SAGAT
TURIN AIRPORT

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2013

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SHAREHOLDERS' MEETING

1st call: 17 April 2014

2nd call: 15 May 2014

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SAGAT S.p.A.

Società Azionaria Gestione Aeroporto Torino

Strada San Maurizio 12

10072 Caselle Torinese (TO)

www.aeroportoditorino.it

Share capital € 12,911,481 fully paid in

Economic Administrative Register (R.E.A.) no. 270127

Register of Companies of Turin, Tax ID and VAT no. 00505180018

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SHAREHOLDING GROUP as of 31/12/2013

F2i sgr S.p.A.	50.79%
Equiter S.p.A	12.40%
FCT Holding S.r.l.	10.00%
Finpiemonte Partecipazioni S.p.A.	8.00%
Tecnoinvestimenti S.r.l.	6.30%
Province of Turin	5.00%
Aeroporto “G. Marconi” di Bologna- SAB S.p.A.	4.13%
Aviapartner S.p.A.	0.42%
Treasury stock	2.96%
Total	**100.00%**

SHAREHOLDING GROUP as of 27/01/2014

F2i Aeroporti S.p.A.	54.46%
Equiter S.p.A	12.40%
FCT Holding S.r.l.	10.00%
Finpiemonte Partecipazioni S.p.A.	8.00%
Tecnoinvestimenti S.r.l.	6,76%
Province of Turin	5.00%
Aviapartner S.p.A.	0.42%
Treasury stock	2.96%
Total	**100.00%**

CORPORATE BODIES

Board of Directors

Maurizio MONTAGNESE	Chairman
Paolo VERNERO	Vice Chairman
Roberto BARBIERI	Chief Executive Officer
Annalisa ANDREETTA	Director
Domenico CEMPELLA	Director
Alberto EICHHOLZER	Director
Giuseppina FALAPPA	Director
Gian Luigi GARRINO	Director
Vincenzo ILOTTE	Director
Laura PASCOTTO	Director
Fiorenzo TASSO	Director

Board of Statutory Auditors

Lorenzo GINISIO	Chairman of the Board of Statutory Auditors
Davide BARBERIS	Auditor
Ernesto CARRERA	Auditor
Alessandro COTTO	Alternate Auditor
Maddalena COSTA	Alternate Auditor
	Alternate Auditor

Secretary

Dario Maffeo

1. DIRECTORS' REPORT AS OF 31/12/2013

SAGAT Highlights 2013

Traffic	The Turin airport ends 2013 with 3,160,287 passengers transiting at Caselle, 10% less than in January-December 2012.
Income result	The most relevant income components for the year are shown below. The **earnings,** €50,664 thousand, have decreased by 8.7% (€55,512 thousand in 2012). The **GOM** amounts to €14,846 thousand (29.3% of billing volume) and was €17,302 thousand in 2012 (31.2% of billing volume). The **operating result** amounts to €1,303 thousand (€-368 thousand in 2012). The **EBT** amounts to €1,281 thousand (€-603 thousand in 2012). The **net result** amounts to €215 thousand (€-1,167 thousand in 2012). **Net financial position:** debt exposure for €8,204 thousand, improving by €5,769 thousand compared to the exposure as of 31 December 2012 (€13,973 thousand).
Investments in 2013	About €2.7 million on aggregate were invested during the course of the year in infrastructures and service systems aimed mostly at renovating the existing infrastructures in both the aircraft manoeuvring areas and in airport buildings and their appurtenances. SAGAT has also performed maintenance activities on assets held in concession, especially the runway, for about €1.4 million. The investments made allowed the company to improve the quality of the services provided and maintain high airport safety standards.
Significant events occurred after 31 December 2013	Passenger traffic data at the Turin airport showed, in the first two months of 2014, a fair 5% increase compared to the corresponding period in 2013.
Developments	Considering a general picture characterised by a certain optimism, the forecasts for 2014 seem to suggest a growth, albeit moderate; in fact, the assumptions formulated by the most authoritative Italian and European agencies speak of an increase in GDP growth rate estimates for 2014, although in a still difficult scenario, due to credit access problems and drop in the income actually available for spending among Italian households. The air sector, like the real economy as a whole, might suffer the negative effects of this scenario, and the airlines might tend in any case to concentrate their efforts on efficiency improvement and cost cutting policies, also by repositioning their routes and aircraft. In particular, the circumstances of Alitalia should be followed very carefully. The reorganization plan and the choice of a strategic partner for Alitalia might bring deep changes in the balances of power nationwide. Last but not least, it will be important to define the roles of each airport in the National Airports Plan, with reference in particular to the Northwest area where our station is located. Due to these considerations and to the uncertainty that remains on the fees side, the company's efforts will focus on achieving all the possible operational and organizational rationalisation solutions, in order to minimise the adverse impacts of turbulences and possible shocks in the economic environments and in the industry. However, none of the actions started will undermine the quality of our customer service, that was recently improved thanks to the introduction of extremely important

	ancillary services, nor the maintaining of the highest safety standards for the passengers and the carriers working at the airport.

1.1 REPORT ON FINANCIAL POSITION AND PERFORMANCE

Dear Shareholders,

The competitive scenario in which SAGAT and the other Group companies have operated in 2013 was characterised by a series of macro-economic and industrial factors that have heavily affected the performance of the company.

The continuing serious economic crisis that struck the markets and the real economy has had its strong impact on the profitability of the airport industry. In fact, the crisis has affected both private consumers and companies, causing a sharp reduction in their spending power, and therefore had a dual impact on the Turin airport and its profitability potential: on one hand, there has been a heavy drop in passenger volumes and a consequent reduction in the earnings from the aviation area and, on the other, there has been a significant reduction in the non-aviation area as well, due to the reduced traffic volumes and also to the lower inclination to spend.

The air sector, like the real economy as a whole, has suffered the negative effects of this phase of macro-economic uncertainty and the players in this sector have concentrated their efforts on efficiency improvement and cost cutting policies. Therefore, the company deemed it necessary to follow carefully the developments of individual carriers, whose strategies —also in terms of alliances and synergies— may have significant effects on the traffic volumes at our station.
Again with a view to influencing carriers in their decision-making processes about the destinations to choose for their networks or their greater or lesser presence in a given station, Sagat implemented all the necessary actions to overcome the difficult environment described above, with transparent and sustainable marketing policies aimed at strengthening the presence of customary carriers and introducing new low-cost carriers. Focusing on economic sustainability, we have minimised costs and made them more efficient, and started to reformulate our commercial offer in the non-aviation sector.

An additional factor is the continuing regulatory uncertainty regarding aviation fees: because of this, airport management companies fail to see their investments and expenses —including mandatory ones— reflected in the fees.

All this notwithstanding, thanks to careful management policies the Group has however succeeded in maintaining its economic balance and has maximised its financial position.

This Directors' Report accompanying the Financial Statements as of 31/12/2013 was prepared in compliance with the provisions of art. 2428 of the Civil Code and contains the Directors' remarks on the overall performance and the most significant events occurred during year 2013 and after 31 December 2013.

The figures for year 2013 are compared with those from year 2012.

The balance sheet and net financial position for the year are shown compared to the closing balances as of 31/12/2012.
The figures in the financial statements and in the report are shown in thousands of Euro.

DOMESTIC AND INTERNATIONAL BUSINESS SCENARIO

The growth in global business volumes and international trade is going on moderately. In the United States there have been signals of a strengthening of the economy, also thanks to less uncertainties in the budget policies; the decrease in the purchase of securities by the Federal Reserve has not fuelled volatility on financial and exchange markets. Emerging economies are continuing to grow; however, they are still prone to risks of mark down due to the generally less expansive global financial scenario.

A moderate but still weak recovery was seen in the Eurozone. The fragility of business activities reflects in the very slow consumer price trends, which reflects in higher interest rates in real terms, and in a slower decrease in private and public borrowing. As the inflation is remaining below a level consistent with the definition of price stability, the reduced cash and credit flows and the weakness of business activities, the Governing Council of the ECB has reduced official rates in November and has firmly affirmed that rates will remain equal to or lower than the current ones for a long period of time. The Council also stated that, if need be, it will use all the tools available to maintain an accommodating monetary policy position. The situation in European and Italian financial markets has improved further, thanks to recovery outlooks, the accommodating monetary policy, the progresses made in the governance of the Eurozone and the stabilization of the domestic scenario in Italy. Long-term interest rates on Italian State bonds have decreased; the spread with 10-year Bund yield has dropped to about 200 base points. Non-residents are returning to show interest in the Italian financial business.

However, the scenario as a whole is still quite diverse, depending on industry sector and territorial location. The better prospects for the bigger enterprises and for those more oriented to foreign markets are counterbalanced by an environment that is still unfavourable to smaller enterprises, for the enterprises in the services industry and for those in Southern Italy. Notwithstanding the first signals of employment rate stabilization and the increase in worked hours, the job market is still in difficulty. The slow demand has stopped manufacturer prices more than it did in the past; the increase in the VAT rate in October cascaded on consumer prices only to a small extent. The current account of the balance of payments returned creditor in 2013; the surplus is expected to grow on, even in the presence of an increase in imports spurred be the expected gradual strengthening of business activities. The improvement of the balance between 2010 and 2013 was affected not only by the decrease in imports due to recession, but also by the increase in exports. The cost of banks' bond sales has decreased in the leading economies of the Eurozone, particularly Spain and Italy. Business loans have not benefited yet of the improvements in the financial markets; they are affected by the low demand for investments and, on the offer side, by the high credit risk and the pressure of recession on the annual accounts of banks.

The comprehensive assessment of the largest banks in the Eurozone carried out by the ECB with the national authorities might minimise the fragmentation of financial markets and bring benefits to the banking and credit system in Italy, increasing financial statements transparency and reducing the uncertainties about asset quality. On 18 December, the Council of Economy and Finance Ministers reached an agreement on the features of a single crisis solution applicable to all banks; the EU Council asked that such agreement be approved before the end of the current legislature of the European Parliament, in next May. An effective single solution would be a crucial milestone in the completion of the banking Union.

Public cash requirements have strongly increased in 2013 due to different contingent factors, such as the payment of overdue debts by the Public Administration and the removal of the effects of the measure concerning the pooled treasury, that had contributed to containing the requirements for 2012. On the basis of the data available, we may say that the net indebtedness of the Public Administration has remained close to the threshold of 3% of the GDP, notwithstanding a further drop in production. According to the official forecasts of the

Government, that take into account the Finance Act 2014, net indebtedness is expected to decrease year after year in the period 2014-2016.

In particular, the GDP, adjusted for calendar effects, decreased by 1.8% in 2013.
Domestic demand, after deduction of inventories, contributed by 0.1 percentage points to GDP growth: household and PA spending did not contribute at all, while gross fixed investments gave a positive contribution of 0.1 percentage points. Inventory fluctuations contributed negatively (-0.4 percentage points), while net foreign demand gave a positive contribution of 0.3 percentage points.
There was a positive variation in the added value in agriculture (0.8%) and in pure industry (0.1%), no variations in services and a negative variation (-0.7%) in building construction. In terms of trends, the added value has decreased in all areas except for agriculture.
On average, in 2013 there were 478,000 less people employed (-2.1%). The heaviest drop was seen in the Southern regions (-4.6%, or -282,000 people). Male employment rates are continuing to decrease (-2.6%, or -350,000 people) and female employment rates are starting to decrease again (-1.4%, or -128,000 people).
The decrease in the number of employed people affects the 15-34 and the 35-49 age brackets (-482,000 and -235,000, respectively), countered by a growth of employed people aged 50 and up (+239,000). The employment rate stabilises at 55.6%, 1.1 percentage points below 2012. The decrease relates both genders and all areas, especially in the South.
Between 2012 and 2013 employment in Italy dropped by 500,000 people, reaching a rate of 55.3% (-1.0 percentage points)..
Foreign employment is moderately increasing (+22,000 people), but the employment rate has decreased from 60.6% in 2012 to 58.1% in 2013; such reduction affects equally men (from 71.5% to 67.9%) and women (from 50.8% to 49.3%).
The drop in employment affects all job market segments: permanent employees (-190,000 people, -1.3%), term employees (-146,000, -6.1%) and self-employed (-143,000 people, -2.5%).
In pure industry employment is continuing to decrease, by about 89,000 people (-1.9%) affecting both the North and the South and especially medium and large enterprises. The decrease in the building sector is accelerating (-163,000 people, -9.3%), in all areas and particularly in the South.
On average, in 2013 employment has decreased also in the tertiary sector, with 191,000 people less (-1.2%). Against the marked reduction in the number of people employed in the general services of the Public Administration and in trade, employment rates are rising in the areas of business services and household services.
The new decrease in full-fime employment (-586,000 people, -3.1%) is associated to a new increase in part-time employment (108,000 people, +2.8%). The percentage of people forced to work part-time has risen from 57.4% in 2012 to 61.6% in 2013.
In particular, in the region of Piedmont:

Aggregate workforce and employment rate (age: 15-64) broken down by gender, region and province - Year 2013 (figures are shown in thousands and in percentage)

REGIONS AND PROVINCES	Workforce			Employment rate (age: 15-64)		
	Males	Females	Males and females	Males	Females	Males and females
PIEDMONT	**1.117**	**897**	**2.014**	**77,1**	**62,7**	**69,9**
Turin	568	472	1.040	76,7	63,2	69,9

The GDP at market prices amounted to 1,560,024 current Euro million in 2013, decreasing by 0.4% compared to the prior year. In terms of volume, the GDP has decreased by 1.9%.
The data available so far for the leading developed countries show an increase in GDP volume in the United States and in the United Kingdom (1.9% for both), in Japan (1.6%) and in Germany (0.4%).
On the demand side, in 2013 domestic end-consumer demand volumes dropped by 2.2% and gross fixed investments dropped by 4.7%, while exports of products and services increased by 0.1%. Imports decreased by 2.8%.
In terms of sectors, the added value has decreased in volume all sectors except for agriculture, forestry and fishery. The decrease was 3.2% in pure industry, 5.9% in building construction and 0.9% in services.
The net PA indebtedness / GDP ratio was 3.0%, stable compared to the prior year.
The ratio of primary surplus (net indebtedness less interest expense) to GDP was 2.2% (2.5% in 2012).

Sources: Summary of the 2014 Economic Bulletin of Banca d'Italia and ISTAT (Italy's national statistics institute) data (quarterly accounts)

Prospects for 2014

The prospects about Italian economy for the next two years published in the Economic Bulletin of Banca d'Italia confirm hints of a possible turning point by year-end 2013. A moderate economic recovery is expected this year, and will possibly accelerate —albeit slightly— next year: after decreasing by 1.8 percent in 2013, the GDP is expected to grow by 0.7 this year and by 1.0 percent in 2015. The recovery will possibly be pushed by the foreign demand and by the gradual increase in productive investments, favoured by the better demand prospects and the greater liquidity available to the enterprises, also thanks to the settlement of overdue trade payables by the PA. However, the credit situation will still remain tense. The investments/GDP ratio is expected to remain below the historical average. Consumption rates will remain weak. The better economic situation is expected to reflect, with the usual lag, on the job market: employment rates might return to increase only in 2015. Consumer inflation forecasts for the next two years were recalculated down, slightly above 1 percent for this year, around 1.4 for next year. Domestic prices too, as measured by the GDP deflator, are expected to grow slowly, due to the impact of the broad margins of unexploited production capacity on enterprise pricing policies.
The risks for growth, facing these forecasts, remain lowish. If borrowing conditions remain restrictive for longer than expected, or if the settlement of PA trade payables are deferred, the recovery of investments will most probably be delayed. The returning concerns on the Government's intentions to strengthen the public finances and implement structural reforms, or on the EU's intentions to pursue the reform of Union governance, might have an adverse impact on long-term interest rates. Overall, the risk of a general deflation remains low; however, the decrease in inflation might be stronger and more persistent than expected, especially if the forecasts are compromised by the weak demand.

Sources: Summary of the 2014 Economic Bulletin of Banca d'Italia

THE LOCAL SCENARIO

After a 2013 characterised by recession (the GDP dropped by 1.9%), 2014 appears to be another difficult year for our region. The most recent data on credit, job market, confidence climate draw the picture of a particularly difficult scenario. The data collected by Banca d'Italia on credit trends in our region for the period January to September 2013 show that the decrease in

business loans has not stopped (-3.4%), while non-performing loans are increasing (+20%), as is the non-performing loans to gross loans ratio (6.8%). The data for the nation as a whole and the quality assessments at regional level suggest that credit trends have continued to decline in the subsequent months.
The job market in Piedmont is still in a negative phase, with a strong decrease in employment rates. In the period between January and September 2013, some 52 thousand jobs were lost, which corresponds to -2.8% of the opening stock. The unemployment rate rose to 10.6%, placing Piedmont at the last place among Northern regions, although still below the national rate (12%). Youth unemployment is rising above 30%. In order to have a more correct picture of the "occupational want", the "official" unemployment (as defined by ISTAT surveys) should include the about 50,000 people (mostly youths) who have lost confidence and are not even looking for a job, and the occasionally employed (about 70,000 people) — plus the workers on redundancy fund: this way, the rate of "occupational want" rises up to 20%. The surveys made by the Industrial Association ("Confindustria") of Piedmont in December show a confidence climate that is still pessimistic.

Manufacturing
In the manufacturing area in particular, the enterprises are not seeing recovery opportunities in these opening months of 2014, nor a significant improvement in market perspectives. On the contrary, the principal indicators are losing ground compared to the past months, interrupting a "virtuous" trend that was apparently preparing a U-turn in the long recession phase. The expectations of service enterprises are less negative, but even here recovery seems far from being close.
According the most reliable forecasts, there should be a modest regional GDP growth in 2014 (+0.8%), in line with the national GDP, or slightly greater. But it is a fragile and uncertain scenario, which depends on the occurrence of a series of favourable circumstances: 2014 might as well reflect yet another delay in the recovery process.
Looking at opportunities, the expected improvement of European economies might offer a greater relaunch potential to our region, thanks to the high propension to exports. As explained in more detail in the following chapter, our exports grew in 2013 (by an estimated +3%), owing entirely to the emerging non-European and East-European markets, while our core customers (France and Germany) are at a stalemate. In 2014, the recovery in these countries is expected to add to the still positive trends of the emerging markets. There is another factor that is expected to spur the exports. According to forecasts, in 2014 the Dollar is expected to appreciate compared to the Euro due to the diverging trends of fundamentals and of monetary policy, and the competitiveness of European exports is expected to benefit from this.
In the long run, the "new course" of China may also favour our enterprises, on one hand, by giving more market opportunities, and, on the other, by weakening the competitiveness of Chinese products: however, this will certainly take a long time and require substantial investments by the enterprises.
The specialisation areas of our region may also prove to be rewarding, as opposed to what happened last year. The expected recovery of the investments in Italy (+2.5-3%) and across Europe (+1.9% according to European Commission estimates) offers more market opportunities to one of the main drivers of our industry. A few signals of recovery are already emerging from the industry surveys made in December and January. The UCIMU-Production Systems survey has detected a 4.1% growth in Q413 (compared to Q412). Our predictive survey of December has also detected, in the instrumental mechanics area, a positive balance between increase/decrease expectations for production and orders, thanks especially to foreign markets.
Things are more complicated in the automotive area. The negative record of new vehicle registrations since the 70's was obtained in 2013. A recovery is expected in 2014, if anything because of the need to renovate a stock of circulating vehicles that is now among the oldest in Europe. In 2012 almost half the circulating vehicles were older than 10 years. However, the

decisions about the future of the Turin manufacturing plants of the FIAT group will be more important than market trends. The FIAT-Chrysler merger might open up new possibilities for the Italian and Piedmontese automotive industry. On one hand, it should offer component manufacturers better access to the North American market, which is still a scarcely exploited one and is worth today about one billion Euro (against almost four billion for Germany and two billion for France).

On the other hand, the role of Turin might be strengthened and relaunched not only as industrial and research hub, but particularly as manufacturing hub for luxury and high-end vehicles, focused on improving the assembly lines of Maserati (at Grugliasco and the new SUV at Mirafiori) and Alfa Romeo (new models and perhaps a new engine). These being the prospects, the new manufacturing focus on Turin might give rise to an interesting escalation and start cooperating with the technology and research excellencies already existing in our territory.

Job Market

The negative phase of the job market in Piedmont is continuing, with a sharp decline in employment rates between January and September 2013.

About 52 thousand jobs were lost in this period, which corresponds to -2.8% compared to the same period last year, against a nationwide decrease of -2.2% The area most affected by the fall in employment rates is industry as a whole (-8.1%, -50 thousand jobs), especially building construction, that has suffered a 13% drop and a loss of 20 thousand people, while the manufacturing industry has recorded a 6.5% drop, corresponding to 31 jobs lost. Retail is not doing well, either (-4.5%, -15 thousand jobs); the only area that remains positive, although to a lesser extent than last year, is the area of personal services, that went up +2.4%, with 20 thousand new people employed. The loss of jobs is affecting definitely more the self-employed (-7.4%, -35 thousand jobs), especially in: manufacturing, where about 12 thousand jobs were lost, retail, where almost 6%, a total of 8 thousand jobs were lost, and personal services (-6 thousand jobs). Subordinate employment has seen less serious losses, -1.2% with 16 thousand jobs lost.

People looking for a job in Piedmont are 213 thousand, about 31 thousand more than last year, with an increase by 17%. Of these, 116 thousand are men (+27 thousand, 30% more) and 97 thousand are women (+4 thousand, growing by 4.2%). We might go into more detail and disaggregate those who are looking for a job into formerly employed, formerly unemployed or looking for first job. The formerly employed are the majority, rising from 110 to 129 thousand (+17.4%); the ex unemployed are 40 thousand compared to 38 thousand in 2012 (+5%), pushed to try again because their spouse has lost his/her job or because of the continuing crisis; lastly, those who are looking for their first job rise from 34 to 43 thousand (+29.2%). Unemployment rose from 8.9% in the period January - September 2012 to 10.6% in the corresponding period in 2013, increasing by 1.6%. Therefore, Piedmont appears to score the worst results among Northern regions, while still below the national rate (12%). Unemployment among youths aged between 15 and 24 is still worsening: their unemployment rate in the North-West is 31.4% (+4%), but in Italy as a whole it is 38.8%: the year-on-year increase is almost 5%. This is really a worrying scenario, especially when compared to European figures: in fact, in November the unemployment rate in the Eurozone was 23.6%. Italy is among the countries with the highest unemployment rate: France has a 25.5%, in Germany it is as low as 7.5%. Only Spain is doing worse than us, with 57.7%. In the period January to September 2013, new hires were 385,466 (net of daily employment), which means 7.6% less than in the corresponding period of 2012, when new hires were 417,114. About 50% of new hires were women, although the annual reduction in hires affected women in particular. In fact, in the period under review, almost 19 thousand less women were hired (-8.7%) and about 13 thousand less men (-6.4%). In this case too, the most affected age brackets are the younger ones, aged 15 to 24 (-16.4%), and aged 25 to 34 (-9.4%). The foreigners hired in the period under review were 96,257, 45% of which were women. The majority of foreigners come from Africa and non-EU countries, especially

Romania and Bulgaria (about 39 thousand). If we look at the various forms of contracts, there were considerably less hires in apprenticeship (-17.5%) and in permanent employment (-15%). Term employment contracts are the most widespread (75%). Of these, the majority are standard contracts (60%), followed by staff leasing (24%). INPS (the Italian Social Security) authorised 129.3 million redundancy hours in 2013, 13.8 million less than in 2012 (-9.6%), especially in Turin, Cuneo, Alessandria, Novara, and mostly in the industrial sector (104 million hours). The towns of Cuneo and Vercelli are still experiencing difficulties, the only province capitals in Piedmont to have increased their liquidity demand compared to the prior year (+29% and +5%, respectively).
Our region appears to be among the best performing ones: in fact, in recent months liquidity demands have increased more or less everywhere, especially in Lombardy (+5.5%) and Veneto (+5.2%). Emilia Romagna has slightly improved (-1.2%). Italy as a whole marks a -1.4%.

Exports

Notwithstanding the crisis, Piedmontese exports seem to hold well: in the first three quarters of 2013 they increased by 2.9% compared to the same period in the prior year, and amounted to more than 30 billion Euro. This is remarkable, if compared with the national figure, which is negative (-0.3%).
Exports to non-EU countries are doing well (+8.9%), the trade with EU countries, especially in the economic and monetary union, has remained the same or is moderately higher (EU 28 -1.2%; EMU 17 -1.0%). As in the opening months of the year, all Eurozone countries confirm a negative trend except Spain, the only country showing positive variations (+5.6%) that are likely to continue in the next future, also thanks to a car purchase incentive scheme approved last October. As a matter of fact, car exports to Spain have increased by 27.6% in January - September 2013. A worsening is seen instead in the trade with the United Kingdom (-4.7%) and the neighbouring countries France and Germany (-1.8% both), while the trade with Poland remains basically unchanged (-0.1%).
On the contrary, with countries outside the Eurozone there are positive trends: for example, exports to China have increased by 37% compared to 2012, and exports to the Brazilian market have increased by 23.3%. Of all BRIC countries, the trend is negative only in the case of India (-6.4%). Exports to the United States are doing well (+15.8%). Among the nearest emerging countries, the good performance of Russia stands out with a +10.1%, as does that of Northern Africa with a +13.2% (particularly positive the figures for Algeria, +47.8%). The trade with Turkey is decreasing (-2.5%). Piedmont confirms its ranking at the fourth place among exporting Italian regions (14.2% of the total), after Lombardy (38.5%), Veneto (18.2%) and Emilia Romagna (17.6%). As to provinces, the best performance is that of the province of Asti (+10.8%). The province ranking next is Turin, that accounts for almost half of regional exports, in fact in the first 9 months of 2013 its exports increased by 6.2%. Biella is also growing (+1.9%), while the figures for the provinces of Cuneo (-0.7%), Novara (+0.1%) and Vercelli (+0,9%) remain more or less the same. Alessandria (-2.3%) and Verbano Cusio Ossola (-4.5%) show a decrease.
If we review Piedmontese exports by industry sector, we may see that there has been a growth only in certain areas, especially cargo vehicles, which has a strategic share in the regional total (23%), rising by 12.4% thanks to the above-mentioned incentives adopted in Spain. A positive performance is also that of the food industry, that accounts for about 10% of Piedmontese exports and has increased by 6%, and that of the textile/clothing industry (+3.5%). On the contrary, the machinery industry, that accounts for about 20% of Piedmontese foreign sales, has decreased by 3.9%, and the metalworking and metal products industry has decreased by 10%. Among other sectors, worth of mention are: +7% in pharmaceuticals, +4.7% in plastics and +2.7% in chemicals.

Credit

In Europe and Italy, the last part of 2013 was characterised by a further worsening of the access to credit for the enterprises, notwithstanding the greater liquidity and the lower rates resulting from the ECB's expansive policies. This was accompanied by a parallel deterioration of credit quality (non-performing or impaired loans, etc.) and of bank assets.
Similar trends are also seen at regional level. The data on credit trends for the period January to September 2013 show that the decrease in business loans has not stopped, while insolvency is rising, as is the non-performing loans to gross loans ratio. There still are wide differences between one province and the other, but unrelated to trends. Overall, the position of our region is more favourable compared to those of the nation and of Northwestern regions with respect to the difference in amounts deposited and borrowed, while non-performing loan trends are more or less the same. Between January and September 2013, the decrease of loans to Piedmontese manufacturers was 3.4% compared to the corresponding period in the prior year.
Nationwide and in the Northwest, the decrease was stronger (-4.5% and -5.2% respectively). Gross non-performing loans increased by 20.0% compared to the prior year.
The trend for the entire region is basically in line with the national trend (+20.9%) and the Northwestern trend (+22.1%).
The gross non-performing to gross loans ratio has increased to 6.8% from the 6.0% recorded in 2012.
The comparison with the position of the entire nation and of Northwestern regions shows that Piemonte has a lower ratio compared to the national one (7.2%), but a higher one compared to the Northwest (5.9%). The trends for 2013 are instead absolutely comparable.
Lastly, the data on the trends for total bank deposits (family and business) show positive variations. In fact, in September 2013 there were €102.3 billion deposited in the banks of the territory (8.2% of national total), 9.3% more compared to September 2012 and almost double than in September 2008, the year in which the recession started (€54.1 billion).
The regional trend (and of Turin in particular) are definitely different from national and Northwestern trends, where deposits increased by 2.8% and 5.1% respectively. The same is true for business deposits, which grew by 7.5% between September 2012 and September 2013, rising to €17.0 billion (7.2% of the national total). Turin stands out in this case too (+15.2%).
The growth observed at regional level is basically in line with that of the North-West (+6.6%) but better than the national one (+4.7%). Regards to the early estimates on the trends for loans and non-performing loans in the closing months of 2013, national data and regional quality indications suggest that the decrease in business loans has not inverted its course and that there is a concomitant increase in non-performing loans and in the non-performing loans to gross loans ratio. The data from banking sources should be added to those obtained from the quarterly surveys of the Industrial Association (Confindustria) of Piedmont. The figure that best reflects the credit market scenario is that of the delay with which businesses collect their receivables. The survey detected a negative peak in such delay in 2Q13 (63%), with a slow improvement in the second half of the year and in 1Q14 (54.5%). However, the situation remains critical: in a “normal” economic cycle, this figure is about 45%. Average payment terms have almost reached 100 days, rising to over 150 for PA payments.

Source:
http://www.confindustria.piemonte.it/images/documents/Piattaforma_Informativa/Piemonte_Impresa/Piemonte_Impresa%20Gennaio%202014.pdf

Prospects for 2014

The confidence of Piedmontese manufacturers remains pessimistic. In the first quarter of 2014 all indicators are expected to worsen except export, that will however decrease a little compared to 2013.

The expectations about production remain unfavourable; only 14.8% of the enterprises expect to raise their production levels, while 25.8% of them expect them to decrease, with a balance of -11%. The same result is expected for total order volumes: 28.6% are pessimistic and 15.4% are optimistic, and the final balance is in favour of the former: -13.2%. Compared to the past months, also larger enterprises are sending critical signals: production forecasts for companies with more than 50 employees have changed their prospects from +0.6% as of year-end 2013 to -10.7%. Forecasts on export orders remain positive (optimistic less pessimistic = +4.8%) but slightly decreasing compared to the previous survey (+5.6%). The rate of production capacity exploitation remains virtually unchanged compared to the past quarter (68%), although it is lower by almost 8 percentage points compared to pre-crisis levels.
The pessimistic attitude concerning employment has not changed: only 7.4% of the companies foresee an increase in employment, while 16.7% foresee its decrease; the balance is -9.3%, slightly greater than the previous one (-9%). This trend is confirmed by the planned use of redundancy, that rises from 29.7% to 32.6%, about 3 percentage points. Also profitability forecasts are rather negative: the balance is -23.1% (7.6% of optimists against 30.6% of pessimists). The companies that rely more on exports are more optimistic than others: those where over 30% of sales are foreign sales show a slightly positive balance (1%), while non-exporters report a balance of -17.5%. However, even for exporting enterprises the forecasts for the coming three months are certainly not brilliant.

Less unfavourable signals are coming from the vast services industry. The answers to the survey came from 314 companies in various areas, including ICT, business services (design, management consulting, advertising, debugging & surveillance, etc...), transportation (cargo and passengers), personal services (medical services, etc...), tourism. There seems to be a moderate improvement of business expectations, with a difference between optimists and pessimists of +2.9%, 1.5 percentage points more than in the previous quarter. Similarly, order forecasts rise by more than 2 points, reaching +3.3%. More enterprises are planning significant investments (rising from 16.9% to 23.4%) and the rate of use of corporate resources remains high (82.4%).
Employment forecasts are worsening again, down to 3%, and so do profitability indicators. To confirm a still difficult scenario, it is also worth mentioning that more companies are planning to resort to redundancy (rising from 10.8% to 12.1%).
In the various areas, the most optimistic forecasts come from ICT (+9%) and business services (+6%). The most pessimistic ones come from tourism (-4%), personal services (-2%) and passenger transport (-1%). Retail remains more or less stable.

Source: Confindustria of Piedmont

AIRPORT INDUSTRY

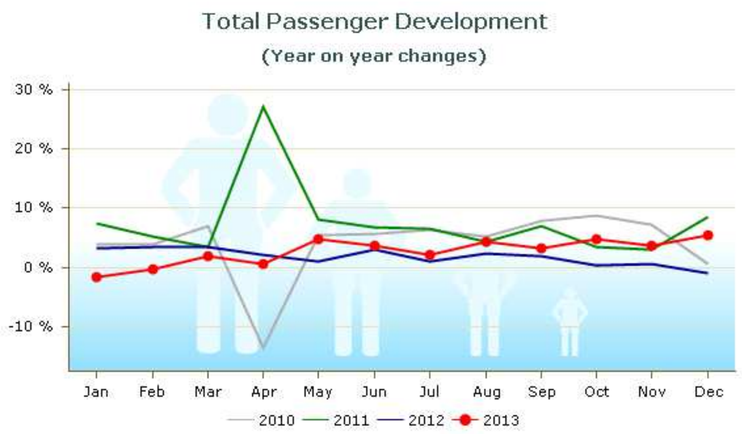
The global scenario

Global passenger traffic ended 2013 with a 4% growth. Globally, international passengers have increased by 5.2% and domestic passengers by 2.7%.
This growth has occurred in a year cluttered with economic challenges, from the cyclical slowing down of emerging markets to the persistent economic uncertainty in the Eurozone and in the United States.
Cargo volumes, although the global economy has remained slow for most of 2013, have increased by 1% in the year.
With a general greater confidence in economy, and the recent improvements in the international market, the increase in cargo volumes represents a positive signal.
Considering market breakdown, air traffic in Africa still appears to be weak, with a 0.6% decrease in the largest African airports in 2013. Egyptian airports are still suffering from the

consequences of local political and social unrest, while many airports in the largest countries have recorded a two-digit drop.
In the Asia-Pacific region, airports have recorded, on aggregate, a growth above 7% in 2013.
In the Caribbean and Latin America there has been a growth rate of 4.8% in 2013, while in the Middle East the growth rate exceeded 10%. According to preliminary data, Dubai has become the seventh most congested airport in the world.
In North America growth rates remain relatively modest, 1.3% in 2013. International traffic is growing more (4.1%) and domestic traffic is decreasing by 1.7%.
The number of passengers at Atlanta, the most congested airport in the world, dropped by 1.1% in 2013.
In Europe, notwithstanding the economic uncertainty that persisted in the Eurozone in 2013, the year ended positively, with a 5.3% increase in passenger numbers in December and an annual growth rate of 2.6%. Except for the most marginal countries in the Eurozone, many of the largest airports have recovered from the low traffic data that persisted through the year. Among the top three European airports, only Madrid, the largest airport in Spain, and Rome saw their traffic plunge by 12.1% and 2.2% respectively in 2013. On the other hand, Turkish and Russian airports saw a solid growth, with Istanbul growing by 13.6% and Moscow SVO and DME growing by 11.7% and 9.2% respectively in 2013.

The European scenario

The European airport trading authority, ACI Europe, issued a positive report containing complete traffic data for 2013 across the entire European airports network.
The aggregate growth of passenger traffic in European airports in 2013 was 2.8% compared to 2012.



While non-EU countries such as Turkey, Russia, Iceland and Norway have recorded a passenger traffic growth of 9.6%, EU airports have recorded a moderate 1% growth, showing fair recovery signals especially in the last quarter.

The structure of the European air transport market is still changing, with non-EU airports now accounting for almost 22% of total passenger traffic (their share was 15% in 2008). Moreover, the recovery in domestic passenger traffic was delayed compared to international passenger traffic, especially in the countries more badly affected by the Eurozone crisis and where high-speed rail transport offers a good alternative to air transport.

There has been a steady improvement in European passenger traffic in 2013, month after month, starting from a 1.6% decrease in January and ending with a remarkable 5.5% growth in December.
The recovery was faster during the Summer, and concentrated in the closing months of the year. EU airports have constantly under-performed compared to non-EU countries throughout the year. This was due to the continuing impact of the Eurozone crisis and to the maturity of the European air transport market.
However, this performance gap was reduced in the recent months, and it is encouraging to see a return of passenger traffic in many airports across the EU, especially Ireland, Portugal, Spain and Greece.

The cargo traffic in European airports increased by a tiny 0.8% in the entire year, while the aggregate number of aircraft movements was further reduced by 1.2%.

The recovery in cargo transport is still delayed compared to passenger traffic, with aggregate cargo volumes in 2013 below 2010 levels.
The cargo traffic was weakened by the reduced domestic consumption in Europe and by the slowdown in the economic growth of Asia and Latin America. However, it was also affected by structural factors, including the dramatic drop in consumer goods trends and the shift to just-in-time production, that are both decreasing in volume. All this is worsened by the competitive pressure from other transportation means.

Looking at 2014 forecasts, there seem to be sufficient hints that Europe may sustain the rising economic growth, that is leading to even more positive outlooks for air traffic in the coming months. However, there still are risks of decreasing trends, and traffic growth forecasts are restrained by several factors, particularly in the EU.
The notorious recession, coupled with detrimental aviation fees in the UK, Germany, France and Austria, is not helping to boost the demand for air services.

Many EU airlines are restructuring, and some of them will not be able to endure through the end of the year, which adds further uncertainty. The bright side is that oil prices are bound to remain steady or decrease, and while aircraft movements are still 5% less than in 2008, well-positioned airlines will have an opportunity to increase their capacity, and hence their market share.

On the basis of the prevailing market conditions, and assuming that Turkey and Russia will maintain their current fast-paced traffic growth, forecasts for 2014 suggest a 3.2% growth of passenger traffic in the European airports. Cargo traffic is bound to grow by 1.5%, while aircraft movements might reach a 1.4% increase.

In general, competitive pressures are increasing on European airports and the markets are much less segmented than they should, which is shown by the fact that Ryanair has recently moved to a given number of primary airports. The most consistent answer lies in focusing on minimising business risks. Apart from cost control, it is a matter of encouraging traffic growth by reducing investments and maximising commercial earnings.

The Italian scenario
In this scenario, the Italian airport sector is also experiencing a phase of changes, due to various different factors.
Privatisations and unifications of stations (either announced or implemented), although in a blurred regulatory framework and political scenario, call for structural changes in the business model of airport management companies. The access of new operators in the shareholding

pattern, such as investment funds with "industrial" competences, and the development of non-aviation activities, are having considerable impact.
The development of low cost airlines, that has increased point-to-point traffic and competitive pressure, brings along variability in the number of routes offered and pushes airport management companies to change their offer mix (conventional and low-cost) to meet the demand of its own reference area.
The evolution of the airport market is also affected by the changes in passenger behaviours, determined by the development of new technologies (on-line booking offers passengers more chances to compare the rates; the development of "self" technologies affects the use of facilities and management), by the competition on commuter routes engendered by the growth of high-speed rail transportation, and by the lower spending power caused by the economic crisis. All this affects not only aviation services, but also non-aviation ones such as parking services and airport retail.

This series of factors has intensified the competition among airports, many of which see their reference territories and routes offered overlap with the territories and routes of their neighbouring competitors.
This leads to offering more incentives to the carriers and gives more importance to marketing, to developing and maintaining new routes, in a competitive scenario that is often distorted by the support of local institutions.

According to a 2013 Assaeroporti report, more than 144 million passengers have transited at the 38 Italian airports monitored by the association, 1.9% less than in 2012 (about 2,740,000 passengers less). Similarly, there has been a 6% reduction in the aggregate traffic of aircraft movements, corresponding to 90,147 movement less for an annual total of 1,424,729.

It should be noted that the traffic at Rome Fiumicino accounts for 25% of the entire domestic traffic.

Like in other countries in Southern Europe, the performance of air transport in Italy was affected by a strong exposure to macro-economic phenomena, and by a peculiar decrease of traditional carriers (starting with Alitalia, Blue Panorama, etc.), that have lost much of their presence in the Italian airport network to low-cost carriers and to the growing competition of high-speed trains on certain leading domestic routes.

There are three aspects that might consent a moderate confidence in the future of air traffic.

The first one is the fact that the strong decrease in domestic traffic was counterbalanced by the fact that European traffic has basically resisted and by a rather good performance of non-European traffic. This leads to assume that —if supported by the right carrier strategies and by a transportation policy focused on opening new non-European routes— there may be room for improving the non-European traffic segment (which is, besides, more profitable) for both airlines and airport management companies.

The second encouraging aspect is that the year ended with a gradual recovery of passenger flows in 4Q13, with an average monthly growth of 1.20% compared to 4Q12.

The third positive aspect is the growth in the cargo sector, that has increased by 1.5% compared to 2012, totalling 907,485 tonnes handled in the year.

Passenger Traffic

- December 2013: 9.629.083 passengers (+2.02% vs. Dec. 2012);

- airports with traffic > 10 MLN: +1.05%;
- airports with traffic between 5 and 10 MLN: +4.27%;
- airports with traffic between 1 and 5 MLN: +2.88%;
- airports with traffic < 1 MLN: -18.26%.

• January-December 2013: 144.144.189 passengers (-1.87% vs. Jan-Dec. 2012);
- airports with traffic > 10 MLN: -2.52%;
- airports with traffic between 5 and 10 MLN: +0.28%;
- airports with traffic between 1 and 5 MLN: -1.95%;
- airports with traffic < 1 MLN: -14.22%.

Movements
- December 2013: 98.594 movements (-2.29% vs. Dec. 2012);
- January-December 2013: 1.424.729 movements (-5.95% vs. Jan-Dec. 2012).

Cargo Traffic
- December 2013: 78.118 tonnes (+3.94% vs. Dec. 2012);
- January-December 2013: 907.485 tonnes (+1.50% vs. Jan-Dec. 2012).

AIRLINES

In 2013 the air transport market has increased at the average growth rate of the last three decades, gaining 5.2% over 2012, notwithstanding the high costs of fuel and the relatively slow economic growth.
The growth of air transport was led by a solid economic growth in emerging areas, where less mature air transport markets have continued to grow strong.
The data on air transport show that in the mature markets of Europe and North America the airlines have recorded the lowest growth rates in 2013, reaching 3.8% and 3% respectively. While the economic performance in both regions improved in 2013, backing a recovery of air transport growth, the growth rate was much slower than in the markets of the emerging regions.
Middle Eastern airlines saw the highest growth in 2013 (12.1% compared to 2012), reflecting the strength of regional economies and the robust growth of premium air traffic.
Latin American airlines recorded an 8.1% growth in 2013, which also reflects the strong performance of several local economies and the continuing expansion of trade, which has supported the international business air transport.
Domestic air transport has grown by 4.9% in 2013; China and Russia obtained the highest growth rates.
Air traffic in China has grown by 11.7% in 2013 and, while decreasing compared to 2012, it was the best performance in domestic markets, encouraged by a strong internal demand.
In Russia, air traffic was supported by government policies aimed at supporting the business and the arrivals, with domestic RPK (revenue per kilometre) rates increasing by 9.6% in 2013.
Conversely, other BRIC countries like Brazil and India recorded relatively low growth rates in their domestic markets, 0.8% and 0.4% respectively.
Both these countries were troubled by the continuing economic weakness, that has pushed air traffic demand down.

Load factors were broadly stable throughout 2013 compared to the prior year, and remained high, at around 80%.

The demand for air transport remains positive: the data published by the Association of European Airlines (AEA) for 2013 show a 1.6% increase in the number of passengers transported compared to the prior year

Both figures are somewhat reassuring, in an economic scenario that is nevertheless still cause for concern, and far from perceptions of recovery in this business area.

The data on AEA member airlines mark the highest increase of passengers in long-range flights, with a 3.5% growth particularly in the routes heading to the United States, which remain the largest long-range market for European carriers. European routes, including domestic ones, have only grown by 1%.

Although the data show encouraging signs of recovery in terms of business volume after the recession started in 2007, the achievement of satisfactory financial performances is still uncertain: the best economic estimate for 2013 (data not available yet) suggests basically a balance.

As far as Italy is concerned, the Alitalia group confirms itself as the leading carrier with 23.9 million passengers transported, but Ryanair comes right next with 23 million passengers transported.

The growth in low-cost traffic is evidenced by the share of the largest players in the Italian market (more than 40% in 2013).

In fact, EasyJet ranks third after Ryanair, with 12.4 million passengers; Wizz Air, Vueling and Air Berlin, although halfway between traditional and low-cost, close the top ten row.

Sources: IATA, AEA and ENAC

1.2 REGULATORY FRAMEWORK

The 2007 Finance Act

The 2007 Finance Act, adopted by the Government on 2 October 2006, and Decree Law 3 October 2006, connected to the Finance Act and converted into Law 27 December 2006, no. 298, “State Budget for Fiscal Year 2007 and Long-Term Budget for 2007 – 2009”, have introduced several aspects affecting the airport business in economic and management terms.
Of these, the contribution to the fund aimed at reducing State expenditure on fire-fighting services (please see the paragraph on controversies) and the introduction of the ICI (now IMU) property tax on any building (or part thereof) intended for commercial, industrial, private office or other non-residential purposes, and instrumental to earning an income, are still taking their toll.

The System Requirements Act and its enforcement

The Resolution dated as of 15 June 2007 of the Inter-Ministerial Committee on Economic Planning (CIPE) was published in the Official Gazette on 22 September 2007. The Resolution approved the Directive on regulated fees for the airport services offered in an exclusivity regime (Resolution no. 38/2007).

Resolution no. 38/2007, that enforces Law no. 248/2005 (System Requirements Act), has repealed the pre-existing Resolution no. 86/2000. The Resolution was adopted, as may be deduced from its recitals, after several negotiations between the CIPE and the Ministry of Economy and Finance, the Ministry of Transport, the Consulting Unit for the Implementation and Regulation of Public Utility Services (NARS) and ENAC.
Therefore, the Directive approved by CIPE resolution no. 38/2007, on the basis of the new regulatory framework, and particularly of the provisions in paragraph 1 of article 11 *nonies* of Law no. 248/2005, has brought significant novelties in the regulation of airport fees.
In particular, the Directive provides for the application of the "single till" principle introduced by Law no. 248/2005 in the setting of airport fees, i.e. the principle whereby even the income from non-regulated commercial activities contributes (wholly or partially) to covering the costs of regulated activities. In more detail: Item 1.2 of Resolution 38/2007 specifies that, pursuant to Law 248/2005, 50% of the margin earned by the airport management company on non-regulated services, such as for instance the earnings from the exploitation of retail areas within the airport grounds, must be applied to the reduction of airport fees.
Item 2 of the directive provides an analytic accounting model for cost and earning centres that airport management companies must adopt. This model must be certified by an independent auditor and forwarded to the authority, ENAC.

According to the Directive, ENAC had a term of 60 days from the publication in the Official Gazette to develop the relevant compliance guidelines. On 7 April 2008 ENAC published in its website the final text of its Guidelines for the Compliance with CIPE Directive no. 38/2007, approved by Ministerial Decree no. 41/T of February 2008, after obtaining the favourable opinion of the NARS.

On 7 March 2008 the Constitutional Court admitted partially the appeal presented —among others— by Regione Piemonte against the System Requirements Act. In particular, the Court recognised the inconstitutionality of art. 11 *nonies* of the law in question, insofar as it failed to require the consultation of the State-Regions Conference before the CIPE's enforcing Directive was issued.
In order to overcome the defect found by the Constitutional Court, that had affected the validity of CIPE Resolution no. 38/2007 and consequently of the ENAC Guidelines, on 26 March 2008 the State-Regions Conference was called, and expressed its favourable opinion about the Government's proposal.
Therefore, on 27 March 2008 the CIPE received the opinion of the State-Regions Conference of 26 March and issued its Resolution no. 51/08, with identical language as Resolution no. 38/07.
After the publication of the CIPE Resolution no. 51/08, SAGAT filed an appeal against it, confirming the objections already raised against Resolution no. 38/2007.
Lastly, the Official Gazette no. 42 of 20 February 2009 contained the decree of the Ministry of Infrastructures and Transport of 10 December 2008, that adopted the Guidelines prepared by ENAC for compliance with CIPE resolution no. 51/2008.

As in the case of CIPE resolution 51/08, it was a republishing of the guidelines already approved by decree no. 41/T in order to cure the procedural defect recognised by the Constitutional Court.

The initiatives taken by SAGAT to tackle the adverse effects of the System Requirements Act and of CIPE Directive 38/2007 are described below:

1. SAGAT, like other airport management companies, in the opening months of 2006 filed an appeal with the Regional Administrative Court ("TAR") of Lazio against the first

enforcement provisions of the interim regime. In its appeal, SAGAT also affirmed that Law 248/2005 was illegitimate because contrary to the Constitution and incompatible with Community Law. The TAR of Lazio, by award registered on 4 June 2007, rejected the appeal filed by SAGAT and other airport management companies.

2. On 15 November 2007 SAGAT filed an appeal with the Council of State, to have that award annulled, repeating the objections formulated in first instance.
3. On 20 November 2007, SAGAT challenged the CIPE Directive 38/2007 before the TAR of Lazio solely for the part in which it enforced the principles of Law 248/2005, which SAGAT had claimed to be inconstitutional, due mostly to the principle of the ‘single till’. Such challenge did not imply any precautionary measure aimed at suspending the enforcement of the instrument, in order not to interrupt or compromise the pending administrative procedure for the execution of programme agreements.
4. On 18 June 2008 SAGAT then filed an appeal against Decree 41/T, that had approved the ENAC Guidelines, claiming it was illegitimate and seeking its annulment, for the reasons already formulated against CIPE Resolution 38/2007, and also because of irregularities in its approval and issuing.
5. On 5 August 2008, SAGAT appealed against CIPE Resolution 51/2008, repeating the objections already formulated against CIPE Resolution 38/2007, of identical content
6. On 20 March 2009 SAGAT filed additional reasons to its appeal against the ENAC Guidelines, challenging the ministerial decree of 10 December 2008 that re-issued the guidelines to cure the procedural defects arising from the Constitutional Court's decision.

During the year, by order and partial award no. 1246/2013, the Council of State (apart from declaring the original or arisen lack of interest in certain objections by the appellant) suspended the judgement relating to item 2 above and remitted to the Constitutional Court certain issues of inconstitutionality of the challenged provision regulating the costs referred to as "system requirements".

SAGAT appeared as a party to the trial before the Constitutional Court and filed its own defences. All the trials described above, brought by SAGAT, are de fact suspended, pending the decision of the Court about the constitutionality of the law.

The “*milleproroghe*” Decree and adjustment of airport fees

By art. 21 bis of Decree Law 31 December 2007, no. 248 (the so-called “*Milleproroghe*”, or “the decree of a thousand extensions"), amended and converted into Law 28 February 2008 no. 31, the lawmaker established that: “Pending the issuing of the decrees referred to in article 10 (10) of Law 24 December 1993, no. 537, as replaced by article 11-*nonies* (1) of Decree Law 30 September 2005, no. 203, amended and converted by Law 2 December 2005, no. 248, to be adopted on or before 31 December 2008, the Ministry of Transport, by decree of its own, proceeds with the adjustment of airport fees to the planned inflation rate.

Various adjustments were provided for as a consequence of the above.

Those implemented as of 31.12.2012 were extensively described in the reports prepared for the years before 2013.

The following adjustments were implemented in 2013:

- ✈ June 2013

By Ministerial Decree no. 44 of 7 February 2013, effective from 16 June 2013, it was established that the amount of airport fees as per Ministerial Decree 25 July 2012 no. 274 was to be adjusted pursuant to Decree Law 29 December 2011 no. 216, as amended and converted into Law 24 February 2012 no. 14, that extended to until 31 December 2012 the terms provided for by art. 21-bis (1), first and second sentence, of Decree Law 31 December 2007 no. 248, as amended and converted into Law 28 February 2008 no. 31, as amended, in order to take into account of planned inflation for the year 2012. From that date on, the temporary fees established for the Turin airport were applied with an average increase by about 1.3%, inclusive of 2013 revaluation and of the recovery of 2012 inflation, recognised with delay.

✈ December 2013

By effect of the above-referred Ministerial Decree, the regulated fees for the Turin airport were applied effective from 12 December 2013, with an average increase over year-end 2012, due to 2013 adjustments alone, of about 0.7%.

It is worth noting that the adjustment of airport fees to the inflation rate planned for 2013, and the unification of EU and non-EU landing and takeoff fees as per MD of 20 November 2013, no. 413 (Official Gazette no. 31 of 07.02.2014) came into force effective from 9 March 2014.

In order to protect its interests, the company has always formally requested from the competent Ministries and from ENAC the timely recognition of such fee adjustments.

Article 21-bis of Decree Law 31.12.07 no. 248 established that the adjustment of airport fees described above was to be deemed forfeited if the airport management company failed to submit a complete petition for execution of the programme agreement on or before 31.12.2010. The so-called "2011 *Milleproroghe* Decree" extended such deadline until 31.03.2011 and, later on, until 31.12.2011. In order to comply with the obligations arising under DL no. 248 and to secure the fee adjustments described above, on 31.03.2011 the company delivered to ENAC all the necessary documents for the formal petition for execution of the programme agreement.

Accounting separation and programme agreement

In compliance with the guideline issued by the Ministry of Infrastructures and Transport dated as of 30 December 2005, SAGAT sent to ENAC, to the Ministry of Economy and Finance and to the Ministry of Transport, in June 2010, the separate analytic accounting in simplified format as of 31.12.2009, pursuant to CIPE resolution 38/2007 as replaced by CIPE resolution 51/2008, together with the report prepared by the independent auditors Deloitte & Touche S.p.A..

With reference to the pre-screening for the programme agreement, SAGAT sent to ENAC, on 13.12.2010, 30.06.2011, 14.06.2012 and 11.06.2013 respectively, the separate analytic accounting statements in mandatory format as of 31.12.2009, as of 31.12.2010, as of 31.12.2011 and as of 31.12.2012, accompanied by the respective reports by the independent auditors Deloitte & Touche S.p.A., in compliance with the Guidelines enforcing the directive on the regulated fees for airport services offered in an exclusivity regime (Decree Law no. 231 of 17 November 2008, published in the Official Gazette no. 42 of 20.02.2009).

At the same time, SAGAT requested that the pre-screening for the programme agreement be continued, asking ENAC, according to the enforcement guidelines, to provide the schedule and the list of the documents required.

Fee advance petition

On 12 March 2010, SAGAT filed a petition for admittance to the fee advance procedure pursuant to art. 2 (200) and (201) of Law no. 191/2009 (Finance Act 2010) and asked, pending execution of the programme agreements mentioned in paragraph 5.2 of Resolution 38/07, to be admitted to the procedure in question, attaching the following documents for the purpose (which comply with the indications given by ENAC in its circular letter no. 90287/DIRGEN/DG of 21/12/2009):

- list of the interventions, among those included in the four-year investment plan, regarded as urgent and undelayable;
- comprehensive four-year investment development plan, initialled on each page for identification;
- traffic estimates for the four-year term of the plan.

After the subsequent requests for further details made by ENAC, at the meetings held between October 2010 and January 2011, SAGAT updated and detailed the documents referred to above, supplementing the original petition. The following documents were sent on 28.02.2011:

- updated detail of the interventions, among those included in the comprehensive investment plan, regarded as urgent and undelayable;
- comprehensive four-year investment plan, revised on the basis of updated planning and matching with the Airport Master Plan approved in its technical contents by ENAC on 20.04.2010;
- general accompanying report, inclusive of the elements of connection between the Plan and the Airport Master Plan;
- update of traffic estimates for the four-year term of the plan.

SAGAT also agreed to file with ENAC, within six months from the date of ENAC's order of validation of the four-year intervention plan, all the documents required for the execution of the programme agreement as provided for in the ENAC guidelines, and to enter into the programme agreement within 18 months from such validation.

No new circumstances of relevance have occurred during the year.

Community Directive

Ordinary supplement no. 138/L of the Official Gazette contained the text of Law 4 June 2010 no. 96, entitled “Provisions concerning the compliance with obligations arising from Italy's membership in the European Communities - Community Act 2009”. This law came into force on 10 July 2010. Its art. 39 lists the principles and guidelines for the enforcement of Directive 2009/12/CE on airport fees.
Art. 1 of the Community Act delegates to the Government the enacting of legislative decrees within the deadline for adoption indicated in each of the directives listed in annexes A and B. Therefore, as Directive 2009/12/CE is listed in annex B, the deadline is two years from

publication in the Official Gazette of the European Union, which occurred on 14 March 2009, i.e. 15 March 2011.

The process of adoption of this Community Act, preceded by a survey on the Italian airport network by the 9th Transport Committee of the House of Deputies of 17.02.2010, was not completed earlier than 24.01.2012, with the publishing in Official Gazette no.19 of the so-called Decree Law on Liberalizations. Chapter II, Title III of this Decree contains the “Provisions for enforcement of Directive 2009/12/CE of the European Parliament and Council of 11 March 2009 concerning airport fees”.

The key elements of European Directive 2009/12/CE, adopted with art. 80 of the above-mentioned Decree Law, refer, among other things, to setting airport fees according to "principles of:

- *cost-correlation, transparency, pertinence, reasonableness;*
- *consultation with airport users;*
- *non-discrimination;*
- *alignment, in compliance with the principles in item 1, with the European average of airport fees in stations having similar features in terms of infrastructures, traffic and service standards.”*

For the time being, these provisions have come into force; however, their actual enforcement is conditional on the actual operation of the Transport Authority, that was created on 15 January 2014.

On a temporary basis, knowing that the definition of the complicated tasks of the Authority and its actual start of operations will require a considerable amount of time, the lawmakers have established certain interim rules.

In particular, article 22 of the so-called Decree Law on “Simplification” dated as of 9 February 2012 was introduced in order to allow the procedures for the definition of programme agreements to be completed. In any case a deadline was set: 31.12.2012, later extended to 30.06.2013.

1.3 TRAFFIC SCENARIO

Traffic at the Turin Caselle airport

The Turin airport ends 2013 with 3,160,287 passengers transited at Caselle, 10% less than in January-December 2012.

The performance was heavily affected by the continuing economic crisis and by the peculiarities of the airport industry, broadly described in the introductory part of this report.

Passengers	Year To Date			
	Act	LY	Var. vs. LY	%
Domestic	1.774.521	2.092.022	(317.501)	(15%)
International	1.205.144	1.229.552	(24.408)	(2%)
Charter	169.536	185.914	(16.378)	(9%)
Gen. Aviation	7.358	6.722	636	9%
Transit	3.728	7.637	(3.909)	(51%)
Total	**3.160.287**	**3.521.847**	**(361.560)**	**(10%)**
ATM	**43.656**	**51.773**	**(8.117)**	**(16%)**

The domestic division was the most affected, with 318 thousand passengers less, or -15% compared to the prior year.

To counter this decrease, much effort was spent in the second half of the year towards commercial promotion, based on a model that rewards traffic volume targets and speed in reaching them. This commercial policy was absolutely necessary, subject always to financial sustainability, considering the operating cost of our infrastructure, which is exploited below its potential.

Destinations

The breakdown of scheduled traffic by route is shown below:

Passengers	Destinations – SCHEDULED				
	Act	LY	Var. vs LY		% of tot.
ROMA FIUMICINO	661.270	876.614	(215.344)	(25%)	22%
CATANIA - FONTANAROSSA	288.023	250.445	37.578	+15%	10%
NAPOLI	226.776	298.216	(71.440)	(24%)	8%
FRANKFURT	202.549	188.892	13.657	+7%	7%
PARIS-CH DE GAULLE	178.622	188.814	(10.192)	(5%)	6%
BARI - PALESE	158.415	164.459	(6.044)	(4%)	5%
MUENCHEN - FRANZ JOSEPH STRAUSS	157.806	129.231	28.575	+22%	5%
STANSTED	133.724	125.098	8.626	+7%	4%
LONDON GATWICK	103.395	88.452	14.943	+17%	3%
TRAPANI - BIRGI	94.280	79.660	14.620	+18%	3%
Total top 10 destinations	**2.204.860**	**2.389.881**	**(185.021)**	**(8%)**	**74%**
Others	**770.819**	**927.621**	**(156.802)**	**(17%)**	**26%**
Total traffic	**2.975.679**	**3.317.502**	**(341.823)**	**(10%)**	**100%**

Domestic scheduled traffic was significantly affected by the decrease in the number of flights to Rome, Naples, Bari, Palermo and Alghero.

On the other hand, the routes to Catania and Trapani performed well.

International scheduled traffic has dropped by 2% compared to 2012.

New openings and improvements in 2013 were:

- January: to London Gatwick (seasonal flight) operated by EasyJet;

- March: to Barcelona El Prat, operated by Vueling;
- April: to Iasi, operated by Tarom, and repositioning from Barcelona Gerona to Barcelona El Prat, by Ryanair;
- June: to Casablanca by Royal Air Maroc, to Palermo by Blue Express (seasonal flight), to Crotone by Mistral Air (seasonal flight);
- September: more Vueling flights to Barcelona, to Palermo by Volotea, to Naples by Volotea (suspended in November due to excessive offer), to Naples by Meridiana;
- October: to Amsterdam by Transavia;
- December: to Catania by Ryanair, to Tirana by Alitalia, to Moscow Domodedovo by New Livingston.

While Rome was the most requested destination (661,270 passengers), its share of total passengers declined from 26% in 2012 to 22% in 2013 (of total scheduled traffic).
Catania performed very well as destination and is still growing, even in the opening months of 2014, thanks to the new flight introduced by Ryanair since year-end 2013.

The German routes to Frankfurt and Munich are also performing well, and London Stansted too.

The table below shows the trend of scheduled traffic by airline in 2013:

	Destinations - SCHEDULED				
Movements	Act	LY	Var. vs LY		**% of tot.**
ROMA FIUMICINO	6.489	8.974	(2.485)	(28%)	20%
NAPOLI	2.851	3.891	(1.040)	(27%)	9%
MUENCHEN - FRANZ JOSEPH STRAUSS	2.861	3.288	(427)	(13%)	9%
PARIS-CH DE GAULLE	2.597	3.037	(440)	(14%)	8%
FRANKFURT	2.810	2.709	101	+4%	9%
CATANIA - FONTANAROSSA	2.261	2.102	159	+8%	7%
BARI - PALESE	1.144	1.233	(89)	(7%)	4%
MADRID - BARAJAS	976	1.850	(874)	(47%)	3%
STANSTED	868	828	40	+5%	3%
LONDON GATWICK	850	768	82	+11%	3%
Total top 10 destinations	**23.707**	**28.680**	**(4.973)**	**(17%)**	**74%**
Others	**8.159**	**10.984**	**(2.825)**	**(26%)**	**26%**
Total traffic	**31.866**	**39.664**	**(7.798)**	**(20%)**	**100%**

In terms of aggregate movements, there has been a 15.7% decrease, from 51,773 in 2012 to 43.656 in 2013. The percentage decrease is more or less the same for domestic and international flights.

Aggregate aircraft tonnage decreased by 15.2% compared to January-December 2012.

These data suggest that the airlines have implemented a restructuring, reducing flights more than proportionally to carried passenger trends.

Charter traffic decreased by 9% compared to 2012 due to the emergency situation in Egypt, that in 14/08/2013 was added to the list of destinations not recommended by our Ministry of Foreign Affairs.
The most congested destinations were: London, Manchester, Birmingham, Moscow, Marsa Alam, Sharm-el-Sheik.

Aggregate carried cargo volumes have decreased to 9,694,409 kilos from the 10,541,778 kilos in 2012 (-8%).

Airlines

The main airlines that have worked at our airport in 2013, and their respective passengers, are shown below:

Pax	Carriers - SCHEDULED				
	Act	LY	Var. vs LY		% of tot.
ALITALIA (Group)	1.100.197	1.168.502	(68.305)	(6%)	37%
RYANAIR	576.197	600.482	(24.285)	(4%)	19%
LUFTHANSA	376.639	339.239	37.400	+11%	13%
MERIDIANA FLY S.p.A.	279.498	379.757	(100.259)	(26%)	9%
AIR FRANCE	178.342	188.814	(10.472)	(6%)	6%
BLU EXPRESS	90.442	186.806	(96.364)	(52%)	3%
BRITISH AIRWAYS	93.298	87.015	6.283	+7%	3%
AIR NOSTRUM	57.311	69.540	(12.229)	(18%)	2%
TURKISH AIRLINES	55.327	37.646	17.681	+47%	2%
VUELING AIRLINES	44.784		44.784	+0%	2%
Total top 10 carriers	**2.852.035**	**3.057.801**	**(205.766)**	**(7%)**	**96%**
Others	**123.644**	**259.701**	**(136.057)**	**(52%)**	**4%**
Total traffic	**2.975.679**	**3.317.502**	**(341.823)**	**(10%)**	**100%**

In 2013, low-cost traffic accounted, in terms of passengers, for 25% of total scheduled traffic, a percentage that is basically equal to the one obtained in 2012:

Pax	Low Cost				
	Act	LY	Var. vs LY		% of tot.
RYANAIR	576.197	600.482	(24.285)	-4%	19%
BLU EXPRESS	90.442	186.806	(96.364)	-52%	3%
VUELING AIRLINES	44.784		44.784	0%	2%
BELLE AIR	1.014	26.588	(25.574)	-96%	0%
TRANSAVIA AIRLINES	12.643		12.643	0%	0%
VOLOTEA	*12.180*				
EASYJET AIRLINE	*10.662*	1.437			
Total	**747.922**	**815.313**	**(67.391)**	**-8%**	**25%**

The trends of scheduled movements by carrier are shown below:

Movements	Carriers - SCHEDULED				
	Act	LY	Var. vs LY		% of tot.
ALITALIA (Group)	10.859	13.072	(2.213)	(17%)	34%
LUFTHANSA	6.190	6.831	(641)	(9%)	19%
RYANAIR	3.872	4.095	(223)	(5%)	12%
MERIDIANA FLY S.p.A.	2.698	4.200	(1.502)	(36%)	8%
AIR FRANCE	2.595	3.038	(443)	(15%)	8%
BLU EXPRESS	952	1.885	(933)	-49%	3%
AIR NOSTRUM	898	1.544	(646)	-42%	3%
BRUSSELS AIRLINES	841	876	(35)	(4%)	3%
BRITISH AIRWAYS	762	756	6	1%	2%
TURKISH AIRLINES	648	524	124	+24%	2%
Total top 10 carriers	**30.315**	**36.821**	**(6.506)**	**(18%)**	**95%**
Others	**1.551**	**2.843**	**(1.292)**	**(45%)**	**5%**
Total traffic	**31.866**	**39.664**	**(7.798)**	**(20%)**	**100%**

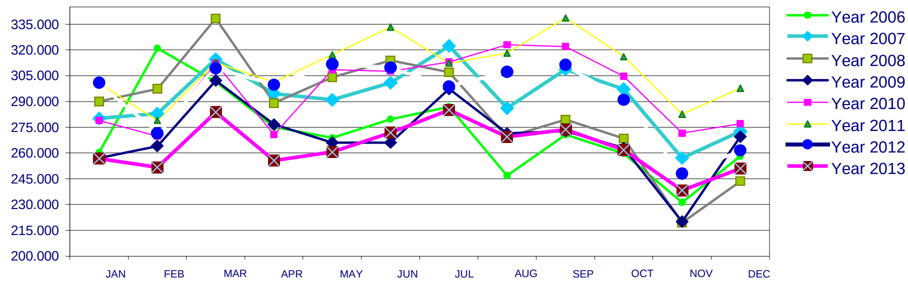
Below is a summary of the historical trends and specific seasonality of the total number of passengers at our station:

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2006	260.461	321.034	301.479	275.236	268.880	279.790	286.999	246.939	270.742	259.835	231.318	258.261	**3.260.974**
2007	280.182	283.146	314.788	294.648	291.032	301.010	322.412	286.258	308.790	297.291	257.152	272.544	**3.509.253**
2008	290.081	297.462	338.402	289.135	304.187	314.022	307.055	269.285	279.529	268.527	219.513	243.635	**3.420.833**
2009	257.144	264.156	302.360	276.737	266.173	266.112	297.407	271.464	272.958	262.865	220.185	269.697	**3.227.258**
2010	279.036	269.824	312.431	270.799	308.544	307.732	313.081	323.100	322.070	304.788	271.619	277.145	**3.560.169**
2011	300.575	278.985	312.781	301.429	317.306	333.399	312.366	318.216	338.719	316.164	282.739	297.806	**3.710.485**
2012	300.967	271.516	309.360	299.873	311.909	309.811	298.850	307.339	311.482	291.052	248.093	261.595	**3.521.847**
2013	256.862	251.752	283.835	255.685	260.621	271.987	285.113	269.502	273.759	261.745	238.387	251.039	**3.160.287**

2013 -2012 variation percentages

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
monthly	-15%	-7%	-8%	-15%	-16%	-12%	-5%	-12%	-12%	-10%	-4%	-4%
progressive	-15%	-11%	-10%	-11%	-12%	-12%	-11%	-11%	-11%	-11%	-11%	-10%

NW: months of traffic peaks are shown in red.



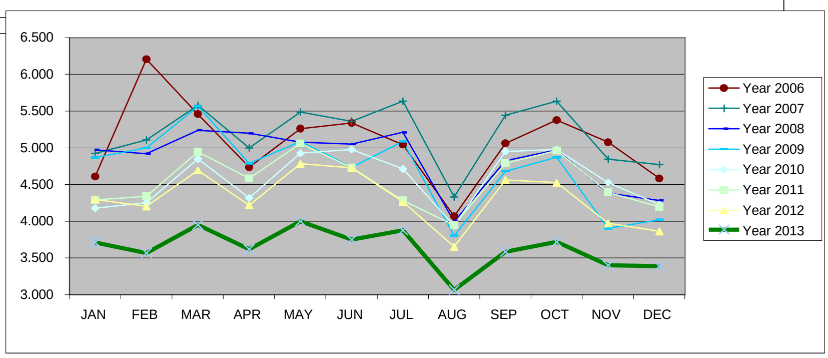
Below is a summary of the historical trends and specific seasonality of the total number of movements at our station:

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2006	4.612	6.210	5.460	4.738	5.263	5.340	5.044	4.071	5.062	5.378	5.076	4.584	**60.838**
2007	4.927	5.110	5.580	5.001	5.487	5.364	5.636	4.331	5.443	5.636	4.847	4.774	**62.136**
2008	4.972	4.922	5.242	5.198	5.079	5.053	5.212	3.997	4.827	4.975	4.385	4.286	**58.148**
2009	4.867	5.001	**5.568**	4.789	5.088	4.737	5.088	3.804	4.681	4.871	3.904	4.021	**56.419**
2010	4.180	4.254	4.850	4.318	4.927	4.978	4.714	3.938	4.952	4.976	4.527	4.226	**54.840**
2011	4.292	4.341	4.947	4.584	5.060	4.732	4.286	3.949	4.793	4.965	4.395	4.197	**54.541**
2012	4.297	4.204	4.695	4.220	4.784	4.726	4.266	3.654	4.565	4.526	3.972	3.864	**51.773**
2013	3.714	3.570	3.953	3.620	3.999	3.753	3.879	3.068	3.585	3.720	3.404	3.391	**43.656**

2013-2012: variation percentages

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
monthly	-13,6%	-15,1%	-15,8%	-14,2%	-16,4%	-20,6%	-9,1%	-16,0%	-21,5%	-17,8%	-14,3%	-12,2%
progressive	-13,6%	-14,3%	-14,8%	-14,7%	-15,1%	-16,0%	-15,1%	-15,2%	-15,9%	-16,1%	-16,0%	-15,7%

NB: months of traffic peaks are shown in red.



1.4 ANALYSIS OF THE INCOME STATEMENT

The Income Statement 2013, presented in summary form in the table below, closes at a net operating profit of €215 thousand, improving by €1,382 compared to the €1,167 thousand loss recorded in the prior year.

The difference is the consequence of various factors that have significantly affected the various income components described below.

Income, totalling €50,664 thousand, has decreased on aggregate by 8.7% and reflects the performance of the various traffic components at our airport.

Staff costs amount to €11,873 thousand, decreasing in absolute terms by €545 thousand. The decrease (4.4% compared to 2012) is due basically:

- €225 thousand, to staff reduction (-2.49 FTE, of which 0.78 relating to one executive);
- €225 thousand, to the agreement with the trade unions of 4 April 2013, as a consequence of which a greater number of leave days were used by the staff instead of being compensated by the company (-€100 thousand) and the Performance Bonus was not granted (-€125 thousand);
- €105 thousand, to a lesser number of extra hours worked.

Operating costs, €23,945 thousand on aggregate, have decreased compared to the prior year owing, on one hand, to the reduction in business volumes for the portion directly related thereto and, on the other, to the cost-cutting initiatives implemented, such as the replacement of outsourced staff with internal resources, especially in the engineering area and wherever feasible and cost-effective.

The caption “Amortisation, provisions and write-downs”, €13,543 thousand on aggregate, has considerably decreased compared to the prior year. A detailed analysis of the main variations in these captions is given in the Notes.

The balance of financial and extraordinary items has improved, due to the positive effects (over €1,007 thousand) of the payment received from the Ministry of Transport on interest, revaluation and Court expenses related to the legal action on the adjustment of airport fees to the planned inflation rate for the years 1999 - 2005, which the company has won at first instance. For more details please refer to the section in this Report dedicated to legal controversies, and to the specific sections in the Notes.

The table below shows the main Income Statement components. A comparison with 2012 figures is also provided.

Euro thousand

	2013	***2012***	***Difference***
Production value	50.664	55.512	-4.848
Staff costs	11.873	12.418	-545
Operating costs	23.945	25.792	-1.847
GOM	**14.846**	**17.302**	**-2.456**
Amortisation and depreciation, provisions and write-downs	13.543	17.670	-4.127
EBIT	**1.303**	**-368**	**1.671**
Balance of financial and extraordinary components	-22	-235	213
EBT	**1.281**	**-603**	**1.884**
Income taxes	1.066	564	502
Net result of the year	**215**	**-1.167**	**1.382**
Financial autonomy*	**13.792**	**16.534**	**-2.742**

(*) The index of financial independence is calculated as follows: profit (loss) of the year + amortisation and depreciation + write-downs and provisions + net variation in the provision for staff severance pay

Income

The table below shows the main income items for the years 2013 and 2012:

Euro thousand

	2013	*%*	*2012*	*%*	*Difference*
Total Revenues	**50.664**	**100,0%**	**55.512**	**100,0%**	**-4.848**
Aeronautic	**27.148**	**53,6%**	**30.398**	**54,8%**	**-3.250**
of which:					
Fees	12.572		13.976		-1.404
Handling	2.395		2.983		-588
Security	5.614		6.249		-635
Centr. infrastructures	5.807		6.302		-495
Assets used in common	760		888		-128
Non-aeronautic	**18.693**	**36,9%**	**20.259**	**36,5%**	**-1.566**
of which:					
Airport Retail Corners	3.687		3.969		-282
Subleases.	8.032		8.446		-414
Parking lots	5.466		6.318		-852
Advertising	1.508		1.526		-18
Other Revenues	**4.823**	**9,5%**	**4.855**	**8,7%**	**-32**

All production value components have decreased in 2013, by an aggregate amount of €4,848 thousand, reaching €50,664 thousand.

The aggregate decrease in aeronautic income by €3,250 thousand (-10.7%), is due to traffic trends and to the effects of the above-mentioned partial and delayed adjustments of airport fees to inflation.

Therefore, the income from fees, security and centralised infrastructures is in line with air traffic trends to/from this station and with the trends of airport fees as a whole.

Non-aeronautic income was reduced by €1,566 thousand (-7.7%) in 2013, decreasing from €20,259 thousand in 2012 to €18,693 thousand in 2013.

The difference, which is in any case of a lesser size compared to the drop in traffic volumes, is the consequence of various factors that have significantly affected the income components detailed below:

- Airport Retail Corners:

This caption includes the income generated from the three Airport Retail Corners (Wine & Food, Beauty & Fashion and Fashion Corner), totalling €3,687 thousand, with a decrease by €282 thousand compared to 2012. This result is basically the consequence of the lesser traffic volumes to certain destinations where passengers usually have higher spending power (e.g. Moscow, Amsterdam) and to the overall decrease in traffic. There is, however, a general lesser inclination to spending (the average till receipt in 2013 was €28.36, compared to €30.05 in 2012).

- Retail / restaurant subleases:

In 2013, Retail and Restaurant subleases have decreased by €349 thousand compared to 2012, reaching a total of €2,374 thousand.

The decrease is essentially due to the lesser income in the food & beverage segment, caused by a transition period that ended with a new operator taking up the Food Court. This contributed to reducing the income in the first part of the year.

The performance of the Retail segment remained basically stable thanks to a series of countermeasures implemented in 2013 (among which, for instance, the sublease of the pop-up store in the check-in hall) that counterbalanced the requests by a number of sublessees to renegotiate certain contractual terms in their favour, given the difficulties in the general economic scenario.

- Non-retail subleases and activities:

This area totalled €5,658 thousand and decreased by 1.2% (€66 thousand) compared to 2012. In particular, as far as rent-a-car services are concerned, the strong reduction in the requests for booths by operators in 2013 caused a decrease in income by 10.8% (€150 thousand).
On the other hand, the sublease of non-retail spaces has increased by about 2% in 2013, as operators kept the spaces occupied, and inflation adjustments had a positive impact.

- Parking lots:

This area accounted for an income reduction by 13.5% in 2013 (€852 thousand), and the income at year end was €5,466 thousand.
This result, owing to the decrease in passenger traffic, was caused by the general slowdown of real economy and the consequent cost-cutting policies imposed by companies on travel expenses, as well as by the increasingly aggressive attitude of the competitors in the areas surrounding the airport grounds.
Last but not least, it should be pointed out that SAGAT took the burden of the VAT rate increase that came into effect in October 2013 without cascading it on end-consumer prices.

- Advertising:

Advertising income saw a slight decrease in 2013 (-1.18%).
It should be noted that this result is in reverse trend compared to the general market trends of advertising investments (Outdoor 2013 -4.1% vs. the prior year. Source: Nielsen).
In part, this performance was affected from the reduction in the contractual fees agreed with the main sublessee. However, the positive boost given to the sale of directly operated spaces and of the co-marketing initiatives implemented with institutional bodies and carriers have also had their impact. The decrease compared to 2012 amounts to €18 thousand, for a total amount of €1,508 thousand.

The other income components recorded, €4,823 thousand, have remained more or less the same as the €4,855 thousand recorded in 2012.

Staff Costs

Staff costs amount to €11,873 thousand, decreasing in absolute terms by €545 thousand. The decrease (4.4% compared to 2012) is due basically:

- to staff reduction (-2.49 FTE, of which 0.78 relating to an executive) (-€225 thousand);
- to the fact that the Performance Bonus was not paid, as agreed with the trade unions on April 4, (-€125 thousand);
- to the enforcement of the agreement with the trade union that imposed the use of a greater number of holiday leaves (-€100 thousand);
- to the less extra hours worked (-€105 thousand);

Operating Costs

Operating costs have reached the amount of €23,945 thousand, with a decrease by €1,847 thousand compared to the year ended 31/12/2012, which is basically due to the following circumstances:

- less costs incurred for the purchase of de-icing fluid and snow removal services (€310 thousand on aggregate) thanks to the different weather situation compared to the prior year;
- less costs for the purchase of products for resale at the Airport Retail Corners (about €460 thousand);
- greater costs incurred for the boosting of air traffic (about €200 thousand);
- less costs for security services (€442 thousand);
- diminished use of external contractors for maintenance activities (about €408 thousand);
- savings on utilities, especially electricity and telephones (about €187 thousand);
- less costs for professional and consulting services (about €112 thousand).

Gross Operating Margin

Due to the reasons explained above, the GOM has decreased by €2,456 thousand compared to the prior year, reaching €14,846 thousand in 2013, or 29.3% of the production value.

Amortisation, provisions and write-downs:

Amortisation & depreciation, provisions and write-downs, €13,543 on aggregate, show a decrease by €4,127 thousand due to the following circumstances:

- reduction in amortisation and depreciation by a total of €527 thousand, as the result of ordinary asset life cycle;
- final write-off of assets no longer instrumental for Group production compared to the prior year, that had been characterised by major write-downs (€763 thousand less than in 2012);

- allocation of a total of €60 thousand (€2,765 thousand less than in 2012) to the already sizeable provision for bad debts in order to cater for the needs arisen during the year;

- allocation of a total of €1,327 thousand, €72 thousand less than in 2012, to the provision for future contingencies in order to align it to the actual risks that are known to SAGAT as of 31.12.2013. For details about the nature of the amounts allocated, please refer to the section dedicated to the provision for liabilities and charges and its variations in the Notes.

Operating Result

The operating result reaches €1,303 thousand, increasing by €1,671 thousand compared to the -€368 thousand recorded in the prior year.

Financial and Extraordinary Components

The balance of financial and extraordinary components, €22 thousand, has improved by €213 thousand compared to 2012, basically due to the following:

- significant improvement (+€420 thousand) of the negative difference between financial income and financial expense, that decreased from €622 thousand in 2012 to €202 thousand in 2013;

- moderate improvement (+€52 thousand) of the positive difference between financial income and financial expense, that increased from €802 thousand in 2012 to €854 thousand in 2013. The improvement is basically due to the recording (€1,008 thousand) of the interest, revaluation and Court expenses paid by the Ministry of Transport in connection with the legal action on the adjustment of airport fees to the planned inflation rate for the years 1999 - 2005 (see above). For more details please refer to the corresponding sections in the Notes;

- worsening (-€259 thousand) of financial asset adjustments, which increased from €414 thousand in 2012 to €673 thousand in 2013. This amount owes to the write-down of the equity investments in SAGAT Handling and Sistema at year-end 2013, as detailed in the Notes.

EBT

The EBT amounts to €1,281 thousand, improving by €1,884 thousand compared to the prior year.

Taxes

The aggregate tax burden has increased by €502 thousand compared to the prior year. Total taxes for the year amount to €1,066 thousand.

The difference between the actual 2013 tax rate and the theoretical IRES/IRAP rate (31.70) is due mostly to IRAP (regional tax on production activities).

Profit

Therefore, the net profit earned in 2013 amounts to €215 thousand.

1.5 ANALYSIS OF THE BALANCE SHEET

The table below shows the Balance Sheet components reclassified according to financial principles. A comparison with 2012 figures is also provided.

Euro thousand

	ANALYSIS OF THE BALANCE SHEET OF SAGAT			**31/12/2013**	**31/12/2012**	**Difference**
A	**Fixed assets**					
		Intangible assets		7.802	10.953	-3.151
		Tangible assets		59.560	64.571	-5.011
		Financial assets		35.926	36.694	-768
				103.288	**112.218**	**-8.930**
B	**Working capital**					
		Inventory		1.407	1.738	-331
		Trade receivables		8.863	9.376	-513
		Other assets		13.058	15.767	-2.709
		Trade payables		-8.788	-12.400	3.612
		Provisions for liability and charges		-14.099	-14.024	-75
		Other liabilities		-32.513	-35.940	3.427
				-32.072	**-35.483**	**3.411**
C	**Invested capital (less liabilities for the year)**		**(A+B)**	**71.216**	**76.735**	**-5.519**
D	**Staff severance pay**			**2.785**	**2.750**	**35**
E	**Invested capital (less liabilities for the year and staff severance pay)**		**(C-D)**	**68.431**	**73.985**	**-5.554**
	funded with:					
F	**Own capital**					
		Paid-in share capital		12.911	12.911	0
		Reserves and results carried forward		47.101	48.268	-1.167
		Profit (Loss) of the year		215	-1.167	1.382
				60.227	**60.012**	**215**
G	**Medium / long-term financial indebtedness**			**7.500**	**9.000**	**-1.500**
H	**Short-term financial indebtedness (net cash available)**					
		Short –term financial payables		1.625	5.998	-4.373
		Financial assets		0	-260	260
		Cash and short-term financial receivables		-921	-765	-156
				704	**4.973**	**-4.269**
I	**Indebtedness (Net financial position)**		**(G+H)**	**8.204**	**13.973**	**-5.769**
L	**Total, as in “E”**		**(F+I)**	**68.431**	**73.985**	**-5.554**

As shown in the table, the capital invested, less liabilities for the year and staff severance pay, has decreased by €5,554 thousand due to the following variations:

- decrease in fixed assets by €8,930 thousand due to:

  - decrease in intangible assets by €3,151 thousand, due mostly to new investments made in the year (€299 thousand), less amortisation (€3,450 thousand);

  - decrease in tangible assets by €5,011 thousand, due to the effects of ordinary asset depreciation (€7,455 thousand), to the net effects of assets removed from the production process (€12 thousand), and less the new investments made during the year (€2,456 thousand);

  - decrease in financial assets by €768 thousand, as a consequence of the impairment of the equity investments held in SAGAT Handling and Sistema (€673 thousand), of the final liquidation of the subsidiary Ciriè 2000 (€28 thousand after deducting a €9 thousand gain) and of the reduction in long-term receivables from the subsidiary Aeroporti Holding, after the partial repayment of a non-interest-bearing shareholder loan (€66 thousand).

- increase of working capital by €3,411 thousand, due essentially to:

  - reduction of total inventory by €331 thousand on aggregate;

  - decrease in trade receivables by €513 thousand, due to the reduction in the overall exposure towards customers by €1,784 thousand, of which €1,271 thousand arising from variations in the provision for bad debts. €1,331 thousand of the provision were used, partly set off by new provisions based on actual requirements and amounting to €60 thousand;

  - reduction of other assets by €2,709 thousand, of which €2,716 thousand due to the collection of receivables from the PA recorded in previous years and relating to the well-known issue of the inflation adjustment of airport fees;

  - decrease in trade payables by €3,612 thousand;

  - decrease in other liabilities by €3,427 thousand, of which €2,500 thousand related to ordinary closing and settlement of intercompany accounts, and the residual amount related to the variations in the year, as detailed in this Report and in the Notes;

- increase by €35 thousand in the exposure towards the employees companies on account of their severance pay.

The company capital has increased by €215 thousand due to the reduction in the reserves and in the results carried forward (€1,167 thousand) after recording the result of 2012 and the consequent difference (from a €1,167 thousand loss in 2012 to a net profit of €215 thousand in 2013).

Net financial indebtedness has improved on aggregate by €5,769 thousand, due to the following variations:

  - reduction in medium to long term indebtedness by €1,500 thousand, due to the repayment, according to the plan, of the instalments of the loan obtained in 2010, which originally amounted to €15,000 thousand;

- reduction in net short-term financial indebtedness by €4,296 thousand due to:

- decrease in short-term accounts payable (by €4,373 thousand in total), due to a reduction in the portion technically definable as "hot money" (€2,500 thousand) and to the reduction of the portion technically definable as "current account overdraft" (€1,873 thousand);

- reduction in the short-term financial assets held by a total of €260 thousand, after the natural expiration of the residual securities held in portfolio as of year-end 2012;

- increase in cash in hand and short-term financial receivables by €156 thousand.

1.6 ANALYSIS OF CASH FLOW

The operations in the year generated €5,769 thousand in financial resources. Such figure is the result of the cash flow generated by income less costs.

The cash flow from operations, €7,744 thousand in total, derives from the self-financing generated by ordinary and extraordinary operations (€13,792 thousand) and the variation in net working capital (€6,048 thousand), less write-downs and provisions in the period (€2,637 thousand).

The cash flow was used, in the amount of €2,755 thousand, to fund investments in intangible and tangible assets and increased, in the amount of €768 thousand, due to the aggregate impairment of financial assets.

Therefore, the cash flow amounted to €5,769 thousand, and indebtedness as of 31/12/2013 has reached €8,204 thousand, compared to an indebtedness of €13,973 thousand as of 31/12/2012.

The variations described above are summarised in the table below:

Euro thousand

Net Financial Position as of 31/12/2012		**-13.973**
Self-financing from ordinary and extraordinary operations		13.792
Profit (Loss) of the year	*215*	
Amortisation, depreciation and write-downs of fixed assets	*10.905*	
Provisions for bad debts	*2.637*	
Net difference in the provision for staff severance pay	*35*	
Difference in net working capital after amortisation, depreciation and write-downs		-6.048
Cash flow generated by income		**7.744**
Net cash flow from investments		-2.755
Net difference in fixed assets after write off of dismissed assets		12
Cash flow from financial assets		768
Dividends		0
Net cash flow from operations		**5.769**
Net Financial Position as of 31/12/2013		**-8.204**

(*) The net financial position is represented by cash in hand, short-term financial receivables and financial assets, less the debts towards banks

1.7 ANALYSIS OF PRINCIPAL FINANCIAL RATIOS

	2009	2010	2011	2012	2013
Production value	55.270	57.085	61.455	55.512	50.664
Operating costs	23.994	24.189	26.687	25.792	23.945
Staff	12.271	12.455	12.823	12.418	11.873
GOM	18.062	19.005	20.441	17.302	14.846
Net result	4.944	4.458	3.496	-1.167	215
Shareholders' equity	64.635	65.090	64.582	60.012	60.227
ROI	9,26	9,97	8,72	-0,50	1,90
ROE	7,65	6,85	5,41	-1,94	0,36
Investments	3.899	9.259	9.846	12.718	2.755
Financial autonomy (*)	16.432	17.337	18.526	16.534	13.792
Accounts receivable from customers	19.704	18.031	16.797	9.376	8.863
Average length of trade receivables	150	130	118	68	71
Accounts payable to vendors	10.242	14.128	11.841	12.400	8.788
Average length of trade payables	155	214	162	175	134
Net earnings per share	1,98	1,78	1,40	-0,47	0,09

FINANCIAL INDEPENDENCE: profit (loss) of the year + amortisation and depreciation + write-downs and provisions + net variation in the provision for staff severance pay

ROI: net profit / investment

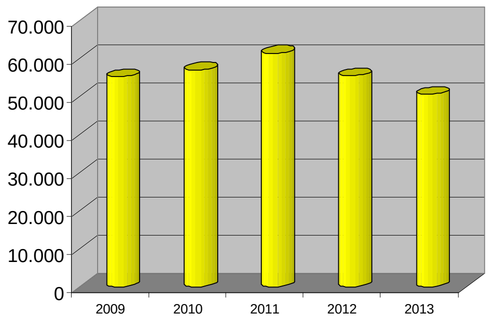
ROE: net income / shareholders' equity

AVERAGE LENGTH OF RECEIVABLES: trade receivables / trade earnings (caption A1 of IV CEE financial statements)

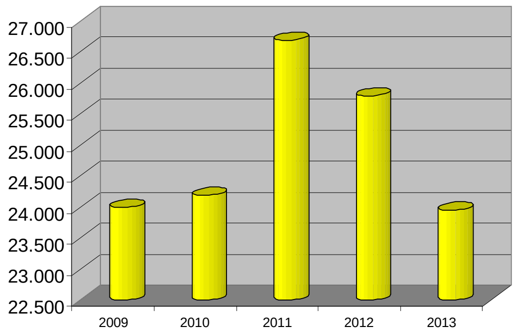
AVERAGE LENGTH OF PAYABLES: trade payables / cost of vendor services

NET EARNINGS PER SHARE: in 2009, following a capital increase at no charge, the number of shares increased from 1,970,000 to 2,502,225.

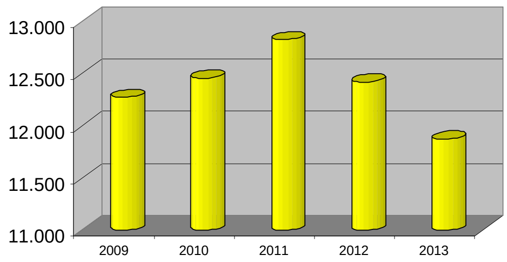
Production value



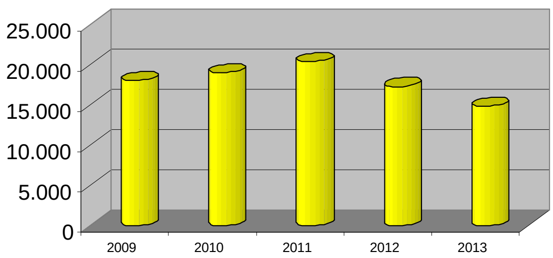
Operating costs



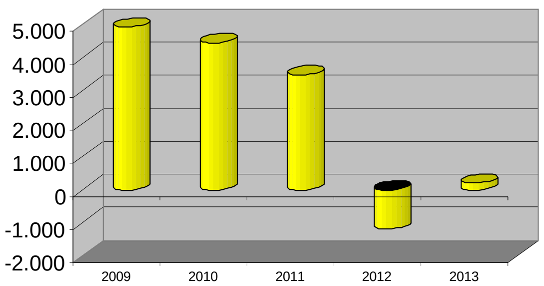
Staff costs



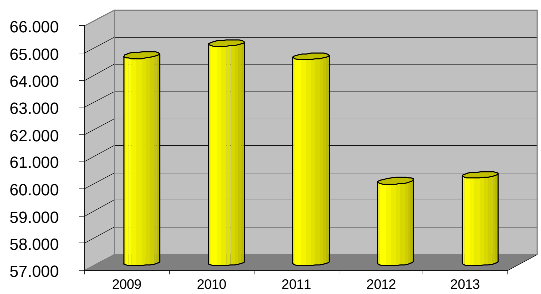
GOM



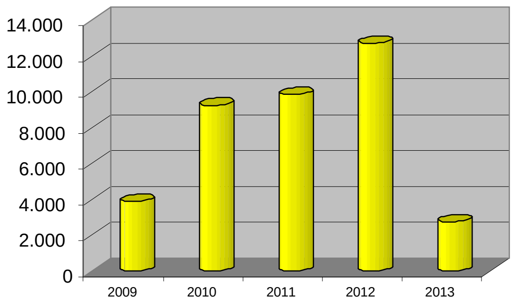
Net result



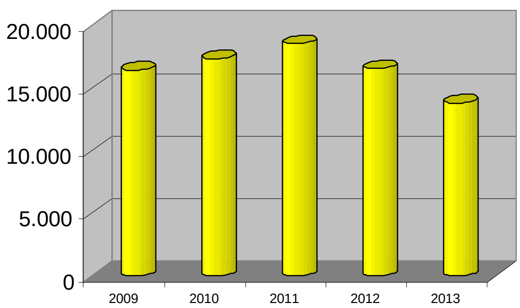
Shareholders'equity



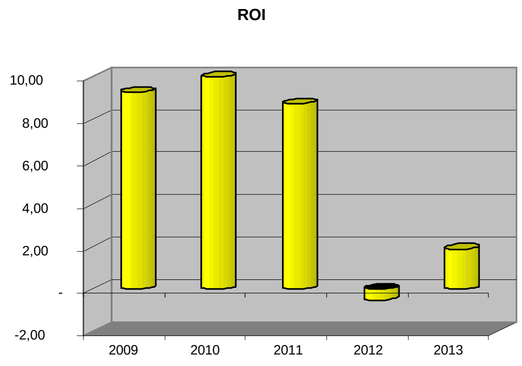
Investments

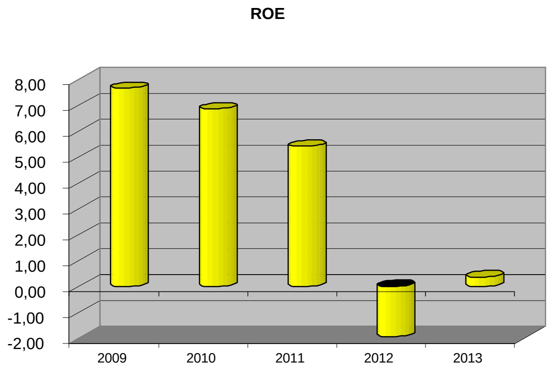


Financial autonomy



n.w.: all figures are stated in thousand Euro





1.8 AERONAUTIC SERVICES

Ground handling

Having transferred the handling business to the subsidiary SAGAT Handling in 2001, SAGAT is no longer directly engaged in this business. For a detailed analysis, please see the Directors' Report for SAGAT Handling, the highlights of which are provided further on in this Report.

Fees

Airport fees were adjusted as provided for by the law (see the section "Regulatory framework" above).

1.9 RETAIL SERVICES

The performance of the retail business in 2013, that ends the year with a 7.7% decrease in earnings compared to 2012, was affected by the negative performance of traffic volumes.
Moreover, the macro-economic situation caused a reduction in the earnings due to the general lower inclination to spending of both consumer and corporate customers.
However, the decrease is less than proportional to the decrease in traffic, also thanks to a series of countermeasures implemented in 2013, among which, for instance, the transformation of the information desk into a subleased pop-up shop and the boosting of direct advertising space sales, where new customers were acquired, like Intesa San Paolo.

RETAIL, FOOD & BEVERAGE SUBLEASE AND DIRECT ARC OPERATION

In 2013 the subleased retail business saw a general decrease in sales, which caused a number of sublessees to seek a temporary renegotiation of certain contractual terms.

The decrease was also seen in the Airport Retail Corner business, due to the reduction in the flow of passengers of higher spending power (Russians, above all).

The earnings in the Food & Beverage were affected by the transition caused by the change of Food Court operator. The agreement with the new operator was entered into on 1 July 2013 and included the requalification of the restaurant area, located on the services floor of the departures hall. In addition to the "*Ristorante della Mole*", that takes up the existing free-flow spaces, all the area overlooking the hall was totally renovated, with the opening of the modern and bright "*Briciole Bar*".

NON-RETAIL SUBLEASES AND ACTIVITIES

As far as rent-a-car services are concerned, the strong reduction in the requests for booths by operators in 2013 caused a decrease in income by 10.8% (€150 thousand).

As far as the sublease of non-retail spaces is concerned, earnings have increased by about 2% in 2013, as operators kept the spaces occupied, and inflation adjustments had a positive impact.

The earnings from the fuelling business, notwithstanding the negative performance of movements, equalled those of 2012.

PARKING LOTS

The billing volume from the parking lots in 2013, €5,466 thousand, has decreased by 13.5% compared to the prior year. The main reasons are the reduction in the passengers transiting at the station and the effects of the general economic scenario, that has presumably changed travelling habits (shorter trips) with direct impact on average parking length. The decrease was greater than the decrease in traffic, therefore the expenses per passenger has decreased (-4%).
Last but not least, it should be pointed out that SAGAT took the burden of the VAT rate increase that came into effect in October 2013 without reflecting it on the end prices.

ADVERTISING

Advertising income saw a slight decrease in 2013, amounting to €18 thousand (-1.18%).
To this regard, it should be noted that this result is in reverse trend compared to the general market trends of advertising investments (Outdoor 2013 -4.1% vs. the prior year. Source: Nielsen).
The performance was affected by the reduction in the fees contractually agreed with the main sublessee.
However, at the same time advertising sales benefited from the boost in the sales of directly operated spaces, where new customers were acquired, like Intesa San Paolo.

1.10 QUALITY

The quality of passenger services at the Turin airport has reached particularly positive levels during the course of 2013. In fact, the review of objective data and of passenger satisfaction surveys have confirmed the continuing improvement of quality levels.

This certainly positive trend was however favoured, as we noted with reference to 2012, by the decrease in traffic, both in terms of aircraft movements and in terms of passenger number. The assessment of survey results should take into account the objective reduced congestion at the airport, which affected waiting times at check-in, ticket counter and checkpoint queues, as well as the reduced quantity of luggage to be handled, that facilitated luggage claim operations.

As to customer satisfaction, the more than 3,000 interviews made at three different times of the year have produced a picture that is without doubt reassuring, in the service areas considered. Now, a closer look to these service areas.

Customer satisfaction about airport accessibility was improved in terms of public transportation connections and of availability of parking places at the airport. This latter indicator was positively affected by promotional initiatives aimed at promoting the use of the fifth floor of the multi-floor parking and discounts for those users who book their parking online.

As to operating services, the customers' perception about check-in waiting times exceeded 99%, while satisfaction with waiting times at ticket counters has further increased (98.3%). Customer perception about luggage claim waiting times is also improving (97.4%, +1.1).

The staff, always very much appreciated for their politeness and professionalism, is maintaining high levels of customer satisfaction, in excess of 99%.

While comfort remains at generally high levels, it is the only segment showing certain worsening percentages, in terms of seating availability (93.5% of interviewees are satisfied, but decreasing by 2.1% compared to 2012) and of availability of luggage carts (the 96.7% users satisfied are still a positive result, but decreasing by 0.5% compared to 2012). There are improvements in customer perception about escalator and elevator operation (+1.4%) and air conditioning operation (+0.8%).

With reference to the standards published in the Service Charter, all satisfaction indicators have reached and well exceeded the established goals.

Operational indicators too, monitored by sampling or in total, have performed in the same way, with all the established goals achieved. Let's see this in detail.

Misguided luggage for errors on the airport’s side confirm 2012 figures, already very positive, with 0.3 pieces left grounded per each thousand passengers departing. Delays in departure caused by the airport management company were 0.07%. Waiting times at the belt for the first luggage item have slightly decreased, and increased by a few seconds for the last luggage item, however, both these factors meet the established standards with a fair margin. The indicator that had caused some problems in the past years, i.e. the recovery on transit times for flights arriving delayed, has returned positive in 2013, achieving the target set for our station. Waiting times at check-points remain stable and not particularly long.
In 2013 SAGAT obtained confirmation of ISO 9001/2008 Certification for its QA System from the certifying body TUV Italia.
During the course of the audits carried out by the certifying body, one much appreciated aspect, among others, was the new computerised routine and called maintenance intervention management, that facilitates maintenance activities and makes them more effective. The introduction of the Archibus database allowed us to develop more detailed analyses on the various systems subject to maintenance and on intervention times.

The table below shows a few of the main quality indicators, highlighting the goals set for 2013 and the results obtained:

Indicator	*Goal* 2013*	*Result 2013*
Delays caused by station error	0.78%	0.07%
Misguided luggage per 1,000 passengers caused by station error	1 / 1,000	0.3 / 1,000
First luggage item claim time (in 90% of cases)	20’	18’12’’
Last luggage item claim time (in 90% of cases)	24’	22’08’’
Waiting time on board until first passenger disembarks (in 90% of cases)	4’00’’	3’56’’
% of satisfied passengers with respect to:		
Safety of individuals and belongings	90.0%	97.5%
Airport cleanliness	91.0%	97.2%
Restroom cleanliness	87.5%	93.3%
Luggage cart availability	88.0%	96.7%
Availability/quality/prices of shops and newsstands	90.5%	95.9%
Availability/quality/prices of cafeterias	91.5%	98.6%
Availability/quality/prices of restaurant	89.0%	94.8%
General quality of information service	88.0%	96.8%
Staff politeness	90.5%	99.2%
Staff professionalism	90.0%	99.2%
Waiting time at ticket counters	88.5%	98.3%
Waiting time at check-in	93.5%	99.6%
Waiting time at passport control	91.5%	98.7%
Availability, frequency, timeliness and price of public transport connections	74.0%	94.1%

**** Standards included in the Service Charter 2013.***

1.11 PUBLIC RELATIONS AND COMMUNICATIONS

SAGAT continued to strengthen in 2013 its ties with the leading cultural and social players and with the authorities in its territory.

For example, many initiatives were started with the Cinema Museum, the royal palace of Venaria Reale, the Egyptian Museum, the Sandretto Re Rebaudengo Foundation, the Regional Museum of Natural Sciences, the Royal Theater of Turin, Accademia Stefano, the Book Fair, the Turin Jazz Festival, Artissima, the Turin Marathon, the *Partita del Cuore* (an all-stars charity football match), the Piedmontese Foundation for Cancer Research, and CDP (a family consulting service for people with difficulties).

Our relationships with local institutions and associations, such as the Italian Army, the Tax Police, the Department of Economics of the Turin University, the Centro Einaudi, the Chamber of Commerce of Turin, the Tourism Office for Turin ad its province, Ascom, Confindustria Piemonte, the Industrial Union of Turin, Sermig, UNHCR - the UN's refugee agency, the Specchio dei Tempi Foundation and many others, continued with positive results. In particular, in cooperation with the local institutions, SAGAT sponsored the “Pro Am della Speranza” (Pro Am for Hope) event at the Royal Park I Roveri, a charity golf tournament organized to fund the Piedmontese Foundation for Cancer Research.

Within the framework of its relationships with the municipalities of Caselle Torinese, San Maurizio Canavese and San Francesco al Campo, the initiatives launched with the Istituto Comprensivo of Caselle Torinese were followed up.

EVENTS AND PRESS CONFERENCES

The following events were organized in 2013:

- Press conference to present the start of Vueling operations in Turin and the new flight to Barcelona, organized at Palazzo Madama in Turin, with Vueling CEO Alex Cruz attending;

- “Vola da Torino” (Fly from Turin) event organized to meet travel agencies and tour operators in Piedmont, aimed at opening new communication channels and explore new forms of cooperation. More than 250 travel agencies, 14 airline and a number of leading local institutions attended;

- "Internationalisation starts from Turin Airport" convention organized by Deloitte&Touche and SAGAT at the passenger terminal of the General Aviation to present the flights and services offered by Turin Airport to companies wishing to get into international business, as well as the passenger and cargo offers proposed by the participating airlines. More than 300 Piedmontese entrepreneurs in the manufacturing, food and services industry attended;

- Press conference for the launch of the new Turin – Casablanca flight by Royal Air Maroc at the Oriental Art Museum in Turin, and evening gala for travel agencies at Hafa Cafè, Turin;

- Inauguration event for the first Turin – Amsterdam flight operated by Transavia.com. The aircraft was hailed with a water arch by the fire brigade (and its celebration cake won the “cake of the week” award in the section dedicated to new routes of the popular aviation news website anna.aero).

- “Culture starts from the Turin Airport”: Dino, a gigantosaurus over 14 metres long and 4 metres high, icon of the Regional Museum of Natural Sciences, was installed in the departures hall to promote local cultural initiatives and institutions to the passengers at the airport. A SAGAT in cooperation with Regione Piemonte and the Museum of Natural Sciences.

In 2013 the company also continued its internal and public communications campaign on the power management system in order to obtain TUV ISO 50001 certification for its power management system.

1.12 ENVIRONMENT

ENVIRONMENT

A strategic goal of SAGAT is to reconcile the strategies for the improvement of the Caselle Airport in Turin, an economic driver for the entire region of Piedmont, with environment protection requirements, in order to achieve an environmentally sustainable airport. The main goals of the environment policy promoted by SAGAT are the enforcement of the regulations governing the matter, the cooperation with neighbouring communities and local authorities at specific programmes, and the reduction, where possible, of impacts (air, water, noise, energy, wastes) caused by airport operations.

SAGAT organized itself so that its Environment, Engineering, Operations, Prevention and Protection divisions work in close cooperation to cope with the various environmental aspects related to airport activities, resource consumption and waste generation and disposal according to the Organization Model, Special Section 1 – Environment, pursuant to Decree Law no. 231/2001.

AIRPORT NOISE

This environmental factor affects especially those communities that live closer to the airport. SAGAT is constantly committed to an efficient and effective management of noise, guaranteeing on-going communication and exchange with the competent authorities and developing noise abatement projects.

On 16/01/2013, the Airport Noise Commission created pursuant to former art. 5 of Ministerial Decree 31/10/97 “Methods of measurement of airport noise” and formed by ENAC, ENAV, Ministry of the Environment, ARPA Piemonte, Regione Piemonte, Province of Turin, Municipality of Caselle Torinese, Municipality of San Francesco al Campo, Municipality of San Maurizio Canavese, airlines (AOC) and SAGAT, approved airport zoning for the Turin Airport.

The territory surrounding the airport was classified, in accordance with regulatory provisions, into three buffer zones (A, B and C) characterized by escalating maximum airport noise thresholds and corresponding types of construction allowed therein.

To define the portions of land included in such buffer zones (A, B and C) the so-called “planning approach” was followed, which is the state-of-the-art method to find a balance between airport enlargement plans, town plans and municipal noise pollution classification plans. The result obtained could match the need for protecting and improving the territory with the airport enlargement forecasts for the coming years.

In particular, zones A and B cover a limited area in the territory of the neighbouring municipalities (Caselle Torinese, San Francesco al Campo and San Maurizio Canavese), while zone C is entirely within the airport grounds.
Moreover, in 2013 we completed the software and hardware update of the 8 noise detectors that make up the permanent airport noise monitoring system that has been used at the Turin airport since 2007 pursuant to Ministerial Decree 20/05/99. The system calculates the noise indicators provided for by the Italian laws, checks the noise impact simulation models developed with INM software, detects whenever a threshold is exceeded and connect the noise levels recorded with the data and the trajectory of the aircraft that generated them. All this allows the acoustic "climate" around the airport to be monitored, so that those carriers that exceed the thresholds or fail to abide by noise prevention procedure may be fined.

The monitoring system installed at the Turin Airport also gives heed to the complaints of the population affected by the noise generated by airport operations through a dedicated page at www.aeroportoditorino.it.

SAGAT will use the information entered by residents to verify which and how many operations cause nuisance or trouble to the community, and to evaluate possible modifications, or the implementation of noise-abatement procedures, or other actions to protect the community.

POWER MANAGEMENT

SAGAT's power management system, certified by TUV Italia according to ISO 50001:2011 in June 2012, added value to the existing best practices, the structure and the professional profiles in the company, promoting the development of a culture oriented to saving and correct use of energy across the organization.

The investments included in the energy improvement plan were completed in due time, reaping benefits already during the year. In particular, the replacement of burners in the main power plants was completed, obtaining a better performance from winter heating systems and a reduction of gas emissions in the atmosphere. The two refrigerated water production plants for the air conditioning of the passenger building have been connected together. This is expected to improve the performance of the air conditioning system through the central control of the start-up of each station.

The replacement of old lighting system with new systems equipped with high-efficiency lamps (especially LED and T5 fluorescent tubes), and, in general, the initiatives for system operation parameters maximisation continued in 2013.

Primary energy consumption in 2013 decreased by over 9% compared to the prior year, bettering the energy efficiency improvement trend obtained in the last two years.

WASTE MANAGEMENT

SAGAT continues to collect and dispose separately of the wastes produced at the airport, pursuant to the laws in force. The dedicated waste collection areas set up in the previous years guarantee to the bodies and companies at the airport that the waste is disposed of correctly.
All urban solid wastes (special, not hazardous and hazardous) and the special wastes coming from aircraft subject to specific orders by health-care authorities, either produced by the airport management companies or by users and other operators (e.g. subcontractors, entities or players working on airport grounds) are handled by SAGAT S.p.A. under specific agreements with companies in the industry, that are registered in the list of environmental services providers.

WATER TREATMENT

The environmental impact on surface waters deriving from the operations of the Turin airport relates in particular to the management of rainwater on the runways and aprons, which is treated by means of dedicated purification plants.

The construction of a system for the collection and treatment of the rainwater falling on the takeoff and landing runway, denominated "first rain tanks", was completed in December 2012. In 2013, the system obtained approval by the ENAC testing commission and was authorised to discharge by SMAT (the local water company)

Apron washout waters are channelled to a de-oiler, where a lamellar treatment system removes any hydrocarbons in the water. The quality of the waters conveyed to the area collector meets the standards provided for by the environmental laws in force.

1.13 STAFF AND ORGANIZATION

Organization

During the course of 2013 the organizational structure underwent certain changes that affected in particular operating and commercial areas.

The most important Organizational Instructions at SAGAT Spa were the following:

Instruction 1/2013 (of 20/12/2013) that created the "Territorial Planning" unit within the Airport Operations Department and at the same time abolished the "Job Safety and Health" unit, entrusting it to a contracted specialist.

Instruction 3/2013 (of 7/6/2013) that provided for the creation of a single Marketing Department, by joining together the various aviation and non aviation services.

Last but not least, Instruction 6/2013 (of 22/10/2013) reviewed the marketing process, entrusting a leading role to the Administration Department in the collection and organization of information within the Group, to be used in the preparation of feasibility projects, analyses and research. At the same time, the services performed by the Aviation and Non Aviation Marketing Department were re-defined with new areas of responsibility that supplemented strategical and operational marketing activities.

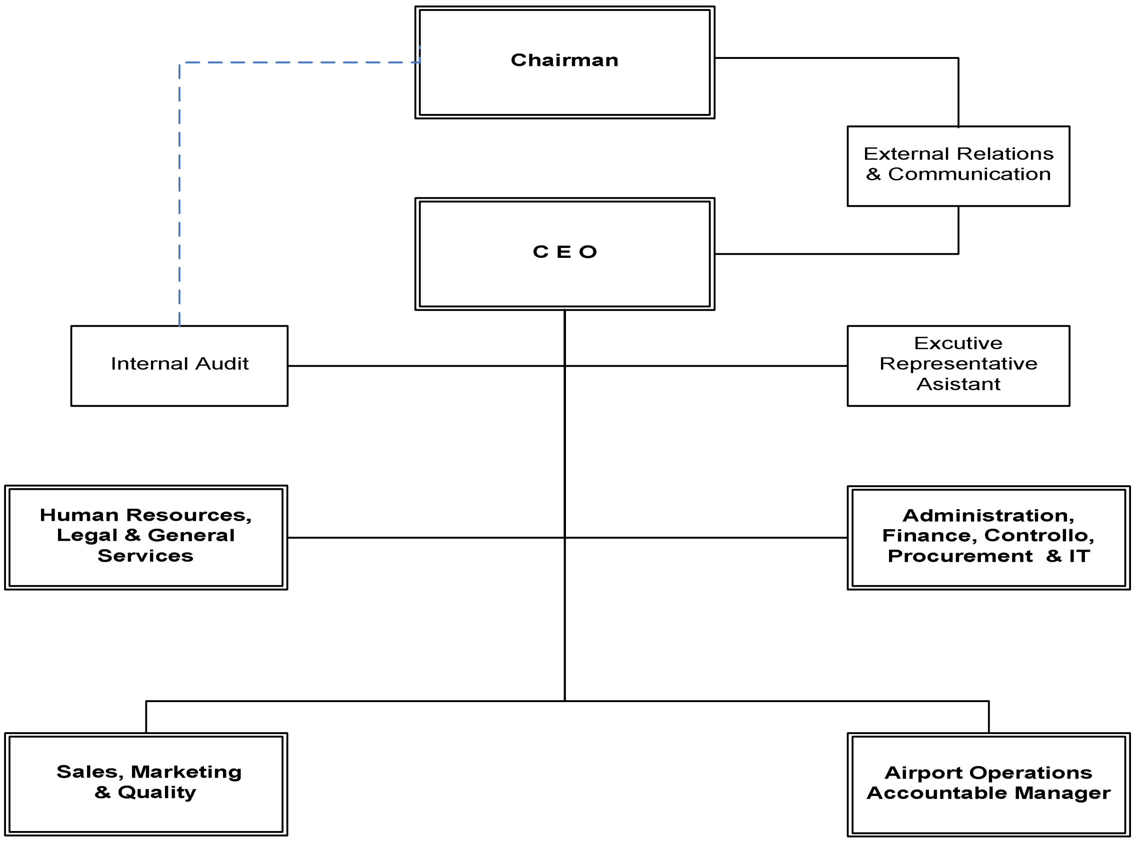
The “Commercial, Marketing and Quality” Department was re-organized into the following units:

- “Aviation”
- “Non Aviation”
- “Quality and Research”

The Prevention and Protection service has been organized in-house and is no longer outsourced.

The current organization chart is provided below:

ORGANIZATION CHART OF SAGAT S.p.A. AS OF 31/12/2013



Staff

The aggregate number of SAGAT Spa employees as of 31.12.2013 (226) has sightly increased compared to 31.12.2012 (+2); however, looking at the average annual headcount, there are 3 people less.

The tables below show the breakdown of employees.

EMPLOYEES AT SAGAT S.p.A. as of 31/12/2013 (punctual)

Table A
Permanent Employees

	EMPLOYEES	*FTE*
Executives	3	3
Total clerical staff	131	128,49
Total blue-collar staff	81	79,38
TotaL Table A	**215**	**210,87**

Table B
Term Employees

	EMPLOYEES	*FTE*
Term Employees	11	6,60
Apprenticeship Contracts	0	0
Trainees	0	0
Total Table B	**11**	**6,60**

Total A + B	**226**	**217,47**

Industrial Relations

On April 4 2014, in order to cope with the serious crisis that the company is suffering because of the dramatic drop in air traffic, a particularly important and meaningful agreement was signed with the trade unions, that focuses on three major issues.

In the first place, the Company and the unions agreed to implement an extraordinary plan to use up all residual holiday leaves, which in 2013 allowed to cut by over 55% the amount of holiday leave days still unused as of 31/12/2012, with a significant financial benefit.

The second issue covered by the agreement related to an important in-sourcing project denominated “Project Matrix”. With the enforcement of the new National Security Plan, check-point control activities were transferred from State Authorities to airport management

companies. Therefore, SAGAT decided to employ its own staff for check-point control activities, and started a dedicated training programme. By so doing, 19 people (of which 8 from SAGAT Handling) were re-qualified to work at security check-points (as Private Security Guards).
This project allowed to recovery efficiency and productivity, to minimise new security costs, and to maintain occupational levels.

Last but not least, the agreement also provided —considering the difficult economic scenario— that no performance bonus would be be distributed in 2013.

Training

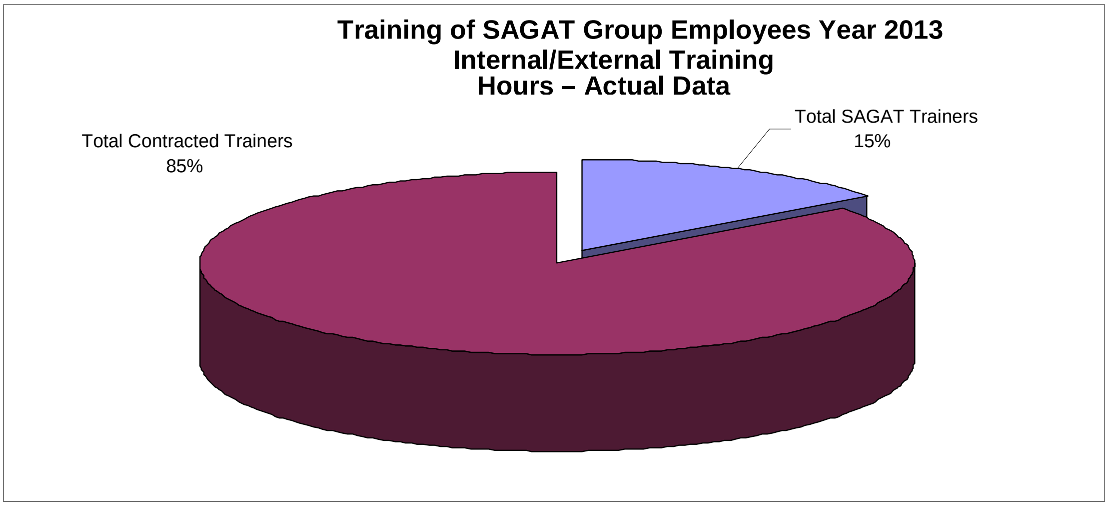
During the course of 2013, SAGAT SpA promoted its employees' skills in the professional and engineering areas, through its own trainers and through contracted training companies, taking into account the requirements imposed by the Quality Certificate obtained from TUV Italia.

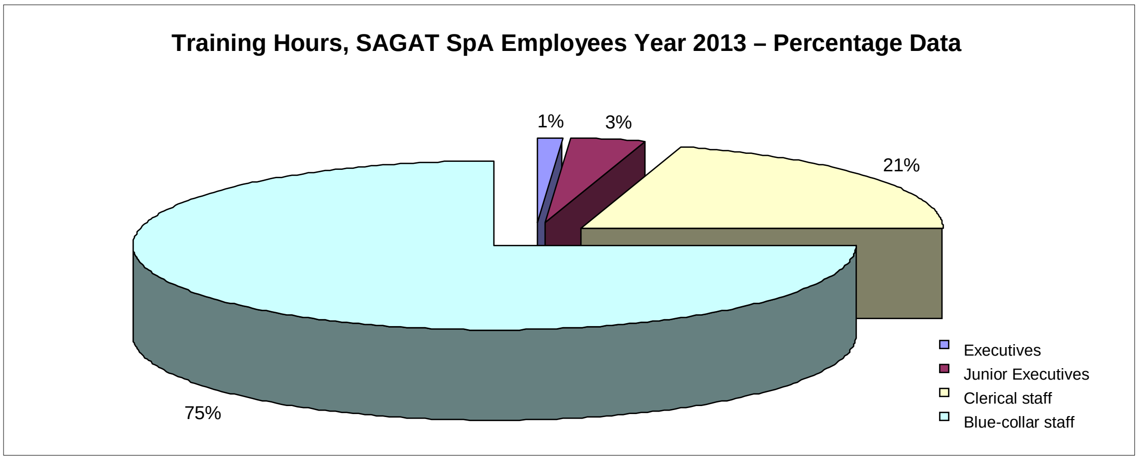
The employees of SAGAT SpA, including outsourced workers and subcontractors, in 2013 attended 367 training courses for 2,350 training hours, that involved 1,670 participants for a total of 15,680 hours.

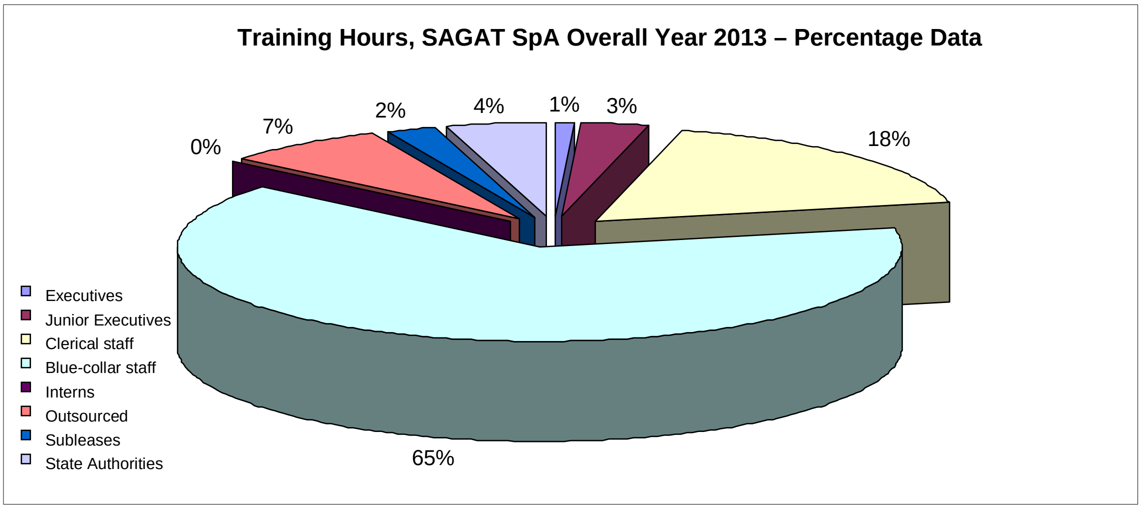
Of these courses, in-house training services offered 162 courses for 514 class/training hours that involved 456 participants for a total of 1,682 hours/employee, while the courses offered by contracted trainers were 205 for 1,836 teaching hours, and involved 1,214 participants for a total of 13,998 hours/employee. Part of these courses were funded by professional funds such as Fondimpresa.

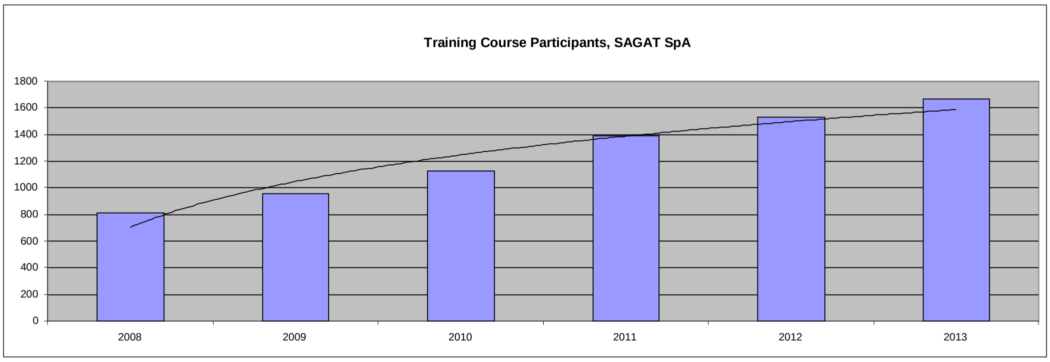
The table below summarises the total internal and external training offered and/or carried out for the personnel of SAGAT SpA, of interim companies and of SAGAT SpA subcontractors, including the training offered for Government bodies.

SAGAT SpA Totals Year 2013	*SAGAT Trainers*	*Contracted Trainers*	*Totals*
Courses	162	205	367
Participants	456	1.214	1.670
Teaching hours	514	1.836	2.350
Participant training hours	1.682	13.998	15.680
Corresponding to days	*7*	*7*	*7*





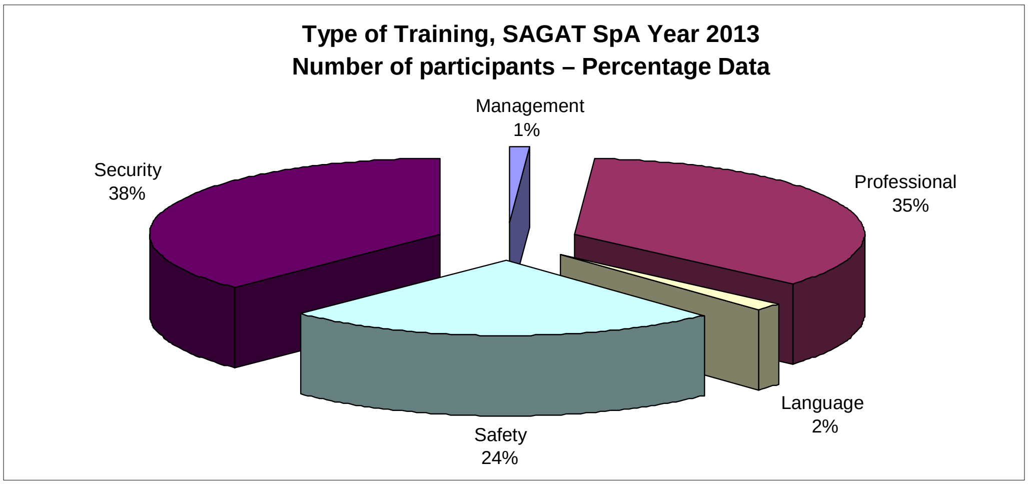




Course Types

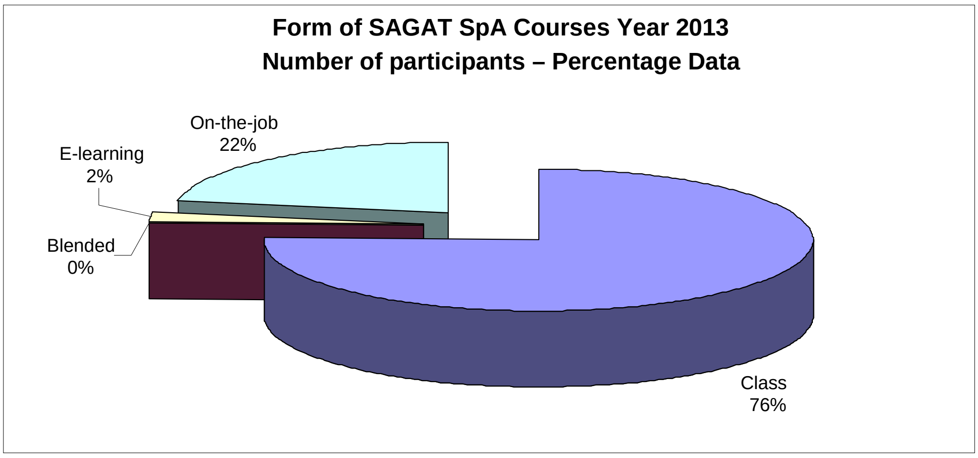
In 2013 SAGAT SpA employees attended various types of training courses, mostly of technical/professional nature. In particular, security-related topics had the lion's share, thanks to the launch of Project Matrix (in-sourcing of checkpoint control).

The chart below shows the percentage data.

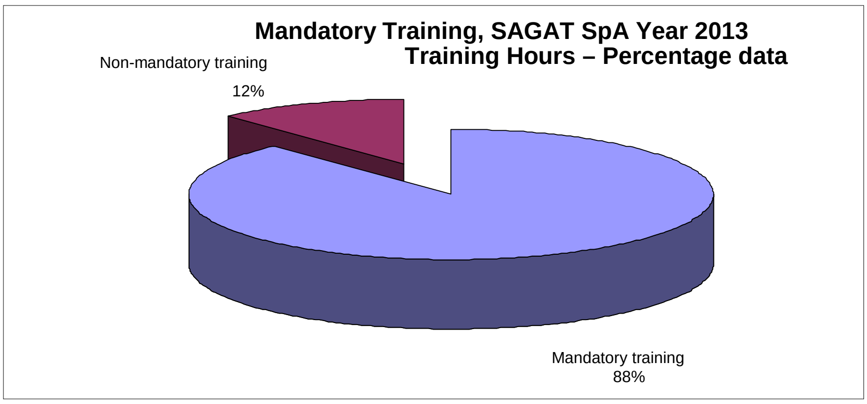


Course Implementation

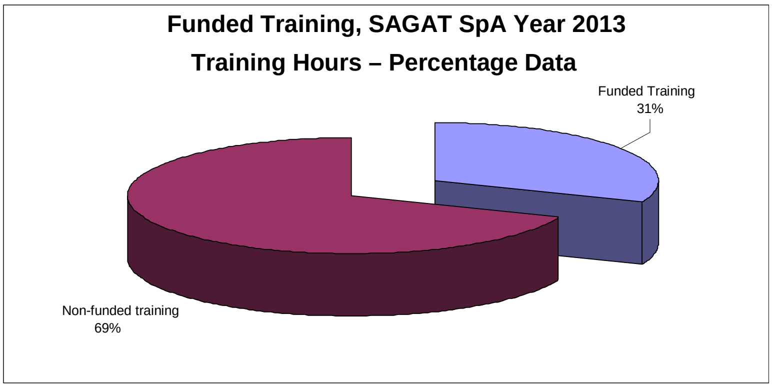
In 2013, SAGAT SpA employees attended 8,739 training hours in total, with contracted and/or in-house trainers from the company's Training Service. The courses were given in face-to-face classes, the conventional format that takes the largest share, and on-the-job training for technical/professional courses aimed at teaching how to drive/use company vehicles and equipment. The chart below shows the percentage shares of the various forms of training offer / attendance.



Mandatory training accounted for 88% of the total training hours.



The use of inter-professional funds such as Fondimpresa covered 31% of total training hours implemented.



Project MATRIX

A large part of the training initiatives of SAGAT concerned Project MATRIX, a project for the re-qualification of SAGAT SpA and SAGAT Handling staff to be employed at checkpoint security controls.
Originally, the project involved 25 people, of which 19 went through the complete training process and passed the final exam with ENAC, obtaining the certificates required under the laws applicable on the matter.
The training concerned professional aspects strictly related to the new profile of Security Checkpoint Specialist: behavioural components, that implied the attendance of a course on Conflict Management and a course of English language to learn basic communication and terminology in order to improve relational skills for an efficient and efficacious passenger service that will contribute to adding value to the company, always focused on its customers' needs.
Project MATRIX and its 703 teaching hours and 8,454 employee training hours, and the corresponding cost, account for 30% of total teaching carried out by SAGAT SpA, and 54% of total training for its employees.

Project MATRIX Training hours	*External training hours*	*Internal training hours*	*Totals*
Class security training	2.662	-	2.662
On-the-job security training	4.351	-	4.351
Professional training	240	168	408
Language training	504	-	504
Exams and certificates	349	-	349
Totals	8.286	168	8.454

1.14 INVESTMENTS

The infrastructures and plant service systems included in the Investment Plan of SAGAT S.p.A. were built during the course of 2013 for a total value of €2,755 thousand.

The most relevant investments are briefly described below.

INFRASTRUCTURES AND SERVICE SYSTEMS

The infrastructures and service systems built in 2012 were aimed mostly at renovating the existing infrastructures in both the aircraft manoeuvring areas and in airport buildings and their appurtenances.

The most important service systems installed at aircraft manoeuvring areas in 2013 are:

- completion of the MV/LV cabin in the area owned by the company south of the airportgrounds, serving the tanks that collect rainwater from the runway. The collection system (built at the end of 2012) could thus be tested by ENAC in 2013;

- optimisation of the configuration of the "500" aircraft parking stalls layout in apron N, with pavement markings approved by ENAC;

- preliminary renovation with special waterproofing products of the rainwater drainage channels in the taxiways;

- renovation and recovery of bituminous concrete pavements, including the service roads between the airport control tower and hangar 3, and areas included between aircraft parking stalls 108 and 113;

- lighting system at stop S in the “kilo” aircraft parking apron.

The systems worth of mention installed at the passenger building are:

- addition of glass partition walls in boarding corridors S (to separate a functional area when not in use for energy saving purposes);

- preliminary interventions for the optimisation of exits from the plant rooms in the airport basement;

- construction and activation of the “Fast Track” portal and route at the security controls in the departures area;

- new layout of the ex-Alitalia vip lounge on level +10.93 of the passenger building. In its new configuration, the lounge has an air side access, and will also be enlarged in 2014;

- ancillary works related to the renovation of restaurants on levels +10.93 (retail) and +6.61 (departures) of the airport, carried out by subcontractors (new “Bar Briciole” cafeteria and surrounding areas on the retail floor, Venchi chocolate shop on the departures floor, etc.).

Among the interventions in other airport buildings and infrastructures are:

- completion, at the end of the year, of the seismic retrofitting of the Fire Brigade station at the airport, according to the guidelines and the project already approved by ENAC;

- additional transfers of service system cable lines into the new ducts running between the plant rooms and the passenger building;

- purchase for energy saving purposes of high-efficiency lamps and inverters for the electric engines in the plant rooms in the airport basement. These engines will be installed in 2014;

- other optimisation / compliance interventions on service infrastructures (hydraulic connections between the refrigerating systems in the passenger building and the new BHS area, modification of the de-oiler at the vehicles workshop, metal gangways on the de-oiler on the air side, etc.).

IT SYSTEMS

During the course of 2013 SAGAT developed and maintained various IT solutions to support its business process, continuing the same approach as in the past years, and made certain interventions on airport IT systems laying the foundations for the modernisation of hardware and software, while guaranteeing continuity and air traffic management.

Project in the HR and administration fields were implemented, such as, for instance, the new module for holiday leave management or Telepass flows management, achieved through the integration of the various management packages.

Thanks to the purchase of an adequate number of Microsoft software licenses and to the setting up of shared back-office workstations in operational areas, each Group employee can use an individual mailbox, that also enables the access to pay slips and other staff administration documents (e.g. the employees' tax certificate issued by the employer, "CUD") on line. These back-office workstations also provide individual access to the e-learning services available on the DOCEBO corporate platform and to the technical documents available in the intranet.

As to station systems, the hardware was modernised (PCs, boarding pass and luggage tag printers, etc.). The existing hardware had been installed before the 2006 Winter Olympics.

We also introduced a new portal dedicated to airport operators (airlines, handling companies, State authorities, etc.) that will be used for the distribution of station materials (Station Policy, etc.) to all registered users. This new tools will also enable to maintain the track record of the documents and verify the reception and consultation of the materials distributed.

The company also continued to upgrade the hardware/software of company back-office workstations, introducing new devices and peripherals and purchasing new software licenses.

1.15 RESEARCH & DEVELOPMENT ACTIVITIES

The company did not incur in R&D costs during the year.

1.16 CONTROVERSIES

Fire-fighting services

Art. 1 (1328) of Law 27 December 2006 no. 296 (2007 Finance Act) requires the creation of a specific provision, paid by airport management companies proportionally to the traffic generated, of €30 million per year, aimed at funding the fire-fighting services provided at the

airports by the brigades of the national fire department. Later on, art. 4 para. 3 bis of Decree Law 29 November 2008 no. 185, confirming the amount of and terms of contribution to the provision, established that is was not to be used only for airport fire-fighting services but was to concur, together with other resources, to the general funding of the national fire department.
SAGAT and other airport management companies challenged the constitutionality of the provisions governing the creation of the fire-fighting fund and the legitimacy of the provisions establishing and implementing the fund, and filed two separate appeals, one before the Regional Administrative Court ("TAR") of Lazio and the other before the Provincial Tax Commission of Rome, asking that such provisions be repealed.
By award lodged on 21 December 2010, the Provincial Tax Commission of Rome admitted the appeal of the airport management companies, noting that the cost that these should pay under the provision establishing the creation of the fire-fighting fund qualifies as a “targeted levy”, which should be characterised by an explicit connection between the payers and the benefits arising from the levy. The amendments made to art. 1 (1328) of Law 296/2006 by articles 3 bis et seq. of Decree Law 185/2008 have nullified —in the Commission's opinion— the exchange relationship between the entities required to pay the contribution and the benefit arising from the services funded with their contribution.
Therefore, the Commission stated that: “as from 1 January 2009 the appellant companies are not required to pay the contribution established under art. 1 (1328) of Law 296/2006, as amended by art. 4 (3 bis), (3 ter) and (3 quater) of Law no. 185/2008, to the so-called ‘fire-fighting provision’, because it has been proved that these resources will be used for other purposes than those established by the law”.
As predictable, the competent local administrations appealed, which was admitted by the Regional Tax Commission by award of 14 July 2011 no. 252/10/11.
However, the Regional Commission did not express itself on the legitimacy of the fire-fighting provision, but merely qualified the contribution imposed to airport management companies as an ‘airport fee’, thus stating that the tax Courts had no jurisdiction on the matter, which should instead be submitted to ordinary Courts.
Considering the importance of this issue, SAGAT filed an appeal before the tax Courts against the judgement of the Regional Commission of Lazio, but brought the action also before a civil Court, without prejudice of the appeal pending at the TAR Lazio, for which an award had not been issued yet, despite repeated requests from SAGAT.
During the course of 2013, the TAR Lazio too, by award no. 4588/2013, declared its lack of jurisdiction and qualified the contribution to the fire-fighting provision as a targeted levy on which the tax Courts had sole jurisdiction. In other words, the controversy was to be submitted to the full and sole jurisdiction of tax Courts.
The resolution of this controversy is now in the hands of the Supreme Court, that will decide on the matter of jurisdiction. The company solicited the Supreme Court decision repeatedly in 2013, requesting several times that a hearing be held. Until the date of such hearing, all the other judgements pending were suspended by the respective Courts.

SAGAT vs. AVIAPARTNER

The Directors' Reports for the past years already reported about the awards of the Court of Turin of 22 January 2009 and 23 January 2009, that defined at first instance the two controversies on fee matters pending between SAGAT and AVIAPARTNER.

One controversy regarded the opposition by AVIAPARTNER to a Court order notified by SAGAT initiative for the amount of €731,921.91, or the value of the fees for common-use property owed and not paid between 2001 and 2005.
The other controversy had arisen by AVIAPARTNER initiative. AVIAPARTNER had asked the Courts to ascertain that the method of calculation of the fees for the use of property in

common applied by SAGAT did not comply with the laws governing the matter, and that SAGAT abused of its dominant position imposing the payment of illegitimate fees.
The Court of Turin rejected in both cases the requests of AVIAPARTNER, affirming that the procedures followed to calculate and apply the fees for the use of property in common were correct, and that SAGAT was entitled to demand their payment.

In 2009, AVIAPARTNER appealed against the awards at first instance, and also solicited a temporary suspension of enforcement of the award that confirmed the Court order.
The appeal judgements, unified into one proceeding, are still pending. However, the Court of Appeal of Turin already expressed itself – with an order of 2 July 2009 - about the solicited temporary measure, confirming that the awards at first instance were enforceable.
Therefore, SAGAT could claim from AVIAPARTNER, that complied spontaneously, the payment of a total of €731,922, inclusive of interest and expenses. The appeal is still pending, at conclusions stage.

During the course of 2010, SAGAT sought and obtained another Court order for the payment of €1,237,899.10, relating to fees on the use of common property not paid by AVIAPARTNER after the first Court order (i.e. between 2005 and 2009). On 18 June 2010 AVIAPARTNER notified its opposition to the Court order. SAGAT appeared in trial and requested the temporary enforcement of the order. The Court admitted our request and AVIAPARTNER complied spontaneously in April 2011, paying to SAGAT the entire amount of €1,237,899.10.
The opposition ended in favour of SAGAT: on 30 September 2011, the Court of Turin ruled confirming the order in its entirety.
In May 2012, AVIAPARTNER appealed against the ruling at first instance. The appeal is still pending, at conclusions stage.

During the course of 2013, SAGAT sought and obtained a third Court order for the payment of €578,743.86, again relating to fees on the use of common property not paid by AVIAPARTNER between 2010 and 2012. The order will soon be served unto the opponent.

ALITALIA revocation actions

As explained in our Reports for the past years, on 29 August 2008 ALITALIA was placed into receivership by Prime Minister’s Decree, pursuant to Legislative Decree 347/2003 (the so-called “Marzano Act”), as amended by Decree Law 134/2008. On 12 January 2009, “ALITALIA Linee Aeree Italiane in Amministrazione Straordinaria” ceased its business and on 13 January 2009 “Alitalia Compagnia Aerea Italiana” started its operations, acquiring the business lines of ALITALIA transferred by the Receiver.
Information about the initiatives taken by SAGAT to recover its credits in the receivership has already been provided in previous Directors' Reports.
On 9 August 2011, “ALITALIA in Amministrazione Straordinaria” served on SAGAT a summons before the Court of Rome, asking revocation of the payments made by ALITALIA in the six months preceding the declaration of insolvency and the start of receivership procedure. SAGAT payments affected by the revocation action amount to €2,208,621.76.
SAGAT, after obtaining formal assurance from its legal counsels about the righteousness of its claims, replied asserting, among other things, the lack of both subjective and objective requirements provided for in art. 67 of the Bankruptcy Code for the revocation of the payments made to SAGAT.
Therefore, no allocations were made to the provisions for risks.
A similar action was brought also against our subsidiary SAGAT Handling. In this case, the payments subject to revocation amount to €956,458.85. SAGAT Handling too appealed against the revocation, with reasons similar to those asserted by SAGAT.

Both actions are pending. The conclusions have been postponed to the opening months of 2014.

Inflation

As you may know, in 2006 SAGAT sued the Ministry of Infrastructure and Transport to claim the damages arising from the missed adjustment of airport fees to inflation, that should have been applied annually pursuant to art. 2 (190) of Law 23 December 1996, no. 662, damages which SAGAT estimated in the amount of over three million Euro.
During the course of the trial, the Court appointed an expert to verify the reasonableness of SAGAT's requests. The expert's opinion was favourable to SAGAT.
By ruling of 15 September 2011, the Court ordered the Ministry to pay to SAGAT €2,650,301.97 plus interest and revaluation, thus admitting SAGAT's requests for the period 1999-2005. On the other hand, the Court rejected the other request aiming at obtaining damages for the subsequent years, affirming its lack of jurisdiction on that request.
By appeal served on 6 December 2011, the Ministry appealed against the award in first instance. SAGAT appeared as party to the appeal and filed a counter-claim to obtain damages for the years after 2005 that had been denied by the Court of first instance.
The appeal is still pending.
However, in February 2013, by SAGAT request, the Ministry of Transport advised of its intention to comply spontaneously with the award at first instance, and that arrangements had been made to pay to SAGAT €3,724,371.86, inclusive of interest, revaluation and legal costs.

SAGAT vs. former UNION DELTA employees

Union Delta had performed until May 2013, as a contractor of SAGAT, passenger, luggage and cargo security control services at Turin Caselle Airport. In the process of experiencing a financial crisis, UNION DELTA advised SAGAT that it had leased its business line to a company denominated ALL SYSTEM. After the verifications provided for in art. 116 of the Contracts Code, SAGAT acknowledged that the business line lease was effective.
After a few weeks, the employees of UNION DELTA started a series of legal actions against UNION DELTA in order to recover unpaid wages and social security contributions.
The claimants first involved SAGAT as garnishee, based on the accounts still receivable by UNION DELTA from SAGAT as contractor fees.
However, starting from September 2013, SAGAT was served several claims in which the claimants sought the payment of reimbursable expenses on business travels and wage imbalances.
As of the date of drafting this Report, twelve claims have been served unto SAGAT, and the total claims amount to about two hundred thousand Euro.
The claims are mostly against the former employer UNION DELTA, and SAGAT is involved in the action as customer, jointly and severally liable pursuant to art. 29 (2) of Legislative Decree no. 276/2003.
The language of the Contracts Code speaks of such a broad joint and several liability of the Customer, that a Customer has very little possibilities of defence when called accountable as joint and several obligor in a trial.
Except for one action, that was closed with a settlement agreement between UNION DELTA and the claimant employee, all other actions are still pending.

1.17 PRIVACY

Since the year 2000 the company has put into effect privacy measures pursuant to Law 675/96, in enforcement of President's Decree 318/99. The adoption of these measures was reported in the Privacy Plan, revised in 2009 to comply with Legislative Decree 196/03.

1.18 RISK FACTORS

The main operating and financial risks that might affect the performance of the company, and the action taken to mitigate them, are described below:

<u>Credit risk:</u>
the company deems to be adequately protected against this risk in 2013, having made a specific provision for bad debts in its annual accounts, which is deemed to be consistent with the relevant estimates of bad debts. Taking legal action to secure these accounts receivable has also been considered.

<u>Liquidity risk:</u>
The liquidity risk for SAGAT might arise from difficulties in obtaining in due time loans to support its business. With a view to mitigating this risk, in 2013 SAGAT secured the availability of credit lines that has not used yet, so as to be able to face possible liquidity requirements promptly.

Cash flows, funding needs and liquidity are monitored or managed at central level under the control of the Treasury Department, in order to guarantee an efficacious and effective management of financial resources not only at SAGAT but across the Group that it leads. Therefore, at year-end 2013, we deem that the company is not subject to liquidity risk.

<u>Exchange risk and interest rate risk:</u>
SAGAT is not subject to market risks arising from exchange fluctuations because it is no longer doing business in an international scenario where transactions are made in different currencies and at different interest rates. The exposure to interest rate risk derives from the need, arisen in 2006, to fund the interventions on infrastructures made in connection with the Turin Winter Olympics 2006, as well as to the need to employ the cash temporarily available. Interest and market rate fluctuation may have a negative or positive impact on the company's result for the year, by affecting indirectly the cost of borrowing and the yield of financial investments. SAGAT has "cleaned" the most part of interest rate risk by entering into an interest rate swap agreement aimed at ensuring the stability of the debtor interest rate applicable to the long-term loan referred to above. The company also verifies regularly its residual exposure to the risk of interest rate fluctuation and has the option, in different forms and time frames on a case by case basis, to proceed with the entire or partial repayment of its existing loans.

1.19 HOLDINGS STRUCTURE

The most relevant details of SAGAT's holdings as of 31.12.2013 are shown below.
As to investments in other companies, please note that the data shown relates to the latest financial statements approved; where the financial statements for 2013 were not available, the data relating to 2012 were reported.

SAGAT SPA HOLDINGS AS OF 31 DECEMBER 2013 (figures are stated in Euro)

SAGAT S.p.A.
s.c. 12.911.481,00

SAGAT Engineering S.r.l.
s.c. 11.000,00

SAGAT SpA	100%

Air Cargo Torino S.r.l.
s.c. 102.960,00

SAGAT SpA	36%
Freschi e Schiavoni Srl	34%
Unisped Srl	25%
APSACI	5%

Sistema S.r.l.
s.c. 20.000,00

SAGAT SpA	100%

SAGAT Handling S.p.A.
s.c. 3.900.000,00

SAGAT SpA	100%

Torino Servizi S.r.l.
In liquidazione
s.c. 98.800,00

SAGAT SpA	51%
Chamber of Commerce of Turin	25%
UI Prov. di Torino	10%
Fantato Giovanni	5%
Poggi Paolo	5%
Industrial Association, Province of Turin	4%

Aeroporti Holding S.r.l.
s.c. 50.000.000,00

SAGAT SpA	55,45%
EQUITER SPA	35,31%
TECNOINVESTIMENTI Srl	9,24%

A.D.F. S.p.A.
s.c. 9.034.753,00

Aeroporti Holding	33,40%

SAB S.p.A.
s.c. 74.000.000,00

Aeroporti Holding	7,21%

SAGAT HANDLING S.P.A.

SAGAT Handling S.p.A., owned 100% by SAGAT, is engaged in the airport industry and provides handling services to the airlines operating at the Turin Caselle Airport.

Income statement highlights are: value of production, €11,977 thousand, gross operating margin (GOM) negative by €7 thousand and €669 thousand loss for the year.

Statistic data on handled traffic show a reduction in all components compared to 2012.

The reduction in aircraft movements (-24.1%) is due to the cancellation of flights by Alitalia, Blu Express and Meridiana, to the lower number of flights operated at Turin by Air Nostrum, British Airways and Ryanair but, above all, to the cessation of operations by Windjet, Luxair, Lot, Belle Air and Air Vallee.

The same trend affected passenger traffic, that also suffered from the difficult economic situation.

The share of traffic handled by SAGAT Handling in 2013, compared to the total traffic in transit at Turin, was 75.3% of cargo tonnage (80.5% as of 31/12/2012), 78.9% of passenger traffic (82.9% as of 31/12/2012) and 68.5% of aircraft movements (72.8% as of 31/12/2012).

The table below summarises the main income results of the activities carried out by SAGAT Handling during the course of 2013.

(Euro thousand)

Income Statement	*2013*	*2012*	*Difference*
Production v alue	11.977	14.503	-2.526
Staff costs	-6.634	-7.319	685
Operating costs	-5.350	-6.334	984
GOM	**-7**	**850**	**-857**
Amortisation, depreciation and provisions	-451	-1640	1.189
EBIT	**-458**	**-790**	**332**
Financial income and charges	34	57	-23
Extraordinary income and charges	-238	285	-523
EBT	**-662**	**-448**	**-214**
Income taxes for the year	-7	46	-53
Net result of the year	**-669**	**-402**	**-267**

The value of production, €11,977 thousand, is made up mostly of ordinary and extra handling fees paid by carriers, which amount to €9,443 thousand and are recorded as income from sales and services.

The decrease in the value of production by €2,526 compared to 2012 is essentially due to the already mentioned decrease in the volume of traffic handled, which was however partially counterbalanced by the positive effects of having extended the existing contracts with carriers. In fact, facing a 24.1% decrease in traffic, the earnings on ordinary and extra handling fees decreased by 19.7%. At the same time, the earnings on cargo services have decreased by 8%.

The most significant of all production cost items is the cost of staff, that will continue to be the highest cost item also in the future.

The most relevant among operating costs, €2,755 thousand on aggregate, are intercompany costs.

As a consequence of the above, the gross operating margin was negative by €7 thousand.

The €857 thousand decrease in the gross operating margin compared to the prior year is essentially due to the already mentioned decrease in earnings, only partially set off by the — however remarkable— reductions in operating costs and staff costs.

Due to the above, and to the effects of amortisation, depreciation and provisions, the operating result reached a negative value of €458 thousand.
This result has considerably improved (+€332 thousand) compared to the prior year, that had been characterised by ample allocations to the provision for bad debts, required in order to cope with significant risks related to the notorious situations of certain Italian carriers.

The balance of extraordinary items, negative by €238 thousand, is basically due to a contingent liability arising from the realignment, in an amount of €248 thousand, of the payables to employees on holiday leaves accumulated from past years and not used.

Due to the above, the EBT is negative by €662 thousand.

The tax burden for the year amounts on aggregate to €7 thousand and is represented by current income taxes (IRES and IRAP), before deduction of deferred tax and after allocation of deferred tax assets and of the earnings arising from the tax consolidation of the Group the company belongs to.

Therefore, SAGAT Handling has recorded a net loss for the year of €669 thousand.

AEROPORTI HOLDING S.r.l.

The year ended 31 December 2013 for our subsidiary Aeroporti Holding was characterised, on one hand, by the prosecution of the activities started by the company in the past years and, on the other, by initiatives aimed at rationalising the company's equity investments.

As to the investment in Aeroporto di Firenze S.p.A. (hereinafter, ADF), the company did not change its share of ownership during the year, maintaining its 3,017,764 shares held; this number accounts for 33.40% of the share capital and corresponds to a carrying value of €36,413,946.56.

However, on 4 March 2014 Aeroporti Holding transferred to Corporacion America Italia S.r.l. its entire investment in the company that runs the Florence airport, AdF S.p.A. - corresponding to 3,017,764 shares.

The unit transfer price of the shares was €13.42, for an aggregate cash value of €40,498,392.88.

As to the investment in Società Aeroporto G. Marconi di Bologna S.p.A. (hereinafter, SAB), the company did not change its share of ownership during the year, maintaining its 2,134,614 shares held.

This number accounts for 7.21% of the share capital and corresponds to a carrying value of €17,640,882.86.

The essential figures from the Aeroporti Holding financial statements are shown in the table below:

Euro thousand

FINANCIAL STATEMENTS AS OF 31/12/2013	
Production value	0
Financial income and charges	242
Shareholders' equity	53.533
Profit of the year	191

The company does not have any employees.

SAGAT ENGINEERING S.r.l.

The corporate purpose of SAGAT Engineering S.r.l., a 100% subsidiary of SAGAT, is to carry out feasibility studies, research, consulting services, design service, works supervision, tests, work-site safety compliance interventions, technical/economic consistency assessment, and engineering/administrative activities for the contracting and execution of works directly or indirectly related to airport operations.

The activities carried out in 2013, the company's eleventh year in business, was characterised by the prosecution, as in the past years, of support activities to SAGAT in all the technical issues relating to the implementation of the infrastructure development plan at the Turin Caselle airport.

Under specific contracts, these activities included several projects, studies and specific activities, among which we may mention the following:

▪ for infrastructures and infrastructure management at aircraft movement areas and related services:

- coordination and field work for the transfer on a georeferenced information system (GIS) of the plant service networks in the air side area of the airport;
- prosecution of the activities aimed at implementing, in coordination with other Italian airports, a unified and coded pavement management system;
- project for the requalification of the perimeter road around the airport, near the control tower and the "November" taxiway leading to the general aviation apron;
- specialist design of new specifications and contracts for the management of pavement marking works in aircraft movement areas, with specialist night and day assistance during the execution of the works;
- project for the requalification of the pavement of the perimeter road around the airport and of aircraft aprons at stands 113 and 114 and in the area next to the fire brigade station;
- project for the requalification of paved areas between the passenger boarding bridges between 108 and 113;
- project drawings and specialist assistance for the introduction of expansion joints in the pavement of the general aviation apron in front of hangar 4;
- supervision during the first stage of the works for the waterproofing of the rainwater drainage channels along the edge of the taxiway;
- development, according to ENAC requests, of the document for the maps of the areas of special restraint applicable to the airport;

- project for the reconfiguration of the aircraft parking stall n. 309 in the general aviation apron;
- ▪ for the passenger building and other airport building and infrastructures, and the management of related aspects:
- projects and specific architectural project proposals for the requalification of architectural components, layouts, retail spaces and premises in the passenger building and general aviation area (food-court windows, baggage claim hall and arrivals area, new layout of VIP lounges, spaces from the ex employees' cafeteria and other commercial and service spaces);
- project and specific project proposals for other airport buildings and infrastructures (entrance of SAGAT offices building, gangway for the de-oiler, external roads and parking areas, protective cage for the explosives depot at the police station, etc.);
- glass panel separating area South and passenger boarding corridors;
- project studies for a new routing layout for the passengers arriving at the passenger building;
- project for the new fast-track area in the passenger building;
- concept for advertising banners and for the SAGAT website;
- development of a new airport utilization plan compliant with the ENAC rules in force;
- coordination and technical support for maintaining the ISO50001 energy certification;
- creation of a technical chart with exit routes and maximum expected crowding in case of organized events, with crowds in the passenger buildings and nearby buildings.

The essential figures from the SAGAT Engineering financial statements are shown in the table below:

Euro thousand

FINANCIAL STATEMENTS AS OF 31/12/2013	
Production value	865
Shareholders' equity	2.189
Profit of the year	126

As of 31/12/2013 the company had 6 employees in total, one less than at year-end 2012.

SISTEMA S.r.l.

The year ended 31 December 2013 is the ninth one in business for Sistema S.r.l., a company established on 8 March 2005 with SAGAT S.p.A. as single shareholder and having as corporate purpose the management of airport infrastructures and, in general, the execution of services and activities instrumental to air transport, either directly or through its subsidiaries.

During the course of 2005 and within the framework of a project for the creation and enlargement of a network of airports, SAGAT had planned a new structure for its Group, and had considered transferring to Sistema S.r.l. the airport business line currently operated by SAGAT.

That strategy had been adopted by the Shareholders of the Company who, on 8 November 2005, had resolved a capital increase that was to be freed up by the contribution of the business line in question.

That resolution was meant to be effective only if the Municipality of Turin had authorized the transfer, to the transferee of the business line, of the airport management contract and only if ENAC had adopted the measures of its competence.

Such circumstances have not occurred to the date, therefore that resolution does not affect these financial statements.

Sistema S.r.l. has had no employees and earned no income in 2013.

The essential figures from its financial statements are shown below:

FINANCIAL STATEMENTS AS OF 31/12/2013	
Production value	0
Shareholders' equity	10
Loss of the year	(4)

AIR CARGO TORINO S.r.l.

The business of Air Cargo Srl is the handling of cargo at the airport.
The financial statements considered are the ones as of 31/12/2012.
The essential figures from its financial statements are shown below:

FINANCIAL STATEMENTS AS OF 31/12/2012	
Production value	769
Shareholders' equity	53
Profit of the year	16

P.I.S.T.A. SPA IN LIQUIDAZIONE
- POLO INTEGRATO DI SVILUPPO TORINO AEROPORTO -

The purpose of the company was to build the PIS (Integrated Development Hub) of the Turin Airport, in the territory of the Municipality of San Maurizio Canavese (TO).

The company had been placed into liquidation effective from December 2005, and the liquidation procedure was closed during the course of 2013.

CIRIÈ 2000 S.r.l.

The purpose of the company was to build the residential and retail buildings in the area formerly occupied by Remmert of Ciriè 2000.

The liquidation of the company was completed with the final distribution of assets in March 2013.

TORINO SERVIZI S.r.l. IN LIQUIDAZIONE

The company was placed into voluntary liquidation on 18 October 2004. As of the closing date for the financial statements 2013, the liquidation procedure was not completed yet.

1.20 INFORMATION ON MANAGEMENT AND COORDINATION

SAGAT S.p.A. exercises "management and coordination" activities in respect of its subsidiaries SAGAT Handling S.p.A., SAGAT Engineering S.r.l., Sistema S.r.l. and Aeroporti Holding S.r.l..

1.21 RELATIONSHIPS WITH SUBSIDIARIES AND OTHER RELATED PARTIES

The financial relationships between SAGAT and its subsidiary and associated companies are shown in the table below:

Euro thousand

COMPANY	*INCOME*	*COSTS*	*ACCOUNTS RECEIVABLE AS OF 31/12/2013*	*ACCOUNTS PAYABLE AS OF 31/12/2013*
Subsidiary companies				
SAGAT Handling SpA	2.754	1.596	974	1.362
SAGAT Engineering Srl	152	828	83	2.311
Aeroporti Holding Srl	11	0	491	18
Sistema Srl	1	0	11	0
Total	**2.918**	**2.424**	**1.559**	**3.691**
Associated companies				
Air Cargo Torino Srl	59	16	0	3
Total	**59**	**16**	**0**	**3**

As of the closing date for the financial statements 2013, there are no agreements into place with Aeroporto di Firenze S.p.A. (which is related via Aeroporti Holding S.r.l.).

1.22 SIGNIFICANT EVENTS OCCURRED AFTER THE CLOSING OF THE YEAR AND PREDICTABLE DEVELOPMENTS FOR 2014

Significant events occurred after 31.12.2013

- As already explained in the Notes to the Balance Sheet, on 13 January 2014, in enforcement of the transfer resolution adopted on 20 December 2013, shareholder F2i sgr S.p.A. transferred, in its capacity as single shareholder, its interest in SAGAT S.p.A. (50.79% of the capital) to F2i Aeroporti S.p.A.. Later, on 27 January 2014, F2i Aeroporti S.p.A. purchased from shareholder Aeroporto Guglielmo Marconi di Bologna S.p.A. 92,600 shares of SAGAT S.p.A. bringing its ownership share to 54.46% of the capital. On the same date, shareholder Aeroporto Guglielmo Marconi di Bologna S.p.A transferred the remaining 11,411 shares to Tecnoinvestimenti, S.r.l. and therefore is no longer a shareholder of SAGAT S.p.A..

- On 6 February 2014, SAGAT Spa and the trade unions and employee representatives entered into an agreement, which was later ratified by the employees, that is particularly important in terms of staff costs optimisation and organizational improvement.
  The agreement provides for an extraordinary plan for using up the employees' residual unused holiday leaves. The plan is expected to achieve a maximum number of 5 residual leave days per employee per year, which betters the result already achieved with the agreement executed on 4 April 2013, that provided for a maximum of 7 days.

  In accordance with the agreement, in 2014 company Christmas gifts and the 50% refund on air tickets to the employees will be suspended, while the seniority bonus will consist —for an indefinite term as from 2014— of a compensation in kind not exceeding a value of €258.

  The most significant aspect of the agreement is without doubt the agreement reached on the start of a lay-off procedure whereby a maximum of 15 employees will leave the company before retirement age maintaining, for the entire duration of the lay-off, 80% of their compensation at the time of leaving. The funding for this will come, among others, from the Special Fund for Air Transport Support. The lay-off will be mandatory for those workers who already meet the requirements to receive their pension, or for those workers who will meet such requirements in the three-year term of lay-off. It will also be available to those employees who will choose to leave voluntarily.
  The agreement containing the necessary elements for the definition of and agreement upon all the terms of the lay-off procedure was executed on 26/02/2014.

  The parties have also agreed on the possibility that at least 2 employees of SAGAT Handling might be transferred to the holding company, if need be.

- The January 2014 report of Assaeroporti, the Italian association of airport management companies, reports a 3.5% growth in passenger traffic compared to January 2013. The traffic increase is related mostly to the growth in international traffic (+5.2 %) and EU traffic (+3.8 %).

  Passenger traffic data at the Turin airport showed, in the first two months of 2014, a 5% increase compared to the corresponding period in 2013.

  In particular, a 1% increase in passengers on domestic scheduled flights was seen, while passengers on international scheduled flights have increased by 11%.

	Year To Date			
Pax	**Act**	**LY**	**Var. vs. LY**	**%**
Domestic	255.179	251.845	3.334	1%
International	210.268	188.766	21.502	11%
Charter	67.190	66.901	289	0%
Gen. Aviation	1.088	1.102	(14)	(1%)
Transit	632	0	632	
Total	**534.357**	**508.614**	**25.743**	**5%**
ATM *	**7.137**	**7.284**	**(147)**	**(2%)**

**** the figure shown includes commercial, general, military aviation and other flights. Commercial Aviation flights alone, in February, were 5.768 (-1.3% compared to the prior year).***

Below is a list of the new connections introduced in 2013, especially in the second half of the year, that had a positive impact on traffic flows for the first two months of 2014:

- to Tirana by Alitalia;
- to Naples by Meridiana;
- to Moscow by New Livingston;
- to Casablanca by Royal Air Maroc;
- to Catania by Ryanair;
- to Iasi by Tarom;
- to Amsterdam by Transavia;
- to Palermo by Volotea;
- to Barcelona by Vueling

Other factors that have positively affected traffic flows in the first two months of 2014 are:

- the increase in weekly frequencies for the following flights:
  - Turkish Airlines to Istanbul (+44.3% passenger increase Jan/Feb 2014 vs Jan/Feb 2013),
  - EasyJet to Gatwick (+66%),
  - Ryanair to Brindisi (+10.7%),

- the increase in the seats available or the improvement of seat occupancy ratio for:
  - Lufthansa to Munich (+18.3%) and Frankfurt (+5.3%),
  - British Airways to Gatwick (+5.8%),
  - Ryanair total traffic +5% .

The positive effects of these changes were partially mitigated by the cancellation of certain flights that had worked in the first two months of 2013, totalling 17,000 passengers.

In particular, compared to 2013, in the first two months of 2014 the following flights were not operated: to Pescara by Air Vallée, to Tirana by Belle Air, to Alghero by Meridiana, to Madrid by Ryanair, to Paris Beauvais by Ryanair, to Lisbon by TAP.
Lastly, certain carriers, Air France (-10.3%), the Alitalia – Airone group (-3.7%), Blu Express (-42.5%), and Brussels Airlines (-14.1%), reported a decrease in passengers in the same period.

Total movement decreased by 2%, commercial aviation movements by 1.3%.

New flights announced for 2014:

The opening of new flights was announced for the rest of 2014. The detail of the new openings planned to the date is as follows:

- Germanwings: Turin – Dusseldorf (daily) from 30/03/2014;
- Etihad Regional (Darwin Airline): Turin - Zurich (3 times a week) from 01/05/2014;
- KLM: Turin – Amsterdam (twice a day) from 26/05/2014;
- Volotea: Turin – Olbia (3 times a week) from 30/05/2014;
- Turin – Palma de Mallorca (2 times a week) from 22/06/2014;
- Ryanair: Turin – Alghero (3 times a week) from 01/07/2014;
- Vueling: Turin – Rome (4 flights a day, aircraft in base) from 17/09/2014;
- Jet2.com: Turin – Manchester (once a week) from 20/12/2014.

- **National Airports Plan — The new proposals from the Ministry**

During the Council of Ministers held on 14 January 2014, the Minister of Infrastructures and Transport presented the future National Airports Plan (PNA). In particular, the plan has selected ten traffic catchment areas in five macro-regional areas (Northwest, Northeast, Centre, South, Islands); only one strategic airport is selected for each catchment area (10 + 1 with reserve), while all the other airports are defined as airports of national interest.
The Northwest macro-region was not broken down into catchment areas (like the other macro-regions), and therefore has only one strategic airport, Milan Malpensa, and six airports of national interest: Milan Linate, Turin, Bergamo, Genova, Brescia and Cuneo.
The future PNA changes the plans made by ENAC and the Ministry of Infrastructures and Transport in the Guidelines for the definition of the National Airport Development Plan, where the Turin airport was listed among Italy's ten strategic airports (Core – Network Ten-t), because "The Turin airport confirms itself as a strategic airport in the Italian network, playing a vital role as access portal to a very high number of target users".
The regulatory framework
It should be noted that to regard the Turin airport as strategic was consistent with art. 698 of the Navigation Code.
In that article, in fact, airport and airport systems of national interest should be selected according to the following criteria:
strategic role
position in the territory
size and type of traffic
possible inclusion in European TEN projects
The current classification instead does not comply with the statutory requirement, as it identifies catchment areas by the arbitrary principle of the “maximum driving distance of two hours from a strategic airport“.
Such an arbitrary principle generates the anomaly illustrated in the chart below, showing that only one catchment area is outlined for each of the two areas of higher economic importance and population density (the Northwest and the Northeast).
So, the Northwest macro-region apparently corresponds to one catchment area, ignoring — besides— that Northwestern airports have seen a traffic of more than 41 million passengers in 2012, out of a national total of around 146 million passengers.

Macro-region	North West	North East	Centre	South	Islands
Traffic catchment areas	1	1	2	3	3

As the classification as "strategic airport" implies the priority inclusion in State and EU investment plans, the efforts to have the Turin airport recognised as strategic will be multiplied also with respect to integrated transport plans. The classification as strategic is owed to the Turin airport, de facto and according to the law.

Predictable developments

Considering a general picture characterised by a certain optimism, the forecasts for 2014 seem to suggest a growth, albeit moderate; in fact, the assumptions formulated by the most authoritative Italian and European agencies speak of an increase in GDP growth rate estimates for 2014, although in a difficult scenario due to credit access problems and drop in the income actually available for spending among Italian households.

The air sector, like the real economy as a whole, might suffer the negative effects of this scenario, and the airlines might tend in any case to concentrate their efforts on efficiency improvement and cost cutting policies, also by repositioning their routes and aircraft
In particular, the circumstances of Alitalia should be followed very carefully. The reorganization plan and the choice of a strategic partner for Alitalia might bring deep changes in the balances of power nationwide.
Last but not least, it will be important to define the roles of each airport in the National Airports Plan recently presented by the Minister of Transport, with reference in particular to the Northwest area where our station is located.

Due to these considerations and to the uncertainty that remains on the fees side, SAGAT's efforts will focus on achieving all the possible operational and organizational rationalisation solutions, in order to minimise the adverse impacts of turbulences and possible shocks in the economic environments and in the industry.

However, none of the actions started will undermine the quality of the service to our customers, that was recently improved thanks to the introduction of extremely important ancillary services, nor the maintaining of the highest safety standards for the passengers and the carriers working at the airport.

The utmost attention will also be dedicated to the development policies that must represent the core asset for the growth of our airport. Therefore, the focus on creating new commercial aviation opportunities, with new players joining in and with the recovery of the most requested routes in the territory, will remain a priority.

1.23 TREASURY SHARES

The company holds treasury shares for 2.96% of its capital, corresponding to a total value of €4,824 thousand.
A total of 74,178 treasury shares are owned, corresponding to an aggregate face value of €383 thousand.

1.24 PROPOSALS FOR THE ALLOCATION OF THE RESULT OF THE YEAR

Dear Shareholders,

- the financial statements as of 31/12/2013 detailed in this report, that was audited pursuant to the law by the independent auditors Deloitte & Touche S.p.A., presents a net profit of the year of €214,583.87, which we propose allocating entirely to the Extraordinary Reserve.

On behalf of the Board of Directors
The Chairman

2. FINANCIAL STATEMENTS AS OF 31/12/2013

2.1.1 BALANCE SHEET: ASSETS	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
Figures shown in euro		
A) CONTRIBUTIONS RECEIVABLE FROM SHAREHOLDERS		
B) FIXED ASSETS		
I. Intangible assets		
1) Start up and improvement costs		
2) R & D and advertising costs		
3) Industrial patent and intellectual property rights	165.055	217.004
4) Concessions, licenses, trademarks and similar rights		
5) Goodwill		
6) Investments in progress	964.097	888.416
7) Other non current assets	6.672.760	9.847.180
Total	*7.801.912*	*10.952.600*
II. Tangible assets		
1) Land and buildings	3.515.795	3.515.795
2) Plant and machinery		
3) Operating and sales equipment	1.607.850	2.160.752
4) Other assets	1.452.001	1.774.628
5) Investments in progress and payments on account	4.304.474	7.072.165
II.bis Freely transferable assets		
1) Land and buildings	36.185.569	35.720.545
1bis) Runways and land used for runways	473.414	509.107
2) Plant and machinery	12.021.079	13.817.738
3) Operating and sales equipment		
4) Other assets		
5) Investments in progress and payments on account		
Total	*59.560.182*	*64.570.730*

BALANCE SHEET: ASSETS	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
III. Financial assets		
1) Investments in:		
a) Subsidiary companies	30.589.248	31.262.088
b) Associated companies	13.234	13.176
d) Other companies	0	28.293
2) Accounts receivable:		
a) From subsidiary companies:		
due within 12 months		
due beyond 12 months	490.660	557.200
b) From associated companies:		
due within 12 months		
due beyond 12 months		
c) From parent companies:		
due within 12 months		
due beyond 12 months		
d) From others:		
due within 12 months		
due beyond 12 months	9.706	9.706
Total accounts receivable:		
due within 12 months		
due beyond 12 months	500.366	566.906
3) Other securities:		
due within 12 months		
due beyond 12 months		
4) Treasury shares - aggregate face value is also shown in the notes -	4.823.612	4.823.612
Total	*35.926.460*	*36.694.075*
TOTAL FIXED ASSETS (B)	**103.288.554**	**112.217.405**

BALANCE SHEET: ASSETS	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
C) CURRENT ASSETS		
I. Inventory		
1) Raw and maintenance materials, consumables	255.280	299.445
2) In-process and semi-finished products		
3) Orders in progress		
4) Finished products and goods	1.151.729	1.438.915
5) Advances		
Total	*1.407.009*	*1.738.360*
II. Accounts receivable		
1) From customers:		
due within 12 months	8.863.117	9.375.694
due beyond 12 months		
2) From subsidiary companies:		
due within 12 months	1.081.147	1.645.427
due beyond 12 months	784.138	784.138
3) From associated companies:		
due within 12 months		
due beyond 12 months		
4) From parent companies:		
due within 12 months		
due beyond 12 months		
4bis) Tax receivables:		
due within 12 months	2.405.574	2.350.495
due beyond 12 months	67.278	66.031
4ter) Deferred tax assets:		
due within 12 months		
due beyond 12 months	2.794.106	2.975.926
5) Other accounts receivable:		
due within 12 months	5.625.703	7.666.400
due beyond 12 months	56.080	56.080
Total accounts receivable:		
due within 12 months	17.975.541	21.038.016
due beyond 12 months	3.701.602	3.882.175
Total	*21.677.143*	*24.920.191*

BALANCE SHEET: ASSETS	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
III. Current financial assets		
1) Investments in subsidiary companies		
2) Investments in associated companies		
3) Investments in other companies		
4) Treasury shares - aggregate face value is also shown		
5) Other securities	0	259.798
Total	*0*	*259.798*
IV. Cash and cash equivalents		
1) Cash in bank	830.025	672.391
2) Cheques	8.000	16.100
3) Cash and valuables in hand	82.895	76.993
Total	*920.920*	*765.484*
TOTAL CURRENT ASSETS (C)	**24.005.072**	**27.683.833**
D) ACCRUED INCOME AND PREPAYMENTS - DISCOUNT ON LOANS SHOWN SEPARATELY		
Accrued income	0	9.474
Prepayments	244.105	214.958
TOTAL ACCRUED INCOME AND PREPAYMENTS (D)	**244.105**	**224.432**
TOTAL ASSETS	**127.537.731**	**140.125.670**

2.1.2 BALANCE SHEET: LIABILITIES	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
A) SHAREHOLDERS' EQUITY		
I. Share capital	12.911.481	12.911.481
II. Share premium reserve	6.104.521	6.104.521
III. Revaluation reserve		
- Revaluation reserve per Law no. 342/2000	7.362.627	8.513.223
IV. Legal reserve	2.582.296	2.582.296
V. Reserve for treasury shares in the portfolio		
VI. Reserves provided for under the by-laws		
VII. Other reserves:		
- Reserve for purchase of treasury shares	4.823.612	4.823.612
- Extraordinary reserve	21.321.173	21.321.173
- Reserve for extraordinary investments	4.906.340	4.906.340
- Fund as per art. 55 DPR 917/86	0	16.781
VIII. Loss carried forward		
IX. Profit (loss) of the year	214.584	(1.167.377)
TOTAL SHAREHOLDERS' EQUITY (A)	**60.226.634**	**60.012.050**
B) PROVISIONS FOR LIABILITIES AND CHARGES		
1) Pension and similar funds		
2) Fund for tax disputes		
3) Other provisions:		
- Exchange rate fluctuation fund		
- Future liabilities fund	5.475.297	5.265.528
- Maintenance expenses fund for assets held under concess.	8.623.828	8.758.863
TOTAL PROVISIONS FOR LIABILITIES AND CHARGES (B)	**14.099.125**	**14.024.391**

BALANCE SHEET: LIABILITIES	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
C) PROVISION FOR STAFF SEVERANCE PAY	2.784.937	2.749.577
TOTAL (C)	**2.784.937**	**2.749.577**
D) ACCOUNTS PAYABLE		
1) Bonds:		
due within 12 months		
due beyond 12 months		
2) Convertible bonds:		
due within 12 months		
due beyond 12 months		
3) Loans from shareholders		
4) Payables to banks:		
due within 12 months	1.624.946	5.998.444
due beyond 12 months	7.500.000	9.000.000
5) Payables to other lenders:		
due within 12 months		
due beyond 12 months		
6) Advances:		
due within 12 months		
due beyond 12 months		
7) Trade payables:		
due within 12 months	8.788.265	12.399.893
due beyond 12 months		
8) Payables in the form of credit instruments:		
due within 12 months		
due beyond 12 months		
9) Payables to subsidiary companies:		
due within 12 months	3.686.995	6.254.606
due beyond 12 months		
10) Payables to associated companies:		
due within 12 months		
due beyond 12 months		

BALANCE SHEET: LIABILITIES	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
11) Payables to parent companies:		
due within 12 months		
due beyond 12 months		
12) Taxes payable:		
due within 12 months	919.832	866.453
due beyond 12 months		
13) Payables to social security institutions:		
due within 12 months	706.921	772.864
due beyond 12 months		
14) Other payables:		
due within 12 months	12.537.379	10.968.949
due beyond 12 months	134.787	98.289
Total	*12.672.166*	*11.067.238*
TOTAL:		
due within 12 months	28.264.338	37.261.209
due beyond 12 months	7.634.787	9.098.289
TOTAL ACCOUNTS PAYABLE (D)	**35.899.125**	**46.359.498**
E) ACCRUED EXPENSES AND DEFERRED INCOME - DISCOUNT ON LOANS SHOWN SEPARATELY		
Accrued expenses	1.384	10.261
Deferred income	14.526.526	16.969.893
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME (E)	**14.527.910**	**16.980.154**
TOTAL LIABILITIES AND EQUITY	**127.537.731**	**140.125.670**

2.1.3 MEMORANDUM ACCOUNTS	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
Assets under concession from the Municipality of Turin	59.654.058	59.654.058
Bank and other guarantees received from third parties	15.161.257	14.486.719
Total	**74.815.315**	**74.140.777**

2.1.4 INCOME STATEMENT	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
A) PRODUCTION VALUE		
1) Revenues from sales and services	45.741.747	50.540.946
2) Variations in the inventory of in-process, semi-finished and finished products		
3) Variations in orders in progress		
4) Fixed assets developed internally		
5) Other income and proceeds - operating grants shown separately	4.922.534	4.970.974
Total production value (A)	***50.664.281***	***55.511.920***
B) PRODUCTION COSTS		
6) Purchase of raw and maintenance materials, consumables and goods	3.013.767	3.730.439
7) Cost of services	17.950.213	19.525.681
8) Rent, lease and similar costs	1.015.814	1.025.873
9) Staff costs:		
a) salaries and wages	8.568.310	8.930.533
b) social security	2.512.549	2.638.133
c) severance pay	599.272	645.789
d) pension and similar benefits		
e) other costs	192.892	203.797
Total staff costs	*11.873.023*	*12.418.252*
10) Amortisation, depreciation and write-downs:		
a) amortisation of intangible assets	3.450.473	3.775.639
b) depreciation of fixed assets	7.455.340	7.657.109
c) other write-down of assets		762.932
d) write-down of current receivables and of cash and equivalents	59.847	2.824.997
Total amortisation, depreciation and write-downs	*10.965.660*	*15.020.677*
11) Variations in the inventory of raw and maintenance materials, consumables and goods	331.350	(351.853)
12) Provisions for liabilities and charges	1.327.135	1.398.998
13) Other provisions	1.250.000	1.250.000
14) Miscellaneous operating costs	1.634.656	1.861.912
Total production costs (B)	***49.361.618***	***55.879.979***
Operating profit - Production value less production costs (A-B)	***1.302.663***	***(368.059)***

INCOME STATEMENT	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
C) FINANCIAL INCOME AND CHARGES		
15) Income from equity investments	242.942	0
16) Other financial income:		
a) from non current receivables		
b) from non current securities		
c) from current securities	4.935	14.409
d) other income	37.010	9.878
Total	*284.887*	*24.287*
17) Interest and other financial charges	(487.131)	(650.254)
17bis) Exchange gains (losses)	(467)	4.119
Total financial income and charges (C)	***(202.711)***	***(621.848)***
D) VALUE ADJUSTMENTS ON FINANCIAL ASSETS		
18) Revaluation		
a) of equity investments		
b) of financial assets		
c) of current securities		
19) Write-downs:		
a) of equity investments	(672.841)	(414.442)
b) of financial assets		
c) of current securities	0	0
Total value adjustments on financial assets (D)	***(672.841)***	***(414.442)***

INCOME STATEMENT	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
E) EXTRAORDINARY INCOME AND CHARGES		
20) Exceptional income		
- Other exceptional income	1.124.829	957.408
21) Exceptional charges		
- Other exceptional charges	(270.637)	(155.660)
Total extraordinary items (E)	***854.192***	***801.748***
Profit (loss) before taxes (A-B+/-C+/-D+/-E)	**1.281.303**	**(602.601)**
22) Income taxes for the year		
a) Current taxes	(884.899)	(1.534.908)
b) Deferred tax assets (liabilities):	(181.820)	970.132
23) PROFIT (LOSS) OF THE YEAR	**214.584**	**(1.167.377)**

These financial statements are accurate and match with the contents of corporate accounting books.

On behalf of the Board of Directors
The Chairman

2.2 NOTES TO THE FINANCIAL STATEMENTS OF SAGAT SPA

2.2.1 INTRODUCTION

FINANCIAL STATEMENTS – INTRODUCTION

The Financial Statements are made up of Balance Sheet, Income Statement and Notes (art. 2423 (1) of the Civil Code). The tables annexed to the Notes are a material part of the notes and of the Financial Statements themselves.
The company prepares the Consolidated Financial Statements pursuant to Legislative Decree 127 of 9/4/91.
The company's Financial Statements and the Consolidated Financial Statements were audited pursuant to article 2409 bis of the Civil Code by the independent auditors Deloitte & Touche S.p.A..

2.2.2 PART I: GENERAL PRINCIPLES

1. These financial statements were prepared in a clear form in order to provide a faithful and accurate picture of the Company's financial position and standing, as well as of its operating result (art. 2423 (2) of the Civil Code). In particular, the drafting of these financial statements complies with art. 2423 et seq. of the Civil Code and takes into account the Italian accounting standards issued by the National Committees of Tax Consultants and Professional Accountants, as revised by the Italian Accounting Body to align them with the new provisions of law arising from Legislative Decree no. 6 of 17 January 2003 and, where appropriate, supplemented with International Accounting Standards, where compatible.

2. The mandatory disclosures under the laws governing the preparation of financial statements were deemed sufficient to provide a faithful and accurate presentation. However, additional information was presented as regarded appropriate for a more complete and detailed information.

   In particular, these include, in the Directors' Report:

   - analysis of the cash flow, variation of net working capital and net financial position;

   - analysis of the balance sheet by financial criteria;

   - additional relevant information based on the characteristics and size of the company (art. 2423 (3) of the Civil Code).

3. The true and accurate presentation of the financial position and standing and of the operating result was given without any deviation from the principles described above, because no exceptional circumstance of incompatibility occurred, requiring us to avail ourselves of the provisions in art. 2423 (4) of the Civil Code.

4. The financial statements are stated in Euro; the figures in these Notes are in Euro thousand, except as otherwise indicated (art. 2423 (5) of the Civil Code).

2.2.3 PART II: DRAFTING PRINCIPLES

The drafting of the financial statements follows the principles described below.

1. Financial statement items were valued according to the principle of conservatism and going concern, also taking into account the economic function of each assets or liabilities item (art. 2423 bis (1.1) of the Civil Code).
2. Only the profits realised as of the closing date of the reference year are shown (art. 2423 bis (1.2) of the Civil Code).
3. The income and costs accruing in the year were taken into account, regardless of when collected or disbursed (art. 2423 bis (1.3) of the Civil Code). The costs related to the income recorded for the year were considered as accruing to the year.
4. The risks and losses accruing in the year were taken into account, even where known after year end (art. 2423 bis (1.4) of the Civil Code). Non-comparable elements included in each item were valued separately (art. 2423 bis (1.5) of the Civil Code).
5. The valuation criteria adopted are the same as in the prior year.
6. The criteria followed for the composition of the Balance Sheet and Income Statement are those described below:

6.a. the items provided for in articles 2424 and 2425 of the Civil Code, even when amounting to nil, were recorded separately and in the order indicated (art. 2423 ter (1) of the Civil Code);

6.b. the items preceded by Arabic numerals were further broken down where required by the accounting standards or deemed appropriate for the sake of clarity;

6.c. in connection with the nature of the business carried out by the company, the following captions were added to the assets section of the balance sheet: B.II.bis, referring to assets that will become freely transferable upon expiration of the concession, and B.II bis 1 bis), referring to runways and land used for runways, previously recorded under caption B.II.2);

6.d. the items preceded by Arabic numerals were not adjusted, there being no need for it considering the nature of the company's business (art. 2423 ter (4) of the Civil Code);

6.e. for each item in the Balance Sheet and Income Statement, the corresponding item from the prior year is also shown;

6.f. no setting off of entries was made (art. 2423 ter (6) of the Civil Code).

7. There are no assets or liabilities items falling under multiple captions (art. 2424 (2) of the Civil Code).

2.2.4 PART III: STANDARDS APPLIED IN ITEM VALUATION, VALUE ADJUSTMENT AND FOREIGN CURRENCY TRANSLATION.

FIXED ASSETS

The assets intended for durable use were recorded under fixed assets.

INTANGIBLE ASSETS

Intangible assets were valued at purchase or production cost, inclusive of ancillary costs, and amortised on a straight-line basis year after year, according to their residual useful life. The amortisation schedule, drafted by the principle explained above, is shown below.

Intangible assets	
Type of asset	**Amortisation rate**
Industrial patent and intellectual property rights	33%
other intangible assets	according to their estimated residual useful life

The amortisation criteria and rates were the same applied in the prior year (art. 2426 (1.2) of the Civil Code).
As of the year end, there are no intangible assets with a value permanently lower than their purchase cost inclusive of ancillary costs, after amortisation; therefore, there was no need to write down any asset (art. 2426 (1.3) of the Civil Code).

TANGIBLE ASSETS

Tangible assets were valued at purchase or production cost, inclusive of ancillary costs, except the assets subject to revaluation pursuant to Law 72/83 and to Law 342/2000.
The cost of the assets includes the interest expense incurred for the making of the assets until ready for use, for the portion reasonably attributable to the assets. The amount of interest expense recorded under balance sheet assets is shown in Part IV of these Notes (art. 2427 (1.8) of the Civil Code).
The cost of the tangible assets of limited duration is depreciated on a straight-line basis according to their residual useful life.

The depreciation schedule, drafted by the principles explained above, is shown below:

Tangible assets	
Type of asset	**Depreciation rate**
buildings and pertaining roads	4%
aircraft runways and aprons	expected useful life commensurate to the concession term, expiring in 2035
flight assistance systems	31.5%
other systems	10%
ramp and runway equipment	31.5%
other equipment	20%
special purpose equipment	12.5%
prefabricated structures	10%
cars	25%
cargo vehicles	20%
furniture and fittings	12%
electric and electronic equipment	20%
other tangible assets	20%
minor tangible assets	100%

In previous years, for certain categories of assets, where required due to their particular obsolescence, the rates above were doubled in the first three year of use of the assets.

For the assets that started being used in the reference year, the rates were halved in order to take account, on a flat basis, of their reduced use. However, the full rates were applied to the assets that started being used at the beginning of the year.

As of the year end, there are no tangible assets, according to the company's plans, with a value permanently lower than their purchase cost (revalued as appropriate) inclusive of ancillary costs, after depreciation (art. 2426 (1.3) of the Civil Code).
Please note that, as a consequence of the amendment to art. 104 of the Unified Income Tax Code ("TUIR") introduced by Decree Law 669 of 31/12/1996, whereby depreciation over concession length is only allowed alternatively (and no longer in addition) to conventional depreciation over useful life, the leading company decided to adopt conventional depreciation in previous years, deducting from the historical cost of each asset the respective concession-based depreciation accumulated, except for the category "runways and aprons": for these assets the company continued to use concession-based depreciation as per art. 104 of the TUIR, because in this case it matches with the residual useful life of the assets.
Routine maintenance and repair costs are recorded directly in the Income Statement for the year in which they are incurred, while the costs that add value to the assets are capitalised.

FINANCIAL ASSETS

Equity investments are long-term investments and are recorded at purchase or underwriting cost.
If a subsidiary suffers a presumably durable loss, its carrying is written down accordingly.
If the reasons for such adjustments cease to exist in subsequent years, then the value is reinstated.
Accounts receivable are shown at their presumable realisation value.

INVENTORY

The inventory of raw and maintenance materials, consumables and goods, comprising mostly products intended for sale in the airport retail corners and spares, was recorded at purchase cost, inclusive of ancillary costs. Such cost was calculated —as in previous years— by the weighted average method.
The assets that do not appear to be actually eligible for use in the production process were recorded at realisation value, if lower than the purchase cost.
In any case, the value at which inventory items are recorded does not exceed their market value, taking into account the usefulness/instrumentality of the assets within the production process.
The value of fungible assets does not differ significantly from the costs current as of year end.

ACCOUNTS RECEIVABLE

Accounts receivable were recorded at their presumable realisation value, which corresponds to the difference between face value and provision for bad debts.
The accounts receivable on interest in arrears were written off in the years in which they have respectively accrued.
The amount of the provision for bad debts was calculated taking into account the risk of non-collection of the total of trade receivables taken as a whole, and deemed sufficient.

There are no accounts receivable for which collection terms were contractually postponed and that should therefore be written down and adjusted to current rates, in accordance with accounting standards.

CURRENT FINANCIAL ASSETS

Financial assets were recorded at the lesser of purchase cost, inclusive of ancillary costs, or current market value at year end.

CASH AND CASH EQUIVALENTS

These are recorded at face value.

ACCRUALS AND DEFERRALS

Accrual and deferral captions include the income or costs accruing in the year but to be collected or disbursed in future years, and the costs or income incurred or collected before year end but accruing in future years. These captions only include portions of costs and income in common to two or more years, the amount of which varies in time.

PROVISIONS FOR LIABILITIES AND CHARGES

The provisions for liabilities and charges include solely the amounts allocated in order to cover losses or payables of probable or certain occurrence, the amount or exact date of occurrence of which was however uncertain as of year end.

PROVISION FOR STAFF SEVERANCE PAY

Law 27 December 2006, no. 296 (2007 Finance Act) introduced new rules for the employees' severance pay ("TFR") accumulated effective from 1 January 2007.
As a consequence of the pension reform:

- the portions of TFR accrued as until 31.12.2006 remain with the company;
- the portions of TFR accrued effective from 1 January 2007, to each employee's individual option based on express or tacit acceptance, were either:
    a) contributed to pension funds;
    b) kept with the company, that transferred the portions of TFR to the Treasury Fund created by INPS, the Italian social security institution.

The portions accrued in the reference year since 1 January 2007 are still shown in caption B9 c) of the income statement, “Staff severance pay”.
Caption C in the balance sheet, “Provision for staff severance pay” shows the residual amount of the provision as of 31 December 2012; captions D13, “Social security payables” and D14, “Other payables” show the accounts payable as of 31 December for portions of TFR still to be contributed to the Treasury Fund of INPS and to pension funds.

ACCOUNTS PAYABLE

These were recorded at face value.

REVENUES AND EXPENSES

Revenues, expenses and other income and costs were recognised according to the principles of conservatism and accrual, after deduction of discounts, allowances, incentives and facilitations. The earnings from services were recognised when the corresponding services were rendered.

GRANTS

Grants are recorded in the income statement under the caption “Other income and proceeds” in the year where reasonable certainty arises that the company is entitled to receive them, and posted as deferred income accruing in future years; at the end of each year, such deferred income is reduced and reversed to the income statement, at the same rate used for the amortisation or depreciation of the asset that the grant refers to.

INCOME TAXES

The corporate income taxes ("IRES" and "IRAP") payable, shown in caption E.22, are calculated in accordance with tax regulations on the basis of the taxable income.

Already from the year ended 31 December 2004, the company, acting as parent company, had opted for consolidated taxation pursuant to articles 117 et seq. of President's Decree 917/86, together with the subsidiary Torino Servizi Srl in liquidazione..
The subsidiaries SAGAT Handling SpA, SAGAT Engineering Srl and Aeroporti Holding Srl also joined the tax consolidation agreement in 2005.

The subsidiary Sistema S.r.l. has also opted in since 2006.

As a consequence of this, SAGAT S.p.A. calculates the IRES owed by the Group in accordance with the rules mentioned above, setting off its result with the positive and negative taxable bases of the consolidated companies.
The economic relationships, the responsibilities and the mutual obligations that the consolidated companies have with one another are defined in the "bilateral agreements on tax consolidation and relevant information flows" signed by the Group companies, whereby:

- the subsidiaries with a positive taxable income will transfer to the parent company the funds corresponding to the greater tax owed by the latter on the consolidated income; in this case, instead of recording the taxes for the year, the subsidiaries will record the account payable to the holding company, that will pay the tax;

- the subsidiaries with a negative taxable income will receive a compensation corresponding to the tax saving that they would benefit from without the tax consolidation, regardless of whether the loss is included or not in the calculation of the Group's income; in this case, the subsidiary will record an account receivable from the parent company equal to the tax benefit that will become available to the latter, and deduct the corresponding consolidation gain from the current taxes for the year;

- by virtue of principal or joint and several liability, each subsidiary agrees to refund any amounts that the parent company may be required to pay to the Tax Office for facts under the responsibility of that subsidiary;

- the parent company is solely entitled to decide whether to file appeals against tax assessments and/or penalties in circumstances subject to joint and several liability of the parent company and the subsidiaries.

The current regional tax ("IRAP") as well as deferred IRAP assets and liabilities, are calculated solely for SAGAT.

DEFERRED TAXES

The company has recorded deferred taxes according to the temporary differences in the taxable base arisen during the course of the year. In particular, the deductible temporary differences arising from negative income components to be deducted totally or partially in future years will generate deferred tax assets, recorded under caption C.II.4-ter of the assets section, while the temporary differences arising from positive income components to be taxed in years subsequent to the reference one, or from negative income components deducted in a year preceding the one in which they were recorded in the income statement, will generate deferred tax liabilities, recorded under caption B.2 of the liabilities section. Deferred taxes are calculated at the tax rates currently in force and taking into account the tax rates expected in future years.
The amount shown in the caption “Income taxes for the year” is the result of the algebraic sum of current and deferred taxes, so as to represent the actual tax burden pertaining to the reference year.
No deferred tax assets that cannot be reasonably expected to be recovered in the future were recorded. Similarly, no deferred tax liabilities that are unlikely to arise were recorded.
The description of the temporary differences that led to recording deferred tax assets and liabilities, the indication of their rates and of the differences compared to the prior year, of the amounts recorded in the income statement (as earnings) and as equity components (liabilities), is given in the tables commenting the deferred tax assets and liabilities for the year.

PRINCIPLES FOR THE TRANSLATION OF ITEMS STATED IN FOREIGN CURRENCIES

Any assets and liabilities other than non-monetary fixed assets are recorded at the exchange rate in force as of year end; any net gains are allocated to a specific non-distributable reserve at the moment of calculating the operating result.

2.2.5 PART IV: ANALYSIS OF PRINCIPAL ITEMS

The additional information to be disclosed under articles 2426 and 2427 of the Civil Code, and any information required under art. 2423 (3) of the Civil Code, are given in the same order as in mandatory financial statements patters.

BALANCE SHEET

ASSETS

INTANGIBLE ASSETS

These are the costs of permanent, non-tangible production factors, after deduction of the relevant amortisation. They relate to permanent ownership and utilisation rights (or similar) or concession rights, to improvements made to leased assets, or to outstanding costs that will affect future years.

Intangible assets, totalling €7,802 thousand, have decreased on aggregate by €3,151 thousand in the year.

The summary table below reports a detailed description of the variations in the various intangible assets components occurred during the year.

Amounts are stated in Euro thousand

	01/01/2013			*Difference*					*31/12/2013*
	Historical cost	*Amortisation provision*	*Value carried*	*New investments*	*Reclass. +(-)*	*Disposals/ Write-offs*	*Write-downs(-)/ Value reinstat. (+)*	*Amortisation*	*Value carried*
B.I.3 Industrial patent and intellectual property rights (ex B.I.4)	2.065	1.848	**217**	126				(178)	**165**
B.I.6 Investments in progress and payments on account	889		**889**	75					**964**
B.I.7 Other fixed assets	20.055	10.208	**9.847**	98				(3.272)	**6.673**
Total intangible assets	**23.009**	**12.056**	**10.953**	**299**	**-**	**-**	**-**	**(3.450)**	**7.802**

The variation shown in caption B.I.3 “Industrial patent and intellectual property rights”, net of amortisation for €178 thousand, relates to the installation of new software or the implementation of existing software by the company (€126 thousand), as described in detail in the Directors' Report section on investments.
The caption “Investments in progress and payments on account” (B.I.6) has increased by €75 thousand compared to the prior year, mostly due to third-party assets granted in concession.
The caption “Other assets” (B.I.7) includes mostly the costs incurred for improvements and additions to the aprons and for the intensive renovation of the runway, net of annual

amortisation; this particular "other assets" component has increased by €76 thousand and was amortised for €3,181 thousand, out of a total of €3,323 thousand amortisation for the entire caption.

TANGIBLE ASSETS

These include the costs (revalued as applicable) of permanent production factors represented by capital equipment owned by the company, including those that will be returned upon expiration of the concession, characterised by the dual requirement of long useful life and tangible nature, shown after deduction of depreciation, including concession-based depreciation.

Tangible assets amount in total to €59,560 thousand and have decreased on aggregate by €5,011 thousand in the year.

The summary table below reports a detailed description of the variations in the various tangible assets components occurred during the year.

TANGIBLE ASSETS AND THEIR DEPRECIATION

Amounts are stated in Euro thousand

	01/01/2013				*Difference*						*31/12/2013*			
	Historical cost	*Reval. as per Laws 72/1982 and 342/2000*	*(Depreciation provisions)*	*Balance*	*Purchases*	*Reclassifica-tions*	*(Divestments Original cost)*	*Divest.Use of provision*	*Write-downs*	*(Depreciation)*	*Historical cost*	*Reval. as per Laws 72/1983 and 342/2000*	*(Depreciation provisions)*	*Value carried*
B.II.1 Land	3.516			**3.516**							3.516			**3.516**
B.II.bis 1 and B.II. bis 1 bis Buildings and related roads 1	76.657	282	(40.710)	**36.229**	127	2.426				(2.123)	79.210	282	(42.833)	**36.659**
B.II.bis 2 Plant and machinery 1	56.779	6.567	(49.528)	**13.818**	361	1.762	(34)	22		(3.908)	58.868	6.567	(53.414)	**12.021**
B.II.3 Operating and sales equipment	12.643	182	(10.664)	**2.161**	139					(692)	12.782	182	(11.356)	**1.608**
B.II.4 Other assets	25.769	2.036	(26.030)	**1.775**	299	110				(732)	26.178	2.036	(26.762)	**1.452**
B.II.5 Investments in progress and payments on account	7.072			**7.072**	1.530	(4.298)					4.304			**4.304**
Total tangible assets	**182.436**	**9.067**	**(126.932)**	**64.571**	**2.456**	**-**	**(34)**	**22**	**-**	**(7.455)**	**184.858**	**9.067**	**(134.365)**	**59.560**

[1] Freely transferable assets

The caption "Buildings and related roads" (B.II.bis and 1 bis) has increased on aggregate by €430 thousand, due to purchases (€127 thousand), capitalisation of assets previously recorded as investments in progress (€2,426 thousand) and annual depreciation (€2,123 thousand). In particular, the rainwater collection tanks at the runway were capitalised for a total amount of €1,327 thousand; a significant impact is also that of certain construction works at airport buildings for a total of €217 thousand.
No obsolete asset was disposed of during the year.

The caption “Plant and machinery” (B.II. bis 2) has decreased on aggregate by €1,797 thousand, due to purchases (€361 thousand), capitalisation of assets previously recorded as investments in progress (€1,762 thousand) and annual depreciation (€3,908 thousand). In particular, the increases relate to the capitalisation of rainwater collection tanks at the runway for €475 thousand and to the capitalisation of construction works at airport buildings for a total of €484 thousand.
Also, assets not entirely depreciated but no longer suitable to business requirements were disposed of (€34 thousand).

The caption “Operating and sales equipment” (B.II.3) has decreased on aggregate by €553 thousand, due to purchases (€139 thousand) and annual depreciation (€692 thousand). Among the most significant purchases made in the year there are 4 portable explosives detectors.
No obsolete asset was disposed of during the year.

The caption “Other assets” (B.II.4) has decreased on aggregate by €332 thousand, due to depreciation (€732 thousand), purchases (€299 thousand) and capitalisations (€110 thousand) The increase is due mostly to the purchase of a fluids spreader vehicle for airport road cleaning and of hardware items, as described in detail in the Directors' Report section on investments.

The caption “Investments in progress and payments on account” (B.II.5) has decreased by €2,768 thousand after the variations described above.

The balance of the revaluation applied pursuant to Law 72 of 19/3/1983 and to Law 342 of 21/11/2000 has not changed from the prior year. The details of the revaluation applied are shown in the table below:

Amounts are stated in Euro thousand

Item	*Net value revaluation*	*Statutory revaluation 72/83*	*Revaluationr Law 342/2000*	*Total*
B.II.1 Land	3.516	-	-	3.516
B.II.1 Buildings and related roads	79.210	282	-	79.492
B.II.2 Plant and machinery	58.868	50	6.517	65.435
B.II.3 Operating and sales equipment	12.782	182	-	12.964
B.II.4 Other assets	26.178	52	1.984	28.214
B.II.5 Investments in progress and payments on account	4.304	-	-	4.304
Total Tangile assets	**184.858**	**566**	**8.501**	**193.925**

The amount of interest expense recorded under balance sheet assets as of 31/12/2013 and capitalised in previous years is shown in the table below and has not changed from the prior year (art. 2427 (1.8) of the Civil Code).

Item	*Gross value*
B.II.1 Buildings and related roads	2.323
B.II.2 Plant and machinery	792
Total tangible assets	**3.115**

FINANCIAL ASSETS

These are the costs of long-term financial investments.

Equity investments, recorded at purchase cost in the total amount of €30,602 thousand, have decreased by €701 thousand compared to the prior year.

The holdings in the subsidiaries SAGAT Handling, Aeroporti Holding, SAGAT Engineering and Sistema are valued at the respective purchase cost.

The holdings in the subsidiaries SAGAT Handling and Sistema were written down due to durable impairment suffered in the year, by €669 thousand and €4 thousand respectively.
Equity investments are recorded at a value not exceeding the share of equity as resulting from the latest financial statements.

For a better comparison between the carrying value and the share of equity held, please note that as of 31/12/2013 Aeroporti Holding held 33.4% of Aeroporto di Firenze S.p.A. with a carrying value of €36,414 thousand, against an equity as of 31/12/2012 amounting on aggregate to €41,354 thousand, inclusive of a profit of €3,296 thousand.

The recording of such greater amount is justified by the value attributable to the forty-year concession for the management of the Florence Peretola airport, which the company obtained in 2003, and by the consideration —greater than the carrying value— earned by the subsidiary Aeroporti Holding in exchange for the transfer of its entire holding, in the opening months of 2014. For further details on this matter, please refer to the section of the Directors' Report on the significant events occurred after year end.

The caption “Investments in associated companies” has not changed during the course of 2013.

The caption “Investments in other companies” has decreased by €28 thousand due to the closing of the liquidation procedure for the company Ciriè 2000.

The details of investments in subsidiary, associated and other companies are summarised in the table below, prepared under art. 2427 (5) of the Civil Code and 2427-bis of the Civil Code. The table does not include the data for the subsidiary Torino Servizi srl, that has entered a voluntary liquidation procedure.

Please note that the data for Air Cargo Torino s.r.l. refer to the latest financial statements as of 31.12.2012 and are shown in accordance with art. 2427 bis of the Civil Code.

The details of the company's holdings are shown in the table below:

Denomination and location	*Share capital*	*Equity as of 31.12.2013*	*Net result as of 31.12.2013*	*% held directly*	*Share of profits 2013*	*Nominal share as of 31.12.2013*	*Carrying value as of 31.12.2013*	*Equity share as of 31.12.2013*	*Difference between equity share held and carrying value*
Subsidiary companies:									
Aeroporti Holding srl based in Caselle Torinese - Strada San Maurizio 12	50.000	53.533	191	55,45%	106	27.725	27.725	29.684	1.959
Sistema srl based in Caselle Torinese - Strada San Maurizio 12	20	10	-4	100,00%	-4	20	10	10	0
SAGAT Engineering srl based in Caselle Torinese - Strada San Maurizio 12	11	2.188	126	100,00%	126	11	11	2.188	2.177
SAGAT Handling SpA based in Caselle T.se - Strada San Maurizio 12	3.900	2.844	-669	100,00%	-669	3.900	2.844	2.844	0
Associated companies									
Air Cargo Torino Srl based in Caselle T.se - c/o Aeroporto [1]	103	53	16	36,00%	6	37	13	19	6

[1] Data referred to the latest financial statements available as of 31/12/2012

The accounts receivable recorded under financial assets, totalling €500 thousand, have decreased by €67 thousand compared to the prior year due to the matching reduction of the receivables claimed from Aeroporti Holding after that the latter company repaid part of an instalment portion of the non-interest-bearing shareholder loan granted to it in previous years. This account receivable amounted to €491 thousand as of year end and represented almost all of the item.

Financial assets also include 74,178 treasury shares for a total value of €4,824 thousand, the same as in the prior year.

INVENTORY

The inventory, totalling €1,407 thousand, refers basically to goods intended for sale at the Airport Retail Corners (€1,152 thousand) and to raw and ancillary materials, consumables and maintenance materials (€255 thousand). The item has decreased by €331 thousand (especially in the goods for resale) compared to the amount recorded at the end of 2012, €1,738 thousand.
As of year end, the inventory did not include any element that might be expected to be realised at a lower price than the respective inventory value.

ACCOUNTS RECEIVABLE

These are recorded for a total of €21,677 thousand, compared to €24,920 thousand in 2012. The total relates mostly to customers in Italy or in the European Union.

The caption "Accounts receivable from customers" has decreased from €9,376 thousand as of 31/12/2012 to €8,863 thousand as of 31/12/2013, by €513 thousand.

This caption includes accounts receivable at a face value of €10,9164 thousand net of the write-down (€2,052 thousand) allocated to the provision for bad debts (€1,933 thousand) and to the provision for bad debts on interest in arrears (€119 thousand).

As already explained in the Directors' Report section on controversies, the receivables from customers include about €0.9 million challenged by a number of airport users with respect to the congruity of certain fees applied by the holding company. In view of this, SAGAT has taken all the necessary measures to protect its rights. For more details please refer to the section in the Director's Report on controversies.

The provision for bad debts was used during the year in the total amount of €1,259 thousand and amounts to €1,873 thousand at year end.

The provision for bad debts was used by €72 thousand and later reinstated up to the amount of €60 thousand.

Therefore, the total value of the provision for bad debts is sufficient to cover risks of non-collection of the accounts receivable existing as of year end, given the difficulties still characterising the air transport market, especially for domestic carriers.

The caption "Accounts receivable from subsidiary companies", €1,865 thousand after write-down by €147 thousand, has decreased by €565 thousand compared to the prior year, due to the ordinary closing of intercompany entries.

The caption is composed of receivables due within 12 months, except €784 thousand in receivables from the subsidiary Torino Servizi società in liquidazione, for which a provision was made already in the previous years.

The details of these receivables are shown in the table below:

From subsidiarv companies	***2013***	***2012***
Aeroporti Holding Srl	0	6
SAGAT Handling SpA	972	1.414
Sistema	11	10
SAGAT Engineering Srl	82	200
Torino Servizi Srl	947	947
Provision for bad debts	-147	-147
Total	**1.865**	**2.430**

Tax receivables are recorded for €2,473 thousand, slightly increasing compared to the €2,417 thousand as of 31/12/2012.

These receivables are due beyond 12 months in an amount of €67 thousand. The details of tax receivables are shown in the table below:

Detail	*2013*	*2012*
IRES receivables	1.151	1.135
IRES refund receivable	1.041	1.041
IRAP receivables	120	150
Creditor VAT	117	52
Other	44	39
Total	**2.473**	**2.417**

Please note that the “Account receivable on IRES refund”, €1,041 thousand, relates to the application for refund of the extra taxes paid between 2007 and 2011, due to the omitted deduction of the IRAP tax due on the costs of subordinate and quasi-subordinate employees, allowed under art. 4 (12) of Decree Law 2.3.2012 no. 16, converted into Law 26.4.2012 no. 44.

The application for refund, filed on 18.02.2013 by the holding company for all Group companies by virtue of tax consolidation, pertains for €724 thousand to SAGAT, for €302 thousand to SAGAT Handling and for €15 thousand to SAGAT Engineering.

The balance of the captions “IRES receivables” and “IRAP receivables” represents, as far as IRES is concerned, the difference between the payments on account made during the year and the amount payable as it results from the tax consolidation and, as far as IRAP is concerned, the difference between the payments on account made during the year and the tax payable calculated.

The caption "Deferred tax assets" shows a balance of €2,794 thousand; if the company had considered a limited time horizon for the reversal of these assets, this balance would have been greater by €2,328 thousand.

The details of deferred tax assets are shown in the table below (figures are stated in Euro):

	YEAR 2012		YEAR 2013	
	TEMPORARY DIFFERENCES	TAX EFFECTS	TEMPORARY DIFFERENCES	TAX EFFECTS
DEFERRED TAX ASSETS				
Maintenance provisions	2.725.056	863.843	2.852.359	904.198
Risks on accounts receivable	2.753.035	757.085	1.494.229	410.913
Minor	551.341	151.619	454.506	124.989
Provisions for future liabilities	4.152.160	1.269.692	4.361.929	1.340.935
Fiscal losses			288.665	79.383
TOTAL	**10.181.592**	**3.042.238**	**9.451.688**	**2.860.418**
DEFERRED TAXES				
Deferred capital gains			-	-
Greater amort./depr. of assets purchased in 2008	(241.132)	(66.311)	(241.132)	(66.311)
TOTAL	(241.132)	(66.311)	(241.132)	(66.311)
Net deferred tax liabilities (assets)	**9.940.460**	**2.975.925**	**9.210.556**	**2.794.104**
Deferred tax assets on fiscal losses in the year			288.665	79.383
Deferred tax assets on fiscal losses from prior year				
Temp. diff. not included in the calculation of def. tax assets and liab.	7.914.678	2.474.138	7.673.540	2.328.442
Fiscal losses eligible for carry-forward			288.665	79.383
NET	**17.855.138**	**5.450.064**	**17.125.229**	**5.122.546**

The caption "Accounts receivable from others", €5,682 thousand, has decreased by €2,040 compared to the prior year, basically due to the collection of €2,716 in accounts receivable from the PA recorded in previous years and related to the well-known issue of inflation adjustment of airport fees; for more details please see the section in the Director's Report on controversies.
This decrease was partially set off by the increase in the accounts receivable from carriers on Municipal taxes (€1,123 thousand) and by other minor changes.

The details of receivables from others are shown in the table below:

Detail	*31/12/2013*	*Of which after 12 months*	*31/12/2012*	*Of which after 12 months*	*Difference*
Accounts receivable from the Municipality of Turin	211		211		-
Other accounts receivable from the P.A.	33		2.749		(2.716)
From vendors on downpayments and credit notes	378	11	536	11	(158)
Accounts receivable from carriers on municipal taxes	4.566		3.443		1.123
Other accounts receivable	494	45	783	45	(289)
Total	**5.682**	**56**	**7.722**	**56**	**(2.040)**

The caption “Accounts receivable from the Municipality of Turin”, unchanged from the prior year, represents the residual portion of an advance that the company had to pay in 1992 for the completion of certain works at the control tower, in order to cover the insufficient funds earmarked by the Municipality after the construction contractor ICEM went bankrupt and the guarantor insurer FIRS was placed into forced liquidation, as neither of the latter honoured their obligation to repay the contractually agreed advances. The company has filed proof of claim as creditor in the bankruptcy of ICEM and in the forced liquidation of FIRS. No decisive event in this proceeding has occurred during the year.

CURRENT FINANCIAL ASSETS

These are securities held as of 31/12/2013 as temporary liquidity, valued according to the criteria explained above.

The portfolio as of 31.12.2012, €260 thousand, is now empty, after the natural expiration of the residual securities held as of year-end 2012.

CASH AND CASH EQUIVALENTS

These include:
- as to bank and post office deposits, the funds immediately available on deposits or current accounts with banks and post offices;
- as to cash in hand, the liquidity existing as of 31/12/2013 in the treasuries of the company;
- as to cheques, the credit instruments received before year end and deposited with banks for collection in the opening days of the subsequent year.

The details of this item are shown in the table below:

Detail	*31/12/2012*	*Difference*	*31/12/2013*
Cash in bank and post office current accounts	672	158	830
Cash and valuables in hand	77	6	83
Cheques	16	(8)	8
Total	**765**	**156**	**921**

ACCRUED INCOME AND PREPAYMENTS

As of 31/12/2013 these amount on aggregate to €244 thousand (€224 thousand as of 31.12.2012) and are composed as better explained below:

	31/12/2013	31/12/2012
Accrued income		
Deferred interest income	-	9
Total accrued income	**-**	**9**
Prepayments		
Insurances	164	126
Other	80	89
Total prepayments	**244**	**215**
Total	**244**	**224**

The caption “Insurance” includes the portions of insurance premiums paid in 2013 and accruing in the subsequent year.

RECEIVABLES, ACCRUED INCOME AND PREPAYMENTS BROKEN DOWN BY MATURITY AND TYPE

A breakdown of receivables, accrued income and prepayments by maturity and type is presented below:

	31/12/2013				*31/12/2012*			
	Within 12 months	*After 12 months*	*After 5 years*	***Total***	*Within 12 months*	*After 12 months*	*After 5 years*	***Total***
Receivables recorded under financial assets								
From subsidiary companies		491		**491**		557		**557**
From others		10		**10**		10		**10**
Current receivables								
From customers net of credits notes to be issued and write-downs	8.863			**8.863**	9.376			**9.376**
From subsidiary companies	1.081	784		**1.865**	1.645	784		**2.429**
Tax receivables	2.406	67		**2.473**	2.351	66		**2.417**
Deferred tax assets		2.794		**2.794**		2.976		**2.976**
From others	5.626	56		**5.682**	7.666	56		**7.722**
Accrued income and prepayments	**244**			**244**	**224**			**224**

LIABILITIES

SHAREHOLDERS' EQUITY

Pursuant to art. 2427 (7 bis) of the Civil Code, the changes in the components of the Shareholders' equity are shown below.

The capital stock amounts to Euro 12,911,481, unchanged from the prior year, and is composed of 2,502,225 shares each with a face value of €5.16. As of year end, it was distributed as follows among the Shareholders:

F2i sgr S.p.A.	50.79%
Equiter S.p.A	12.40%
FCT Holding S.r.l.	10.00%
Finpiemonte Partecipazioni S.p.A.	8.00%
Tecnoinvestimenti S.r.l.	6.30%
Province of Turin	5.00%
Aeroporto "G. Marconi" di Bologna- SAB S.p.A.	4.13%
Aviapartner S.p.A.	0.42%
Treasury stock	2.96%
Total	**100.00%**

On 13 January 2014, in enforcement of the transfer resolution adopted on 20 December 2013, F2i sgr S.p.A. formally transferred its interest in SAGAT S.p.A. (50.79% of the capital) to F2i Aeroporti S.p.A..

Later, on 27 January 2014, the shareholder Aeroporto Guglielmo Marconi di Bologna S.p.A. transferred 92,600 shares of SAGAT S.p.A., or 3.67% of its capital, to F2i Aeroporti S.p.A., and the remaining 11,411 shares of SAGAT S.p.A. to Tecnoinvestimenti S.r.l., and therefore is no longer a shareholder of that company.

Therefore, the share capital as of 27/01/2014 is composed as follows:

F2i Aeroporti S.p.A.	54.46%
Equiter S.p.A	12.40%
FCT Holding S.r.l.	10.00%
Finpiemonte Partecipazioni S.p.A.	8.00%
Tecnoinvestimenti S.r.l.	6,76%
Province of Turin	5.00%
Aviapartner S.p.A.	0.42%
Treasury stock	2.96%
Total	**100.00%**

The share premium reserve recorded amounts to €6,104,521. This reserve is tax-exempt in case of distribution and has not changed from the prior year.

The revaluation reserve was recorded to account for the revaluation of company assets made by the company pursuant to Law 342/2000. This reserve, amounting to €7,363 thousand, has decreased by €1,150 thousand after being used to partially cover the loss carried from the prior year.

The legal reserve, amounting to €2,582 thousand, has not changed compared to the prior year, as it has already reached one-fifth of the capital pursuant to art. 2430 (1) of the Civil Code.

The other reserves comprise:

- reserve for the purchase of treasury shares, €4,824 thousand. This reserve was created in consequence of the shareholders' resolution of 10/12/2002 that authorised the purchase of a maximum of 58,400 shares of the company, entirely freed up, for a total amount of €2,336,000 euro. On 14 March 2003 the company made such purchase. The original value was adjusted up to €2,537 thousand during the course of 2006. In 2008 the reserve increased further by €2,286 thousand, after the closing of the stock option plan addressed to the company's managers. The increase was made by drawing a matching amount from the extraordinary reserve. In 2013 the reserve did not change;

- extraordinary reserve, €21,321 thousand. This is made up entirely of annual profits and is the same as in the prior year.

- reserve for extraordinary investments, €4,906 thousand, made up entirely of provisions subject to ordinary taxation and unchanged from the prior year;

- the provision as per art. 55 of President's Decree 917/86, that included €17 thousand in untaxed contributions collected by the company in previous years, was used up to cover part of the loss carried from the prior year. Therefore, as of 31 12 2013 this provision amounts to nil.

	Share capital	Share premium reserve	Rivaluation Reserve per Law 342/2000	Legal reserve	Reserve for purchase of treasury shares	Extraordinary reserve	Reserve for extraordinary investments	Fund as per art. 55 DPR 917/86	Profit (loss) carried forward	Profit (loss) of the year	Total
Balance as of 31 12 2010	**12.911**	**6.105**	**8.513**	**2.280**	**4.823**	**21.076**	**4.906**	**17**	**0**	**4.458**	**65.090**
Destination of the result for the year:											
- distribution of dividends										(4.004)	(4.004)
- allocation to reserves				223		231				(454)	0
Other variations											0
Profit (loss) of the year										3.496	3.496
Balance as of 31 12 2011	**12.911**	**6.105**	**8.513**	**2.503**	**4.823**	**21.307**	**4.906**	**17**	**0**	**3.496**	**64.582**
Destination of the result for the year:											
- distribution of dividends										(3.403)	(3.403)
- allocation to reserves				79		14				(93)	0
Other variations											0
Profit (loss) of the year										(1.167)	(1.167)
Balance as of 31 12 2012	**12.911**	**6.105**	**8.513**	**2.582**	**4.823**	**21.321**	**4.906**	**17**	**0**	**(1.167)**	**60.012**
Destination of the result for the year:											
- allocation to reserves			-1.150					-17		1.167	0
Other variations											0
Profit (loss) of the year										215	215
Balance as of 31 12 2013	**12.911**	**6.105**	**7.363**	**2.582**	**4.823**	**21.321**	**4.906**	**0**	**0**	**215**	**60.227**

The table below shows the mandatory information on the availability and eligibility for distribution of the reserves.

Figures shown in euro

Nature/description	Amount	Utilisation option	Portion available	Summary of uses made in previous 3 years	
				Coverage of losses	Other reasons
SHARE CAPITAL	12.911.481				
CAPITAL RESERVE:					
Share premium reserve	6.104.521	AB	6.104.521		
Revaluation reserve per Law 342/2000	7.362.627	ABC	7.362.627	1.150.596	
PROFIT RESERVES					
Legal reserve	2.582.296	B			
Reserve for purchase of treasury shares	4.823.612				
Extraordinary reserve	21.321.173	ABC	21.321.173		2.746.281
Reserve for extraordinary investments	4.906.340	ABC	4.906.340		
Prov. per art. 55 DPR 917/86 (bef. amend per D.Lgs 12/12/03 no. 344)		ABC	-	16.781	
TOTAL	**60.012.050**		**39.694.661**		
Portion not eligible for distribution			6.104.521		
Residual portion eligible for distribution			33.590.140		

Key: A: capital increases; B: coverage of losses; C: distribution to shareholders

Both of the uses shown in the table above relate to the coverage of the loss recorded in 2012, as resolved by the Shareholders in the meeting of 16 May 2013.

PROVISIONS FOR LIABILITIES AND CHARGES

This item is detailed below:

	31/12/2012	*Amount allocated*	*Amounts used / released*	*31/12/2013*
Provision for future liabilities	5.266	1.327	(1.118)	5.475
Provision for maintenance costs on assets held in concession	8.759	1.250	(1.385)	8.624
Total	**14.025**	**2.577**	**(2.503)**	**14.099**

The provision for future liabilities, €5,475 thousand, is recorded according to the principle of conservatism to account for possible liabilities arising from civil and administrative controversies, pending or merely probable. During the year the provision has increased by €209 thousand, as a consequence of the following:

- the company used provisions made in past years to cover pending controversies for €943 thousand released provisions made in past years to counter certain controversies with the employees, for €174 thousand;

- a total of €1,327 thousand were allocated. The variations concerned:

  - allocation of €1,008 thousand out of the interest, revaluation and Court expenses obtained from the legal action on adjustment of airport fees to the planned inflation rate for the years 1999 to 2005. For more details please refer to the section in the Director's Report on pending controversies;
  - allocation of €319 thousand in connection with new controversies started and potential liabilities arisen during the year.

The provision for leasehold maintenance expenses included the amount allocated by the company to cover the maintenance of the assets in concession that the company is required to provide under the obligation to return such assets in good state upon expiration of the concession in 2035. The portion allocated in the year was calculated according to criteria that the company has routinely followed in the past years. An amount of €1,385 thousand from this provision was used to cover part of the maintenance costs safety compliance costs incurred in 2013, that are of recurring nature and are intended to counter the ordinary wear and tear of the assets in question.

PROVISION FOR STAFF SEVERANCE PAY

The table below shows the variations occurred during the year:

Balance as of 01/01/2013	**2.750**
Amount allocated in the year	599
Additions for staff coming in from other companies	23
Decreases for staff moved to other companies	0
Amount used for resignations and payments on account	(35)
Amount transferred to INPS or pension funds	(552)
Balance as of 31/12/2013	**2.785**

The caption “Amount allocated” includes the revaluation of the provision, calculated in accordance with the law, and the TFR accrued between 1 January and 31 December 2013, kept with the company, contributed to pension funds and allocated to the INPS Treasury Fund.

The captions "Increase" and "Decrease" include the portions of TFR relating to staff transferred to/from other SAGAT Group companies.

The caption “Amount used” includes the TFR paid to the employees, both in the form of payments on account and upon termination of employment.

The caption “Transfers” includes the TFR accrued and destined to pension funds and to the Treasury Fund.

ACCOUNTS PAYABLE

The accounts payable are recorded for €35,899 thousand (€46,359 thousand as of year-end 2012) and relate mostly to vendors in Italy or in the European Union.

Their breakdown and most significant changes occurred during the year are shown below.

The accounts payable to banks, totalling €9,125 thousand (€14,998 thousand in the prior year) are composed as follows:

- short-term payables totalling €1,625 thousand, to cater for temporary liquidity requirements, at competitive rates compared to the market average. These payables are all in the form of current account overdrafts;

- long-term loan in the amount of €7.5, contracted on 8 February 2010 for an original amount of €15 million. This loan is not backed by guarantees and is subject to the compliance with the usual financial parameters, that were actually complied with. In addition to the loan mentioned above, in order to fix its cost definitely for its entire duration, an interest rate swap agreement of the same length as the loan was executed. The portion of this loan expiring within 12 months amounts to €1,500 thousand.
  In order to guarantee that the non-speculative nature of the fund is maintained throughout its duration, the amount of principal under the IRS agreement will follow the repayment schedule of the loan, and be reduced gradually until it reaches zero in concurrence with the repayment of the last instalment.

The accounts payable to vendors include the trade payables towards other entities than subsidiary companies. They amount on aggregate to €8,788 thousand (€12,400 thousand in the prior year) and have increased by €3,612 thousand.

The payables to subsidiary companies amount to €3,687 thousand and have decreased by €2,568 thousand in the year. They are all due within 12 months. The decrease is a consequence of ordinary closing and settlement of intercompany transactions.

These payables include two loans of €500 and €1,500 granted by the subsidiaries SAGAT Handling S.p.A. and SAGAT Engineering S.r.l. respectively to the holding company, on market terms, with a view to maximising the use of financial resources at Group level.

The details of the accounts payable to subsidiary companies are shown in the table below:

	31/12/2013	*31/12/2012*
Aeroporti Holding Srl	18	89
SAGAT Handling SpA	1.359	3.661
SAGAT Engineering Srl	2.310	2.505
Sistema Srl	-	-
Torino Servizi Srl	-	-
Total	**3.687**	**6.255**

Tax payables have increased by €54 thousand compared to the prior year and amount in total to €920 thousand. Their detail is as follows:

	31/12/2013	*31/12/2012*
IRAP	-	-
Witholdingtax payables	359	331
Surtaxes payable Fees	558	532
Other	3	3
Total	**920**	**866**

This item does not include payables due beyond 12 months.

Social security payables amount to a total of €707 thousand and are shown in the table below:

	31/12/2013	*31/12/2012*
INPS/INAIL	457	460
Other	250	313
Total	**707**	**773**

The other payables, totalling €12,672 thousand, relate to:

	31/12/2013	*31/12/2012*
ENAC/Concession fee	187	227
Employees	942	993
Surtaxes on boarding fees	5.006	4.261
Other payables	6.537	5.585
Total	**12.672**	**11.067**

Please note that, in accordance with the laws in force, the entire amount of the account payable to ENAC on airport fees will be paid in the coming year and be therefore brought to nil.

The account payable to the Tax Office on Municipal taxes has increased in the year by €745 thousand and represents the contra entry of the account receivable by SAGAT from the carriers for the same reason. Please note that SAGAT is only required to proceed with the payments as it collects the amounts owed by the carriers.

The caption "Other payables" also includes, for a total of €5,100 thousand, the account payable by the holding company on fire-fighting services at the airport as governed by the 2007 Finance Act.

ACCRUED EXPENSES AND DEFERRED INCOME

These total €14,528 thousand and have decreased by €2,452 thousand compared to 31/12/2012, as better detailed below:

	31/12/2013	*31/12/2012*	*Difference*
Accrued expenses			
Interest expense on loans	1	10	-9
Other	0	0	0
Total accrued expenses	**1**	**10**	**-9**
Deferred income			
Regional construction grants for airport infrastructure improvements	12.438	13.761	-1.323
ENAC grants for BHS and hold baggage security systems	1.884	3.011	-1.127
Other deferred income	205	198	7
Total deferred income	**14.527**	**16.970**	**-2.443**
Total	**14.528**	**16.980**	**-2.452**

The caption “Deferred income” relates mostly to portions of construction grants deferred because not pertaining to the reference year. These grants were recorded according to the specific accounting criteria described above. The decrease recorded in the reference year relates mostly to the 2013 portion of these grants released to the income statement.

PAYABLES, ACCRUED EXPENSES AND DEFERRED INCOME BROKEN DOWN BY MATURITY AND TYPE

A breakdown of payables, accrued expenses and deferred income by maturity and type is presented below:

	31/12/2013				*31/12/2012*			
	Due within 12 months	*After 12 months*	*Of which after 5 years*	*Total*	*Within 12 months*	*After 12 months*	*Of which after 5 years*	*Total*
Accounts payable								
To banks	1.625	7.500	1.500	**9.125**	5.998	9.000	3.000	**14.998**
To vendors	8.788	-		**8.788**	12.400	-		**12.400**
To subsidiary companies	3.687			**3.687**	6.255			**6.255**
To Tax Office	920			**920**	866			**866**
To social security institutions	707			**707**	773			**773**
To others	12.537	135		**12.672**	10.969	98		**11.067**
Total accounts payable	28.264	7.635	1.500	**35.899**	37.261	9.098	3.000	**46.359**
Accrued expenses and deferred income	**2.468**	**12.060**	**5.832**	**14.528**	**2.656**	**14.324**	**7.154**	**16.980**

COMMITMENTS AND NATURE OF MEMORANDUM ACCOUNTS

The company has not given collaterals as a guarantee for its own or third parties' obligations.

Other memorandum accounts that are worth knowing in order to assess the company's financial position and standing are also recorded (art. 2425 (2) of the Civil Code).

Their breakdown and nature are shown below:

Nature	*31/12/2013*	*31/12/2012*
Third-party assets received in concession	59.654	59.654
Personal guarantees given to third parties	15.161	14.487
Total	**74.815**	**74.141**

Third-party assets in concession are the fixed assets received in concession. These however are only the investments made by the entity granting the concession since the 1980's to this date, as the value of the assets built before then —which include aircraft movement areas— is unknown.

The personal guarantees received from third parties are the bank guarantees received from carriers and from third parties in general.

INCOME STATEMENT

Income statement items are classified in accordance with the explanatory document of the accounting standard issued by Italy's National Committee of Professional Accountants ("CNDC") no. 12 (concerning the classification in the income statement of income and costs according to current accounting standards) and with the explanatory document no. 1 of the accounting standard issued by the Italian Accounting Body in 2005.

The most relevant Income Statement components for 2013 are shown below.

PRODUCTION VALUE

REVENUES FROM SALES AND SERVICES

The revenues from sales and services obtained by the company, entirely in the territory of Italy and from customers based mostly in Italy or in the European Union, are broken down as follows (art. 2427 (1. 10) of the Civil Code).

	Year 2013	*Year 2012*
Revenues from air trafic	12.572	13.976
Security	5.614	6.249
Handling and air traffic services	2.263	2.854
Car parking services	5.466	6.318
Subcontracted services	1.712	2.091
Airport Retail Corners	3.688	3.969
Subcontracted business and airport spaces	6.024	6.037
Centralised infrastructures	5.807	6.302
Assets in exclusive use	1.776	1.817
Assets used in common	760	888
Other revenues	60	40
Total	**45.742**	**50.541**

OTHER REVENUES AND PROCEEDS

The other proceeds are broken down as follows:

	Year 2013	*Year 2012*
Recovery of utilities in common and miscellaneous expenses	39	108
Other income	2.422	2.402
Construction grants	2.461	2.461
Total	**4.922**	**4.971**

This item, totalling €4,922 thousand, is basically the same as in the prior year.

The caption "Construction grants" includes, according to the criteria described above, among others, the following grants:

- FIP grant for the implementation of the "Investments for safety services management" project (resolution of Regione Piemonte no. 339/02 [ex 829/01]), recorded according to the criteria described above in the amount of €1 thousand;

- FIP grant for the implementation of the "Investments for safety services management" project (resolution of Regione Piemonte no. 407/02 [ex 828/01]), recorded according to the criteria described above in the amount of €9 thousand;

- grants from Regione Piemonte for the enlargement works at the passenger building, general aviation and baggage logistics building included in the Master Programme Agreement for the improvement of airport infrastructures in view of the "Turin 2006" 20th Winter Olympics (agreement no. 9313 of 12 July 2004), recorded according to the criteria described above in the amount of €1,322 thousand;

- ENAC grant for the construction of the automated baggage handling system (BHS) and of the security systems for the control of 100% of hold baggage (decree of 30 November 2006 issued by the Ministry of Transport jointly with the Minister of Infrastructures), recorded according to the criteria described above in the amount of €1,127 thousand.

PRODUCTION COSTS

Purchase of raw and maintenance materials, consumables and goods

The relevant costs are broken down as follows:

	Year 2013	*Year 2012*
Maintenance materials	226	246
Miscellaneous materials	47	50
Materials for resale	1.708	2.169
Fuels and lubricants	715	696
De-icing	275	513
Stationery and prints	43	56
Total	**3.014**	**3.730**

This item includes, among others, the cost incurred to purchase the goods intended for resale in the Airport Retail Corners, as already explained in the section on closing inventory of these Notes.

Cost of services

The relevant costs are broken down as follows:

	Year 2013	*Year 2012*
Miscellaneous services	2.474	2.327
Assistance, storage and PRM services	1.156	1.160
Electricity and other utilities	3.482	3.669
Technical, management, marketing advice	541	653
Watch services	2.080	2.522
Cleaning, waste collection and disposal	885	866
Maintenance / repair and misc. contractual costs	1.255	1.627
Business and general insurance	347	341
Misc. staff costs (cafeteria, training, T&E, etc.)	428	602
Services rendered by subsidiary companies	1.126	1.239
Other	4.176	4.520
Total	**17.950**	**19.526**

The cost of services is shown net of the use of the provision for the maintenance of assets held in concession, €1,385 thousand.

Rent, lease and similar costs

The relevant costs are broken down as follows:

	Year 2013	*Year 2012*
Airport concession fee	432	480
Rent owed to Municipality of Turin	339	335
Other concession fees	99	82
Rent and leases	146	129
Total	**1.016**	**1.026**

Staff costs

Staff costs for 2013, inclusive of outsourced staff, amounted on aggregate to €11,873 thousand, with a decrease by about €545 thousand compared to the prior year.

The decrease is due essentially:

- to staff reduction (-2.49 FTE, of which 0.78 relating to one executive) (-€225 thousand);
- to the fact that the Performance Bonus was not paid, as agreed with the trade unions on April 4 2013 (-€125 thousand);
- to the enforcement of the agreement with the trade unions that imposed the use of a greater number of holiday leaves (-€100 thousand);
- to the less extra hours worked (-€105 thousand);

Staff costs include the caption “Other costs”, detailed in the table below:

	Year 2013	*Year 2012*
Gratuities	46	62
Workers' compensation insurance	25	23
Employees' welfare allowance	122	119
Incentives to voluntary termination	0	0
Total	**193**	**204**

The tables below show, with a breakdown by category:

- the average headcount, that has decreased by 3.17 compared to the prior year, showing a trend towards reducing the payroll;

- the headcount as of 31/12, +2 term employees compared to December 2013, to cover operating requirements in the charter season.

	Headcount 2013		*Headcount 2012*	
	Average	*as of 31/12*	*Average*	*as of 31/12*
Executives	3	3	3.75	3
Clerical staff	131.41	131	130.50	131
Blue-collar staff	88.42	92	91.75	90
Total	**222.83**	**226**	**226.00**	**224**

Amortisation, depreciation and write-downs

These are broken down as follows:

	Year 2013	*Year 2012*
Amortisation of intangible assets	3.450	3.776
Depreciation of tangible assets	7.455	7.657
Other write-downs of fixed assets	0	763
Write-downs of accounts receivable	60	2.825
Total	**10.965**	**15.021**

The caption "Amortisation and depreciation" has decreased from the prior year by €527 thousand, basically due to ordinary life cycle and replacement of fixed assets.

No fixed asset was written down in 2013, for being no longer instrumental to the company's production process.

As mentioned earlier, receivables were written down in the year for €1,101 using part of the existing provision as of 31/12/2012. At the closing of 2013, the provision was reinstated with a total allocation of €60 thousand, to cover positions particularly at risk.

Variations in the inventory of raw and maintenance materials, consumables and goods

The stock of raw and maintenance materials, consumables and goods has decreased by €331 thousand in the year ended as of 31/12/2013. Inventory is mostly composed of goods purchased for resale at the Airport Retail Corners.

Provisions for liabilities and charges

An amount of €1,327 thousand was allocated in the year to the provision for liabilities and charges in order to cater for the losses or payables of probable or certain occurrence, the amount or date of occurrence of which is however uncertain as of the closing date. For details about the nature of the amounts allocated, please refer to the section dedicated to the provision for liabilities and charges and its variations in the Notes.

Other provisions

This item includes, for €1,250 thousand, the portion allocated by the holding company in the year to the provision for costs of maintenance and renovation of assets in concession.

Miscellaneous operating costs

The relevant costs are broken down as follows:

	Year 2013	*Year 2012*
Entertainment / guest expenses	90	101
Contingent liabilities / Downward adjustment of income	56	191
Membership fees	107	119
Damages paid to third parties	8	21
Fire Department fees	717	725
Municipal property taxes	256	234
Other	401	471
Total	**1.635**	**1.862**

The decrease by €227 thousand in this item compared to 2012 is due basically to the reduction of miscellaneous contingent liabilities.

Financial income and charges

Financial income totals €285 thousand and is composed of:

- €243 thousand are income from equity investments, of which €234 thousand relate to dividends distributed by the subsidiaries Aeroporti Holding (€100 thousand) and SAGAT Engineering €134 thousand). The rest, €9 thousand, relates to a gain realised after the closing of the liquidation procedure for the company Ciriè 2000;

- €5 thousand are interest income on fixed and variable yield securities and €37 thousand are interest income from banks and post offices, the rest being interest income from other entities.

  Interest and other financial charges, totalling €487 thousand, are made up of interest charges on short and long-term bank loans (€425 thousand) and interest charges on loans by Group companies (€61 thousand).

Exchange gains and losses, €467 on aggregate, relate to differences realised during the year. Gains amount to €253 and losses to €720.

Value adjustments on financial assets

Financial asset value was adjusted in the year for a total of €673 thousand, to accommodate the impairment of equity investments in subsidiary, associated and other companies, due to the durable losses recorded by these companies during 2013 or 2012.

In particular, the investment in the subsidiary SAGAT Handling was written down by €669 thousand, and the investment in the subsidiary Sistema was written down by €4 thousand, according to the losses recorded in the year.

Extraordinary income and charges

The caption “Exceptional income”, €1,125 thousand on aggregate, represents the total of contingent gains relating to previous years.

Worth of note is, in particular, the exceptional income item recorded in the amount of €1,008 thousand and relating to the already mentioned collection of interest, revaluation and Court expenses in connection with the legal action on the adjustment of airport fees to the programmed inflation rate for the years 1999 - 2005. For more details please refer to the section in the Director's Report on pending controversies.

The caption "Exceptional charges" recorded in the aggregate amount of €271 thousand, includes the total of contingent liabilities relating to previous years, among which there is the €201 thousand contingent liability arising from the realignment of the payables to the employees on holiday leaves accumulated from past years and not used.

Income taxes for the year

This item, totalling €1,067 thousand, is composed of the estimated amount of income taxes for the year plus deferred tax assets and liabilities.

The table below shows the breakdown of the tax burden for the year:

IRES	252
IRAP	633
Deferred tax assets and liabilities	182
Total	**1.067**

The description of the temporary differences that led to recording deferred tax assets and liabilities and their impact on the financial statements are already contained in the table commenting the caption "Deferred tax assets".

The table below shows the reconciliation between the theoretical tax burden and the tax burden recorded in the consolidated financial statements as of 31 December 2013, compared with the corresponding period in 2012.

	Year 2013	**Year 2012**
EBT	1.281.303	- 602.601
Theoretical IRES rate (%)	27,5%	27,5%
Theoretical income tax	352.358	- 165.715
Tax effects of IRES variations	-100.645	965.755
Effects of deferred tax	181.820	-970.132
IRAP	633.186	734.868
Income taxes carried (current and deferred)	**1.066.719**	**564.776**

The theoretical tax burden was calculated by applying the current corporate income tax ("IRES") rate (27.5%) to the EBT of the holding company.

The effects of the regional tax ("IRAP") rate were calculated separately, because this tax is not levied on the same taxable base used for IRES purposes.

2.2.6 PART IV: OTHER INFORMATION

SIGNIFICANT EVENTS OCCURRED AFTER THE CLOSING OF THE YEAR:

For these events please see the comments in the Directors' Report.

RELATIONSHIPS WITH SUBSIDIARIES AND OTHER RELATED PARTIES

For a more detailed analysis, please see the dedicated section in the Directors' Report. It is however worth noting here that these relationships were all at arm's length.

EMOLUMENTS OF DIRECTORS AND AUDITORS

The total amount of the emoluments paid to the directors and statutory auditors is shown in the table below:

	Year 2013	*Year 2012*
Directors	585	266
Statutory Auditors	54	61
Total	**639**	**327**

These emoluments are recorded under costs of services and take into account all the people who have held offices as directors and statutory auditors during the reference year, even if only for a part of it.

INDEPENDENT AUDITORS' FEES

The total amount of the fees paid to the independent auditors for the mandatory annual audit of the accounts as well as for other services provided during the year is shown in the table below:

	2013	**2012**
Audit of financial statements	12,0	20,5
Audit of consolidated financial statements	4,0	8,5
Accounting compliance audit	17,0	19,0
Other services	8,0	9,0
Total	**41,0**	**57,0**

STATEMENT OF CASH FLOW

As an additional information to the financial statements, the Directors' Report contains the statement of cash flow, to provide a picture of liquidity movements during the year.
The statement was prepared according to the pattern of “Report of cash flows”. We believe that this pattern shows, better than others, the aspects of the administration of cash requirements and resources. In particular, the statement provides the amount of cash absorbed or generated through self-financing and through working capital variations, showing the cash flows absorbed from operations and the balance of the net financial position.

EARNINGS PER SHARE

The earnings per each share worth €5.16 were calculated by dividing the EBIT, the EBT and the net profit by the total number of shares, including treasury shares.

	2013	2012
EBIT per share	0,52	-0,15
Gross EPS	0,51	-0,24
Net EPS	0,09	-0,47

On behalf of the Board of Directors

The Chairman

2.3 STATUTORY AUDITORS'REPORT FOR SAGAT S.p.A.

S.A.G.A.T S.P.A.

STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS PURSUANT TO ART. 2429 (2) OF THE CIVIL CODE

Dear Shareholders,

after being appointed as Auditors on 16 May 2013, we have performed the audits provided for in art. 2403 of the Civil Code which we are reporting here.
In the opening months of 2013, we have reviewed the minutes of the Board of Auditors previously in charge, in which we did not notice any circumstances worth reporting here, as was already confirmed by the Chairman of the Board of Auditors previously in charge and now terminated for expiration of its three-year term in office.

As to the methods of our audit, please note that:

- *the Board of Auditors has duly met in accordance with art. 2404 of the Civil Code, and the minutes of its meetings were transcribed in the Auditors' Record;*

- *the Auditors have taken part in all the meetings of the Board of Directors and obtained from the Directors, pursuant to art. 2381 (5) of the Civil Code, timely and appropriate information on the general performance of the company and its predictable developments, as well as on the most significant operations, by size or nature, carried out by the Company and its subsidiaries;*

- *the Auditors have exchanged with the Independent Auditors, pursuant to art. 2409-septies of the Civil Code, all the necessary information for the performance of the respective duties; no issues worth reporting arose from such exchanges;*

- *the Auditors have audited the adequateness of the organization, meeting with the competent functions of the company; as a result of these meetings, the*

Auditors have not found any evidence of particularly problematic areas with respect to adequateness of organization and compliance with the Company's management requirements.

- *the Auditors acknowledge that the administration and accounting structure is apt to correctly recognise and present operations. Our audit did not detect any particularly critical aspect concerning the adequateness of the administrative and accounting structure;*

- *the Auditors have taken due note, with respect to internal audit controls and compliance with Legislative Decree 231/2001, of the regular reports issued by the internal auditor and by the Supervisory Committee, that do not present any particular problem. The exchange between the two bodies was facilitated by the fact that the Chairman of the Board of Auditors is also a member of the Supervisory Committee.*

The Auditors have obtained adequate information about the transactions of greatest economic and financial interest implemented by the Company and its subsidiaries, and such information assured the Auditors about their compliance with the law and the company by-laws. The Auditors do not feel the need to make any remark on the above-referred transactions. The Auditors have not found any non-standard or unusual transaction.

Regards to the transactions with related parties, the Auditors acknowledge that evidence of these is given in the Notes and in the Directors' Report as per articles 2427 and 2428 of the Civil Code. The Auditors acknowledge that these transactions comply with the law and with the memorandum of association, and were implemented in the interest of the Company.

According to the findings deriving from our participation in Board meetings, the resolutions adopted by the Directors appear to be compliant with the law and the company by-laws, based on best administration practices and consistent and compatible with the size and the resources of the Company

The Auditors acknowledge that during the course of the year no reports as per art.

2408 of the Civil Code and no complaints were presented to the Auditors, by no party whatsoever. Similarly, none of the omissions or delays provided for in art. 2406 of the Civil Code have occurred during the year.

The financial statements audited close at a profit of Euro 214,584, against a loss of Euro 1,167,377 recorded in the prior year, and show an equity including profit of Euro 60,226,634, growing by Euro 214,564 compared to the prior year.

Regards to the duties of the Board of Auditors, as far as the process of preparing the financial statements is concerned, and provided that the mandatory audit is entrusted to the Independent Auditors, please note that:

- *the Auditors have verified, to the extent of their sphere of competence, the compliance with the provisions of law on the formation and layout of the financial statements; in particular, the Auditors recognise that the financial statements were prepared according to the principles established in art. 2423 bis of the Civil Code; the Auditors further acknowledge that the balance sheet and income statement patterns laid down in the Civil Code were followed, and that the Directors did not apply for the exception provided for in art. 2423 (4) and 2423 bis (2) of the Civil Code;*

- *the Notes explain the valuation criteria followed in the preparation of the financial statements and contain the mandatory disclosures under the law.*

The Auditors have verified that the Directors' Report is compliant with the laws in force and consistent with the resolutions adopted by the Board of Directors, with the circumstances presented in the financial statements and with the information available to the Auditors; therefore, the Auditors deem that the Directors' Report complies with the provisions of law on the matter and provides a clear and exhaustive picture of the Company's position and performance, as well as of the predictable developments.

Lastly, the Auditors acknowledge that the Independent Auditors have issued on 28 March 2014 their own unqualified report pursuant to art. 14 of Legislative Decree 39/2010, without any uncertainties, audit restrictions or requests for further *information.*

On the basis of the contents of this report, the Auditors express their favourable opinion to the approval of the financial statements as of 31 December 2013, assuring the Shareholders that the proposal to allocate the profits as formulated by the Board of Directors is compliant with the law and with the by-laws.

As far as the Consolidated Financial Statements are concerned, the Auditors acknowledge that these were prepared in accordance with the applicable rules and accounting standards, and that the relevant Directors' Report contains the mandatory disclosures and is consistent with the financial statements.

The Independent Auditors have issued on 20 March 2014 an unqualified report also for the Consolidated Financial Statements, pursuant to art. 14 of Legislative Decree 39/2010, which was also without any uncertainties, audit restrictions or requests for further information.

Turin, 31 March 2014

THE AUDITORS
Lorenzo Ginisio
Davide Barberis
Ernesto Carrera

2.4 INDEPENDENT AUDITORS' REPORT TO THE FINANCIAL STATEMENTS OF SAGAT S.p.A.

INDEPENDENT AUDITORS' REPORT
PURSUANT TO ART. 14 OF LEGISLATIVE DECREE 27.1.2010, No. 39

To the Shareholders of SAGAT S.p.A.

1. We have audited the financial statements of SAGAT S.p.A. ("the Company") as of 31 December 2013. The Directors of SAGAT S.p.A. are responsible for preparing the financial statements pursuant to the rules governing their preparation. We are responsible for our professional opinion on the financial statements, based on our audit.

2. We have carried out the audit according to the accounting principles issued by the National Committee of Tax Consultants and Professional Accountants and recommended by Consob. In accordance with said principles, our audit was planned and aimed at acquiring all the necessary elements to ascertain whether the consolidated financial statements are flawed by significant errors and appear to be reliable as a whole. The audit includes sample verifications of the elements proving the amounts recorded and information provided in the consolidated financial statements, as well as the adequacy and accuracy of the accounting standards adopted and of the estimates made by the Directors. We hold the results of the audit as providing a reasonable basis for our professional opinion.

   For an opinion about the financial statements for the previous year, the figures of which are presented for comparison purposes pursuant to the law, please refer to the report issued on 11 April 2013.

3. In our judgement, the financial statements of SAGAT S.p.A. as of 31 December 2013 are compliant with the rules governing their preparation, and therefore provide a clear, true and accurate picture of the financial position and performance of the Company.

4. The Directors of SAGAT S.p.A. are responsible for preparing the Directors' Report pursuant to the law. We are responsible for expressing an opinion about the consistency of the Directors' Report with the financial statements in accordance with the law. To this end, we have followed the procedures indicated in Audit Standard no. 001 issued by the National Committee of Tax Consultants and Professional Accountants and recommended by Consob. In our opinion, the Directors' Report is consistent with the financial statements of SAGAT S.p.A. as of 31 December 2013.

DELOITTE & TOUCHE S.p.A.

Eugenio Puddu
Partner

Turin, 28 March 2014

3. DIRECTORS' REPORT AS OF 31/12/2013 – SAGAT GROUP

SAGAT Group Highlights 2013

Traffic	The Turin airport ends 2013 with 3,160,287 passengers transiting at Caselle, 10% less than in January-December 2012.
Income result	The most relevant income components for the year are shown below. The **earnings,** €58,235 thousand, have decreased by 11.2% (€65,545 thousand in 2012). The **GOM** amounts to €14,946 thousand (25.7% of billing volume) and was €18,245 thousand in 2012 (27.8% of billing volume). The **operating result** amounts to €946 thousand (€-1,069 thousand in 2012). The **EBT amounts to €1,506 thousand (€-261 thousand in 2012).** The **net result** amounts to €267 thousand (€-962 thousand in 2012). **Net financial position:** debt exposure for €6,441 thousand, improving by €6,377 thousand compared to the exposure as of 31 December 2012 (€13,110 thousand).
Investments in 2013	About €2.9 million on aggregate were invested during the course of the year. The Group has also performed maintenance activities on assets held in concession, especially the runway, for about €1.4 million. The investments were: * in the case of SAGAT, infrastructures and service systems aimed mostly at renovating the existing infrastructures in both the aircraft manoeuvring areas and in airport buildings and their appurtenances; * in the case of SAGAT Handling, purchases of ramp and apron vehicles. The investments made allowed the SAGAT Group to improve the quality of the services provided and maintain high airport safety standards.
Significant events occurred after 31 December 2013	Passenger traffic data at the Turin airport showed, in the first two months of 2014, a good 5% increase compared to the corresponding period in 2013. The movements handled by SAGAT Handling have slightly decreased, -0.6% compared to the prior year, but have recovered in terms of market share, from 68.1% in 2013 to 68.5% in February 2014. On the other hand, cargo traffic has decreased by 25.6%. On 4 March 2014 Aeroporti Holding transferred to Corporacion America Italia S.r.l. its entire investment in the company that runs the Florence airport, AdF S.p.A. - corresponding to 3,017,764 shares. The unit transfer price of the shares was €13.42, for an aggregate cash value of €40,498,392.88.
Developments	Considering a general picture characterised by a certain optimism, the forecasts for 2014 seem to suggest a growth, albeit moderate; in fact, the assumptions formulated by the most authoritative Italian and European agencies speak of an increase in GDP growth rate estimates for 2014, although in a still difficult scenario, due to credit access problems and drop in the income actually available for spending among Italian households. The air sector, like the real economy as a whole, might suffer the negative effects of this scenario, and the airlines might tend in any case to concentrate their efforts on efficiency improvement and cost cutting policies, also by repositioning their routes and aircraft. In particular, the circumstances of Alitalia should be followed very carefully. The reorganization plan and the choice of a strategic partner for Alitalia might bring deep changes in the balances of power nationwide. Last but not least, it will be important to define the roles of each airport in the National Airports Plan, with reference in particular to the Northwest area where our station is located. Due to these considerations and to the uncertainty that remains on the fees side, the Group companies' efforts will focus on achieving all the possible operational and organizational rationalisation solutions, in order to minimise the adverse impacts of turbulences and possible shocks in the economic environments and in the industry. However, none of the actions started will undermine the quality of our customer service, that was

	recently improved thanks to the introduction of extremely important ancillary services, nor the maintaining of the highest safety standards for the passengers and the carriers working at the airport.

3.1 REPORT ON CONSOLIDATED FINANCIAL POSITION AND PERFORMANCE

Dear Shareholders,

The Directors' Report accompanying the Consolidated Financial Statements as of 31/12/2013 was prepared in compliance with the provisions of Legislative Decree no. 127/1991 and contains the Directors' remarks on the overall performance and the most significant events occurred during year 2013 and after 31 December 2013.

The figures for year 2013 are compared with those from year 2012.

The balance sheet and net financial position for the year are shown compared to the closing balances as of 31/12/2012.

The figures in the financial statements and in the report are shown in thousands of Euro.

3.2 TRAFFIC SCENARIO

For a detailed analysis of air traffic volumes from/to the Torino Caselle airport and for specific information on the subsidiary SAGAT Handling, please refer to the sections on air traffic and holding structure of the report prepared by the Directors of the Holding Company.

3.3 ANALYSIS OF THE INCOME STATEMENT

The Income Statement 2013, presented in summary form in the table below, closes at a net operating profit of €267 thousand, improving by €1,229 compared to the €962 thousand loss recorded in the prior year.

Euro thousand

Income Statement	*2013*	*2012*	*Difference*
Production value	58.235	65.545	-7.310
Staff costs	18.954	20.445	-1.491
Operating costs	24.335	26.855	-2.520
GOM	**14.946**	**18.245**	**-3.299**
Amortisation and depreciation, provisions and write-downs	14.000	19.314	-5.314
EBIT	**946**	**-1.069**	**2.015**
Balance of financial and extraordinary components	560	808	-248
EBT	**1.506**	**-261**	**1.767**
Income taxes	1.133	594	539
Share of profit pertaining to minority shareholders	-106	-107	1
Profit of the year	**267**	**-962**	**1.229**
Financial autonomy *	**14.302**	**18.402**	**-4.100**

(*) The index of financial independence is calculated as follows: profit (loss) of the year + amortisation and depreciation + write-downs and provisions + net variation in the provision for staff severance pay

Income

The table below shows the main income items for the years 2013 and 2012:

Euro thousand

Income	*2013*		*2012*	*%*	*Difference*
Total income	**58.235**	**100%**	**65.545**	**100%**	**-7.310**
Aeronautic	**36.585**	**63%**	**42.115**	**64%**	**-5.530**
of which:					
Fees	12.572		13.975		-1.403
Handling	12.320		15.274		-2.954
Security	5.614		6.248		-634
Centr. infrastructures	5.807		6.302		-495
Assets used in common	272		316		-44
Non-aeronautic	**17.546**	**30%**	**19.075**	**29%**	**-1.529**
of which:					
Airport Retail Corners	3.687		3.969		-282
Subleases	6.885		7.262		-377
Parking lots	5.466		6.318		-852
Advertising	1.508		1.526		-18
Utilities					0
Other revenues	**4.104**	**5%**	**4.355**	**7%**	**-251**

All production value components have decreased in 2013, by an aggregate amount of €7,310 thousand, reaching €58,235 thousand.

The decrease in aeronautic income, €5,530 thousand (-13.1%), is due to traffic trends and, as far as the Holding Company is concerned, to the effects of partial and delayed adjustments of airport fees to inflation.

Therefore, the income from fees, security and centralised infrastructures is in line with air traffic trends to/from this station and with the trends of airport fees as a whole. As far as handling income is concerned, and with particular reference to the subsidiary SAGAT Handling, the effects of the decrease in handled flights were partially counterbalanced by the positive effects of having extended the existing contracts with carriers.

Non-aeronautic income was reduced by €1,529 thousand (-8%) in 2013, decreasing from €19,075 thousand in 2012 to €17,546 thousand in 2013. In detail, passenger-oriented services (retail, car rental and parking areas) have decreased by 11.4% overall, while aeronautic services (non-retail spaces and services, fuelling) have decreased by 0.7%. Advertising income faces a slight 1.1% decrease.

The aggregate difference, which is in any case of a lesser size compared to the drop in traffic volumes, is the consequence of various factors that have significantly affected the income components.
For a detailed review of these components, please refer to the dedicated section of the report prepared by the Directors of the Holding Company, which materially directs non-aeronautic services.

The other income components recorded, €4,104 thousand, show a slight decrease compared to the €4,355 thousand recorded in 2012.

Staff costs

Staff costs, at Group level, amounted on aggregate to €18,954 thousand (€20,445 thousand in 2012), with a decrease by €1,491 thousand (-7.3%) compared to the prior year.

This extremely positive result is due to the sharp cuts in the number of term employees and managers, and to a careful HR management policy that has led —also through specific agreements with the trade unions— to a greater number of holiday leaves taken and to a reduction in extra hours worked. Also, the performance bonus was not paid in 2013.

Operating Costs

Operating costs have reached the amount of €24,335 thousand, with a decrease by €2,520 thousand compared to the year ended 31/12/2012, which is basically due to the following circumstances experienced by the Holding Company:

- less costs incurred by the Holding Company for the purchase of de-icing fluid and snow removal services (€310 thousand on aggregate) thanks to the different weather situation compared to the prior year;
- less costs incurred by SAGAT for the purchase of products intended for resale at the Airport Retail Corners (about €460 thousand);
- greater costs incurred by the Holding Company for the boosting of air traffic (about €200 thousand);
- less costs for security services (€442 thousand);
- diminished use of external contractors for maintenance activities (about €397 thousand);
- savings on utilities, especially electricity and telephones (about €187 thousand);
- less costs for professional and consulting services (about €177 thousand);
- aggregate reduction of overheads at Group level (€164 thousand).

Gross Operating Margin

Due to the reasons explained above, the consolidated GOM has decreased by €3,299 thousand compared to the prior year, reaching €14,946 thousand, or 25.66% of the production value.

Amortisation, depreciation and write-downs:

Amortisation & depreciation, provisions and write-downs show an aggregate difference of €5,314 thousand due to the following main circumstances:

- reduction in amortisation and depreciation by a total of €532 thousand, as the result of ordinary asset life cycle;

- final write-off of assets no longer instrumental for Group production compared to the prior year, that had been characterised by major write-downs (€763 thousand less than in 2012);

- allocation of a total of €75 thousand (€3,816 thousand less than in 2012) to the already sizeable provision for bad debts in order to cater for the needs arisen during the year;

- allocation of a total of €1,446 thousand, €203 thousand less than in 2012, to the provision for future contingencies in order to align it to the actual risks that are known to Group companies as of 31.12.2013. For details about the nature of the amounts allocated, please refer to the section dedicated to the provision for liabilities and charges and its variations, in the Notes for the Holding Company and for the subsidiary SAGAT Handling.

Operating Result

The operating result reaches €946 thousand, increasing by €2,015 thousand compared to the €1,069 thousand loss recorded in the prior year.

Financial and Extraordinary Components

The balance of financial and extraordinary components, €560 thousand, has decreased by €248 thousand compared to 2012, basically due to the following:

- significant improvement (+ €146 thousand) of the negative difference between financial income and financial expense, that decreased from €511 thousand in 2012 to €367 thousand in 2013;

- reduction (-€469 thousand) in the positive difference between financial income and financial expense in 2013 (€632 thousand), compared to €1,101 thousand in 2012. The reduction is basically due to the recording, in the amount of €464 thousand, of a contingent liability arising from the recalculation of payables to Group employees on holiday leaves accrued in prior years and not used;

- improvement (+€75 thousand) of financial asset adjustments, which increased from €219 thousand in 2012 to €294 thousand in 2013.

EBT

As a consequence of the variations described above, the EBT amounts to €1,506 thousand, improving by €1,767 thousand compared to the -€261 thousand of the prior year.

Taxes

The aggregate tax burden for the Group has increased by €539 thousand compared to the prior year. Total taxes for the year amount to €1,133 thousand. The increase is basically a consequence of the significant improvement in the accounts of the Holding Company.

The difference between the actual 2012 tax rate and the theoretical IRES/IRAP rate (31.70) is due mostly to IRAP (regional tax on production activities). This tax, regardless of the operating result, may be particularly burdensome when there is a loss.

Profit

Therefore, the net profit earned by the Group in the year amounts to €267 thousand, compared to the net €962 thousand loss obtained in the prior year.

3.4 ANALYSIS OF THE BALANCE SHEET

The table below shows the Balance Sheet components reclassified according to financial principles. A comparison with 2012 figures is also provided.

Euro thousand

				31/12/2013	31/12/2012	Difference
A	**Fixed assets**					
		Intangible assets		7.811	11.004	-3.193
		Tangible assets		60.094	65.233	-5.139
		Financial assets		57.786	57.803	-17
				125.691	**134.040**	**-8.349**
B	**Working capital**					
		Inventory		1.467	1.823	-356
		Trade receivables		10.937	11.535	-598
		Other assets		13.791	15.954	-2.163
		Trade payables		-9.489	-13.738	4.249
		Provisions for liability and charges		-14.557	-14.443	-114
		Other liabilities		-30.067	-31.056	989
				-27.918	**-29.925**	**2.007**
C	**Invested capital (less liabilities for the year)**		**(A+B)**	**97.773**	**104.115**	**-6.342**
D	**Staff severance pay**			**4.236**	**4.201**	**35**
E	**Invested capital (less liabilities for the year and staff severance pay)**		**(C-D)**	**93.537**	**99.914**	**-6.377**
	funded with:					
F	**Own capital**					
		Paid-in-share capital		12.911	12.911	0
		Reserves and results carried forward		50.569	51.531	-962
		Profit (loss) of the year		267	-962	1.229
		Equity pertaining to minority shareholders		23.349	23.324	25
				87.096	**86.804**	**292**
G	**Medium / lont-term financial indebtedness**			**7.892**	**9.446**	**-1.554**
H	**Short-term financial indebtedness (net cash available)**					
		Short-term financial payables		1.625	5.998	-4.373
		Financial assets		0	-260	260
		Cash and short-term financial receivables		-3.076	-2.074	-1.002
				-1.451	**3.664**	**-5.115**
I	**Indebtedness (Net financial position)**		**(G+H)**	**6.441**	**13.110**	**-6.669**
L	**Total, as in "E"**		**(F+I)**	**93.537**	**99.914**	**-6.377**

As shown in the table, the capital invested, less liabilities for the year and staff severance pay, has decreased by €6,377 thousand due to the following variations:

- decrease in intangible assets by €3,193 thousand, due mostly to new investments made in the year (€308 thousand), less amortisation (€3,501 thousand);

- decrease in tangible assets by €5,139 thousand, due to the effects of ordinary asset depreciation (€7,727 thousand), to the net effects of assets removed from the production process (€12 thousand), and less the new investments made by the Group during the year (€2,600 thousand);

- decrease in financial assets by €17 thousand;

- increase of working capital by €2,007 thousand, due essentially to:

o reduction of total inventory by €356 thousand on aggregate;

o reduction of trade receivables by €598 thousand, due to the lesser overall exposure of Group companies towards their respective customers;

o reduction of other assets by €2,163 thousand, of which €2,717 thousand due to the lower amount of other receivables, owing to the collection of receivables from the PA recorded in previous years in connection with the well-known issue of the inflation adjustment of airport fees;

o decrease in trade payables by €4,249 thousand;

o net decrease in other liabilities by €989 thousand, due essentially to:
➢ decrease in deferred income, arising from the release by the Holding Company of the portion of capital payments accruing in the year (€2,449 thousand);
➢ increase in other payables by €1,568 thousand.

- increase by €35 thousand in the exposure towards the employees of the various Group companies on account of their severance pay.

Net financial indebtedness has significantly improved, on aggregate, by €6,669 thousand, due to the following variations:

o reduction in medium to long term indebtedness by €1,554 thousand, because:
➢ the Holding Company repaid €1,500 thousand of the instalments due in the period for the loan obtained in 2010, which originally amounted to €15,000 thousand;
➢ the subsidiary Aeroporti Holding repaid non-interest-bearing loans to other shareholders for €54 thousand;

o reduction in net short-term financial indebtedness by €5,115 thousand due to:

- decrease in short-term accounts payable by the Holding Company (by €4,373 thousand in total), due to a reduction in the portion technically definable as "hot money" (€2,500 thousand) and to the reduction of the portion technically definable as "current account overdraft" (€1,873 thousand);
- reduction in the short-term financial assets held by the Holding Company by a total of €260 thousand, after the natural expiration of the residual securities held in portfolio as of year-end 2012;
- increase in cash in hand and short-term financial receivables by €1,002 thousand.

Please refer to the Notes to these consolidated financial statements for a more extensive explanation of the operations described above.

3.5 ANALYSIS OF CASH FLOW

The operations in the year generated €6,669 thousand in financial resources. Such figure is the result of the cash flow generated by income less costs.

The cash flow from operations, €9,523 thousand in total, derives from the self-financing generated by ordinary and extraordinary operations (€14,301 thousand) and the above-referred variation in net working capital (-€4,778 thousand), less write-downs and provisions in the period (€2,771 thousand).

The cash flow was used, in the amount of €2,908 thousand, to fund investments in intangible and tangible assets.

The net cash flow from operations, less the variation in the equity of minority shareholders by €25 thousand, is therefore positive, and amounts to €6,669 thousand.

Considering the variations explained above, indebtedness as of 31/12/2013 has significantly improved, reaching €6,441 thousand, compared to an indebtedness of €13,110 thousand as of 31/12/2012.

The variations described above are summarised in the table below:

Euro thousand

Net financial position as of 31/12/2012		**-13.110**
Self-financing from ordinary and extraordinary operations		14.301
Profit (Loss) of the year	*267*	
Amortisation, depreciation and write-down of fixed assets	*11.228*	
Provisions for bad debts	*2.771*	
Net difference in the provision for staff severance pay	*35*	
Difference in net working capital after amortisation, depreciation and write-downs		-4.778
Cash flow generated by income		**9.523**
Cash flow from investments after amortisation		-2.908
Net difference in fixed assets after write off of dismissed assets		12
Cash flow from financial assets		17
Dividends		0
Difference in equity pertaining to minority shareholders		25
Net cash flow from operations		**6.669**
Net financial position as of 31/12/2013		**-6.441**

(*) The net financial position is represented by cash in hand, short-term financial receivables and financial assets, less the debts towards banks

3.6 PRINCIPAL FINANCIAL RATIOS

	2009	2010	2011	2012	2013
Production value	64.664	66.545	70.573	65.545	58.235
Operating costs	24.206	24.929	27.343	26.855	24.335
Staff	19.913	20.073	20.852	20.445	18.954
GOM	17.918	21.543	22.378	18.245	14.946
Net profit	5.472	4.471	3.556	-962	267
Shareholder's equity	67.826	68.293	67.846	63.481	63.747
ROI	7,78	7,99	6,62	-1,07	1,01
ROE	8,07	6,55	5,24	-1,52	0,42
Investments	4.093	9.532	10.204	13.162	2.908
Financial autonomy(*)	17.538	17.777	18.867	18.402	14.301
Accounts receivable from customers	23.403	21.040	20.869	11.535	10.937
Average length of trade receivables	147	125	122	69	74
Accounts payable to vendors	11.495	15.277	13.021	13.738	9.489
Average length of trade payables	173	225	174	184	144

FINANCIAL INDEPENDENCE: profit (loss) of the year + amortisation and depreciation + write-downs and provisions + net variation in the provision for staff severance pay

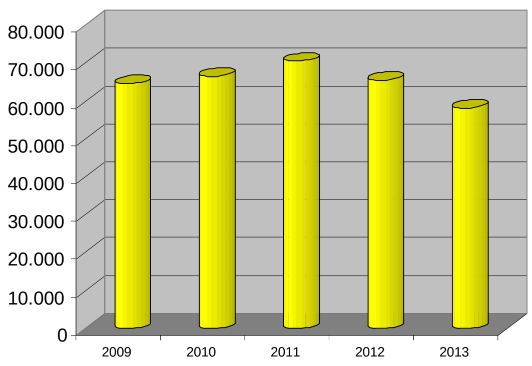
ROI: net profit / investment

ROE: net income / shareholders' equity

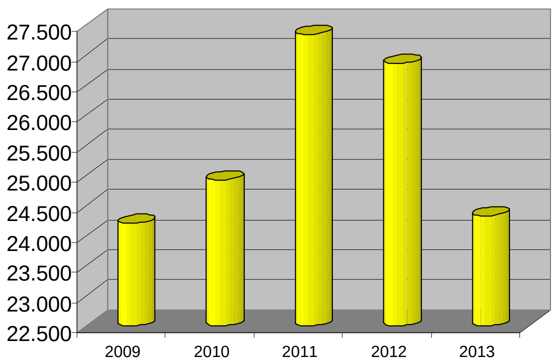
AVERAGE LENGTH OF RECEIVABLES: trade receivables / trade earnings (caption A1 of IV CEE financial statements)

AVERAGE LENGTH OF PAYABLES: trade payables / cost of vendor services

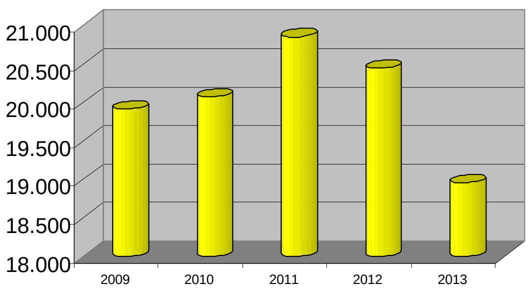
Production value



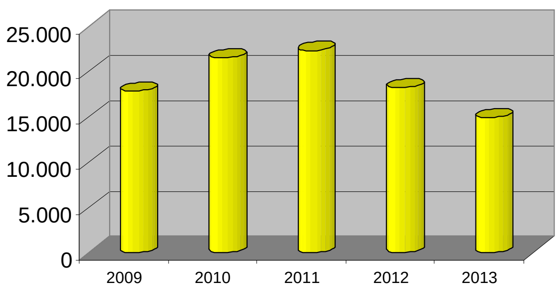
Operating costs



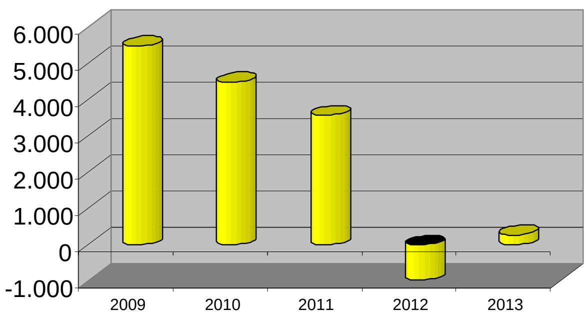
Staff costs



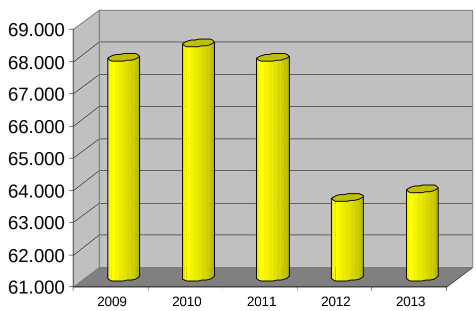
GOM

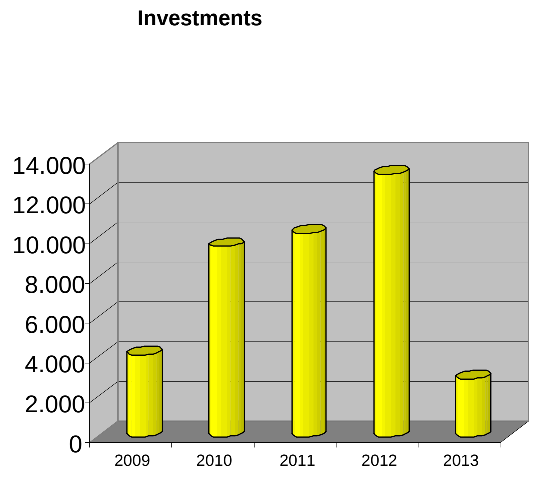


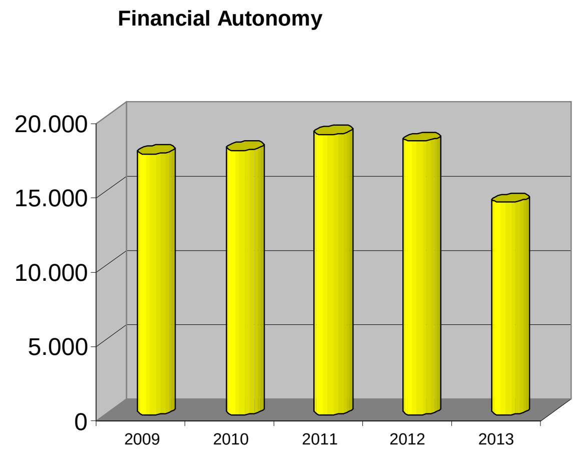
Net profit

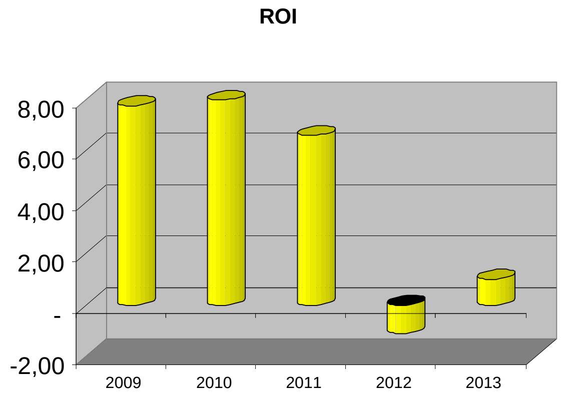


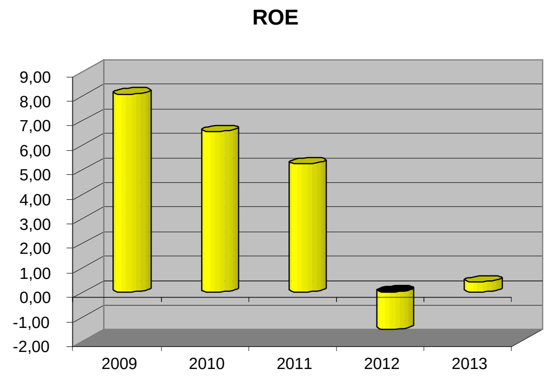
Shareholder's equity











3.7 AERONAUTIC SERVICES

For a more detailed analysis, please see the dedicated section in the Directors' Report for the Holding Company.

3.8 RETAIL SERVICES

For a more detailed analysis, please see the dedicated section in the Directors' Report for the Holding Company.

3.9 QUALITY

For a more detailed analysis, please see the dedicated section in the Directors' Report for the Holding Company.

3.10 STAFF AND ORGANIZATION

Organization

In 2013 the organization structure of the Holding Company SAGAT Spa experienced certain significant changes. Changes have also affected SAGAT Handling, while SAGAT Engineering Srl remained unchanged.

The most important Organizational Instructions at SAGAT Spa were the following:

Instruction 1/2013 (of 20/12/2013) that created the "Territorial Planning" unit within the Airport Operations Department and at the same time abolished the "Job Safety and Health" unit, entrusting it to a contracted specialist.

Instruction 3/2013 (of 7/6/2013) that provided for the creation of a single Marketing Department, by joining together the various aviation and non aviation services.
Last but not least, Instruction 6/2013 (of 22/10/2013) reviewed the marketing process, entrusting a leading role to the Administration Department in the collection and organisation of information within the Group, to be used in the preparation of feasibility projects, analyses and research. At the same time, the services performed by the Aviation and Non Aviation Marketing Department were re-defined with new areas of responsibility that supplemented strategical and operational marketing activities.

The Prevention and Protection service has been organised in-house and is no longer outsourced.

SAGAT Handling was affected by a change provided for by Organizational Instruction no. 1/2013; the Sales and Customer Care - Quality Service was eliminated and the responsibilities for it were separated and entrusted to two new Services: the Sales and Customer Care Service and the Quality, Manuals and Procedures and Projects Service. Both these new services report directly to the General Manager. The Supervision and Control unit at the Cargo Service was removed.

Industrial Relations

On April 4 2014, in order to cope with the serious crisis that the company is suffering because of the dramatic drop in air traffic, a particularly important and meaningful agreement was signed with the trade unions, that focuses on three major issues.
In the first place, the Company and the unions agreed to implement an extraordinary plan to use up all residual holiday leaves, which in 2013 allowed to cut by over 60% the amount of holiday leave days still unused as of 31/12/2012, with a significant financial benefit.
The second issue covered by the agreement related to an important in-sourcing project denominated “Project Matrix”. With the enforcement of the new National Security Plan, check-point control activities were transferred from State Authorities to airport management companies. Therefore, SAGAT Spa decided to employ its own staff for check-point control

activities, and started a dedicated training programme. By so doing, 10 SAGAT Spa people from operating services (BHS, PRM and Parking Lots) and 9 SAGAT Handling people (working at the apron) were re-qualified to work at security check-points (as Private Security Guards). This project allowed to recovery efficiency and productivity, to minimise new security costs, and to maintain occupational levels.
Last but not least, the agreement also provided —considering the difficult economic scenario— that no performance bonus would be be distributed in 2013.

Staff

The aggregate number of Group employees as of 31.12.2013 (headcount) has reduced compared to 31.12.2012 (-11 heads or –8.7 fte) and has reached a headcount of 386, of which 17 on permanent employment contracts.
The tables below show the breakdown of employees (headcount) among the various Group companies.

HEADCOUNT COMPARISON 2010-2013
(Figures refer to December 31)

Table A - Permanent Employees

	2010	2011	2012	2013			
	Consolidated			SAGAT	SAGAT Handling	SAGAT Engineering	Consolidated
Executives	6	6	5	3	1	0	4
Total clerical staff	238	245	244	131	108	6	245
Total blue-collar staff	121	121	120	81	39	0	120
Total A	365	372	369	215	148	6	369

Table B - Term Employees

	2010	2011	2012	2013			
	Consolidated			SAGAT	SAGAT Handling	SAGAT Engineering	Consolidated
Term Employees	46	40	27	11	6	0	17
Apprenticeship Contracts	3	1	2	0	0	0	0
Trainees		0	1	0	0	0	0
Total B	49	41	28	11	6	0	17

Total A + B	414	413	224	226	154	6	386

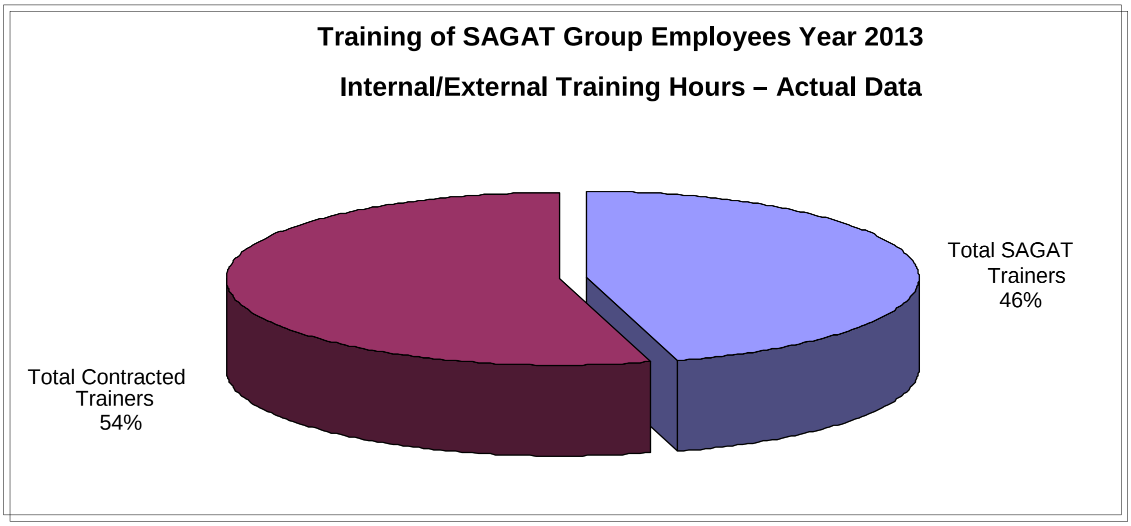
Training

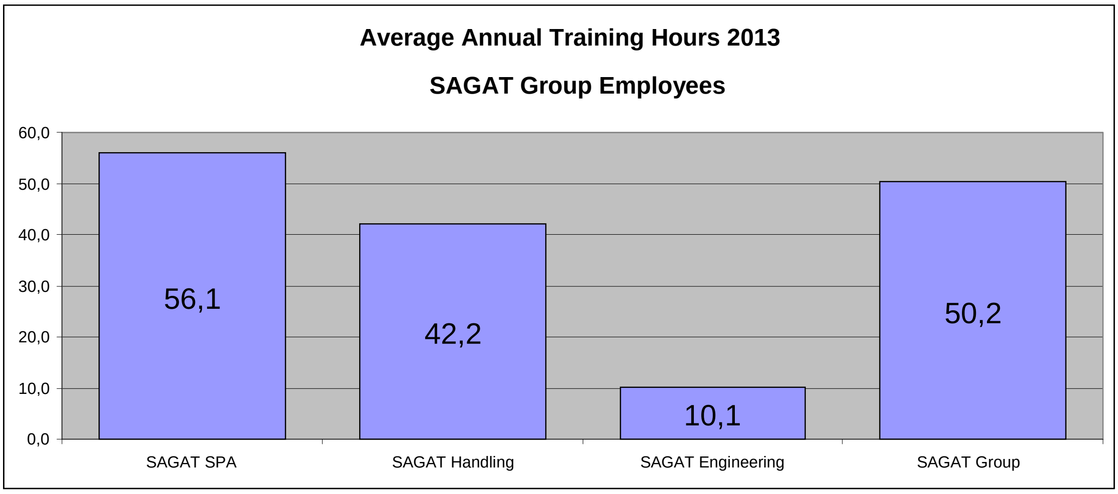
During the course of 2013 the SAGAT Group promoted the training and improvement of its employees' skills in the management, professional and engineering areas, through its own trainers and through contracted training companies, taking into account the requirements imposed by the Quality Certificate obtained from TUV Italia, the suggestions of domestic and international laws, the IATA, IOSA and ISAGO manuals, the Airport Manual and Station Policy.

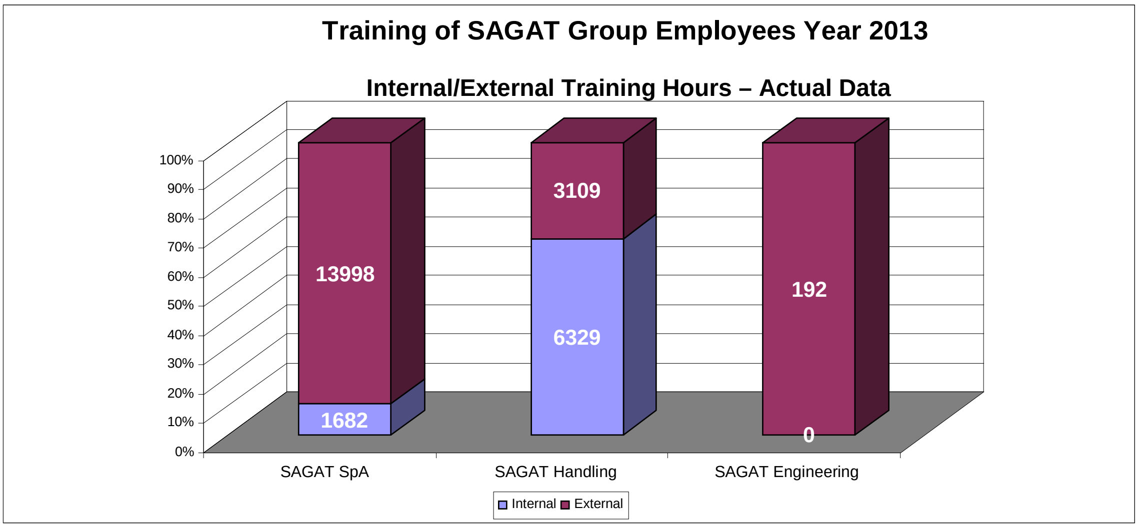
The employees of SAGAT SpA, SAGAT Handling SpA and SAGAT Engineering, including outsourced workers and subcontractors, in 2013 attended 1,237 training courses for 5,319 training hours, that involved 3,194 participants for a total of 25,310 hours.
Of these courses, in-house training services offered 943 courses for 2,656 class/training hours that involved 1,626 participants for a total of 8,011 hours/employee, while the courses offered by contracted trainers were 294 for 2,663 teaching hours, and involved 1,568 participants for a total of 17,299 hours/employee. Part of these courses were funded by professional funds such as Fondimpresa, or by launching company Training Plans.

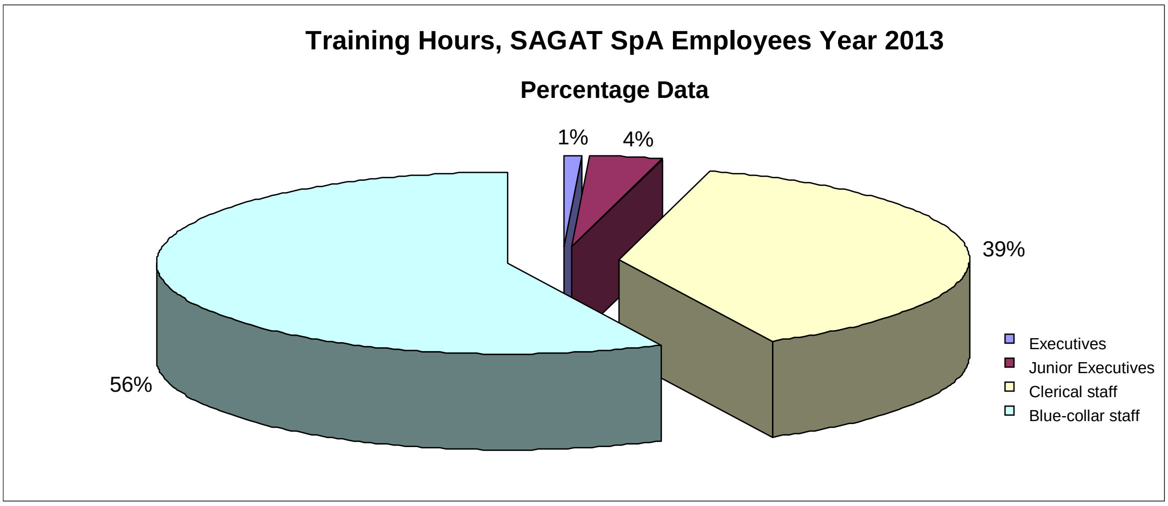
The tables below provide a summary of total in-house and contracted training hours attended by the employees of SAGAT SpA, SAGAT Handling and SAGAT Engineering, including outsourced and subcontractors, broken down by contract level.

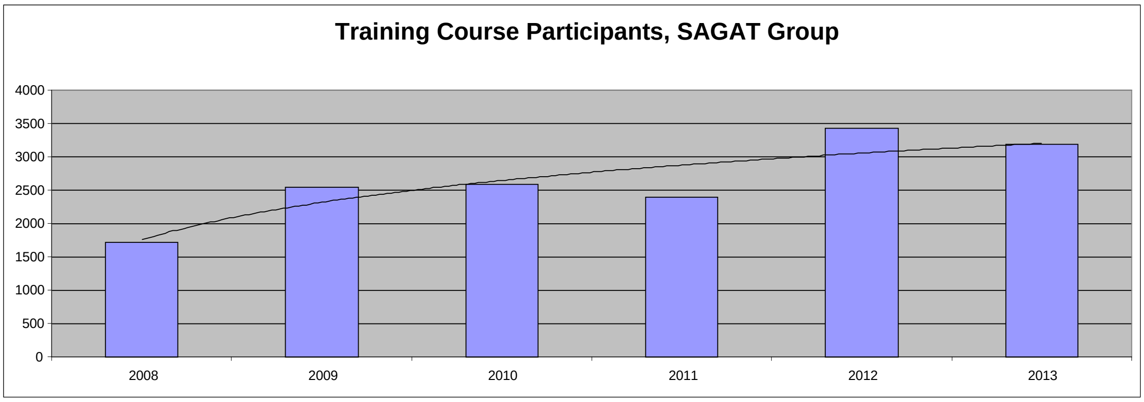
Totals for SAGAT Group Year 2013	*SAGAT Trainers*	*Contracted Trainers*	*Totals*
Courses	943	294	1.237
Participants	1.626	1.568	3.194
Teaching hours	2.656	2.663	5.319
Participant training hours	8.011	17.299	25.310
Corresponding to days	6	6	6







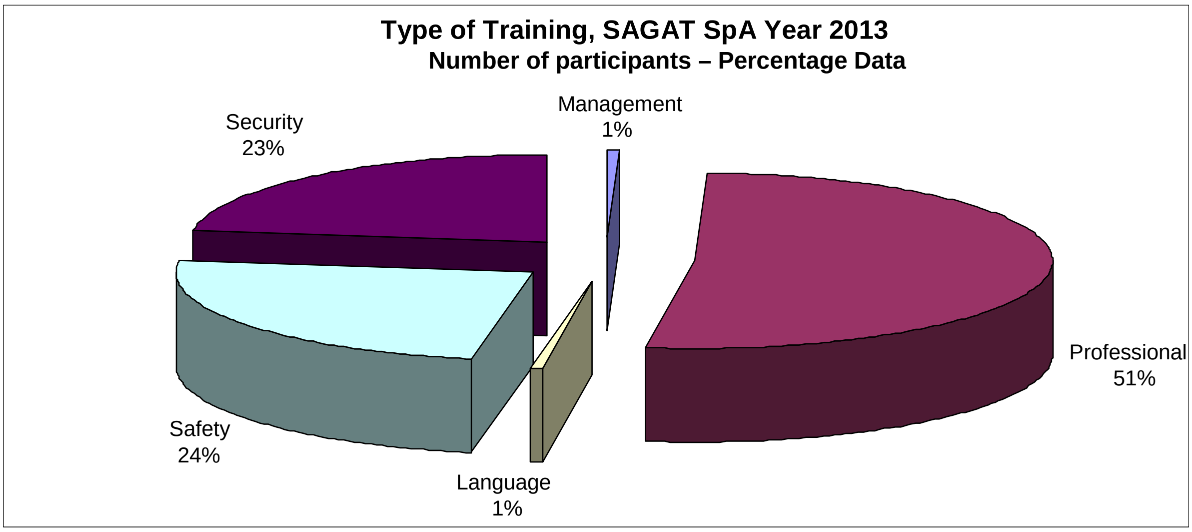




Course Types

In 2013 SAGAT Group employees attended various types of training courses, mostly of technical/professional nature and concerning aspects related to safety (per Legislative Decree 81/2008 as amended and supplemented) or security (ENAC Regulations and EC Law 185/2010). Basic or continuous technical/professional training played the leading role, followed by safety and security training, also characterised by "Project Matrix" concerning the in-sourcing of check-point staffing.

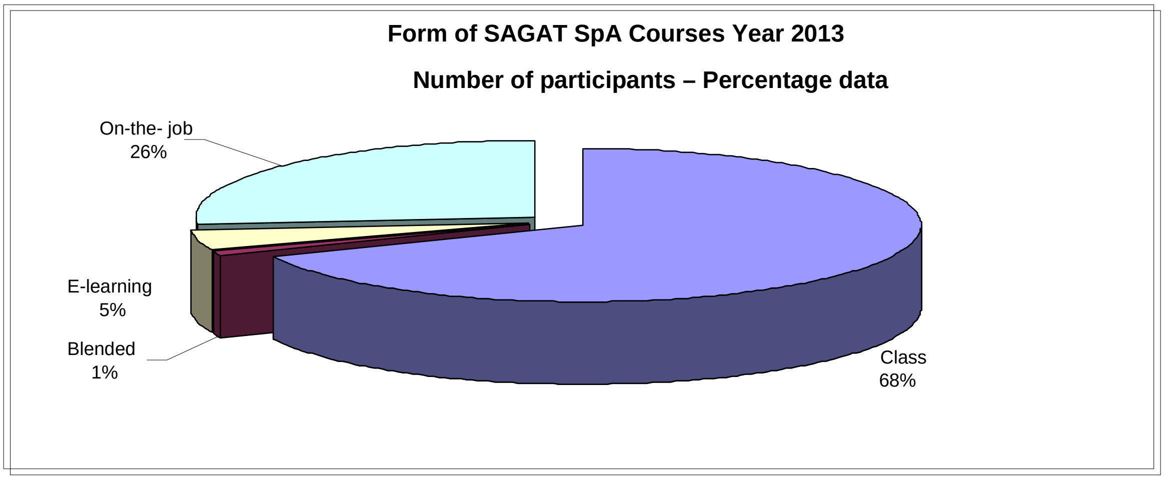
The chart below shows the percentage data for each type of course.



Course Implementation

In 2013, SAGAT Group employees attended 25,310 training hours in total, with contracted and/or in-house trainers from the company's Training Service. The courses were given in face-to-face classes, the conventional format that takes the largest share, on-the-job training for technical/professional courses aimed at teaching how to drive/use company vehicles and equipment, and also e-learning courses, through the on-line company platform DOCEBO, used at its full potential.

The chart below shows the percentage shares of the various forms of training offer / attendance.



Mandatory / Non Mandatory Training

Mandatory training is subject to the specific provisions of law applicable (Legislative Decree 81/2008 as amended and supplemented), integrated by the rules provided for by IATA, ENAC and the individual carriers, and governed by the service agreements entered into with the relevant Management and/or Handling Company.

Mandatory training accounted for 76% of the total, with a considerable increase over 2012, when it accounted for 44% of training hours out of the total of employees concerned. These figures derive from the important effects of the interventions on Job Safety and Health implemented in compliance with the Agreement between the State and the Region, which governs training requirements for executives, persons in charge and workers.

3.11 INVESTMENTS

The aggregate volume of investments made by the SAGAT Group in 2013 amounts to €2,908 thousand.

In detail, apart from the investments made by the Holding Company (€2,755 thousand in total), the additional investments made by the subsidiary SAGAT Handling, for an aggregate amount of €153 thousand, concerned mostly the following:

- a tow bar for Embraer aircraft;
- a CLT 8 Cargo Loader Transporter for cargo handling up to 3.6 tonnes;
- improvements to the electric tractor fleet.

For a more detailed analysis of the investments made by the Holding Company, please see the Directors' Report for SAGAT.

3.12 HOLDINGS STRUCTURE

For a more detailed analysis, please see the dedicated section in the Directors' Report for the Holding Company.

3.13 RESEARCH & DEVELOPMENT ACTIVITIES

For a more detailed analysis, please see the dedicated section in the Directors' Report for the Holding Company.

3.14 CONTROVERSIES

For a more detailed analysis, please see the dedicated section in the Directors' Report for the Holding Company.

3.15 PRIVACY

For a more detailed analysis, please see the dedicated section in the Directors' Report for the Holding Company.

3.16 RISK FACTORS

For a more detailed analysis, please see the dedicated section in the Directors' Report for the Holding Company.

3.17 SIGNIFICANT EVENTS OCCURRED AFTER THE CLOSING OF THE YEAR AND PREDICTABLE DEVELOPMENTS

For a more detailed analysis, please see the dedicated section in the Directors' Report for the Holding Company.

Also, please note that on 4 March 2014 the subsidiary company Aeroporti Holding transferred to Corporacion America Italia S.r.l. its entire investment in the company that runs the Florence airport, AdF S.p.A., corresponding to 3,017,764 shares.

The unit transfer price of the shares was €13.42, for an aggregate cash value of €40,498,392.88.

4. CONSOLIDATED FINANCIAL STATEMENTS AS OF 31/12/2013

4.1.1 CONSOLIDATED BALANCE SHEET: ASSETS	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
A) CONTRIBUTIONS RECEIVABLE FROM SHAREHOLDERS		
B) FIXED ASSETS		
I. Intangible assets		
1) Start up and improvement costs	486	972
2) R & D and advertising costs		
3) Industrial patent and intellectual property rights	165.055	217.004
4) Concessions, licenses, trademarks and similar rights		
5) Goodwill		
6) Investments in progress	964.097	888.415
7) Other non current assets	6.681.666	9.897.236
Total	*7.811.304*	*11.003.627*
II. Tangible assets		
1) Land and buildings	3.515.794	3.515.794
2) Plant and machinery		
3) Operating and sales equipment	1.740.991	2.373.463
4) Other assets	1.853.112	2.224.654
5) Investments in progress and payments on account	4.304.474	7.072.165
II.bis Freely transferable assets		
1) Land and buildings	36.185.569	35.720.546
1bis) Runways and land used for runways	473.414	509.107
2) Plant and machinery	12.021.079	13.817.738
3) Operating and sales equipment		
4) Other assets		
5) Investments in progress and payments on account		
Total	*60.094.433*	*65.233.467*

CONSOLIDATED BALANCE SHEET: ASSETS	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
III. Financial assets		
1) Investments in:		
a) Subsidiary companies	1	1
b) Associated companies	35.311.838	35.236.759
d) Other companies	17.640.883	17.722.872
2) Accounts receivable:		
a) From subsidiary companies:		
due within 12 months		
due beyond 12 months		
b) From associated companies:		
due within 12 months		
due beyond 12 months		
c) From parent companies:		
due within 12 months		
due beyond 12 months		
d) From others:		
due within 12 months		
due beyond 12 months	9.707	19.883
Total accounts receivable:		
due within 12 months		
due beyond 12 months	9.707	19.883
Total	*9.707*	*19.883*
3) Other securities:		
4) Treasury shares - aggregate face value is also shown	4.823.612	4.823.612
Total	*57.786.041*	*57.803.127*
TOTAL FIXED ASSETS (B)	**125.691.778**	**134.040.221**

CONSOLIDATED BALANCE SHEET: ASSETS	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
C) CURRENT ASSETS		
I. Inventory		
1) Raw and maintenance materials, consumables	315.353	384.005
2) In-process and semi-finished products		
3) Orders in progress		
4) Finished products and goods	1.151.729	1.438.915
5) Advances		
Total	*1.467.082*	*1.822.920*
II. Accounts receivable		
1) From customers:		
due within 12 months	10.936.976	11.534.934
due beyond 12 months	0	0
2) From subsidiary companies:		
due within 12 months	16.281	16.281
due beyond 12 months	784.138	784.138
3) From associated companies:		
due within 12 months	0	0
due beyond 12 months	0	0
4) From parent companies:		
due within 12 months	0	0
due beyond 12 months	0	0
4 - bis) Tax receivables		
due within 12 months	3.684.152	3.493.990
due beyond 12 months	67.278	66.032
4 - ter) Deferred tax assets		
due within 12 months	366.376	517.516
due beyond 12 months	2.789.816	2.971.673
5) Other accounts receivable:		
due within 12 months	5.693.255	7.742.568
due beyond 12 months	84.490	84.489
Total accounts receivable:		
due within 12 months	20.697.040	23.305.289
due beyond 12 months	3.725.722	3.906.332
Total	*24.422.762*	*27.211.621*

CONSOLIDATED BALANCE SHEET: ASSETS	**FINANCIAL STATEMENTS AS OF 31/12/2013**	**FINANCIAL STATEMENTS AS OF 31/12/2012**
III. Current financial assets		
1) Investments in subsidiary companies		
2) Investments in associated companies		
3) Investments in other companies		
4) Treasury shares - aggregate face value is also shown		
5) Other securities	0	259.798
Total	*0*	*259.798*
IV. Cash and cash equivalents		
1) Cash in bank	2.981.450	1.978.898
2) Cheques	8.000	16.100
3) Cash and valuables in hand	86.580	78.846
Total	*3.076.030*	*2.073.844*
TOTAL CURRENT ASSETS (C)	**28.965.874**	**31.368.183**
D) ACCRUED INCOME AND PREPAYMENTS - DISCOUNT ON LOANS SHOWN SEPARATELY		
Accrued income	0	9.475
Prepayments	306.174	270.233
TOTAL (D)	**306.174**	**279.708**
TOTAL ASSETS	**154.963.826**	**165.688.112**

4.1.2 CONSOLIDATED BALANCE SHEET: LIABILITIES	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
A) SHAREHOLDERS' EQUITY		
I. Share capital	12.911.481	12.911.481
II. Share premium reserve	6.104.521	6.104.521
III. Revaluation reserve		
- Revaluation reserve per Law no. 342/2000	7.362.627	8.513.223
IV. Legal reserve	2.582.296	2.582.296
V. Reserve for treasury shares in the portfolio	0	0
VI. Reserves provided for under the by-laws	0	0
VII. Other reserves:		
- Reserve for purchase of treasury shares	4.823.612	4.823.612
- Extraordinary reserve	21.321.173	21.321.173
- Reserve for extraordinary investments	4.906.340	4.906.340
- Provision as per Art. 55 DPR 917/86	0	16.781
- Consolidation reservs	2.269.651	2.269.651
VIII. Profit (loss) carried forward	1.198.849	993.634
IX. Profit (loss) of the year	266.701	-962.162
Equity pertaining to the Group	**63.747.251**	**63.480.550**
Equity pertaining to minority shareholders	**23.349.391**	**23.323.406**
TOTAL SHAREHOLDERS' EQUITY (A)	**87.096.642**	**86.803.956**
B) PROVISIONS FOR LIABILITIES AND CHARGES		
1) Pension and similar funds		
2) Fund for tax disputes, including deferred taxes		
3) Other provisions:		
- Exchange rate fluctuation fund		
- Future liabilities fund	5.933.304	5.684.418
- Maintenance expenses fund for leased or rented assets	8.623.827	8.758.864
TOTAL PROVISIONS FOR LIABILITIES AND CHARGES (B)	**14.557.131**	**14.443.282**

CONSOLIDATED BALANCE SHEET: LIABILITIES	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
C) PROVISION FOR STAFF SEVERANCE PAY	4.236.377	4.201.081
TOTAL (C)	**4.236.377**	**4.201.081**
D) ACCOUNTS PAYABLE		
1) Bonds:		
due within 12 months	0	0
due beyond 12 months	0	0
2) Convertible bonds:		
due within 12 months	0	0
due beyond 12 months	0	0
3) Loans from shareholders		
due within 12 months	0	0
due beyond 12 months	392.340	445.800
4) Payables to banks:		
due within 12 months	1.624.946	5.998.444
due beyond 12 months	7.500.000	9.000.000
5) Payables to other lenders:		
due within 12 months	0	0
due beyond 12 months	0	0
6) Advances:		
due within 12 months	0	0
due beyond 12 months	0	0
7) Trade payables:		
due within 12 months	9.489.329	13.738.312
due beyond 12 months	0	0
8) Payables in the form of credit instruments:		
due within 12 months	0	0
due beyond 12 months	0	0
9) Payables to subsidiary companies:		
due within 12 months	766	766
due beyond 12 months	0	0
10) Payables to associated companies:		
due within 12 months	0	0
due beyond 12 months	0	0

CONSOLIDATED BALANCE SHEET: LIABILITIES	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
11) Payables to parent companies:		
due within 12 months	0	0
due beyond 12 months	0	0
12) Taxes payable:		
due within 12 months	1.088.707	1.058.924
due beyond 12 months	0	0
13) Payables to social security institutions:		
due within 12 months	1.067.392	1.156.154
due beyond 12 months	0	0
14) Other payables:		
due within 12 months	13.248.259	11.772.965
due beyond 12 months	134.787	98.289
Total:		
due within 12 months	*26.519.399*	*33.725.565*
due beyond 12 months	*8.027.127*	*9.544.089*
TOTAL ACCOUNTS PAYABLE (D)	**34.546.526**	**43.269.654**
E) ACCRUED EXPENSES AND DEFERRED INCOME - DISCOUNT ON LOANS SHOWN SEPARATELY		
Accrued expenses	624	2.507
Deferred income	14.526.526	16.967.632
TOTAL (E)	**14.527.150**	**16.970.139**
TOTAL LIABILITIES AND EQUITY	**154.963.826**	**165.688.112**

4.1.3 **CONSOLIDATED MEMORANDUM ACCOUNTS**	**FINANCIAL STATEMENTS AS OF 31/12/2013**	**FINANCIAL STATEMENTS AS OF 31/12/2012**
Third-party assets received in concession	59.654.058	59.654.058
Company assets held by third parties		
Bank and other guarantees received from third parties	15.161.257	14.486.719
Personal guarantees given to third parties	77.631	77.631
Third-party assets held by the company (A.V.L. - ENAV)		
TOTAL	**74.892.946**	**74.218.408**

4.1.4 CONSOLIDATED INCOME STATEMENT	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
A) PRODUCTION VALUE		
1) Revenues from sales and services	54.143.513	61.210.005
2) Variations in the inventory of in-process, semi-finished and finished products	0	0
3) Variations in orders in progress	0	0
4) Fixed assets developed internally	76.925	314.840
5) Other income and proceeds - operating grants shown separately	4.014.088	4.020.269
Total production value (A)	***58.234.526***	***65.545.114***
B) PRODUCTION COSTS		
6) Purchase of raw and maintenance materials, consumables and goods	3.393.014	4.253.088
7) Cost of services	17.719.538	19.749.874
8) Rent, lease and similar costs	1.107.050	1.143.557
9) Staff costs:		
a) salaries and wages	13.703.649	14.726.309
b) social security	3.999.684	4.351.759
c) severance pay	941.900	1.034.501
d) pension and similar benefits	0	0
e) other costs	308.993	332.882
Total staff costs	*18.954.226*	*20.445.451*
10) Amortisation, depreciation and write-downs:		
a) amortisation of intangible assets	3.500.911	3.823.144
b) depreciation of tangible assets	7.727.197	7.936.879
c) other write-down of assets	0	762.931
d) write-down of current receivables and of cash and equivalents	75.138	3.891.155
Total amortisation, depreciation and write-downs	*11.303.246*	*16.414.109*
11) Variations in the inventory of raw and maintenance materials, consumables and goods	355.838	-379.263
12) Provisions for liabilities and charges	1.446.251	1.649.654
13) Other provisions	1.250.000	1.250.000
14) Miscellaneous operating costs	1.759.759	2.087.808
Total production costs (B)	***57.288.922***	***66.614.278***
Operating profit - Production value less production costs (A-B)	**945.604**	**-1.069.164**

CONSOLIDATED INCOME STATEMENT	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
C) FINANCIAL INCOME AND CHARGES		
15) Income from equity investments:		
a) dividends and other income from subsidiary companies	0	0
b) dividends and other income from associated companies	0	0
c) dividends and other income from others	14.529	0
16) Other financial income:		
a) from non current receivables	0	0
b) from non current securities	0	0
c) from current securities	4.935	14.409
d) other income	40.535	16.916
Total	*59.999*	*31.325*
17) Interest and other financial charges	-426.253	-547.263
17 - bis) Exchange gains (losses)	-481	4.051
Total financial income and charges (C)	***-366.735***	***-511.887***
D) VALUE ADJUSTMENTS ON FINANCIAL ASSETS		
18) Revaluation		
a) of equity investments	294.351	251.289
b) of financial assets	0	0
c) of current securities	0	0
19) Write-downs:		
a) of equity investments	0	-31.983
b) of financial assets	0	0
c) of current securities	0	0
Total value adjustments on financial assets (D)	***294.351***	***219.306***

CONSOLIDATED INCOME STATEMENT	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
E) EXTRAORDINARY INCOME AND CHARGES		
20) Exceptional income		
- Contribution gain	0	0
- Exceptional income	0	0
- Taxes from previous years	0	0
- Others	1.219.590	1.285.393
21) Exceptional charges		
- Charges	-586.954	-184.191
Total extraordinary items	**632.636**	**1.101.202**
Profit (loss) before taxes (A-B+/-C+/-D+/-E)	**1.505.856**	**-260.543**
22) Income taxes for the year		
a) Current taxes	-799.983	-1.834.694
b) Deferred tax assets (liabilities)	-332.997	1.240.312
23) PROFIT (LOSS) OF THE YEAR, GROUP AND MINORITY SHAREHOLDERS	***372.876***	***-854.925***
PROFIT (LOSS) PERTAINING TO THE GROUP	**266.701**	**-962.162**
PROFIT (LOSS) PERTAINING TO MINORITY SHAREHOLDERS	**106.175**	**107.237**

These financial statements are accurate and match with the contents of corporate accounting books.

On behalf of the Board of Directors

The Chairman

4.2 Notes to the Consolidated Financial Statements as of 31/12/2013

4.2.1 PART I: GENERAL PRINCIPLES AND DRAFTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Section I - Form and contents of the Consolidated Financial Statements

1. The Consolidated Financial Statements are made up of Balance Sheet, Income Statement and Notes, and are accompanied by the Directors' Report. They were prepared in compliance with Legislative Decree 127/1991(enforcing European Community Directives IV and VII) and with the Italian accounting standards issued by the National Committees of Tax Consultants and Professional Accountants, as revised by the Italian Accounting Body to align them with the new provisions of law arising from Legislative Decree no. 6 of 17 January 2003 and, where appropriate, supplemented with International Accounting Standards, where compatible.

2. The Consolidated Financial Statements are meant to provide a faithful and accurate picture of the financial position and standing, as well as of the operating result of the Group as a whole.

3. The form and content of the Balance Sheet and Income Statement comply with the provisions of the Italian Civil Code for the holding company, in order to give a faithful and accurate presentation of the Group.

4. The Consolidated Financial Statements refer to the closing date of the holding company's annual accounts, which corresponds to the closing date of the annual accounts of the other companies included in the consolidation.

5. While the mandatory disclosures under the laws of Italy concerning the form and contents of consolidated financial statements are deemed sufficient to provide a true and accurate picture, the following additional information is provided:

- reconciliation between the net equity and net profit of the holding company and those of the Group, as resulting from the consolidated financial statements;

- analysis of the balance sheet — included in the Directors' Report for the Group;

- statement of cash flow — included in the Directors' Report for the Group;

- additional relevant information based on the characteristics and size of the Group.

6. The Consolidated Financial Statements were audited pursuant to article 2409 bis of the Civil Code by the independent auditors Deloitte & Touche S.p.A..

7. The financial statements are stated in Euro; the figures in these Notes are in Euro thousand, except as otherwise indicated.

Section II - Scope of consolidation

1. The subsidiary companies, including those directly or indirectly controlled by the holding company according to the definition given in art. 26 of Legislative Decree 127/91, were consolidated fully, except the company Torino Servizi s.r.l, into liquidation since 18 October 2004, that, in accordance with art. 28 (2) of Legislative Decree 127/91, considering also that

its financial statements are drafted in a different form than those of the other companies in the SAGAT Group, was not included in the consolidation.

2. The list of companies included in the consolidation is given below:

Company	*Registered address*	*Share capital*	*Shareholders' equity*	*Interest share %*
SAGAT S.p.A.	Caselle T.se	12.911	60.227	Capogruppo
SAGAT Engineering S.r.l.	Caselle T.se	11	2.188	100%
SAGAT Handling S.p.A.	Caselle T.se	3.900	2.844	100%
Aeroporti Holding S.r.l.	Caselle T.se	50.000	53.533	55,45%
Sistema S.r.l.	Caselle T.se	20	10	100%

The list of companies included in the consolidation by the equity method is given below:

Company	*Registered addresss*	*Share capital*	*Shareholders' equity*	*Interest share*
Aeroporto di Firenze S.p.A.(1) (3)	Firenze	9.035	41.354	33,40%
Air Cargo S.r.l.(2)	Torino	103	53	36%

(1) The interest share is held by the Group company Aeroporto Holding

(2) Direct interest share Figures from the latest financial statements available as of 31.12.2012

The following holdings are valued by the cost method:

Company	*Registered address*	*Share capital*	*Shareholders' equity*	*Interest share*
Aeroporto G.Marconi di Bologna S.p.A.(3)	Bologna	74.000	118.814	7,21%

(3) Figures from the latest financial statements available as of 31.12.2012

Section III - Consolidation procedures

1. The assets and liabilities of the subsidiaries, as well as their income and costs, were fully consolidated. In the Consolidated Financial Statements, the carrying value of equity investments was eliminated, together with the share directly or indirectly owned by the holding company. The differences arising from the elimination of equity investments against the net book value of the subsidiaries' equities as of the date of purchase are released to the assets and liabilities of the consolidated subsidiaries, capped to their current amounts. Any residual positive amount is added to an assets caption denominated "Consolidation difference" and amortised on a straight-line basis according to its estimated recoverability; any negative residual amount is added to an equity caption denominated "Consolidation reserve".

2. Minority interests in the equities and in the operating results of the consolidated subsidiaries are shown separately.

3. The balances of accounts payable and receivables, and the intercompany transactions among consolidated companies, are fully eliminated. The Consolidated Financial Statements do not show any profits or losses still unrealised by the Group as a whole, because arising from intercompany transactions.

4. The financial statements of the subsidiaries as of 31.12.2013 prepared by the respective Boards of Directors for the respective Shareholders' approval were used for consolidation purposes. In the case of associated companies, including Aeroporto di Firenze S.p.A., the latest financial statements approved available for the year 2012 were used.

5. The Consolidated Financial Statements were prepared following uniform accounting standards in the presence of comparable transactions.

Section IV - Accounting standards

1. Financial statement items were valued according to the principle of conservatism and going concern, also taking into account the economic function of each assets or liabilities item.

2. Only the profits realised as of the closing date of the reference year are shown.

3. The income and costs accruing in the year were taken into account, regardless of when collected or disbursed. The costs related to the income recorded for the year were considered as accruing to the year.

4. The risks and losses accruing to the year were taken into account, even where known after year end.

5. Non-comparable elements included in each item were valued separately.

6. The valuation criteria adopted are the same as in the prior year.

7. There are no assets or liabilities items falling under multiple captions (art. 2464 (2) of the Civil Code).

8. The items characterising the Group's business were added for the sake of clarity.

4.2.2 PART II: STANDARDS APPLIED IN ITEM VALUATION, VALUE ADJUSTMENT AND FOREIGN CURRENCY TRANSLATION.

FIXED ASSETS

The assets intended for durable use were recorded under fixed assets.

Intangible assets

Intangible assets were valued at purchase or production cost, inclusive of ancillary costs, and amortised on a straight-line basis year after year, according to their residual useful life. The amortisation schedule, drafted by the principle explained above, is shown below.

Intangible assets	
Type of asset	**Amortisation rate**
Industrial patent and intellectual property rights	33%
other intangible assets	according to their estimated residual useful life

The amortisation criteria and rates were the same applied in the prior year.

As of the year end, there are no intangible assets with a value permanently lower than their purchase cost inclusive of ancillary costs, after amortisation; therefore, there was no need to write down any asset.

<u>Tangible assets</u>

Tangible assets were valued at purchase or production cost, inclusive of ancillary costs, except the assets subject to revaluation pursuant to L. 72/83, as better explained in Part III of these Notes.
The cost of the assets includes the interest expense incurred for the making of the assets until ready for use, for the portion reasonably attributable to the assets. The amount of interest expense recorded under balance sheet assets is shown in Part III of these Notes.
The cost of the tangible assets of limited duration is depreciated on a straight-line basis according to their residual useful life.
The depreciation schedule, drafted by the principles explained above, is shown below.

Tangible assets	
Type of asset	**Depreciation rate**
buildings and pertaining roads	4%
aircraft runways and aprons	expected useful life commensurate to the concession term, expiring in 2035
flight assistance systems	31.5%
other systems	10%
ramp and runway equipment	31.5%
other equipment	20%
special purpose equipment	12.5%
prefabricated structures	10%
cars	25%
cargo vehicles	20%
furniture and fittings	12%
electric and electronic equipment	20%
other tangible assets	20%
minor tangible assets	100%

In previous years, for certain categories of assets, where required due to their particular obsolescence, the rates above were doubled in the first three year of use of the assets.
For the assets that started being used in the reference year, the rates were halved in order to take account, on a flat basis, of their reduced use. However, the full rates were applied to the assets that started being used at the beginning of the year.

As of the year end, there are no tangible assets, according to the company's plans, with a value permanently lower than their purchase cost (revalued as appropriate) inclusive of ancillary costs, after depreciation.

Please note that, as a consequence of the amendment to art. 104 of the Unified Income Tax Code ("TUIR") introduced by Decree Law 31 December 1996, no. 669, whereby depreciation over concession length is only allowed alternatively (and no longer in addition) to conventional depreciation over useful life, the leading company decided to adopt conventional depreciation effective from 1997, deducting from the historical cost of each asset the respective concession-based depreciation accumulated. The only exception are “aircraft runways and aprons”: for these assets the holding company continued to use concession-based depreciation as per art. 104 of the TUIR, because in this case it matches with the residual useful life of the assets.

Financial assets

These are the costs of long-term financial investments.
Investments in subsidiary companies were recorded by the equity method.
Investments in companies that are neither subsidiaries not associated companies were recorded at cost, adjusted to take account of durable impairment, where applicable.
If the reasons for such adjustments cease to exist in subsequent years, then the value is reinstated.
Accounts receivable are shown at their presumable realisation value.

Inventory

The inventory of raw and maintenance materials, consumables and goods, comprising mostly products intended for sale in the airport retail corners and spares, was recorded at purchase cost, inclusive of ancillary costs.
Such cost was calculated —as in previous years— by the weighted average method.
The assets that do not appear to be actually eligible for use in the production process were recorded at realisation value, if lower than the purchase cost.
In any case, the value at which inventory items are recorded does not exceed their market value, taking into account the usefulness/instrumentality of the assets within the production process.
The value of fungible assets does not differ significantly from the costs current as of year end.

Accounts receivable

Accounts receivable were recorded at their presumable realisation value, which corresponds to the difference between face value and provision for bad debts.
The accounts receivable on interest in arrears were written off in the years in which they have respectively accrued.
The amount allocated as provision for bad debts was calculated taking into account the risk of non-collection of the total of trade receivables taken as a whole, and deemed sufficient.
There are no accounts receivable for which collection terms were contractually postponed and that should therefore be written down and adjusted to current rates, in accordance with the accounting standards.

Current financial assets

Financial assets were recorded at the lesser of purchase cost, inclusive of ancillary costs, or current market value at year end.

Cash and cash equivalents

These are recorded at face value.

Accruals and deferrals

Accrual and deferral captions include the income or costs accruing in the year but to be collected or disbursed in future years, and the costs or income incurred or collected before year end but accruing in future years. These captions only include portions of costs and income in common to two or more years, the amount of which varies in time.

Provisions for liabilities and charges

The provisions for liabilities and charges include solely the amounts allocated in order to cover losses or payables of probable or certain occurrence, the amount or exact date of occurrence of which was however uncertain as of year end.

Provision for staff severance pay

Law 27 December 2006, no. 296 (2007 Finance Act) introduced new rules for the employees' severance pay ("TFR") accumulated effective from 1 January 2007. These rules apply to the Group companies with more than 50 employees.
As a consequence of the pension reform, for the holding company and for SAGAT Handling:

- the portions of TFR accrued as until 31.12.2006 remain with the company;

- the portions of TFR accrued effective from 1 January 2007, to each employee's individual option based on express or tacit acceptance, were either:

c) contributed to pension funds;
d) kept with the company, that transferred the portions of TFR to the Treasury Fund created by INPS, the Italian social security institution.

The portions accrued in the reference year since 1 January 2007 are still shown in caption B9 c) of the income statement, “Staff severance pay”.
Caption C in the balance sheet, “Provision for staff severance pay” shows the residual amount of the provision as of 31 December 2010; captions D13, “Social security payables” and D14, “Other payables” show the accounts payable as of 31 December for portions of TFR still to be contributed to the Treasury Fund of INPS and to pension funds.
As far as SAGAT Engineering is concerned, as this company has a number of employees below the threshold of application of the new rules, the provision for staff severance pay reflects the amount calculated pursuant to art. 2120 of the Civil Code and to the collective bargaining agreement in force. The item includes the accounts payable on this respect to all the employee as of year end, after deduction of advances already granted and of amounts contributed to pension funds.

Accounts payable

These were recorded at face value.

Revenues and expenses

Revenues, expenses and other income and costs were recognised according to the principles of conservatism and accrual, after deduction of discounts, allowances, incentives and facilitations. The earnings from services were recognised when the corresponding services were rendered.

Grants

Grants are recorded in the income statement under the caption “Other income and proceeds” in the year where reasonable certainty arises that the company is entitled to receive them, and posted as deferred income accruing in future years; at the end of each year, such deferred income is reduced and reversed to the income statement, at the same rate used for the amortisation or depreciation of the asset that the grant refers to.

Income taxes

The corporate income taxes ("IRES" and "IRAP") payable, shown in caption E.22, are calculated in accordance with tax regulations on the basis of the taxable income.

Already from the year ended 31 December 2004, the holding company SAGAT, acting as parent company, had opted for consolidated taxation pursuant to articles 117 et seq. of President's Decree 917/86.
During the year 2006, the subsidiary Sistema S.r.l. also opted in.
As a consequence of this, SAGAT S.p.A. calculates the IRES owed by the Group in accordance with the rules mentioned above, setting off its result with the positive and negative taxable bases of the consolidated companies.
The economic relationships, the responsibilities and the mutual obligations that the consolidated companies have with one another are defined in the "bilateral agreements on tax consolidation and relevant information flows" signed by the Group companies, whereby:

- the subsidiaries with a positive taxable income will transfer to the parent company the funds corresponding to the greater tax owed by the latter on the consolidated income; in this case, instead of recording the taxes for the year, the subsidiaries will record the account payable to the holding company, that will pay the tax;

- the subsidiaries with a negative taxable income will receive a compensation corresponding to the tax saving that they would benefit from without the tax consolidation, regardless of whether the loss is included or not in the calculation of the Group's income; in this case, the subsidiary will record an account receivable from the parent company equal to the tax benefit that will become available to the latter, and deduct the corresponding consolidation gain from the current taxes for the year;

- by virtue of principal or joint and several liability, each subsidiary agrees to refund any amounts that the parent company may be required to pay to the Tax Office for facts under the responsibility of that subsidiary;

- the parent company is solely entitled to decide whether to file appeals against tax assessments and/or penalties in circumstances subject to joint and several liability of the parent company and the subsidiaries.

Deferred taxes

The Group has recorded deferred taxes according to the temporary differences in the taxable base arisen during the course of the year. In particular, the deductible temporary differences arising from negative income components to be deducted totally or partially in future years will generate deferred tax assets, recorded under caption C.II.4-ter of the assets section, while the temporary differences arising from positive income components to be taxed in years subsequent to the reference one, or from negative income components deducted in a year preceding the one in which they were recorded in the income statement, will generate deferred tax liabilities, recorded under caption B.2 of the liabilities section. Deferred taxes are calculated at the tax rates currently in force and taking into account the tax rates expected in future years.
The amount shown in the caption “Income taxes for the year” is the result of the algebraic sum of current and deferred taxes, so as to represent the actual tax burden pertaining to the reference year.

No deferred tax assets that cannot be reasonably expected to be recovered in the future were recorded. Similarly, no deferred tax liabilities that are unlikely to arise were recorded.
The description of the temporary differences that led to recording deferred tax assets and liabilities, the indication of their rates and of the differences compared to the prior year, of the amounts recorded in the income statement (as earnings) and as equity components (liabilities), is given in the tables commenting the deferred tax assets and liabilities for the year.

As the consolidation agreements provide that the consolidated companies be entitled to a refund of the tax savings corresponding to the fiscal losses transferred to the parent company, where such losses exist, the corresponding amount of deferred tax assets was not recorded.

Principles for the translation of items stated in foreign currencies

Any assets and liabilities other than non-monetary fixed assets are recorded at the exchange rate in force as of year end; any net gains are allocated to a specific non-distributable reserve at the moment of calculating the operating result.

4.2.3 PART III: ANALYSIS OF PRINCIPAL CONSOLIDATED ITEMS

The additional information to be disclosed under art. 38 of Legislative Decree 127/1991 are given in the same order as in mandatory financial statements patterns.

BALANCE SHEET

Intangible assets

These are the costs of permanent, non-tangible production factors, after deduction of the relevant amortisation. They relate to permanent ownership and utilisation rights (or similar) or concession rights, to improvements made to leased assets, or to outstanding costs that will affect future years.
Intangible assets, totalling €7,811 thousand, have decreased on aggregate by €3,193 thousand in the year.
The summary table below reports a detailed description of the variations in the various intangible assets components occurred during the year.

	01/01/2013			*Difference*					***31/12/2013***
	Historical cost	*Amorti-sation provision*	*Valued carried*	*Purchases/ Capitalisa-tions*	*Reclass. + (-)*	*Disposals/ Write-offs*	*Write-Downs (-)/ Reval.*	*Amortisation*	***Valued carried***
B.I.1 Start up and improvement costs	33	32	**1**						**1**
B.I.3 Industrial patent and intellectual property rights (ex B.I.4)	2.222	2.005	**217**	126				(178)	**165**
B.I.6 Investments in progress and payments on account	889	-	**889**	75					**964**
B.I.7 Other fixed assets	26.957	17.060	**9.897**	107				(3.323)	**6.681**
Total intangible assets	**30.101**	**19.097**	**11.004**	**308**	**0**	**0**	**0**	**-3.501**	**7.811**

The variation shown in caption B.I.3 “Industrial patent and intellectual property rights”, net of amortisation for €178 thousand, relates to the installation of new software or the implementation of existing software by the holding company (€126 thousand), as described in detail in the Directors' Report section on investments.

The caption “Other assets” (B.I.7) includes mostly the costs incurred by the holding company for improvements and additions to the aprons and for the intensive renovation of the runway, net of annual amortisation; this particular "other assets" component has increased by €76 thousand and was amortised for €3,181 thousand, out of a total of €3,323 thousand amortisation for the entire caption.

Tangible assets

These include the costs (revalued as applicable) of permanent production factors represented by capital equipment owned by Group companies, including those that will be returned upon expiration of the concession, characterised by the dual requirement of long useful life and tangible nature, shown after deduction of depreciation, including concession-based depreciation.

Tangible assets amount in total to €60,095 thousand and have decreased on aggregate by €5,139 thousand in the year.

The summary table below reports a detailed description of the variations in the various tangible assets components occurred during the year.

	01/01/2013				*Difference*							*31/12/2013*			
	Historical cost	*Reval. as per Laws 72/1983 and 342/2000*	*(Depre-ciation provisions)*	*Balance*	*Purchases*	*Reclassifica-tions*	*(Divest-ments original cost)*	*Divest. Use of provision*	*(Revaluation difference)*	*(Deprecia-Tion)*	*Realignment of depreciation provision*	*Historical cost*	*Reval. as per Laws 72/1983 & 342/2000*	*(Depre-ciation provisions)*	***Valued carried***
B.II.1 Land	3.516			**3.516**								3.516			**3.516**
B.II.bis 1 e B.II.bis 1bis Buildings and related roads [1]	76.657	282	(40.710)	**36.229**	127	2.426				(2.123)		79.210	282	(42.833)	**36.659**
B.II.bis 2 Plant and machinery [1]	56.779	6.567	(49.528)	**13.818**	361	1.762	(34)	22		(3.908)		58.868	6.567	(53.414)	**12.021**
B.II.3 Operating and sales equipment	13.671	182	(11.480)	**2.373**	145					(777)		13.816	182	(12.257)	**1.741**
B.II.4 Other assets	31.673	2.036	(31.484)	**2.225**	437	110	(47)	47		(919)		32.173	2.036	(32.356)	**1.853**
B.II.5 Investments in progress and payments on account	7.073			**7.073**	1.530	(4.298)						4.305			**4.305**
Total tangible assets	**189.369**	**9.067**	**(133.202)**	**65.234**	**2.600**	**-**	**(81)**	**69**	**-**	**(7.727)**	**-**	**191.888**	**9.067**	**(140.860)**	**60.095**

[1] Freely transferable assets

Tangible assets have decreased on aggregate by €5,139 thousand in the year. The summary table below reports a detailed description of the variations in the various tangible assets components.

The “Buildings and related roads” (B.II.bis 1 and 1 bis) have increased on aggregate by €430 thousand. The variation, ascribable entirely to the holding company, was caused by the combined effect of purchases (€127 thousand), capitalisation of assets previously recorded as investments in progress (€2,426 thousand) and annual depreciation (€2,123 thousand). In particular, the rainwater collection tanks at the runway were capitalised for a total amount of €1,327 thousand; a significant impact is also that of certain construction works at airport buildings for a total of €217 thousand.

No obsolete asset was disposed of during the year.

The caption “Plant and machinery” (B.II. bis 2) has decreased on aggregate by €1,797 thousand. The variation, ascribable entirely to the holding company, is due to purchases (€361 thousand), capitalisation of assets previously recorded as investments in progress (€1,762 thousand) and annual depreciation (€3,908 thousand). In particular, the increases relate to the capitalisation of rainwater collection tanks at the runway for €475 thousand and to the capitalisation of construction works at airport buildings for a total of €484 thousand.

Also, assets not entirely depreciated but no longer suitable to business requirements were disposed of (€34 thousand).

The caption “Operating and sales equipment” (B.II.3) has decreased on aggregate by €632 thousand, due to purchases (€145 thousand) and annual depreciation (€777 thousand).

Among the most significant purchases made in the year there are 4 portable explosives detectors purchased by the holding company and a tow bar for Embraer aircraft purchased by the subsidiary SAGAT Handling. No obsolete asset was disposed of during the year.

The caption “Other assets” (B.II.4) has decreased on aggregate by €372 thousand, due to depreciation for €919 thousand, purchases and reclassification of investments in progress (€547 thousand in total) and disposal of obsolete and fully depreciated assets (€47 thousand). The increase is due mostly to the purchase by the holding company of a fluids spreader vehicle for airport road cleaning and of hardware items, as described in detail in the Directors' Report section on investments. As to SAGAT Handling, the increase in “Other assets” for a total of €137 thousand derives from the purchase of a CLT8 Cargo Loader Transporter to handle cargo up to 3.6 tonnes (€125 thousand) and from improvements to the electric tractor fleet (€12 thousand).

Obsolete and fully depreciated assets for a value of €47 thousand were disposed of by the subsidiary SAGAT Handling.

The caption “Investments in progress and payments on account” (B.II.5) has decreased by €2,768 thousand.

The balance of the revaluation applied pursuant to Law 72 of 19/3/1983 and to Law 342 of 21/11/2000 has not changed from the prior year. The details of the revaluation applied are shown in the table below:

Figures are stated in Euro thousand

Item	*Net value revaluation*	*Statutory 72/83*	*Revaluation per Law 342/2000*	*Total*
B.II.1 Land	3.516	-	-	3.516
B.II.1 Buildings and related roads	76.657	282	-	76.939
B.II.2 Plant and machinery	56.779	50	6.517	63.346
B.II.3 Operating and sales equipment	13.671	182	-	13.853
B.II.4 Other assets	31.673	52	1.984	33.709
B.II.5 Investments in progress and payments on account	7.073	-	-	7.073
Total tangible assets	**189.369**	**566**	**8.501**	**198.436**

The amount of interest expense recorded under balance sheet assets is shown in the table below and has not changed from the prior year (art. 2427 (1.8) of the Civil Code):

Item	*Gross value*
B.II.1 Buildings and related roads	2.323
B.II.2 Plant and machinery	792
Total tangible assets	**3.115**

Financial assets

The equity investments recorded amount to a total of €52,953 thousand, of which €35,312 thousand in associated companies and €17,641 thousand in other companies.
The investments in associated companies have increased by €75 thousand in the year, to include the shares held by the holding company SAGAT in Air Cargo and those held by Aeroporti Holding (hereinafter, AH) in the company that runs the Florence airport (hereinafter, ADF). As of 31 December 2013, AH held 3,017,764 shares of ADF, or 33.40% of its capital. Both holdings have remained the same as in the prior year.
As a consequence of the investments made in previous years, the value of the investment in ADF includes a net goodwill as of year-end 2013 amounting to a total of €19,591 thousand.
The amount has not changed due to the value attributable to the forty-year concession for the management of the Florence Peretola airport, which the company obtained in 2003, and to the

fact that the company will presumably be able to generate a higher income in the future. In any case, final confirmation that maintaining such amount was a correct option is given in by the transfer, early in 2014, of the entire holding at a price greater than the carrying value. Please refer on this matter to the section of the Directors' Report on the significant events occurred after year end.
Following the same principle adopted in the previous years, the goodwill recorded in the consolidated financial statements as of 31 December 2013 was calculated according to the length of the airport management concession, €676 thousand, and as pro-rata of the result for the year obtained by the subsidiary, €964 thousand, net of dividends collected in the year €241 thousand).
Also, as of 31 December 2013 ADF shares were listed at €9.60 on the Italian Stock Exchange, Standard segment (Class 1).
The caption "Investments in other companies" has decreased on aggregate by €82 thousand due to the closing, in 2013, of the liquidation procedures for the companies Ciriè 2000 and PISTA, held by the holding company SAGAT and by the subsidiary SAGAT Handling, respectively.
The carrying value of the principal holding included in the "Other assets" has remained unchanged. This is the share held by Aeroporti Holding in Aeroporto G. Marconi di Bologna S.p.A. As of 31 December 2012, in the absence of purchases, sales or other variations in the year, Aeroporti Holding holds 7.21% in the share capital of the company Aeroporto G. Marconi di Bologna S.p.A. for a carrying value of €17,641 thousand.
The information about the holdings in subsidiary companies is summarised in the table below; please note that the latest financial statements approved available for the year 2012 were used.

Denomination and location	*Share capital*	*Net result as of 31/12/2012*	*Equity as of 31/12/2012*	*% held*	*Nominal share held as of 31/12/2012*	*Carrying value as of 31/12/2013*	*Share of result 2012*
Aeroporto di Firenze SpA based in Firenze Via del Termine, 11	9.035	3.296	41.354	33,40%	3.018	35.293	964
Air Cargo Torino Srl based in Caselle T.se – c/o Aeroporto	103	16	53	36,00%	37	19	6

The information on "Other equity investments" is shown below. Please note that the figures reported above refer to the financial statements as of 31.12.2012 and are shown in accordance with article 2427 bis of the Civil Code. The figures for the company Aeroporto G. Marconi di Bologna S.p.A. refer to the consolidated financial statements.

Denomination and location	*Share capital*	*Net result as of 31/12/12*	*Equity as of 31/12/12*	*% held*	*Nominal share held as of 31/12/2012*	*Carrying value as of 31/12/2012*	*Difference between equity share held & carrying value*
Aeroporto G.Marconi di Bologna S.p.A. - Bologna Borgo Panigale	74.000	1.685	118.814	7,21%	8.566	17.641	(9.075)

There are no factors that may lead to assume a permanent impairment in the carrying value of the other investments.
The accounts receivable recorded under financial assets for a total of €10 thousand comprise cash deposits lodged in previous years, and have decreased by €10 thousand from the prior year due to the repayment obtained from the subsidiary SAGAT Engineering.
Financial assets also include 74,178 treasury shares for a total value of €4,824 thousand, the same as in the prior year.

Inventory

The inventory, totalling €1,467 thousand, refers basically to goods intended for sale at the Airport Retail Corners (€1,152 thousand) and to raw and ancillary materials, consumables and maintenance materials (€315 thousand). The item has increased by €356 thousand compared to the amount recorded at the end of 2012, €1,823 thousand.
As of year end, the inventory did not include any element that might be expected to be realised at a lower price than the respective inventory value.

Accounts receivable

These are recorded for a total of €24,423 thousand, compared to €27,212 thousand in 2012. The total relates mostly to customers in Italy or in the European Union.
The caption "Accounts receivable from customers" has decreased from €11,535 thousand as of 31/12/2012 to €10,937 thousand as of 31/12/2013, by €598 thousand. This caption includes accounts receivable at a face value of €13,744 thousand (€16,149 thousand in 2012) net of the write-down (€2,807 thousand) allocated to the provision for bad debts and to the provision for bad debts on interest in arrears.
The receivables from customers include €0.9 million challenged by a number of airport users with respect to the congruity of certain fees applied by the holding company. In view of this, SAGAT has taken all the necessary measures to protect its rights. For details about pending controversies, please refer to the section in the Directors' Report for the holding company on controversies.

The provision for bad debts was used during the year in the total amount of €1,882 thousand and then reinstated with an allocation of €75 thousand. Therefore, the total value of the provision is sufficient to cover risks of non-collection of the accounts receivable existing as of year end.

The receivables from subsidiary companies, €801 thousand and unchanged from the prior year, relate to amounts owed to the holding company by the subsidiary Torino Servizi s.r.l., which is under liquidation and as such left outside the scope of consolidation, as explained above. SAGAT had prudentially allocated the amount of these receivables to the provisions for liabilities and charges already in previous years.

Tax receivables were recorded for €3,751 thousand (€3,560 thousand as of 31/12/2012). These receivables are due beyond 12 months in an amount of €66 thousand. The details of tax receivables are shown in the table below:

Detail	*2013*	*2012*
IRES receivables	1.151	1.135
IRES refund receivables	1.041	1.041
IRAP receivables	183	153
Creditor VAT	1.083	1.004
Other	293	227
Total	**3.751**	**3.560**

Please note that the “Account receivable on IRES refund”, €1,041 thousand, relates to the application for refund of the extra taxes paid between 2007 and 2011, due to the omitted deduction of the IRAP tax due on the costs of subordinate and quasi-subordinate employees, allowed under art. 4 (12) of Decree Law 2.3.2012 no. 16, converted into Law 26.4.2012 no. 44.

In particular, the application for refund, filed on 18.02.2013 by the holding company for all Group companies by virtue of tax consolidation, pertains for €724 thousand to SAGAT, for €302 thousand to SAGAT Handling and for €15 thousand to SAGAT Engineering.

The balance of the captions “IRES receivables” and “IRAP receivables” represents, as far as IRES is concerned, the difference between the payments on account made during the year and the amount payable as it results from the tax consolidation and, as far as IRAP is concerned, the difference between the payments on account made during the year and the amounts payable as they result from each company's tax return.

The caption "Deferred tax assets" shows a balance of €3,156 thousand; if individual companies had considered a limited time horizon for the reversal of these assets, this balance would have been greater by €2,328 thousand.

The details of deferred tax assets are shown in the table below:

Detail	
Balance as of 31/12/2012	**3.489**
Use of deferred tax assets 2013	-1.511
Use of deferred tax liabilities 2013	0
Allocation of deferred tax assets 2013	1.178
Allocation of deferred tax liabilities 2013	
Contingent gains	
Balance as of 31/12/2013	**3.156**

The caption “Other accounts receivable”, totalling €5,778 thousand, has decreased by €2,049 thousand compared to the prior year. This variation is basically due to the collection by the holding company of €2,716 in accounts receivable from the PA recorded in previous years and related to the well-known issue of inflation adjustment of airport fees; for more details please see the section in the Director's Report on controversies. This decrease was partially set off by the increase in the accounts receivable by SAGAT from carriers on Municipal taxes (€1,123 thousand) and by other minor variations.

Detail	*31/12/2013*	*Of which due after 12 months*	*31/12/2012*	*Of which due after 12 months*	*Difference*
Accounts receivable from the Municipality of Turin	211		211		-
Other accounts receivable from the P.A.	33		2.749		(2.716)
From vendors on downpayments & credit notes non expected	421	11	584	11	(163)
Other accounts receivable	5.113	73	4.283	73	830
Total	**5.778**	**84**	**7.827**	**84**	**(2.049)**

The caption “Accounts receivable from the Municipality of Turin”, unchanged from the prior year, represents the residual portion of an advance that SAGAT had to pay in 1992 for the completion of certain works at the control tower, in order to cover the insufficient funds earmarked by the Municipality after the building contractor ICEM went bankrupt and the guarantor insurer FIRS was placed into forced liquidation, as neither of the latter honoured their obligation to repay the contractually agreed advances. The company has filed proof of claim as creditor in the bankruptcy of ICEM and in the forced liquidation of FIRS. No decisive event in this proceeding has occurred during the year.

The caption "Other accounts receivable" includes €4,566 thousand in receivables on Municipal taxes owed to the holding company by the carriers working at the airport.

Current financial assets

All the securities held by the holding company for a value of €260 thousand have come to expiration as of 31.12.2012, so the portfolio is currently empty.

Cash and cash equivalents

These include:

- as to bank and post office deposits, the funds immediately available on deposits or current accounts with banks and post offices;

- as to cash in hand, the liquidity existing as of 31 December 2013 in the treasuries of Group companies;

- as to cheques, the credit instruments received before year end and deposited with banks for collection in the opening days of the subsequent year.

Compared to the past year, the items are broken down as follows:

Detail	*31/12/2012*	*Difference*	*31/12/2013*
Cash in bank and post office current accounts	1.979	1.002	2.981
Cash and valuables in hand	79	8	87
Cheques	16	(8)	8
Total	**2.074**	**1.002**	**3.076**

Accrued income and prepayments

These total €306 thousand (€280 thousand as of 31/12/2012), as better detailed below:

	31/12/2013	31/12/2012
Accrued income		
Deferred interest income	-	9
Total accrued income	**-**	**9**
Prepayments		
Insurance	220	176
Other	86	95
Total prepayments	**306**	**271**
Total	**306**	**280**

The caption "Insurance" includes the portions of insurance premiums paid in 2013 and accruing in the subsequent year.

Receivables, accrued income and prepayments broken down by maturity and type.

A breakdown of receivables, accrued income and prepayments by maturity and type is presented below:

	31/12/2013			
	Due within 12 months	*Due after 12 months*	*Due after 5 years*	*Total*
Receivables recorded under financial assets				
From others	-	10	-	10
Current receivables				
From customers net of credit notes to be issued and write-downs	10.937	-	-	10.937
From subsidiary companies	16	785	-	801
Tax receivables	3.684	67	-	3.751
Deferred tax assets	366	2.790	-	3.156
From others	5.694	84	-	5.778
Accrued income and prepayments	**306**	**-**	**-**	**306**

Shareholders' equity

The capital stock of the holding company amounts to Euro 12,911,481, unchanged from the prior year, composed of 2,502,225 shares each with a face value of €5.16. As of year end, it was distributed as follows among the Shareholders:

F2i sgr S.p.A.	50.79%
Equiter S.p.A	12.40%
FCT Holding S.r.l.	10.00%
Finpiemonte Partecipazioni S.p.A.	8.00%
Tecnoinvestimenti S.r.l.	6.30%
Province of Turin	5.00%
Aeroporto “G. Marconi” di Bologna- SAB S.p.A.	4.13%
Aviapartner S.p.A.	0.42%
Treasury stock	2.96%
Total	**100.00%**

On 13 January 2014, in enforcement of the transfer resolution adopted on 20 December 2013, F2i sgr S.p.A. formally transferred its interest in SAGAT S.p.A. (50.79% of the capital) to F2i Aeroporti S.p.A..

Later, on 27 January 2014, the shareholder Aeroporto Guglielmo Marconi di Bologna S.p.A. transferred 92,600 shares of SAGAT S.p.A., or 3.67% of its capital, to F2i Aeroporti S.p.A., and the remaining 11,411 shares of SAGAT S.p.A. to Tecnoinvestimenti S.r.l., and therefore is no longer a shareholder of that company. Therefore, the share capital as of 27/01/2014 is composed as follows:

F2i Aeroporti S.p.A.	54.46%
Equiter S.p.A	12.40%
FCT Holding S.r.l.	10.00%
Finpiemonte Partecipazioni S.p.A.	8.00%
Tecnoinvestimenti S.r.l.	6,76%
Province of Turin	5.00%
Aviapartner S.p.A.	0.42%
Treasury stock	2.96%
Total	**100.00%**

The share premium reserve recorded amounts to €6,104,521. This reserve is tax-exempt in case of distribution and has not changed from the prior year.
The revaluation reserve was recorded to account for the revaluation of company assets made by the holding company pursuant to Law 342/2000. This reserve, amounting to €7,363 thousand,

has decreased by €1,150 thousand after being used to partially cover the loss carried from the prior year.

The legal reserve, amounting to €2,582 thousand, has not changed compared to the prior year, as it has already reached one-fifth of the capital pursuant to art. 2430 (1) of the Civil Code.
The other reserves comprise:

- reserve for the purchase of treasury shares, €4,824 thousand. This reserve was created in consequence of the shareholders' resolution of 10/12/2002 that authorised the purchase of a maximum of 58,400 shares of the company, entirely freed up, for a total amount of €2,336,000 euro. On 14 March 2003 the holding company made such purchase. The original value was adjusted up to €2,537 thousand during the course of 2006. In 2008 the reserve increased further by €2,286 thousand, after the closing of the stock option plan addressed to the holding company's managers. The increase was made by drawing a matching amount from the extraordinary reserve. In 2012 the reserve did not change;

- extraordinary reserve, €21,321 thousand. this is made up entirely of annual profits and is the same as in the prior year;

- reserve for extraordinary investments, €4,906 thousand, made up entirely of provisions subject to ordinary taxation and unchanged from the prior year;

- the provision as per art. 55 of President's Decree 917/86, that included €17 thousand in untaxed contributions collected by the holding company in previous years, was used up to cover part of the loss carried from the prior year. Therefore, as of 31 12 2013 this provision amounts to nil;

- consolidation reserve, €2.270 thousand, unchanged from 2011;

- the profit (loss) carried forward, €1,199 thousand, includes inter alia the effect on the results of previous years of the amortisation of the difference between the carrying value of the holding in ADF for the subsidiary Aeroporti Holding and the corresponding equity share.

The equity pertaining to minority shareholders, 23,349,391, includes the capital and reserves of subsidiaries pertaining to minority shareholders and has changed by €25.985 in the year, due to a €106,175 increase arising from the portion of the net result pertaining to minority shareholders and to a €80,190 decrease arising from the dividends distributed by the subsidiary Aeroporti Holding.
No deferred tax liabilities were recorded for untaxed reserves, because no transaction that may give rise to taxation is expected for the time being.
The reconciliation between the holding company's equity and result for the year and the consolidated equity and result for the year is given below:

Figures shown in Euro

	Shareholders' equity	Net result
Equity and net result, SAGAT	**60.226.634**	**214.584**
Difference between carrying value and equity of consolidated companies	3.514.830	-414.612
Consolidation adjustments	5.787	466.729
Equity and net result pertaining to the Group	**63.747.251**	**266.701**
Equity and net result pertaining to minority shareholders	**23.349.391**	**106.175**
Equity and net result pertaining to the Group and to minority shareholders	**87.096.642**	**372.876**

The year-on-year differences in the equity of the Group lie only in the consolidated result of the year.
Compared to the prior year, the equity pertaining to minority shareholders has increased, due to the attribution to minority shareholders of their portion of the result of the year.

Provisions for liabilities and charges

The details of this item are shown in the table below:

	31/12/2012	*Amount allocated*	*Amount used*	*31/12/2013*
Provision for future liabilities	5.684	1.447	(1.198)	5.933
Provision for maintenance costs on assets held in concession	8.759	1.250	(1.385)	8.624
Total	**14.443**	**2.697**	**-2.583**	**14.557**

The provision for future liabilities, €5,933 thousand, is recorded according to the principle of conservatism to account for possible liabilities arising from civil and administrative controversies, pending or merely probable. During the year the provision has increased by €249 thousand, as a consequence of the following:

- the holding company used provisions made in past years to cover pending controversies for €944 thousand and the various companies released provisions made in past years to counter certain controversies with the employees, for €254 thousand;

- a total of €1,447 thousand were allocated. The variations concerned:

  - allocation of €1,008 thousand out of the interest, revaluation and Court expenses obtained from the legal action on adjustment of airport fees to the planned inflation rate for the years 1999 to 2005. For more details please refer to the section in the Director's Report on pending controversies;
  - allocation of €439 thousand in connection with new controversies started and potential liabilities arisen during the year.

The provision for leasehold maintenance expenses included the amount allocated by the holding company to cover the maintenance of the assets in concession that the company is required to provide under the obligation to return such assets in good state upon expiration of the concession in 2035. The portion allocated in the year was calculated according to criteria that the company has routinely followed in the past years. An amount of €1,385 thousand from this provision was used to cover part of the maintenance costs safety compliance costs incurred in 2013, that are of recurring nature and are intended to counter the ordinary wear and tear of the assets in question.

Provision for employees' severance pay

The provisions for the employees' severance pay ("TFR") were calculated for each company and in accordance with the rules applicable to each company in the Group, as better explained in the paragraph on the drafting principles for the consolidated financial statements.
The caption "Amount allocated" includes the revaluation of the provision, calculated in accordance with the law, and the TFR accrued between 1 January and 31 December 2013, kept with the company, contributed to pension funds and allocated to the INPS Treasury Fund.
The caption "Amount used" includes the TFR paid during the year to the employees, both in the form of payments on account and upon termination of employment, and the TFR accrued and destined to pension funds and to the Treasury Fund as described above.
The table below shows the variations occurred during the year:

Balance as of 31/12/2012	**4.201**
Amount allocated in the year	953
Amount used for resignations, payments on account, transfers to INPS or pension funds	(918)
Balance as of 31/12/2013	**4.236**

Accounts payable

The accounts payable are recorded for €34,546 thousand (€43,270 thousand as of year-end 2012). They relate mostly to vendors in Italy or in the European Union.
Their breakdown and most significant variations occurred during the year are shown below.
The accounts payable to the shareholders relate to non-interest-bearing loans granted to Aeroporti Holding by other shareholders than the holding company. This account payable, amounting to €393 thousand, has decreased by €53 thousand after the partial repayment made during the year.
The accounts payable to banks, totalling €9,125 thousand (€14,998 thousand in the prior year) relate entirely to the holding company and are composed as follows:

- short-term payables totalling €1,625 thousand, to cater for temporary liquidity requirements, at competitive rates compared to the market average. These payables are all in the form of current account overdrafts;

- long-term loan in the amount of €7.5, contracted on 8 February 2010 for an original amount of €15 million. This loan is not backed by guarantees and is subject to the compliance with the usual financial parameters, that were actually complied with. In addition to the loan mentioned above, in order to fix its cost definitely for its entire duration, an interest rate swap agreement of the same length as the loan was executed. The portion of this loan expiring within 12 months amounts to €1,500 thousand.

In order to guarantee that the non-speculative nature of the fund is maintained throughout its duration, the amount of principal under the IRS agreement will follow the repayment schedule of the loan, and be reduced gradually until it reaches zero in concurrence with the repayment of the last instalment.

The accounts payable to vendors include the trade payables towards other entities than Group companies. They amount on aggregate to €9,489 thousand (€13,738 thousand in the prior year) and have decreased by €4,249 thousand.

Tax payables are detailed in the table below:

	31/12/2013	*31/12/2012*
IRAP		7
VAT payables		
Withholding tax payables	528	517
Surtaxes payable Fees	558	532
Other	3	3
Total	**1.089**	**1.059**

This item does not include payables due beyond 12 months.

Social security payables are all due within 12 months and shown in the table below:

	31/12/2013	*31/12/2012*
INPS/INAIL	717	742
Other	350	414
Total	**1.067**	**1.156**

The other payables, totalling €13,383 thousand, relate to:

	31/12/2013	*31/12/2012*
ENAC/Concession fee	187	227
Employees	1.421	1.394
Surtaxes on boarding fees	5.006	4.261
Other payables	6.769	5.989
Total	**13.383**	**11.871**

Please note that, in accordance with the laws in force, the entire amount of the account payable to ENAC on airport fees was paid in January 2014 by the holding company, and therefore this account payable was brought to nil.

The caption "Other payables" also includes, for a total of €5,100 thousand, the account payable by the holding company on fire-fighting services at the airport as governed by the 2007 Finance Act.

The account payable by the holding company to the Tax Office on Municipal taxes has increased in the year by €745 thousand and represents the contra entry of the account receivable by SAGAT from the carriers for the same reason. Please note that SAGAT is only required to proceed with the payments as it collects the amounts owed by the carriers.

Accrued expenses and deferred income

As of 31.12.2013 these amount on aggregate to €14,527 thousand (€16,970 thousand as of 31.12.2012) and are composed as better explained below:

	31/12/2013	*31/12/2012*	*Difference*
Accrued expenses			
Interest expense on loans	1	2	-1
Other		1	-1
Total accrued expenses	**1**	**3**	**-2**
Deferred income			
Regional construction grants for airport infrastructure improvements	12.438	13.761	-1.323
ENAC grants for BHS and hold baggage security systems	1.884	3.011	-1.127
Other	204	195	9
Total deferred income	**14.526**	**16.967**	**-2.441**
Total	**14.527**	**16.970**	**-2.443**

The caption “Deferred income” relates mostly to portions of construction grants deferred by the holding company because not pertaining to the reference year. These grants were recorded according to the specific accounting criteria described above. The decrease recorded in the reference year relates mostly to the 2013 portion of these grants released to the income statement.

Payables, accrued expenses and deferred income broken down by maturity and type.

A breakdown of payables, accrued expenses and deferred income by maturity and type is presented below:

as of 31/12/2013

Accounts payable	*Within 12 months*	*After 12 months*	*of which after 5 years*	*Total*
Accounts payable				
Loans from shareholders		392		**392**
To banks	1.625	7.500	1.500	**9.125**
To vendors	9.489			**9.489**
To subsidiary companies	1			**1**
To Tax Office	1.089			**1.089**
To social security institutions	1.067			**1.067**
To others	13.248	135		**13.383**
Total account payable	**26.519**	**8.027**	**1.500**	**34.546**
Accrued expenses and deferred income	**2.467**	**12.060**	**5.832**	**14.527**

Commitments and nature of memorandum accounts

The companies included in the consolidation have not given collaterals as a guarantee for their own or third parties' obligations.
Other memorandum accounts that are worth knowing in order to assess the Group's financial position and standing are also recorded (art. 2425 (2) of the Civil Code). Their breakdown and nature are shown below:

Nature	*31/12/2013*	*31/12/2012*
Third-party assets received in concession	59.654	59.654
Personal guarantees received from third parties	15.161	14.487
Personal guarantees given to third parties	78	78
Total	**74.893**	**74.219**

Third-party assets in concession are the fixed assets received in concession by SAGAT. These however are only the investments made by the entity granting the concession since the 1980's to this date, as the value of the assets built before then —which include aircraft movement areas— is unknown.
They also include the value of the airport enlargement works carried out and funded by the Municipality of Turin on the occasion of the Winter Olympics.
The personal guarantees received from third parties are the bank guarantees received from carriers and from third parties in general.
The personal guarantees given to third parties, €78 thousand, are personal guarantees given by FINAIRPORT SpA (now SAGAT Handling) to an insurance company —pro-rated with the other shareholders— against the bank guarantee given by the insurer to the town of Ciriè on behalf of the subsidiary CIRIE' 2000 Srl, for urban development and construction costs relating to that company, and against an application for VAT refund, again on behalf of the subsidiary CIRIE' 2000 Srl.

INCOME STATEMENT

Income statement items are classified in accordance with the explanatory document of the accounting standard issued by Italy's National Committee of Professional Accountants ("CNDC") no. 12 (concerning the classification in the income statement of income and costs according to current accounting standards) and with the explanatory document no. 1 of the accounting standard issued by the Italian Accounting Body in 2005.

Revenues from sales and services

The revenues from sales and services obtained by the Group, entirely in the territory of Italy and from customers based mostly in Italy or in the European Union, are broken down as follows (art. 2427 (1.10) of the Civil Code):

	Year 2013	*Year* 2012
Revenues from air traffic	12.572	13.975
Security	5.614	6.248
Handling and air traffic services	12.280	15.229
Car parking services	5.466	6.318
Subcontracted services	1.712	2.091
Subcontracted businesses and airport spaces	9.712	10.006
Centralised infrastructures	5.807	6.302
Assets in exclusive use	656	661
Assets used in common	272	316
Other revenues	53	64
Total	**54.144**	**61.210**

Other revenues and proceeds

The other proceeds are broken down as follows:

	Year 2013	*Year* 2012
Recovery of utilities in common and miscellaneous expenses	125	307
Miscellaneous contingent gains	427	459
Other income	1.001	793
Grants	2.461	2.461
Total	**4.014**	**4.020**

This item, totalling €4,014 thousand, is basically the same as in the prior year.
The caption "Construction grants" includes, according to the criteria described above, among others, the following grants, all related to the holding company:

- FIP grant for the implementation of the "Investments for safety services management" project (resolution of Regione Piemonte no. 339/02 [ex 829/01]), recorded according to the criteria described above in the amount of €1 thousand;

- FIP grant for the implementation of the “Investments for safety services management” project (resolution of Regione Piemonte no. 407/02 [ex 828/01]), recorded according to the criteria described above in the amount of €9 thousand;
- grants from Regione Piemonte for the enlargement works at the passenger building, general aviation and baggage logistics building included in the Master Programme Agreement for the improvement of airport infrastructures in view of the "Turin 2006" 20th Winter Olympics (agreement no. 9313 of 12 July 2004), recorded according to the criteria described above in the amount of €1,322 thousand;
- ENAC grant for the construction of the automated baggage handling system (BHS) and of the security systems for the control of 100% of hold baggage (decree of 30 November 2006 issued by the Ministry of Transport jointly with the Minister of Infrastructures), recorded according to the criteria described above in the amount of €1,127 thousand.

PRODUCTION COSTS

Purchase of raw and maintenance materials, consumables and goods

The relevant costs are broken down as follows:

	Year 2013	*Year* 2012
Maintenance materials	360	438
Miscellaneous materials	141	150
Materials for resale	1.708	2.170
Fuels and lubricants	853	905
De-icing	275	513
Stationery and prints	56	77
Total	**3.393**	**4.253**

This item includes, among others, the cost incurred by the holding company to purchase the goods intended for resale in the Airport Retail Corners, as already explained in the section on closing inventory of these Notes.

Services

The costs of services are composed of:

	Year 2013	*Year* 2012
Miscellaneous services	3.241	3.379
Assistance, storage and PRM Services	776	805
Electricity and other utilities	3.486	3.673
Technical, management, marketing advice	685	862
Watch services	2.080	2.522
Cleaning, waste collection and disposal	886	866
Maintenance / repair and misc. contractual costs	1.334	1.731
Business and general insurance	463	452
Misc. staff costs (cafeteria, training, T&E, etc.)	571	736
Services rendered by subsidiary companies	-	-
Other	4.198	4.724
Total	**17.720**	**19.750**

Rent, lease and similar costs

These are composed of:

	Year 2013	*Year* 2012
Airport concession fee	432	480
Rent owed to Municipality of Turin	339	335
Rent owed to Municipality of San Maurizio	24	23
Other concession fees (radio)	75	59
Rent and leases	237	246
Total	**1.107**	**1.143**

Staff costs

Staff costs, inclusive of outsourced staff, amounted on aggregate to €18,954 thousand (€20,445 thousand in 2012), with a decrease by about €1,491 thousand compared to the prior year.

The variation is due essentially to the following factors:

- staff reduction (-2.49 FTE, of which 1.1 relating to executives) (about -€860 thousand);
- the fact that the Performance Bonus was not paid, as agreed with the trade unions on April 4, (-€199 thousand);

- enforcement of the agreement with the trade union that imposed the use of a greater number of holiday leaves (-€203 thousand);
- less extra hours worked (-€223 thousand).

The average headcount has considerably reduced, year on year (-17.84) and employees as of 31/12/2013 were 386, 11 less than at 31 December 2012.

The breakdown of total Group employees by category in 2012 and 2013, is shown below.

	Headcount 2013		Headcount 2012	
	Average	As of 31/12	Average	As of 31/12
Executives	4.33	4	5.75	5
Clerical staff	249.58	249	258	254
Blue-collar staff	131.67	133	139.67	138
Total	385.58	386	403.42	397

Amortisation, depreciation and write-downs

These are broken down as follows:

	Year 2013	*Year* 2012
Amortisation of intangible assets	3.501	3.823
Depreciation of tangible assets	7.727	7.937
Other write-downs of fixed assets		763
Write-downs of accounts receivable	75	3.891
Total	**11.303**	**16.414**

The caption "Amortisation and depreciation" has decreased from the prior year by €532 thousand, basically due to ordinary life cycle and replacement of fixed assets in the various Group companies.

No fixed asset was written down in 2013, for being no longer instrumental to the company's production process.

The provisions for bad debts were used during the year in the total amount of €1,882 thousand. At the close of 2013, the provisions for bad debts of the various Group companies were reinstated with a total allocation of €75 thousand. Therefore, the total value of the provisions is sufficient to cover risks of non-collection of the accounts receivable existing as of year end.

Variations in the inventory of raw and maintenance materials, consumables and goods

The stock of raw and maintenance materials, consumables and goods has decreased by €356 thousand in the year ended as of 31/12/2013. For a review of this variation, please see the section on closing inventory in these Notes. Inventory is mostly composed of goods purchased by the Airport Retail Corners operated by SAGAT S.p.A.

Provisions for liabilities and charges

An amount of €1,447 thousand was allocated in the year to the provision for liabilities and charges in order to cater for the losses or payables of probable or certain occurrence, the amount or date of occurrence of which is however uncertain as of the closing date. For details about the nature of the amounts allocated, please refer to the section dedicated to the provision for liabilities and charges and its variations in the Notes.

Other provisions

This item includes, for €1,250 thousand, the portion allocated by the holding company in the year to the provision for costs of maintenance and renovation of assets in concession.

Miscellaneous operating costs

Miscellaneous operating costs relate to:

	Year 2013	*Year* 2012
Entertainment expenses	91	103
Losses on receivables	-	-
Contingent liabilities /Downward adjustment of income	69	226
Membership fees	131	146
Damages paid to third parties	8	21
Fire Department fees	717	725
Municipal property taxes	256	234
Other	488	633
Total	**1.760**	**2.088**

The decrease by €328 thousand in this item compared to 2012 is due basically to the reduction of miscellaneous contingent liabilities.

Financial income and charges

Financial income is composed as follows:

	Year 2013	*Year* 2012
Income from equity investments	14	0
Interest income on securities	5	14
Other	41	17
Total	**60**	**31**

Financial income, €60 thousand on aggregate, includes €14 thousand in aggregate gains realised after the closing of the liquidation procedure for the subsidiaries Ciriè 2000 and PISTA, €5 thousand in interest income on fixed and variable yield securities, €41 thousand in interest

income, mostly for the holding company, from banks and post offices, the rest being interest income from other entities.
Interest and other financial charges, totalling €426 thousand, are made up of interest charges on short and long-term bank loans granted to the holding company.
Exchange gains and losses relate to differences realised during the year. Their balance is negative by €481 and they amount to €261 and €742 respectively.

Value adjustments on financial assets

This item shows a positive balance of €294 thousand, deriving mostly from the revaluation of the investment by the subsidiary Aeroporti Holding in Aeroporto di Firenze for about €288 thousand, as previously described in the paragraph on financial investments, increased by €6 thousand as a consequence of the revaluation of the investment held by the holding company in the associated company Air Cargo.

Extraordinary income and charges

The caption “Exceptional income”, €1,220 thousand on aggregate, represents the total of contingent gains relating to previous years.
Worth of note is, in particular, the exceptional income item recorded by the holding company in the amount of €1,008 thousand and relating to the already mentioned collection of interest, revaluation and Court expenses in connection with the legal action on the adjustment of airport fees to the planned inflation rate for the years 1999 - 2005. For more details please refer to the section in the Director's Report on pending controversies.
Lastly, there downward adjustments of income for the subsidiary SAGAT Handling, related mostly to damage claims recorded in previous years but closed without a positive outcome.

The caption "Exceptional charges" recorded in the aggregate amount of €587 thousand, includes the total of contingent liabilities relating to previous years, among which there is the €248 thousand contingent liability arising from the realignment of the payables to the employees of the various Group companies on holiday leaves accumulated from past years and not used.

Income taxes

This item, totalling €1,133 thousand, is composed of the estimated amount of income taxes for the year plus deferred tax assets and liabilities.

	Year 2013	*Year* 2012
IRES	0	865
IRAP	800	969
Deferred tax assets (liabilities)	333	-1240
Total	**1.133**	**594**

The table below shows the reconciliation between the theoretical tax burden and the tax burden recorded in the consolidated financial statements as of 31 December 2013, compared with the corresponding period in 2012.

	2013	2012
EBT	1.505.856	-260.543
Theoretical IRES rate (%)	27,5%	27,5%
Theoretical income tax	414.110	-71.649
Tax effects of IRES variations	-414.194	936.758
Effects of deferred tax	332.997	-1.240.312
IRAP	799.977	969.585
Income taxes carried (current and deferred)	**1.132.890**	**594.382**

The theoretical tax burden was calculated by applying the current corporate income tax ("IRES") rate (27.5%) to the EBT of the holding company.

The effects of the regional tax ("IRAP") rate were calculated separately, because this tax is not levied on the same taxable base used for IRES purposes.

Operating profit (loss)

The consolidated profit for the year, €373 thousand, is composed by the net profit of the Group (€267 thousand) and the profit pertaining to minority shareholders (€106 thousand).

4.2.4 PART IV: OTHER INFORMATION

Significant events occurred after the closing of the year and predictable developments

For these events please see the comments in the Directors' Report.

Relationships with subsidiaries and other related parties

For a more detailed analysis, please see the dedicated section in the Directors' Report for the Holding Company. It is however worth noting here that these relationships were all at arm's length.

Emoluments of Directors and Auditors

The total amount of the emoluments paid to the directors and statutory auditors of the consolidated companies is shown in the table below:

	Year 2013
Directors	630
Statutory Auditors	127
Total	**757**

These emoluments are recorded under costs of services and take into account all the people who have held offices as directors and statutory auditors during the reference year, even if only for a part of it.

Independent auditors' fees

The total amount of the fees paid to the independent auditors for the mandatory annual audit of the accounts as well as for other services provided during the year is shown in the table below:

Activities performed	**2013**		
	SAGAT	**SAGAT HANDLING**	**TOTAL SAGAT GROUP**
Audit of financial statements	12	8	20
Audit of consolidated financial statements	4		4
Accounting compliance audit	17		17
Other services	8	7	15
Total	**41**	**15**	**56**

On behalf of the Board of Directors
The Chairman

4.3 INDEPENDENT AUDITORS' REPORT FOR THE CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT
PURSUANT TO ART. 14 OF LEGISLATIVE DECREE 27.1.2010, No. 39

To the Shareholders of SAGAT S.p.A.

5. We have audited the consolidated financial statements of SAGAT S.p.A. and its subsidiaries ("SAGAT Group") as of 31 December 2013. The Directors of SAGAT S.p.A. are responsible for preparing the consolidated financial statements pursuant to the rules governing their preparation. We are responsible for our professional opinion on the financial statements, based on our audit.

6. We have carried out the audit according to the accounting principles issued by the National Committee of Tax Consultants and Professional Accountants and recommended by Consob. In accordance with said principles, our audit was planned and aimed at acquiring all the necessary elements to ascertain whether the consolidated financial statements are flawed by significant errors and appear to be reliable as a whole. The audit includes sample verifications of the elements proving the amounts recorded and information provided in the consolidated financial statements, as well as the adequacy and accuracy of the accounting standards adopted and of the estimates made by the Directors. We hold the results of the audit as providing a reasonable basis for our professional opinion.

   For an opinion about the financial statements for the previous year, the figures of which are presented for comparison purposes pursuant to the law, please refer to the report issued on 11 April 2013.

7. In our judgement, the consolidated financial statements of SAGAT Group as of 31 December 2013 are compliant with the rules governing their preparation, and therefore provide a clear, true and accurate picture of the financial position and performance of the Group.

8. The Directors of SAGAT S.p.A. are responsible for preparing the Directors' Report pursuant to the law. We are responsible for expressing an opinion about the consistency of the Directors' Report with the financial statements in accordance with the law. To this end, we have followed the procedures indicated in Audit Standard no. 001 issued by the National Committee of Tax Consultants and Professional Accountants and recommended by Consob. In our opinion, the Directors' Report is consistent with the consolidated financial statements of SAGAT Group as of 31 December 2013.

DELOITTE & TOUCHE S.p.A.

Eugenio Puddu
Partner

Turin, 28 March 2014

5. Annexes

SAGAT Handling S.p.A.
Registered address: Caselle Torinese (TO) - Strada San Maurizio, 12
Share capital € 3.900.000 fully paid in
Entered in the Corporations Register of Turin with no. 050525470013
VAT no. 08274060014 – Tax ID 05025470013
A company subject to the management and guidance of SAGAT S.p.A.

Financial Statements as of 31/12/2013

BALANCE SHEET: ASSETS	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
A) CONTRIBUTIONS RECEIVABLE FROM SHAREHOLDERS	**0**	**0**
B) FIXED ASSETS		
I. Intangible assets		
3) Industrial patent and intellectual property rights	0	0
7) Other non current assets	8.906	50.056
Total	*8.906*	*50.056*
II. Tangible assets		
3) Operating and sales equipment	133.141	212.711
4) Other assets	401.110	450.025
5) Investments in progress and payments on account	0	0
Total	*534.251*	*662.736*
III. Financial assets		
1) Investments in:		
d) Other compagnie	0	53.697
Total	*0*	*53.697*
TOTAL FIXED ASSETS (B)	**543.157**	**766.489**
C) CURRENT ASSETS		
I. Inventory		
1) Raw and maintenance materials, consumables	60.073	84.560
Total	*60.073*	*84.560*
II. Accounts receivable		
1) From customers:		
due within 12 months	2.073.858	2.159.240
4) From parent companies:		
due within 12 months	1.358.366	3.660.210
4bis) Tax receivables:		
due within 12 months	1.057.257	955.485
due beyond 12 months	172.346	170.025
4ter) Deferred tax assets		
due within 12 months	363.175	517.516
due beyond 12 months		

BALANCE SHEET: ASSETS	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
5) Other accounts receivable:		
due within 12 months	64.498	67.398
due beyond 12 months	28.409	28.409
Total accounts receivable:		
due within 12 months	*4.917.154*	*7.359.849*
due beyond 12 months	*200.755*	*198.434*
Total	*5.117.909*	*7.558.283*
III. Current financial assets		
5) Other securities	0	0
Total	*0*	*0*
IV. Cash and cash equivalents		
1) Cash in bank	1.649.410	768.559
3) Cash and valuables in hand	3.305	1.413
Total	*1.652.715*	*769.972*
TOTAL CURRENT ASSETS (C)	**6.830.697**	**8.412.815**
D) ACCRUED INCOME AND PREPAYMENTS - DISCOUNT ON LOANS SHOWN SEPARATELY		
Accrued income	412	5.678
Prepayments	46.294	51.958
TOTAL ACCRUED INCOME AND PREPAYMENTS (D)	**46.706**	**57.636**
TOTAL ASSETS	**7.420.560**	**9.236.940**

BALANCE SHEET: LIABILITIES	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
A) SHAREHOLDERS' EQUITY		
I. Share capital	3.900.000	3.900.000
IV. Legal reserve	192.761	192.761
VII. Other reserves:		
- Extraordinary reserve	149.403	149.403
- Reserve for coverage of losses		
VIII. Loss carried forward	-729.542	-327.835
IX. Profit (loss) of the year	-669.024	-401.707
TOTAL SHAREHOLDERS' EQUITY (A)	**2.843.598**	**3.512.622**
B) PROVISIONS FOR LIABILITIES AND CHARGES		
2) Provision for deferred taxes	7.816	7.816
3) Other	449.470	415.250
TOTAL PROVISIONS FOR LIABILITIES AND CHARGES (B)	**457.286**	**423.066**
C) PROVISION FOR STAFF SEVERANCE PAY	**1.342.586**	**1.354.697**
D) ACCOUNTS PAYABLE		
7) Trade payables:		
due within 12 months	655.125	1.269.924
11) Payables to parent companies:		
due within 12 months	970.747	1.412.355
12) Taxes payable:		
due within 12 months	157.680	160.663
13) Payables to social security institutions:		
due within 12 months	338.403	339.438
14) Other payables:		
due within 12 months	655.135	758.674
TOTAL:		
due within 12 months	2.777.090	3.941.054
due beyond 12 months	0	0
TOTAL ACCOUNTS PAYABLE (D)	**2.777.090**	**3.941.054**
E) ACCRUED EXPENSES AND DEFERRED INCOME - DISCOUNT ON LOANS SHOWN SEPARATELY		
Accrued expenses	0	5.501
TOTAL LIABILITIES	**7.420.560**	**9.236.940**

MEMORANDUM ACCOUNTS	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
Guarantees received from third parties	228.194	207.694
Guarantees given to third parties	-77.631	-77.631
Guarantees payable	77.631	77.631
Guarantees receivable	-228.194	-207.694
Total	**0**	**0**

INCOME STATEMENT	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
A) PRODUCTION VALUE		
1) Revenues from sales and services	10.132.324	12.496.689
5) Other income and proceeds - operating grants shown separately	1.844.720	2.005.870
Total production value (A)	***11.977.044***	***14.502.559***
B) PRODUCTION COSTS		
6) Purchase of raw and maintenance materials, consumables and goods	623.140	846.242
7) Cost of services	2.899.378	3.482.654
8) Rent, lease and similar costs	1.693.864	1.815.424
9) Staff costs:		
a) salaries and wages	4.818.977	5.297.388
b) social security	1.382.158	1.553.324
c) severance pay	319.143	348.673
d) pension and similar benefits	0	0
e) other costs	113.643	119.329
Total staff costs	*6.633.921*	*7.318.714*
10) Amortisation, depreciation and write-downs:		
a) amortisation of intangible assets	49.952	47.019
b) depreciation of fixed assets	271.856	279.769
d) write-down of current receivables and of cash and equivalents	15.291	1.066.158
Total amortisation, depreciation and write-downs	*337.099*	*1.392.946*
11) Variations in the inventory of raw and maintenance materials, consumables and goods	24.487	-27.409
12) Provisions for liabilities and charges	114.220	247.016
14) Miscellaneous operating costs	109.605	216.647
Total production costs (B)	***12.435.714***	***15.292.234***
Operating profit - Production value less production costs (A-B)	***-458.670***	***-789.675***
C) FINANCIAL INCOME AND CHARGES		
15) Income from equity investments		
c) other companies	5.635	0
16) Other financial income:		
d) other income	28.515	56.933
Total	*34.150*	*56.933*
17) Interest and other financial charges	0	-4
17bis) Exchange gains (losses)	-14	-68
Total financial income and charges (C)	***34.136***	***56.861***

INCOME STATEMENT	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
D) VALUE ADJUSTMENTS ON FINANCIAL ASSETS	***0***	***0***
E) EXTRAORDINARY INCOME AND CHARGES		
20) Exceptional income		
- Other exceptional income	69.636	313.779
21) Exceptional charges		
- Other exceptional charges	-307.380	-28.580
Total extraordinary income and charges (C)	***-237.744***	***285.199***
Profit (loss) before taxes (A-B+/-C+/-D+/-E)	***-662.278***	***-447.615***
22) Income taxes for the year		
a) Current taxes	147.595	-238.828
b) Deferred tax assets (liabilities)	-154.341	284.736
23) PROFIT(LOSS) OF THE YEAR	***-669.024***	***-401.707***

These financial statements are accurate and match with the accounting books.

On behalf of the Board of Directors

The Chairman

Maurizio Montagnese

SAGAT ENGINEERING S.r.l.
Registered address: Caselle Torinese (TO) - Strada San Maurizio, 12
Share capital € 11.000 fully paid in
Tax ID and Register Companies of Turin entry no. 08637140016
Single Shareholder Company
A SAGAT Group company

Financial Statements as of 31/12/2013

BALANCE SHEET: ASSETS	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
B) FIXED ASSETS		
II. Tangible assets		
3) Operating and sales equipment	0	0
III. Financial assets		
2) Accounts receivable:		
d) Other accounts receivable		
- due beyond 12 months	0	10.176
TOTAL FIXED ASSETS (B)	**0**	**10.176**
C) CURRENT ASSETS		
II. Accounts receivable		
1) From customers		
- due within 12 months	0	0
4) From parent companies		
- due within 12 months	2.309.755	2.505.851
4bis) Tax receivables		
- due within 12 months	48.766	17.936
4ter) Deferred tax assets		
- due beyond 12 months	6.533	6.570
5) Other accounts receivable		
- due within 12 months	2.626	9.156
Total accounts receivable		
- due within 12 months	2.361.147	2.532.943
- due beyond 12 months	6.533	6.570
Total accounts receivable	*2.367.680*	*2.539.513*
IV. Cash and cash equivalents		
1) Cash in bank and post office current accounts	105.505	100.548
3) Cash and valuables in hand	381	440
Total cash and cash equivalents	*105.886*	*100.988*
TOTAL CURRENT ASSETS (C)	**2.473.566**	**2.640.501**
D) ACCRUED INCOME AND PREPAYMENTS – DISCOUNTS ON LOANS SHOWN SEPARATELY		
1) Accrued income	972	1.062
2) Prepayments	15.776	11.773
TOTAL ASSETS	**2.490.314**	**2.663.512**

BALANCE SHEET: LIABILITIES	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
A) SHAREHOLDERS' EQUITY		
I. Share capital	11.000	11.000
IV. Legal reserve	9.091	9.091
VII. Other reserves	2.042.401	2.042.401
IX. Profit (loss) of the year	126.077	134.239
TOTAL SHAREHOLDERS' EQUITY (A)	**2.188.569**	**2.196.731**
B) PROVISIONS FOR LIABILITIES AND CHARGES		
2) Provision for deferred taxes	3.006	3.006
3) Future liabilities fund	8.536	3.640
TOTAL PROVISIONS FOR LIABILITIES AND CHARGES (B)	**11.542**	**6.646**
C) PROVISION FOR STAFF SEVERANCE PAY	108.855	96.807
TOTAL (C)	**108.855**	**96.807**
D) ACCOUNTS PAYABLE		
7) Trade payables		
- due within 12 months	25.651	48.613
11) Payables to parent companies		
- due within 12 months	82.590	200.076
- due beyond 12 months		
12) Taxes payable		
- due within 12 months	9.953	30.086
13) Payables to social security institutions		
- due within 12 months	20.365	42.995
14) Other payables		
- due within 12 months	42.165	40.351
TOTAL ACCOUNTS PAYABLE (D)	**180.724**	**362.121**
E) ACCRUED EXPENSES AND DEFERRED INCOME - DISCOUNT ON LOANS SHOWN SEPARATELY		
1) Accrued expenses	624	1.207
TOTAL LIABILITIES AND EQUITY	**2.490.314**	**2.663.512**

INCOME STATEMENT	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
A) PRODUCTION VALUE		
1) Revenues from sales and services	861.142	1.250.850
5) Other income and proceeds – operating grants shown separately	3.616	35.391
TOTAL PRODUCTION VALUE (A)	**864.758**	**1.286.241**
B) PRODUCTION COSTS		
6) Purchase of raw and maintenance materials, consumables and goods	2.616	1.842
7) Cost of services	176.257	324.972
8) Rent, lease and similar costs	45.428	68.972
9) Staff costs:		
a) salaries and wages	322.275	504.859
b) social security	104.978	160.302
c) severance pay	23.485	40.039
e) other costs	2.458	9.756
Total staff costs	*453.196*	*714.956*
10) Amortisation, depreciation and write-downs:		
b) depreciation	0	0
d) write-down of current receivables and of cash equivalents	0	0
Total amortisation, depreciation and write-downs	*0*	*0*
12) Provisions for liabilities and charges	4.896	3.640
14) Miscellaneous operating costs	7.287	8.846
TOTAL PRODUCTION COSTS (B)	**689.680**	**111.123.228**
OPERATING PROFIT - PRODUCTION VALUE LESS PRODUCTION COSTS (A-B)	**175.078**	**163.013**
C) FINANCIAL INCOME AND CHARGES		
16) Other financial income		
d) other income than the above	35.265	51.111
17) Interest and other financial charges	0	0
TOTAL FINANCIAL INCOME AND CHARGES (C)	**35.265**	**51.111**

INCOME STATEMENT	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
E) EXTRAORDINARY INCOME AND CHARGES		
20) Exceptional income	3.033	14.771
21) Exceptional charges	(8.937)	(12)
TOTAL EXTRAORDINARY INCOME AND CHARGES (E)	**(5.904)**	**14.759**
PROFIT (LOSS) BEFORE TAXES (A-B+C+D+E)	**204.439**	**228.883**
22) Income taxes for the year		
a) current taxes	(78.325)	(80.088)
b) deferred tax assets (liabilities)	(37)	(14.556)
Total income taxes for the year	*(78.362)*	*(94.644)*
23) PROFIT (LOSS) OF THE YEAR	**126.077**	**134.239**

These Financial Statements are accurate and match with the books.

The Chairman of the Board

Roberto Barbieri

AEROPORTI HOLDING S.r.l.
Registered address: Caselle Torinese (TO) - Strada San Maurizio, 12
Share capital € 50.000.000 fully paid in
Tax ID and Register Companies of Turin entry no. 08704390015
A SAGAT Group company

Financial Statements as of 31/12/2013

BALANCE SHEET: ASSETS	**FINANCIAL STATEMENTS AS OF 31/12/2013**	**FINANCIAL STATEMENTS AS OF 31/12/2012**
A) CONTRIBUTIONS RECEIVABLE FROM SHAREHOLDERS		
- Shares not yet called up	0	0
B) FIXED ASSETS		
III. Financial assets		
1) Investments in:		
b) associated companies	36.413.947	36.413.947
d) other companies	17.640.883	17.640.883
Total financial assets	*54.054.830*	*54.054.830*
TOTAL FIXED ASSETS (B)	**54.054.830**	**54.054.830**
C) CURRENT ASSETS		
II. Accounts receivable		
4) From parent companies		
- due within 12 months	18.108	88.954
- due beyond 12 months	0	0
4ter) Deferred tax assets		
- due within 12 months	3.201	0
- due beyond 12 months	0	0
5) Other accounts receivable		
- due within 12 months	534	0
- due beyond 12 months	0	0
Total accounts receivable		
- due within 12 months	21.843	88.954
- due beyond 12 months	0	0
Total accounts receivable	*21.843*	*88.954*
IV. Cash and cash equivalents		
1) Cash in bank and post office current accounts	376.025	414.588
Total cash and cash equivalents	*376.025*	*414.588*
TOTAL CURRENT ASSETS (C)	**397.868**	**503.542**
D) ACCRUED INCOME AND PREPAYMENTS		
Prepayments	0	115
TOTAL ASSETS	**54.452.698**	**54.558.487**

BALANCE SHEET: LIABILITIES	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
A) SHAREHOLDERS' EQUITY		
I. Share capital	50.000.000	50.000.000
II. Share premium reserve	1.544.963	1.554.963
IV. Legal reserve	98.905	89.394
VII. Other reserves	59.203	59.203
VIII. Profit (loss) carried forward	1.638.467	1.637.766
IX. Profit (loss) of the year	191.242	190.212
TOTAL SHAREHOLDERS' EQUITY (A)	**53.532.780**	**53.521.538**
B) PROVISIONS FOR LIABILITIES AND CHARGES		
2) Fund for tax disputes, including deferred taxes	0	0
TOTAL PROVISIONS FOR LIABILITIES AND CHARGES (B)	**0**	**0**
D) ACCOUNTS PAYABLE		
3) Loans from shareholders		
- due beyond 12 months	392.340	445.800
7) Trade payables		
- due within 12 months	20.289	19.883
11) Payables to parent companies		
- due within 12 months	19	6.418
- due beyond 12 months	490.660	557.200
12) Taxes payable		
- due within 12 months	1.095	1.722
13) Payables to social security institutions		
- due within 12 months	1.703	858
14) Other payables		
- due within 12 months	13.812	5.068
TOTAL ACCOUNTS PAYABLE (D)	**919.918**	**1.036.949**
E) ACCRUED EXPENSES AND DEFERRED INCOME		
Accrued expenses	0	0
TOTAL LIABILITIES AND EQUITY	**54.452.698**	**54.558.487**

INCOME STATEMENT	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
A) PRODUCTION VALUE		
TOTAL PRODUCTION VALUE (A)	**22**	**2**
B) PRODUCTION COSTS		
7) Cost of services	58.003	67.956
10) Amortisation, depreciation and write-downs:		
a) amortisation of intangible assets	0	0
14) Miscellaneous operating costs	11.689	4.604
TOTAL PRODUCTION COSTS (B)	**69.692**	**72.560**
OPERATING PROFIT - PRODUCTION VALUE LESS PRODUCTION COSTS (A-B)	**(69.670)**	**(72.558)**
C) FINANCIAL INCOME AND CHARGES		
15) Income from equity investments	241.421	241.421
16) Other financial income		
d) other income than the above	621	1.944
17) Interest and other financial charges	0	0
TOTAL FINANCIAL INCOME AND CHARGES (C)	**242.042**	**243.365**
E) EXTRAORDINARY INCOME AND CHARGES		
20) Exceptional income		
- contingent gains	0	231
21) Exceptional charges		
- contingent liabilities	0	0
TOTAL EXTRAORDINARY INCOME AND CHARGES (E)	**0**	**231**
PROFIT (LOSS) BEFORE TAXES (A-B+C+D+E)	**172.372**	**171.038**
22) Income taxes for the year		
a) current taxes	15.669	19.174
b) deferred tax assets (liabilities)	3.201	0
Total income taxes for the year	*18.870*	*19.174*
23) PROFIT (LOSS) OF THE YEAR	**191.242**	**190.212**

These Financial Statements are accurate and match with the contents of corporate accounting books.

The Chairman of the Board

SISTEMA S.r.l.
Registered address: Caselle Torinese (TO) - Strada San Maurizio, 12
Share capital € 20.000.000 fully paid in
Tax ID and Register of Companies of Turin entry no. 09098730014
Single Shareholder Company
A SAGAT Group company

Financial Statements as of 31/12/2013

BALANCE SHEET: ASSETS	**FINANCIAL STATEMENTS AS OF 31/12/2013**	**FINANCIAL STATEMENTS AS OF 31/12/2012**
B) FIXED ASSETS		
I. Intangible assets		
1) Start up and improvement costs	2.430	2.430
- amortisation and depreciation	(1.944)	(1.458)
Total intangible assets	*486*	*972*
TOTAL FIXED ASSETS (B)	**486**	**972**
C) CURRENT ASSETS		
II. Accounts receivable		
4) From parent companies		
- due within 12 months	0	0
4bis) Tax receivables		
- due within 12 months	210	48
Total accounts receivable	*210*	*48*
IV. Cash and cash equivalents		
1) Cash in bank and post office current accounts	20.483	22.812
Total cash and cash equivalents	*20.483*	*22.812*
TOTAL CURRENT ASSETS (C)	**20.693**	**22.860**
TOTAL ASSETS	**21.179**	**23.832**

BALANCE SHEET: LIABILITIES	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
A) SHAREHOLDERS' EQUITY		
I. Share capital	20.000	20.000
VII. Other reserves		
VIII. Loss carried forward	(6.535)	(3.916)
IX. Profit (loss) of the year	(3.816)	(2.619)
TOTAL SHAREHOLDERS' EQUITY (A)	**9.649**	**13.465**
D) ACCOUNTS PAYABLE		
7) Trade payables		
- due within 12 months	0	0
11) Payables to parent companies		
- due within 12 months	11.358	10.342
12) Taxes payable		
- due within 12 months	147	0
14) Other payables		
- due within 12 months	25	25
TOTAL ACCOUNTS PAYABLE (D)	**11.530**	**10.367**
TOTAL LIABILITIES AND EQUITY	**21.179**	**23.832**

INCOME STATEMENT	FINANCIAL STATEMENTS AS OF 31/12/2013	FINANCIAL STATEMENTS AS OF 31/12/2012
A) PRODUCTION VALUE (A)	**0**	**0**
B) PRODUCTION COSTS		
7) Cost of services	1.232	1.172
10) Amortisation, depreciation and write-downs:		
a) amortisation of intangible assets	486	486
14) Miscellaneous operating costs	2.078	963
TOTAL PRODUCTION COSTS (B)	**3.796**	**2.621**
OPERATING PROFIT - PRODUCTION VALUE LESS PRODUCTION COSTS (A-B)	**(3.796)**	**(2.621)**
C) FINANCIAL INCOME AND CHARGES		
16) Other financial income		
d) other income than the above	2	46
TOTAL FINANCIAL INCOME AND CHARGES (C)	**2**	**46**
E) EXTRAORDINARY INCOME AND CHARGES		
TOTAL EXTRAORDINARY INCOME AND CHARGES (E)	**0**	**0**
PROFIT (LOSS) BEFORE TAXES (A-B+C+D+E)	**(3.794)**	**(2.575)**
22) Income taxes for the year		
a) current taxes	(22)	(44)
b) deferred tax assets (liabilities)		
Total income taxes for the year	*(22)*	*(44)*
23) PROFIT (LOSS) OF THE YEAR	**(3.816)**	**(2.619)**

These Financial Statements are accurate and match with the books.

The Sole Director
Roberto Barbieri
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