Half-year Financial Report

at 30 June 2016

Corporate and control bodies of the parent company

Board of Directors	
CHAIRMAN	Ferdinando Falco Beccalli
CHIEF EXECUTIVE OFFICER	Roberta Neri
DIRECTORS	Maria Teresa Di Matteo
	Nicola Maione
	Alessandro Tonetti
	Stefano Siragusa (*)
	Mario Vinzia (*)
Board of Statutory Auditors	
CHAIRMAN	Franca Brusco (**)
STANDING AUDITORS	Mattia Berti (***)
	Donato Pellegrino (**)
ALTERNATE AUDITORS	Maria Teresa Cuomo (**)
Judge of the State Audit Court delegated to monitor ENAV S.p.A.	Angelo Buscema
General Manager	Massimo Bellizzi
Manager responsible for preparing the company's financial reports	Loredana Bottiglieri
Independent Auditor	EY S.p.A. (****)

(*) in office since 29 April 2016, date of appointment by the Shareholders' Meeting

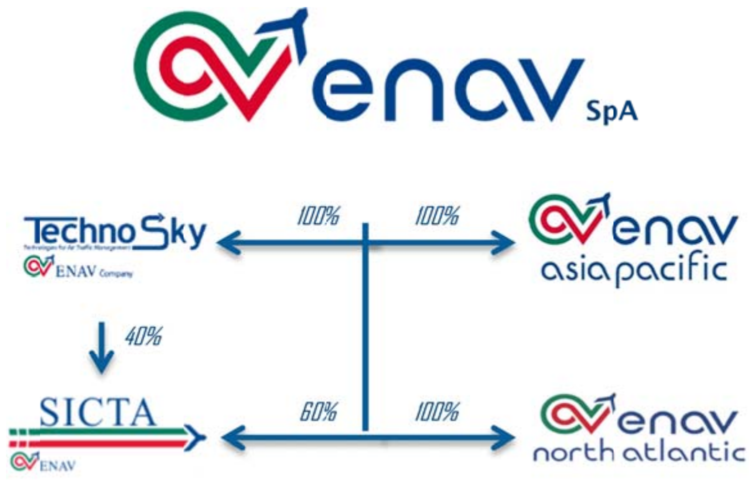
(**) Board of Statutory Auditors appointed by the Shareholders' Meeting on 29 April 2016 for the 2016-2018 period

(***) statutory auditor appointed on 20 June 2016 to replace resigning statutory auditor Gennaro Pappacena, who was appointed by the Shareholders' Meeting on 29 April 2016. Alternate auditor Ivano Strizzolo resigned on 17 June 2016.

(****) the Shareholders' Meeting of 29 April 2016 engaged the independent auditors for 2016-2024

Group profile

A brief description of the companies within the scope of consolidation is provided below.



ENAV, active in the *flight assistance services* operating segment, provides air traffic control and management services and other essential air navigation services, in Italian airspace and in the national civil airports for which it is responsible, ensuring the highest technical and system standards in flight safety and the enhancement of the technology and infrastructure of flight assistance systems. This infrastructure requires constant maintenance and continuous development in order to guarantee safety, punctuality and operational continuity. Moreover, this is delineate in the European Union's Single European Sky regulations that, on the one hand, define the structure of the air traffic management system and, on the other, set the technological, qualitative, economic and environmental targets that all service providers must meet.

Techno Sky, active in the *maintenance services* operating segment, is wholly owned by ENAV and is engaged in managing, assisting and maintaining the technological and operational infrastructure for national air traffic control, ensuring its full and constant availability and operational efficiency.

Enav Asia Pacific Sdn Bhd, active in the residual *other sectors* operating segment, is a Malaysian company wholly owned by ENAV, engaged in developing the Group's sales and marketing activities in countries within Asia and Oceania.

Consorzio Sicta, active in the residual *other sectors* operating segment, is 60% owned by ENAV and 40% owned by Techno Sky, and is engaged in researching, development, testing, simulation and validation of innovative solutions in the field of air traffic control systems for the consortium members and for European programmes (principally for the SESAR project).

Enav North Atlantic LLC, active in the residual *other sectors* operating segment, is an US company based in Delaware that is wholly owned by ENAV. The company was incorporated in January 2014 as a limited liability company, in order to participate in an investment by the acquisition of 12.5% of the share capital of Aireon LLC, a US company in the IRIDIUM Group, which is responsible for planning, financing and implementing a global satellite surveillance service using ADS-B technology.

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Interim Report on Operations

at 30 June 2016

Introduction

This Half-year Financial Report is our first financial communication after the start, on 26 July 2016, of trading in the shares of parent company ENAV S.p.A. on the Mercato Telematico Azionario (MTA) organised and managed by Borsa di Milano. The public offering ended with the placement of an initial 230 million shares representing around 42.5% of ENAV's share capital. Of these shares, 207 million, or 90% of the public offering, were reserved for institutional investors in Italy and abroad, and 23 million, or 10% of the initial public offering, were targeted at retail investors in Italy and employees. On 2 August 2016, the greenshoe[1] option was exercised on a block of 22.6 million shares representing 4.172% of the parent company's share capital, increasing the percentage of the share capital on the market to 46.627%. The Italian Ministry of Economy and Finance (MEF) holds 53.373% of the share capital, amounting to €289,144,385.

The successful achievement of this goal is a great opportunity to promote the company and raise its profile, including at the international level, where ENAV aims to build on its expertise by exporting know-how and technologies to a market with development and growth potential. ENAV's listing also represents a world first in the air traffic control and management services sector, as there are no other listed companies engaged in this activity.

Alternative performance indicators

ENAV's managers use alternative performance indicators, not provided for by the IFRS, to assess the Group's performance, believing them to be a useful way of monitoring the Group's performance and representative of the economic and financial results produced by the Group's businesses.

With regard to such indicators, on 3 December 2015, Consob issued Communication No. 92543, which contains the guidelines issued on 5 October 2015 by the European Securities and Markets Authority (ESMA) No. 2015/1415 on the use of alternative performance indicators in disseminated regulatory information or in public prospectuses as of 3 July 2016, in order to improve the comparability, reliability and comprehensibility of the data presented.

The criteria used to create the indicators are provided below, pursuant to the Consob Communication:

- *EBITDA*: an indicator of profit before the effects of financial management and taxation, as well as depreciation, amortisation and write-downs of fixed assets and receivables and provisions, as reported in the financial statements and adjusted for investment subsidies directly related to the investments in depreciation and amortisation to which they refer;

[1] The greenshoe is an option exercised by the Ministry of Economy and Finance and the banks in order to keep prices under control. The deadline was 30 days from the placement date, and the option was exercised on 4 August.

- *EBITDA margin*: equals to EBITDA as a percentage of total revenues, adjusted for investment subsidies as specified above;
- *EBIT*: corresponds to EBITDA less depreciation and amortisation adjusted for investment subsidies and write-downs of fixed assets and receivables and provisions;
- *EBIT margin*: corresponds to EBIT as a percentage of revenues minus investment subsidies as specified above;
- *Net fixed capital*: a capital amount equals to the fixed capital used for business operations, which includes entries relating to tangible assets, intangible assets, equity interests and other non-current assets, excluding the fair value of the derivative included in the non-current financial assets item, net of other non-current liabilities and the provision for employee benefits;
- *Net working capital*: equals to the capital employed in ordinary operations, which includes inventories, trade receivables and other non-financial current assets, net of trade payables, provisions for risks and charges and other current liabilities excluding financial current liabilities;
- *Net invested capital*: the sum of net fixed capital and net working capital;
- *Net financial position*: the sum of financial liabilities, financial assets referred to the fair value of the derivative and cash and cash equivalents;
- *Free cash flow*: equals to the sum of the cash flow generated or absorbed by operations and cash flows generated or used in investment activities.

Main operating data

Income statement figures	30.06.2016	30.06.2015	Change	%
Total revenues	408.949	392.134	16.815	4,3%
EBITDA	103.402	90.664	12.738	14,0%
EBITDA margin	25,3%	23,1%	2,2%	9,4%
EBIT	34.626	18.216	16.410	90,1%
EBIT margin	8,5%	4,6%	3,8%	82,3%
Group portion of profit for the period	22.195	15.725	6.470	41,1%

Figures from statement of financial position	30.06.2016	31.12.2015	Change	%
Net invested capital	1.297.013	1.279.052	17.961	1,4%
Shareholder's equity	1.060.625	1.090.550	(29.925)	-2,7%
Net financial position	236.388	188.502	47.886	25,4%

Other indicators	30.06.2016	30.06.2015	Change	%
En-route service units	3.786.393	3.761.268	25.125	0,7%
Service units - 1st terminal charge band	107.320	104.613	2.707	2,6%
Service units - 2nd terminal charge band	143.596	137.186	6.410	4,7%
Service units - 3rd terminal charge band	176.984	173.324	3.660	2,1%
Free cash flow	(461)	13.532	(13.993)	-103,4%
Workforce at end of period	4.280	4.268	12	0,3%

Corporate governance

This report describes the updates that took place in the first half of 2016. For all other aspects, please refer to the Report on Operations to the Consolidated Financial Statements and the Separate Financial Statements at 31 December 2015.

ENAV has aligned its governance system with that of listed companies, in keeping with the rules applicable to them and the recommendations of the Corporate Governance Code. The informations provided below regard the evolution of certain significant aspects of the corporate and governance structures.

Shareholders' Meeting

During the first half of 2016, four meetings took place for the necessary changes to corporate structure to be adopted, in view of the sale by the Ministry of Economy and Finance of a portion of the share capital of up to 49% by means of an initial public offering completed on 26 July 2016.

Specifically, on 2 March 2016, the Extraordinary Shareholders' Meeting resolved on a voluntary capital reduction pursuant to Article 2445 of the Italian Civil Code in the amount of €400 million and the simultaneous creation of an available reserve, as well as the relative amendment to Article 5 of the articles of association of ENAV S.p.A. The resolution became effective on 10 June 2016.

Subsequently, on 10 March 2016, the Shareholders' Meeting approved the plan for the admission to trading and amended the articles of association in force at the time, and, with effect from the date of the start of trading in the ordinary shares of the Company on the MTA, adopted a text for the articles of association for the listing and approved the meeting regulations.

On 29 April 2016, the Shareholders' Meeting, in plenary session, as well as approving the financial statements for financial year 2015 and engaging the independent auditors, set the number of members of the Board of Directors at seven, by adding two directors whose term of office will end when the financial statements for financial year 2016 are approved. The same Shareholders' Meeting also appointed the new Board of Statutory Auditors for the three-year period from 2016 to 2018 and set the relative remuneration.

The Extraordinary Shareholders' Meeting of 17 June 2016 resulted in further amendments to the listing provision in the articles of association, removing the par value of the shares and introducing a provision for a "whitewash" mechanism and emergency operations, and amending the provision relating to management disclosure, in line with the provisions of the Consolidated Finance Act.

Lastly, the Shareholders' Meeting of 20 June 2016, which took place in plenary session, appointed a standing auditor in response to the resignation tendered by the previous standing member of this control body.

ENAV's Board of Directors

ENAV has implemented a *traditional corporate governance* model, with its recently amended articles of association requiring a Board of Directors with from five to nine members and a Board of Statutory Auditors with three standing members and two alternates.

The current Board of Directors was appointed by the Shareholders' Meeting of 19 September 2014, to comprise three members for the three-year period from 2014 to 2016 and remaining in office until the financial statements for the year ended 31 December 2016 were approved. On 30 June 2015, the Shareholders' Meeting appointed two directors, one as Chairman and the other as Chief Executive Officer. On 29 April 2016, when the 2015 financial statements were approved, the Shareholders' Meeting set the number of members of the Board of Directors at seven and appointed two new members.

Directors' remuneration

The Shareholders' Meeting held on 19 September 2014 set the remuneration to be paid to the Chairman and Board Directors pursuant to Article 2389, paragraph 1 of the Italian Civil Code. Subsequently, the Shareholders' Meetings held on 30 June 2015 and 29 April 2016, respectively, which increased the number of Board members, confirmed the remuneration originally established for the Chairman and for the Directors pursuant to the above-mentioned regulation.

At the proposal of the Remuneration Committee and after consulting with the Board of Statutory Auditors, the Board of Directors determined the amount of remuneration pursuant to Article 2389, paragraph 3 of the Italian Civil Code of the Chairman and the CEO, taking into account applicable regulations as well as on the basis of comparisons with external companies of comparable size and complexity.

Subsequent to the Board of Directors resolutions of 2015, at the proposal of the Remuneration Committee, with respect to the remuneration to be paid to the CEO and the Chairman taking into account the expansion of their duties as a result of the on-going IPO process and in light of the relevant applicable regulations on the matter, on 29 March 2016 the Board of Directors, at the proposal of the Remuneration Committee and upon receiving the favourable opinion of the Board of Statutory Auditors, updated the remuneration of the CEO as of 10 March 2016, as a result of the resolutions passed by the Shareholders' Meeting on the same date, establishing a fixed component and a variable component linked to the achievement of objective, specific yearly targets defined, at the proposal of the Remuneration Committee, by the Board of Directors. On 8 June 2016, the Board of Directors, at the recommendation of the Remuneration Committee, resolved, in place of the variable long-term portion of remuneration pursuant to Article 2389 of the Italian Civil Code, on the quantification of, and the allocation criteria for, a transaction bonus for the Chief Executive Officer, to be paid in two equal tranches, if certain requirements predefined by the Board were met.

In order to support the evaluation and resolution activities of ENAV's Board of Directors, a Remuneration Committee was in operation from 7 July 2015 until the listing date. Its task was to formulate proposals for the Board for the determination of the remuneration to be paid to the Company's delegated directors, pursuant to Article 2389 of the Italian Civil Code and in line with the regulations in force; it also performed an advisory role, at the request of the Chief Executive Officer, with regard to the general remuneration and incentivisation policy for top management.

To align its own corporate governance model with the recommendations of the Corporate Governance Code issued by the Corporate Governance Committee of Borsa Italiana S.p.A., on 8 June 2016, the Board of Directors resolved to create a Remuneration and Appointments Committee that, as of the date of the start of trading in the ordinary shares of the Company on the MTA, i.e. since 26 July 2016, has replaced the Remuneration Committee, absorbing and broadening its functions.

With a resolution dated 8 June 2016, the Board of Directors also created the Control and Risks and Related Parties Committee, with effect from the date of the start of trading in the ordinary shares of the Company on the MTA.

The powers and activities of these Committees, whose term of office coincides with that of the Board of Directors, are governed by special regulations approved by the Board of Directors on 21 June 2016, with effect from the date of the admission to trading of the shares of the company on the MTA organised and managed by Borsa Italian S.p.A.

Independent auditors

On 29 April 2016, the Shareholders' Meeting engaged a company selected by means of a specific tender procedure, pursuant to Article 16 of Legislative Decree 39/2010, to audit the accounts for the separate financial statements of ENAV, the consolidated financial statements of the ENAV Group and the consolidated half-year report of the ENAV Group for the period 2016-2024. The engagement in question will last for nine years, as required by the legislation, since ENAV has acquired public interest entity status due to the issue of listed bonds in August 2015.

Board of Statutory Auditors

ENAV's Board of Statutory Auditors has three standing members and two alternates.

On 29 April 2016, the Shareholders' Meeting appointed the new Board of Statutory Auditors for the three-year period from 2016 to 2018. After the resignations tendered in June 2016 by a standing auditor and a substitute auditor, on 20 July 2016 the Shareholders' Meeting, in plenary session, appointed the new standing member with effect until the approval of the financial statements for 2018.

Supervisory Body

On 19 May 2016, the Board of Directors appointed the Supervisory Body, a mixed board that will remain in office until the 2018 financial statements are approved. The Supervisory Body consists of two external members, one with the duties of Chairman, and the head of the Audit Function as an internal member.

Background scenario

According to the latest analyses published by the National Institute of Statistics, the Italian economy registered a moderate growth in the first half of 2016, with gross domestic product rising by 0.6% compared with the same period of the previous year. This figure was the combined result of an increase in value-added in the agriculture and services segments, as well as a period of weakness in the industrial segment, which was also confirmed by the figures for turnover and orders.

Air transport in Italy was partially influenced by the economic conditions that marked the first half of the year, the effects of the continuing uncertainty of the situation in some North African countries, and, in the short term, the effects of the terrorist attacks at two European airports. En-route service units grew by 0.7% overall compared with the same period of 2015.

The no-fly zone over Libya, in effect since 2014, has continued to affect the operational choices of airlines that are developing traffic between Europe and Africa and that in some cases have targeted routes outside Italian air space. In this context, commercial overnight traffic, traditionally more remunerative for the Company, suffered most, registering an overall decrease of 1.4% in terms of service units.

Terminal traffic grew by 3.1% overall in the first half in terms of service units. This result combines the data recorded by the airports of Treviso and Brindisi, which were transferred to ENAV in late June 2015 and in mid-December of the same year.

With regard to economic and tariff performance, the European Commission issued tariff compliance Decision No. 422 and Decision No. 418 in March 2016 for the years 2015 and 2016 respectively, as well as compliance Decision 599 of April 2016, brought forward to the Single Sky Committee of February 2016, on the economic efficiency targets for the second reference period (2015-2019) established in the revised Italian Performance Plan sent in July 2015.

The first half of 2016 saw the continuation and intensification of the Company's involvement in activities preparatory to listing on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. Following the admission of the shares of the Company to listing on the MTA by Borsa Italiana and the approval of the Prospectus comprising the Registration Document, Information Note and Summary Note by Consob, the initial public offering of ordinary shares of ENAV began on 11 July and ended on 21 July 2016. ENAV was listed on the stock exchange on 26 July 2016.

Market and air traffic trends

In the first half of 2016, air traffic control activities in Eurocontrol area countries recorded a positive trend in en-route service units (*) compared with the same period of 2015, while volumes rose by 3.6%.

The major European providers registered overall increases in service units (8.5% for Spain, 6.2% for the UK, 4.8% for Germany and 3.7% for France).

In this context of growth in routed air traffic, Italy also registered a positive performance of 0.7% compared to the first half of 2015, although this was less than the other European States.

Total en-route traffic Service units (**)	30.06.2016	30.06.2015	Change No.	 %
France	9.187.608	8.859.449	328.159	3,7%
Germany	6.480.821	6.186.805	294.016	4,8%
Great Britain	5.116.244	4.816.303	299.941	6,2%
Spain	4.528.573	4.172.351	356.222	8,5%
Italy (***)	3.784.665	3.758.745	25.920	0,7%
EUROCONTROL	**62.449.053**	**60.255.187**	**2.193.866**	**3,6%**

(*) traffic flying over Italian air space, with or without stopover.
(**) "service unit" is the unit of measurement used by Eurocontrol to calculate the value of the service provided, obtained by combining two elements: aircraft weight at take-off and distance travelled.
(***) excluding exempt traffic not reported to Eurocontrol.

En-route traffic

En-route traffic in Italy registered an increase in service unit volumes billed for the first half of 2016 compared with 30 June 2015. According to traffic figures reported by Eurocontrol, the number of service units increased for our country by 0.7%. The number of assisted flights also rose by 0.2% (down 1.7% including the category of *exempt flights not reported to Eurocontrol*).

En-route traffic (Number of flights)	30.06.2016	30.06.2015	Change No.	%
Domestic	140.081	149.097	(9.016)	-6,0%
International	414.775	397.595	17.180	4,3%
Overflight	243.036	244.638	(1.602)	-0,7%
Total paying traffic	**797.892**	**791.330**	**6.562**	**0,8%**
Military	17.951	18.618	(667)	-3,6%
Other exempt	11.203	15.398	(4.195)	-27,2%
Total exempt traffic	**29.154**	**34.016**	**(4.862)**	**-14,3%**
Total reported by Eurocontrol	**827.046**	**825.346**	**1.700**	**0,2%**
Exempt traffic not reported to Eurocontrol	29.460	46.284	(16.824)	-36,3%
Overall total	**856.506**	**871.630**	**(15.124)**	**-1,7%**

En-route traffic (Service units)	30.06.2016	30.06.2015	Change No.	%
Domestic	762.452	756.504	5.948	0,8%
International	1.594.900	1.554.832	40.068	2,6%
Overflight	1.352.677	1.372.026	(19.349)	-1,4%
Total paying traffic	**3.710.029**	**3.683.362**	**26.667**	**0,7%**
Military	68.850	67.734	1.116	1,6%
Other exempt	5.786	7.649	(1.863)	-24,4%
Total exempt traffic	**74.636**	**75.383**	**(747)**	**-1,0%**
Total reported by Eurocontrol	**3.784.665**	**3.758.745**	**25.920**	**0,7%**
Exempt traffic not reported to Eurocontrol	1.728	2.523	(795)	-31,5%
Overall total	**3.786.393**	**3.761.268**	**25.125**	**0,7%**

In particular, en-route traffic included:

- *international commercial traffic*, a category of flights with departure or arrival for stopover located in the Italian territory, which in the six months in question posted positive results in terms of service units (SU) as well as the number of assisted flights, up by 2.6% and 4.3%, respectively. The lower growth in service units compared with the number of flights mainly reflects a reduction in the average distance flown (down 2.4%), due to a lower frequency of longer-distance international flights (over 700km) in national air space which resulted in a total decrease of 5.3% in assisted flights.

  These results were achieved particularly due to the positive performance of connections between Italy and the rest of Europe (SU up 4.2%; number of flights up 5.6%), which, in terms of service units, represent more than 80% of the total. Connections between Italy and Asia also performed well, with service units rising by 4.8%. On the other hand, difficulties continue in traffic between Italy and Africa, which was down by 20.4% in terms of service units, mainly as a result of the no-fly zones in Libyan air space and the socio-political instability impacting Northern African countries;
- *commercial overflight traffic*, a category consisting only of flights passing through domestic air space, which shown signs of a slowdown, ending the half-year with a decrease of 1.4% in service units

produced and of 0.7% in assisted flights. For intercontinental connections, there was a positive increase in flights between European countries (SU up 4.1%; number of flights up 5.4%), which represent roughly 67% of the total, while connections declined substantially between Europe and Africa (SU down 14.1%; number of flights down 15.4%) as well as between Europe and Asia, with a difference in the trend between service units and numbers of flights due to the decrease in the average distance flown (SU down 3.6%; number of flights up 2.9%);

- *domestic commercial traffic*, which registered a contrasting result in the half-year under review, with service units increasing by 0.8% and the number of assisted flights decreasing by 6%. The difference between service unit trends and the number of assisted flights was caused by an increase in the average distance flown (up 6.4%) and the average weight (up 5.4%) of each individual aircraft. The figure for average distance flown points to the return to more frequent long-distance connections that connect destinations in the north and south of the country, which are also those less impacted by competition from high-speed trains. The frequency of these flights rose by just under 10%;
- *exempt traffic,* divided into i) *exempt traffic reported by Eurocontrol*, which decreased by 1% in SU and by -14.3% in the number of assisted flights, the latter figure mainly due to a decrease in circular flights, government flights and police flights; ii) *exempt traffic not reported to Eurocontrol*, with an insignificant effect on revenues, which decreased by 31.5% in SU and by 36.3% in the number of assisted flights.

Terminal traffic

Terminal traffic, which regards take-off and landing within 20 km of the runway, reported by Eurocontrol performed well in the first half of 2016 in terms of service units, which were up 3.2%, as well as in terms of assisted flights, which were up 0.7%. This result was mainly due to the increase in the paying commercial traffic component, up 3.4% in SU and 1.3% in numbers of assisted flights. The exempt traffic component, by contrast, decreased by 12.3% in service units and by 14% in numbers of assisted flights.

Terminal traffic (Number of flights)		30.06.2016	30.06.2015	Change No.	%
Domestic					
	Chg. Zone 1	26.727	26.639	88	0,3%
	Chg. Zone 2	27.234	28.275	(1.041)	-3,7%
	Chg. Zone 3	78.822	81.774	(2.952)	-3,6%
	Total domestic flights	**132.783**	**136.688**	**(3.905)**	**-2,9%**
International					
	Chg. Zone 1	48.504	48.103	401	0,8%
	Chg. Zone 2	80.862	76.706	4.156	5,4%
	Chg. Zone 3	76.859	73.052	3.807	5,2%
	Total international flights	**206.225**	**197.861**	**8.364**	**4,2%**
Total paying traffic		**339.008**	**334.549**	**4.459**	**1,3%**
Exempt flights					
	Chg. Zone 1	35	47	(12)	-25,5%
	Chg. Zone 2	706	1.217	(511)	-42,0%
	Chg. Zone 3	12.221	13.814	(1.593)	-11,5%
	Total exempt flights	12.962	15.078	(2.116)	-14,0%
Total reported by Eurocontrol		**351.970**	**349.627**	**2.343**	**0,7%**
Exempt traffic not reported to Eurocontrol					
	Chg. Zone 1	0	11	(11)	-100,0%
	Chg. Zone 2	531	1.987	(1.456)	-73,3%
	Chg. Zone 3	21.084	29.625	(8.541)	-28,8%
Total exempt flights not reported to Eurocontrol		**21.615**	**31.623**	**(10.008)**	**-31,6%**
Totals per chg Zone					
	Chg. Zone 1	75.266	74.800	466	0,6%
	Chg. Zone 2	109.333	108.185	1.148	1,1%
	Chg. Zone 3	188.986	198.265	(9.279)	-4,7%
Overall total		**373.585**	**381.250**	**(7.665)**	**-2,0%**

Terminal traffic (Service units)		30.06.2016	30.06.2015	Change No.	%
Domestic					
	Chg. Zone 1	32.214	31.613	601	1,9%
	Chg. Zone 2	31.017	31.855	(838)	-2,6%
	Chg. Zone 3	85.802	86.666	(864)	-1,0%
	Total domestic SU	**149.033**	**150.134**	**(1.101)**	**-0,7%**
International					
	Chg. Zone 1	75.042	72.934	2.108	2,9%
	Chg. Zone 2	112.263	104.804	7.459	7,1%
	Chg. Zone 3	85.545	79.978	5.567	7,0%
	Total international SU	**272.850**	**257.716**	**15.134**	**5,9%**
Total paying traffic		**421.883**	**407.850**	**14.033**	**3,4%**
Exempt flights					
	Chg. Zone 1	64	65	(1)	-1,5%
	Chg. Zone 2	271	381	(110)	-28,9%
	Chg. Zone 3	4.203	4.726	(523)	-11,1%
	Total exempt SU	**4.538**	**5.172**	**(634)**	**-12,3%**
Total reported by Eurocontrol		**426.421**	**413.022**	**13.399**	**3,2%**
Exempt traffic not reported to Eurocontrol					
	Chg. Zone 1	0	1	(1)	-100,0%
	Chg. Zone 2	45	146	(101)	-69,2%
	Chg. Zone 3	1.434	1.954	(520)	-26,6%
Total exempt SU not reported to Eurocontrol		**1.479**	**2.101**	**(622)**	**-29,6%**
Totals per chg Zone					
	Chg. Zone 1	107.320	104.613	2.707	2,6%
	Chg. Zone 2	143.596	137.186	6.410	4,7%
	Chg. Zone 3	176.984	173.324	3.660	2,1%
Overall total		**427.900**	**415.123**	**12.777**	**3,1%**

As already highlighted for en-route traffic performance, the *international traffic* component is the real driver of paying commercial terminal traffic compared to other components, with an increase in service units by +5.9% attributable particularly to the results achieved by airports in the second and third charge bands, which posted improvements of +7.1% and +7%, respectively.

The national component, meanwhile, registered a decrease in service units of 0.7% and a decrease in assisted flights of 2.9%, reflecting the negative performance due to reduced activity of the airports in the second and third charge bands.

Overall, the results for the first half of 2016, compared with the same six months of 2015, show a positive trend for all three charge bands. Specifically: i) the first band, represented by Rome Fiumicino Airport, registered a 2.6% increase in service units and a 0.6% increase in assisted flights, performing well both nationally and internationally due to the activation of new connections by both Alitalia and the low-cost airlines; ii) the second band, represented by the Milan Linate, Milan Malpensa, Bergamo Oro al Serio and Venice Tessera airports, registered a 4.7% increase in service units and a 1.1% increase in flights, with a very strong performance in international traffic at all the airports, thanks to the activities of carriers such as Ryanair and Vueling, and a reduction in national traffic; and iii) the third band, represented by 38 airports, registered an overall increase in service units of 2.1% and a 4.7% decrease in numbers of flights, with a 7% increase in international flights and a 1% decrease in national flights. These results were also boosted by traffic at the Treviso and Brindisi airports, management of which was transferred to the parent company in the second half of 2015.

Human resources

At 30 June 2016, the ENAV Group had a workforce of 4,280, up by 12 resources compared with 30 June 2015, mainly due to hires of operating staff. The Group provides flight assistance services and operating system maintenance throughout the national territory, and is developing sales and marketing and contractual activities in Malaysia.

Personnel costs stood at €238.7 million at 30 June 2016, up 1.6% year-on-year.

Industrial relations

The first half of 2016 was marked by the strengthening of the application rules in the Specific Sections of the National Collective Labour Agreement for the Air Transport Sector relating to ATM Services, both direct and supplementary, with particular reference to the specific sections of strategic systems and low-traffic systems that, taken together, encompass ENAV's direct activities in the field of air traffic control.

In particular, the section dedicated to low traffic systems constituted the contractual instrument for the realisation of ENAV S.p.A.'s plan to rationalise the lower-traffic airports, particularly with regard to the rules on classification, working hours and aspects of pay. In addition to the above contractual provisions, the common standards contained in both the General Section and the Specific Section for ATM Services naturally apply.

With regard to industrial unrest, Enav experienced local and national strike action in the first half of 2016, mainly resulting from the autonomous structure of the trade union organisations, as they are not signatories to the above-mentioned national collective labour agreement.

There are frequent discussions with the trades unions of matters relating to ENAV's privatisation, and a memorandum of understanding for the new industrial relations model was signed by ENAV and some of the unions in August 2016.

Training

The Academy delivered a total of 68,514 hours of training to 1,605 students in the first half of 2016, divided into 38,450 hours of beginners' training (71 students), 5,485 hours of advanced training (16 students), 11,217 of ongoing training (296 students), 464 hours of training for foreign clients (9 students), 5,301 hours of language training (225 students) and 7,597 hours of Human Performance training (988 students).

There was a slight increase in training hours at 30 June 2016 compared with the same period a year earlier, mainly due to the activation of courses for CTAs selected internally that will join the flow of personnel relocating due to the development of the low-traffic airport plan, and the activation of TM and FISO courses deriving from external selection.

Group economic and financial performance

The reclassified consolidated schedules for the income statement, capital structure and statement of cash flows, the consolidated statement of financial position and the key economic and financial indicators used by management to monitor performance are described below.

Reclassified consolidated income statement

	30.06.2016	30.06.2015	Amount	Change %
Revenues from operations	370.496	365.608	4.888	1,3%
Balance	21.457	9.172	12.285	133,9%
Other operating income	16.996	17.354	(358)	-2,1%
Total revenues	**408.949**	**392.134**	**16.815**	**4,3%**
Personnel costs	(238.770)	(235.009)	(3.761)	1,6%
Costs for capitalised internal work	13.145	14.177	(1.032)	-7,3%
Other net costs	(79.922)	(80.638)	716	-0,9%
Total operating costs	**(305.547)**	**(301.470)**	**(4.077)**	**1,4%**
EBITDA	**103.402**	**90.664**	**12.738**	**14,0%**
EBITDA margin	**25,3%**	**23,1%**	**2,2%**	**9,4%**
Amortisation, depreciation less investment grants	(68.559)	(67.693)	(866)	1,3%
Write-downs, impairment, (write-backs) and provisio	(217)	(4.755)	4.538	-95,4%
EBIT	**34.626**	**18.216**	**16.410**	**90,1%**
EBIT margin	**8,5%**	**4,6%**	**3,8%**	**82,3%**
Financial income/(expenses)	(2.094)	3.110	(5.204)	-167,3%
Profit (loss) before taxes	**32.532**	**21.326**	**11.206**	**52,5%**
Taxes for the period	(10.337)	(5.601)	(4.736)	84,6%
Net profit (loss) for the period	**22.195**	**15.725**	**6.470**	**41,1%**

Operating revenues reached €370.5 million, up 1.3% compared with the first half of 2015. This result was mainly due to the parent company, and relates to higher route and terminal revenues, driven up by the increase in service units during the half-year (up 0.7% and 3.2% respectively on 30 June 2015) and by the charges applied (€80.08 for route charges, up slightly compared with 2015 (€78.80). In the case of terminal revenues, there was a general increase in service units in the three charge zones, with an increase in charges for the first two bands, while the third band was unchanged. In particular, the first charge zone, represented by Rome Fiumicino Airport, registered a 2.6% increase in service units compared with the first half of 2015 and applied a charge of €200.68 (€195.57 in 2015); the second charge zone registered a 4.8% increase in service units and an applied charge of €233.33 (€214.72 in 2015) and the third zone registered a 2.4% increase in service units and also benefited from the effects of the transfer of two military airports open to civilian traffic (Treviso and Brindisi) to the management of parent company ENAV in the second half of 2015. The charge applied for the third band was €260.96, the same as in 2015, as required by the Ministry of Economy and Finance and the Ministry of Infrastructure and Transport. The natural charge determined on the basis of costs estimated for 2016 would have been higher, at €358.08. Pending identification of the instrument needed to cover the spread deriving from the difference between the natural charge and the charge applied by the above ministries, this amount is recognised as a balance item in compliance with regulations in force. This balance, which amounts to €18.3 million, represents the biggest increase in the item in question recorded at 30 June 2016.

Operating costs reached €305.5 million, up 1.4% on the first half of 2015. Specifically, personnel costs registered a net increase of 1.6%, mainly reflecting: i) an increase in the fixed portion of remuneration due to natural growth in pay and an increase in the workforce of 12 actual units at 30 June 2016 compared with the end of the first six months 2015; ii) an increase in the variable portion of remuneration, particularly for work on holidays, attributable to 1 May, which fell on a Sunday in 2016, and decreases in indemnities for transfers and overtime for operations, due to both the cutting of these types of costs and to the lower unit cost of hours worked at airports with low traffic volumes. The increase in the cost of personnel also reflects voluntary redundancy costs for employees who left the company in the period under review.

Capitalisation of internal work totalled €13.1 million, a decrease of 7.3% compared with the same period of 2015, mainly owing to the delay to the second half of Techno Sky activities relating to investment projects.

Other operating costs came in at €80 million, down 0.9% compared with 30 June 2015 and reflecting in their breakdown a generalised decrease in costs, thanks to the company's focus on cutting the same although they comprise part of the costs related to the listing process, which was still under way at 30 June 2016, in the amount of €2.8 million.

These amounts had a positive effect on EBITDA, which rose by 14% compared with 30 June 2015, to €103.4 million, and generated a 25.3% increase in EBITDA as a percentage of revenues (EBITDA margin). EBIT came in at €34.6 million for the first six months of 2016, representing a marked increase on the first six months of 2015 (€18.2 million). The EBIT margin (EBIT as a percentage of revenues) was 8.5% at 30 June 2016, compared with 4.6% a year earlier.

Financial income and expenses was negative for €2 million, down compared with 30 June 2015, when the figure was positive, due to a review of the present value of balance receivables relating to the third charge band, and due to interest expense on the bond loan issued in August 2015, which had an effect of €1.7

million in the half-year. At 30 June 2016, the financial covenants on the bond loan relating to the ratio of net debt to EBITDA (no more than 3 times) and the ratio of net debt to equity (no more than 0.7 times) had been met.

Taxes in the first six months of 2016 were negative for €10.3 million, up €4.7 million compared with 30 June 2015, due to the larger tax base.

Due to the above, profit for the year came in at €22.2 million, up 41.1% compared with the first six months of 2015 and entirely pertaining to the Group.

Reclassified consolidated capital structure

	30.06.2016	31.12.2015	Change
Property, plant and equipment	1.057.536	1.083.836	(26.300)
Intangible assets	120.498	122.092	(1.594)
Investments in other companies	34.634	35.314	(680)
Other non-current assets and liabilities	89.865	66.709	23.156
Employee benefit provision	(62.391)	(58.068)	(4.323)
Net fixed capital	**1.240.142**	**1.249.883**	**(9.741)**
Inventories	61.804	62.027	(223)
Trade receivables	268.837	233.547	35.290
Trade payables	(118.218)	(128.348)	10.130
Provisions for risks and charges	(8.918)	(14.151)	5.233
Other current assets and liabilities	(146.634)	(123.906)	(22.728)
Net working capital	**56.871**	**29.169**	**27.702**
Net invested capital	**1.297.013**	**1.279.052**	**17.961**
Sources of funding			
Shareholder's equity	1.060.625	1.090.550	(29.925)
Net financial position	236.388	188.502	47.886
Total sources of funding	**1.297.013**	**1.279.052**	**17.961**

Thousands of euro

Net invested capital was €1,297 million, up by €18 million compared with 31 December 2015 due to transactions taking place in the following items.

Net fixed capital was €1,240 million, down €9.7 million at 30 June 2016 compared with 31 December 2015, due to a decrease in tangible and intangible assets totalling €27.9 million, reflecting the recognition of greater depreciation and amortisation in respect of investments made in the period. The positive change of €23.1 million in other non-current assets and liabilities was mainly due to the increase in balance receivables recognised at fair value in the period, totalling €29.6 million.

Net working capital was positive for €56.9 million and up by €27.7 million on 31 December 2015. The main changes related to an increase of €35.3 million in trade receivables relating to: Eurocontrol, which registered higher sales in the last two months of the half-year due to increased traffic and therefore concerning positions not yet due; the grant of €15 million for system and operational security recognised at 30 June 2016; lower tax receivables due to the receipt of VAT subject to a reimbursement claim in 2013, totalling €21.1 million; an increase of €11 million in other current assets, due mainly to the deferral of the summer bonus paid out to employees in June 2016; an increase in social security payables and other liabilities for contributions on summer bonuses and for personnel provisions made in the period; and a decrease in payables to the Italian Air Force (AMI) due to the payment of €10 million as the portion of terminal receipts pertaining to the period.

With regard to trends in uses and sources of capital, please see the comments on the reclassified consolidated statement of cash flows.

Shareholders' equity came in at €1,060.6 million, down by €29.9 million compared with 31 December 2015 due to the payment of a dividend for €47.3 million, a negative effect of €3.8 million due to the employee benefit reserve, which registered an actuarial loss in the period, and a positive effect deriving from the profit for the period of €22.2 million.

The *net financial position* was negative for €236.4 million, more than the €47.9 million registered at 31 December 2015.

	30.06.2016	31.12.2015	Change
Cash and cash equivalents	118.394	174.141	(55.747)
Current financial debt	(40.486)	(32.788)	(7.698)
Current net financial position	**77.908**	**141.353**	**(63.445)**
Non-current financial receivables	913	968	(55)
Non-current financial debt	(315.209)	(330.823)	15.614
Non-current financial debt	**(314.296)**	**(329.855)**	**15.559**
Net financial position	**(236.388)**	**(188.502)**	**(47.886)**

Thousands of euro

The change in net financial position of €47.9 million at 30 June 2016 reflected a negative cash balance, mainly due to the distribution of the dividend to the Shareholder, payment of the balance and the first payment on account for IRES tax, the payment to the Air Force of its share of terminal charge receipts, partially offset by cash inflows in the period relating to the collection of the VAT receivable, the 2000/2006 and 2007/2013 grants for NOP (National Operating Program) financed projects and the collection of pre-financing on the Sesar Deployment Manager financed project.

Reclassified consolidated statement of cash flows

	30.06.2016	30.06.2015	Change
Cash flow generated/(absorbed) by operating activities	45.580	59.555	(13.975)
Cash flow generated/(absorbed) by investment activities	(46.041)	(46.023)	(18)
Cash flow generated/(absorbed) by financing activities	(54.987)	7.630	(62.617)
Net cash flow for the period	**(55.448)**	**21.162**	**(76.610)**
Cash and cash equivalents at the beginning of period	**174.141**	**118.253**	**55.888**
Exchange differences on cash and cash equivalents	(299)	0	(299)
Cash and cash equivalents at the end of period	**118.394**	**139.415**	**(21.021)**
Free cash flow	**(461)**	**13.532**	**(13.993)**

Thousands of euro

Cash flow from operations is positive in the first half of 2016 at €45.6 million, down €13.9 million compared with the same period of the previous year, owing to the greater requirement relating to the change in working capital, which was affected by: i) the decrease in payables owing to payments made in the first half of 2016, compared with the first half of 2015, with certain payables settled in the second half of 2015, notably the dividend payment for financial year 2014 recorded under payables at 30 June 2015 in the amount of €36 million, the payable to the Italian Air Force for attributable terminal collections of €9.9 million, which for the same period of the previous year, was paid in July, the IRES payment of €12 million, the decrease in the provision for risks following the settlement of a dispute involving subsidiary Techno Sky; ii) the decrease in receivables owing to the collection of VAT refunds of €21.1 million, the collection of contributions on Networks and Mobility NOP financed projects for the periods 2000-2006 and 2007-2013 of €10.3 million; iii) the increase in profit for the period of €6 million.

Cash flow from investment activities for the first half of 2016 absorbed €46 million in cash and was in line, overall, with the figure registered at 30 June 2015. Specifically, the entire balance related to investments in tangible and intangible assets, which rose by €4.7 million compared with the same period a year earlier due to the increase in investments made in the period. The first half of 2015 included the payment of the balance of the second tranche of the acquisition of the equity interest in Aireon.

Cash flow from financing activities absorbed cash totalling €54.9 million, after generating cash of €7.6 million in the first half of 2015. The cash absorbed in the first half of 2016 mainly related to a decrease in net debt, i.e. the net balance between repayments and new borrowings, of €7.9 million and a dividend payment of €47.3 million. At 30 June 2015, net debt was higher due to the contracting of €7.5 million in short-term lines of credit, and there was no impact from the dividend payment of €36 million, which took place in July 2015.

To conclude, in the first half of 2016, the cash flow generated by operating activities (€45.6 million) only partly covered the requirement related to financing activities (€54.9 million) and investment activities (€46 million). The negative difference of €55.4 million was reflected in a decrease in available cash, which stood at €118.4 million at 30 June 2016, compared with €174.1 million at the end of 2015. This change was also due to the effects of the negative trend in the dollar against the euro, amounting to €0.3 million.

Risk management

Due to the nature of its business, the Group is exposed to various types of risk, and specifically regulatory risk, credit risk, liquidity risk, interest rate risk and currency risk. To mitigate its exposure to these risks, the Group carries out specific analyses and monitoring activities.

Regulatory risks

The Group mainly operates in a regulated market, and changes to the rules of operation of this market and the regulations that characterise it could have an adverse effect on the Group's operations and influence its performance. In order to monitor risk, the Group's management maintains relationships with government entities and takes part in international meetings concerned with regulation of the sector in which the Group operates.

Credit risk

The Group is exposed to credit risk, which is the risk that one or more commercial counterparties may become unable to honour all or part of their payment obligations. This risk mainly appears in respect of current trade receivables relating to operating activities, and particularly in connection with Route Services and Terminal Services, which represent the biggest exposure in the financial statements. These amounts mainly refer to receivables accrued in respect of the air companies in relation to charges, for which Eurocontrol is the management and collection agent. In this context, leaving aside the intermediary role performed by Eurocontrol, which means that the receivables are formally presented in the financial statements and billed to this entity, measurement of the effective credit risk to which the Group is exposed takes place according to the counterparty risk for each individual carrier for which the underlying receivables originally accrued.

A specific bad debts allowance is recorded in the financial statements for the risk of default by the Group's debtors. The write-down process used by the Group involves writing down debtor positions individually according to the financial situation of each debtor, the possibility of withdrawing the carrier's flying licence, the age of the receivable, internal assessments of the creditworthiness of individual debtors and information provided by Eurocontrol on route and terminal receivables. The amounts for which recovery is regarded as doubtful are recognised in the financial statements as a specific bad debts allowance for the adjustment of receivables. At 30 June 2016, the amount of trade receivables for which recovery is regarded as doubtful was fully covered by the bad debts allowance in the financial statements.

Liquidity risk

Liquidity risk is the risk that the Group, despite being solvent, might be unable to meet promptly the commitments associated with its financial liabilities, whether expected or unexpected, due to difficulties in obtaining financial resources, or that it will be able to do so only under adverse economic conditions due to factors related to the perception of its risk by the market, or during situations of systemic crisis such as, but not limited to, the credit crunch and the sovereign debt crisis, or that it fails to meet its commitments (covenants) under certain loan agreements and the bond loan.

Although it does not have a cash pooling system, the Group's liquidity is managed and monitored by the parent company at a largely centralised level, in order to optimise the overall availability of financial resources by performing a coordinating role for the other Group companies.

The Group had available cash of €118.4 million at 30 June 2016, and had uncommitted credit lines in place totalling €190.5 million, of which around €6.2 million had been used. To this amount can be added the portion of the EIB loan of €80 million entered into but not drawn down, resulting in a total available cash reserve of €264.3 million.

In the longer term, liquidity risk is mitigated by a debt management strategy that provides for a diversified financing sources structure, in terms of both types of credit facilities and counterparties, to cover the Group's financial requirements and to provide a balanced debt maturity profile.

Interest rate risk

The main sources of the Group's interest rate risk exposure relate to the volatility of interest flows for variable-rate indexed loans and changes in market conditions for negotiating new debt instruments. In this sense, there is a risk that increases in interest rates might adversely affect the level of net financial expense recognised in the income statement and the value of future cash flows, and have a significant impact on the value of financial assets or liabilities measured at fair value (typically fixed-rate debt instruments).

At 30 June 2016, around 20.4% of the Group's gross financial debt carried variable interest rates. Current corporate interest rate risk management policies do not provide for the use of derivative financial instruments.

In order to limit the potential adverse effects of interest rate fluctuations, the Group implements policies designed to contain the cost of funding over time by limiting the volatility of its results. The Group pursues this target by systematically negotiating with banks of prime standing, in order to optimise the average cost of debt, as well as through the strategic diversification of financial liabilities by type of contract, duration and interest rate conditions (variable-rate/fixed-rate).

Currency risk

The Group's exposure to the risk of unfavourable changes in the current level of exchange rates due to its transactions in other currencies might have negative effects on its economic performance and the value of balance sheet items denominated in foreign currency. Although the Group operates mainly in the Italian market, exposure to currency risk derives mainly from cash flows related to investments in foreign currency, mainly the US dollar, in relation to the purchase of the equity interest of 12.5% in the share capital of US company Aireon. ENAV currently holds an equity interest of 5.41% in Aireon's capital; to complete the acquisition of the 12.5% stake, the parent company must pay for two additional shares, the second of which by 2017, for USD22.9 million. Payment for the third share, initially scheduled for September 2015, was postponed until 2016, as finalised in the addendum to the main contract. The parent company nevertheless bought the currency on the scheduled date and provided the necessary liquidity to subsidiary ENAV North Atlantic to make the subsequent payment. In this regard, the Company has entered into a specific flexible forward contract for the future purchase of US currency for each of the payment tranches contractually agreed for the acquisition of the above equity interest.

Other information

Listing process

The ENAV Group undertook and successfully completed the process of listing on the Mercato Telematico Azionario (MTA) organised and managed by Borsa Italiana S.p.A., marking an important milestone for the Group.

The process was divided into a preparatory and introductory phase, which took place during part of 2015 and throughout the first half of 2016, and an offer phase that took place in July.

The main formal steps of the preparatory phase were as follows:

- on 10 March 2016, the Shareholders' Meeting of ENAV S.p.A. approved the listing plan and amended the articles of association with effect from the date of the start of trading;
- on 7 July 2016, Borsa Italiana S.p.A. issued a provision for admissibility to listing on the Mercato Telematico Azionario (MTA) of ordinary shares of Enav S.p.A.;
- on 8 July 2016, the following were filed with Consob: the Registration Document, after notification of the approval provision issued via a notice dated 1 July 2016; the Information Note and the Summary Note, after notification of the approval provision issued via a notice dated 7 July 2016. Taken together, the Registration Document, Information Note and Summary Note constitute the Prospectus.

The initial public offering of ordinary shares of ENAV S.p.A. concerned 230 million shares representing around 42.5% of ENAV's share capital. Of these shares, 207 million, or 90% of the initial public offering, were reserved for institutional investors in Italy and abroad, and 23 million, or 10% of the initial public offering, were targeted at retail investors in Italy and employees. It was also decided to allocate another 22.6 million shares to institutional investors to exercise the greenshoe option, increasing the percentage of the share capital on the market to 46.6%.

The offer period, from 11 to 21 July 2016, saw management involved in numerous meetings with investors in the biggest financial centres in Europe and the United States. Requests came in for 1,816 million shares during this period, a level of demand of around 8 times the maximum quantity under the initial public offering.

Based on the requests received, the following were assigned: i) as part of the public offering, 23,000,500 shares were assigned to 11,498 applicants, including 890,500 shares to 659 employees of the ENAV Group resident in Italy; and ii) as part of the institutional placement, 229,599,500 shares (including the greenshoe) were allocated to 198 applicants, including 59,735,000 shares to 31 qualified investors in Italy and 169,864,500 shares to 167 foreign institutional investors.

The offer price was set at €3.30 per share.

Trading on the Mercato Telematico Azionario began on Tuesday, 26 July 2016.

On 2 August 2016, the greenshoe option was fully exercised, for a total of 22.6 million ordinary shares of ENAV, at a price of €3.30 per share, increasing the initial public offering to 252.6 million shares, representing around 46.6% of the share capital, for a total consideration of around €834 million after fees and expenses relating to the operation.

Business plan

On 29 March 2016 the Board of Directors approved the new Group Business Plan for 2016-2019. The plan was prepared taking into account the new EU legislative framework under the Single European Sky initiative and the macroeconomic outlook for the current period.

Strategic directions and objectives, operating and economic performance targets, as well as business development plans were prepared with the main objective of providing ENAV and its subsidiaries with a stable reference point from which to meet future business challenges and manage ENAV's new positioning in the equity market.

Confirming the absolute focus on maintaining the highest levels of safety and operational capacity in the provision of services, the strategic vision of the Group's new Business Plan focuses on the following pillars:

- maintaining the focus on the core business and customers, leveraging on growth in air traffic, further optimising operating performance;
- strengthening the role of technological leadership, by making a significant contribution to strategic international projects to develop future platforms for air traffic control;

- meeting efficiency targets by reducing purchase costs and optimising maintenance procedures, through the more efficient use of available resources within the Group, and through specific initiatives to reduce unit costs and manage demand;
- capitalising on business opportunities in Italy and abroad by leveraging on the Group's expertise and new technologies;
- taking an active role in the main national and international institutional meetings.

The key elements contained in the Business Plan and the related enabling factors will unfold in the second "reference regulatory period" 2015 – 2019.

Relations with related parties

Pursuant to the regulations on related-party transactions adopted with Consob Resolution No. 17221 of 12 March 2010, as subsequently amended and supplemented, ENAV S.p.A. established, with effect from 26 July 2016, a procedure to govern related-party transactions which was approved by the Board of Directors at its meeting of 21 June 2016.

For details of these transactions, please see note 32 of the condensed consolidated interim financial statements.

Dividends Policy

On 8 June 2016 the Board of Directors approved a dividend policy, which provides that:

- for the year ending 31 December 2016, the ENAV Board of Directors plans to propose the distribution of a dividend totalling €95 million, within the limits set by the laws in force and subject to the necessary approval by the Shareholders' Meeting;
- for subsequent years, ENAV plans to adopt a dividend distribution policy based on a percentage of not less than 80% of normalised cash flows, defined as consolidated net profit with the addition of depreciation and amortisation, gross of capital grants, and net of normalised investments expressed gross of capital grants and therefore excluding financial investments.

The proposed distribution of dividends, and in general, the Parent Company's actual capacity to distribute them in subsequent years will in any event remain subject to ENAV's operating and financial results, market conditions and the financial flexibility necessary to pursue the corporate purpose and comply with the specific laws and regulations applicable to the Parent Company. The dividend policy identified could lead to an annual dividend payment that is higher than distributable net profit, and therefore involve the use of distributable reserves.

Business outlook

In the next few months, the ENAV Group will be further engaged in the implementation of its Business Plan, continuing the development of targeted projects in accordance with the guidelines of the projects identified.

The summer months have also seen growth in the traffic volumes managed by the Parent Company, which, if confirmed in the next few months, could lead to a greater percentage increase in service units at the end of the year than registered in the first half.

As regards costs, those relating to the privatisation process of the company are expected to have a greater impact in the second half of the year than in the first, in light of the listing of ENAV on 26 July 2016.

Condensed consolidated interim financial statements

at 30 June 2016

Condensed consolidated interim financial statements at 30 June 2016

Consolidated interim financial statements

Consolidated interim statement of financial position

ASSETS

(Amounts in euro)	**Notes**	**30.06.2016**	**of which, related parties (Note 32)**	**31.12.2015**	**of which, related parties (Note 32)**
Non-current assets					
Property, plant and equipment	**7**	1.057.536.539	0	1.083.835.597	0
Intangible assets	**8**	120.498.236	0	122.091.960	0
Investments in other companies	**9**	34.633.704	0	35.314.371	0
Non-current financial assets	**10**	15.375.634	0	15.687.285	0
Deferred tax assets	**11**	25.841.894	0	25.927.241	0
Non-current tax receivables	**12**	25.176.747	0	25.232.503	0
Non-current trade receivables	**13**	148.435.867	0	124.278.210	0
Total non-current assets		**1.427.498.621**	**0**	**1.432.367.167**	**0**
Current assets					
Inventories	**14**	61.803.573	0	62.026.701	0
Current trade receivables	**13**	268.837.110	52.434.004	233.547.438	50.942.595
Tax receivables	**12**	74.604.695	0	90.455.276	0
Other current assets	**15**	27.733.558	4.869.834	16.653.181	7.400.635
Cash and cash equivalents	**16**	118.394.402	447.100	174.140.802	2.470.122
Total current assets		**551.373.338**		**576.823.398**	
Total assets		**1.978.871.959**		**2.009.190.565**	

Consolidated Statement of Financial Position

SHAREHOLDERS' EQUITY AND LIABILITIES

(Amounts in euro)	Notes	30.06.2016	of which, related parties (Note 32)	31.12.2015	of which, related parties (Note 32)
Shareholder's equity					
Share capital	17	541.744.385	0	941.744.385	0
Reserves	17	450.703.637	0	53.005.301	0
Retained earnings/(accumulated losses)	17	45.982.811	0	29.717.020	0
Profit/(loss) for the period	17	22.194.656	0	66.083.249	0
Total Group Shareholders' Equity	**17**	**1.060.625.489**	**0**	**1.090.549.955**	**0**
Minority interests and reserves		0		0	
Minority interests in profit/(loss)		0		0	
Total minority interest in shareholders' equity		**0**	**0**	**0**	**0**
Total Shareholders' Equity	**17**	**1.060.625.489**		**1.090.549.955**	
Non-current liabilities					
Provisions for risks and charges	**18**	7.121.332	0	6.338.707	0
Employees' leaving entitlement and other employee benefits	**19**	62.391.527	0	58.068.053	0
Deferred tax liabilities	**11**	4.178.936	0	4.035.358	0
Non-current financial liabilities	**20**	315.209.136	3.316.055	330.823.506	4.965.198
Non-current trade payables	**21**	4.101.067	0	6.624.583	0
Other non-current liabilities	**22**	115.773.017	0	112.788.221	0
Total non-current liabilities		**508.775.015**		**518.678.428**	
Current liabilities					
Short-term portion of provisions for risks and charges	**18**	1.796.244	0	7.812.041	0
Current trade payables	**21**	118.218.294	21.463.527	128.348.504	32.199.314
Tax and social security payables	**23**	53.239.302	0	46.702.425	0
Current financial liabilities	**20**	40.485.384	3.307.739	32.787.791	3.300.496
Other current liabilities	**22**	195.732.231	111.840.248	184.311.421	99.779.977
Total current liabilities		**409.471.455**		**399.962.182**	
Total liabilities		**918.246.470**		**918.640.610**	
Total shareholders' equity and liabilities		**1.978.871.959**		**2.009.190.565**	

Consolidated interim income statement

(Amounts in euro)	Notes	30.06.2016	of which, related parties (Note 32)	30.06.2015	of which, related parties (Note 32)
Revenues					
Revenues from operations	24	370.496.246	7.762.318	365.607.933	7.074.812
Balance	24	21.457.093		9.172.288	
Other operating income	25	21.874.871	15.168.108	22.244.882	15.118.703
Total revenues		**413.828.210**		**397.025.103**	
Costs					
Raw materials, ancillary materials, consumables and merchandise	26	(4.437.131)	(306.585)	(4.626.607)	(638.244)
Costs for services	26	(71.125.629)	(2.683.342)	(71.820.111)	(1.240.825)
Personnel costs	27	(238.770.247)		(235.008.580)	
Leases and rentals	26	(2.932.122)	(59.461)	(2.706.208)	(52.348)
Other operating costs	26	(1.427.498)		(1.485.189)	
Capitalisation of internal work	28	13.145.398		14.176.642	
Total costs		**(305.547.229)**		**(301.470.053)**	
EBITDA		**108.280.981**		**95.555.050**	
Amortisation and depreciation	7 and 8	(73.437.865)		(72.584.223)	
Write-downs, impairment and (write-backs)	13	(439.100)		(4.784.405)	
Provisions	18	221.967		29.192	
Operating result		**34.625.983**		**18.215.614**	
Financial income and expense					
Financial income	29	1.631.503		5.657.293	
Financial expenses	29	(3.741.656)	(105.252)	(2.627.744)	(206.381)
Exchange gains (losses)	29	16.216		80.647	
Total financial income and expense	29	**(2.093.937)**		**3.110.196**	
Profit (loss) before taxes		**32.532.046**		**21.325.810**	
Taxes for the period	30	(10.337.390)		(5.601.031)	
Profit/(loss) for the period		**22.194.656**		**15.724.779**	
Parent company portion		*22.194.656*		*15.724.779*	
Minority interest		*0*		*0*	
Basic earnings/(loss) per share	35	0,02		0,01	

Consolidated interim statement of comprehensive income

(Amounts in euro)	**30.06.2016**	**30.06.2015**
Profit/(loss) for the period	**22.194.656**	**15.724.779**
Components of the statement of comprehensive income that will later be reclassified under profit/(loss) for the year:		
- differences arising from the translation of foreign financial statements	(956.188)	2.689.316
- fair value measurement of financial derivatives	(54.529)	1.554.284
- tax impact of fair value measurement of financial derivatives	13.087	(427.428)
Total components of the statement of comprehensive income that will later be reclassified under profit/(loss) for the year:	*(997.630)*	*3.816.172*
Components of the statement of comprehensive income that will not be reclassified later under profit/(loss) for the year:		
- actuarial gains/(losses) on employee benefits	(4.993.299)	2.363.720
- tax impact of actuarial gains/(losses) on employee benefits	1.198.392	(650.023)
Total components of the statement of comprehensive income that will not be reclassified later under profit/(loss) for the year	*(3.794.907)*	*1.713.697*
Total profit/(loss) from the statement of comprehensive income	**17.402.119**	**21.254.648**

Consolidated interim statement of changes in shareholders' equity

	Share capital	Reserves: Legal reserve	Reserves: Sundry reserves	Reserves: Reserve for actuarial gains/(losses) on employee benefits	Reserves: Cash flow hedge reserve	Reserves: Total reserves	Retained earnings/(accumulated losses)	Profit/(loss) for the period	Total Shareholders' Equity
Balance at 1 January 2015	**1.121.744.385**	**13.935.410**	**39.059.916**	**(9.683.334)**	**1.347.592**	**44.659.584**	**27.652.383**	**40.005.989**	**1.234.062.341**
Allocation of net profit from the previous year	0	1.941.352	0	0	0	1.941.352	38.064.637	(40.005.989)	0
Allocation of provision for charge stabilisation	0	0	0	0	0	0	0	0	0
Payment of dividend	0	0	0	0	0	0	(36.000.000)	0	(36.000.000)
Reduction in share capital	0	0	0	0	0	0	0	0	0
Reserve for translation differences	0	0	2.685.457	0	0	2.685.457	0	0	2.685.457
Comprehensive profit/(loss) recorded, of which:									
- profit/(loss) recorded directly under shareholders' equity	0	0	0	1.713.697	1.126.856	2.840.553	0	0	2.840.553
- profit/(loss) for the year	0	0	0	0	0	0	0	15.724.779	15.724.779
Balance at 30 June 2015	**1.121.744.385**	**15.876.762**	**41.745.373**	**(7.969.637)**	**2.474.448**	**52.126.946**	**29.717.020**	**15.724.779**	**1.219.313.130**
Balance at 1 January 2016	**941.744.385**	**15.876.762**	**43.163.664**	**(8.727.931)**	**2.692.806**	**53.005.301**	**29.717.020**	**66.083.249**	**1.090.549.955**
Allocation of net profit from the previous year	0	2.490.873	0	0	0	2.490.873	63.592.376	(66.083.249)	0
Payment of dividend	0	0	0	0	0	0	(47.326.585)	0	(47.326.585)
Reduction in share capital	(400.000.000)	0	400.000.000	0	0	400.000.000	0	0	0
Reserve for translation differences	0	0	(956.188)	0	0	(956.188)	0	0	(956.188)
Comprehensive profit/(loss) recorded, of which:									
- profit/(loss) recorded directly under shareholders' equity	0	0	0	(3.794.907)	(41.442)	(3.836.349)	0	0	(3.836.349)
- profit/(loss) for the period	0	0	0	0	0	0	0	22.194.656	22.194.656
Balance at 30 June 2016	**541.744.385**	**18.367.635**	**442.207.476**	**(12.522.838)**	**2.651.364**	**450.703.637**	**45.982.811**	**22.194.656**	**1.060.625.489**

Consolidated statement of cash flows

		Notes	30.06.2016	30.06.2015
A -	**CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR**	**16**	**174.141**	**118.253**
	Net cash flow generated/(absorbed) by operating activities			
	Profit (loss) for the period	17	22.195	15.725
	Amortisation and depreciation	7 and 8	73.438	72.584
	Net change in liabilities for employee benefits	19	(670)	(477)
	Changes from exchange rate effects	9	24	(559)
	Capital losses from the sale of tangible assets and write-downs of tangible and intangible assets	7 and 8	21	1.116
	Allocations to/absorption of provisions for risks and charges	18	(5.234)	(1.016)
	Net change in deferred tax assets and deferred tax liabilities	11	1.440	661
	Decrease/(Increase) in inventories	14	489	952
	Decrease/(Increase) in current and non-current trade receivables	13	(59.448)	(41.224)
	Decrease/(Increase) in tax receivables and tax and social security payables	12 and 23	22.442	16.386
	Change in other current assets and liabilities	15 and 22	341	25.676
	Change in other non-current assets and liabilities	15 and 22	2.985	(22.911)
	Increase/(Decrease) in current and non-current trade payables	21	(12.443)	(7.358)
B -	**TOTAL CASH FLOW FROM OPERATING ACTIVITIES**		**45.580**	**59.555**
	of which, taxes paid		(21.753)	(1.511)
	of which, interest paid		(1.061)	(2.080)
	Net cash flow absorbed by investment activities			
	Investments in tangible assets	7	(43.598)	(39.102)
	Investments in intangible assets	8	(3.049)	(3.608)
	Increase/(Decrease) in trade payables		606	1.378
	Increase in other shareholdings	9	0	(4.691)
C -	**TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES**		**(46.041)**	**(46.023)**
	Net cash flow generated by financing activities			
	Disbursements of medium and long-term loans		0	0
	(Repayments) of medium and long-term loans	20	(15.667)	(14.000)
	Net change in long-term financial liabilities	20	53	(1.274)
	Issuance of bond		0	0
	Net change in short-term financial liabilities	20	7.697	22.774
	(Increase)/Decrease in current and non-current financial assets	10	256	130
	Change in capital		0	0
	Distribution of dividends	17	(47.326)	0
D -	**TOTAL CASH FLOW FROM FINANCING ACTIVITIES**		**(54.987)**	**7.630**
E -	**Total cash flow (B+C+D)**		**(55.448)**	**21.162**
F-	**Exchange differences on cash and cash equivalents**		**(299)**	**0**
G -	**CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+E+F)**	**16**	**118.394**	**139.415**

Thousands of euro

Notes to the financial statements

1. General information

Since 26 July 2016, ENAV S.p.A. (hereinafter also the parent company) has been a public company listed on the Mercato Telematico Azionario (MTA) organised and managed by Borsa Italiana S.p.A. The percentage of the share capital placed on the market was 42.455%, increased by 4.172% on 2 August 2016 when the greenshoe option was exercised, bringing the floating capital to 46.627%. The Ministry of Economy and Finance (MEF) owns 53.373% of the share capital, or 289,144,385 shares. The ministry exercises its shareholder rights in agreement with the Ministry of Infrastructure and Transport (MIT), which is also the supervising ministry in charge of civil aviation. ENAV S.p.A. was established in 2001 following the conversion, under Law No. 665/1996, of the “Ente Nazionale di Assistenza al Volo (the National Agency for Flight Assistance)”, a public undertaking, that was formerly known as “Azienda Autonoma di Assistenza al Volo per il Traffico Generale” (A.A.A.V.T.A.G. – Autonomous Company providing Flight Assistance for General Traffic).

ENAV provides air traffic control and management services and other essential air navigation services in Italian airspace and in the national civil airports for which it is responsible, ensuring the highest technical and system standards in flight safety and the enhancement of the technology and infrastructure of flight assistance systems. These infrastructures require constant maintenance and continuous development to guarantee safety, punctuality and operational continuity. However, this is clearly stated in the European Union’s Single European Sky regulations that on the one hand define the structure of the air traffic management system and on the other set the technological, qualitative, economic and environmental targets that all service providers must meet.

The Company’s registered office is in Via Salaria 716, Rome and its operating facilities are located throughout the country.

The Group handles the technical management and maintenance of air traffic control equipment and systems through its subsidiary Techno Sky S.r.l., acquired at the end of 2006, and engineering activities carried out through the SICTA Consortium.

The subsidiary ENAV Asia Pacific, a Malaysian registered company, carries out commercial activities for the ENAV Group in Asia and Oceania and provides advisory services to the Malaysian DCA, while the subsidiary ENAV North Atlantic, founded in the legal form of a limited liability company (LLC) and governed by the law of the State of Delaware (USA), holds the investment in Aireon LLC which will create the first global satellite surveillance system for air traffic control.

The condensed consolidated financial statements concern the six months ended 30 June 2016 have been prepared in euro, the currency of the economy in which the Group operates.

The publication of this Half-year Financial Report was authorised by the Directors on 26 September 2016. EY S.p.A. has carried out a limited audit on the financial statements.

2. Form and content of the condensed consolidated interim financial statements

The condensed consolidated half-year financial statements at 30 June 2016 were prepared in accordance with IAS 34 (Interim Financial Statements) and Article 154-*ter*, para. 3, of the Consolidated Finance Act. IAS 34 allows financial statements to be prepared in “condensed” form, i.e., based on a minimum level of disclosure that is significantly reduced compared with what is required by IFRS (International Financial Reporting Standards), provided complete IFRS-compliant financial statements have previously been made available to the public. The condensed consolidated half-year financial statements were prepared in "condensed" form, and should therefore be read in conjunction with the Group consolidated financial statements for the year ended 31 December 2015, prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognised in the European Union pursuant to European Regulation No. 1606/2002.

The ENAV Group identified the half-year as the reference interim period for the purposes of applying the above-mentioned international accounting standard, IAS 34, and the definition of interim financial statements.

With respect to the methods for the presentation of the financial statements, in the statement of financial position assets and liabilities are separated into current and non-current; the income statement has been prepared by classifying operating costs by nature; and the statement of cash flows has been prepared in accordance with the indirect method. As provided for in Consob Resolution No. 15519 of 27 July 2016, amounts relating to related-party positions or transactions, if they are significant for the purposes of understanding the position in terms of assets and liabilities, profitability and cash flows, are shown in the statement of financial position, the income statement and the statement of cash flows.

3. Scope and principles of consolidation

The consolidation principles used to prepare the condensed consolidated interim financial statements at 30 June 2016 are compliant with those used to prepare the consolidated financial statements at 31 December 2015, approved on 29 March 2016 and available on the website www.enav.it at this address https://www.enav.it/sites/public/it/InvestorRelations/Bilanci-e-Relazioni.html

There were no changes in the scope of consolidation in the first half of 2016.

In the first half of 2016, there were no significant transactions or unusual events, with the exception of what is reported in the condensed consolidated interim financial statements at 30 June 2016.

Translation of financial statements of foreign companies

The exchange rates used to translate the financial statements of companies that use a reporting currency other than the euro are shown in the table below:

	30.06.2016		31.12.2015		30.06.2015	
	6-month average	Actual at 30.06	12-month average	Actual at 31.12	6-month average	Actual at 30.06
Malaysian ringgit	4,5748	4,4301	4,3315	4,6959	4,0603	4,2185
US dollar	1,1155	1,1102	1,1096	1,0887	1,1158	1,1189

4. Newly applied accounting standards and interpretations

The accounting standards used to prepare the condensed consolidated interim financial statements at 30 June 2016 are compliant with those used to prepare the consolidated financial statements at 31 December 2015, which should be referred to for more details, except for the adoption of new standards, amendments and interpretations in force as of 1 January 2016. The Group did not opt for early adoption of any new standard, interpretation or amendment issued but not yet in force.

The nature and effects of these changes are described below. Although these new standards and amendments are applicable for the first time in 2016, they have not had a significant impact on the Group's consolidated financial statements or condensed consolidated interim financial statements. The nature and effects of each new standard/amendment are listed below:

- **Amendments to IFRS 11** - **Acquisition of an Interest in a Joint Operation**. The amendments to IFRS 11 require joint operators recognising the acquisition of an interest in a joint operation that is a business must apply the relevant principles of IFRS 3 on the recognition of business combinations. The amendments apply to both the acquisition of an initial interest in a joint operation and the acquisition of additional interests in the same joint operation. However, an interest held before the entry into force of the amendment is not re-valued if the acquisition of an additional interest has the effect of maintaining joint control. Furthermore, an exclusion has been added to IFRS 11 to clarify that the amendments do not apply if the jointly controlling parties, including the entity that prepares the financial statements, are under the joint control of the same ultimate parent company. These amendments have had no effect on the Group as no acquisitions of interests in joint operations were made in the period.
- **Amendments to IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets.** The amendments clarify that revenue-based methods of depreciation are not appropriate for tangible assets and continue to allow this amortisation method for intangible assets only when it can be demonstrated that the revenues and the consumption of the economic benefits deriving from the asset

are strictly correlated. These amendments have had no effect on the Group, as it does not use revenue-based methods to depreciate and amortise its non-current assets.

- **Amendments to IAS 27 - Equity Method in Separate Financial Statements.** The amendments allow the use of the equity method as an accounting option for subsidiaries, joint ventures and associates in an entity's separate financial statements. The accounting option is in addition to those allowed by the previous version of the accounting standard. As this amendment only concerns the separate financial statements, there has been no effect on the condensed consolidated interim financial statements.
- **Amendments to IAS 1 - *Disclosure Initiative*** The amendments to IAS 1, which are part of a broader initiative to improve the presentation and disclosure of financial statements, includes updates in the following areas:
  - ✓ materiality: the amendment clarifies that the concept of materiality applies to the financial statements in their entirety and that the inclusion of immaterial information could invalidate the usefulness of the financial disclosure;
  - ✓ disaggregation and subtotals: the amendment clarifies that specific items in the income statement, statement of comprehensive income and statement of financial position may be disaggregated. In addition, new requirements were introduced for the use of subtotals;
  - ✓ structure of notes: the amendment clarifies that the entity may exercise flexibility in the order of presentation of notes to the financial statements;
  - ✓ equity-accounted investments: the share of items of other comprehensive income relating to equity accounted interests in associates and joint ventures must be divided between the portion that can be classified to the income statement and the portion that cannot; these shares must be presented as autonomous items in the respective sections of the comprehensive income statement.

  These amendments have had no effect on this Half-year Financial Report.
- **Amendments to IAS 19 - Employee Benefits** The amendments aim to clarify recognition of contributions by employees under a defined benefit plan. Specifically, contributions in respect of service are to be recognised as a reduction in the service cost in the period in which the employees provide their services, if the amount of the contributions owed varies according to the number of years of service, or in the period in which the related service is provided, if the amount of the contributions owed does not vary according to the number of years of service. These amendments have had no effect on this Half-year Financial Report.
- **IFRS Annual Improvements cycle 2010-2012** adopted with EU Regulation No. 28/2015 as part of the annual plan for the improvement and general review of the international accounting standards. Specifically, IFRS 2, 3 and 8 and IAS standards 16, 24 and 38 were amended. These amendments have had no effect on this Half-year Financial Report.

- **IFRS Annual Improvements cycle 2012-2014** adopted with EU Regulation No. 2343/2015 as part of the annual plan for the improvement and general review of the international accounting standards. Specifically, IFRS 5 and 7 and IAS standards 19 and 34 were amended. These amendments have had no effect on this Half-year Financial Report.

5. Use of estimates and management judgements

For a description of the use of accounting estimates, please refer to the consolidated financial statements at 31 December 2015.

In the first quarter of 2016, as regards the calculation of revenues as described in more detail in note 13, for third band terminal services the Company applied a charge lower than the charge that would have been used based on estimated costs for 2016. Pending the identification by the Ministry of Infrastructure and Transport and the Ministry of Economy and Finance of the appropriate legal instrument needed to cover the spread deriving from the difference between the natural charge and the charge applied, the Company has recognised this amount as a balance receivable in compliance with regulations in force.

In addition, certain assessment processes, particularly the more complex ones such as the determination of any impairment losses on non-current assets, are generally conducted comprehensively only when preparing the annual financial statements when all necessary information is available, unless indicators of impairment are identified which would require immediate impairment testing.

6. Seasonal effects

The type of business in which the Parent Company operates is impacted by fluctuating revenues over the course of the year. Air traffic is, by its very nature, heavily influenced by seasonal factors. As for any activity linked to tourism, passenger traffic increases in the seasons of the year when Italian and foreign passengers typically travel more.

Specifically, revenues, which are closely connected to performance in air traffic control, did not show a uniform trend during the year and mainly peaked in the summer. In light of the above, the results for the first half reflect the seasonality of traffic flows, which steadily increased during that period.

Information on items in the consolidated interim statement of financial position

7. Property, plant and equipment

The table below shows changes in property, plant and equipment at 30 June 2016 compared with the end of 2015.

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Tangible assets in process	Total
Historical cost	454.731	1.681.988	294.399	332.098	205.347	2.968.563
Accumulated depreciation	(169.231)	(1.191.474)	(232.937)	(291.085)	0	(1.884.727)
Net amount at 31.12.2015	**285.500**	**490.514**	**61.462**	**41.013**	**205.347**	**1.083.836**
Increases	4.160	24.302	211	415	43.367	72.455
Disposals - historical cost	0	(55)	(303)	(205)	0	(563)
Disposals - accumulated depreciation	0	41	302	204	0	547
Reclassifications	0	0	0	0	(29.600)	(29.600)
Write-downs	0	0	0	0	0	0
Depreciation	(8.591)	(47.242)	(7.488)	(5.818)	0	(69.139)
Total changes	**(4.431)**	**(22.954)**	**(7.278)**	**(5.404)**	**13.767**	**(26.300)**
Historical cost	458.891	1.706.235	294.307	332.308	219.114	3.010.855
Accumulated depreciation	(177.822)	(1.238.675)	(240.123)	(296.699)	0	(1.953.319)
Net amount at 30.06.2016	**281.069**	**467.560**	**54.184**	**35.609**	**219.114**	**1.057.536**

In the first half of 2016, property plant and equipment posted a net decline of €26,300 thousand, represented by:

- depreciation for the first half of €69,139 thousand (€66,703 thousand at 30 June 2015);
- increases in property, plant and equipment of €72,455 thousand, of which assets that entered into service of €29,088 thousand mainly concerned the V3 version of the Coflight project, which implements ATC interoperability between adjacent ATM systems based on the use of the Flight Object, and V2R1, which updated the V2 version to bring it into line with new European regulations, tested in June 2016 and installed in the systems room of Rome Ciampino's ACC and used in validation exercises for the Sesar programme and the technological adjustment and upgrade of CNS/ATM systems on various ACCs and airport sites relating to the operational voice service of the E-NET network. Increases relate in the amount of €43,367 thousand to property, plant and equipment under construction concerning the progress of investment projects, relating in particular to: i) the implementation of the DataLink 2000 plus system; ii) the implementation of the 4-Flight programme; iii) the development of the eATMS build system; iv) the construction of the new TBT radio and airport LAN at Bergamo airport; v) the construction of the services centre at Rome Ciampino airport; vi) the conversion of TBT radio equipment to 8.33 khz channel spacing for the Milan and Rome ACC;

- the decrease in property, plant and equipment under construction totalling €29,600 thousand, mainly relating to Parent Company investment projects completed during the first half and now in use, with the reclassification to the specific item of €28,969 thousand and the reclassification of certain operating system components to inventories for spare parts of €266 thousand.

Part of the investments, with a historical cost of €227,082 thousand, is financed by capital grants recognised as part of the National Operating Program (NOP) for Transport for the years 2000-2006 and 2007-2013 for initiatives at southern airports and grants assigned by the Ministry of Infrastructure and Transport for investments in military airports, in accordance with Italian Law 102/09. The capital grants recognised for these investments are accounted for as other liabilities and released to the income statement in line with the depreciation of the investments to which they refer. The amount attributable to the period came to €4,879 thousand.

8. Intangible assets

The table below shows changes in intangible assets at 30 June 2016 compared with the end of 2015.

	Industrial patent rights and rights to use intellectual property	Other intangible assets	Intangible assets in process	Goodwill	Total
Historical cost	119.437	2.085	43.586	66.486	231.594
Accumulated amortisation	(107.418)	(2.085)	0	0	(109.503)
Net amount at 31.12.2015	**12.019**	**0**	**43.586**	**66.486**	**122.091**
Increases	2.218	0	3.033	0	5.251
Disposals	(5)	0	0	0	(5)
Reclassifications	0	0	(2.540)	0	(2.540)
Write-downs	0	0	0	0	0
Amortisation	(4.299)	0	0	0	(4.299)
Total changes	**(2.086)**	**0**	**493**	**0**	**(1.593)**
Historical cost	121.650	2.085	44.079	66.486	234.300
Accumulated amortisation	(111.717)	(2.085)	0	0	(113.802)
Net amount at 30.06.2016	**9.933**	**0**	**44.079**	**66.486**	**120.498**

In the first half of 2016, intangible assets posted a net decline of €1,593 thousand, including €4,299 thousand resulting from amortisation for the period (€5,881 thousand at 30 June 2015) and €5,251 thousand due to increases in this item, of which €2,218 thousand mainly relates to Parent Company projects completed during the period and now in use, and €3,033 thousand relating to the progress of investment projects, in particular the update of the Tool XMG used to generate and modify local radar maps, used as backgrounds for CWPs, as well as the increase in the total number of viewable maps and software for operating systems.

Reclassifications of intangible assets in progress, at €2,540 thousand, mainly relate to projects completed and in use in the period and to the reclassification of certain investment projects in the item relating to property, plant and equipment under construction.

Goodwill is equal to the difference between the acquisition value of the subsidiary Techno Sky S.r.l. and its net assets expressed at current values, and is representative of future economic benefits. This value, amounting to €66,486 thousand, is allocated to the Maintenance Services CGU, coinciding with the legal entity Techno Sky S.r.l..

During the period, no elements emerged that would indicate that the value of goodwill has undergone impairment; therefore no impairment testing was conducted.

9. Investments in other companies

Investments in other companies amounted to €34,634 thousand, a decline of €681 thousand compared with 31 December 2015, entirely due to the foreign exchange difference arising on the translation into euros of the investment in Aireon LLC (USD 38,265 thousand).

Aireon LLC is unlisted, so its fair value is represented by the cost set forth in the contract, estimated based on assessments conducted at the time of acquisition.

10. Non-current financial assets

Non-current financial assets amounted to €15,376 thousand (€15,687 thousand at 31 December 2015) and break down as follows:

	30.06.2016	31.12.2015	Change
Non-current financial assets			
Financial receivable	14.098	14.354	(256)
Derivative	913	968	(55)
Other	365	365	0
Total	**15.376**	**15.687**	**(311)**

The financial receivable relates entirely to the receivable due from the company from which the business unit transferred to Techno Sky was purchased, which registered a decrease of €256 thousand following the amounts collected commensurate with the settlements and advances paid by Techno Sky to its employees by way of employees' leaving entitlement. This receivable corresponds to employees' leaving entitlement included in the business unit transferred from the seller to subsidiary Techno Sky, and is reduced either on simple request from the subsidiary in the event that employees terminate their employment relationship or ask for advances in a single instalment 15 years from the signing date, which corresponds to 28 December

2021. The receivable is interest-bearing, at Euribor 3 months, 360 base, plus a spread of 0.05 percentage points, and supported by a first demand bank guarantee.

The change in the derivative in the first half of 2016 relates entirely to its fair value measurement; this shows a positive value of €913 thousand, with the derivative maturing at the end of 2017 and therefore classified as a non-current financial asset.

The derivative contract represents a perfectly effective hedge and is accounted for in accordance with the cash flow hedge method. Refer to note 33 for all information required under IFRS 7.

11. Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are reported in detail in the table below, with amounts impacting profit and loss and those impacting other items of comprehensive income (shareholders' equity) highlighted separately.

	31.12.2015		Increase/decrease with impact on income statement		Increase/decrease with impact on statement of financial position		30.06.2016	
	Temporary differences	Deferred tax assets/liabilities	Temporary differences	Deferred tax assets/liabilities	Temporary differences	Deferred tax assets/liabilities	Temporary differences	Deferred tax assets/liabilities
Deferred tax assets								
Taxed provisions	62.622	15.408	(5.433)	(1.512)	0	0	57.189	13.896
Write-downs of inventories	9.126	2.191	(416)	(100)	0	0	8.710	2.091
Discounting of receivables	5.007	1.392	534	94	0	0	5.541	1.486
Tax impact of IFRS conversion	338	111	(68)	(22)	0	0	270	89
Discounting of employees’ leaving entitlem	1.169	318	0	0	4.993	1.162	6.162	1.480
Non-deductible portion of employees’ leavi	1.878	465	170	26	0	0	2.048	491
Fair value of derivative	5	1	0	0	0	0	5	1
Other	21.000	6.041	1.165	267	0	0	22.165	6.308
Total	**101.145**	**25.927**	**(4.048)**	**(1.247)**	**4.993**	**1.162**	**102.090**	**25.842**
Deferred tax liabilities								
Other	8.049	2.214	777	214	0	0	8.826	2.428
Discounting of payables	107	30	(35)	(11)	0	0	72	19
Tax impact of IFRS conversion	3.100	941	(144)	(46)	0	0	2.956	895
Fair value of derivative	3.548	851	0	0	(55)	(13)	3.493	838
Total	**14.804**	**4.036**	**598**	**157**	**(55)**	**(13)**	**15.347**	**4.180**

Changes in deferred tax assets and deferred tax liabilities in the first half of 2016 were caused by the following factors:

- the use of provisions for risks taxed following the settlement of a number of disputes;
- the re-calculation of discounting on terminal balance receivables based on the new method for incorporating balances in the charge, net of transfers for the first half of all balances recognised and the recognition of discounting on balances arising at 30 June 2016;

- the accounting of employees’ leaving entitlement according to the actuarial method, which shown an actuarial loss impacting shareholders' equity;
- the fair value measurement of the derivative financial instrument, impacting shareholders' equity;
- the recording of deferred taxation on the tax loss registered by Techno Sky;
- the elimination of intercompany margins net of transfers for the period.

12. Current and non-current tax receivables

Non-current tax receivables, relating to the receivable for the higher IRES tax paid by the Group in 2007/2011 as a result of the failure to deduct IRAP relating to personnel and similar costs, totalled €25,177 thousand, a decrease of €56 thousand in the period following the receipt of the receivable from the Sicta Consortium.

Current tax receivables amounted to €74,605 thousand and include the receivables specified in the table below.

	30.06.2016	31.12.2015	Change
Receivable from tax authorities for VAT	53.877	69.972	(16.095)
IRES credit	1.865	37	1.828
IRAP credit	17.138	18.762	(1.624)
Other current tax receivables	1.725	1.684	41
Total	**74.605**	**90.455**	**(15.850)**

VAT tax receivables totalling €53,877 thousand registered a net decline of €16,095 thousand, following movements relating to: i) the collection of VAT for which a refund was requested in February 2013, relating to the 2012 tax period, totalling €21,101 thousand inclusive of interest; ii) the recognition of interest on the VAT receivable for which a refund was requested in relation to the first half, equal to €291 thousand; iii) the VAT accrued during the reference period totalling €4,715 thousand. The receivable for VAT awaiting refund relates entirely to the Parent Company, and amounted to €40,270 thousand at 30 June 2016, inclusive of interest income recognised at the annual legal rate of 2%.

The receivable for IRES amount to €1,865 thousand. The increase is the effect of the payments for tax income advances, made in June, and the tax accrued for the period.

The fall in the IRAP receivable at 30 June 2016 of €1,624 thousand relates solely to the offsetting of the tax due recognised in the period.

13. Current and non-current trade receivables

Current trade receivables amounted to €268,837 thousand and non-current trade receivables, relating entirely to balance receivables, totalled €148,436 thousand and changed as follows during the period.

	30.06.2016	31.12.2015	Change
Current trade receivables			
Receivable from Eurocontrol	207.558	169.184	38.374
Receivable from Ministry for the Economy and Finance	6.902	14.366	(7.464)
Receivable from Ministry of Infrastructure and Transport	45.000	30.000	15.000
Receivables from other customers	37.847	42.840	(4.993)
Balance receivable	23.855	29.029	(5.174)
	321.162	**285.419**	**35.743**
Bad debts allowance	(52.325)	(51.872)	(453)
Total	**268.837**	**233.547**	**35.290**

Non-current trade receivables			
Balance receivable	148.436	124.278	24.158
Total	**148.436**	**124.278**	**24.158**

The *amount due from Eurocontrol* relates to the fees deriving from route and terminal revenues not yet collected at 30 June 2016, and part of which are not yet due, totalling €146,993 thousand (€115,564 thousand at 31 December 2015) and €60,565 thousand (€53,620 thousand at 31 December 2015), respectively, gross of the bad debts allowance. The increase for the period is mainly due to higher turnover registered in the last few months of the period, and relate to receivables not due at 30 June 2016 compared with the data for the last few months of 2015. The amount due from Eurocontrol, net of the portion directly attributed to the bad debts allowance, came to €164,233 thousand.

The *amount due from the Ministry of Economy and Finance* (MEF) of €6,902 thousand relates entirely to route and terminal exemptions recognised in the first half of 2016. The fall compared with the balance at 31 December 2015 relates to the receivable registered in the previous year, which was offset by the Parent Company, following approval of the 2015 financial statements, with the payments on account attributable to the Italian Air Force for collections in the same period on route charges, which led to a payable to the MEF of €47,212 thousand registered under Other current liabilities.

The *amount due from the Ministry of Infrastructure and Transport* was increased by €15 million due to the accrued portion of the 2016 operating grant recognised to the Parent Company pursuant to Article 11 *septies* of Italian Law 248/05.

At 30 June 2016, the *amount due from other customers* was down by €4,993 thousand, mainly owing to the closure of Techno Sky's credit positions with Leonardo S.p.A. (formerly Seles ES), following the resolution of the arbitration procedure in May 2016 and the signing of the acknowledgement and settlement agreement on 30 June 2016.

The *bad debts allowance* totalled €52,325 thousand, and registered a net increase of €453 thousand during the period, owing to the write-down of receivables relating to positions with airlines ceased to carry out the activity as a result of the withdrawal of their licence or because they had financial problems. The use relates to the collection of positions prudently written down in previous years. Changes during the period are shown in the table below:

	31.12.2015	Increases	Decreases: Amounts used	Decreases: Write-offs	30.06.2016
Bad debts allowance	51.872	1.322	(869)	0	52.325

The *balance receivable*, which relates entirely to the Parent Company, net of the discounting effect, amounts to €172,291 thousand (€153,307 thousand at 31 December 2015), and was classified under current trade receivables in the amount of €23,855 thousand and under non-current trade receivables in the amount of €148,436 thousand.

In detail, the balance receivable includes the residual portion of route and terminal balances recognised by the Parent Company since 2011 and in subsequent years, that have not yet been recovered through charges. The €5,174 thousand decrease in the current balance receivable relates primarily to the portion of balances included in charges for the period (€10,564 thousand) recognised in the income statement, the recording under financial income of the discounting of receivables (€1,279 thousand), and the reclassification of the third band terminal balance to non-current following the review of the balance recovery plan.

Balances recognised in the first half of 2016, totalling €29,460 thousand gross of the effect of discounting, are classified as non-current trade receivables, and include €11,758 thousand in route balances and €17,702 thousand in terminal balances. Specifically, route balances relate to: i) the traffic risk balance and the portion not recovered of balances recognised in previous years and incorporated in the 2016 charge in the amount of €11,289 thousand, recognised due to the decrease in actual route service units generated in the first half with respect to what was established in the plan for the quarter (-7.2%); ii) a weather balance of €469 thousand determined, in compliance with EU regulations, in according to cost recovery logic. The terminal balances, which totalled €17,702 thousand, relate to the negative balance of €622 thousand concerning the first and second charge bands relating to a weather balance and a traffic balance reimbursed to users, and €18,324 thousand relating to the third charge band balance determined according to a cost recovery logic, since this is not included in the performance plan. For this charge band, it should be noted that the charge applied in 2016 totals €260.96 and corresponds to the charge applied in 2015, which contained an amount payed by the Company for its stabilisation contribution. In 2016, the same charge is being applied as required by the Ministry of Economy and Finance and the Ministry of Infrastructure and Transport, rather than the natural charge determined on the basis of costs estimated for 2016, which are likely to amount to €358.08. Pending the identification of the instrument needed to cover the spread between the natural charge and the charge applied by these ministries, this amount is recognised as a balance receivable in compliance with regulations in force.

14. Inventories

Inventories, representing mainly spare parts, amounted to €61,803 thousand net of the allowance for inventory losses, and changed as follows during the period:

	31.12.2015	Increases	Decreases	30.06.2016
Fiduciary inventory	65.891	1.624	(2.251)	65.264
Direct inventory	4.519	358	(371)	4.506
Flight inspection inventory	743	0	0	743
	71.153	**1.982**	**(2.622)**	**70.513**
Allowance for inventory losses	(9.126)	(537)	953	(8.710)
Total	**62.027**	**1.445**	**(1.669)**	**61.803**

The increase of €1,445 thousand, net of the allowance for inventory losses, refers primarily to fiduciary inventory for the acquisition of spare parts for operating systems used in air navigation and the acquisition of spare parts for luminous visual aids, as well as parts of systems classified as inventory under property, plant and equipment, in the amount of €266 thousand. The decrease of €2,622 thousand gross of the allowance for inventory losses, regards uses of spare parts in operating systems.

The allowance for inventory losses is increased by €537 thousand due to the provision recognised for spare parts that have become obsolete in that they relate to systems that are no longer used, and decreased by €953 thousand due to the disposal of spare parts written down in previous years.

15. Other current assets

Other current assets amounted to €27,734, and are increased in the period by €11,081 thousand, following changes in the items set out below:

	30.06.2016	31.12.2015	Change
Receivable from government agencies for capital grants	4.870	7.401	(2.531)
Receivables from personnel	3.642	3.550	92
Receivables from various agencies for funded projects	4.523	4.155	368
Prepaid expenses	13.456	1.036	12.420
Sundry receivables	4.314	3.596	718
	30.805	**19.738**	**11.067**
Bad debts allowance for other receivables	(3.071)	(3.085)	14
Total	**27.734**	**16.653**	**11.081**

The amount due from public bodies for capital grants is decreased by €2,531 thousand, following takings from completed projects financed by the Networks and Mobility NOP for 2007-2013.

Prepaid expenses is increased to the recording of personnel costs pertaining to subsequent months, mainly the INAIL payment made in February and summer bonuses paid to employees in June and classified under prepaid expenses in the portion not attributable to the period.

These costs represent the biggest increase in the period.

16. Cash and cash equivalents

Details of cash and cash equivalents at 30 June 2016 are provided below:

	30.06.2016	31.12.2015	Change
Bank and postal deposits	118.312	174.091	(55.779)
Cash in hand	82	50	32
Total	**118.394**	**174.141**	**(55.747)**

Cash and cash equivalents at banks and the central treasury came to €118,394 thousand, showing a net decrease of €55,747 thousand. As well as the trend in collections and payments relating to ordinary operation, this figure was mainly affected by the following significant events: i) the payment of dividends totalling €47.3 million; ii) the repayment of loans totalling €15.6 million; iii) the payment to the Italian Air Force of the attributable portion of terminal collections totalling €9.9 million; iv) the payment of current taxes by way of balance and first advance totalling €21.7 million. The negative effect on cash and cash equivalents was offset by payments received in the period relating to the VAT receivable for €21.1 million, the amount for NOP financed projects for the years 2000-2006 and 2007-2013 totalling €10.3 million and the prefinancing obtained for the Sesar Deployment Manager project in relation to 2014 for €7.9 million.

There are no restrictions on cash and cash equivalents that may limit their availability.

17. Shareholder's equity

Shareholders' equity amounted to €1,060,625 thousand at 30 June 2016 and the changes in the first half are reported in detail in the specific accounting statement provided after the consolidated half-year statement of financial position and income statement.

The table below provides details of the individual items.

	30.06.2016	31.12.2015	Change
Share capital	541.744	941.744	(400.000)
Legal reserve	18.368	15.877	2.491
Other Reserves	436.359	36.359	400.000
Translation reserve	6.575	7.532	(957)
FTA reserve	(727)	(727)	0
Reserve for actuarial gains/(losses) on employee benefits	(12.523)	(8.728)	(3.795)
Cash flow hedge reserve	2.651	2.693	(42)
Retained earnings/(accumulated losses)	45.983	29.717	16.266
Profit/(loss) for the period	22.195	66.083	(43.888)
Total Group shareholders' equity	**1.060.625**	**1.090.550**	**(29.925)**
Minority interests and reserves	0	0	0
Minority interests in profit/(loss)	0	0	0
Total minority interest in shareholders' equity	**0**	**0**	**0**
Total Shareholders' Equity	**1.060.625**	**1.090.550**	**(29.925)**

The resolution for the voluntary *share capital* reduction adopted by the Extraordinary Shareholders' Meeting of 2 March 2016 pursuant to Article 2445 of the Italian Civil Code, in the amount of €400 million, and the simultaneous establishment of the distributable reserve, came into effect on 10 June 2016. At 30 June 2016, the share capital therefore consisted of 541,744,385 ordinary shares, each with a nominal value of €1, fully subscribed and paid-in by the sole shareholder, the Ministry of Economy and Finance.

The *legal reserve* totalled €18,368 thousand, and increased following the allocation of 5% of the Parent Company's profit for the year pursuant to Article 2430 of the Italian Civil Code and in compliance with the resolutions of the Shareholders' Meeting of 29 April 2016 to approve the 2015 annual financial statements.

The change in *other reserves* for the first half related to the allocation of the voluntary share capital reduction of €400 million, as previously indicated.

The *translation reserve* consists of exchange differences arising on the translation of the financial statements of foreign subsidiaries and amounted to €6,575 thousand. The decline of €957 thousand is primarily attributable to the translation of the first-half accounts of the subsidiary Enav North Atlantic.

The *first time adoption (FTA) reserve* includes differences in the values of asset and liability items recorded upon first time adoption of international accounting standards.

The *reserve for actuarial gains/(losses) on employee benefits* includes the effects of actuarial changes in employees' leaving entitlement, net of the tax effect, and at 30 June 2016 has a negative balance of €12,523 thousand.

The *cash flow hedge reserve*, totalling €2,651 thousand, arises from the fair value measurement of derivative financial instruments, and decreased during the period by €42 thousand net of the tax effect.

Retained earnings/(accumulated losses) consists of the amount of the profit (loss) for the year ending on 31 December 2015 as well as the profit (loss) recognised by Group companies in previous years and consolidation adjustments applied in previous years. The change in the period of €16,266 thousand relates to profit recorded at 31 December 2015, net of the portion allocated to the legal reserve and to the dividend paid in May totalling €47,326 thousand, in accordance with the resolutions of the Shareholders' Meeting held on 29 April 2016.

The reconciliation between the Parent Company's shareholders' equity and the consolidated shareholders' equity is provided in the table below.

		30.06.2016		31.12.2015
	Profit for the period	Shareholders' equity	Profit for the year	Shareholders' equity
Parent company	19.942	1.089.475	49.817	1.120.005
Amortisation of consolidation differences	0	(29.721)	14.603	(29.721)
Elimination of inter-company operating effects	117	(20.560)	(785)	(20.677)
Deferred tax assets on elimination of inter-co. op. effects	(31)	5.918	(398)	5.949
Translation reserve	0	6.575	0	7.532
Employee benefit reserve and FTA reserve	0	(1.295)	0	(604)
Profit for the period of subsidiaries	2.167	10.233	2.846	8.066
Group total	**22.195**	**1.060.625**	**66.083**	**1.090.550**

18. Provisions for risks and charges

Provisions for risks and charges amounted to €8,918 thousand, of which the portion classified in current liabilities totalled €1,796 thousand. They changed as follows during the first half:

	31.12.2015	Increases	Decreases	30.06.2016
Provision for risks of staff disputes	4.070	0	(1.070)	3.000
Provisions for risks of other pending disputes	5.089	22	(4.185)	926
Other provisions for risks	4.992	0	0	4.992
Total provisions for risks and charges	**14.151**	**22**	**(5.255)**	**8.918**

The provision for risks from personnel litigation, the current portion of which came to €1,760 thousand, decreased during the period due to both the amicable settlement of certain disputes, which entailed making payments that were lower than the amounts set aside in the provisions, and the release of the provision for €244 thousand, in order to bring the Group into line with the risk estimated on outstanding disputes in the first half. At 30 June 2016 the total value of legal claims relating to on-going disputes for which Group lawyers have deemed the risk of a loss to be *possible* is €1.5 million.

The provision for risks from other outstanding disputes, the short-term portion of which is equal to €36 thousand, is decreased by €4,185 thousand, mainly due to the settlement of a dispute relating to subsidiary Techno Sky.

In particular, this relates to the arbitration procedure established in previous years for the termination of the agreement for the supply of weather systems for the modernisation of Palermo's airport system, as a result of the lack of availability of certain materials set forth in the contract. A board of arbitrators was assigned to settle this dispute, as set forth in the contract, to define the debit and credit items relating to the situation in question. On 6 May 2016, the board issued its award in which it ordered Techno Sky to return the consideration paid by the counterparty for the optional supply established in the agreement, adjusted for inflation plus interest at the legal rate, as well as to provide compensation for the damages suffered by the counterparty due to the delayed delivery of goods connected with specific contractual lots. In consideration of the fact that as part of the arbitration procedure, payments and collections for accounts payable and receivable relating to services for other contractual activities were frozen, on 30 June 2016, Techno Sky and Leonardo S.p.A. signed an acknowledgement and settlement agreement to close all items, partly provisioned in the provision for risks in previous years in the amount of €4,000 thousand, wholly used in the first half.

At 30 June 2016, estimated costs relating to on-going disputes for which Group lawyers have deemed the risk of a loss to be possible amounted to €1.2 million.

19. Employees' leaving entitlement and other employee benefits

Employees' leaving entitlement and other employee benefits amounted to €62,391 thousand, and consisted of the provision for employees' leaving indemnity governed by Article 2120 of the Italian Civil Code, which includes the estimated obligation, determined in accordance with actuarial techniques, for amounts to be paid out to ENAV Group employees upon termination of their employment.

The liability for employees' leaving entitlement and other employee benefits changed as follows during the first half:

	30.06.2016	31.12.2015
Liabilities for employee benefits at start of period	**58.068**	**60.049**
Interest cost	547	1.022
Actuarial (gains)/losses on defined benefits	4.993	(1.324)
Advances, disbursements and other changes	(1.217)	(1.679)
Liabilities for employee benefits at end of period	**62.391**	**58.068**

The utilisation of €1,217 thousand of the provision for employees' leaving entitlement resulted from amounts paid out to personnel leaving the group during the first half, advances disbursed to personnel who so requested and, to a small extent, the direct monthly payment of employees' leaving entitlement as a supplement to remuneration ("QU.I.R.") in compliance with what is established in the 2015 Stability Law, for personnel who exercised this option.

The difference between the previous balance on this account calculated on the basis of the previous assumptions and the balance recalculated at period end on the basis of the updated assumptions constitutes actuarial gains (losses). At 30 June 2016, this calculation generated actuarial losses of €4,993 thousand, compared with actuarial gains recognised at the end of 2015.

The main assumptions used for the actuarial valuation process on the provision for employees' leaving entitlement at 30 June 2016 are summarised below and compared with the values calculated at 31 December 2015:

	30.06.2016	31.12.2015
Discount rate	1,05%	2,03%
Inflation rate	1.50% for 2016 1.80% for 2017 1.70% for 2018 1.60% for 2019 2.00% from 2020 going forward	1.50% for 2016 1.80% for 2017 1.70% for 2018 1.60% for 2019 2.00% from 2020 going forward
Annual rate of increase in employees' leaving entitlement	2.625% for 2016 2.850% for 2017 2.775% for 2018 2.700% for 2019 3.00% from 2020 going forward	2.625% for 2016 2.850% for 2017 2.775% for 2018 2.700% for 2019 3.00% from 2020 going forward
Projected turnover rate	4,00%	4,00%
Projected rate of disbursed advances	2,50%	2,50%

The discount rate used to determine the present value of the obligation has been determined, in line with par. of IAS 19, based on the IBoxx Corporate AA 10+ Index reported at the valuation date and in proportion with the average duration of the collective subject to valuation. The inflation rate curve, due to the current economic situation, which causes particular volatility in the majority of economic indicators, has been inferred from the 2015 Economy and Finance Document issued by the MEF and from *the medium/long-term trends in the pension and social-healthcare system* document published by the State General Accounting Office. The annual rate of increase in employees' leaving entitlement is equal to 75% of inflation plus 1.5 percentage points in compliance with Article 2120 of the Italian Civil Code.

The technical and demographic assumptions used in the valuation are reported below.

	30.06.2016	31.12.2015
Death	IPS55	IPS55
Disability	INPS tables broken down by age and sex	INPS tables broken down by age and sex
Retirement	100% upon achieving mandatory General Insurance requirements	100% upon achieving mandatory General Insurance requirements

A sensitivity analysis is provided below on the impacts that changes in the main valuation parameters would have on the liability for employees' leaving entitlement and other employee benefits at 30 June 2016.

	Liabilities for defined employee benefits at 30.06.2016
Turnover rate +1%	61.269
Turnover rate -1%	62.571
Inflation rate +0.25%	62.839
Inflation rate - 0.25%	60.946
Discount rate +0.25%	60.372
Discount rate - 0.25%	63.451

The average financial duration of the obligation for defined benefit plans is 11.6 years.

A table is provided below of the disbursements expected in subsequent years drawn from the provision for employees' leaving entitlement.

	Projected disbursements
Within 1 year	3.770
1-2 years	3.479
2-3 years	2.892
3-4 years	3.403
4-5 years	3.215

20. Current and non-current financial liabilities

Current and non-current financial liabilities include: i) payables to credit institutions for medium/long-term loans with the short-term portion included under current financial liabilities inclusive of interest expense recognised on an accrual basis; ii) the bond issued by the Parent Company on 4 August 2015, with interest expense accrued up to 30 June 2016 included under current liabilities; iii) short-term credit lines used at the end of the first half 2016.

The values at 30 June 2016 compared with those at 31 December 2015 and the relative changes are shown below:

	30.06.2016		31.12.2015		Change	
	current portion	*non-current portion*	*current portion*	*non-current portion*	*current portion*	*non-current portion*
Bank loans	37.343	135.209	31.374	150.823	5.969	(15.614)
Bond	3.142	180.000	1.414	180.000	1.728	0
Total	**40.485**	**315.209**	**32.788**	**330.823**	**7.697**	**(15.614)**

The table below shows the breakdown of net financial debt at 30 June 2016 compared with 31 December 2015, in accordance with the requirements of Consob Communication of 28 July 2006 and in compliance with what is established in the recommendation ESMA/2013/319 of 20 March 2013.

	30.06.2016	31.12.2015
(A) Cash	118.394	174.141
(B) Other cash equivalents	0	0
(C) Securities held for trading	0	0
(D) Liquidity (A)+(B)+(C)	**118.394**	**174.141**
(E) Current financial receivables	0	0
(F) Current financial payables	(6.171)	(219)
(G) Current portion of non-current debt	(34.314)	(32.569)
(H) Other current financial payables	0	0
(I) Current financial debt (F)+(G)+(H)	**(40.485)**	**(32.788)**
(J) Current net financial debt/(Liquidity) (D)+(E)+(I)	**77.909**	**141.353**
(K) Non-current bank borrowings	(135.209)	(150.823)
(L) Bonds issued	(180.000)	(180.000)
(M) Other non-current payables	0	0
(N) Non-current financial debt (K)+(L)+(M)	**(315.209)**	**(330.823)**
(O) CONSOB net financial position (J)+(N)	**(237.300)**	**(189.470)**
(P) Current and non-current derivatives	913	968
(Q) Net financial debt for ENAV Group (O)+(P)	**(236.387)**	**(188.502)**

At 30 June 2016, bank loans decreased overall by €9,645 thousand, following repayments made during the period under review and owing to effects connected to the amortised cost.

Specifically, repayments concerned the following loans:

- the repayment of €4,000 thousand for the half-year tranche of the loan from Unicredit S.p.A., expiring 30 November 2018;
- the repayment of €10,000 thousand for the half-year instalment of the loan from Unicredit S.p.A., expiring 30 June 2018;
- the repayment of a half-year instalment of the loan from Medio Credito Centrale for €1,667 thousand, expiring 31 May 2018.

The portion of loans recognised under current liabilities (€37,343 thousand) includes the amounts to be repaid in subsequent 12 months as set forth in the amortisation plans, inclusive of the effects connected with the amortised cost. Current liabilities also included the use of short-term credit lines totalling €6,171 thousand, mainly relating to Techno Sky for commitments made in the settlement of items with Leonardo S.p.A..

At 30 June 2016, the ENAV Group has unused committed and uncommitted short-term credit lines totalling €190.5 million, of which €6.2 million has been drawn down, in addition to the share of the EIB loan of €80 million contractually agreed upon but not yet used, resulting in total available liquidity of €264.3 million. These contracts require the payment of interest under arm's length conditions and non-use fees are insignificant. The general conditions applied to the Group's credit relationships have not changed since 31 December 2015.

On 4 August 2015, the Parent Company issued a bond for a nominal value of €180 million, which is listed on the Luxembourg Stock Exchange's regulated market and has a duration of seven years and bullet repayment at maturity (4 August 2022). The bond issue establishes the payment of an annual deferred coupon at the fixed rate of 1.93% of the nominal value, with the first payment on 4 August 2016. The interest accrued during the first half, totalling €1,727 thousand, was classified under current liabilities, taking total interest due to €3,142 thousand.

In relation to the disclosure required pursuant to IFRS 13, it should be noted that the fair value of the bond issue, understood as the price that would be paid for the transfer of liabilities as part of an ordinary transaction conducted between market operators, was estimated at €198,069 thousand at the valuation date of 30 June 2016.

21. Current and non-current trade payables

At 30 June 2016, current trade payables amounted €118,218 thousand, and had decreased of €10,130 thousand compared with 31 December 2015, following changes in the items shown in the following table:

	30.06.2016	31.12.2015	Change
Current trade payables			
Payables to suppliers	96.394	115.169	(18.775)
Payables for advances received on projects funded in Europe	15.376	6.907	8.469
Balance payables	6.448	6.272	176
Total	**118.218**	**128.348**	**(10.130)**
Non-current trade payables			
Balance payables	4.101	6.624	(2.523)
Total	**4.101**	**6.624**	**(2.523)**

Payables to suppliers of goods and services needed for Group activities fell by €18,775 thousand compared with 31 December 2015 as the net effect of higher payments and lower payables recognised during the period, in addition to the closure of Techno Sky's debt positions to Leonardo S.p.A. following the definition of the arbitration award, as commented on above.

Payables for advances received for European financed projects includes pre-financing received for financed programmes not yet subject to reporting, which rose by €8,469 thousand during the period mainly due to the collection of pre-financing for the Sesar Deployment Manager project - Connecting Europe Facility (CEF) 2014 totalling €7,879 thousand, 50% financed, which will be subject to reporting in 2016.

The payable for balances included in current payables of €6,448 thousand contains the portion that will be charged to the income statement partly in 2016 and partly in the first half of 2017, bringing the amounts into line with those recognised in relation to charges.

Overall, the payable for balances amounted to €10,549 thousand, and related to the following positions: i) the inflation balance of €1,219 thousand to be returned to carriers in 2016 and therefore classified under current payables; ii) the short-term balance of €1,970 thousand relating to the difference between Eurocontrol costs declared in the performance plan and the actual amount; iii) the route and terminal inflation balance recognised in 2015, amounting to €6,578 thousand; iv) the weather balance on the first terminal charge band amounting to €46 thousand; v) the balances recognised in the first half of 2016 regarding the first and second band terminal, equal to a total of €622 thousand, and the route balance of €185 thousand, gross of the discounting effect.

22. Other current and non-current liabilities

Other liabilities include the items laid out in the table below, broken down into current and non-current:

	30.06.2016		31.12.2015		Change	
	current portion	non-current portion	current portion	non-current portion	current portion	non-current portion
Advance payments	44.318	0	80.223	0	(35.905)	0
Other payables	142.680	0	95.240	0	47.440	0
Contributions	8.734	115.773	8.848	112.788	(114)	2.985
Total	**195.732**	**115.773**	**184.311**	**112.788**	**11.421**	**2.985**

Payments on *account* totalled €44,318 thousand, and related in the amount of €34,417 thousand to the portion of collections in the first half of 2016 for route services (€67,994 thousand at 31 December 2015) attributable in the amount of €26,427 thousand to the Italian Air Force (AMI) and in the amount of €7,990 thousand to ENAC, and the portion of collections in the first half for terminal services totalling €9,901 thousand (€12,229 thousand at 31 December 2015), of which €6,991 thousand was attributable to AMI and €2,910 thousand to ENAC.

The net change in the period was due to: i) the overall decrease of €71,499 thousand relating in the amount of €61,579 thousand to the payable to AMI for route services recognised at 31 December 2015, used to offset the receivable due from the MEF accrued in the same period and reclassified for the net amount under other payables, and in the amount of €9,920 thousand to the amount paid in May 2016 to AMI for terminal services recognised at 31 December 2015; ii) the increase of €35,594 thousand for the amounts recognised in the first half of 2016.

Other payables posted a net increase of €47,440 thousand, mainly regarding: i) the amount due to personnel, amounting to €45,162 thousand (€42,595 thousand at 31 December 2015), up by €2,567 thousand compared with the end of 2015 due to the recognition of the payable for holidays accrued but not used, as well as for the Christmas bonuses recognised on an accrual basis during the first half; ii) the payable due to the supplementary pension fund of €9,888 thousand (€8,860 thousand at 31 December 2015), an increase of €1,028 thousand owing to the greater taxable base relating to the summer bonus paid in June; iii) the increase in the payable to the MEF of €47,212 thousand as the net amount between the receivable due from the Parent Company for exempt flights recognised in 2015 and the payable for route collections in the same period as stated above. The payable to the MEF at 30 June 2016 totalled €85,413 thousand; iv) the decrease of €1,857 thousand due to the return of the pre-financing obtained on the ADS-B project and subsequently not authorised by the European Commission.

Grants include grants on NOP financed projects for networks and mobility relating to the 2000-2006 and 2007-2013 periods regarding specific investments made in southern airports, capital grants for investments in military airports pursuant to the provisions of Italian Law 102/09 and other grants for investments, primarily associated with European financing obtained under the TEN-T programme, recorded a net increase during the reference period of €2,871 thousand following the collection of the remaining amount for NOP financed projects for the 2000-2006 period totalling €7,767 thousand and the transfer to the income statement of the portion of grants attributable to the period, connected with the depreciation of the investments to which the grants refer.

23. Tax and social security payables

Tax and social security payables amounted to €53,239 thousand and are broken down as shown in the table below.

	30.06.2016	31.12.2015	Change
Taxes payable	16.071	20.917	(4.846)
Payables to social security institutions	37.168	25.785	11.383
Total	**53.239**	**46.702**	**6.537**

Tax payables decreased by €4,846 thousand, owing to a reduction for the payment of the balance of IRES recognised in 2015 and paid in June this year, and an increase in IRPEF withholding taxes paid in July following the payment of the summer bonus in June to employees. The same effect was seen in the increase in social security payables, with the higher charges relating to the additional payment as well as the portion linked to staff provisions recognised on an accrual basis.

Information on items in the consolidated interim income statement

24. Revenues from operations and for balances

Revenues from operations and balance revenues, also relating to operations, amounted to €370,496 thousand and €21,457 thousand respectively, and rose by €4,888 thousand and €12,285 thousand respectively.

The tables below show the details of the individual items:

	30.06.2016	30.06.2015	Change
Route revenues	265.520	260.092	5.428
Terminal revenues	91.591	83.944	7.647
Route and terminal exemptions	6.805	7.058	(253)
Third party market revenues	6.580	4.514	2.066
Charge stabilisation supplementary contributions	0	10.000	(10.000)
Total revenues from operations	**370.496**	**365.608**	**4.888**

Route revenues came to €265,520 thousand, up by €5,428 thousand compared with the same period last year as a result of the increase in service units during the period (+0.7%) compared with 30 June 2015 (-2.8% 30 June 2015 compared with 30 June 2014), as well as the charge applied for 2016, equal to €80.08, a slight increase compared with the charge applied in 2015 (€78.80).

Terminal revenues totalled €91,591 thousand, up by €7,647 thousand overall compared with the first half of last year, due to the increase in service units in the individual airports broken down by charge zones and the charges applied for the first two charge bands. In particular, please note the following: i) the increase in total service units in the first half of 2016 by 3.2% compared with 30 June 2015 (+5.5% 30 June 2015 compared with 30 June 2014), with positive performance in the three charge zones; particularly, the Fiumicino Airport (band 1) reported an increase in assisted traffic in terms of service units of 2.6%; zone 2, represented by the Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio airports, registered a rise of 4.8%; and the third charge zone, which includes 38 airports, had a 2.4% increase in service units, also due to the transfer to the management of the Parent Company ENAV of two military airports open to civil traffic, i.e., Treviso and Brindisi, in the second half of 2015, which therefore were not included in the figure in the first half of 2016. The charges applied for the three charge bands are: €200.68 for band 1, a slight increase with respect to the previous period (€195.57 in 2015); €233.33 for band 2, an increase compared with 2015, when it totalled €214.72; €260.96 for band 3, the same as the charge applied in 2015 as required by the MEF and the MIT.

Revenues linked to *route and terminal exemptions* totalling €5,508 thousand (€5,513 thousand at 30 June 2016) and €1,297 thousand (€1,545 thousand at 30 June 2015) decreased owing to lower SU on exempt flights.

Third-party market revenues totalled €6,580 thousand, and rose by a total of €2,066 thousand as the net effect of the different types of services provided in the first half. In particular, there was an increase in revenues for flight inspection services of €544 thousand linked to services provided in Saudi Arabia and Abu Dhabi; higher revenues of €856 thousand relating to activities conducted in Malaysia by ENAV Asia Pacific, which was awarded a contract at the end of 2015 by the Malaysian Ministry of Transport, called "Independent Checking Consultant for the new Kuala Lumpur Air Traffic Control Centre", lasting 66 months and worth a total of €12 million, with project management activities having begun as of 30 June 2016; the signing of an agreement for AVL maintenance activities conducted by the Parent Company, which registered revenues in the first half of €307 thousand; a reduction in revenues for Air Traffic Services provided by the Parent Company, primarily regarding the Comiso airport, which experienced a decline of €787 thousand compared with the first half last year in the absence of funds covering the services provided by the Parent Company and pending its inclusion amongst the airports under the direct management of ENAV.

The charge stabilisation supplementary contributions, referring exclusively to the Parent Company's operations, were eliminated in 2015. The portion recognised in the first half of 2015 was for the direct support of the band three terminal charge.

The adjustment component for balances, also part of the Parent Company's operations, totalled €21,457 thousand and is the result of the elements reported in the following table:

	30.06.2016	30.06.2015	Change
Balance charge adjustments for the period	29.460	11.427	18.033
Discount effect	(444)	251	(695)
Balance changes	(185)	1.584	(1.769)
Balance utilisation	(7.374)	(4.090)	(3.284)
Total	**21.457**	**9.172**	**12.285**

The Balance charge adjustment for the period represents the increase in the charge deriving from actual traffic volumes and/or costs compared with the values budgeted upon determination of the charge before their adjustment to fair value resulting from the effect of discounting. This item includes the route balance for traffic risk and weather risk and the portion of balances recognised in previous years and not recovered, totalling €11,758 thousand (€8,862 thousand at 30 June 2015); the terminal balances of €17,702 thousand, of which the negative balances concerning the first and second terminal charge bands of €622 thousand and the third band terminal balance of €18,324 thousand. The increase of €18,033 thousand registered at 30 June 2016 mainly related to the third band terminal balance following the use of a lower charge than the usual, which would have enabled the costs recognised when the charges were determined to be covered. In the first half of 2015, the third band terminal balance amounted to €383 thousand, and was also due to the Parent Company's contribution for the stabilisation of charges of €10 million. Details of these items are provided in notes 13 and 21.

The discount effect, equal to €444 thousand, is derived by the separation of the financial component inherent in the balance mechanism, carried out by discounting the balance generated during the period in accordance with a pre-defined recovery plan.

The item changes for balances totalling a negative €185 thousand include the difference between Eurocontrol costs declared in the performance plan and the actual amount for 2015. The change in the item in question compared with the first half of the previous year was due to both lower Eurocontrol costs recorded at 30 June 2016 compared with 30 June 2015 (€3,921 thousand at 30 June 2015), and the effect of the adjustment of the inflation balance at 30 June 2015 for €5,505 thousand, which had no effect in 2016.

The utilisation of the balance (€7,374 thousand) refers to the transfer to the income statement of the portion of balances recognised in previous years in compliance with what was done upon determination of the charge for 2016.

25. Other operating income

Other operating income amounted to €21,875 thousand, a decrease of €370 thousand compared with 30 June 2016. Other operating income breaks down as follows:

	30.06.2016	30.06.2015	Change
Capital grants	4.879	4.891	(12)
Operating grants	15.585	15.502	83
European loans	210	207	3
Other revenues and income	1.201	1.645	(444)
Total	**21.875**	**22.245**	**(370)**

Capital grants regard the recognition in the income statement of part of deferred income in proportion with the depreciation charged on the assets to which the grant refers, as discussed in note 22.

Operating grants mainly refer to the amount for the first half recognised to the Parent Company according to Article 11 *septies* of Italian Law 248/05, in order to offset costs incurred to guarantee system safety and operational security, and the training of personnel financed by Fondimpresa.

European funding regards the portion attributable to the half of financed European projects in which the Group participates, including the Sesar Deployment Manager project.

Other revenues and income include insurance reimbursements for claims caused by third parties, the secondment of ENAV personnel to third parties and the penalties applied to suppliers for delay in the delivery of goods and/or services compared with the contractually agreed deadlines.

The details of revenues for 30 June 2016 are shown below compared with those for 30 June 2015, broken down by geographical area.

Revenues	30.06.2016	% of revenue	30.06.2015	% of revenue
Italy	410.681	99,2%	395.870	99,5%
EU	405	0,1%	385	0,1%
Non-EU	2.742	0,7%	1.568	0,4%
Total revenues	**413.828**		**397.823**	

26. Costs for goods, for services, leases and rentals and other operating costs

Costs for goods, services, leases and rentals and other operating costs totalled €79,922 thousand, a net decrease of €716 thousand compared with the figure at 30 June 2016. The details of the above-mentioned costs and changes during the period are reported in the table below:

	30.06.2016	30.06.2015	Change
Costs for purchases of goods	4.437	4.627	(190)
Costs for services:			
Maintenance costs	9.956	11.543	(1.587)
Eurocontrol contribution costs	20.852	19.398	1.454
Costs for utilities and telecommunications	17.665	20.530	(2.865)
Insurance costs	3.958	3.600	358
Cleaning and security	2.621	2.936	(315)
Other personnel-related costs	5.049	4.617	432
Professional services	4.402	5.978	(1.576)
Other costs for services	6.623	3.218	3.405
Total costs for services	**71.126**	**71.820**	**(694)**
Leases and rentals	2.932	2.706	226
Other operating costs	1.427	1.485	(58)
Total	**79.922**	**80.638**	**(716)**

Costs for purchases of goods include costs incurred for the acquisition of spare parts for air traffic control systems and devices and the relative change in inventories, amounting to €489 thousand (€814 thousand at 30 June 2015), as well as the acquisition of the materials needed for airport site renovation and modernisation activities.

Costs for services posted a net decrease of €694 thousand during the period, with different trends for different expense types. In particular, they included: i) a decrease in maintenance costs of €1,587 thousand mainly attributable to the activities carried out by Techno Sky at various airport sites following the delay to the second half of 2016 of a number of contracts compared with the activity conducted in the first half of 2015; ii) an increase in Eurocontrol contribution costs of €1,454 thousand; iii) a decrease in costs for utilities and telecommunications of €2,865 thousand concerning both operational data connection costs (E-net network) following the 25% price reduction applied by the supplier, which was applied from June 2015, and which resulted in lower electricity costs following the lower rates charged by operators; iv) a reduction in costs for professional services of €1,576 thousand, mainly relating to Techno Sky and due to the delay of contract activities to the second half; v) an increase in other costs for services of €3,405 thousand, mainly relating to costs incurred in the first half, equal to €2,816 thousand, for the listing process under way at 30 June 2016 and relating to advertising costs and activities undertaken by legal and financial advisors.

27. Personnel costs

Personnel costs amounted to €238,770 thousand, up €3,762 thousand compared with the first half of 2015, as shown in the table below:

	30.06.2016	30.06.2015	Change
Wages and salaries, of which:			
Fixed remuneration	137.308	136.476	832
Variable remuneration	30.736	29.803	933
Total wages and salaries	**168.044**	**166.279**	**1.765**
Social security contributions	55.711	55.593	118
Employees’ leaving entitlement	11.220	10.609	611
Other costs	3.795	2.527	1.268
Total personnel costs	**238.770**	**235.008**	**3.762**

The item wages and salaries rose by a total of €1,765 thousand, of which €832 thousand related to fixed remuneration attributable to natural increase in pay as well as the increase in staff by 12 units at 30 June 2016 compared with the end of the first six months of 2015. Variable remuneration recorded a net increase of €933 thousand, with different performance in the individual items comprising it, including: i) an increase in accessory indemnities by €1,033 thousand following the transfer to variable remuneration as of December 2015 of certain indemnities governed by Article 41 of the National Collective Labour Agreement previously included in fixed remuneration; ii) a reduction in indemnities for transfers as a result of the lower recourse to that type of cost for the low-traffic volume airport project, which instead impacted the previous period; iii) a reduction in overtime for operations due to the limiting of this cost type and the lower unit cost of hours worked in airports with low traffic volumes; iv) an increase for work on holidays falling on weekends, attributable to 1 May, which fell on a Sunday in 2016.

Social security contributions increased by €118 thousand due to the higher tax base and other costs rose by €1,268 thousand, primarily as a result of voluntary redundancy costs for employees who left the company in 2016.

The table below shows the Group’s workforce broken down by professional category:

	30.06.2016	30.06.2015	Change
Executives	68	79	(11)
Middle managers	416	408	8
Office staff	3.796	3.781	15
Ending balance	**4.280**	**4.268**	**12**

28. Capitalisation of internal work

Capitalisation of internal work totalled €13,145 thousand (€14,177 thousand at 30 June 2016), and decreased by €1,032 thousand compared with the same period of the previous year, owing to the delay in Techno Sky activities at various airport sites. This item relates to the internal completion of investment projects, in particular to system renovations at the Alghero airport tower, bringing airport meteorological systems into line with ICAO amendment 74, work on the installation of a new electrical substation at Catania airport, activities at the airports in Brindisi and Treviso, and progressive maintenance on software for air traffic control systems.

29. Financial income and expense

The balance of this item is -€2,094 thousand, comprising financial income of €1,632 thousand, financial expense of €3,742 thousand and exchange rate gain of €16 thousand.

Financial income is broken down as follows:

	30.06.2016	30.06.2015	Change
Income from shareholdings in other companies	250	250	0
Financial income from balance discounting	0	3.560	(3.560)
Financial income from non-current financial assets	0	7	(7)
Interest income on VAT receivable to be repaid	291	403	(112)
Other interest income	1.091	1.437	(346)
Total financial income	**1.632**	**5.657**	**(4.025)**

Financial income decreased by a total of €4,025 thousand, mainly due to the elimination of income from balance discounting in the first half of 2016, which in 2015 had generated a positive effect following the adjustment of the present value of the correlated receivables recognised due to the amendment of balance recovery plans, in compliance with what was presented in the 2015-2019 performance plan. At 30 June 2016, there was a financial expense from balance discounting due to the change made regarding the recovery of the third band terminal balance.

Other interest income declined by €346 thousand, mainly due to the reduction in the default interest applied to carriers for late payments of route and terminal charges.

Financial expense amounted to €3,742 thousand and is broken down in detail in the table below:

	30.06.2016	30.06.2015	Change
Interest expense on bank loans	1.049	2.168	(1.119)
Interest expense on bond	1.727	0	1.727
Interest expense on employee benefits	547	441	106
Financial expense on balance discounting	125	0	125
Other interest expense	294	19	275
Total financial expenses	**3.742**	**2.628**	**1.114**

The net increase of €1,114 thousand is mainly due to interest expense on the bond issue, issued in August 2015 and therefore not having any effect on the figures to 30 June 2015, and to the lower interest on bank loans, as a result of lower debt exposure compared with the first half of the previous year and the lower interest rates applied.

30. Income taxes

Income taxes amounted to €10,338 thousand and are broken down as shown in the table below:

	30.06.2016	30.06.2015	Change
IRES	7.272	4.212	3.060
IRAP	1.625	730	895
Total current taxes	**8.897**	**4.942**	**3.955**
Deferred tax assets	1.284	318	966
Deferred tax liabilities	157	341	(184)
Total current taxes and deferred tax assets and liabilities	**10.338**	**5.601**	**4.737**

For additional details on deferred tax assets and liabilities, please refer to note 11.

Other information

31. Segment reporting

For operating purposes, the ENAV Group is organised into strategic units identified based on the nature of the services rendered and, for management monitoring purposes, it has two operating segments subject to reporting, which are described below:

- *Flight assistance services*: this operating segment coincides with the legal entity of the Parent Company ENAV, whose core business is providing air traffic control and management services and other essential air navigation services in Italian airspace and in the national civil airports for which it is responsible, ensuring the highest technical and system standards in flight safety and the enhancement of the technology and infrastructure of flight assistance systems;
- *Maintenance services*: this operating segment coincides with the subsidiary Techno Sky S.r.l., whose core business is the technical management and maintenance of air traffic control equipment and systems. Like the country's other logistics infrastructure, *air infrastructure* needs constant maintenance and continuous development to guarantee safety, punctuality and operational continuity. This is moreover clearly stated in the European Union's Single European Sky regulations that on the one hand define the future structure of the air traffic management system and on the other set the technological, qualitative, economic and environmental targets that all service providers must meet.

The column *Other segments* includes the Group's remaining activities that are not categorised in the two segments mentioned above and subject to monitoring.

No operating segment has been aggregated to create the operating segments subject to reporting indicated below for 30 June 2016 and 30 June 2015.

30 June 2016

(Thousands of euro)	Flight assistance services	Maintenance services	Other segments	Consolidation adjustments/reclassifications	ENAV Group
Revenues from third parties	410.276	2.082	1.470		413.828
Inter-segment revenues	535	42.815	1.586	(44.936)	0
Total revenues	**410.811**	**44.897**	**3.056**	**(44.936)**	**413.828**
Personnel costs	(206.262)	(31.104)	(1.404)	0	(238.770)
Other net costs	(99.178)	(10.485)	(936)	43.822	(66.777)
Total operating costs	**(305.440)**	**(41.589)**	**(2.340)**	**43.822**	**(305.547)**
Amortisation and depreciation	(74.241)	(408)	(16)	1.227	(73.438)
Write-downs and provisions	(217)	0	0	0	(217)
EBIT	**30.913**	**2.900**	**700**	**113**	**34.626**
Financial income/(expenses)	(1.780)	(314)	(6)	6	(2.094)
Profit/(loss) before taxes	**29.133**	**2.586**	**694**	**119**	**32.532**
Taxes	(9.191)	(951)	(164)	(31)	(10.337)
Profit/(loss) for the period	**19.942**	**1.635**	**530**	**88**	**22.195**
Total assets	**1.997.664**	**71.330**	**54.728**	**(144.850)**	**1.978.872**
Total liabilities	**908.189**	**60.289**	**2.929**	**(53.161)**	**918.246**
Total net financial position	**(246.370)**	**(4.953)**	**14.935**	**0**	**(236.388)**

30 June 2015

(Thousands of euro)	Flight assistance services	Maintenance services	Other segments	Consolidation adjustments/reclassifications	ENAV Group
Revenues from third parties	395.233	1.184	608	0	397.025
Inter-segment revenues	507	43.209	1.223	(44.939)	0
Total revenues	**395.740**	**44.393**	**1.831**	**(44.939)**	**397.025**
Personnel costs	(202.677)	(31.157)	(1.174)	0	(235.008)
Other net costs	(97.480)	(11.246)	(599)	42.863	(66.462)
Total operating costs	**(300.157)**	**(42.403)**	**(1.773)**	**42.863**	**(301.470)**
Amortisation and depreciation	(73.166)	(478)	(12)	1.072	(72.584)
Write-downs and provisions	(4.676)	(29)	(50)	0	(4.755)
EBIT	**17.741**	**1.483**	**(4)**	**(1.004)**	**18.216**
Financial income/(expenses)	3.277	(150)	(19)	2	3.110
Profit/(loss) before taxes	**21.018**	**1.333**	**(23)**	**(1.002)**	**21.326**
Taxes	(5.343)	(544)	(33)	319	(5.601)
Profit/(loss) for the period	**15.675**	**789**	**(56)**	**(683)**	**15.725**
Total assets	**2.081.762**	**91.287**	**38.249**	**(169.771)**	**2.041.527**
Total liabilities	**816.046**	**82.541**	**2.498**	**(78.871)**	**822.214**
Total net financial position	**(92.123)**	**473**	**(919)**	**0**	**(92.569)**

32. Related parties

Related parties have been identified pursuant in according to IAS 24. Related party transactions cannot be qualified as atypical or unusual so they fall under the normal operating activities of the ENAV Group and following market principles.

Related parties external to the ENAV Group are the controlling and supervising ministries, i.e., the Ministry of Economy and Finance (MEF) and the Ministry of Infrastructure and Transport (MIT), in addition to the entities subject to the control of the Ministry of Economy and Finance.

The component of financial position and income statement balances at 30 June 2016, the financial position balance at 31 December 2015 and the income statement balance at 30 June 2015 associated with related entities external to the Group is reported below (in thousands of euro).

	Balance at 30.06.2016							
Name	Trade receivables and other current assets	Cash and cash equivalents	Debt	Trade payables and other current liabilities	Revenues and other operating income	Costs for goods and services and other oper. costs	Capitalised costs	Financial expenses
External related entities								
Ministry for the Economy and Finance	6.902	447	0	111.840	6.805	0	0	0
Ministry of Infrastructure and Transport	49.870	0	0	0	15.000	0	0	0
Leonardo Group	525	0	0	21.373	1.056	2.784	0	0
Poste Italiane Group	0	0	6.624	2	0	75	0	105
Other external related entities	7	0	0	89	69	191	0	0

	Balance at 31.12.2015			
Name	Trade receivables and other current assets	Cash and cash equivalents	Debt	Trade payables and other current liabilities
External related entities				
Ministry for the Economy and Finance	14.366	2.470	0	99.780
Ministry of Infrastructure and Transport	37.401	0	0	0
Leonardo Group	6.552	0	0	32.011
Poste Italiane Group	0	0	8.265	9
Other external related entities	24	0	0	180

Name	Balance at 30.06.2015 Revenues and other operating income	Costs for goods and services and other oper. costs	Capitalised costs	Financial expenses
External related entities				
Ministry for the Economy and Finance	7.059	0	0	0
Ministry of Infrastructure and Transport	15.000	0	0	0
Leonardo Group	106	1.656	0	0
Poste Italiane Group	0	65	0	206
Other external related entities	29	209	0	0

The nature of the main relations shown above with external related entities is summarised below and also described in detail in the individual financial statement items in the notes:

- relations with the MEF mainly relate to credit and revenue relationships relating to the refund of charges for services provided by the Parent Company for exempt flights and charged to the MEF in accordance with European and Italian law, and payables for the amounts collected by ENAV and relating to the portion attributable to the Italian Air Force for route charges. Following approval of the ENAV financial statements, this payable is used to offset the receivable position. Cash and cash equivalents relate to a current account opened by ENAV with the Bank of Italy;
- relations with the MIT relate to credit and revenue relationships resulting from both an operating grant intended to cover the costs incurred by ENAV to ensure systems and operational safety pursuant to Article 11 *septies* of Law 248/05, and capital grants as part of the Networks and Mobility NOP recognised following the resolutions of the Management Authority of the Networks and Mobility NOP and charged to the income statement in an amount commensurate with the amortisation of the investments to which the contributions refer;
- relations with the Leonardo Group mainly relate to activities linked to Parent Company investments, the maintenance and acquisition of spare parts for systems and equipment for air traffic control; Credit and revenue relationships relate to activities conducted by Techno Sky and fines applied for delays in conducting activities in accordance with the contract;
- relations with Gruppo Poste mainly relate to the financing contract stipulated between the Parent Company and Banca del Mezzogiorno – Medio Credito Centrale S.p.A. for €10 million. This contract expires on 31 May 2018, and sets an interest rate equal to Euribor plus a spread of 1.9%. The remaining relations relate to the leasing of equipment for hospitality purposes and shipping costs;
- relations with other related parties include residual positions.

Related parties also refer to executives with strategic responsibilities in office at 30 June 2016. Executives with strategic responsibilities include the Parent Company's directors and top-level managers identified by the ENAV top management. Their remuneration, gross of pension and social security costs and contributions, is shown in the table below:

Description	30.06.2016	30.06.2015
Amounts due with short-/medium-term payment	1.209	1.312
Post-relationship benefits	82	87
Other benefits with long-term payment	0	0
Total	**1.291**	**1.399**

The Parent Company participates in the Prevaer pension fund. The Prevaer Fund is the national supplementary pension fund for non-executive personnel working in the Air Transport and similar sectors. As reported in Article 14 of the Prevaer Fund's Articles of Association, with respect to the Fund's corporate bodies, consisting of: the Delegated Shareholders' Meeting; the Board of Directors; the Chairman and the Vice Chairman; the Board of Statutory Auditors, shareholder representation is based on equal participation by the workers' representative and the representative of the participating businesses. The Fund's Board of Directors passes resolutions on, inter alia: the general criteria for risk sharing as regards investments and equity shareholdings as well as on investment policies; the selection of asset managers and the identification of the custodian bank.

33. Derivatives

To neutralise the risks deriving from fluctuating exchange rates for the acquisition in USD of shares in the company Aireon, on 20 December 2013 the Parent Company entered into four derivative contracts associated with the four tranches planned for the acquisition of the equity investment, for a total share of 12.5%. At 30 June 2016, three foreign currency acquisition transactions had been carried out of the four original transactions.

At 30 June 2016, the fair value of the last forward currency purchase agreement, equal to a positive amount of approximately €913 thousand, was estimated by the Group based on standard valuation algorithms and market listings/contributions provided by a leading public information provider. In accordance with IFRS 13, the recalculated mark to market was adjusted to also take into account the effect of non–performance risk (CVA), i.e., the risk that one of the parties will not meet its contractual commitments due to a possible default and, from the accounting perspective, the fair value was recognised in non-current financial assets with maturity in 2017, with a matching entry in a shareholders' equity reserve.

Indeed, pursuant to IFRS 13, the fair value of a derivative must incorporate the risk that one or both counterparties may not meet their obligations (Credit Risk Adjustment). In detail, from the financial perspective, the Credit Value Adjustment (CVA) is the expected value of the loss deriving from the default of the counterparty, if the derivative has a positive fair value. On the other hand, the Debt Value Adjustment (DVA) represents the value of the expected loss on default of the Company if the fair value is negative.

The contractual characteristics and the relative fair value at the date of 30 June 2016, as set forth in Bank communications, are listed below:

Counterparty	Transaction type	Execution date	Start date	Expiry date	Notional amount (thousands of USD)	Forward exchange rate	Forward equivalent amount (thousands of euro)	MtM (thousands of euro)
BNL	Buy USD Flex	20.12.2013	15.09.2017	27.12.2017	6.122	1,3630	4.492	943
Total					**6.122**		**4.492**	**943**

The fair value data at 30 June 2016, adjusted to take into consideration the Credit Value Adjustment, are provided below:

Counterparty	Transaction type	Notional amount (thousands of USD)	Forward equivalent amount (thousands of euro)	MtM	Credit Value Adjustment (CVA)	MtM CVA (thousands of euro)
BNL	Buy USD Flex	6.122	4.492	919	(5)	913
Total		**6.122**	**4.492**	**919**	**(5)**	**913**

It was not possible to identify an active market for this instrument. Fair value is therefore determined using a methodology consistent with level 2 of the fair value hierarchy defined by IFRS 7 and IFRS 13. Indeed, although listings on an active market are not available for the instruments (level 1), it was possible to find data observable directly or indirectly on the market, on which the assessments could be based.

Due to the substantial features of the derivative subject to analysis, it is classified as a hedging instrument.

34. Assets and liabilities by maturity

	Due within the following year	2 to 5 years	After 5 years	Total
Non-current financial assets	0	3.749	11.627	15.376
Deferred tax assets	0	25.842	0	25.842
Non-current tax receivables	0	25.177	0	25.177
Non-current trade receivables	0	148.436	0	148.436
Total	**0**	**203.204**	**11.627**	**214.831**
Financial liabilities	40.485	59.647	255.562	355.694
Deferred tax liabilities	0	4.179	0	4.179
Other non-current liabilities		23.526	92.247	115.773
Non-current trade payables	0	4.101	0	4.101
Total	**40.485**	**91.453**	**347.809**	**479.747**

Non-current financial assets with maturity in more than five years relate to the receivable due from the company from which the Techno Sky business unit was acquired, and represent the employees' leaving entitlement that it is presumed will still be held by the company in the reference period.

Financial liabilities maturing in more than five years refer to bank loans and the bond loan. Other non-current liabilities maturing in more than five years refer to the share of capital grants in proportion with the depreciation of the investment projects to which they refer.

35. Basic earnings/(loss) per share

The basic earnings/(loss) per share is reported at the end of the income statement and is calculated by dividing the profit/(loss) for the period attributable to the Parent Company's shareholder by the weighted average number of ordinary shares outstanding during the year.

Note that the resolution for the voluntary share capital reduction adopted by the Extraordinary Shareholders' Meeting of 2 March 2016 pursuant to Article 2445 of the Italian Civil Code, in the amount of €400 million, and the simultaneous establishment of the distributable reserve, came into effect on 10 June 2016.

The table below summarises the calculation of the basic earnings/(loss) per share.

	30.06.2016	30.06.2015
Profit/(Loss) attributable to Parent Company's Shareholder	22.194.656	15.724.779
Weighted average number of ordinary shares	895.716.988	1.121.744.385
Basic Earnings/(Loss) per share	0,02	0,01
Diluted Earnings/(Loss) per Share	0,02	0,01

36. Events after the condensed consolidated interim financial statements reporting date

On 26 July 2016 Parent Company ENAV was listed on the screen-based equity market (MTA) organised and managed by Borsa Italiana S.p.A., as detailed above.

In July 2016 the Parent Company received a VAT refund of €19.4 million requested in 2015 and relating to tax year 2014.

Attestation of the Chief Executive Officer and the Manager responsible for preparing the company's financial reports

Attestation of the condensed consolidated interim financial statement for the six months ended 30 June 2016 pursuant to art. 154-bis, paragraph 5, of Legislative Decree 58/1998 and art. 81-ter of Consob Regulation 11971 of 14 May 1999.

1. The undersigned Roberta Neri, as Chief Executive Officer, and Loredana Bottiglieri as Manager responsible for Enav SpA's financial reporting, having also taken account of the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, hereby attest to:
   - the adequacy with regard to the nature of the Enav Group and
   - the effective application of the administrative and accounting procedures adopted in preparation of the Enav Group's condensed consolidated interim financial statements during the period from 1 January 2016 to 30 June 2016.
2. In this regard, it should be noted that:
   - the adequacy of the administrative and accounting procedures adopted in preparation of the Enav Group's condensed consolidated interim financial statements was verified by assessment of the internal control system over financial reporting. This assessment was conducted on the basis of the criteria contained in the *Internal Control – Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission* which represents an internationally-accepted *framework* for the internal control system;
   - the assessment of the internal control system over financial reporting did not identify any material issues.
3. We also attest that:

3.1 the Enav Group's condensed consolidated interim financial statements for the six months ended 30 une 2016:

a) have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union through EC Regulation 1606/2002, issued by the European Parliament and by Council on 19 July 2002;

b) are consistent with the underlying accounting books and records;

c) give a true and fair view of the financial position and results of operations of the issuer and the companies included in the scope of consolidation.

3.2 the Directors' Interim Report on Operations includes a reliable analysis of significant events during the first six months of the year and of their impact on the condensed consolidated interim financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The Interim Report on Operations also includes a reliable analysis of material related party transactions.

Rome, 26 September 2016

Chief Executive Officer	Manager responsible for financial reporting
Roberta Neri	Loredana Bottiglieri

(This certification has been translated from the original which was issued in accordance with Italian legislation)

Review report of the independent auditors

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Building a better working world

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

To the Shareholders of
Enav S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position as of 30 June 2016, the statements of income, the statement of comprehensive income, the statement of changes in shareholders' equity and cash flows for the period then ended and the related notes of Enav S.p.A. and its subsidiaries (the "Enav Group"). The Directors of Enav S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Enav Group as of 30 June 2016 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Other matters

The interim condensed consolidated financial statements of Enav S.p.A. at 30 June 2015 and for the six months then ended have been neither audited nor reviewed.

Rome, 26 September 2016

EY S.p.A.
Signed by: Mauro Ottaviani, Partner

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

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