully owned subsidiaries, which is detailed as follows:

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Share capital – minority interests	155	155	0
Reserves – minority interests	358	200	158
Financial year profit/loss - minority interests	94	159	(65)
MINORITY INTERESTS	**607**	**514**	**93**

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Changes in minority shareholders' equity are mainly to be attributed to the profit realised during the financial year.

13. Severance and other personnel provisions

The following table presents a breakdown of severance and other personnel provisions at 31 December 2016, compared with the data at 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Severance	4,489	4,453	36
Other personnel provisions	107	18	89
TOTAL SEVERANCE AND OTHER PERSONNEL PROVISIONS	**4,596**	**4,471**	**125**

The following table shows changes in the provisions in question during the financial year:

in thousands of Euro	at 31.12.2015	Service Cost	Net Interest	Benefits Paid	Actuarial Gains (Losses)	at 31.12.2016
Severance	4,453	13	70	(241)	194	4,489
Other personnel provisions	18	93	0	0	(4)	107
TOTAL SEVERANCE AND OTHER PERSONNEL PROVISIONS	**4,471**	**106**	**70**	**(241)**	**190**	**4,596**

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

The following is a summary of the principal assumptions made for the process of actuarial estimation of severance provisions for the financial years presented in the table:

a) discounting rate: 1.31% for the evaluation at 31 December 2016 and 2.03% at 31 December 2015.
b) prospective inflation rate: 1.50% for 2016, 1.80% for 2017, 1.70% for 2018, 1.60% for 2019 and 2% from 2020 onwards (no change from the evaluation at 31 December 2015)
c) demographic bases (mortality/disability): the RG 48 mortality tables published by the Italian General Accounting Service were utilised for mortality. An INPS table itemised by age and gender was employed for disability;
d) personnel turnover rate: 1%.

As with any actuarial evaluation, the results depend upon the technical bases adopted, which included the interest rate, inflation rate and expected turnover. The following table shows the sensitivity analysis for each significant actuarial assumption at the end of the financial year and indicates the impacts of reasonably possible changes in actuarial assumptions at that date, in absolute terms.

	Evaluation Parameter					
in thousands of Euro	+1% in turnover rate	-1% in turnover rate	+ 0.25% in annual inflation rate	- 0.25% in annual inflation rate	+ 0.25% in annual discounting rate	- 0.25% in annual discounting rate
Severance	4,459	4,524	4,566	4,415	4,370	4,614

As additional information, the following table shows the projected payments over five years.

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in thousands of Euro	Estimated future payments
1	228
2	203
3	148
4	228
5	233

The other personnel provisions pertain to the liability at 31 December 2016 for the long-term incentives plan and the non-compete agreement of the Managing Director and Chief Executive Officer, as governed by the Remuneration Policy commented upon in the Report on Corporate Governance and Ownership Structure, to which you are referred for further details.
The actuarial evaluation of the long-term incentives plan at 31 December 2016 (1st cycle July 2015 – December 2017 and 2nd cycle 2016-2018) and the non-compete agreement was performed with the support of expert actuaries employing the "vested benefits" methodology on the basis of IAS 19 (Paragraphs 67-69), and employing the "Project Unit Credit" criterion. The substance of this methodology is measurement of the average current value of obligations accrued on the basis of a worker's length of service in employment at the time that said measurement is performed. The principal evaluation parameters are:

a) discounting rate: 1.03% for the evaluation at 31 December 2016 (2.03% for the evaluation at 31 December 2015) of the liability for the non-compete agreement as the yield for a comparable term of the sector collective agreement, and -0.05% for the evaluation at 31 December 2016 (0.24% for the evaluation at 31 December 2015) for long-term incentives, a yield in line with the three-year term of the plan concerned,
b) demographic bases (mortality/disability): the RG 48 mortality tables published by the Italian General Accounting Service were utilised for mortality. The INPS table of 2010 projections was employed for disability;
c) rate of voluntary resignations and terminations caused by the company: 1%;
d) 70% probability of achieving objectives.

Lastly, the sensitivity analysis is provided which shows the impacts on other personnel provisions, and specifically on the provision related to the non-compete agreement, in the event of employment termination, with a probability of 10%:

in thousands of Euro	Service Cost
Other personnel provisions	91

14. Deferred Tax Liabilities

The following table shows deferred tax liabilities at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2015	Provisions	Amounts used	at 31.12.2016
DEFERRED TAX LIABILITIES	**2,145**	**71**	**0**	**2,216**

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Provisions for deferred tax liabilities totalled Euro 2.2 million. Deferred tax liabilities were recognised at the time of the transition to IFRS as the result of applying IFRIC 12 Service Concession Arrangements, as detailed in the note on the transition to IFRS in the 2014 Financial Report.

IRES rate 27.5%- 24% (IRES) *in thousands of Euro*	Taxable Amount				Tax			
	at 31.12.2015	Increases	Amounts used	at 31.12.2016	at 31.12.2015	Increases	Amounts used	at 31.12.2016
Amortisation of concession rights	7,633	228	0	7,861	1,824	61	0	1,885
Total IRES	**7,633**	**228**	**0**	**7,861**	**1,824**	**61**	**0**	**1,885**

IRAP rate 4.2% - 3.90% *in thousands of Euro*	Taxable Amount				Tax			
	at 31.12.2015	Increases	Amounts used	at 31.12.2016	at 31.12.2015	Increases	Amounts used	at 31.12.2016
Amortisation of concession rights	7,633	228	0	7,861	321	10	0	331
Total IRAP	**7,633**	**228**	**0**	**7,861**	**321**	**10**	**0**	**331**
Total					**2,145**	**71**	**0**	**2,216**

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

Provisions for renewal of airport infrastructure refer to the coverage of future costs of conservative maintenance and renewal of concession assets that the Group is required to return at the scheduled end of the concession in 2044, in perfect working condition.
The following table shows the changes in provisions for the year ended 31 December 2016:

in thousands of Euro	at 31.12.2015	Provisions	Amounts used	Reclassifications	at 31.12.2016
PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (NON-CURRENT)	**9,548**	**3,092**	**0**	**(2,009)**	**10,631**

The increases totalled Euro 3.1 million, of which Euro 2.9 million were classified under provisions of the income statement and the remaining Euro 0.2 million were classified under financial expenses from discounting. The decreases from reclassifications relate to the periodic reclassification to current liabilities of the portion of costs whose disbursement is entirely expected in the year following the reference period. Amounts used during the period in question are shown under current liabilities in Note 20.
To supplement the required information, the following table shows the interest rate sensitivity analysis performed on the discounting of provisions for airport infrastructure renewal at 31 December 2016:

in thousands of Euro	Interest Balance	Sensitivity (+0.5%)	Sensitivity (-0.1%)
Provisions for renewal of airport infrastructure	167	238	152

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

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16. Provisions for risks and charges

The following table shows the changes in provisions for risks and charges for the year ended 31 December 2016:

in thousands of Euro	at 31.12.2015	Provisions	Amounts used	at 31.12.2016
Provisions for ongoing disputes	1,353	37	(537)	853
Provisions for employee back pay	14	0	(14)	0
Provisions for other risks and charges	154	0	(1)	153
PROVISIONS FOR RISKS AND CHARGES (NON-CURRENT)	**1,521**	**37**	**(552)**	**1,006**

The main change was the amount used from the provision for ongoing disputes following the conclusion of some disputes with employees. The change reported includes Euro 0.1 million for the release of the litigation fund with the excess amount released to the income statement. The provision for employee back pay was eliminated during the period following the renewal of the national collective agreement for handlers on 11 December 2015.

Contingent liabilities

On 26 July 2016, following a comprehensive audit started on 18 May 2016 for the Parent Company's 2013 financial year, the Revenue Agency of Bologna prepared a Tax Audit Report with a single observation. The observation consists of a presumed disallowance of IRES deductibility for the loss resulting from the May 2013 declaration of bankruptcy of SEAF, the management company of Forlì Airport. This insolvency procedure resulted in the execution of the surety related to the strong patronage letter issued in 2007 by AdB to the credit institutions that financed SEAF in the form of an unsecured loan, which the Parent Company carried out with a schedule of repayments to lending institutions. This debt was fully repaid in April 2016 with the full payment of remaining instalments (see Note 17).

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

17. Non-current financial liabilities

The following table presents a breakdown of non-current financial liabilities at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Loans - non-current portion	24,896	30,683	(5,787)
Other non-current financial debt	0	2,045	(2,045)
NON-CURRENT FINANCIAL LIABILITIES	**24,896**	**32,728**	**(7,832)**

At 31 December 2016, the item concerned consisted solely of the non-current portion of loans, i.e., the medium to long-term portions of loans obtained by the Group and outstanding on that date. The decrease during the period was due to the repayment of maturing instalments totalling Euro 9.08 million, including the instalments totalling Euro 3.27 million to fully repay the ten-year loan, which matured on 30 September

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2016, provided by Intesa Sanpaolo S.p.A. to implement the infrastructure investment plan. This loan is interest-bearing at a fixed rate of 4.312% per annum.

At 31 December 2016, total liabilities for loans were Euro 30.7 million, including the current portion of loans totalling Euro 5.8 million.

Other non-current financial debt, which was eliminated at 31 December 2016, was entirely related to the liability recorded for the guarantee provided by the Parent Company in the form of a special patronage letter to SEAF S.p.A. In 2011, AdB recorded a provision to cover the probable risk connected to the guarantee issued in 2007 to cover a bank loan provided to SEAF S.p.A. The latter commenced liquidation proceedings on 14 May 2012 and was subsequently declared bankrupt on 3 May 2013. The lender banks consequently filed a claim against the parent company for execution of the guarantee issued. In March 2014, following numerous contacts with the lender banks, AdB signed an agreement for payment in instalments over five years with quarterly instalments beginning on 12 March 2014, the total principal amount of which was Euro 5.03 million. As a result of the signing of the aforementioned repayment plan, the Parent Company petitioned for unconditional inclusion in the liabilities of the bankruptcy estate. In the first quarter of 2016, AdB continued the repayment of this liability according to the five-year payment agreement with quarterly instalments entered into in 2014; during this period instalments of Euro 0.2 million were repaid. Later, based on the larger amount of cash available, the Parent Company assessed whether it was appropriate to prepay this liability, and it repaid the remaining debt of Euro 2.8 million on 20 April 2016.

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

- a fifteen-year loan maturing on 15 June 2019, with a total outstanding balance of Euro 6.90 million at 31 December 2016 (Euro 9.66 million in 2015) provided by Banca OPI S.p.A (now Intesa Sanpaolo S.p.A.) and to be used to implement the Company's infrastructure investment plan. Euro 4.14 million of this debt (Euro 6.90 million in 2015) was classified under Loans – non-current portion, and Euro 2.76 million, representing the principal to be repaid in 2017, under Loans – current portion. It is interest-bearing at a variable rate applied to the Bank quarterly by the European Investment Bank, plus a spread of 0.45%;
- a fifteen-year loan maturing on 30 March 2026, with a total outstanding amount of Euro 4.77 million at 31 December 2016 (Euro 5.29 million at 31 December 2015), granted by Monte dei Paschi di Siena (formerly Banca Agricola Mantovana) to support the costs of constructing the General Aviation Terminal. Euro 4.27 million of this debt was classified under Loans – non-current portion (Euro 4.8 million in 2015), and Euro 0.5 million, representing the principal to be repaid in 2017, under Loans – current portion (Euro 0.49 million in 2015).
  This debt is interest-bearing at a variable rate of the 3-month Euribor + a 0.9% spread;
- a ten-year loan with maturity on 10 June 2024 in the total amount of Euro 23 million, with a total outstanding amount as of 31 December 2016 of Euro 19.02 million (Euro 21.54 million in 2015), granted by Banca Intesa for the purpose of making infrastructure investments. Euro 16.49 million of this debt (Euro 19 million in 2015) was classified under Loans – non-current portion, and Euro 2.54 million (Euro 2.54 million in 2015) representing the principal to be repaid in 2017, under Loans – current portion. In connection with this loan, in 2014 the parent company paid Euro 0.3 million as an arrangement and structuring fee, which was recognised under other current assets at 31 December 2014, and once the loan was subsequently received, in 2015, fees were treated in accordance with IAS 39. This debt is interest-bearing at a fixed rate of 3.693%. The parent company is obligated to comply with the following financial covenants, which are calculated annually:

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- Ratio of Net Financial Liabilities to Gross Operating Margin (less than 1.9 in 2016 – complied)
- Ratio of Net Financial Liabilities to Net Liabilities (less than 0.3 for 2016 – complied).

This loan provides a prepayment option only starting in December 2017 with a fee, determined by agreement, of 1% of the principal prepaid in addition to compensation, determined contractually, for the cost of reinvesting funds. The amount of this fee and compensation are not as convenient as maintaining the loan. Thus, the Parent Company has asked the lending bank to revise the loan's financial terms and conditions.

The following are the contractual terms and conditions of loans outstanding at 31 December 2016:

Financial Institution	Debt	Rate	Instalments	Maturity	*Covenants*
Intesa Sanpaolo S.p.A. (formerly Banca OPI S.p.A.)	Loan	Rate applied to the Bank by the EIB + 0.45%	Six-monthly	2019	No
Intesa Sanpaolo S.p.A.	Loan	3.693% fixed rate	Six-monthly	2024	Yes
Monte dei Paschi di Siena (formerly Banca Agricola Mantovana)	Loan	Variable rate 3-month Euribor + 0.9% spread	Quarterly	2026	No

The clarification is made that the loans are not covered by collateral security.

The following is a sensitivity analysis performed on the interest rates applied to variable rate loans outstanding at 31 December 2016.

			in thousands of Euro			
Financial Institution	Type of Financing	Interest Rate Applied	Debt at 31.12.2016	2016 Interest Expense	Sensitivity (+0.5%)	Sensitivity (-0,1%)
Intesa Sanpaolo S.p.A. (formerly Banca OPI S.p.A.)	Loan	Rate applied to the Bank by EIB (European Investment Bank) + 0.45	-6,897	41	85	not available
Monte dei Paschi di Siena (formerly Banca Agricola Mantovana)	Loan	3 month/360 Euribor + 0.9%	-4,776	36	62	31

With regard to the cross default clauses in the Company's loan agreements, if the borrowing company is in breach of its credit or loan obligations or guarantees assumed in relation to any party, the acceleration clause will be invoked. As at 31 December 2016, the Company had not received any communication for the application of the cross default clauses by its lenders.

18. Trade payables

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
TRADE PAYABLES	**15,669**	**13,746**	**1,923**

Payables are mainly with domestic suppliers and posted an increase of Euro 1.9 million due to the increase in external costs and payables for invoices to be received.

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Below is a breakdown of trade payables at 31 December 2016 and 31 December 2015 by due dates:

in thousands of Euro	Expiring	Expired	Total at 31.12.2016
Invoices/credit notes received	3,915	2,522	6,437
Invoices/credit notes to be received	9,232	0	9,232
TOTAL TRADE PAYABLES	**13,147**	**2,522**	**15,669**

in thousands of Euro	Expiring	Expired 0-30 days	Expired 30-60 days	Expired 60-90 days	Expired after 90 days	Total
TRADE PAYABLES	**3,915**	**2,378**	**60**	**39**	**45**	**6,437**

in thousands of Euro	Expiring	Expired	Total at 31.12.2015
Invoices/credit notes received	5,264	656	5,920
Invoices/credit notes to be received	7,826	0	7,826
TOTAL TRADE PAYABLES	**13,090**	**656**	**13,746**

in thousands of Euro	Expiring	Expired 0-30 days	Expired 30-60 days	Expired 60-90 days	Expired after 90 days	Total
TRADE PAYABLES	**5,264**	**566**	**63**	**0**	**27**	**5,920**

19. Other Liabilities

The following table presents a breakdown of current liabilities at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Current tax payables	2,420	1,250	1,170
Payables to personnel and social institutions	4,169	3,479	690
ENAC for concession fee and other debts to the State	13,050	11,094	1,956
Other current payables, accrued expenses and deferred income	3,163	3,739	(576)
TOTAL OTHER CURRENT LIABILITIES	**22,802**	**19,562**	**3,240**

The following are comments regarding the main changes:

i. Current Tax Payables

The following table shows a breakdown of current tax payables at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
VAT payables	249	0	249
Direct tax payables	1,330	416	914
Other tax payables	841	834	7
TOTAL CURRENT TAX PAYABLES	**2,420**	**1,250**	**1,170**

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The increase in direct tax payables was due to an increase in IRES payables, from Euro 0.4 million at 31 December 2015 to Euro 1.1 million at 31 December 2016, and IRAP payables (Euro 0.3 million), compared with a credit balance in 2015.

Other tax payables are mainly due to IRPEF (Personal Income Tax) debt for employee withholding.

ii. Current payables to personnel and social security institutions

The following table presents a breakdown of current payables to personnel and social security institutions at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Payables to personnel for salaries	971	889	82
Payables to personnel for deferred compensations	2,034	1,623	411
Payables to social security institutions	1,164	967	197
CURRENT PAYABLES TO PERSONNEL AND SOCIAL SECURITY INSTITUTIONS	**4,169**	**3,479**	**690**

iii. ENAC concession fees and other State payables

This item mainly includes:

- Euro 9.96 million (Euro 8.56 million in 2015) in relation to the debt for firefighting prevention services as regulated by Article 1, Section 1328 of the 2007 Finance Act, as amended by Article 4, Section 3-bis of Law 2/2009. For further details please see the disputes section in the Directors' Report;
- Euro 2.83 million (Euro 2.32 million in 2015) as a payable for the Airport concession fee.

iv. Other current payables, accrued expenses and deferred income

The following table shows other current payables, accrued expenses and deferred income at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Payables for municipal surcharge	2,280	2,867	(587)
Other current payables	749	746	3
Current accrued expenses and deferred income	134	126	8
TOTAL OTHER CURRENT PAYABLES, ACCRUED EXPENSES AND DEFERRED INCOME	**3,163**	**3,739**	**(576)**

The principal item under other current payables consists of the municipal surcharge payables connected to the receivable with airlines that was still not collected as of 31 December. In view of the fact that several carriers contested the effective date of the Euro 2.50 increase for 2016 that was required by the Interministerial Decree of 29 October 2015, the portion of the receivable for the municipal surcharge related to this contested increase was reclassified to provisions for other doubtful current receivables (Note 9). The Municipal surcharge payables portions pertaining to receivables collected from airlines, but not yet paid to lender institutions, is classified among current financial liabilities (item 22).
Other current payables also include securities deposits received from customers.

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20. Provisions for renewal of Airport infrastructure (current)

The following table details changes in provisions for renewal of airport infrastructure for the year ended 31 December 2016.

in thousands of Euro	at 31.12.2015	Provisions	Amounts used	Reclassifications	at 31.12.2016
PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (CURRENT)	**3,439**	**0**	**(2,515)**	**2,009**	**2,933**

This item includes the current portion of provisions for renewal of Airport infrastructure. Amounts used at 31 December 2016 were mainly for unscheduled maintenance of the taxiway and runway, the refurbishing of roofs and floors of airport buildings, the updating of systems following the upgrading of certain premises, information/front-desk systems, special equipment and baggage collection equipment. This was in addition to refurbishing and modernising several heating systems and uninterruptible power supply units in various airport buildings.

21. Other Provisions for risks and charges (current)

The following table shows the changes provisions for risks and charges at 31 December 2016:

in thousands of Euro	at 31.12.2015	Provisions	Amounts used	at 31.12.2016
Provisions for ENAC-ENAV agreement	936	82	(859)	159
PROVISIONS FOR RISKS AND CHARGES (CURRENT)	**936**	**82**	**(859)**	**159**

The other provisions for risks and charges solely contain contractual liability provisions recognised on the basis of the agreement with ENAV and ENAC signed by the Parent Company in December 2009, which provides for another area to be included in the inventory of assets received under the concession. In view of that expansion of the area received under the concession, the Company has assumed the following obligations:

1) demolition of pre-existing capital assets;

2) construction of a new building on behalf of the original concessionaire.

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

The new building was completed in 2016 with the exception of a small amount of work to be done that is being completed at the beginning of 2017. The original liability was updated following the projection of additional work that resulted in a provision of Euro 0.08 million made during the year.

22. Current financial liabilities

The following table presents a breakdown of current financial liabilities for the year ended 31 December 2016, and the pertinent comparison with the year ended 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Loans - current portion	5,801	9,064	(3,263)
Payables for municipal surcharge	2,969	1,980	989
Other current financial debt	70	1,109	(1,039)
CURRENT FINANCIAL LIABILITIES	**8,840**	**12,153**	**(3,313)**

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For details of the items “loans – current portion” and “other current financial debt,” see Note 17 Non-Current Financial Liabilities, which provides a detailed explanation of the loans taken out by the Group and other outstanding financial debt at 31 December 2016, in addition to changes during the year.
Lastly, the item in question consists of debts for the municipal surcharge on passenger boarding fees, with respect to the portion received from the airlines in the month of December and paid on to lender institutions in the month of January.

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

The following are commentaries on the principal items of the income statement for the period ended on 31 December 2016, compared with the period ended on 31 December 2015.

REVENUES

23. Revenues

The following table shows a breakdown of revenues by business segment for the years ended on 31 December 2016 and 31 December 2015.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Revenues from aeronautical services	48,224	43,268	4,956
Revenues from non-aeronautical services	35,377	32,419	2,958
Revenues from construction services	5,999	3,626	2,373
Other operating revenues and income	842	836	6
TOTAL REVENUES	**90,442**	**80,149**	**10,293**

i. Revenues from aeronautical services

The following table shows a breakdown of revenues from aeronautical services for the years ended on 31 December 2016 and 31 December 2015.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Revenues from centralised infrastructure/other airport services	531	497	34
Revenues from fees/ exclusive-use assets	1,263	1,152	111
Revenues from airport fees	62,384	54,488	7,896
Revenues from PRM fees	4,024	2,848	1,176
Incentives for the development of air traffic	(24,262)	(19,402)	(4,860)
Handling services	2,353	1,782	571
Other aeronautical revenues	1,931	1,903	28
TOTAL REVENUES FROM AERONAUTICAL SERVICES	**48,224**	**43,268**	**4,956**

The increase in revenues from aeronautical services was due to traffic growth and the tariff adjustment, which was discussed in detail by directors in the Directors’ Report, which should be referenced for further details.

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The following is a breakdown of revenues from airport fees:

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Passenger boarding fees	31,391	25,626	5,765
Landing, take-off and parking fees	17,510	14,751	2,759
Passenger security fees	9,783	9,203	580
Hold luggage security fees	2,913	4,322	(1,409)
Freight loading and unloading charges	787	586	201
TOTAL REVENUES FROM AIRPORT FEES	**62,384**	**54,488**	**7,896**

ii. Revenues from non-aeronautical services

The following table presents a breakdown of revenues from non-aeronautical services for the years ended on 31 December 2016 and 31 December 2015.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Sub-licensing of premises and areas	15,697	14,290	1,407
Parking	14,218	13,043	1,175
Other commercial revenues	5,462	5,086	376
TOTAL REVENUES FROM NON-AERONAUTICAL SERVICES	**35,377**	**32,419**	**2,958**

Revenues from non-aeronautical services increased due to traffic growth, which was particularly reflected in revenues from the sub-licensing of premises and commercial areas in the Food & Beverage and Duty Free sector, parking revenues, customer services revenues and revenues from the sub-licensing of auto rental companies.

Other commercial revenues are itemised below:

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Ticketing	55	52	3
Marconi Business Lounge	1,939	1,652	287
Advertising	1,387	1,591	(204)
Miscellaneous commercial revenues	2,081	1,791	290
TOTAL OTHER COMMERCIAL REVENUES	**5,462**	**5,086**	**376**

Advertising revenues were down due to the ongoing crisis in the sector; this downturn was more than offset by the good performance of Marconi Business Lounge and miscellaneous commercial revenues.

iii. Revenues from Construction Services

Revenues from construction services pertain to the construction services provided by Aeroporto Guglielmo Marconi di Bologna S.p.A. to the granting authority ENAC, for the purpose of realising the investments previously commented upon in connection with Concession Rights in Note 1.
These revenues were equal to Euro 6 million in 2016 and Euro 3.63 million in 2015.

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iv. Other revenues and income

The following table provides details on other revenues and income for the years ended 31 December 2016 and 31 December 2015.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Compensation, reimbursements and other income	717	730	(13)
Contributions to operating expenses	121	102	19
Capital gains	4	4	0
TOTAL OTHER OPERTING REVENUES AND PROCEEDS	**842**	**836**	**6**

Other revenues and income did not change significantly from the previous year.

COSTS

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24. Costs

i. Consumables and goods

The following table shows details of consumables and goods for the years ended 31 December 2016 and 31 December 2015.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Consumables and goods	386	317	69
Maintenance materials	150	155	(5)
Fuels	931	1,115	(184)
TOTAL CONSUMABLES AND GOODS	**1,467**	**1,587**	**(120)**

This category reflects savings due mainly to lower purchases of aviation fuel.

ii. Services costs

The following table provides details of services costs for the years ended on 31 December 2016 and 31 December 2015.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Maintenance costs	4,568	3,895	673
Utilities	3,002	2,572	430
Cleaning and similar services	1,939	1,796	143
Third-party services	5,231	5,123	108
Marconi Business Lounge services	278	219	59
Advertising, promotion and development	867	768	99
Insurance	710	757	(47)
Professional and consultancy services	1,621	1,356	265
Fees and reimbursements for statutory bodies	536	579	(43)
Other services costs	401	382	19
TOTAL SERVICES COSTS	**19,153**	**17,447**	**1,706**

Overall, services costs increased mainly due to growth in:

- maintenance expenses due to additional runway work and maintenance work in general;
- utilities: this item rose by Euro 0.43 million over the 2015 figure. For an accurate comparison of figures reported with figures for the previous year, it should be noted that the balance for 2016 included Euro 0.72 million related to system expenses for power produced internally, of which about Euro 0.3 million was not applicable. These costs were recorded in the financial statements as at 31 December 2016 in application of regulations in effect on that date (Law 116/14 and Resolution 578/2013/R/eel of the Electricity, Gas and Water Authority), on the basis of which, in the absence of Efficient Utility System (SEU) status, it was necessary to pay the full amount of system expenses; as of 31 December 2016, AdB did not meet this requirement. On 27 February 2017 the Decree Law of 30 December 2016 ("Emergency Extension" law) was converted to law and introduced a significant new provision for the payment of the tariff component covering general system expenses through an ad hoc amendment made in January 2017. We believe that the new regulation can be reasonably interpreted in the sense that SEU status does not need to be granted in order to obtain the exemption from the payment of system expenses including for situations prior to 2017. Based on the above, the Parent Company believes that these expenses represent one-off cost components.
- PRM services due to a higher number of departing passengers;

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- security services due to increased security at gates and the launch of airport fencing patrols and surveillance;
- professional services due to the new listed company status and new security courses with the launch of the new National Security Plan.

On the other hand, there were cost savings for snow clearance and de-icing in the item "Third-party services," the details of which are provided in the table below, in addition to insurance costs and compensation paid to statutory bodies.

Below are further details of maintenance costs:

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Maintenance costs of owned assets	818	739	79
Maintenance costs of airport infrastructure	3,310	2,837	473
Maintenance costs of third party assets	440	319	121
TOTAL MAINTENANCE COSTS	**4,568**	**3,895**	**673**

The following shows a breakdown of third-party services:

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Snow clearance	353	580	(227)
Porterage, transport and third-party services	192	49	143
PRM services	1,394	1,167	227
De-icing services and other public service costs	425	678	(253)
Security services	1,168	1,041	127
Other third-party services	1,699	1,608	91
TOTAL THIRD-PARTY SERVICES	**5,231**	**5,123**	**108**

In regard to the disclosure required by Article 38, Section 1, Subsection o) of Legislative Decree No. 127/91, the following table shows the parent company's directors and statutory auditors fees for also performing those functions at subsidiaries:

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Directors	0	0	0
Statutory auditors	2	6	(4)
Total	**2**	**6**	**(4)**

The following table shows fees owed to the Board of Statutory Auditors and the Audit Firm for the audit required by law and for regulatory reporting:

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Board of Statutory Auditors fees	132	205	(72)
Auditing Firm fees	102	72	30
Total	**235**	**277**	**(42)**

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iii. **Costs for construction services**

The cost of construction services pertained to the increase in construction costs incurred by Aeroporto Guglielmo Marconi di Bologna S.p.A. Group due to the implementation of the investments previously commented upon in Note 1 in connection with the Concession Rights.

iv. **Leases, rentals and other costs**

The following table provides details of fees, rentals, and other costs for the years ended on 31 December 2016 and 31 December 2015.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Concession fees	5,340	4,673	667
Rental fees	392	337	55
Payable rents	525	504	21
Data processing fees	983	930	53
Other costs for using third-party assets	0	14	(14)
TOTAL LEASES, RENTALS AND OTHER COSTS	**7,240**	**6,458**	**782**

Overall, the item "Leases, rentals and other costs" reflected an increase in airport concession fees and security service fees caused by greater traffic, as well as higher data processing fees due to new investments in technology.

i. **Other operating expenses**

The following table shows a breakdown of other operating expenses for the years ended on 31 December 2016 and 31 December 2015.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Tax charges	1,305	1,347	(42)
Fire-fighting service contribution	1,399	1,314	85
Credit losses	4	70	(66)
Capital losses	17	5	12
Other operating costs and expenses	429	350	79
Non-recurring expenses (and income)	(34)	27	(61)
TOTAL OTHER OPERATING EXPENSES	**3,120**	**3,113**	**7**

There were no significant changes in other operating expenses between the two years being compared.

ii. **Personnel costs**

The following table shows a breakdown of personnel costs for the years ended on 31 December 2016 and 31 December 2015.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Salaries and wages	17,798	16,778	1,020
Social security contributions	4,877	4,680	197
Severance	1,273	1,202	71
Pension and similar	186	180	6
Other personnel costs	1,403	1,359	44
TOTAL PERSONNEL COSTS	**25,537**	**24,199**	**1,338**

Personnel costs shows an increase mainly because of the following factors:

- increase in staffing level (average of 18 personnel; 13 full-time equivalents) due to the insourcing of several activities (information service, assistance to passengers with reduced mobility, trolley collection, rush luggage handling, vehicle washing, manual luggage coding in BHS area), due to the hiring of resources whose work is particularly sensitive to traffic growth such as security and the PRM service, and due to the expansion of certain company areas;
- application of the penultimate tranche of the new National Collective Agreement (starting in July 2015) with an impact on the first half of the year, and the last tranche (starting in July 2016) with an impact on the second half of the year under review.

Other personnel costs break down as follows:

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Staff canteen	611	571	40
Personnel training and refresher courses	174	193	(19)
Personnel travel expenses	199	201	(2)
Other personnel provisions	86	18	68
Miscellaneous personnel costs	333	376	(43)
TOTAL OTHER PERSONNEL COSTS	**1,403**	**1,359**	**44**

The following is the average staffing level by category for the year in question:

Average Personnel (no. off staff)	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Executive Managers	10	10	0
White-collar workers	366	352	14
Blue-collar workers	96	92	4
TOTAL PERSONNEL	**472**	**454**	**18**

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

Workforce (no. off staff)	at 31.12.2016	at 31.12.2015	Change
Executive Managers	10	9	1
White-collar workers	374	355	19
Blue-collar workers	95	96	(1)
TOTAL PERSONNEL	**479**	**460**	**19**

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25. Depreciation and amortisation

The following table shows details of amortisation and depreciation for the years ended 31 December 2016 and 31 December 2015.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Amortisation of concession rights	5,347	5,173	174
Amortisation of other intangible assets	758	606	152
Depreciation of tangible assets	1,836	1,573	263
TOTAL DEPRECIATION AND AMORTISATION	**7,941**	**7,352**	**589**

The increase is consistent with ongoing implementation of the Group amortisation plan and is also the result of the gradual placement in services of investments made.

26. Provisions for risks and charges

The following table shows details of provisions for risks and charges for the years ended 31 December 2016 and 31 December 2015.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Provisions for doubtful accounts	63	115	(52)
Provisions for renewal of airport infrastructure	2,925	2,059	866
Provisions for other risks and charges	11	146	(135)
TOTAL PROVISIONS FOR RISKS AND CHARGES	**2,999**	**2,320**	**679**

The growth of this item was due to higher allocations to the provision for renewal of airport infrastructure (for comments on these areas see Notes 15-20). This growth was partially offset by a reduction in allocations to provisions for doubtful accounts and other risks and charges (for comments on these areas see Notes 8 and 16).

27. Financial income and expenses

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Income from securities	117	71	46
Financial income other than the previous items	245	211	34
TOTAL FINANCIAL INCOME	**362**	**282**	**80**
Interest expenses and bank charges	(940)	(857)	(83)
Expenses from discounting provisions	(278)	(402)	124
Other financial expenses	(5)	(16)	11
TOTAL FINANCIAL EXPENSES	**(1,223)**	**(1,275)**	**52**
TOTAL FINANCIAL INCOME AND EXPENSES	**(861)**	**(993)**	**132**

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The negative balance from financial management decreased in 2016 in connection with:

- the increase in interest income from the growth in cash invested in financial instruments;
- the reduction in financial expenses due to the discounting that more than offset the increase in interest expenses on medium and long term loans, as a result of the impact on all of 2016 from interest on the loan drawn in June 2015.

28. Taxes for the period

In 2016, current IRES taxes rose in absolute terms due to the increase in the result before taxes, while the effective IRES rate declined largely due to the following positive effects:

- tax deduction of a portion of the Parent Company's listing costs over 5 years starting in 2015;
- use of the tax benefit referenced in art. 1, para. 91 of Law 208/2015 on investments in new capital assets (so-called super depreciation) made throughout 2016.

The following table shows the reconciliation of the actual income tax rate with the theoretical rate:

Reconciliation of effective rate/theoretical rate (income tax IRES)	**for the year ended 31.12.2016**	**for the year ended 31.12.2015**	**Change**
Result before taxes	16,411	10,664	5,747
Ordinary tax rate	**27.50%**	**27.50%**	**0%**
Theoretical tax burden	4,513	2,933	1,580

Effect of increase or decrease in the ordinary tax rate:	**for the year ended 31.12.2016**	**for the year ended 31.12.2015**	**Change**
Taxed provisions deductible in subsequent financial years	476	483	(7)
Costs deductible in subsequent financial years	3,363	5,337	(1,974)
Other costs deducted in prior financial years	31	31	0
Other non-deductible costs	1,237	1,110	127
Use of provisions taxed in prior financial years	(861)	(591)	(270)
Costs not deducted in prior financial years	(3,430)	(2,014)	(1,416)
Other differences	(2,132)	(3,522)	1,390
Release of deferred tax assets/Provisions for deferred tax liabilities	(262)	(422)	160
Total increases/decreases	**(1,578)**	**412**	**(1,990)**
Tax impact on changes at 27.5%	(434)	113	(547)
Financial year income tax (IRES)	4,078	3,046	1,032
Effective tax rate	**24.85%**	**28.56%**	

The increase in IRES was offset by the tax credit for the Parent Company’s investments in research and development operations, as referenced in art. 1, para. 35 of Law 190/2014. AdB carried out these operations in 2015 and 2016, and the positive impact from both was recognised in 2016.

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Breakdown of financial year taxes	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
IRES	4,078	3,046	1,032
IRAP	861	556	305
Income from Research & Development bonuses	(362)	0	(362)
Taxes for previous financial periods	6	(266)	272
TOTAL	**4,583**	**3,336**	**1,247**

As a summary, the following table shows the balances for current and deferred/prepaid taxes as of 31 December 2016, as compared with 2015:

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Current taxes	4,583	3,336	1,247
Deferred tax assets and liabilities	423	212	211
TOTAL TAXES FOR THE PERIOD	**5,006**	**3,548**	**1,458**
Current taxes as a % of result before tax	**27.93%**	**31.28%**	
Taxes for the period as a % of result before taxes	**30.50%**	**33.27%**	

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Related party transactions

A definition of "Related Parties" can be found in IAS 24, approved by EC Regulation 1725/2003.

Intercompany transactions are executed as part of ordinary operations and under normal market conditions.

Related party transactions mainly pertain to commercial and financial transactions, as well as compliance with the tax consolidation regime.

None of those relationships is of particular economic or strategic importance for the Group because receivables, payables, revenues and costs with related parties do not represent a significant share of the total amounts in the financial statements.

The shareholder Bologna Chamber of Commerce has been identified as Government, making it exempt from related party disclosure under IAS 24. Classifying the Bologna Chamber of Commerce as Government therefore limited the scope of checks to identify related parties to the identification of only the Bologna Chamber of Commerce. Furthermore, the financial statements contain no further information regarding the Group's relationship with the Bologna Chamber of Commerce, because there are no significant transactions with that shareholder.

The following tables show the balances for the related party transactions contained in the financial statements.

in thousands of Euro	for the year ended 31.12.2016		for the year ended 31.12.2015	
	Total	Of which related parties	Total	Of which related parties
Concession Rights	155,595	0	155,001	0
Other intangible assets	1,116	0	881	0
Intangible assets	**156,711**	**0**	**155,882**	**0**
Property, plant and equipment	12,098	0	9,922	0
Investment property	4,732	0	4,732	0
Tangible assets	**16,830**	**0**	**14,654**	**0**
Investments	147	0	147	0
Other non-current financial assets	17,990	0	363	293
Deferred tax assets	7,427	0	7,474	0
Other non-current assets	1,384	0	1,386	0
Other non-current assets	**26,948**	**0**	**9,370**	**293**
NON-CURRENT ASSETS	**200,489**	***0***	***179,906***	***293***
Inventories	519	0	467	0
Trade receivables	13,454	0	13,777	187
Other current assets	3,399	0	7,830	127
Current financial assets	22,085	967	8,831	914
Cash and cash equivalents	20,110	0	50,684	0
CURRENT ASSETS	**59,567**	**967**	**81,589**	**1,228**
TOTAL ASSETS	**260,056**	**967**	**261,495**	**1,521**

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in thousands of Euro	for the year ended 31.12.2016		for the year ended 31.12.2015	
	Total	Of which related parties	Total	Of which related parties
Share capital	90,314	0	90,250	0
Reserves	63,882	0	63,306	0
Result for the period	11,311	0	6,957	0
GROUP SHAREHOLDERS' EQUITY	**165,507**	**0**	**160,513**	**0**
MINORITY INTERESTS	**607**	**0**	**514**	**0**
TOTAL SHAREHOLDERS' EQUITY	**166,114**	**0**	**161,027**	**0**
Severance and other personnel provisions	4,596	0	4,471	0
Deferred tax liabilities	2,216	0	2,145	0
Provisions for renewal of airport infrastructure	10,631	0	9,548	0
Provisions for risks and charges	1,006	0	1,521	0
Non-current financial liabilities	24,896	0	32,728	0
Other non-current liabilities	194	0	219	0
NON-CURRENT LIABILITIES	**43,539**	**0**	**50,632**	**0**
Trade payables	15,669	0	13,746	634
Other liabilities	22,802	0	19,562	3
Provisions for renewal of airport infrastructure	2,933	0	3,439	0
Provisions for risks and charges	159	0	936	0
Current financial liabilities	8,840	0	12,153	0
CURRENT LIABILITIES	**50,403**	**0**	***49,836***	***637***
TOTAL LIABILITIES	**93,942**	**0**	**100,468**	**637**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**260,056**	**0**	**261,495**	**637**

in thousands of Euro	for the year ended 31.12.2016		for the year ended 31.12.2015	
	Total	Of which related parties	Total	Of which related parties
Revenues from aeronautical services	48,224	40	43,268	447
Revenues from non-aeronautical services	35,377	47	32,419	441
Revenues from construction services	5,999	0	3,626	0
Other operating revenues and income	842	13	836	148
Revenues	**90,442**	**100**	**80,149**	**1,036**
Consumables and goods	(1,467)	0	(1,587)	0
Services costs	(19,153)	(181)	(17,447)	(2,237)
Costs for construction services	(5,713)	0	(3,454)	0
Leases, rentals and other costs	(7,240)	0	(6,458)	0
Other operating expenses	(3,120)	0	(3,113)	0
Personnel costs	(25,537)	0	(24,199)	0
Costs	**(62,230)**	**(181)**	**(56,258)**	**(2,237)**
Amortisation of concession rights	(5,347)	0	(5,173)	0
Amortisation of other intangible assets	(758)	0	(606)	0
Depreciation of tangible assets	(1,836)	0	(1,573)	0
Depreciation and amortisation	**(7,941)**	**0**	**(7,352)**	**0**

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in thousands of Euro	for the year ended 31.12.2016		for the year ended 31.12.2015	
	Total	Of which related parties	Total	Of which related parties
Provisions for doubtful accounts	(63)	0	(115)	0
Provisions for renewal of airport infrastructure	(2,925)	0	(2,059)	0
Provisions for other risks and charges	(11)	0	(146)	0
Provisions for risks and charges	**(2,999)**	**0**	**(2,320)**	**0**
Total costs	**(73,170)**	**0**	**(65,930)**	**0**
Operating result	**17,272**	**0**	**14,219**	**0**
Financial income	362	7	282	58
Financial expenses	(1,223)	0	(1,275)	0
Non-recurring income and expenses	0	0	(2,562)	0
Result before taxes	**16,411**	**0**	**10,664**	**0**
Taxes for the period	(5,006)	0	(3,548)	0
Profit (loss) for the period	**11,405**	**0**	**7,116**	**0**
Minority interests in profits (loss)	**94**	**0**	**159**	**0**
Group profit (loss)	**11,311**	**0**	**6,957**	**0**

	in thousands of Euro	for the year ended 31.12.2016	Of which related parties
A	Cash	25	0
B	Other cash equivalents	20,085	0
C	Securities held for trading	0	0
D	**Liquidity (A+B+C)**	**20,110**	**0**
E	**Current financial receivables**	**22,085**	**967**
F	Current bank debt	(70)	0
G	Current portion of non-current debt	(5,800)	0
H	Other current financial debt	(2,970)	0
I	**Current financial debt (F+G+H)**	**(8,840)**	**0**
J	**Net current financial position (I-E-D)**	**33,355**	**967**
K	Non-current bank debt	(24,896)	0
L	Bonds issued	0	0
M	Other non-current liabilities	0	0
N	**Non-current financial debt (K+L+M)**	**(24,896)**	**0**
O	**Net financial position (J+N)**	**8,459**	**967**

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The following are the changes that occurred with individual related parties in the 2016 and 2015 financial years.

2016													
in thousands of Euro	Property, plant and equipment	Other non-current financial assets	Total non-current assets	Trade receivables	Other current assets	Current financial assets	Total current assets	Total assets	Trade payables	Other Liabilities	Total current liabilities	Total liabilities
GH Italia S.r.l.	0	0	0	0	0	967	967	**967**	0	0	0	**0**
Total	**0**	**0**	**0**	**0**	**0**	**967**	**967**	**967**	**0**	**0**	**0**	**0**

2015												
in thousands of Euro	Property, plant and equipment	Other non-current financial assets	Total non-current assets	Trade receivables	Other current assets	Current financial assets	Total current assets	Total assets	Trade payables	Other Liabilities	Total current liabilities	Total liabilities
Marconi Handling S.r.l.	0	0	0	187	127	0	314	**314**	634	3	637	**637**
GH Italia S.r.l.	0	293	293	0	0	914	914	**914**	0	0	0	**0**
Total	0	**293**	**293**	**187**	**127**	**914**	**1,228**	**1,228**	**634**	**3**	**637**	**637**

2016													
in thousands of Euro	Revenues from aeronautical services	Revenues from non-aeronautical services	Other operating revenues and income	TOTAL REVENUES	Consumables and goods	Services costs	*Leases, rentals and other costs*	Other operating expenses	Personnel costs	TOTAL COSTS	Financial income	Financial expenses
Marconi Handling S.r.l.	40	47	13	100	0	(181)	0	0	0	(181)	0	0
GH Italia S.r.l.	0	0	0	0	0	0	0	0	0	0	7	0
Total	**40**	**47**	**13**	**100**	**0**	**(181)**	**0**	**0**	**0**	**(181)**	**7**	**0**

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in thousands of Euro	Revenues from aeronautical services	Revenues from non-aeronautical services	Other operating revenues and income	TOTAL REVENUES	Consumables and goods	Services costs	Leases, rentals and other costs	Other operating expenses	Personnel costs	TOTAL COSTS	Financial income	Financial expenses
2015												
Marconi Handling S.r.l.	447	441	148	1,036	0	(2,237)	0	0	0	(2,237)	0	0
GH Italia S.r.l.	0	0	0	0	0	0	0	0	0	0	58	0
Total	**447**	**441**	**148**	**1,036**	**0**	**(2,237)**	**0**	**0**	**0**	**(2,237)**	**58**	**0**

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The tables above show transactions over the two-year period 2015-2016 with the related parties Marconi Handling S.r.l. and GH Italia S.p.A.

The following related-party statuses were no longer in effect at 31 December 2016 due to the resignation of a Parent Company executive from the position of board member of Marconi Handling S.r.l. in February 2016:

- Marconi Handling S.r.l. was a related party because a Parent Company executive was a member of the Marconi Handling S.r.l. board of directors;
- GH Italia S.p.A. is the sole shareholder of Marconi Handling S.r.l.

The tables above show the amounts accrued by the Group in relation to:

1) Marconi Handling S.r.l. at 31 January 2016 related to:
   - revenues from aeronautical services from agreements to sub-licence premises, operating areas and check-in counters;
   - revenues from non-aeronautical services from agreements covering vehicle maintenance services, de-icing equipment rental and the PRM service;
   - other operating revenues and income for ancillary sub-licensing fees from operating areas leased to Marconi Handling;
   - services costs from agreements covering the PRM assistance service, the de-icing service, and night flight assistance services.
2) GH Italia S.r.l. at 31 January 2016 related to interest income on instalments of the consideration agreed to for the sale of the stake in Marconi Handling.

All transactions with the above-described related parties are carried out as part of normal operations and under normal market conditions.

Obligations and risks

Operating lease obligations

At 31 December 2016, the Group had irrevocable leases in place pursuant to IAS 17 for equipment, facilities and machinery, vehicles, land and “in cloud” software licences, for which future lease payments are indicated below that mature by the end of 2017, in the next five years or beyond that time period.

	in thousands of Euro
By the end of 2017	738
Beyond the year but within 5 years (2018-2022)	1.066
After 5 years (2023 and beyond)	151
Total	**1.955**

Operating leases with Group as lessor

At 31 December 2016 the Group had agreements in place to sub-licence areas, offices and operating and commercial space in the passenger and cargo terminal and other airport infrastructure as indicated in greater detail in Section 2 of the Directors’ Report. The following table indicates minimum future payments on irrevocable leases pursuant to IAS 17 in place at 31 December 2016 and maturing by the end of 2017, in the next five years or beyond that time period. The amounts indicated below do not include variable payments or sub-licensing agreements at administered rates since they are subject to potential upward or downward rate changes.

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	in thousands of Euro
By the end of 2017	9.469
Beyond the year but within 5 years (2018-2022)	19.423
After 5 years (2023 and beyond)	900
Total	**29.792**

Environmental investment obligations

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

People Mover investment obligations

At 31 December 2016, "Tangible assets under construction" included the first tranche of Euro 0.89 million of the Parent Company's contribution to Marconi Express S.p.A. to build the "Aeroporto" station of the People Mover corresponding to work progress of 33% in the airport area through August 2016. AdB's total contribution amounts to Euro 2.7 million, and the next tranches to be disbursed are as follows:

- additional amount of Euro 0.89 million when 66% of work in the airport area is completed;
- the balance of Euro 0.92 million is due upon testing.

At 31 December 2016, non-current financial assets included Euro 7 million for the equity financial instrument in Marconi Express S.p.A. subscribed in January 2016 for a total of Euro 10.9 million. The other contribution of Euro 3 million is required when work progress reaches 51% of the entire construction site, and the last tranche of Euro 0.9 million when work is completed.

See the pertinent section in the Directors' Report (Section 12) for information on guarantees provided.

Other risk classification and management

For information regarding the financial risk classification and management procedures required by article 2428, paragraph 2, sub-paragraph 6-bis of the Civil Code, as well as comments on the Group's other risks, please see the pertinent section of the Directors' Report.

The Chairman of the Board of Directors

(Enrico Postacchini)

Bologna, 20 March 2017

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

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

   - the accounting procedures for the preparation of the consolidated financial statements for the year ended December 31, 2016, are adequate based on the characteristics of the company;
   - the effective adoption of the administrative and accounting procedures for the preparation of the consolidated financial statements.

2. The assessment of the adequacy of administrative and accounting procedures for the preparation of the consolidated financial statements at December 31, 2016 was based on a process defined by Aeroporto Guglielmo Marconi di Bologna S.p.A., in compliance with the Internal Control-Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents the standard reference generally accepted at the international level.

3. In addition we certify that:
   3.1 the consolidated financial statements at December 31, 2016:
      a) were prepared in accordance with applicable international accounting standards recognized in the European Community within the meaning of (EC) Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
      b) correspond to the information in the books and other accounting documents and records;
      c) provide a true and fair representation of the financial, economic and assets situation of the issuer and all the companies included in the scope of consolidation.

   3.2 The Directors' report contains a reliable analysis of operations and performance, as well as, the situation of the issuer and the companies included in the consolidated financial statements, together with a description of the main risks and uncertainties that may affect the Group.

Bologna, 20 march 2017

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

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INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N. 39, DATED 27 JANUARY 2010 (Translation from the original Italian text)

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Aeroporto Guglielmo Marconi di Bologna Group, which comprise the statement of consolidated financial position as at 31 December 2016, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidates in the shareholders' equity, the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

EY S.p.A.
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A member firm of Ernst & Young Global Limited

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Aeroporto Guglielmo Marconi di Bologna Group as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated 28 February 2005.

Report on other legal and regulatory requirements

Opinion on the consistency of the Directors 'Report and of specific information of the Annual Report on Corporate Governance and Ownership Structure with the consolidated financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Directors' Report and of specific information of the Annual Report on Corporate Governance and the Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements. The Directors of Aeroporto Guglielmo Marconi di Bologna S.p.A. are responsible for the preparation of the Directors' Report and of the Annual Report on Corporate Governance and Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Directors' Report and the specific information of the Annual Report on Corporate Governance and the Ownership Structure are consistent with the consolidated financial statements of Aeroporto Guglielmo Marconi di Bologna Group as at 31 December 2016.

Bologna, 30 March 2017

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

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

Financial Statements for the year ended 31 December 2016

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

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Statement of Financial Position

in units of Euro	Notes	at 31.12.2016	at 31.12.2015
Concession Rights		150,172,332	149,385,017
Other intangible assets		1,090,845	851,469
Intangible assets	**1**	**151,263,177**	**150,236,486**
Property, plant and equipment		11,855,126	9,699,455
Investment property		4,732,016	4,732,016
Tangible assets	**2**	**16,587,142**	**14,431,471**
Investments	**3**	830,065	830,065
Other non-current financial assets	**4**	17,920,439	292,774
Deferred tax assets	**5**	7,037,622	7,071,171
Other non-current assets	**6**	1,332,088	1,344,338
Other non-current assets		**27,120,214**	**9,538,348**
NON-CURRENT ASSETS		**194,970,533**	**174,206,305**
Inventories	**7**	476,157	427,206
Trade receivables	**8**	12,778,664	13,315,982
Other current assets	**9**	3,423,754	7,658,811
Current financial assets	**10**	21,078,678	8,781,352
Cash and cash equivalents	**11**	17,049,876	47,343,517
CURRENT ASSETS		**54,807,129**	**77,526,868**
TOTAL ASSETS		**249,777,662**	**251,733,173**

in units of Euro	Notes	at 31.12.2016	at 31.12.2015
Share capital		90,314,162	90,250,000
Reserves		61,428,457	61,249,430
Result for the period		10,542,980	6,548,481
TOTAL SHAREHOLDERS' EQUITY	**12**	**162,285,599**	**158,047,911**
Severance and other personnel provisions	**13**	4,273,710	4,168,572
Deferred tax liabilities	**14**	1,913,638	1,913,638
Provisions for renewal of airport infrastructure	**15**	10,550,419	9,474,737
Provisions for risks and charges	**16**	998,171	1,506,939
Non-current financial liabilities	**17**	20,625,859	27,949,639
Other non-current liabilities		217,454	242,954
NON-CURRENT LIABILITIES		**38,579,251**	**45,256,479**
Trade payables	**18**	15,056,538	13,372,001
Other liabilities	**19**	22,453,774	19,155,656
Provisions for renewal of airport infrastructure	**20**	2,911,531	3,309,162
Provisions for risks and charges	**21**	158,527	935,599
Current financial liabilities	**22**	8,332,442	11,656,365
CURRENT LIABILITIES		**48,912,812**	**48,428,783**
TOTAL LIABILITIES		**87,492,063**	**93,685,262**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**249,777,662**	**251,733,173**

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Income Statement

in units of Euro	Notes	for the year ended 31.12.2016	for the year ended 31.12.2015
Revenues from aeronautical services		43,698,864	39,344,543
Revenues from non-aeronautical services		34,881,047	31,974,651
Revenues from construction services		5,999,175	3,619,060
Other operating revenues and income		810,938	887,173
Revenues	**23**	**85,390,024**	**75,825,427**
Consumables and goods		(732,729)	(693,114)
Services costs		(17,870,387)	(16,438,126)
Costs for construction services		(5,713,499)	(3,446,724)
Leases, rentals and other costs		(7,128,191)	(6,358,914)
Other operating expenses		(3,068,855)	(3,068,394)
Personnel costs		(24,263,957)	(22,913,717)
Costs	**24**	(58,777,618)	**(52,918,989)**
Amortisation of concession rights		(5,153,318)	(4,979,206)
Amortisation of other intangible assets		(753,305)	(601,724)
Depreciation of tangible assets		(1,751,587)	(1,483,124)
Depreciation and amortisation	**25**	**(7,658,210)**	**(7,064,054)**
Provisions for doubtful accounts		(57,617)	(115,801)
Provisions for renewal of airport infrastructure		(2,903,332)	(2,127,121)
Provisions for other risks and charges		(3,268)	(159,072)
Provisions for risks and charges	**26**	**(2,964,217)**	**(2,401,994)**
Total costs		**(69,400,045)**	**(62,385,037)**
Operating result		**15,989,979**	**13,440,390**
Financial income	**27**	350,292	275,143
Financial expenses	**27**	(1,180,200)	(1,211,425)
Non-recurring income and expenses		0	(2,562,226)
Result before taxes		**15,160,071**	**9,941,882**
Taxes for the period	**28**	(4,617,091)	(3,393,401)
Profit (loss) for the period		**10,542,980**	**6,548,481**
Undiluted earnings/(loss) per share (in Euro)		**0.29**	**0.21**
Diluted earnings/(loss) per share (in Euro)		**0.29**	**0.21**

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Statement of Comprehensive Income

in units of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015
Profit (loss) for the period (A)	**10,542,980**	**6,548,481**
Other profits (losses) that will be reclassified in the net result for the period	0	0
Total other profits (losses) that will be reclassified in the net result for the period (B1)	**0**	**0**
Other profits (losses) that will not be reclassified in the net result for the period		
Actuarial gains (losses) on severance and other personnel provisions	(176,120)	295,498
Tax impact on actuarial gains (losses) on severance and other personnel provisions	7,828	(81,263)
Total other profits (losses) that will not be reclassified in the net result for the period (B2)	(168,292)	214,235
Total other profits (losses) net of taxes (B1 + B2) = B	**(168,292)**	**214,235**
Total overall profit (loss) net of taxes (A + B)	**10,374,688**	**6,762,716**

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Cash Flow Statement

in units of Euro	at 31.12.2016	at 31.12.2015
Core income-generating operations		
Result for the period before taxes	15,160,071	9,941,882
Adjustments to items with no impact on cash and cash equivalents		
- Margin from construction services	(285,676)	(172,336)
+ Depreciation and amortisation	7,658,210	7,064,054
+ Provisions	2,964,217	2,401,994
+ Interest expense on discounting provisions and severance	271,313	391,245
+/- Interest income and financial charges	558,594	545,037
+/- Losses/gains and other non-monetary costs/revenues	13,046	3,955
+/- Severance provisions and other personnel costs	92,714	17,263
Cash flow generated/(absorbed) by operating activities before changes in working capital	**26,432,489**	**20,193,094**
Change in inventories	(48,951)	(6,985)
(Increase)/decrease in trade receivables	763,311	(2,526,311)
(Increase)/decrease in other receivables and current/non-current assets (non-financial)	4,242,130	(1,540,461)
Increase/(decrease) in trade payables	1,775,844	1,401,689
Increase/(decrease) in other liabilities, various and financial	3,360,901	1,319,796
Interest paid	(975,937)	(815,169)
Interest received	317,708	130,723
Taxes paid	(3,561,874)	(5,734,663)
Severance paid	(229,004)	(163,768)
Use of provisions	(4,006,673)	(4,645,437)
Cash flow generated/(absorbed) by net operating activities	**28,069,944**	**7,612,508**
Purchase of tangible assets	(3,930,423)	(1,664,974)
Payment from sale of tangible assets	10,059	4,586
Purchase of intangible assets/Concession rights	(6,706,181)	(4,022,098)
Purchase/capital increase of shares	0	0
Payment from sale of equity investments	292,774	585,548
Change in investment in current and non-current financial assets	(30,258,145)	(2,000,000)
Cash flow generated/(absorbed) by investment activities	**(40,591,916)**	**(7,096,938)**
Proceeds from the issuance of shares and other equity instruments	0	28,036,000
Dividends paid	(6,137,000)	0
Loans received	0	23,000,000
Loans repaid	(11,634,669)	(8,161,580)
Cash flow generated/(absorbed) by financing activities	**(17,771,669)**	**42,874,420**
Final cash change	**(30,293,641)**	**43,389,990**
Cash and cash equivalents at beginning of period	**47,343,517**	**3,953,527**
Final cash change	**(30,293,641)**	**43,389,990**
Cash and cash equivalents at end of period	**17,049,876**	**47,343,517**

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Statement of Changes in Shareholders' Equity

in units of Euro	*Share capital*	*Share Premium Reserve*	*Legal Reserve*	*Other Reserves*	*FTA Reserve*	*Actuarial Gain (Loss) Reserve*	*Profits (Losses) Carried Forward*	*Result for the period*	*Shareholders' equity*
Shareholders' Equity at 31.12.2014	**74,000,000**	**14,350,000**	**4,246,807**	**26,602,499**	**(3,205,671)**	**(924,009)**	**1,991,758**	**6,576,515**	**123,637,899**
Allocation of the 2014 financial year result	0	0	328,826	6,247,689	0	0	0	(6,576,515)	0
Share Capital Increase	16,250,000	11,397,296	0	0	0	0	0	0	27,647,296
Dividends distributed	0	0	0	0	0	0	0	0	0
Total profit (loss) for the period	0	0	0	0	0	214,235	0	6,548,481	6,762,716
Shareholders' Equity at 31.12.2015	**90,250,000**	**25,747,296**	**4,575,633**	**32,850,188**	**(3,205,671)**	**(709,774)**	**1,991,758**	**6,548,481**	**158,047,911**
Allocation of the 2015 financial year result	0	0	327,424	84,057	0	0	6,137,000	(6,548,481)	0
Share Capital Increase	64,162	(64,162)	0	0	0	0	0	0	0
Dividends distributed	0	0	0	0	0	0	(6,137,000)	0	(6,137,000)
Total profit (loss) for the period	0	0	0	0	0	(168,292)	0	10,542,980	10,374,688
Shareholders' Equity at 31.12.2016	**90,314,162**	**25,683,134**	**4,903,057**	**32,934,245**	**(3,205,671)**	**(878,066)**	**1,991,758**	**10,542,980**	**162,285,599**

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Notes to the Financial Statements for the year ended 31 December 2016

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Information on Company Operations

Aeroporto Guglielmo Marconi di Bologna S.p.A. (referred to hereinafter as AdB or Parent Company) is the agent of the total management of Bologna Airport according to Total Concession Management No. 98 of 12 July 2004 and seq., approved by Ministry of Transport and Infrastructure and Ministry of the Economy and Finance Decree dated 15 March 2006, for a forty-year duration starting on 28 December 2004. Its registered office is located at Via del Triumvirato 84, Bologna and it is registered with the Bologna Companies Registry.

Accounting Standards Applied in the Preparation of the Financial Statements for the Period Ended 31 December 2016

Preparation Criteria

These Company financial statements pertain to the year ended 31 December 2016 and include comparative data for the year ended 31 December 2015 (referred to hereinafter as "the Company financial statements" or " financial statements").
The financial statements were prepared on the basis of historical costs, with the exception of financial assets held for sale, which were recorded at their fair value, as well as on the basis of a “going concern” assumption. In fact, the Company made the assessment that, even though it is experiencing a difficult economic and financial situation, there are no significant uncertainties as to the ongoing concern aspect (as defined by Paragraph 25 of IAS 1).

The financial statements are presented in euros, which is also the Company’s operating currency, and all the amounts in this Note are rounded off in thousands of euros unless otherwise indicated.

Declaration of compliance with IAS/IFRS and the implementing measures of article 9 of Legislative Decree 38/2005

These financial statements were prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), adopted by the European Union and in effect as of the date of the preparation of the financial statements, as well as on the basis of directives promulgated in implementation of article 9 of Legislative Decree 38/2005 (Consob Resolutions 15519 and 15520 of 27 July 2006).

In 2014 the Company voluntarily chose to prepare the consolidated and separate financial statements in accordance with the International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and considered 1 January 2012 to be the date of the transition to the IFRS Standards (First Time Adoption "FTA").

The publication of the financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. for the year ended 31 December 2016 was authorised by the Board of Directors on 20 March 2017.

Content and Form of the Financial Statements

The Group has chosen the Separate and Comprehensive Income Statement presentation indicated as preferable in the IAS 1 Accounting Standard, and deems it to be more effective in representing business events.

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In particular, the presentation of the Statement of Financial Position utilised a format that divides assets and liabilities into current and non-current assets and liabilities.
An asset is current when:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The presentation of the Income Statement employed a format that allocates revenues and costs by type and the presentation of the Cash Flows Statement employs the indirect method, which divides cash flows among operating, investing, and financing activities.

Information Regarding Equity Investments in Subsidiaries and Affiliated Companies

The following is information as at 31 December 2016 and 31 December 2015 regarding the names, share capital and percentage stake held in subsidiaries.

			% Owned	
in thousands of Euro	**Currency**	**Share Capital**	**at 31.12.2016**	**at 31.12.2015**
Fast Freight Marconi S.p.A. Single-shareholder company	Euro	520	100.00%	100.00%
Tag Bologna S.r.l.	Euro	316	51.00%	51.00%

The following is information as at 31 December 2016 and 31 December 2015 regarding the names, share capital and percentage stake held in associated companies.

			% Owned	
in thousands of Euro	**Currency**	**Share Capital**	**at 31.12.2016**	**at 31.12.2015**
Ravenna Terminal Passeggeri S.r.l.	Euro	300	24.00%	24.00%

Measurement Criteria

Business Combinations and Goodwill

Business combinations are recorded using the acquisition method. Acquisition cost is determined as the total consideration transferred, measured at fair value as at the acquisition date, and the amount of the

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minority interest in the acquired company. For each business combination the Company determines whether to measure the minority interest in the acquiree at fair value, or in proportion with the minority interest's share in the acquiree's identifiable net assets. Acquisition costs are paid during the financial year and classified as administrative expenses.

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

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

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

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

After initial recognition, goodwill is measured at cost after accrued impairment. For the purposes of impairment testing, the goodwill acquired in a business combination is allocated at the acquisition date to each cash generating unit (CGU) of the Company expected to benefit from combination synergies, irrespective of whether other assets or liabilities of the acquiree are assigned to these units.
If the goodwill was allocated to a cash-generating unit and the entity divests part of the assets of that unit, the goodwill associated with the divested assets is included in the book value of the assets when the profit or loss from the divestment is determined. The goodwill associated with the divested asset is determined on the basis of the values pertaining to the divested asset and the portion retained of the cash-generating unit.

Investments in Subsidiaries, Affiliated Companies and Joint Ventures
A subsidiary is a company in which an enterprise can exercise control.
In this particular case, if and only if there is:

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

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

- contractual agreements with other parties holding voting rights;
- rights arising from contractual agreements;
- voting rights and potential voting rights.

The Company reconsiders whether or not there is control of an investee company or whether the facts and circumstances indicate that there have been changes in one or more of the three components that are relevant for the purposes of determination of control.

The Company's investments in subsidiaries are measured using the cost method, and are adjusted in the event of impairment.

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

Under the equity method, the investment in an associated company is initially recognised at cost, and the book value is increased or decreased to recognise the equity stakeholder's share of the investee company's profits and losses realised after the acquisition date.
The goodwill pertaining to the associated company is included in the book value of the investment and is not subject to amortisation nor to an individual impairment test.
The income statement shall reflect the Company's share of the financial year profit/loss of the affiliated company. In the event that an affiliated company recognises adjustments that are charged directly to shareholders' equity, the Company shall recognise its share and present it, where applicable, in the statement of changes in shareholders' equity. Profits and losses generated by transactions between the Company and the affiliated company shall be eliminated in proportion to the investment in the affiliated company.
The Company's share of an affiliated company's financial year profit/loss shall be reflected in the income statement. The Group's share represents the associated company's profit/loss that is attributable to shareholders; this is consequently the post-tax profit/loss net of the shares belonging to other shareholders of the associated company.
The affiliated company's financial year ending date must be the same as the Company's financial year ending date. The associated company's financial statements must be prepared employing accounting standards that are uniform for similar transactions and events in similar circumstances.
After the application of the equity method, the Company shall assess whether it is necessary to recognise an impairment of its equity stake in the affiliated company. The Company shall assess on every financial year ending date whether there is objective evidence that the investment in the affiliated company has suffered an impairment. If that has occurred, the Company shall calculate the amount of the loss as the difference between the recoverable value of the affiliated company and its book value recording the difference in the financial year profit and loss statement.
Once it has lost significant influence over an associated company, the Company shall assess and recognise any remaining equity investment at fair value. Any difference between the book value of the investment at the date of loss of significant influence and the fair value of the remaining investment and the consideration received must be recorded in the income statement.

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Conversion of Foreign Currencies

Transactions and Balances

Transactions in foreign currency are initially recognised in the functional currency, applying the spot exchange rate on the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are converted into the functional currency at the exchange rate on the reporting date. The gain or loss generated by conversion is recorded in the income statement.

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

Intangible assets

Intangible assets are assets that have no identifiable physical substance, are controlled by the company and are capable of producing future economic benefits, as well as those assets created by business combination transactions.

The useful life of intangible assets is determined to be definite or indefinite.

Intangible assets with a definite useful life are recorded at the acquisition or production cost or, if they are generated by business combinations, they are capitalised at fair value as at the acquisition date; they are inclusive of accessory costs, systematically amortised over the period of their remaining useful life in accordance with the provisions of IAS 36, and subject to an impairment test any time that there are indications of a possible loss of value.

The remaining value at the end of useful life is presumed to be zero unless there is a commitment by third parties to purchase the asset at the end of its useful life or is there is an active market for the asset. The directors review the estimate of the useful life of intangible fixed assets at the end of every financial year.

The amortisation of intangible assets with a definite useful life is recognised in an appropriate item in the income statement.

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

The item "Concession Rights" contains the recognised value of intangible assets pertaining to airport infrastructure in the Company's possession in connection with the concession rights acquired for the purpose of managing said infrastructure in exchange for the right to charge users for said infrastructure's use in performing a public service, in compliance with the provisions of IFRIC 12 – Service Concession Arrangements.

The Concession on the basis of which the Company operates meets the requirements that the concession holder construct, manage and operate the infrastructure on behalf of the concession grantor; consequently, there is no basis for recognising said infrastructure in its financial statements as a tangible asset.

The Company subcontracts infrastructure construction and improvement activities to third parties. As such, the fair value of the consideration for construction/improvement services performed by the Company is

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

The external costs incurred to provide construction services are therefore recognised under the item "Costs for construction services", in the income statement.

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

The Concession Rights determined in the above manner are subject to straight-line amortisation over the entire term of the Concession, beginning at the time the pertinent asset created on behalf of the awarding entity entered into service.

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

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

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

Tangible assets

Tangible assets are initially recognised at the acquisition cost or realisation value; the value includes the price paid to purchase or construct the asset (after discounts and rebates) and any directly attributable costs required to put the asset into service.
Land, whether undeveloped or adjoining civil and industrial buildings, is recognised separately and not depreciated because it is an item with an unlimited useful life.
Tangible assets are stated net of accrued depreciation and any possible impairments determined in accordance with the terms and procedures described hereinafter. Depreciation is calculated using the straight-line method, on the basis of the estimated useful life of the asset. When the tangible asset is made up of several significant components that have different useful lives, depreciation is applied to each component. Land and tangible assets held for sale, which are measured at the lower of their carrying value or fair value less costs to sell, are not depreciated.

The following are the annual depreciation rates applied:
- Buildings and light structures: from 4% to 10%;
- Machinery, plant and equipment: from 10% to 31.5%;
- Furniture, office equipment, and transport vehicles: from 12% to 25%;

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

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Impairment is recorded in the income statement as depreciation costs. Such impairment is reversed in the event that the reasons for it are eliminated.
At the time of sale or when there are no expected future economic benefits from the use of an asset, it is derecognised in the financial statements, and any gain or loss (calculated as the difference between the sale price and the book value) is recognised in the income statement for the year of said derecognition.
Maintenance and repair costs that do not potentially increase the value and/or extend the remaining life of assets, are recorded in the financial year in which they are incurred; otherwise they are capitalised.

Investment property

The Company classifies as investment properties land purchased for the purpose of making real estate investments which have not yet been determined.
The aforementioned land is initially recognised at the purchase cost, and subsequent measurement are in accordance with the cost criterion.
Such tangible assets are not subject to depreciation because they pertain to land. The Company monitors changes in fair value through expert valuations to identify any permanent impairment.
Investment properties are derecognised in the financial statements when they have been sold or when the investment is unusable over the long term and no future economic benefits are expected from the sale. Any gains or losses generated by the derecognition or divestment of an investment property are recorded in the income statement for the period in which the derecognition or divestment occurs.

Leasing

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

Impairment of Non-Financial Assets

The book values of non-financial assets are measured any time there are evident indications inside or outside the company that the assets or a group of assets (defined as a Cash Generating Unit or CGU) may have lost value.
The recoverable value is the greater of the fair value of the asset or CGU, less costs to sell, and its value in use. The realisable value is determined for each asset, except when said asset generates cash flows that are not fully independent of those generated by other assets or groups of assets.
If the book value of an asset exceeds its realisable value, that asset has been impaired and is therefore written down to its realisable value. In determining utilisation value, the Company deducts estimated future cash flows from the current value, using a before tax updating rate that reflects market valuations of the current cost of funds and the specific risks of the asset. In determining the fair value less costs to sell,

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an appropriate measurement model is employed. This calculation is performed utilising appropriate measurement multipliers, the prices of listed shares in the instance of investee companies whose shares are publicly traded, and other available indicators of fair value.
Impairments of operating assets are recognised in the income statement under cost categories consistent with the use of the asset which has been impaired.
For assets other than goodwill, at the end of every financial year the Company shall also assess any possible existing indications of the elimination (or reduction) of the previously recorded impairment, and if such indications exist, shall estimate the realizable value. The value of a previously impaired asset may be restored only if there have been changes in the estimates which were the basis for the calculation of the recoverable value that was determined subsequent to the recognition of the most recent impairment. The recovery of the value may not exceed the book value that would have been determined, net of depreciation, in the event that no impairment had been recognised in prior periods. Said recovery is recognised in the income statement unless the asset has been recognised at the remeasured value, in which case the reversal is treated as a positive value adjustment.

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

Concession Rights

The Company subjects the book value of Concession Rights to impairment tests at the end of every financial year, or more frequently if events or changes in circumstances indicate that the book value may have been impaired (any time that impairment indicators appear).
An impairment of the aforementioned intangible asset is determined by assessing the recoverable value of the CGU (or group of CGUs) to which it is attributable. In instances where the recoverable value of the CGU (or group of CGUs) is less than the book value of the CGU (or group of CGUs) to which the intangible assets have been allocated, an impairment is recognised.
For the purposes of performing impairment tests, the Company has defined a single CGU (cash generating unit) which is the entity Aeroporto G. Marconi di Bologna S.p.A.
Impairment tests are performed by comparing the book value of the asset or CGU with its recoverable value, which is determined as the greater of the fair value (less costs to sell) and the amount of discounted net cash flows that are projected to be generated by the asset or CGU.
Each unit or group of units to which the specific intangible asset is allocated represents the lowest level within the group at which it is monitored for internal management purposes.
The terms, conditions, and procedures for any possible recovery of the value of an asset which was previously impaired by the Company, in any case excluding any possibility of the recovery of the value of goodwill, are those established by IAS 36.

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Financial assets

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

Financial Assets at Fair Value Through Profit or Loss

This category includes assets held for trading and assets initially recognised at fair value; after initial recognition, changes in fair value are recognised in the income statement.
Assets held for trading are all those assets purchased for the purpose of short-term sale. Derivatives, including those separated out, are classified as financial instruments held for trading unless they have been designated as effective hedging instruments. Gains or losses on assets held for trading are recognised in the income statement.
In instances where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, with the exception of those instances in which the embedded derivative does not significantly alter cash flows or it is evident that separation of the derivative is not allowed.
At the time of initial recognition, it is possible to classify financial assets as financial assets at fair value through profit or loss if the following conditions are met: (i) the designation eliminates or significantly reduces the inconsistency in treatment that would otherwise result from measuring the asset or recognising gains or losses that the asset generates, using a different criterion; or (ii) the assets are part of a group of managed financial assets and their yield is measured on the basis of their fair value, based upon a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that must be separated out and recognised separately.

Held-To-Maturity Investments

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

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Loans and Receivables

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

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

Available-for-Sale Financial Assets

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

Fair Value

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

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

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

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

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

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

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

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

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

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

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- Level 1 - the (unadjusted) quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability;
- Level 3 – measurement techniques for which input data is unobservable for the asset or liability.

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

In the instance of assets and liabilities recognised in the financial statements on a recurring basis, the Company determines whether transfers among levels of the hierarchy occurred by reviewing the categorisation (based on the lowest level input that is significant for purposes of the measurement of the fair value in its entirety) at the end of every financial statement period.

Impairment of Financial Assets

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

Assets Measured at Amortised Cost

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

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

If, during a subsequent period, the amount of the impairment is reduced and that reduction can be objectively attributed to an event that occurred after the recognition of the impairment, the previously reduced value may be recovered. Any subsequent recoveries of value are recognised in the income statement, to the extent that the book value of the asset does not exceed the amortised cost at the date of recovery.

In the instance of trade receivables, an impairment provision is made when there is an objective indication (such as, for example, the debtor's probability of insolvency or significant financial difficulties) that the Company will not be able to collect all the amounts owed on the basis of the original terms and conditions of the receivable. The receivable's book value is reduced through an appropriate provision. Impaired receivables are derecognised when it is determined that they are irrecoverable.

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Available-for-Sale Financial Assets

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

Non-Current Held-for-Sale Assets and Discontinued Operations

Non-current assets classified as held for sale must be measured at either the book value or the fair value less costs to sell, whichever is less. They are classified as such if their book value will be recovered through a sale rather than ongoing use. This condition is considered to be met only when a sale is highly probable and the assets or group of assets to be divested is available for immediate sale in their current condition. Management must be committed to the sale, completion of which must be scheduled no later than one year after the date of classification.
In the consolidated income statement and the income statement for the prior year used as a comparison period, the gains and losses from derecognised operating assets shall be represented separately from gains and losses from operating assets, in the after tax profit line, including when the Company retains a minority stake in the subsidiary after the sale. The resulting post-tax profit or loss is stated separately in the income statement.
Property, plant and equipment and intangible assets, once they are classified as held for sale, must no longer be depreciated or amortised.

Derecognition of Financial Assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is initially derecognised (e.g. removed from the statement of financial position) when:

- the rights to receive cash flows from the asset are extinguished, or
- the Company has transferred to a third party the right to receive the asset's cash flows, or has assumed a contractual obligation to pay them in full and without delay and (a) has basically transferred all the risks and benefits of ownership of the financial asset, or (b) has not transferred nor substantially retained all the risks and benefits of the asset, but has transferred control of same.

Construction Services Contracts in Progress

Construction contracts in progress are measured on the basis of the contractual consideration accrued with reasonable certainty in relation to the progress of the work and according to a percentage completion criterion, determined by physically measuring the work performed, so as to attribute the revenues and the profit/loss from the work contract to the individual financial years in which they are accrued, in proportion to the status of the work. The positive or negative difference between the completed amount of the

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contracts and the amount of prepayments received is recognised, respectively, as an asset or liability on the statement of financial position, also taking into account any impairment owing to the risk that the client may fail to pay for the work performed.
Contract revenues, in addition to contractual considerations, include variants, price revisions and any claims, to the extent that it is probable that they represent actual revenues that can be reliably determined.
In the event that a loss is anticipated from completion of the contract activities, said loss is immediately recognised in full in the financial statements, regardless of the contract's state of progress.
Specifically, construction services for the concession grantor pertaining to the concession agreement that the Company holds, shall also be recognised in the income statement on the basis of the state of progress of the work. Specifically, revenues from construction and/or improvement services, which represent the consideration owing for the work performed, are measured at fair value, determined on the basis of the total costs incurred, which mainly consist of the cost of outside services and the cost of benefits for the employees assigned to that work.
The offsetting entry for such construction service revenues consists of a financial asset or the airport concession recognised in Concession Rights under intangible assets, as was explained in the relevant paragraph.

Inventories

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

Cash and Cash Equivalents

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

Employee Benefits

The benefits guaranteed for employees that are provided at the same time as or subsequent to termination of employment through defined-benefit plans (severance) or other long-term benefits (such as, for example, Non-Compete Agreements and long-term Incentivisation Plans) are recognised during the vesting period of the right.
The pertinent liability, net of any assets servicing the plan, is determined on the basis of actuarial assumptions and is recognised on an accrual basis, consistent with the provision of work required to receive the benefits; the liability is measured by independent actuaries using the projected unit credit method.
The amount reflects not only the payable accrued as at the reporting date, but also future salary increases and related statistical dynamics.

Re-measurements, which include actuarial gains and losses, changes in the impact of the maximum amount of the assets, excluding net interest (not applicable to the Company) and the income from assets servicing the plan (excluding net interest), are immediately recognised in the balance sheet by charging or increasing the profits carried forward through other components of the comprehensive income statement, in the financial year in which they occur. Re-measurements are not reclassified in the income statement in subsequent financial periods.

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The cost of past work in employment is recognised in the income statement at the later of the following dates:

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

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

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

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

As a result of the changes made to severance by Law No. 296 of 27 December 2006 (2007 Finance Law) and subsequent Decrees and Regulations, the severance of Italian companies with more than 50 employees that has been accrued since 1 January 2007 or the date of employees' choice of the option to be exercised, falls within the category of defined-contribution plans, in the instance of both the supplementary retirement option and allocation to the Treasury Fund at INPS. The severance fund accrued up to 31 December 2006 is recognised as a defined benefit.

The contributions to be paid to a defined-contribution plan instead of a work in employment plan are recognised as liabilities (payables), after having deducted any contributions already paid, and as a cost.

Provisions for risks and charges

Risk and charge provisions concern costs and charges of a determinate nature that certainly or probably exist and which, as of the closing date for these financial statements, are indeterminate in terms of total amount or the date of their occurrence.

Provisions are recognised when:

(i) it is probable that there is an actual legal or implicit obligation arising from a past event;

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

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

Provisions are recorded in an amount that represents the best estimate, sometimes with the support of experts, of the amount that the company would pay to extinguish the obligation or to transfer it to third parties, as at the reporting date. When the financial impact over time is significant and the payment dates for obligations can be reliably estimated, the provision is subject to updating; an increase in the provision connected to the passage of time is recognised in the income statement under the item "Financial Income (Expense)".

When the liability pertains to tangible assets (demolition of capital assets), the provision is recognised in an offsetting entry to the asset to which it pertains; it is charged to the income statement through the depreciation process.

Provisions are periodically updated to reflect changes in cost estimates, realisation time frames and the discount rate; revised estimates of provisions are recognised in the same income statement item that previously contained the provision or, when the liability pertains to tangible assets, as an offsetting entry to the asset to which they pertain.

Provisions for renewal of airport infrastructure

Airport infrastructure renewal provisions, in line with existing contractual obligations, as at the financial year-end, contain provisions for extraordinary maintenance, restorations, renovations and replacements to

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be performed in the future for the purpose of ensuring the proper functionality and safety of the airport infrastructure. Accruals to these provisions are calculated based on how much the infrastructure is used, which is indirectly reflected in the planned date for its replacement/renewal in the most recently approved business plan. Calculation of the amounts that affect this item of the financial statements also duly takes into account a financial component, to be applied based on the amount of time between the various renewal cycles, for the purpose of ensuring that allocated funds are sufficient.

Trade Payables and Other Non-Financial Liabilities

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

Loans

Other financial liabilities, with the exception of derivatives, are initially recognised at cost, i.e. the fair value of the liability net of directly attributable transaction costs.
After initial recognition, financial liabilities are measured at amortised cost using original effective interest rate method, i.e. the rate at which, at the time of initial recognition, the present value of cash flows and the initial recognition value are matched (referred to as the amortised cost method).
Any gain or loss is recognised in the income statement when the liability is extinguished as well as via the amortisation process.

Financial Guarantees Issued

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

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation underlying the liability is extinguished, cancelled or honoured. In instances where an existing financial liability is replaced by another from the same lender, under substantially different terms and conditions, or the terms and conditions of an existing liability are substantially amended, that exchange or amendment is treated as an accounting derecognition of the original liability, accompanied by the recognition of a new liability, by recording any differences between the book values in the income statement.

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Recognition of Revenues

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

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

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

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

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

Interest income is recognised on an accrual basis, taking into account the effective rate of return of the asset in question.

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

Recognition of Costs and Expenses

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

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

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Income Tax

Current taxes

Current taxes for the financial year in progress are measured as the amount representing anticipated rebates from or payments to tax authorities. The tax rates and legislation used to calculate the amount are those promulgated or substantially promulgated as at the reporting date. Current taxes pertaining to items directly recognised in shareholders' equity are themselves recognised directly in shareholders' equity and not in the income statement. The Directors periodically evaluate the position taken in the tax return, and where appropriate allocate provisions, in instances where tax law is subject to interpretation.

Deferred Taxes

Deferred taxes are calculated by applying the liability method to the temporary differences generated as of the date of these financial statements, between the tax amounts used as a reference for assets and liabilities, and the amounts stated in the financial statements. Deferred tax liabilities are recognised with respect to all taxable temporary differences, with the exception of:

- the initial recognition of goodwill or an asset or liability in a transaction other than a business combination and which, at the time of said transaction, has no impact on either the profit for the period calculated for financial reporting purposes, or the profit or loss calculated for tax purposes;
- the reversal of taxable temporary differences associated with investments in subsidiaries, associated companies and joint ventures may be controlled and inspected, and this is not likely to occur in the foreseeable future.

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

- the deferred tax asset connected to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction other than a business combination and, at the time of said transaction, has no impact on either the profit for the period calculated for financial reporting purposes or the profit or loss calculated for tax purposes;
- in the instance of deductible temporary differences associated with investments in subsidiaries, associated companies and joint ventures, deferred tax assets are recognised only to the extent it is probable that they will be reversed in the future and that there will be sufficient taxable amounts that enable such temporary differences to be recovered.

The book value of deferred tax assets is re-examined at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable amounts will be available in the future to enable all or part of the credit to be used. Deferred tax assets not recognised are re-examined at every reporting date and are recognised to the extent that it becomes probable that taxable income will be sufficient to enable said deferred tax assets to be recovered.

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

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

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

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

Indirect Taxes

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

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

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

Earnings Per Share

Basic or Undiluted

Earnings/ (losses) per share are calculated as the ratio between the Group profit or loss and a weighted average of the common shares in circulation during the financial year, excluding any shares possibly held by the company itself.

Diluted

Diluted earnings/ (losses) per share are calculated as the ratio between the Group profit or loss and a weighted average of the common shares in circulation during the financial year, excluding any shares possibly held by the company itself. In order to calculate diluted earnings per share, the weighted average number of shares outstanding is modified assuming the conversion of all potential shares with a dilutive effect, whereas the Group profit or loss is adjusted to take into account the effects of conversion net of tax.

Dividends and Distribution of Assets Other Than Cash and Cash Equivalents

The Company recognises a liability with respect to the distribution to shareholders of cash, cash equivalents or assets other than cash and cash equivalents when the distribution is properly authorized and is no longer at the discretion of the company. Based on applicable corporate law in Europe, a distribution is authorised when it is approved by the shareholders. The corresponding amount is recognised directly in shareholders' equity.

Distributions of assets other than cash and cash equivalents are measured at the fair value of the assets to be distributed; re-calculations of fair value are directly recognised in shareholders' equity.

At the time that the payable dividend is paid, any difference between the book value of the assets distributed and the book value of the payable dividend is recognised in the income statement.

Listing Costs

Pursuant to the listing plan which was completed on 14 July 2015 with the start-up of trading of shares in the Star Segment of the Electronic Stock Exchange organised and operated by Borsa Italiana Spa, the parent company incurred specific costs, such as (i) the fees that are to be paid to the banks who coordinated the offering, (ii) these pertaining to assistance by consultants, specialists and attorneys; (iii) other costs such as,

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for example, communications costs, the costs of printing prospectuses, and the other costs and sundry expenses directly pertaining thereto.
In a listing transaction in which it was established that the Issuer would issue new shares and both new and existing shares would be listed, any costs were incurred jointly for both the work on the increase in share capital and the sale of the new shares, and for the work on sale of existing shares. In this situation, the criteria for the allocation of costs to the two activities must be identified according to reasonable criteria that reflect the substance of IAS 32, with a portion of them recognised as a reduction of Shareholders' Equity and a portion in the Income Statement.
Listing costs definable as incremental costs directly attributable to the share capital increase transaction that otherwise would have been avoided such as, for example, intermediation fees, were recognised in 2015 as a reduction to Shareholders' Equity in the Share Premium Reserve; the remaining portion, such as costs pertaining to assistance by consultants, specialists and attorneys, was charged in part to the Income Statement and in part to Shareholders' Equity in accordance with the aforementioned criterion.

Cash Flow Statement
The Company presents its statement of cash flows by employing the indirect method, as is allowed by IAS 7. The Company has reconciled the before tax profit with net cash flows from operating assets. Paragraph 33 of IAS 7 allows interest income and expense to be classified as operating or financing activities on the basis of the presentation that the company deems relevant; the Company classifies interest income received and interest expense paid as cash flows from operating activities.

Accounting Standards, Amendments and Interpretations Approved by the European Union and Adopted by the Company

Starting in 2016, the Company applied the following new accounting standards, amendments and interpretations reviewed by the IASB.
Even though these new standards and amendments were applied for the first time in 2016, there were no material impacts on Company financial statements. The nature and impact of each new standard/amendment is presented below:

- Amendments to IAS 19 - Employee Benefits On 21 November 2013, the IASB published an amendment to IAS 19 limited to defined benefit compensation plans for employees. The aim of the changes made was to simplify the recording of contributions that are independent from the number of years of service, such as contributions calculated on the basis of a fixed percentage of salary.
- Amendment to IAS 16 and 38 - Tangible and Intangible Assets On 12 May 2014, the IASB published an amendment to these standards specifying that a depreciation and amortisation method based on revenues generated by the asset is not deemed appropriate since it only reflects the revenue flow generated by the asset but not the ways the economic benefits incorporated in the asset were consumed.
- Amendment to IAS 27 – Separate Financial Statements. On 12 August 2014, the IASB published an amendment to this standard that will allow entities to use the equity method to record investments in subsidiaries, joint ventures and associated companies in the separate financial statements.
- Amendment to IAS 1: Initiative on financial statement disclosure - On 18 December 2014, the IASB published the amendment concerned, which aims to introduce clarifications in IAS 1 to address certain elements perceived as limitations on the use of judgement by the party preparing the financial statements.
- On 12 December 2012, the IASB issued a number of amendments to IAS/IFRS: Improvements related to the 2010-2012 cycle. These measures made changes to: (i) IFRS 2, clarifying the

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definition of “vesting condition” and introducing definitions of service and result conditions; (ii) IFRS 3, clarifying that obligations to make payment of a contingent payment, other than those falling under the definition of equity instrument, are measured at fair value on each reporting date, with changes recognised in the income statement; (iii) IFRS 8, requiring that information must be provided on assessments made by the company's management in combining operating segments by describing the segments that were combined and the economic indicators assessed to determine that the combined segments have similar economic characteristics; (iv) IAS 16 and IAS 38, clarifying the procedure for determining the gross book value of assets in the event of a revaluation following the application of the value redetermination model; (v) IAS 24, specifying the information to be provided when there is a third party providing services related to the management of managers with strategic responsibility of the entity preparing the financial statements.

- Amendment to IFRS 11 – Joint Arrangements. On 6 May 2014, the IASB published an amendment to this standard which adds new guidance on the recording of the acquisition of an investment in joint ventures that constitute a business.
- Amendment to IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Application of Exception to Consolidation - On 18 December 2014, the IASB published the amendments concerned, which pertain to problems resulting from the application of the exception to consolidation specified for investment entities.
- Amendments to IFRS 10 and IAS 28: Sale and contribution of an asset between an investor and its associated company or joint venture: On 11 September 2014, the IASB published the amendments concerned, which aim to eliminate the conflict between the requirements of IAS 28 and IFRS 10, and clarify that in a transaction involving an associate company or joint venture, the degree to which it is possible to recognise a profit or loss depends on whether the asset being sold or contributed is a business.

Standards issued but not yet in effect

IFRS 15 Revenue from Contracts with Customers

The Company expects to apply the new standard on the mandatory effective date. Based on the content of Section 114 of IFRS 15, the Company identified the revenue streams that characterise its business and is completing the five steps required by IFRS 15:

- analysis of a sample of contracts deemed to be significant;
- identification of various performance obligations;
- identification of transaction price;
- determination, on the basis of contracts examined, of the transaction price to be allocated to the various performance obligations;
- determination of the method for recognizing and recording revenues.

It can be asserted, based on the analysis completed to date, which covers about 91% of revenues recorded at 30 September 2016, that no significant impact arose on financial statements from the first application of IFRS 15.

IFRS 9 Financial Instruments

Effective 1 January 2018, IFRS 9 will replace IAS 39 “Financial Instruments” with the aim of improving the accounting procedures for reporting and measuring financial investments to bolster investor confidence in the financial statements of banks and the financial industry after the crisis that affected the economy overall and the financial sector in particular.

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The new standard introduces a new model for classifying and measuring financial instruments and a new criterion for measuring expected losses with the aim of ensuring they are more promptly recognised in the financial statements, and new rules for recognising hedging instruments.
IFRS 9 introduces a new approach for classifying all financial instruments, including derivatives embedded in other financial instruments, based on the “cash flow” approach and “business model” for which the asset is held, and replaces previous classification rules that were difficult to apply. It also introduces a single model for determining impairment in order to measure financial instruments. The new receivable impairment model meets the requirement of incorporating expected losses more quickly, and requires making an allocation for the projected losses as soon as the receivable is recorded along with expected losses for its entire remaining life.
The Company will adopt the new standard on the date it goes into effect. From the preliminary analysis performed, the Company does not expect any significant impact on its financial statements or shareholders’ equity from the application of IFRS 9.

IAS 7 Disclosure Initiative - Amendments to IAS 7
The amendments to IAS 7, Statement of Cash Flows, are part of the IASB’s disclosure initiative, and require an entity to provide supplemental information allowing users of the financial statements to assess changes in liabilities connected with loan operations, including changes in cash flow and non-cash changes. At the time of the initial application of this amendment, an entity does not need to provide comparative information for previous periods. These amendments apply to periods beginning on or after 1 January 2017. The application of the amendments will require the Company to provide additional disclosures.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12
The amendments clarify that an entity must consider whether the tax regulation limits sources of taxable income against which it could make deductions related to the reversal of deductible temporary differences. Furthermore, the amendment provide guidelines on how an entity should determine future taxable income and explains the circumstances under which taxable income could include the recovery of certain assets at an amount higher than their book value. Entities must apply these amendments in arrears. However, at the time of the initial application of the amendments, the change in the opening balance of shareholders’ equity for the first comparison period could be recognised in the beginning balance of retained earnings (or in another shareholders’ equity item as necessary), without allocating the change in the beginning balance of other retained earnings and other items of shareholders’ equity. Entities applying this accommodation must disclose they are doing so. These amendments apply to periods beginning on or after 1 January 2017. The Company expects no impact from the application of these amendments.

Amendments to IFRS 2 - Classification and Measurement of Share-Based Payments
The improvements clarify the impact of vesting conditions on the measurement of a share-based payment transaction settled in cash. Clarifications are also provided on the classification of a share-based payment with net settlement which has characteristics requiring withholding at the source. Finally, accounting rules are established for cases in which a modification in the terms and conditions of a share-based payment transaction changes the classification of the latter from cash settled to equity settled.

Amendments to IFRS 4 - Insurance Contracts
The amendments concern the introduction of the new standard on financial instruments (IFRS 9) during the transition to the new standard that will replace IFRS 4 in the future. The amendments introduce two options for entities that provide insurance services: a temporary exception and an overlapping approach.

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Amendments to IAS 40 - Investment Property

The amendments clarify when an entity should transfer a property, including properties under construction or development, within or outside the "investment property" category. It clarifies that a change in the intended use does not occur simply if management intentions change.

IFRS 16 - Leasing (applicable to years ending after 1 January 2019)

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

Improvements to IFRSs

The annual improvement process of international standards is the tool used by the IASB to introduce amendments or improvements to standards already being applied by favouring a constant review of the accounting policies of IAS adopters.

In 2014, the IASB had already issued a new series of amendments to IFRSs (series 2012-2014 which follows the previous series 2009-2011, 2010-2012 and 2011-2013). Specifically, these improvements concerned a change in sale programmes in IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations, the applicability of IFRS 7 - Financial Instruments in condensed interim financial statements, the use of discount rates in IAS 19 - Employee Benefits and Disclosures to be supplemented in relation to IAS 34 - Interim Financial Statements. The amendments introduced must be applied starting in years ending after 1 January 2016.

Finally, the last series of improvements, issued in December 2016, concerned the elimination of short-term exemptions specified for First Time Adoption under IFRS 1, the classification and measurement of investments measured at fair value through profit or loss in accordance with IAS 28 - Investments in Associated Companies and Joint Ventures, and clarifications on the purpose of disclosures specified in IFRS 12 - Disclosure of Interests in Other Entities. The amendments introduced must be applied starting in years ending after 1 January 2017 and 1 January 2018.

Discretionary Judgements and Significant Accounting Estimates

The preparation of Company financial statements requires that directors make discretionary judgements, perform estimates, and make assumptions that have an impact on the amounts of revenues, costs, assets and liabilities and the information pertaining to the latter, as well as the statement of contingent liabilities. The uncertainty regarding such assumptions and estimates may produce results that in the future will require a significant adjustment to the book value of such assets and/or liabilities.

Estimates and Assumptions

The following are examples of assumptions regarding the future and the other principal causes of uncertainty in estimates that, as at the reporting date, present the significant risk of causing material adjustments to the book values of assets and liabilities no later than the following financial year. The Company has based its estimates and assumptions on the parameters available at the time the

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consolidated financial statements were prepared. However, present circumstances and assumptions regarding future developments could be altered as a result of changes in the market or events beyond the Company's control. Such changes, should they occur, are reflected in the assumptions.

IAS 8 Corrections of Accounting Estimates and Errors

Certain elements of the financial statements cannot be measured precisely, and are therefore based on estimates that depend on future uncertain conditions for carrying out the company's business. Over time these estimates are revised to reflect data and information that later become available. The impact of a change in accounting estimates must be recognised prospectively in the year it occurs, by including it in the operating result for the current and future years if the change also affects the latter. The prospective recognition of the impact of the estimate means that the change is applied to transactions that occurred starting with the change in the estimate. The revision or change in accounting estimates originates from new information or new developments in operating transactions, and therefore is not a correction of errors.
Errors in previous years are omissions and incorrect measurements of the entity's financial statements for one or more periods resulting the failure to use, or improper use, of reliable information that was available when the financial statements for those years were authorised to be issued, and it could be reasonably assumed that they were obtained and used in the preparation and presentation of such financial statements. These errors include the effects of arithmetic errors, errors in the application of accounting standards, oversights or distorted interpretations of facts and fraud. Financial statements are not in compliance with IFRS when they contain significant or insignificant errors if committed intentionally to achieve a certain presentation of the capital and financial structure, operating result or cash flows of the entity. Potential errors in the current year, which are recognised in the same year, are corrected before financial statements are authorised for publication. Errors discovered in subsequent years, if deemed significant, and if correction is deemed feasible, must be corrected in the comparative information provided in the financial statements for the subsequent year, and opening balances of assets, liabilities and shareholders' equity must be restated.
The restatement is not applied, and the error is recognised using the prospective procedure when errors and omissions are deemed to be insignificant.
Omissions and incorrect measurements of items are relevant if, individually or collectively they could affect operating decisions that users make on the basis of the financial statements. Significance depends on the size and nature of the omission or incorrect measurement assessed based on circumstances.

Impairment of Non-Financial Assets

Please see the earlier "Impairment of non-financial assets" and below in Note 1 - Intangible Assets.

Fair Value of Investment Properties

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

Fair Value of Financial Instruments

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

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IAS 10 Events after the Reporting Period

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

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

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ANALYSIS OF THE MAIN ITEMS ON THE STATEMENT OF FINANCIAL POSITION

ASSETS

1. Intangible assets

The following table presents a breakdown of intangible assets at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Concession Rights	150,172	149,385	787
Software, licences and similar rights	881	681	200
Other intangible assets	76	81	(5)
Other intangible assets under development	134	89	44
TOTAL INTANGIBLE ASSETS	**151,263**	**150,236**	**1,027**

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The following table shows changes in intangible assets for the year ended 31 December 2016, along with a comparison with the year ended 31 December 2015, presented by individual intangible asset category.

	31.12.2015			Changes for the Period				31.12.2016		
in thousands of Euro	Historical cost	Depreciation Provisions	Book Value	Increases/Acquisitions	Depreciation	Decreases/Disposals	Disposal Provision	Historical cost	Depreciation Provisions	Book Value
Concession Rights	167,660	(18,275)	149,385	5,999	(5,153)	(59)	0	173,600	(23,428)	150,172
Software, licences and similar rights	7,728	(7,047)	681	948	(748)	0	0	8,676	(7,795)	881
Other intangible assets	100	(19)	81	0	(5)	0	0	100	(24)	76
Other intangible assets under development	89	0	89	45	0	0	0	134	0	134
TOTAL INTANGIBLE ASSETS	**175,577**	**(25,341)**	**150,236**	**6,992**	**(5,906)**	**(59)**	**0**	**182,510**	**(31,247)**	**151,263**

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In 2016, the historical cost of the Concession Rights item posted an increase of Euro 6 million (which represents the fair value of the construction services performed during the financial year), mainly for:

- work to upgrade the AeroClub apron and a section of the taxiway totalling Euro 2.5 million;
- the construction of new toilets and upgrading of several offices and terminal premises for a total of Euro 0.85 million;
- the expansion of the P3, Express and Staff car parks for a total of Euro 0.31 million to deal with the increase in traffic and address the decrease in parking spaces due to the presence of the construction site for building the People Mover station;
- the construction of an automated collection system for arriving baggage in an amount totalling Euro 0.30 million;
- the supply of new monitors for passenger flight information totalling Euro 0.24.

In 2016, two passenger finger bridges also entered into service for a total of Euro 0.93 million. Another three finger bridges are under construction for a total of Euro 0.52 million at 31 December 2016.

Amortisation of Concession Rights for the period amounted to Euro 5.15 million and has been applied on the basis of the remaining duration of the Airport concession. This amount is an increase compared with 2015 due to the entry into service of airport infrastructure investments made in 2016.

"Software, licenses and similar rights," which consist of software used to manage services, were up by Euro 0.95 million during the period, mainly due to software licenses for new applications and new functionality of existing applications, in addition to the new Customer Relationship Management (CRM) and Passenger Terminal Simulation system totalling Euro 0.24 million, which entail, through technologically advanced implementations, the acquisition of information aimed at gaining better knowledge of the end customer. In 2016 the company Intranet platform was also replaced for a total of Euro 0.12 million.

"Other intangible assets under construction" included costs incurred for projects not completed at 31 December 2016, including the implementation of the new software platform for help desk management.

Assessment of the Recoverable Value of Assets or Groups of Assets

For the 2016 financial year, the Company performed impairment tests to assess the existence of possible impairment losses with respect to the amounts recognised as Concession Rights.

Impairment tests are performed in accordance with IAS 36 by comparing the book value of the asset or the group of assets making up the cash flow generating unit with the recoverable value of same, which is determined as the higher of its fair value (net of any selling expenses) and the amount of discounted net cash flows that are expected to be produced by the assets or group of assets comprising the CGU (value in use).

For the purposes of performing the impairment test, the Company established a single CGU, which is the Aeroporto Guglielmo Marconi di Bologna S.p.A. Group.

For the purposes of the impairment test were applied the cash flows generated from the 2017-2044 economic and financial forecasts formulated by the Board of Directors on 20 February 2017, and extrapolated from the 2017-2021 economic and financial plan approved by the Board of Directors on 19

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December 2016, which is commented hereinafter. On 20 February 2017 the Board of Directors also approved the methodology for the impairment test.
The aforementioned operational cash flows were discounted using the UDCF (Unlevered Discounted Cash Flow) at a rate equal to the Weighted Average Cost of Capital (WACC), which was 5.02%, with a sensitivity analysis of up to 7.25%.

This method is based upon the assumption that the value of a company's economic capital at a given date (in this case, 31 December 2016) is represented by the algebraic sum of the following items:

- "operating" value, which represents the current value of cash flows generated by operational management of the company over a definite period of time (explicit forecast period, which in this case coincides with the scheduled end of the airport concession in 2044);
- value of non-strategic or non-capital ancillary assets as of the date in question.

The impairment test performed did not show impairment losses for the amounts recorded under the Concession Rights for the 2016 financial year.

An impairment test simulation was also performed by considering in the determination of the WACC a 30-year term for interest rates (free risk rate and swap rate), which term approximates the remaining duration of the airport concession. In this instance as well the test did not show impairment losses.

For further details please see the details comments in Note 1 to the Consolidated Financial Statements.

2. Tangible Assets

The following table presents a breakdown of tangible assets at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Land	2,758	2,758	0
Buildings and minor construction and improvements	2,316	1,601	715
Machinery, equipment and facilities	3,299	3,176	123
Furniture, office machinery, transport equipment	1,941	2,029	(88)
Property, plant and equipment under construction and advances	1,541	135	1,406
Investment property	4,732	4,732	0
TOTAL TANGIBLE ASSETS	**16,587**	**14,431**	**2,156**

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The following table shows changes in tangible assets for the year ended 31 December 2016, along with a comparison with the year ended 31 December 2015, presented by individual tangible asset category.

	31.12.2015			Changes for the Period				31.12.2016		
in thousands of Euro	Historical cost	Depreciation Provisions	Book Value	Increases/Acquisitions	Depreciation	Decreases/Disposals	Disposal Provision	Historical cost	Depreciation Provisions	Book Value
Land	2,758	0	2,758	0	0	0	0	2,758	0	2,758
Buildings and minor construction and improvements	4,847	(3,246)	1,601	978	(263)	(3)	3	5,822	(3,506)	2,316
Machinery, equipment and facilities	10,740	(7,564)	3,176	1,129	(1,000)	(42)	36	11,826	(8,527)	3,299
Furniture, office machinery, transport equipment	7,932	(5,903)	2,029	417	(489)	(324)	308	8,026	(6,084)	1,941
Property, plant and equipment under construction and advances	135	0	135	1,406	0	0	0	1,541	0	1,541
Investment property	4,732	0	4,732	0	0	0	0	4,732	0	4,732
TOTAL TANGIBLE ASSETS	**31,144**	**(16,713)**	**14,431**	**3,930**	**(1,752)**	**(369)**	**347**	**34,705**	**(18,117)**	**16,587**

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The item “Buildings and minor construction and improvements” rose by Euro 0.98 million due mainly to the upgrading of an area next to the airport to build a 249-space car park for the airport.

The Euro 1.22 million increase in the item “Machinery, equipment and facilities” mainly concerned the supply and installation of new digital advertising systems totalling Euro 0.53 million, and a new automated passport control system (ABC system) totalling Euro 0.25 million, in addition to the purchase of a new elevator for reduced mobility passengers totalling Euro 0.19 million.

The item “Furniture, office machinery and transport equipment” rose by Euro 0.42 million mainly due to the purchase of furnishings, electronic machinery and radio devices for offices and various terminal areas.

“Tangible assets under construction” include amounts incurred for unfinished projects at 31 December 2016. These include the first tranche of Euro 0.89 million of the Company’s contribution to Marconi Express S.p.A. to build the “Aeroporto” station of the People Mover corresponding to work progress of 33% in the airport area through August 2016.

The increase in depreciation of tangible assets was primarily due to investments that entered into service during the year.

The item "Investment property" includes the total value of land owned by the Group for real estate investments; this land was initially recognised at acquisition cost and subsequently measured using the cost method.
The aforementioned land is not subject to depreciation but, as indicated in IAS 40, an expert valuation is performed to support the fair value measurement. This expert valuation performed internally at the Company confirms that the cost at which it was recognised approximates the fair value of the land, due to its nature and strategic value.

3. Investments

The following table presents a breakdown of investments at 31 December 2016, compared with the data at 31 December 2015.

in thousands of Euro	at 31.12.2015	Increases/Acquisitions	Decreases/Disposals	Write-downs	at 31.12.2016
Investments in subsidiaries	684	0	0	0	684
Investments in affiliated companies	0	0	0	0	0
Other investments	146	0	0	0	146
TOTAL INVESTMENTS	**830**	**0**	**0**	**0**	**830**

The following table shows the breakdown of investments in subsidiaries:

in thousands of Euro	Share	at 31.12.2016	at 31.12.2015	Change
Fast Freight Marconi Spa	100%	597	597	0
Tag Bologna Srl	51%	87	87	0
TOTAL EQUITY STAKES IN SUBSIDIARIES		**684**	**684**	**0**

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The following table shows the breakdown of investments in affiliated companies:

in thousands of Euro	Share	at 31.12.2016	at 31.12.2015	Change
Ravenna Terminal Passeggeri Srl	24%	0	0	0

The equity investment held in the affiliated company Ravenna Terminal Passeggeri S.r.l., in view of the expected negative results for the 2015 and 2016 financial years, was fully impaired in 2014. The results for 2015 and 2016 confirmed this projection (loss in 2015 of Euro 47 thousand and loss in 2016 of Euro 27 thousand).

Lastly, the following table provides details on investments in other companies, which were unchanged over the two periods being compared:

in thousands of Euro	Share	at 31.12.2016	at 31.12.2015	Change
Consorzio Energia Fiera District	4.76%	2	2	0
CAAF dell'Industria S.p.A.	0.07%	0	0	0
Bologna Welcome S.r.l.	10%	40	40	0
Bologna Congressi S.p.A.	10%	104	104	0
TOTAL OTHER INVESTMENTS		**146**	**146**	**0**

4. Other non-current financial assets

The following table shows the changes in other non-current financial assets for the year ended 31 December 2016, compared with the data at 31 December 2015.

in thousands of Euro	at 31.12.2015	Increases	Decreases / Reclassifications	Write-downs	at 31.12.2016
Equity financial instruments	0	7,000	0	0	7,000
Bonds	0	4,668	0	0	4,668
Deposit accounts/Savings bonds	0	6,000	0	0	6,000
Other non-current financial assets	293	252	(293)	0	252
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**293**	**17,920**	**(293)**	**0**	**17,920**

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

- a Euro 7 million equity financial instrument in Marconi Express S.p.A. Marconi Express S.p.A. is the company licensed to construct and manage the infrastructure for the express railway link (People Mover) between the Airport and Bologna's main train station. Information on this already appeared in the 2015 Financial Report and 2016 Interim Financial Reports. This financial instrument was subscribed on 21 January 2016 for a total of Euro 10.9 million. Of this amount, Euro 7 million had been paid in two tranches at 31 December 2016: the first of Euro 4 million at the time of subscription and the second of Euro 3 million in October 2016 corresponding to work progress of 20%. The carrying value corresponds to the amount actually paid or the cost incurred at 31 December 2016. Pursuant to IAS 39, this financial asset was classified under available-for-sale financial assets. According to IAS 39, subsequent measurement following initial recording should be at fair value, and related changes should be posted to shareholders' equity and reported in the statement of comprehensive income as OCI (other comprehensive income), whereas impairment should be posted to the income statement. However, in this case, in view of the difficulty in measuring the fair value of this equity financial instrument, the Group elected to take advantage of the exemption allowed for equity instruments for which fair value cannot be reliably measured. As a result, subsequent measurements of this equity financial instrument will be at cost and any impairment, which is quantified by comparing the book

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value with the present value of cash flows discounted at the market rate for similar instruments, will be posted to the income statement and cannot be reversed;

- Euro 4.7 million for a senior bond with a nominal value of Euro 4.5 million maturing in September 2018. Pursuant to IAS 39, the Group elected to classify this financial asset under investments held to maturity (HTM) since it has the intention and capability to hold these in its portfolio until maturity. After initial recognition at acquisition cost, these investments are measured at amortised cost, using the effective interest rate method and thus recognising any discounts or premiums on the purchase or other costs that are an integral part of the effective interest rate. There were no impairment indicators in relation to the value of these financial assets at 31 December 2016;
- Euro 6 million in savings bonds maturing in August 2018;
- Euro 0.25 million for a capitalisation product with a term of five years that the Group elected to classify, pursuant to IAS 39, under investments held to maturity with the related initial recognition and periodic measurement as described above.

Lastly, the item "Other non-current financial assets" decreased due to the reclassification of the receivable arising from the sale of Marconi Handling S.r.l. to the item "Current financial assets" (Note 10) which should be referenced for additional details.

Fair value - hierarchy

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

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

The following tables indicate the assets and liabilities measured at fair value at 31 December 2016 and 31 December 2015 by hierarchy level:

in thousands of Euro	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets	7,967	0	967	8,934
Available-for-Sale Financial Assets	0	23,000	7,000	30,000
Derivatives	0	0	0	0
Total at 31.12.2016	**7,967**	**23,000**	**7,967**	**38,934**

in thousands of Euro	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets	2,838	0	1,207	4,045
Available-for-Sale Financial Assets	0	5,000	0	5,000
Derivatives	0	0	0	0
Total at 31.12.2015	**2,838**	**5,000**	**1,207**	**9,045**

5. Deferred tax assets

The following table shows the overall change in deferred tax assets for the year ended 31 December 2016, compared with the data at 31 December 2015.

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in thousands of Euro	at 31.12.2015	Provisions	Amounts used/Adjustments	at 31.12.2016
DEFERRED TAX ASSETS	**7,071**	**1,576**	**(1,609)**	**7,038**

The following table presents a breakdown of taxable amounts that result in the recognition of deferred tax assets, with a distinction between Income tax (IRES) and Regional Tax on Productive Activities (IRAP). Specifically:

- The item "Other" includes tax credits for taking advantage of tax benefits in relation to: energy upgrade measures; investments in new capital assets pursuant to art. 18 of Decree Law 91/2014; investments in research and development activities referenced in art. 1, para. 35 of Law 190/2014. In relation to taking advantage of tax credits for research and development activities, in 2015 and 2016 the Company continued its R&D activities and focused its efforts specifically on projects deemed to be particularly innovative, and specifically on the following activities: the research, design and development of software solutions based on new IT technologies for creating new services related to the management, care and safety of passengers and ground traffic. The Company incurred a total of Euro 0.46 million in 2015 and Euro 0.44 million in 2016 for the development of these projects. The Company will use the "Research and Development" tax credit (pursuant to art. 1, para. 35 of Law 190/2014) for the total incremental expense equal to Euro 0.45 million and Euro 0.43 million respectively. This credit is available using the procedures specified in the above regulation. These credits have been recorded in the financial statements under review. Research and development activities continue in 2017.

In fact, the reduction in the IRES rate starting 1 January 2017 (amendment introduced by paragraphs 61-64 of art. 1 of Law 208 of 28 December 2015) will result in a reduced recovery of taxes paid in advance in 2016 from 27.5% to 24%.

IRES rate 27.5%- 24.5%	Taxable Amount				Tax			
in thousands of Euro	at 31.12.2015	Increases	Amounts used	at 31.12.2016	at 31.12.2015	Increases	Amounts used/ Adjustments	at 31.12.2016
Other costs with deferred IRES deductibility	7,044	2,747	(2,191)	7,600	1,766	659	(602)	1,823
Provisions with deferred IRES/IRAP taxes	4,894	1,336	(2,134)	4,096	1,200	321	(539)	982
Provisions for renewal of airport infrastructure	9,387	0	0	9,387	2,253	0	0	2,253
Amortisation of concession rights: ENAC-ENAV agreement	143	106	0	249	40	25	(5)	60
Listing Costs	3,699	0	(925)	2,774	920	0	(254)	666
Discounting of severance provisions and other long-term benefits	204	276	0	480	57	72	(42)	87
Total IRES	**25,371**	**4,465**	**(5,250)**	**24,586**	**6,236**	**1,077**	**(1,422)**	**5,871**

Other	*Taxable Amount*				*Tax*			
in thousands of Euro	at 31.12.2015	Increases	Amounts used	at 31.12.2016	at 31.12.2015	Increases	Amounts used/ Adjustments	at 31.12.2016
Other credits	0	0	0	0	275	363	(67)	571
Total "Other credits"					**275**	**363**	**(67)**	**571**

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IRAP rate 4.2%	Taxable Amount				Tax			
in thousands of Euro	at 31.12.2015	Increases	Amounts used	at 31.12. 2016	at 31.12.2015	Increases	Amounts used/ Adjustments	at 31.12.2016
Provisions with deferred IRES/IRAP taxes	1,411	0	0	1,411	60	0	0	60
Other provisions for deferred IRAP taxes	2,414	3,072	(2,394)	3,092	101	129	(100)	130
Provisions for renewal of airport infrastructure	9,387	0	0	9,387	394	0	0	394
Amortisation of concession rights: ENAC-ENAV agreement	95	82	0	177	4	3	0	7
Other long-term benefits for personnel	17	89	0	106	1	4	0	5
Total IRAP	**13,324**	**3,243**	**(2,394)**	**14,173**	**560**	**136**	**(100)**	**596**
Total					**7,071**	**1,576**	**(1,609)**	**7,038**

6. Other non-current assets

The following table shows the breakdown of other non-current assets at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Security deposits	42	39	3
Non-current prepayments and accrued income	47	62	(15)
Tax receivables	1,243	1,243	0
OTHER NON-CURRENT ASSETS	**1,332**	**1,344**	**(12)**

Other non-current assets posted significant changes in the 2016 and 2015 financial years. The main item, which did not change during the two years being compared, pertains to the credit recognised in 2012 for an IRES refund request for the non-deduction of IRAP on staff costs (Legislative Decree No. 201/2011 and Revenue Agency Directive No. 2012/140973 of 2012).

7. Inventories

The following table presents the breakdown of inventories at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Inventories of raw materials, supplies and consumables	476	427	49
INVENTORIES	**476**	**427**	**49**

Inventories don’t present any particular changes, and mainly pertained to office materials, printed forms and uniforms, as well as heating oil and runway de-icing liquid.

8. Trade receivables

The following table presents a breakdown of trade receivables and their provisions:

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Trade receivables	14,113	14,876	(763)
Provisions for doubtful accounts	(1,334)	(1,560)	226
TRADE RECEIVABLES	**12,779**	**13,316**	**(537)**

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Despite the increase in revenues in 2016, at 31 December trade receivables were down from the end of the previous year due mainly to higher collections and greater offsets of receivable and payable items than at the end of 2015.

Trade receivables are restored to their face value through provisions for doubtful accounts determined in each period on the basis of a specific analysis of both items subject to dispute and items that, even though not in dispute, have been outstanding for a significant period.

This measurement requires estimating the probability of collecting the receivables in question, including with the support of lawyers assigned to pursue disputes, and taking into account sureties received from customers.

The changes in Doubtful Debt Provisions in the financial year in question from the prior financial year were as follows:

in thousands of Euro	at 31.12.2015	Provisions	Amounts used	Releases	at 31.12.2016
PROVISIONS FOR DOUBTFUL TRADE RECEIVABLES	**(1,560)**	**(248)**	**355**	**119**	**(1,334)**

in thousands of Euro	at 31.12.2014	Provisions	Amounts used	Releases	at 31.12.2015
PROVISIONS FOR DOUBTFUL TRADE RECEIVABLES	**(2,119)**	**(353)**	**714**	**198**	**(1,560)**

Increases for the financial year were in the total amount of Euro 0.25 million, Euro 0.18 million of which were classified in the provisions item of the income statement, and the remaining Euro 0.07 million was applied as a direct reduction of revenues because this was an amount that matured in 2016 which is deemed uncollectible.

The following itemise by age of the Company trade receivables outstanding at 31 December 2016 and at 31 December 2015:

in thousands of Euro	Expiring	Expired	Total at 31.12.2016
Trade receivables for invoices/credit notes issued	7,360	6,872	14,232
Trade receivables for invoices/credit notes to be issued	(119)	0	(119)
TOTAL TRADE RECEIVABLES	**7,241**	**6,872**	**14,113**

in thousands of Euro	Expiring	Expired 0-30 days	Expired 30-60 days	Expired 60-90 days	Expired after 90 days	Total
TRADE RECEIVABLES	**7,360**	**3,823**	**916**	**80**	**2,053**	**14,232**

in thousands of Euro	Expiring	Expired	Total at 31.12.2015
Trade receivables for invoices/credit notes issued	6,643	8,248	14,891
Trade receivables for invoices/credit notes to be issued	(15)	0	(15)
TOTAL TRADE RECEIVABLES	**6,628**	**8,248**	**14,876**

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in thousands of Euro	Expiring	Expired 0-30 days	Expired 30-60 days	Expired 60-90 days	Expired after 90 days	Total
TRADE RECEIVABLES	**6,643**	**3,552**	**2,207**	**169**	**2,320**	**14,891**

9. Other current assets

The following table presents a breakdown of other current assets at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
VAT credit	0	11	(11)
Direct tax receivables	0	338	(338)
Other tax receivables	3	13	(10)
Tax consolidation credit	199	8	191
Receivables from personnel	72	69	3
Other receivables	3,150	7,220	(4,070)
OTHER CURRENT ASSETS	**3,424**	**7,659**	**(4,235)**

The direct tax credit, consisting of the IRAP credit for 2015, was eliminated due to the debit position at 31 December 2016.

With regard to Other receivables, details of which are provided in the table below, the largest change relates to the elimination of the receivables for security deposits (article 17) related to the security deposit provided by the Parent Company to ENAC for the period 1998-2004, during which it operated under the mechanism for the early occupancy of government property established by article 17 of Law 135/97. This receivable totalling Euro 3.6 million was fully collected on 19 October 2016.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Accrued income and prepayments	330	262	68
Advances to suppliers	56	192	(136)
Receivables from retirement and social security institutions	27	18	9
Receivables for security deposits (article 17)	0	3,628	(3,628)
Receivables for municipal surcharge	3,155	3,317	(162)
Provisions for other doubtful current receivables	(875)	(449)	(426)
Other current receivables	457	252	205
TOTAL OTHER RECEIVABLES	**3,150**	**7,220**	**(4,070)**

With regard to the item "receivables for the municipal surcharge," the Company charges the airlines the municipal surcharge on passenger boarding fees established by article 2, paragraph 11 of Law No. 350/2003, as subsequently amended and supplemented, and once collected, allocates it as appropriate to the government and INPS respectively, in the amount of Euro 1.50 and Euro 5.00 per passenger boarded. This amount is valid up until 31 December 2015 and starting 1 January 2017.

Article 1 of Law Decree No. 357 of 29 October 2015 increased the portion allocated to INPS by an additional Euro 2.50 effective from 1 January 2016. This increase was subsequently suspended from 1 September 2016 to 31 December 2016 by Decree Law 113/2016 "Urgent Financial Measures for Local Authorities and Local Areas" (the so-called Decree Law of Local Authorities published in the Official Gazette of 20 August 2016); and lastly, art. 55 of the draft "2017 Budget Law" called for the final abolition, effective 1 January 2017, of the portion of the municipal surcharge equal to Euro 2.41 for 2017 and Euro 2.34 for 2018, introduced by art. 13, paragraphs 21 and 23 of Decree Law 145/2013. For additional details, see the

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Directors' Report. For matters of interest in this regard, note that the tariff increase in 2016, and specifically its starting date, have resulted in several objections by carriers. This resulted in an increase in the provisions for doubtful receivables for municipal surcharges, the changes in which are shown in the table below:

in thousands of Euro	at 31.12.2015	Provisions/Increases	Amounts used	Releases	at 31.12.2016
Provisions for doubtful receivables for municipal surcharge	(449)	(428)	2	0	(875)
TOTAL PROVISIONS FOR OTHER DOUBTFUL RECEIVABLES	**(449)**	**(428)**	**2**	**0**	**(875)**

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

10. Current Financial Assets

The following table presents a breakdown of current financial assets at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Securities and similar	0	2,838	(2,838)
Bonds	3,047	0	3,047
Deposit accounts	17,000	5,000	12,000
Receivables from the sale of investments	967	914	53
Other financial receivables	65	29	36
CURRENT FINANCIAL ASSETS	**21,079**	**8,781**	**12,298**

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

in thousands of Euro	at 31.12.2015	Increases/Acquisitions	Decreases/Disposals	Write-downs	at 31.12.2016
Securities and similar	2,838	0	(2,838)	0	0
Bonds	0	3,047	0	0	3,047
Deposit accounts	5,000	17,000	(5,000)	0	17,000
Receivables from the sale of investments	914	53	0	0	967
Other financial receivables	29	65	(29)	0	65
TOTAL OTHER CURRENT FINANCIAL ASSETS	**8,781**	**20,165**	**(7,867)**	**0**	**21,079**

Detailed breakdown:

- securities and similar: this item was eliminated following the collection of the capitalisation product totalling Euro 2.9 million purchased in 2011 for a nominal value of Euro 2.5 million and payable on 28 December 2016. Interest accrued in 2016 totalled Euro 0.07 million;
- bonds: this item increased due to the purchase of a senior bond with a nominal value of Euro 3 million maturing in October 2017. See the item "Non-current financial assets" (Note 4) for additional details;
- deposit accounts: this item, which rose at a faster pace than in the previous year, includes temporary investments of cash in:
  - certificates of deposit in the amount of:
    - Euro 3 million maturing in May 2017;

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- Euro 4 million maturing in November 2017;

- time deposits in the amount of:
  - Euro 3 million maturing in April 2017;
  - Euro 7 million maturing in October 2017.

The deposit account, totalling Euro 5 million at 31 December 2015, was cashed out in April;

- receivables from the sale of investments: this item includes the receivable for the sale of the investment in Marconi Handling. This receivable, which is broken down by related contractual maturities as redefined by a debt rescheduling agreement of 15 November 2016, is secured by a special lien on the corporate stake sold and bears interest at 4%. The new repayment plan agreed is broken down into 12 monthly instalments ending in December 2017.

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

11. Cash and cash equivalents

The following table shows details of Cash and cash equivalents at 31 December 2016, compared with the data at 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Bank and postal accounts	17,028	47,322	(30,294)
Cash	22	22	0
CASH AND CASH EQUIVALENTS	**17,050**	**47,344**	**(30,294)**

The item "Bank and postal accounts" represents available balances of bank current accounts.

Net Financial Position

The following table shows the composition of the net financial position at 31 December 2016 and 31 December 2015, in accordance with the provisions of the Consob Notice of 28 July 2006, and in compliance with the ESMA/2011/81 Recommendations:

	in thousands of Euro	at 31.12.2016	at 31.12.2015
A	Cash	22	22
B	Other cash equivalents	17,028	47,321
C	Securities held for trading	0	2,838
D	**Liquidity (A+B+C)**	**17,050**	**50,181**
E	**Current financial receivables**	**21,079**	**5,944**
F	Current bank debt	(68)	(1,109)
G	Current portion of non-current debt	(5,295)	(8,568)
H	Other current financial debt	(2,969)	(1,980)
	in thousands of Euro	at 31.12.2016	at 31.12.2015
I	**Current financial debt (F+G+H)**	**(8,332)**	**(11,657)**
J	**Net current financial position (I-E-D)**	**29,797**	**44,468**
K	Non-current bank debt	(20,626)	(27,950)
L	Bonds issued	0	0
M	Other non-current liabilities	0	0
N	**Non-current financial debt (K+L+M)**	**(20,626)**	**(27,950)**
O	**Net financial position (J+N)**	**9,171**	**16,518**

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Items A + B represent the balance of the item "cash and cash equivalents"; please see Note 11 for additional details.
Item C + E is contained in the item "current financial assets"; please see Note 10 for further details.
Items F + G + H represent the balance of the item "current financial liabilities"; please see Note 22 for further details.
Item K represents the balance of the item "non-current financial liabilities"; please see Note 17 for further details.
For a detailed analysis of changes in net financial position, please see the management report.

LIABILITIES

12. Shareholders' equity

The following table presents a breakdown of Shareholders' Equity at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Share capital	90,314	90,250	64
Reserves	61,428	61,249	179
Result for the period	10,543	6,548	3,995
SHAREHOLDERS' EQUITY	**162,285**	**158,048**	**4,237**

i. Share capital

Following the increase in the Parent Company's share capital, which was a part of the stock market listing process that took place on 14 July 2015, share capital at 31 December 2015 consisted of 36,100,000 ordinary shares equal to Euro 90.25 million, which was entirely subscribed and paid up. The Public Subscription and Sale Offer made provision for bonus shares to be awarded in the following amounts in the event that subscribed shares are held continuously for 365 days following the start of trading of the shares on the stock exchange:

- 1 share for every 20 subscribed shares for the general public and residents of the Emilia-Romagna region;
- 1 share for every 10 subscribed shares for Group employees.

Upon completion of the subscription, there were 109,200 shares with underlying Bonus Shares. After this right was exercised in September 2016, 25,665 ordinary shares were issued to shareholders entitled to bonus shares, in accordance with the resolution of the Shareholders' Meeting of 20 May 2015 and using the share premium reserve.
As notified to the Bologna Companies Registry on 19 September 2016, the Parent Company's share capital on that date was Euro 90,314,162, fully subscribed and paid up, represented by 36,125,665 ordinary shares with no par value.

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

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in units of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015
Profit/(Loss) for the period	10,374,688	6,762,716
Average number of outstanding shares	36,107,223	32,627,397
Average number of shares including bonus shares	36,107,223	32,678,258
Undiluted earnings/(losses) per share	**0.29**	**0.21**
Diluted earnings/(losses) per share	**0.29**	**0.21**

ii. Reserves

The following table details reserves at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Share premium reserve	25,683	25,747	(64)
Legal reserve	4,903	4,576	327
Extraordinary reserve	32,934	32,850	84
FTA reserves	(3,206)	(3,206)	0
Profits (losses) carried forward	1,992	1,992	0
OCI reserve	(878)	(710)	(168)
TOTAL RESERVES	**61,428**	**61,249**	**179**

The share premium reserve consisted of the following:

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

The change during the period (Euro -0.06 million) in the share premium reserve was due to the amount used for the capital increase in connection with exercising the bonus shares.
In compliance with article 2431 of the Italian Civil Code, this reserve is available but cannot be distributed until the legal reserve has reached the limit established by article 2430 of the Civil Code.

The legal reserve and extraordinary reserve rose as a result of the allocation of profit for the previous year net of the distribution of dividends approved by the Shareholders' Meeting of 27 April 2016 totalling Euro 6.137 million corresponding to a gross dividend of Euro 0.17 for each of the 36,100,000 ordinary shares outstanding on the ex-dividend date (2 May 2016).
The extraordinary reserve is made up entirely of profits from prior financial years.

The OCI reserve shows the changes arising from the discounting of severance and other staff-related provisions (see Note 13) in accordance with revised IAS 19, net of the related tax impact.

The following table shows changes in the OCI reserve for the year ended 31 December 2016 and the pertinent comparison:

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Actuarial gains/losses as per IAS 19	(1,155)	(979)	(176)
Deferred taxes on actuarial gains/losses as per IAS 19	277	269	8
OCI RESERVE	**(878)**	**(710)**	**(168)**

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13. Severance and other personnel provisions

The following table presents a breakdown of the Severance and other personnel provisions at 31 December 2016, compared with the data at 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Severance	4,167	4,151	16
Other personnel provisions	107	18	89
TOTAL SEVERANCE AND OTHER PERSONNEL PROVISIONS	**4,274**	**4,169**	**105**

The following table shows changes in the provisions in question during the financial year:

in thousands of Euro	at 31.12.2015	Service Cost	Net Interest	Benefits Paid	Actuarial Gains (Losses)	at 31.12.2016
Severance	4,151	0	65	(229)	180	4,167
Other personnel provisions	18	93	0	0	(4)	107
TOTAL SEVERANCE AND OTHER PERSONNEL PROVISIONS	**4,169**	**93**	**65**	**(229)**	**176**	**4,274**

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

The following is a summary of the principal assumptions made for the process of actuarial estimation of severance provisions for the financial years presented in the table:

e) discounting rate: 1.31% for the evaluation at 31 December 2016 and 2.03% at 31 December 2015;
f) prospective inflation rate: 1.50% for 2016, 1.80% for 2017, 1.70% for 2018, 1.60% for 2019 and 2% from 2020 onwards (no change from the evaluation at 31 December 2015);
g) demographic bases (mortality/disability): the RG 48 mortality tables published by the Italian General Accounting Service were utilised for mortality. An INPS table itemised by age and gender was employed for disability;
h) personnel turnover rate: 1%.

As with any actuarial evaluation, the results depend upon the technical bases adopted, which included the interest rate, inflation rate and expected turnover. The following table shows the sensitivity analysis for each significant actuarial assumption at the end of the financial year and indicates the impacts of reasonably possible changes in actuarial assumptions at that date, in absolute terms.

	Evaluation Parameter					
in thousands of Euro	+1% in turnover rate	-1% in turnover rate	+ 0.25% in annual inflation rate	- 0.25% in annual inflation rate	+ 0.25% in annual discounting rate	- 0.25% in annual discounting rate
Severance	4,139	4,200	4,239	4,098	4,055	4,285

As additional information, the following table shows the projected payments over five years.

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in thousands of Euro	Estimated future payments
1	204
2	178
3	124
4	205
5	210

The other personnel provisions pertain to the liability at 31 December 2016 for the long term incentives plan and the non-compete agreement of the Managing Director and Chief Executive Officer, as governed by the Remuneration Policy commented upon in the Report on Corporate Governance and Ownership Structure, to which you are referred for further details.
The actuarial evaluation of the long-term incentives plan at 31 December 2016 (1st cycle July 2015 – December 2017 and 2nd cycle 2016-2018) and the non-compete agreement was performed with the support of expert actuaries employing the "vested benefits" methodology on the basis of IAS 19 (Paragraphs 67-69), and employing the "Project Unit Credit" criterion. The substance of this methodology is measurement of the average current value of obligations accrued on the basis of a worker's length of service in employment at the time that said measurement is performed. The principal evaluation parameters are:

d) discounting rate: 1.03% for the evaluation at 31 December 2016 (2.03% for the evaluation at 31 December 2015) of the liability for the non-compete agreement as the yield for a comparable term of the sector collective agreement, and -0.05% for the evaluation at 31 December 2016 (0.24% for the evaluation at 31 December 2015) for long-term incentives, a yield in line with the three-year term of the plan concerned,
e) demographic bases (mortality/disability): the RG 48 mortality tables published by the Italian General Accounting Service were utilised for mortality. The INPS table of 2010 projections was employed for disability;
f)rate of voluntary resignations and terminations caused by the company: 1%;
e) 70% probability of achieving objectives.

Lastly, the sensitivity analysis is provided which shows the impacts on other personnel provisions, and specifically on the provision related to the non-compete agreement, in the event of an employment termination, with a probability of 10%:

in thousands of Euro	Service Cost
Other personnel provisions	91

14. Deferred Tax Liabilities

The following table shows deferred tax liabilities at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2015	Provisions	Amounts used	at 31.12.2016
DEFERRED TAX LIABILITIES	**1,914**	**0**	**0**	**1,914**

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Deferred tax liabilities, which were recognised on the occasion of the transition to the IFRS as a result of the application of IFRIC 12, did not change during the year under review; the adjustment of the IRES rate from 27.5% to 24% effective 2017, as established by the above-cited Law No. 208/2015, was carried out in 2015.

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

Provisions for renewal of airport infrastructure refers to the provision to cover the costs of conservative maintenance and renewal of concession assets that the Company is required to return at the scheduled end of the concession in 2044, in perfect working condition.

The following table shows the changes in the provisions for the year ended 31 December 2016:

in thousands of Euro	at 31.12.2015	Provisions	Amounts used	Reclassifications	at 31.12.2016
PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (NON-CURRENT)	**9,475**	**3,072**	**0**	**(1,997)**	**10,550**

The increases totalled Euro 3.1 million, of which Euro 2.9 million were classified under provisions of the income statement and the remaining Euro 0.2 million were classified under financial expenses from discounting. The decreases from reclassifications relate to the periodic reclassification to current liabilities of the portion of costs whose disbursement is entirely expected in the year following the reference period. Amounts used during the period in question are shown under current liabilities in Note 20.
To supplement the required information, the following table shows the interest rate sensitivity analysis performed on the discounting of provisions for airport infrastructure renewal at 31 December 2016:

in thousands of Euro	Interest Balance	Sensitivity (+0.5%)	Sensitivity (-0.1%)
Provisions for renewal of airport infrastructure	169	239	155

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

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

The following table shows the changes in risk and charge provisions for the year ended 31 December 2016:

in thousands of Euro	at 31.12.2015	Provisions	Amounts used	at 31.12.2016
Provisions for ongoing disputes	1,353	30	(537)	846
Provisions for other risks and charges	154	0	(2)	152
PROVISIONS FOR RISKS AND CHARGES (NON-CURRENT)	**1,507**	**30**	**(539)**	**998**

The main change was the amount used from the provision for ongoing disputes following the conclusion of some disputes with employees. The change reported includes Euro 0.1 million for the release of the litigation fund with the excess amount released to the income statement.

Contingent liabilities

On 26 July 2016, following a comprehensive audit started on 18 May 2016 for the Parent Company's 2013 financial year, the Revenue Agency of Bologna prepared a Tax Audit Report with a single observation. The

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observation consists of a presumed disallowance of IRES deductibility for the loss resulting from the May 2013 declaration of bankruptcy of SEAF, the management company of Forlì Airport. This insolvency procedure resulted in the execution of the surety related to the strong patronage letter issued in 2007 by AdB to the credit institutions that financed SEAF in the form of an unsecured loan, which the Parent Company carried out with a schedule of repayments to lending institutions. This debt was fully repaid in April 2016 with the full payment of remaining instalments (see Note 17).

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

17. Non-current financial liabilities

The following table presents a breakdown of non-current financial liabilities at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Loans - non-current portion	20,626	25,905	(5,279)
Non-current financial debt	0	2,045	(2,045)
NON-CURRENT FINANCIAL LIABILITIES	**20,626**	**27,950**	**(7,324)**

The non-current portion of loans consists of medium to long term loans taken out by the Company and outstanding at 31 December 2016. The decrease during the period was due to the repayment of maturing instalments totalling Euro 8.59 million, including the instalments totalling Euro 3.27 million to fully repay the ten-year loan, which matured on 30 September 2016, provided by Intesa Sanpaolo S.p.A. to implement the infrastructure investment plan. This loan is interest-bearing at a fixed rate of 4.312% per annum.

At 31 December 2016, total liabilities for loans were Euro 25.9 million, including the current portion of loans totalling Euro 5.3 million.

Other non-current financial debt, which was eliminated at 31 December 2016, was entirely related to the liability recorded for the guarantee provided by the Company in the form of a special patronage letter to SEAF S.p.A. In 2011, the Company recorded a provision to cover the probable risk connected to the guarantee issued in 2007 to cover a bank loan provided to SEAF S.p.A. The latter commenced liquidation proceedings on 14 May 2012 and was subsequently declared bankrupt on 3 May 2013. The lender banks consequently made a request to the Company to draw on the guarantee issued. In March 2014, following numerous contacts with the lender banks, the Company signed an agreement for payment in instalments over five years with quarterly instalments beginning on 12 March 2014, the total principal amount of which was Euro 5.03 million. As a result of the signing of the aforementioned repayment plan, the Company petitioned for unconditional inclusion in the liabilities of the bankruptcy estate. In the first quarter of 2016, the Group continued the repayment of this liability according to the five-year payment agreement with quarterly instalments entered into in 2014. During this period instalments of Euro 0.2 million were repaid. Later, in view of its greater available cash, the Company decided it could settle the liability early and proceeded to pay off the remaining debt of Euro 2.8 million on 20 April 2016.

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

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- a fifteen-year loan maturing on 15 June 2019, with a total outstanding balance of Euro 6.9 million at 31 December 2016 (Euro 9.66 million in 2015) provided by Banca OPI S.p.A (now Intesa Sanpaolo S.p.A.) and to be used to implement the infrastructure investment plan. Euro 4.14 million of this debt (Euro 6.90 million in 2015) was classified under Loans – non-current portion, and Euro 2.76 million, representing the principal to be repaid in 2017, under Loans – current portion. It is interest-bearing at a variable rate applied to the Bank quarterly by the European Investment Bank, plus a spread of 0.45%.
- a ten-year loan with maturity on 10 June 2024 in the total amount of Euro 23 million, with a total outstanding amount as of 31 December 2016 of Euro 19.02 million (Euro 21.54 million in 2015), granted by Banca Intesa for the purpose of making infrastructure investments. Euro 16.49 million of this debt (Euro 19 million in 2015) was classified under Loans – non-current portion, and Euro 2.54 million (Euro 2.54 million in 2015) representing the principal to be repaid in 2017, under Loans – current portion. In connection with this loan, in 2014 the parent company paid Euro 0.3 million as an arrangement and structuring fee, which was recognised under other current assets at 31 December 2014, and once the loan was subsequently received, in 2015, fees were treated in accordance with IAS 39. This debt is interest-bearing at a fixed rate of 3.693%. The parent company is obligated to comply with the following financial covenants, which are calculated annually:
    - Ratio of Net Financial Liabilities to Gross Operating Margin (less than 1.9 in 2016 – complied)
    - Ratio of Net Financial Liabilities to Net Liabilities (less than 0.3 for 2016 – complied).

  This loan provides a prepayment option only starting in December 2017 with a fee, determined by agreement, of 1% of the principal prepaid in addition to compensation, determined contractually, for the cost of reinvesting funds. The amount of this fee and compensation are not as convenientas as maintaining the loan. Thus, the Company has asked the lending bank to revise the loan's financial terms and conditions.

The following are the contractual terms and conditions of loans outstanding at 31 December 2016:

Financial Institution	Debt	Interest Rate Applied	Instalments	Maturity	*Covenants*
Intesa Sanpaolo S.p.A. (formerly Banca OPI S.p.A.)	Loan	Rate applied to the Bank by the EIB + 0.45%	Six-monthly	2019	No
Intesa Sanpaolo S.p.A.	Loan	3.693% fixed rate	Six-monthly	2024	Yes

The clarification is made that the loans are not covered by collateral security.

The following is a sensitivity analysis performed on the interest rates applied to variable rate loans outstanding at 31 December 2016.

			in thousands of Euro			
Financial Institution	**Type of Financing**	**Interest Rate Applied**	**Debt at 31.12.2016**	**2016 Interest Expense**	**Sensitivity (+0.5%)**	**Sensitivity (-0.1%)**
Intesa Sanpaolo S.p.A. (formerly Banca OPI S.p.A.)	Loan	Rate applied to the Bank by EIB (European Investment Bank) + 0.45	-6,897	41	85	not available

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With regard to the cross default clauses in the Company's loan agreements, if the borrowing company is in breach of its credit or loan obligations or guarantees assumed in relation to any party, the acceleration clause will be invoked. As at 31 December 2016, the Company had not received any communication for the application of the cross default clauses by its lenders.

18. Trade payables

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
TRADE PAYABLES	**15,057**	**13,372**	**1,685**

Trade payables are mainly with domestic suppliers. Growth was mainly due to the increase in external costs and payables for invoices to be received.
The following table provides a breakdown of trade payables at 31 December 2016 and 31 December 2015 by due dates:

in thousands of Euro	Expiring	Expired	Total at 31.12.2016
Invoices/credit notes received	3,564	2,421	5,985
Invoices/credit notes to be received	9,072	0	9,072
TOTAL TRADE PAYABLES	**12,636**	**2,421**	**15,057**

in thousands of Euro	Expiring	Expired 0-30 days	Expired 30-60 days	Expired 60-90 days	Expired after 90 days	Total
TRADE PAYABLES	**3,564**	**2,320**	**31**	**39**	**31**	**5,985**

in thousands of Euro	Expiring	Expired	Total at 31.12.2015
Invoices/credit notes received	5,100	499	5,599
Invoices/credit notes to be received	7,773	0	7,773
TOTAL TRADE PAYABLES	**12,873**	**499**	**13,372**

in thousands of Euro	Expiring	Expired 0-30 days	Expired 30-60 days	Expired 60-90 days	Expired after 90 days	Total
TRADE PAYABLES	**5,100**	**461**	**26**	**0**	**12**	**5,599**

19. Other liabilities

The following table presents a breakdown of other liabilities at 31 December 2016, compared with the data at 31 December 2015.

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in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Current tax payables	2,340	1,179	1,161
Payables to personnel and social institutions	4,006	3,327	679
ENAC for concession fee and other debts to the State	13,049	11,094	1,955
Other current payables, accrued expenses and deferred income	3,054	3,551	(497)
Tax consolidation debts	5	5	0
OTHER LIABILITIES	**22,454**	**19,156**	**3,298**

The following are comments regarding the main changes:

i. Current Tax Payables

The following table shows a breakdown of current tax payables at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
VAT payables	249	0	249
Direct tax payables	1,306	404	902
Other tax payables	785	775	10
CURRENT TAX PAYABLES	**2,340**	**1,179**	**1,161**

The increase in direct tax payables was due to an increase in IRES payables, from Euro 0.4 million at 31 December 2015 to Euro 1 million at 31 December 2016, and IRAP payables (Euro 0.3 million), compared with a credit balance in 2015.
Other tax payables are mainly due to IRPEF (Personal Income Tax) debt for employee withholding.

ii. Current payables to personnel and social security institutions

The following table presents a breakdown of current payables to personnel and social security institutions at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Payables to personnel for salaries	926	843	83
Payables to personnel for deferred compensations	1,975	1,568	407
Payables to social security institutions	1,105	916	189
CURRENT PAYABLES TO PERSONNEL AND SOCIAL SECURITY INSTITUTIONS	**4,006**	**3,327**	**679**

iii. ENAC concession fees and other State payables

This item mainly includes:

- Euro 9.96 million (Euro 8.56 million in 2015) in relation to the debt for the firefighting prevention services as regulated by Article 1, Section 1328 of the 2007 Finance Act, as amended by Article 4, Section 3-bis of Law 2/2009. For further details please see the disputes section in the Directors' Report;
- Euro 2.83 million (Euro 2.32 million in 2015) as a payable for the airport concession fee.

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iv. Other current payables, accrued expenses and deferred income

The following table shows other current payables, accrued expenses and deferred income at 31 December 2016, compared with 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Municipal surcharge payables	2,280	2,867	(587)
Other current payables	651	569	82
Current accrued expenses and deferred income	123	115	8
TOTAL OTHER CURRENT PAYABLES, ACCRUED EXPENSES AND DEFERRED INCOME	**3,054**	**3,551**	**(497)**

The first item concerns the municipal surcharge on passenger boarding fees charged to carriers but not yet collected at 31 December 2016. In view of the fact that several carriers contested the effective date of the Euro 2.50 increase for 2016 that was required by the Interministerial Decree of 29 October 2015, the portion of the receivable for the municipal surcharge related to this contested increase was reclassified to provisions for other doubtful current receivables (Note 9). Finally, the portion of the payable for the municipal surcharge relating to receivables for the surcharge collected from carriers, but not yet paid to creditors, is instead classified among current financial liabilities (Note 22).

“Other current payables” is a residual item that includes, among other things, the security deposits received from customers, which were largely unchanged compared with the figure at 31 December 2015.

20. Provisions for Renewal of Airport Infrastructure (Current)

The following table details changes in provisions for renewal of airport infrastructure for the years ended 31 December 2016 and 31 December 2015.

in thousands of Euro	at 31.12.2015	Provisions	Amounts used	Reclassifications	at 31.12.2016
PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (CURRENT)	**3,309**	**0**	**(2,394)**	**1,997**	**2,912**

This item includes the current portion of provisions for renewal of Airport infrastructure. Amounts used at 31 December 2016 were mainly for unscheduled maintenance of the taxiway and runway, the refurbishing of roofs and floors of airport buildings, the updating of systems following the upgrading of certain premises, information/front-desk systems, special equipment and baggage collection equipment. This was in addition to refurbishing and modernising several heating systems and uninterruptible power supply units in various airport buildings.

21. Provisions for risks and charges (current portion)

The following table shows the changes in provisions for current risks and charges for the year ended 31 December 2016.

in thousands of Euro	at 31.12.2015	Provisions	Amounts used	at 31.12.2016
Provisions for ENAC-ENAV agreement	936	82	(859)	159
PROVISIONS FOR RISKS AND CHARGES (CURRENT)	**936**	**82**	**(859)**	**159**

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The item concerned solely includes contractual liability provisions recognised on the basis of the agreement signed in December 2009 with ENAV and ENAC, which provides for another area to be included in the inventory of assets received under the concession. In view of that expansion of the area received under the concession, the Company has assumed the following obligations:
1) demolition of pre-existing capital assets;
2) construction of a new building on behalf of the original concessionaire.
In view of this obligation, the Company quantified the increase in Concession Rights at 31 December 2009 on the basis of the present value of the estimated cost of the fulfilment of its obligations with respect to a liability recognised in accordance with IAS 37.
The new building was completed in 2016 with the exception of a small amount of work to be done that is being completed at the beginning of 2017. The original liability was updated following the projection of additional work that resulted in a provision of Euro 0.08 million made during the year.

22. Current financial liabilities

The following table presents a breakdown of current financial liabilities for the year ended 31 December 2016, and the pertinent comparison with the year ended 31 December 2015.

in thousands of Euro	at 31.12.2016	at 31.12.2015	Change
Loans - current portion	5,295	8,568	(3,273)
Payables for municipal surcharge	2,969	1,980	989
Other current financial debt	68	1,109	(1,041)
CURRENT FINANCIAL LIABILITIES	**8,332**	**11,657**	**(3,325)**

For details of the items “loans – current portion” and “other current financial debt,” see Note 17 Non-Current Financial Liabilities, which provides a detailed explanation of the loans taken out by the Company and other outstanding financial debt at 31 December 2016, in addition to changes during the year.
Lastly, the item in question consists of debts for the municipal surcharge on passenger boarding fees, with respect to the portion received from the airlines in the month of December and paid on to lender institutions in the month of January.

ANALYSIS OF THE MAIN ITEMS ON THE INCOME STATEMENT

The following are commentaries on the principal items of the income statement for the period ended on 31 December 2016, compared with the period ended on 31 December 2015.

REVENUES

23. Revenues

The following table shows a breakdown of revenues by business segment for the years ended on 31 December 2016 and 31 December 2015.

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in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Revenues from aeronautical services	43,699	39,345	4,354
Revenues from non-aeronautical services	34,881	31,974	2,907
Revenues from construction services	5,999	3,619	2,380
Other operating revenues and income	811	887	(76)
TOTAL REVENUES	**85,390**	**75,825**	**9,565**

i. Revenues from aeronautical services

The following table shows a breakdown of revenues from aeronautical services for the years ended on 31 December 2016 and 31 December 2015.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Revenues from centralised infrastructure/other airport services	187	192	(5)
Revenues from fees/ exclusive-use assets	1,343	1,222	121
Revenues from airport fees	62,384	54,488	7,896
Revenues from PRM fees	4,024	2,848	1,176
Incentives for the development of air traffic	(24,262)	(19,402)	(4,860)
Other aeronautical revenues	23	(3)	26
TOTAL REVENUES FROM AERONAUTICAL SERVICES	**43,699**	**39,345**	**4,354**

For more detailed information on revenue trends, please see the Directors' Report.
The following is a breakdown of revenues from airport fees:

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Passenger boarding fees	31,391	25,626	5,765
Landing, take-off and parking fees	17,510	14,751	2,759
Passenger security fees	9,783	9,203	580
Hold luggage security fees	2,913	4,322	(1,409)
Freight loading and unloading charges	787	586	201
TOTAL REVENUES FROM AIRPORT FEES	**62,384**	**54,488**	**7,896**

ii. Revenues from non-aeronautical services

The following table presents a breakdown of revenues from non-aeronautical services for the years ended on 31 December 2016 and 31 December 2015.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Sub-licensing of premises and areas	15,463	14,064	1,399
Parking	14,219	13,045	1,174
Other commercial revenues	5,199	4,865	334
TOTAL REVENUES FROM NON-AERONAUTICAL SERVICES	**34,881**	**31,974**	**2,907**

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Revenues from non-aeronautical services rose due to the good performance of all components of this category, and in particular the increase in revenues from sub-licensing premises and commercial areas in the Food & Beverage and Duty Free sector, parking revenues, customer services revenues and sub-licensing of auto rental companies.
Other commercial revenues are itemised below:

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Ticketing	55	52	3
Marconi Business Lounge	1,939	1,652	287
Advertising	1,387	1,591	(204)
Miscellaneous commercial revenues	1,818	1,570	248
TOTAL OTHER COMMERCIAL REVENUES	**5,199**	**4,865**	**334**

Advertising revenues were down due to the ongoing crisis in the sector; this downturn was more than offset by the good performance of Marconi Business Lounge and miscellaneous commercial revenues.

iii. Revenues from construction services

Revenues from construction services pertain to the expansion in the construction services provided by the Aeroporto Guglielmo Marconi di Bologna S.p.A. in favour of the concession grantor authority ENAC, for the purpose of the realization of investments previously commented upon in connection with Concession Rights in Note 1.
These revenues were equal to Euro 6 million in 2016 and Euro 3.6 million in 2015.

iv. Other revenues and income

The following table shows a detail of other operating revenues and proceeds for the year ended on 31 December 2016, in comparison with the 2015 financial year.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Compensation, reimbursements and other income	779	811	(32)
Contributions to operating expenses	28	72	(44)
Capital gains	4	4	0
TOTAL OTHER OPERATING REVENUES AND INCOME	**811**	**887**	**(76)**

COSTS

24. Costs

i. Consumables and goods

The following table shows details of consumables and goods for the years ended 31 December 2016 and 31 December 2015.

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in thousands of Euro	**for the year ended 31.12.2016**	**for the year ended 31.12.2015**	**Change**
Consumables and goods	297	246	51
Maintenance materials	150	155	(5)
Fuels	286	292	(6)
TOTAL CONSUMABLES AND GOODS	**733**	**693**	**40**

This category reflects savings due mainly to lower purchases of aviation fuel.

ii. **Services costs**

The following table provides details of services costs for the years ended on 31 December 2016 and 31 December 2015.

in thousands of Euro	**for the year ended 31.12.2016**	**for the year ended 31.12.2015**	**Change**
Maintenance costs	4,460	3,804	656
Utilities	2,920	2,489	431
Cleaning and similar services	1,911	1,771	140
Third-party services	4,661	4,702	(41)
Marconi Business Lounge services	278	219	59
Advertising, promotion and development	856	764	92
Insurance	629	672	(43)
Professional and consultancy services	1,549	1,296	253
Fees and reimbursements for statutory bodies	434	484	(50)
Other services costs	173	237	(64)
TOTAL SERVICES COSTS	**17,871**	**16,438**	**1,433**

Overall, services costs increased mainly due to growth in:

- maintenance expenses due to additional runway work and maintenance work in general;
- utilities: this item rose by Euro 0.43 million over the 2015 figure. For an accurate comparison of figures reported with figures for the previous year, it should be noted that the balance for 2016 included Euro 0.72 million related to system expenses for power produced internally, of which about Euro 0.3 million was not applicable. These costs were recorded in the financial statements as at 31 December 2016 in application of regulations in effect on that date (Law 116/14 and Resolution 578/2013/R/eel of the Electricity, Gas and Water Authority), on the basis of which, in the absence of Efficient Utility System (SEU) status, it was necessary to pay the full amount of system expenses; as of 31 December 2016, AdB did not meet this requirement. On 27 February 2017 the Decree Law of 30 December 2016 ("Emergency Extension" law) was converted to law and introduced a significant new provision for the payment of the tariff component covering general system expenses through an ad hoc amendment made in January 2017. We believe that the new regulation can be reasonably interpreted in the sense that SEU status does not need to be granted in order to obtain the exemption from the payment of system expenses including for situations prior to 2017. Based on the above, the Company believes that these expenses represent one-off cost components.
- PRM services due to a higher number of departing passengers;
- security services due to increased security at gates and the launch of airport fencing patrols and surveillance;

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- professional services due to the new listed company status and new security courses with the launch of the new National Security Plan.

On the other hand, there were cost savings for snow clearance and de-icing in the item "Third-party services," the details of which are provided in the table below, in addition to insurance costs and compensation paid to statutory bodies.

Below are further details of maintenance costs:

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Maintenance costs of owned assets	739	715	24
Maintenance costs of airport infrastructure	3,282	2,770	512
Maintenance costs of third party assets	439	319	120
TOTAL MAINTENANCE COSTS	**4,460**	**3,804**	**656**

The following shows a breakdown of third-party services:

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Snow clearance	353	580	(227)
Porterage, transport and third-party services	164	19	145
PRM services	1,394	1,167	227
De-icing services and other public service costs	617	866	(249)
Security services	1,114	987	127
Other third-party services	1,019	1,083	(64)
TOTAL THIRD-PARTY SERVICES	**4,661**	**4,702**	**(41)**

iii. Costs for construction services

The cost of construction services pertained to the increase in construction costs incurred by Aeroporto Guglielmo Marconi di Bologna S.p.A. due to the implementation of the investments previously commented upon in Note 1 in connection with the Concession Rights.

iv. Leases, rentals and other costs

The following table provides details of fees, rentals, and other costs for the years ended on 31 December 2016 and 31 December 2015.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Concession fees	5,339	4,673	666
Rental fees	335	285	50
Payable rents	525	504	21
Data processing fees	929	872	57
Other costs for using third-party assets	0	25	(25)
TOTAL LEASES, RENTALS AND OTHER COSTS	**7,128**	**6,359**	**769**

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Overall, the item "Leases, rentals and other costs" reflected an increase in airport concession fees and security service fees caused by greater traffic, as well as higher data processing fees due to new investments in technology.

v. Other operating expenses

The following table shows a breakdown of other operating expenses for the years ended on 31 December 2016 and 31 December 2015.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Tax charges	1,266	1,310	(44)
Fire-fighting service contribution	1,399	1,314	85
Credit losses	0	70	(70)
Capital losses	17	4	13
Other operating costs and expenses	421	344	77
Non-recurring expenses and (incomes)	(34)	26	(60)
TOTAL OTHER OPERATING EXPENSES	**3,069**	**3,068**	**1**

There were no significant changes in other operating expenses between the two years being compared.

vi. Personnel costs

The following table shows a breakdown of personnel costs for the years ended on 31 December 2016 and 31 December 2015.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Salaries and wages	16,895	15,898	997
Social security contributions	4,612	4,413	199
Severance	1,213	1,144	69
Pension and similar	176	169	7
Other personnel costs	1,368	1,290	78
TOTAL PERSONNEL COSTS	**24,264**	**22,914**	**1,350**

The increase in personnel costs was due to the rise in the workforce as reported in the following table (see specific comments in the Directors' Report) and the application of the penultimate tranche of the new National Collective Agreement (effective July 2015) with an impact on the first half of 2016, and the last tranche starting July 2016.

Other personnel costs break down as follows:

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Staff canteen	585	545	40
Personnel training and refresher courses	167	188	(21)
Personnel travel expenses	196	199	(3)
Other provisions to personnel-related funds	93	18	75
Miscellaneous personnel costs	327	340	(13)
TOTAL OTHER PERSONNEL COSTS	**1,368**	**1,290**	**78**

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The following is the average staffing level by category for the year in question:

Average workforce (no. of staff)	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Executive Managers	10	10	0
White-collar workers	344	329	15
Blue-collar workers	92	88	4
TOTAL PERSONNEL	**446**	**427**	**19**

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

Workforce (no. of staff)	at 31.12.2016	at 31.12.2015	Change
Executive Managers	10	9	1
White-collar workers	352	333	19
Blue-collar workers	91	92	(1)
TOTAL PERSONNEL	**453**	**434**	**19**

25. Depreciation and amortisation

The following table shows details of amortisation and depreciation for the years ended 31 December 2016 and 31 December 2015.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Amortisation of concession rights	5,153	4,979	174
Amortisation of other intangible assets	753	602	151
Depreciation of tangible assets	1,752	1,483	269
TOTAL DEPRECIATION AND AMORTISATION	**7,658**	**7,064**	**594**

The increase is consistent with ongoing implementation of the Company amortisation plan, and is also the result of the gradual placement in service of investments made.

26. Provisions for risks and charges

The following table shows details of provisions for risks and charges for the years ended 31 December 2016 and 31 December 2015.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Provisions for doubtful accounts	58	116	(58)
Provisions for renewal of airport infrastructure	2,903	2,127	776
Provisions for other risks and charges	3	159	(156)
TOTAL PROVISIONS FOR RISKS AND CHARGES	**2,964**	**2,402**	**562**

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Growth was due to higher allocations to the provision for renewal of airport infrastructure (for comments on these areas see Notes 15-20). This growth was partially offset by lower allocations to provisions for risks and charges (for comments on these areas see Notes 8 and 16).

27. Financial income and expenses

The following table provides details on financial income and financial expenses for years ended 31 December 2016 and 31 December 2015.

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Income from securities	117	71	46
Financial income other than the previous items	233	204	29
TOTAL FINANCIAL INCOME	**350**	**275**	**75**
Interest expenses and bank charges	(904)	(805)	(99)
Expenses from discounting provisions	(271)	(391)	120
Other financial expenses	(5)	(16)	11
TOTAL FINANCIAL EXPENSES	**(1,180)**	**(1,212)**	**32**
TOTAL FINANCIAL INCOME AND EXPENSES	**(830)**	**(937)**	**107**

The negative balance from financial management decreased in 2016 in connection with:

- the increase in interest income from the growth in cash invested in financial instruments;
- the reduction in financial expenses due to the discounting that more than offset the increase in interest expenses on medium and long term loans, as a result of the impact on all of 2016 from interest on the loan drawn in June 2015.

28. Taxes for the period

In 2016, current IRES taxes rose in absolute terms due to the increase in the result before taxes, while the effective IRES rate declined largely due to the following positive effects:

- tax deduction of a portion of the Company's listing costs over 5 years starting in 2015;
- use of the tax benefit referenced in art. 1, para. 91 of Law 208/2015 on investments in new capital assets (so-called super depreciation) made throughout 2016.

The following table shows the reconciliation of the actual income tax rate with the theoretical rate:

Reconciliation of effective rate/theoretical rate (income tax IRES)	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Result before taxes	15,160	9,942	5,218
Ordinary tax rate	**27.50%**	**27.50%**	**0**
Theoretical tax burden	4,169	2,734	1,435
Effect of increase or decrease in the ordinary tax rate:			
Taxed provisions deductible in subsequent financial years	333	384	(51)
Costs deductible in subsequent financial years	3,341	5,311	(1,970)
Other non-deductible costs	1,175	1,067	108
Use of provisions taxed in prior financial years	(752)	(542)	(210)
Costs not deducted in prior financial years	(3,341)	(1,898)	(1,443)
Other differences	(2,021)	(3,395)	1,374
Total increases/decreases	**(1,265)**	**927**	**(2,192)**

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Reconciliation of effective rate/theoretical rate (income tax IRES)	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Tax impact on changes at 27.5%	(348)	255	(603)
Financial year income tax (IRES)	3,821	2,989	832
Effective tax rate	**25.20%**	**30.06%**	

The increase in IRES was offset by the tax credit for investments in research and development operations, as referenced in art. 1, para. 35 of Law 190/2014. AdB carried out these operations in 2015 and 2016, and the positive impact from both was recognised in 2016.

Breakdown of financial year taxes	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
IRES	3,821	2,989	832
IRAP	816	528	288
IRES income from Research & Development bonuses	(362)	0	(362)
Taxes for previous financial periods	5	(266)	271
TOTAL	**4,280**	**3,251**	**1,029**

Lastly, as a summary the following table shows the balances for current and deferred/prepaid taxes as of 31 December 2016, as compared with 2015:

in thousands of Euro	for the year ended 31.12.2016	for the year ended 31.12.2015	Change
Current taxes	4,280	3,251	1,029
Deferred tax assets and liabilities	337	142	195
TOTAL TAXES FOR THE PERIOD	**4,617**	**3,393**	**1,224**
Current taxes as a % of result before tax	**28.23%**	**32.70%**	
Taxes for the period as a % of result before taxes	**30.46%**	**34.13%**	

Related party transactions

The definition of "Related Parties" is based upon International accounting standard IAS 24, approved by EC Regulation No. 1725/2003.

Intercompany transactions are executed as part of ordinary operations and under normal market conditions.

Related party transactions mainly pertain to commercial and financial transactions, as well as compliance with the tax consolidation regime.

None of those relationships is of particular economic or strategic importance for the Company because receivables, payables, revenues and costs with related parties do not have a significant percentage impact on the total amounts in the financial statements.

The shareholder Bologna Chamber of Commerce has been identified as Government, making it exempt from related party disclosure under IAS 24. Classifying the Bologna Chamber of Commerce as Government therefore limited the scope of checks to identify related parties to the identification of only the Bologna Chamber of Commerce. Furthermore, the financial statements contain no further information regarding the Company's relationship with the Bologna Chamber of Commerce, because there are no significant transactions with that shareholder.

The following tables show the balances for the related party transactions contained in the financial statements.

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in thousands of Euro	Notes	for the year ended 31.12.2016		for the year ended 31.12.2015	
		Total	Of which related parties	Total	Of which related parties
Concession Rights		150,172	0	149,385	0
Other intangible assets		1,091	0	851	0
Intangible assets		**151,263**	**0**	***150,236***	**0**
Property, plant and equipment		11,855	0	9,699	0
Investment property		4,732	0	4,732	0
Tangible assets		**16,587**	**0**	***14,431***	**0**
Investments		830	0	830	0
Other non-current financial assets		17,920	0	293	293
Deferred tax assets		7,038	0	7,071	0
Other non-current assets		1,332	0	1,344	0
Other non-current assets		**27,120**	**0**	***9,538***	**293**
NON-CURRENT ASSETS		**194,970**	**0**	***174,206***	**293**
Inventories		476	0	427	0
Trade receivables		12,779	84	13,316	280
Other current assets		3,424	199	7,659	136
Current financial assets		21,079	967	8,781	914
Cash and cash equivalents		17,050	0	47,344	0
CURRENT ASSETS		**54,808**	**1,250**	***77,527***	**1,330**
TOTAL ASSETS		**249,778**	**1,250**	**251,733**	**1,623**

in thousands of Euro	Notes	for the year ended 31.12.2016		for the year ended 31.12.2015	
		Total	Of which related parties	Total	Of which related parties
Share capital		90,314	0	90,250	0
Reserves		61,428	0	61,249	0
Result for the period		10,543	0	6,548	0
TOTAL SHAREHOLDERS' EQUITY		**162,285**	**0**	**158,048**	**0**
Severance and other personnel provisions		4,274	0	4,169	0
Deferred tax liabilities		1,914	0	1,914	0
Provisions for renewal of airport infrastructure		10,550	0	9,475	0
Provisions for risks and charges		998	0	1,507	0
Non-current financial liabilities		20,626	0	27,950	0
Other non-current liabilities		217	24	243	24
NON-CURRENT LIABILITIES		**38,579**	**24**	***45,256***	**24**
Trade payables		15,057	31	13,372	669
Other liabilities		22,454	5	19,156	8
Provisions for renewal of airport infrastructure		2,912	0	3,309	0
Provisions for risks and charges		159	0	936	0
Current financial liabilities		8,332	0	11,656	0
CURRENT LIABILITIES		**48,914**	**36**	***48,429***	**677**
TOTAL LIABILITIES		**87,493**	**60**	**93,685**	**701**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**249,778**	**60**	**251,733**	**701**

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in thousands of Euro	Notes	for the year ended 31.12.2016		for the year ended 31.12.2015	
		Total	Of which related parties	Total	Of which related parties
Revenues from aeronautical services		43,699	133	39,345	515
Revenues from non-aeronautical services		34,881	294	31,974	675
Revenues from construction services		5,999	0	3,619	0
Other operating revenues and income		811	60	887	238
Revenues		**85,390**	**487**	**75,825**	**1,428**
Consumables and goods		(733)	0	(693)	0
Services costs		(17,871)	(391)	(16,438)	(2,510)
Costs for construction services		(5,713)	0	(3,447)	0
Leases, rentals and other costs		(7,128)	0	(6,359)	0
Other operating expenses		(3,069)	0	(3,068)	0
Personnel costs		(24,264)	0	(22,914)	0
Costs		**(58,778)**	**(391)**	**(52,919)**	**(2,510)**
Amortisation of concession rights		(5,153)	0	(4,979)	0
Amortisation of other intangible assets		(753)	0	(602)	0
Depreciation of tangible assets		(1,752)	0	(1,483)	0
Depreciation and amortisation		**(7,658)**	**0**	**(7,064)**	**0**
Provisions for doubtful accounts		(58)	0	(116)	0
Provisions for renewal of airport infrastructure		(2,903)	0	(2,127)	0
Provisions for other risks and charges		(3)	0	(159)	0
Provisions for risks and charges		**(2,964)**	**0**	**(2,402)**	**0**
Total costs		**(69,400)**	**0**	**(62,385)**	**0**
Operating result		**15,990**	**0**	**13,440**	**0**
Financial income		350	7	275	58
Financial expenses		(1,180)	0	(1,211)	0
Non-recurring income and expenses		0	0	(2,562)	0
Result before taxes		**15,160**	**0**	**9,942**	**0**
Taxes for the period		**(4,617)**	**0**	**(3,393)**	**0**
Profit (loss) for the period		**10,543**	**0**	**6,548**	**0**

	in thousands of Euro	for the year ended 31.12.2016	Of which related parties
A	Cash	22	0
B	Other cash equivalents	17,028	0
C	Securities held for trading	0	0
D	**Liquidity (A+B+C)**	**17,050**	**0**
E	**Current financial receivables**	**21,079**	**967**
F	Current bank debt	(68)	0
G	Current portion of non-current debt	(5,295)	0
H	Other current financial debt	(2,969)	0
I	**Current financial debt (F+G+H)**	**(8,332)**	**0**
J	**Net current financial position (I-E-D)**	**29,797**	**967**
K	Non-current bank debt	(20,626)	0
L	Bonds issued	0	0
M	Other non-current liabilities	0	0
N	**Non-current financial debt (K+L+M)**	**(20,626)**	**0**
O	**Net financial position (J+N)**	**9,171**	**967**

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The following are the changes that occurred with individual related parties in the 2016 and 2015.

2016														
in thousands of Euro	Property, plant and equipment	Other non-current financial assets	Total non-current assets	Trade receivables	Other current assets	Current financial assets	Total current assets	Total assets	Other non-current liabilities	Trade payables	Other liabilities	Current financial liabilities	Total current liabilities	Total liabilities
Tag Bologna Srl	0	0	0	50	0	0	50	50	9	31	5	0	36	45
Fast Freight Marconi Spa	0	0	0	34	199	0	233	233	15	0	0	0	0	15
GH Italia S.r.l.	0	0	0	0	0	967	967	967	0	0	0	0	0	0
Total	**0**	**0**	**0**	**84**	**199**	**967**	**1,250**	**1,250**	**24**	**31**	**5**	**0**	**36**	**60**

2015														
in thousands of Euro	Property, plant and equipment	Other non-current financial assets	Total non-current assets	Trade receivables	Other current assets	Current financial assets	Total current assets	Total assets	Other non-current liabilities	Trade payables	Other liabilities	Current financial liabilities	Total current liabilities	Total liabilities
Tag Bologna Srl	0	0	0	48	1	0	49	49	9	38	5	0	43	51
Fast Freight Marconi Spa	0	0	0	47	8	0	55	55	15	0	0	0	0	634
Marconi Handling S.r.l.	0	0	0	185	127	0	312	313	0	631	3	0	634	0
GH Italia S.r.l.	0	293	293	0	0	914	914	1,207	0	0	0	0	0	0
Total	**0**	**293**	**293**	**280**	**136**	**914**	**1,330**	**1,623**	**24**	**669**	**8**	**0**	**677**	**701**

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2016										
in thousands of Euro	Revenues from aeronautical services	Revenues from non-aeronautical services	Other operating revenues and income	TOTAL REVENUES	Services costs	Other operating expenses	Personnel costs	TOTAL COSTS	Financial income	Financial expenses
Tag Bologna Srl	0	35	0	35	(210)	0	0	(210)	0	0
Fast Freight Marconi Spa	93	212	47	352	0	0	0	0	0	0
Marconi Handling S.r.l.	40	47	13	100	(181)	0	0	(181)	0	0
GH Italia S.r.l.	0	0	0	0	0	0	0	0	7	0
Total	**133**	**294**	**60**	**487**	**(391)**	**0**	**0**	**(391)**	**7**	**0**

2015										
in thousands of Euro	Revenues from aeronautical services	Revenues from non-aeronautical services	Other operating revenues and income	TOTAL REVENUES	Services costs	Other operating expenses	Personnel costs	TOTAL COSTS	Financial income	Financial expenses
Tag Bologna Srl	0	35	0	35	(282)	0	0	(282)	0	0
Fast Freight Marconi Spa	70	199	90	359	0	0	0	0	0	0
Marconi Handling S.r.l.	445	441	148	1,034	(2,228)	0	0	(2,228)	0	0
GH Italia S.r.l.	0	0	0	0	0	0	0	0	58	0
Total	**515**	**675**	**238**	**1,428**	**(2,510)**	**0**	**0**	**(2,510)**	**58**	**0**

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The tables above show transactions over the two-year period 2015-2016 with subsidiaries Tag Bologna S.r.l. and Fast Freight Marconi S.p.A. and the other related parties Marconi Handling S.r.l. and GH Italia S.p.A.

Trade relationships between the Company and the subsidiary Tag Bologna S.r.l. mainly involve the 20-year sub-licensing of infrastructure dedicated to general aviation traffic assistance and the supply of certain services, mainly related to safety, totalling Euro 0.03 million, which was unchanged from 2015.
AdB's service agreements with the subsidiary mainly involve contributions to operating expenses to cover costs related to the management and maintenance of the infrastructure of the general aviation terminal used for the boarding and disembarkation of passengers based on the resulting balance sheet advantage for AdB from including these costs in the calculation base of passenger boarding fees. Services costs accrued in 2016 in relation to Tag totalled Euro 0.21 million (Euro 0.28 million in 2015).
Non-commercial relationships with Tag included:

- the tax consolidation agreement renewed in September 2015 for 2015-2017, on the basis of which, in 2016 current payables were recorded to the subsidiary totalling Euro 5 thousand, as were non-current payables totalling Euro 9 thousand, which was unchanged from the previous year. These payables were for the request for IRAP reimbursement from IRES (Decree Law 201/2011, art. 2, para. a);
- the binding patronage letter issued by AdB and minority shareholders of Tag in proportion to stakes held, in favour of Monte dei Paschi di Siena in relation to the long-term loan provided by the latter bank to Tag. At 31 December 2016, the portion of the secured loan related to AdB totalled Euro 2.4 million (Euro 2.7 million at 31 December 2015).

Trade relationships between the Company and the subsidiary Fast Freight Marconi S.p.A. consist of providing the following services:

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

totalling Euro 0.36 million in 2016, which was essentially the same amount as in the previous year.

Non-commercial relationships with FFM included:

- the tax consolidation agreement renewed in September 2015 for 2015-2017, on the basis of which, in 2016 receivables from the subsidiary totalled Euro 199 thousand (Euro 8 thousand in 2015), and payables totalled Euro 15 thousand (unchanged from the previous year) for the request for IRAP reimbursement from IRES (Decree Law 201/2011, art. 2, para. a);
- AdB's joint obligation on a guarantee of Euro 0.9 million issued by Assicurazioni Generali in favour of the Bologna Customs Agency for various customs deposits of FFM.

With regard to the related parties Marconi Handling S.r.l. and GH Italia S.p.A., the following related-party relationships were no longer in effect at 31 December 2016 due to the resignation of a Company executive from the position of board member of Marconi Handling S.r.l. in February 2016:

- Marconi Handling S.r.l. was a related party because an AdB executive was a member of the Marconi Handling S.r.l. board of directors;

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- GH Italia S.p.A. is the sole shareholder of Marconi Handling S.r.l.

The tables above show the amounts accrued by the Parent Company in relation to:

1) Marconi Handling S.r.l. at 31 January 2016 related to:
    - revenues from aeronautical services from agreements to sub-licence premises, operating areas and check-in counters;
    - revenues from non-aeronautical services from agreements covering vehicle maintenance services, de-icing equipment rental and the PRM service;
    - other operating revenues and income for ancillary sub-licensing fees from operating areas leased to Marconi Handling;
    - services costs from agreements covering the PRM assistance service, the de-icing service, and night flight assistance services.
2) GH Italia S.r.l. at 31 January 2016 related to interest income on instalments of the consideration agreed to for the sale of the stake in Marconi Handling.

All transactions with the above-described related parties are carried out as part of normal operations and under normal market conditions.

Obligations and risks

Operating lease obligations

At 31 December 2016, the Company had irrevocable leases in place pursuant to IAS 17 for equipment, facilities and machinery, vehicles, land and "in cloud" software licences, for which future lease payments are indicated below that mature by the end of 2017, in the next five years or beyond that time period.

	in thousands of Euro
By the end of 2017	662
Beyond the year but within 5 years (2018-2022)	959
After 5 years (2023 and beyond)	151
Total	**1.772**

Operating leases with Group as lessor

At 31 December 2016 the Company had agreements in place to sub-licence areas, offices and operating and commercial space in the passenger and cargo terminal and other airport infrastructure as indicated in greater detail in Section 2 of the Directors' Report. The following table indicates minimum future payments on irrevocable leases pursuant to IAS 17 in place at 31 December 2016 and maturing by the end of 2017, in the next five years or beyond that time period. The amounts indicated below do not include variable payments or sub-licensing agreements at administered rates since they are subject to potential upward or downward rate changes.

	in thousands of Euro
By the end of 2017	9.370
Beyond the year but within 5 years (2018-2022)	19.524
After 5 years (2023 and beyond)	1.020
Total	**29.914**

Environmental investment obligations

The Company's specific obligations in the area of the environment were stipulated with the signing of the Regional Agreement for the Decarbonisation of the Airport with local authorities in 2015. This

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agreement will require the Company to make investments totalling Euro 6.5 million over a period of time consistent with the timing for the completion work contained in the airport Master Plan, i.e., by the end of 2023. In the last quarter of 2016, the design was completed for the wooded area to be completed to the north of the airport, and for the cycle path along Via Triumvirato.

People Mover investment obligations

At 31 December 2016, "Tangible assets under construction" included the first tranche of Euro 0.89 million of the Company's contribution to Marconi Express S.p.A. to build the "Aeroporto" station of the People Mover corresponding to work progress of 33% in the airport area through August 2016. AdB's total contribution amounts to Euro 2.7 million, and the next tranches to be disbursed are as follows:

- additional amount of Euro 0.89 million when 66% of work in the airport area is completed;
- the balance of Euro 0.92 million is due upon testing.

At 31 December 2016, non-current financial assets included Euro 7 million for the equity financial instrument in Marconi Express S.p.A. subscribed by the Company in January 2016 for a total of Euro 10.9 million. The other contribution of Euro 3 million is required when work progress reaches 51% of the entire construction site, and the last tranche of Euro 0.9 million when work is completed.

Guarantees provided

The table below summarises guarantees provided as at 31 December for the two years being compared. The following details are provided on:

- surety bonds, the largest of which were:
    - in favour of ENAC required by the Full Management Agreement (Euro 4.2 million);
    - in favour of Marconi Express S.p.A. for the proper fulfilment of obligations assumed with the signing of the contribution agreement of 30 September 2016 (Euro 3.87 million);
    - a surety bond totalling Euro 0.9 million with AdB and FFM as joint obligors issued by Assicurazioni Generali in favour of the Bologna Customs Agency for various customs deposits of FFM.
- lien on the equity financial instrument issued by Marconi Express S.p.A. with a nominal value of Euro 10.87 million and subscribed by the Company with a contribution of Euro 7 million at 31 December 2016. The lien aims to secure the obligations of Marconi Express to credit institutions financing the People Mover project. The agreement governing the lien on the equity financial instrument was signed on 30 September 2016;
- patronage letter relating to the loan granted to the subsidiary Tag Bologna S.r.l. by Banca Agricola Mantovana (now Monte dei Paschi di Siena) equal to 51% of the remaining principal which, as at the end of the period, stood at Euro 2.4 million.

in thousands of Euro	31/12/2016	31/12/2015	Change	Change %
Sureties	9,043	4,757	4,286	90.1%
Lien on equity financial instrument	7,000	0	7,000	100.0%
Patronage letters	2,445	2,700	-255	-9.4%
Total guarantees issued	**18,488**	**7,457**	**11,031**	**147.9%**

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Other risk classification and management

For information regarding the financial risk classification and management procedures required by article 2428, paragraph 2, sub-paragraph 6-bis of the Civil Code, as well as comments on the Company's other risks, please see the pertinent section of the Directors' Report.

The Chairman of the Board of Directors

(Enrico Postacchini)

Bologna, 20 March 2017

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

4. The undersigned, Nazareno Ventola and Patrizia Muffato in their respective capacities as Chief Executive Officer and Officer responsible for the preparation of the corporate accounting documents of Aeroporto Guglielmo Marconi di Bologna S.p.A., hereby certify, pursuant to article 154-bis, paragraphs 3 and 4, of legislative decree No. 58, of 24 February 1998:
   - the accounting procedures for the preparation of the financial statements for the year ended December 31, 2016, are adequate based on the characteristics of the company;
   - the effective adoption of the administrative and accounting procedures for the preparation of the financial statements.

5. The assessment of the adequacy of administrative and accounting procedures for the preparation of the financial statements at December 31, 2016 was based on a process defined by Aeroporto Guglielmo Marconi di Bologna S.p.A., in compliance with the Internal Control-Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents the standard reference generally accepted at the international level.

6. In addition we certify that:
   3.3 the financial statements at December 31, 2016:
      d) were prepared in accordance with applicable international accounting standards recognized in the European Community within the meaning of (EC) Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
      e) correspond to the information in the books and other accounting documents and records;
      f) provide a true and fair representation of the financial, economic and assets situation of the issuer.

   3.4 The Directors' report contains a reliable analysis of operations and performance, as well as, the situation of the issuer, together with a description of the main risks and uncertainties that may affect the company.

Bologna, 20 march 2017

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

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Aeroporto Guglielmo Marconi di Bologna S.p.A.
Registered office in Bologna
Share capital: EUR 90,314,162 fully paid-up
Recorded in the Bologna Companies Registry under No. 03145140376
REA (Economic and Administrative Index) BO - 268716

Report of the Board of Statutory Auditors to the Shareholders' Meeting |

(pursuant to Article 153, paragraph 1 of Legislative Decree 58/1998 and Article 2429, paragraph 3 of the Italian Civil Code)

Dear Shareholders,

During the year ended 31 December 2016, the Board of Statutory Auditors performed its oversight duties in accordance with the law, "Rules of Conduct for Boards of Statutory Auditors of Listed Companies" issued by the National Board of Business Consultants and Professional Accountants, with CONSOB provisions concerning corporate controls and the activities of the Board of Statutory Auditors and guidelines in the Self-Regulation Code.

* * *

The Board of Statutory Auditors, which was appointed by the Shareholders' Meeting of 27 April 2016, verified, when accepting the appointment and later during the course of its appointment, that its members met the requirements of integrity and professionalism specified by Ministerial Decree No. 162 of 30 March 2000, that there were no reasons for removal from office or being ineligible for appointment pursuant to Article 148, paragraph 3 of Legislative Decree 58/1998, and that they met the same independence requirements that apply to directors under the Self-Regulation Code.

Members of the Board of Statutory Auditors have complied with the limitation on the number of allowable positions held pursuant to Article 144-*terdecies* of CONSOB Issuers' Regulation No. 11971/99.

Based on information obtained during meetings of the Board of Directors, Committees and company units, and on documentation obtained and audits performed, the Board of Statutory Auditors reports as follows.

Significant transactions

With regard to transactions with a significant impact on the balance sheet, income statement and cash flows, on 14 July 2015 trading of the Company's shares began on the

Star Segment of the Milan Electronic Stock Exchange (MTA). Following the increase in share capital that took place as a part of the share listing process, share capital as at 31 December 2015 consisted of 36,100,000 ordinary shares equal to EUR 90,250,000. As specified during the Public Subscription and Sale Offer, both employees of the AdB Group and residents of the Emilia-Romagna Region as well as investors from the general public that subscribed shares and maintained ownership until 13 July 2016 have accrued rights to bonus shares for every 10 and 20 shares respectively assigned as a part of the IPO. The issuance of the bonus shares resulted in the increase in share capital from EUR 90,250,000 to EUR 90,314,162, consisting of 36,125,665 ordinary shares with no par value.
In order to improve the airport's connectivity and intermodal transport, on 21 January 2016 the Company subscribed an equity financial equity instrument (SFP) totalling EUR 10,872,500 to be issued by Marconi Express S.p.A., the company licensed to build the People Mover (the railway link between Bologna's main train station and Bologna Airport). EUR 4 million of the investment in the SFP was released on the date the instrument was subscribed, and EUR 3 million in October 2016 when work progress reached a level of 20%. The other contribution of EUR 3 million is required when work progress reaches 51% of the entire construction site, and the remainder when work is completed. In addition, the first tranche of EUR 890,000 of the contribution (totalling EUR 2,700,000) was paid. The Company made this contribution to Marconi Express S.p.A. to complete the "Airport" stop of the People Mover. Upon completion of this initiative, the Company is required to build a connecting bridge to link the terminal and the aforementioned "Airport" stop.

Atypical or unusual transactions

Based on information received from directors and meetings with representatives of the Audit Firm, EY S.p.A., there were no atypical or unusual transactions carried out in 2016.
The characteristics of intercompany transactions carried out during the year, the parties involved and related operating impact are adequately covered in the notes to the Company's financial statements and consolidated financial statements, which also indicated the related receivable/payable positions and costs/revenues.

Related-party transactions carried out in accordance with the current "Procedure for Related-party Transactions" adopted by the Board of Directors at its meeting on 13 April 2015, are of an ordinary nature and mainly relate to trade and financial transactions and participation in the tax consolidation scheme. These transactions are also covered in the comments to the Company's financial statements and consolidated financial statements, which also indicate the related receivable/payable positions and costs/revenues, and the fact that these transactions are carried out under normal market conditions.

Activities of the Board of Statutory Auditors

In the performance of its duties, the Control Body:

- oversaw compliance with the law and the articles of association;
- regularly obtained information from directors on their activities, general operating performance and the operating outlook, and on transactions with the greatest operating, financial and balance sheet impact carried out by the Company, including through its subsidiaries, and it was reasonably able to ensure that the transactions approved and carried out complied with the law and the articles of association, and did not appear to be outwardly imprudent, risky or a conflict of interest, or in violation of resolutions passed by the Shareholders' Meeting, or capable of compromising the integrity of the company's assets;
- received sufficient information, especially with regard to:
    - ✓ the Official Audit Report (PVC) related to financial year 2013 issued on 26 July 2016 by the Revenue Agency containing one qualification, in relation to which the directors prepared the appropriate memorandums for the agency stating the operating and tax-related reasons for the decisions made by the Company;
    - ✓ the contribution intended to endow the fund, referenced in Article 1, paragraph 1328 of Law No. 296 of 27 December 2006, set up to finance the fire-fighting service at national airports considering that in 2012 the Company initiated a specific lawsuit at the Civil Court of Rome whereby it requested the court to rule in favour of the cessation of the contribution requirement starting 1 January 2009, i.e., after the amendments made by Article 4, paragraph 3-*bis* of Law No. 2 of 28 January 2009 that directed resources to cover the general costs of the national fire-fighter corps rather than to provide funding for airport fire-fighting

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services. As in past years, the Company recorded this contribution under payables, but suspended its payment pending the conclusion of the lawsuit.

- oversaw compliance with the principles of proper administration and the adequacy of instructions given to subsidiaries pursuant to Article 114, paragraph 2 of Legislative Decree 58/1998. The subsidiaries (Fast Freight Marconi S.p.A. and TAG Bologna S.r.l.) are also coordinated by having the Parent Company's executive managers in their corporate bodies;
- held regular meetings with the Audit Firm EY S.p.A. for the mutual exchange of relevant data and information, and in this regard, there were no particular comments to be made;
- oversaw the adequacy of the administrative and accounting system and its reliability in properly reflecting operating events by obtaining information from the heads of the respective units and analysing the results of work done by the Audit Firm. Attached to the separate financial statements and consolidated financial statements is the certification pursuant to Article 154-*bis*, paragraph 5 of Legislative Decree 58/1998 signed by the Chief Executive Officer and officer in charge of preparing the corporate accounting documents. The Audit Firm issued the report referenced in Article 19, paragraph 3 of Legislative Decree 39/2010 in which it indicates that no particular problems arose from the review of company procedures, and that no significant deficiencies were identified in the internal control system in relation to the financial reporting process;
- obtained information on, and oversaw, to the extent of its responsibility, the adequacy of the Company's organisational structure and internal control system including through the participation of the Chairman and/or other members of the Board of Statutory Auditors, in meetings of the Control and Risk Committee, and on the basis of assessments made by that body with regard to the internal control and risk management system, it reported procedures used to manage the risks to which the company's activities are exposed and progress made in implementing corrective measures to contain these risks, and the opinion expressed on the overall prevailing suitability of the system with respect to the Company's characteristics, the achievement of company goals and the risk profile assumed. The Control and Risk Committee, which also performs the duties of the Related-Party Committee indicated in the Procedure for

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Related-party Transactions adopted by the Company's Board of Directors on 13 April 2015, provided precise information to the Board during its meeting on 20 March 2017;

- checked the activities of the head of the Internal Audit unit by listening to his comments during periodic audits performed and reviewing the content of the annual report prepared by the latter, which indicates that on the whole, the internal control and risk management system of AdB S.p.A. is considered suitable for the company's characteristics, the achievement of company goals and the risk profile assumed;
- reviewed the annual report of the Supervisory Authority regarding the updating of the model, training activities performed, the monitoring of operations and compliance with Model 231, which had no qualifications;
- received no reports pursuant to Article 2408 of the Italian Civil Code, and no third parties submitted statements;
- verified the proper application of checking criteria and procedures adopted by the Board of Directors to assess whether independent directors had met the relevant requirements, and had no comments in this regard;
- was asked to express its opinion on director compensation (Article 2389, paragraph 3 of the Italian Civil Code);
- oversaw compliance with the rules of corporate governance dictated by the Self-Regulation Code of Listed Companies promoted by Borsa Italiana and approved by the Corporate Governance Committee, which the Company stated that it follows by complying with the code. The governance system adopted by the Company is described in detail in the Report on Corporate Governance and Ownership Structure for 2016 approved by the Board of Directors at its meeting on 20 March 2017;
- oversaw the independence of the Audit Firm EY S.p.A. pursuant to Article 19 of Legislative Decree 39/2010 by checking compliance with the limitations specified in the law on services other than official auditing provided to the Company and its subsidiaries. In 2016, the Company paid EY S.p.A. compensation totalling EUR 89,711 for assignments involving auditing services and checking regulatory accounting records, while the subsidiaries (Fast Freight Marconi S.p.A. and TAG Bologna S.r.l.) paid compensation totalling EUR 23,447 for assignments involving auditing services. In addition, the Parent Company awarded the following assignments involving non-audit services to EY S.p.A.: assistance in the performance of Tests of Controls in the context

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of the obligations and performance requirements referenced in Law 262/2005; assistance in the analysis of the impact of new standards IFRS 15 and IFRS 9, and the checking of mutual receivables and payables between the Company, Municipality of Bologna and Metropolitan City of Bologna for the purposes specified in Legislative Decree No. 118 of 23 June 2011. These services cost EUR 74,426, EUR 9,200 and EUR 4,320 respectively. The Audit Firm provided the undersigned body the "Annual Confirmation of Independence" required by Article 17, paragraph 9 of Legislative Decree 39/2010, which states that no situations were found that could compromise independence, and there were no cases of conflicts of interest pursuant to Article 10 and 17 of Legislative Decree 39/2010. Taking into account the above statement, there were also no critical aspects that could have compromised the independence of the Audit Firm.

The current Board of Directors was appointed by the Shareholders' Meeting of 27 April 2016 and will remain in office until the approval of the financial statements as at 31 December 2018. It is made up of 9 members. Eight of these members are non-executive, while five of the latter meet the requirements of independence specified in Article 147-*ter*, paragraph 4 of Legislative Decree 58/1998 and in the Self-Regulation Code.

In 2016, the shareholders' meeting met once in an ordinary session. The Board of Directors held 11 meetings that the Board of Statutory Auditors always attended. The Control and Risk Committee met six times, and the Remuneration Committee met twice; the Chairman and/or members of the Board of Statutory Auditors participated in those meetings. The undersigned Board of Statutory Auditors held 11 meetings.

During its oversight activities and on the basis of information obtained from the Audit Firm pursuant to Article 150, paragraph 3 of Legislative Decree 58/1998 on the occasion of periodic meetings held with the latter, no relevant data or information arose that must be indicated in this report, and there were no omissions and/or criticisms and/or irregularities or any significant events worth mentioning.

Separate and consolidated financial statements

The Board of Statutory Auditors performed the necessary audits of compliance with rules for preparing the draft separate financial statements and Group consolidated financial statements as at 31 December 2016 approved by the Board of Directors on 20 March 2017 by the deadlines set by law. In particular, it acknowledges that the separate

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and consolidated financial statements were prepared in accordance with IAS/IFRS and the related interpretations (SIC/IFRIC), and that the Company adhered to CONSOB rules in terms of financial statement formats and corporate reporting. It verified compliance with laws concerning the preparation of the Directors' Report, and, in this regard, there were no particular comments to report. We report that the content of this Report adequately depicts the income statement, balance sheet and financial situation as well as operating performance during the year, and provides significant information concerning the companies included in the scope of consolidation and also provides information on the main risks and uncertainties to which the Company is exposed.

On 30 March 2017, the Audit Firm EY S.p.A. issued the reports required by Article 14 and 16 of Legislative Decree 39/2010 stating that the separate and consolidated financial statements as at 31 December 2016 provide a true and accurate account of the Company's and Group's balance sheet and financial condition, operating results and cash flows, and that the Directors' Report and information referenced in Article 123-*bis*, paragraph 4 of Legislative Decree 58/1998 contained in the Report on Corporate Governance and Ownership Structure are consistent with the Company's separate financial statements and the Group's consolidated financial statements.

Conclusions

Based on the results of the work done by the Audit Firm hired for the audit, the Board of Statutory Auditors expresses its favourable opinion for the approval of the financial statements as at 31 December 2016 based on the draft prepared and approved by the Board of Directors at its meeting of 20 March 2017, and agrees to the proposal contained therein for the distribution of profit for the year.

Bologna, 30 March 2017

Board of Statutory Auditors

Pietro FLORIDDIA – Chairman

Anna Maria FELLEGARA - Auditor

Matteo TIEZZI - Auditor

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INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N. 39, DATED 27 JANUARY 2010 (Translation from the original Italian text)

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

Report on the financial statements

We have audited the accompanying financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A., which comprise the statement of financial position at 31 December 2016, and the income statement, the statement of comprehensive income, the statement of changes in the shareholders 'equity, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

EY S.p.A.
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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Aeroporto Guglielmo Marconi di Bologna S.p.A. as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated 28 February 2005.

Report on other legal and regulatory requirements

Opinion on the consistency of the Directors 'Report and of specific information of the Annual Report on Corporate Governance and Ownership Structure with the financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Directors 'Report and of specific information of the Annual Report on Corporate Governance and the Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998, with the financial statements. The Directors of Aeroporto Guglielmo Marconi di Bologna S.p.A. are responsible for the preparation of the Directors' Report and the Annual Report on Corporate Governance and Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Directors 'Report and the specific information of the Annual Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. as at 31 December 2016.

Bologna, 30 March 2017

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

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

Aeroporto di Bologna

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