2015
Annual Financial Report

ENAV

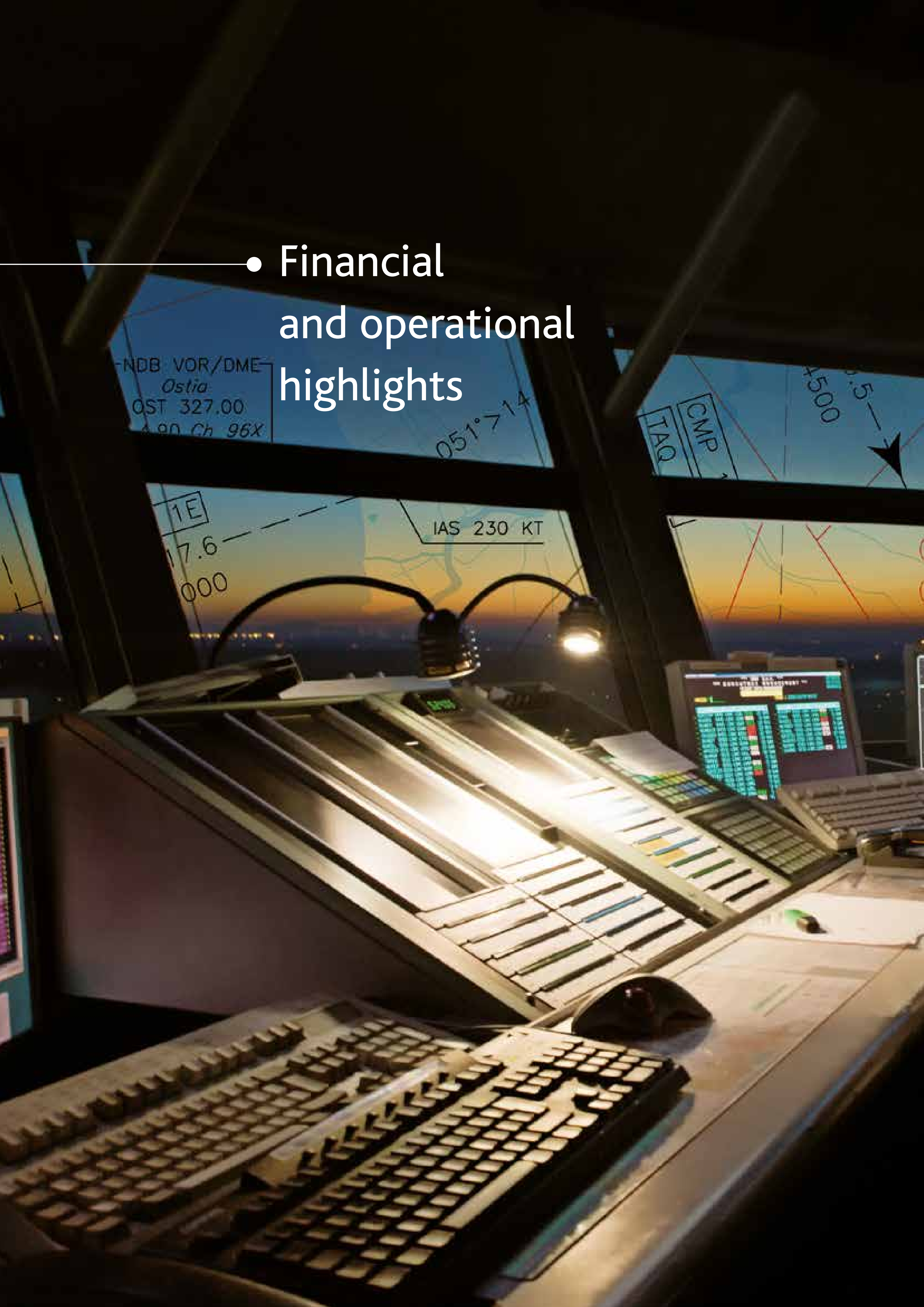
Disclaimer
This Annual Financial Report 2015 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.

Board and Committees

Board of Directors	
CHAIRMAN (*)	Ferdinando Falco Beccalli
CHIEF EXECUTIVE OFFICER (*)	Roberta Neri
DIRECTORS	Maria Teresa Di Matteo
	Nicola Maione
	Alessandro Tonetti
Board of Statutory Auditors	
CHAIRWOMAN	Paola Ferroni
AUDITORS	Gennaro Pappacena (**)
	Donato Pellegrino (**)
ALTERNATE AUDITORS	Daniela De Vincenzo
	Riccardo Monaco
Magistrate appointed by the Italian Court of Auditors to audit ENAV	Angelo Buscema
General Manager	Massimo Bellizzi
Manager responsible for Company's Accounting documents	Loredana Bottiglieri
Independent Legal Auditors	Reconta Ernst & Young S.P.A.

(*) in office from 30 June 2015
(**) in office from 20 July 2015 substituting resigning members of the Board of Statutory Auditors Vincenzo Donato and Antonio Parente

Financial and operational highlights



Results for operations	31.12.2015	31.12.2014	Change Values	%
Revenue from services	849.565	835.535	14.030	1,7%
Operating costs	(606.593)	(611.874)	5.281	(0,9%)
EBITDA	242.972	223.661	19.311	8,6%
EBIT	93.438	73.072	20.366	27,9%
Financial income/(expense)	2.286	(5.602)	7.888	(140,8%)
Profit for the year	**66.083**	**40.006**	**26.077**	**65,2%**

Equity and financial data	31.12.2015	31.12.2014	Change Values	%
Net invested capital	1.279.052	1.341.848	(62.796)	(4,7%)
Equity	1.090.550	1.234.062	(143.512)	(11,6%)
Net financial position	(188.502)	(107.786)	(80.716)	74,9%
Net financial position/net equity	(0,17)	(0,09)	(0,09)	97,9%
Investments during the period	111.320	126.961	(15.641)	(12,3%)
Cash flow generated during the financial period	264.706	138.981	125.725	90,5%
Number of employees	4.236	4.186	50	1,2%

Amounts in thousands of Euros

Report on operations

Contents

Corporate Governance

This paragraph represents the Corporate Governance report pursuant to Article 123-bis of the Legislative Decree 58/1998 (Italian Consolidated Finance Act), with due consideration to the information as required by Paragraph 2, letter b. It should be noted that, as ENAV has not issued shares admitted to trading on regulated markets or multilateral trading facilities, it avails itself of the faculty as provided in Paragraph 5 of Article 123-bis to forego the publication of information as specified in Paragraphs 1 and 2, except as provided in letter b of Paragraph 2. Moreover, the Paragraph provides for the information required by the directive of the Italian Ministry of Economy and Finance dated 24 June 2013 *"in relation to the adoption of criteria and methods for appointing members of corporate boards responsible for administration and top management remuneration policy for companies that are directly or indirectly controlled by the Ministry of Economy and Finance"*, in particular with reference to the request addressed to issuers of financial instruments that are listed in regulated markets, to illustrate and motivate in their *Corporate Governance* Report the remuneration policy adopted for Directors with delegated powers on the basis of recommendations of the Treasury Department.
In consideration to the parallel evolution of the transfer by sale of a stake not exceeding 49% of the share capital of ENAV by the Ministry of Economy and Finance by means of a Public Offer for Sale, this report illustrates the assets under *corporate governance* for the Year 2015 as required by the Decree of the President of the of Council of Ministers of 16 May 2014. ENAV is in the process of aligning its system of governance to that of listed companies, taking into consideration applicable rules and the recommendations of the *Corporate Governance* Code by reporting the information related to the evolution of some qualifying aspects of the assets of the company and of corporate governance in the section dedicated to *other information*.

Profile

ENAV, an unlisted joint stock company, is wholly owned by its sole shareholder, the Italian Ministry of Economy and Finance (MEF), which exercises its rights in agreement with the Ministry of Infrastructure and Transport (MIT). ENAV provides air traffic management and control services and other essential navigation services for the airspace and to the airports for which it has competence pursuant to article 691-bis of the Navigation Code.

ENAV was established pursuant to the provisions of Law No. 665 of 21 December 1996, as subsequently modified and consolidated, by virtue of which the previous *Azienda Autonoma di Assistenza al Volo per il Traffico Aereo Generale (AAAVTAG) (Autonomous Flight Assistance Company for General Air Traffic)*, an independent organization from the Italian state public administration, was first transformed into a *Public Undertaking denominated Ente Nazionale di Assistenza al Volo (National Agency for Flight Assistance)* and, subsequently on 1 January 2001, by virtue of Interdepartmental Decree No. 704993 of 22 December 2000 of the Ministry of Infrastructure and Transport and the Treasury Department, was incorporated in its current legal form of a joint stock company under the name of ENAV S.p.A.

Pursuant to Article 691 bis of the Navigation Code, ENAV fulfils the services of air navigation which is broken down into:

a. air traffic services, which include: air traffic control services, including area, approach and airport control services; flight information services; air traffic consulting services; alarm services;
b. aeronautical meteorological services;
c. aeronautical information services;
d. communication, navigation and surveillance services.

Board of Directors of ENAV

ENAV's *corporate governance* model is of a traditional type; its articles of association, for the duration of Fiscal Year 2015, provides a Sole Director or a Board of Directors made up of a minimum of three and a maximum of five members and a Board of Statutory Auditors made up of three members. Following the amendments made in 2016, the provision for a Sole Director was eliminated and provisions were introduced to increase the number of directors on the Board to a minimum of five up to a maximum of nine.

The composition of the Board of Directors must comply with the rules set forth in the Decree of the President of the Republic of Italy No. 251 of 30 November 2012 regarding gender balance in administrative and control bodies of government-controlled companies, observing all the terms and conditions provided therein.

On 19 September 2014, the Shareholders' Meeting appointed the Board of Directors of ENAV, made up of three members, namely Maria Teresa Di Matteo acting as Chairperson and Nicola Maione and Alessandro Tonetti as Directors, for the 2014–2016 three-year period, terminating on the date of approval of the Financial Statements for the year ending 31 December 2016, also announcing on that occasion that the other Directors, including a new Chief Executive Officer of ENAV, would shortly be nominated. Subsequently, the Shareholders' Meeting of 30 June 2015, following the resignation of the Chairperson, who was then confirmed as a non-executive Director, increased the number of Directors by appointing a new Chairman, Ferdinando Falco Beccalli, and a new Director, Roberta Neri, who was subsequently appointed as Chief Executive Officer by the Board of Directors during the Board of Directors Meeting of 7 July 2015.

In accordance with the articles of association, the management of the company is under exclusive responsibility of the Directors who shall carry out the necessary activities to fulfil the purposes of the company.

The Board of Directors may delegate part of its powers to a Chief Executive Officer and, subject to a resolution by the Shareholders' Meeting, may delegate operating powers to the Chairman as permitted by law, specifying the scope of such powers.

During the phase in which the Board of Directors was made up of three members and until the appointment of the Chief Executive Officer, i.e. 7 July 2015, the power was collectively exercised by the three members of the Board of Directors, except for the powers conferred upon the Chairman by law and by articles of association, and save the specific delegation of powers and signatory powers conferred by special resolutions.

Subsequently, by resolution dated 7 July 2015, the Board of Directors, without prejudice to the powers granted to the Chairman of the Board by the law and the articles of association, including the power to legally represent and to sign on behalf of the company in legal proceedings and toward third parties, has reserved to its exclusive competence the adoption of strategic and planning topics, the approval of program and service contracts, extraordinary company transactions and the finalization of deeds which may have relevant financial and business impact.

All the powers related to the ordinary and extraordinary administration of the Company have been granted to the Chief Executive Officer, including the power to legally represent the company, except for those powers reserved by the law or by articles of association to the Chairman as well as for those powers under the competence of the Board of Directors itself.

On 20 July 2015, in accordance with the Shareholders' Meeting authorization held on the same date, the Board of Directors delegated the functions listed below to the Chairman of the Board:

- coordinating the auditing activities, also supervising the work of the dedicated units;
- managing national and international institutional relations, in co-ordination with the Chief Executive Officer.

The articles of association require the Board of Directors to meet once a month and in any case whenever the Chairman deems appropriate or once requested by the Chief Executive Officer .or by at least one third of its members or by the Board of Statutory Auditors.

In 2015 the Board of Directors held a total of twelve meetings, six of which in the three members composition as appointed by the Shareholders' Meeting of 19 September 2014, and other six in the five members composition as appointed by the Shareholders' Meeting of the 30 June 2015.

Board Committees

The Remuneration Committee was set up by a Board resolution of the 7 July 2015 with the task of making recommendations to the Board of Directors for determining remuneration pursuant to the provisions of Paragraph 3 of Article 2389 of the Civil Code and, whenever deemed useful, upon request of the Chief Executive Officer, acting with advisory function on the top management remuneration and incentives policy.

The duration of the Committee is aligned with the duration of the Board of Directors, it is made up of no less than three Directors. As determined by the Board of Directors, the Committee reports to the Board of Directors.

Currently, members of the Remuneration Committee are Alessandro Tonetti as Chairman, and Maria Teresa Di Matteo and Nicola Maione as members.

Pursuant to Article 19 of the articles of association, the members of the Remuneration Committee are additionally paid with an amount equal to 30% of the non-executive Director remuneration.

Directors' Remuneration

In accordance with the Remuneration Committee proposal and the opinion of the Board of Statutory Auditors, pursuant to Paragraph 3 of Article 2389 of the Italian Civil Code, the Board of Directors defines the Chairman and the Chief Executive Officer remuneration, taking into account the applicable regulation as well as the comparable companies, in terms of size and complexity.

The remuneration of the Chairman of the Board and the Chief Executive Officer is currently articulated in a fixed amount within the maximum limits provided by the applicable regulations. On 27 November 2015 the Board of Directors requested the Remuneration Committee to formulate a remuneration proposal for Directors with delegated powers as per Paragraph 3 of Article 2389 of the Italian Civil Code.

The remuneration the Chief Executive Officer and the Director General of ENAV are entitled to receive for their participation as members of the Board of Directors of the subsidiary Techno Sky S.r.l. is entirely transferred to ENAV.

The appointment of ENAV Director General, an ENAV manager and a Techno Sky manager to serve as members of the management committee of Consortium Sicta is unpaid.

The remuneration of ENAV Asia Pacific Sdn.Bhd, Chief Executive Officer - who is ENAV Business Development manager - is entitled to receive is entirely transferred to the controlling company ENAV.

Lastly, pursuant to the articles of association, it is prohibited to pay any attendance charges to Directors sitting on the Board of Directors and members of the Board of Statutory Auditors and a limit has been set for the remuneration of members of advisory committees within the Board.

With reference to the 2014–2016 three year period: i) the remuneration for the office of Chairman of the Board and for Directors was established by the Shareholders' Meeting of the 19 September 2014; ii) the emoluments to be paid to the Chief Executive Officer and the Chairman of the Board of Directors were established, due to the powers conferred upon them, in the Board meetings of 20 July 2015 (effective date 7 July 2015) and 30 September 2015 (effective date 20 July 2015). In consideration of the additional duties of the Chief Executive Officer and the Chairman of the Board for their involvement in the IPO currently in progress as of the date of approval of the Financial Statements and in view of the regulations applicable in determining the remuneration to be paid to Directors with delegated powers after the Bond issued in 2015, the definition of the emoluments to be paid pursuant to Paragraph 3 of Article 2389 of the Italian Civil Code are under review by the Remuneration Committee.

The remuneration paid to the Director employed by the Ministry of Infrastructure and Transport - appointed Chairman of the Board from 19 September 2014 to 30 June 2015, and currently acting as non-executive Director since 30 June are paid back to the related public administration.

Internal Control System

Audit

The Audit Department which was set up in 2002 by the Parent Company, reports by Law and by the provisions of the articles of association to the Board of Directors and functionally to the Chairman of the Board of Directors Techno Sky and Sicta Consortium to the extent that activities extend to such controlled entities.
The Audit Department carries out an independent *assurance* and consulting activity and keeps top management informed in relation to the planning and the results of the *internal audit* carried out on ENAV and its controlled subsidiaries. The department assesses the adequacy of the internal control system with respect to the objectives of the Company, which are to be pursued effectively and efficiently while protecting the assets of the Company and in accordance with Laws, regulations and contracts.
Moreover, the Audit Department provides the necessary technical and operational support to the Supervisory Board for carrying out the assigned duties and functions.

Supervisory Board and Organizational Management and Control Models pursuant to the Legislative Decree No. 231/2001

By resolution of the *pro tempore* Board of Directors ENAV and Techno Sky defined and adopted organizational, management and control models and appointed Supervisory Boards to assess the adequacy of the models and to supervise adherence to them.
Said Supervisory Boards are of a mixed collegial nature and are chaired by the same external party. Both Boards were appointed for the 2013–2015 three-year period expiring on the date of approval of the 2015 Financial Statements.
In 2015 the Supervisory Board of ENAV met 6 times.
ENAV's Organizational Model pursuant to the Legislative Decree No. 231/2001 is currently being revised in relation to the definition of a risk of crime matrix, the identification of opportunities of improvement of the Internal Control System for the purpose of said Legislative Decree, the integration of information flow towards the Supervisory Board and the updating of the model to address the new classes of presumed crime. In parallel the fulfilment of similar requirements is underway to ensure *compliance* with the provisions of Legislative Decree No. 231/2001 also with reference to other Group entities.

Statutory External Auditing Firm

ENAV'S legal audit is performed by an auditing firm selected by means of public tender and appointed by the Shareholders' Meeting of 16 May 2013 for the 2013–2015 three-year period. The same auditing firm was assigned to audit the unbundling activities required by article 11-sexies, section 7-bis of Italian Law 248/2005 regarding analytic accounting for the identification of revenues and costs relative to services provided by ENAV. Upon acquiring the status of an Entity of Public Interest, as a result of the listed Bond issue in the month of August 2015, a call for tenders pursuant to Article 16 of the Legislative Decree No. 39/2010 was published for the assignment of the auditing appointment to an auditing firm for a period of nine years (2016–2024).

Manager Responsible for Company's Accounting Documents

Upon specific request of the Ministry of Economy and Finance as a Shareholder of the Company to adopt a system of *corporate governance* that is closer to that of listed companies, starting from 2007 there was a request for the introduction in ENAV of the role of a Manager Responsible for Company's Accounting Documents as per Law No. 262/2005. The ENAV Shareholder's Meeting of 1 March 2007 modified the articles of association and introduced the managerial role of Manager Responsible for Company's Accounting Documents. Following the issue of Bonds in the month of August 2015, due to the change in the status of ENAV, which is now an issuer of listed financial instruments, the role of Manager Responsible for Company's Accounting Documents became mandatory *by law* falling totally under the field of application of Article 154 bis of the Italian Consolidated Finance Act.
With reference to the appointment of such role pursuant to Article 18*bis* of the articles of association, the Board of Directors, based on a proposal of the CEO and having obtained the opinion of the Board of Statutory Auditors, appointed a Manager Responsible for Company's Accounting Documents, ensuring that the appointee had all the adequate powers and means to carry out the assigned duties, and that such duties are carried out in accordance with the administrative and accounting procedures.
The Manager Responsible for Company's Accounting Documents must possess the same moral integrity requirements as for Directors of the Company and must be selected on the basis of criteria reflecting professionalism and competence from among candidates who have matured at least three years' experience in administrative positions with companies or consulting firms or professional studios.
With the favourable opinion of the Board of Statutory Auditors on 14 November 2014 the Board of Directors nominated the Administration Manager as Manager Responsible for Company's Accounting Documents for the 2014–2016 three-year period and therefore up to the approval of the Financial Statements for the year ending 31 December 2016. Said Board of Directors also passed a resolution to the effect that the Manager Responsible for Company's Accounting Documents should participate in those Board Meetings where the agenda includes topics that impact the result of operations or the assets or the financial position of ENAV or the Group of companies to which the Company belongs in those cases where topics that

are relevant to the manager's activities are being discussed and that the manager should have access all the documents and resolutions of Company Boards that have repercussions on the result of operations or the assets or the financial position of ENAV.
The role of Manager Responsible for Company's Accounting Documents was also introduced in the controlled subsidiary Techno Sky.

Board of Statutory Auditors

The Board of Statutory Auditors of ENAV is composed of 3 standing members and two substitute members.
The Shareholder's Meeting of 11 June 2013 nominated Paola Ferroni as Chairperson of the Board of Statutory Auditors, Vincenzo Donato and Antonio Parente as standing members and Daniela De Vincenzo and Riccardo Monaco as substitute members for the 2013–2015 three-year period ending upon the approval of the 2015 Financial Statements.
In July 2015 Vincenzo Donato and Antonio Parente resigned from their appointment as members of the Board of Statutory Auditors the two Substitute Members took over their positions.
Subsequently, during the Shareholder's Meeting of 20 July 2015 a resolution was passed to increase the number of members of the Board of Statutory Auditors pursuant to Article 2401 of the Italian Civil Code appointing two new standing members, namely Gennaro Pappacena and Donato Pellegrino. confirming the previous substitute members in their role.
In 2015 the Board of Statutory Auditors of ENAV met 10 times.
For the purposes of article 2403 of the Italian civil code, the Board of Statutory Auditors supervises compliance with the law and the articles of association, compliance with principles of proper administration and, specifically, the adequacy and effective functioning of the organizational, administrative, and accounting structure adopted by the Company.
Following the issue of listed Bonds on 4 August 2015 and upon ENAV acquiring the status of an Entity of Public Interest on that date, the Board of Statutory Auditors also fulfilled the functions of an Internal Control and audit Committee pursuant to the provisions of Article 19 of the Legislative Decree No. 39/2010.

Magistrate of the Court of Accounts delegated to the control of financial management

ENAV is subject to financial and budgetary audits by the Court of Accounts, which reports annually to the Italian Parliament for the purposes of article 12 of Law No. 259 of 21 March 1958 regarding the legitimacy and consistency of management and the operation of internal controls. The report on the audit conducted on the financial management of ENAV S.p.A. for financial year 2014 was issued in December 2015. The magistrate assigned to audit the Company participates in meetings of Company boards.

Three-year plan for the Prevention of Corruption

In January 2016 the ENAV's Board of Directors approved the update of the plan for the prevention of corruption for the 2016–2018 period. The plan, which is an autonomous, albeit compatible and complementary document with respect to the internal control system defined by ENAV, aims at preventing not only specific criminal behaviour but also any behaviour that is potentially conducive to *bad administration*. In 2015 the manager in charge of prevention of corruption, who is also the manager of the Audit Department, pursuant to Law 190/2012 carried out checking and monitoring activities by way of the auditing activities programmed for 2015. Such activity gave rise to the suggestions included in the annual report of the Audit Department. With respect to activities related to training and communication of information, in conformance with Law 190/2012, an initiative for the communication of information was launched for all ENAV personnel by means of an e-learning course and *one to one* communication sessions for managers involved in the *risk assessment* process.

Three-year program for transparency and integrity

Starting from 2014, ENAV and Techno Sky have set up a section in its institutional site dedicated to Transparency, where all the information as required by the Legislative Decree No. 33 of 14 March 2013 in relation to the *Reorganization of the legislation regarding obligations of publication, transparency, and dissemination of information by public authorities* are published. The Human Resources Manager of ENAV was appointed as Manager in charge of Transparency.
In the course of 2015 the updating of information in accordance with the applicable law was carried out. A holder of executive powers in lieu of the Company to whom a citizen may address an access request was identified. The 2016–2018 three-year Transparency and Integrity Program was updated and published in the relevant section of the institutional site.

Shareholders' Meeting

ENAV's Shareholder's Meeting is constituted by the Sole Shareholder, the Ministry of Economy and Finance which, pursuant to Article 35 of Law No. 144/99, exercises the Shareholders' rights in agreement with the Ministry of Infrastructure and Transport.
In 2015 an ordinary Shareholder's Meeting was convened 3 times. The ordinary Shareholder's Meeting of the 20 July 2015 subsequently, and with the totality of shareholding representation, passed a resolution to nominate additional members of the Board of Statutory Auditors as detailed above. Lastly, in 2015 one (1) extraordinary Shareholder's Meeting was convened.

Other information

In October 2014, the Ministry of Economy and Finance expressed its intention, in the context of the process to privatize ENAV, to reduce the share capital, and requested the Board of Directors of the Company to conduct its own independent analyses and evaluations regarding the feasibility of such operation.
As a result of such assessment as conducted by the Board of Directors and as reported to the Shareholder, the Shareholders' Meeting of 13 April 2015, in extraordinary session, passed a resolution to voluntarily reduce the Company's share capital, pursuant to article 2445 of the Italian civil code, by 180 million Euro and to make the related changes to article 5 of ENAV's articles of association, also positively taking into account the start of the *private placement* Bond issue process for the corresponding amount with which the Company provided to pay the aforementioned extraordinary dividend.
Subsequently, on 8 May 2015, the Board of Directors passed a resolution for the Bond issue by means of a *private placement* for an overall amount of 180 million Euro.
In the context of said process, the extraordinary Shareholder's Meeting of 2 March 2016 passed a resolution for the voluntary reduction of the share capital pursuant to Article 2445 of the Italian Civil Code by an amount of 400 million Euro and the contextual creation of an available reserve in addition to the associated modification of Article 5 of the articles of association of ENAV S.p.A.
Among the other significant stages related to the transfer of a stake in the share capital by means of an IPO there is the extraordinary and ordinary Shareholder's Meeting of the 10 March 2016 where resolutions were passed for: i) the approval of the project to be admitted as a listed company; ii) the adoption of a version of the Company articles of association that would apply to the Company as a listed company, conditionally suspended and applicable as of the initial date of trading of the Company's shares, with the clauses that are required for compliance with the laws applicable to listed companies; iii) the immediate adoption of a new version of the Company articles of association that would cease to apply as of the initial date of trading of the Company's shares, precisely for the purpose of providing for the Board of Directors to be made up of a minimum of five up to a maximum of nine members; iv) the approval of rules applicable to Shareholders' Meetings conditionally suspended and applicable as of the initial date of trading of the Company's shares.
On the same date, for the next item on the agenda relating to the appointment of additional members of the Board of Directors, the Shareholder reserved the adoption of resolutions for the next Shareholder's Meeting.

Reference scenario and results of operations

In 2015 the Italian economy showed signs of recovery with respect to previous years, notwithstanding the fluctuating trend of the main economic indicators. According to the Bank of Italy (Economic Bulletin of January 2016), exports that sustained economic activity in the last four years have now started to reflect the weakness of extra-European markets, while a new boost for the economy is coming from internal demand, in particular from consumer demand and stock replenishment. Investment prospects however are negatively influenced by the uncertainty of foreign demand. Inflation has fallen to 0.1 percent (Eurostat) over the last twelve months. As regards employment, the latest data indicates recovery, even though youth unemployment is still rather high. The Gross National Product should register +0.8% for the year (ISTAT). The European economy also shows signs of weakness having registered a fall in the last few months of the year in inflation and growth, linked also to the fall in the cost of oil and a progressive weakening of foreign demand.
This scenario also affected the domestic air transport market, which had lower than expected growth in traffic volumes with respect to the previous year.
Even though national airports registered an increase in the number of passengers of 4.5% in 2015 with respect to 2014, such increase is not reflected in en-route service units, which registered -1.7% with respect to the previous year.
The latter result was particularly conditioned by an extended period of uncertainty in the European and national macroeconomic framework, as well as the effect generated by the closure of Libyan air space. Indeed, the same thing happened as in the third quarter of 2014, i.e. the *no-fly zone* conditioned the operational choices of airline companies operating between Europe and Africa to opt for routes that do not pass through the national air space. In terms of overflight traffic, i.e. the en-route traffic component that is historically most profitable for the Company in terms of development of en-route service units, in 2015 there was a -3.9% fall in service units with respect to the previous year against a +0.8% increase in flights.
National en-route traffic also registered a reduction of -8.7% in terms of service units, a result that is conditioned by the performance of Italian air transport where the Alitalia Group and Meridiana share of service units decreased.
Financial Year 2015 is therefore a particularly complex year that is influenced by marked instability in air traffic and the introduction of a new community reference regulatory period which, on the one hand subjects even terminals to the rules of the new performance scheme, and on the other hand had the European Commission call the attention of the major European States to submit economic plans for the 2015–2019 reference period in line with the European economic performance for routes set at an annual average of 3.3%. In this respect, in March 2015 the Commission returned a *non-compliance* decision for the plans submitted in 2014 by the major European States, including Italy, requesting a revision with the objective of rendering them fully compliant with EU objectives.

In this context, during the year the Company was particularly engaged in revising and negotiating its five-year economic plan which became an integral part of the new Performance Plan submitted to the European Commission in July 2015. After an initial feedback which was received at the end of 2015 from the *Performance Review Body*, the technical body providing technical support to the European Commission, during the last *Single Sky Committee* meeting held in February 2016 the European Commission expressed a definitive positive opinion on the economic *performance* submitted by Italy in the *performance plan* sent in July 2015.
Such event is even more relevant considering that to date some of the major European States are still under evaluation inasmuch as the above mentioned EU body returned a negative opinion on their respective economic plans.
The significant commitment during the year of the ENAV Group engaged in preliminary activities mandated by ENAV's privatization is equally relevant. In particular, in order to be aligned with the requirements for companies listed on the Italian stock exchange, the Group started the process of preparing the Industrial Plan, updated the management control system and its relative internal procedures, assessed company risks and optimized the accounting information systems.
Undoubtedly, the commitment of the company in the new performance plan, together with the effect of particularly dynamic and turbulent traffic, demanded an even more significant effort from the Company in controlling costs through the adoption of a series of management initiatives aimed on the one hand at guaranteeing the fulfilment of the levels of efficiency as provided in the community scheme and on the other hand to mitigate the partial negative effects on operations generated by the fall in the volume of traffic.

In this regard, attention is drawn to the way in which the *price cap* that is inherent in the Community Performance Scheme allows for the generation of positive effects on the result of operations whenever the Company can achieve greater efficiency in its costs with respect to the amount previously entered in the Performance Plan, compatibly with the high levels of skill and security of the service provided.
In this respect, also by virtue of the experience acquired in the first reference period, the Company has adopted a series of measures aimed at significantly limiting the above mentioned effects.
In addition to this positive result there is also the bonus on operational performance as provided by the current community regulations for the excellent operational management that ENAV, continuing from the past, has confirmed during the year that has just ended. In particular, regarding en-route services, it should be noted that against a capacity target of 0.09 minutes/flight, the result was 0.0095 minutes/flight. Following the achievement of such performance, it was possible to book a 5.5 million Euro bonus in the Income Statement. Considering also that the Performance Plan included a terminal services performance target linked to capacity for systems in the first and second charge bands, the overall 2015 bonus linked to the efficiency of en-route and terminal services provided by ENAV using its own systems, was for an overall amount of approximately 6 million Euros.
In this context, the positive performance achieved by the Company in 2015 has made it possible to mitigate the effect of a reduction in traffic during the year of -4.5%, with respect to the value entered in the Performance Plan in terms of en-route service units, that have been recovered only in part from the market by means of price regulation, and achieving a result of 49.8 million Euros, one of the best results achieved by the Company in these last few years.

2015–2019 Performance Plan

In accordance with EU Regulations No. 390/2013 and 391/2013, the year 2015 constitutes the first year of the second reference period of the five-year performance plan that will therefore terminate in 2019. Moreover, there are provisions for terminal services to be subjected to this plan which, in Italy, will involve airports that are included in the first and second charge bands.

In line with regulatory provisions, the process of definition of the performance plan for the second reference period had already started in 2014 with the publication of Decision No. 132/2014 with which the European Commission defined the performance objectives at the EU level, or rather, the levels of efficiency required at the European level in the four areas, namely economic efficiency, capacity *safety* and the environment, for the 2015–2019 period.

With respect to the provisions of the first reference period in which the objectives of the performance plan were set at a national level, the new regulatory framework plan has normalized the definition of performance plans at the level of the Functional Airspace Block (FAB). The Italian performance plan therefore coincides with the Performance Plan of the Blue Med *Functional Airspace Block* (fab) which is made up of Italy, Malta, Cyprus, and Greece. Notwithstanding the fact that the EU Regulator's focus in relation to performance has shifted from the national to the FAB dimension, the regulations provide in any case that as far as the fulfilment of economic efficiency objectives are concerned responsibility rests with the individual member states.

As stated, in the second reference period, terminal services are also subject to the performance scheme. In Italy, this means that the performance scheme will apply to the first charge band of Rome's Fiumicino airport, with a number of flight movements in excess of 225,000 and the second charge band which includes Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio with a number of flight movements between 70,000 and 225,000. The first band is totally subject to the performance scheme and is therefore bound by both the *traffic risk* mechanism (sharing of risk between the provider and the users of the air space) and the *cost risk* (elimination of the possibility to transfer entirely to the carriers, through charges, any cost fluctuations of the actual cost with respect to between that specified in the performance plan planned). The second charge band on the other hand is only subject to the cost risk.

The third charge band refers to airports with less than 70,000 IFR movements, which are exempt from the application of the EU regulations and subject to the national regulations by applying the *cost recovery* system.

Taking into account the targets established by the Commission, ENAV has therefore defined its own economic and operational programming for the period in question. Said programming, in accordance with the provisions of the EU regulations in relation to performance for air navigation service providers, is therefore channelled into the performance plan that ENAC submitted to the European Commission on 1 July 2014. The official result of the assessment of the plan by the European Commission, also on the basis of input provided by the technical support body, the *Performance Review Body* (PRB), came on 2 March 2015 with the publication of Decision (EU) No.

2015/347. In this Decision, the European Commission recommended improvement actions that some European states, including Italy, had to adopt for the purpose of rendering their plans totally in accordance with EU objectives. Following receipt of such recommendations the interested states have to submit a revision of their plans within four months. Well within regulation schedule and with the primary objective of protecting its own business and financial stability, ENAV formulated a new economic plan which, once merged with the new *Performance Plan*, was submitted to the Commission in July 2015.

Following the submission of the new *Performance Plan,* the European Commission expressed its favourable opinion in relation to the economic efficiency objective through the Performance Review Body (PRB). Indeed, the PRB produced the *revised Performance Plan* which was published in October 2015. The document specifies that Italy revised its economic efficiency objectives for the second reference period in a way that is coherent with the assessment criteria and that Italy responded in a satisfactory manner to the requests made by the European Commission in the aforementioned Decision No. 2015/347. Following such assessment, during the last *Single Sky Committee* meeting held in February 2016, the Commission expressed its definitive positive opinion on the economic *performance* submitted by Italy.

Market and air traffic trends

Air traffic control in Eurocontrol area countries in 2015 registered an overall growth trend in en-route service units (*) with respect to 2014 with a general recovery of demand. En-route service units generated in 2015 recorded a 4.2% increase in traffic volumes compared to the previous year.
Notwithstanding positive results, en-route service units of the largest European providers prove in any case to be less than the overall average of the Eurocontrol area. Indeed, the figures indicate +2.6% for Spain, +2.0% For France, +1.7% for Great Britain and +0.7% for Germany. The result achieved by Turkey in 2015 with an increase of +10.7% in en-route services with respect to the previous year is surely remarkable.
In this scenario, the result for en-route traffic in Italy at the end of 2015, recorded at -1.7% with respect to the previous year goes against the general trend. The elements that characterize the trend in Italy are illustrated in the following paragraphs.

			Change	
Total en-route traffic service units (**)	**2015**	**2014**	**no.**	**%**
France	18,867,771	18,496,754	371,017	2.0%
Germany	12,976,261	12,880,783	95,478	0.7%
Britain	10,153,907	9,979,403	174,504	1.7%
Spain	8,997,417	8,767,769	229,648	2.6%
Italy (***)	8.171.509	8,313,546	(142,037)	-1.7%
EUROCONTROL	**128,254,489**	**123,048,160**	**5,206,329**	**4.2%**

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

En-Route Traffic

En-route traffic in Italy in 2015, reported by Eurocontrol, showed a -1.7% fall in the number of service units. This result is in contrast with the positive trend in the number of assisted flights registered at +0.8% which also includes the category of flights that are *Exempt from being notified to Eurocontrol*.
The comparison between the trend for the number of service units and the trend for the number of flights may seem to be in conflict, but in reality the apparent conflict is only due to a fall in one of the variables that has a significant impact on the determination of the number of service units which is the average distance travelled per flight.

En-route traffic (number of flights)	2015	2014	Change no.	%
Domestic	308,707	337,020	(28,313)	-8.4%
International	851,817	811,065	40,752	5.0%
Overflight services	542,057	537,613	4,444	0.8%
Total paying	**1,702,581**	**1,685,698**	**16,883**	**1.0%**
Military	36,636	40,196	(3,560)	-8.9%
Other exempt	29,906	28,399	1,507	5.3%
Total exempt	**66,542**	**68,595**	**(2,053)**	**-3.0%**
Total reported by Eurocontrol	**1,769,123**	**1,754,293**	**14,830**	**0.8%**
Exempt not reported to Eurocontrol	88,605	88,235	370	0.4%
Grand total	**1,857,728**	**1,842,528**	**15,200**	**0.8%**

Route traffic (service units)	2015	2014	Change no.	%
Domestic	1,573,222	1,723,573	(150,351)	-8.7%
International	3,382,427	3,257,476	124,951	3.8%
Overflight services	3,062,543	3,186,954	(124,411)	-3.9%
Total paying	**8,018,192**	**8,168,003**	**(149,811)**	**-1.8%**
Military	137,905	131,701	6,204	4.7%
Other exempt	15,412	13,842	1,570	11.3%
Total exempt	**153,317**	**145,543**	**7,774**	**5.3%**
Total reported by Eurocontrol	**8,171,509**	**8,313,546**	**(142,037)**	**-1.7%**
Exempt not reported to Eurocontrol	5,108	4,886	222	4.5%
Grand total	**8,176,617**	**8,318,432**	**(141,815)**	**-1.7%**

In particular, the make-up of en-route traffic was characterized by:

- *International commercial traffic*, a category of flights with a point of departure or arrival in an airport within the Italian territory, which registered a strong increase both in terms of Service Units (SUs) as well as in the number of assisted flights (AF), at 3.8% and 5.0% respectively. The more modest growth in the number of Service Units with respect to the number of assisted flights is due to the reduction in the average distance travelled per flight. A contributing factor in achieving these results is the excellent performance of the connections between Italy with the rest of Europe (+4.6% SUs; +5.3% AFs), which, in terms of assisted flights for the category of international commercial traffic, represent 86% of the total number of flights. The positive result is also due to the trend in the flight connections between Italy and Asia that registered an 10.1% increase in SUs. Such result was obtained thanks

to a +6.6% increase in the average distance travelled and a +19.8% increase in the average weight of the aircrafts used, albeit in the presence of a -6.3% reduction in the number of assisted flights. The connections between Italy and the African continent registered a sharp fall, decreasing by -21.4% in terms of SUs and -12.7% in terms of AFs. This is an effect of the *no-fly zone* over Libyan air space and the decreased attraction of countries like Egypt and Tunisia as tourist destinations due to socio-political instability. The airline companies that achieved the greatest increases in international flights were the low cost airlines such as Ryanair (+8.5% SUs and +8.6% AFs), EasyJet (+10.8% SUs and +12.7% AFs), Vueling (+41.7% SUs and +37.7% AFs), Wizz Air (+12.5% SUs and +18.1% AFs), the *traditional airlines* such as KLM (+5.6% SUs and +7.1% AFs), Swissair (+13.6% SUs and +6.2% AFs) and Iberia (+6.8% SUs and +7.4% AFs) and the *airlines of the Middle-East* such as Emirates (+30.4% SUs and +16.8% AFs), Turkish Airlines (+5.6% SUs and +15.1% AFs) and Qatar Airways (+22.9% SUs and +3.2% AFs). A decreasing trend for the Alitalia Group (-4.1% SUs and -1.3% AFs) and the airlines that are traditionally present in the Italian air space such as Lufthansa (-5.1% SUs and -6.8% AFs) and Air France (-3.2% SUs and -6.3% AFs);

- *Commercial overflight traffic* for aircraft that only flies through the national air space, that registered a -3.9% in SUs against a limited, +0.8%, growth AFs. Such result was determined mainly by a -3.3% reduction in the average distance travelled caused by the losses registered for assisted flights with longer distances in the national air space. Connections between continents registered an increment in flights to and from European countries (+4.8% SUs and +6.3% AFs) which represent, in terms of assisted flights in the commercial overflight category, about 65% of the total, while connections between Europe and Asia (+2.3% SUs and -4.7% AFs) show a conflicting trend that is determined mainly by the use of heavier aircraft (+12.9% average weight at take-off). Traffic between Europe and Africa decreases (-22.4% SUs and -13.9% AFs), just as it did in Q3 2014, an effect of the Libyan crisis that caused the closure of Libyan air space starting from the end of August 2014. This event has determined a temporary loss for ENAV of overflight traffic associated with international routes that passed through Italian air space. The airline companies that contributed positively in overflight traffic were: Iberia (+44.1% SUs and +40.4% AFs) confirming the importance of Spain in the Italian overflight traffic scenario, Qatar Airways (+34.2% SUs and +21.4% AFs), Emirates (+9.8% SUs and -0.8% AFs), Ryanair (+9.1% SUs and +3.5% AFs) and Turkish Airlines (+5.2% SUs and +6.1% AFs) which is confirmed to be the airline that registered the highest increment in overflight traffic. Decreasing trends for Lufthansa (-7.2% SUs and +1.0% AFs), Tunis Air (-15.5% SUs and -16.2% AFs), British Airways (-20.0% SUs and +3.6% AFs) and Air France (-23.8% SUs and -8.9% AFs);
- *National commercial traffic* that registered a negative result in 2015, registering -8.7% terms of SUs and -8.4% in terms of assisted flights, confirming the negative

trend for this category of traffic. National traffic is negatively affected by the current national economic situation, the increasingly stronger competition from high speed trains and the restructuring processes currently underway in major national carriers which have historically dominated the domestic flight market. In particular, the Alitalia Group, the major carrier group for volume of domestic traffic, registered a -14.4% reduction in SUs and a -3.1% reduction in AFs, while Meridiana registered a -29.9% reduction in SUs and a -23.5% reduction in AFs. Other carriers that registered a decrease in national commercial traffic are Easyjet (-9.0% SUs and -10.2% AFs) and Blue Panorama (-34.8% SUs and -45.1% AFs). In 2015, new companies progressively strengthened their presence and bucked the trend in this traffic segment, recording a significantly greater volume of than the previous year. These companies include Volotea (+47.6% SUs; +42.3% AFs) and Vueling (+18.5% SUs and +19.1% AFs) and Vueling, while Ryanair continues to register increments in national traffic (+7.3% SUs and +5.8% AFs). With regard to routes served, results confirm even in 2015 the connections between Rome and Milan continued to decrease due to strong competition from the railway service, registering a -12.2% fall in SUs on the Rome Fiumicino - Milan Malpensa route and -10.6% on the Rome Fiumicino - Milan Linate route. Contrary to what happened in 2014, there was a fall in connections with Sicily, a primary domestic market destination, where SUs decreased by -2.2% on the Rome Fiumicino - Catania route, -7.6% on the Rome Fiumicino - Palermo route, -6.4% on the Catania - Milan Linate route, -35.4% on the Catania - Milan Malpensa route and -31.7% on the Catania - Bologna route.

- exempt traffic, divided into: i) exempt traffic reported by Eurocontrol, which decreased by 5.3% in terms of SUs and by 3% in the number of assisted flights; ii) exempt traffic not reported to Eurocontrol, with insignificant effect on revenues, where Service Units increased by 4.5% with a an insignificant +0.4% variance in the number of assisted flights.

Terminal Traffic

At the end of 2015, terminal traffic, which consists of take-off and landing activity within a radius of 20 km of the runway notified by Eurocontrol, registered a slight increase of 0.6% in terms of Service Units with a practically unvaried number of assisted flights at -0.2%. This result is due to an increase of the paying commercial component, which registered a +0.8% increase in SUs and +0.4% in assisted flights, and a reduction of -17.3% in SUs and - 11.3% in assisted flights for the exempt traffic component.
It should be noted that in 2015 air traffic control for the airports of Treviso and Brindisi was handed over by the Italian Air Force to ENAV.
The figures for terminal traffic expressed in numbers of assisted flights and Service Units provided for the three charge bands are shown in the following tables.

			Change	
Terminal traffic (number of flights)	**2015**	**2014**	**no.**	**%**
Domestic				
Chg, Zone 1	55,152	55,690	(538)	-1.0%
Chg, Zone 2	57,647	50,511	7,136	14.1%
Chg, Zone 3	171,447	190,235	(18,788)	-9.9%
Total national flights	*284,246*	*296,436*	*(12,190)*	*-4.1%*
International				
Chg, Zone 1	102,368	100,242	2,126	2.1%
Chg, Zone 2	159,783	127,646	32,137	25.2%
Chg, Zone 3	161,241	180,673	(19,432)	-10.8%
Total international flights	*423,392*	*408,561*	*14,831*	*3.6%*
Total paying	**707,638**	**704,997**	**2,641**	**0.4%**
Military				
Chg, Zone 1	96	84	12	14.3%
Chg, Zone 2	2,361	1,787	574	32.1%
Chg, Zone 3	27,229	31,615	(4,386)	-13.9%
Total exempt flights	*29,686*	*33,486*	*(3,800)*	*-11.3%*
Total reported by Eurocontrol	**737,324**	**738,483**	**(1,159)**	**-0.2%**
Exempt not reported to Eurocontrol				
Chg, Zone 1	16	18	(2)	-11.1%
Chg, Zone 2	2,864	1,819	1,045	57.4%
Chg, Zone 3	58,907	61,336	(2,429)	-4.0%
Total exempt flights not communicated to Eurocontrol	*61,787*	*63,173*	*(1,386)*	*-2.2%*
Grand total	**799,111**	**801,656**	**(2,545)**	**-0.3%**

Terminal traffic (service units)	2015	2014	Change no.	Change %
Domestic				
Chg, Zone 1	65,541	67,393	(1,852)	-2.7%
Chg, Zone 2	65,081	57,024	8,057	14.1%
Chg, Zone 3	182,314	207,591	(25,277)	-12.2%
Total national uds	*312,936*	*332,008*	*(19,072)*	*-5.7%*
International				
Chg, Zone 1	156,180	151,353	4,827	3.2%
Chg, Zone 2	220,440	173,289	47,151	27.2%
Chg, Zone 3	176,981	202,798	(25,817)	-12.7%
Total international uds	*553,601*	*527,440*	*26,161*	*5.0%*
Total paying	**866,537**	**859,448**	**7,089**	**0.8%**
Military				
Chg, Zone 1	139	147	(8)	-5.4%
Chg, Zone 2	728	598	130	21.7%
Chg, Zone 3	9,302	11,558	(2,256)	-19.5%
Total exempt uds	*10,169*	*12,303*	*(2,134)*	*-17.3%*
Total reported by Eurocontrol	**876,706**	**871,751**	**4,955**	**0.6%**
Exempt not reported to Eurocontrol				
Chg, Zone 1	1	1	0	0.0%
Chg, Zone 2	216	301	(85)	-28.2%
Chg, Zone 3	3,900	4,098	(198)	-4.8%
Total exempt uds not communicated to Eurocontrol	*4,117*	*4,400*	*(283)*	*-6.4%*
Grand total	**880,823**	**876,151**	**4,672**	**0.5%**

As already highlighted for en-route traffic, even terminal traffic registered a reduction in the national component registering -4.1% in terms of assisted flights and -5.7% SUs and an increase in international traffic with +5% SUs and +3.6% assisted flights. An analysis of terminal traffic by *charging zone* highlights the good result in zone 1 for Rome Fiumicino airport which registered an overall increase of + 1.4% in SUs during the period and a +1% increase in the number of assisted flights, with a reduction in the national component of air traffic and an increment in the international traffic component. It should be noted that these figures are negatively affected by the serious fire that broke out in one of the terminals in Rome Fiumicino airport in May 2015 which caused a temporary suspension of normal services in the months following the incident.

The second charge band registers an overall increase with respect to 2015 of 24% in the number of SUs and 22.1% in the number of assisted flights with a positive trend in the national as well as the international traffic components. Such results are due to passing from the third to the second charge band in 2015 for Bergamo

Orio al Serio airport as well as a positive trend for almost all the airports included in the charge band such as: Milan Linate that registered in increase of +3.6% in terms of SUs and + 5% in the number of assisted flights; Venice Tessera that highlighted a +4.7% SUs and a +4.9% assisted flights; Milan Malpensa with +0.4% SUs and -3.7% assisted flights and Bergamo Orio al Serio with +11.8% SUs and + 11.5% assisted flights.
Overall, the third charge band shows a -12.6% fall in the number of SUs and a -10.6% fall in the number of assisted flights, an effect that derives from what was mentioned earlier with reference to Bergamo airport as well as the negative trend of the Sicilian airports where, for example Catania registered a -9.7% fall in SUs provided and a -8.4% fall in the number of assisted flights.
With reference to airline companies that operate terminal services, it is worth noting that the best results in terms of Service Units were registered by airline companies that have only recently entered the Italian market such as Volotea (+40.0% SUs and +39.8% AFs), Vueling (+30.9% SUs and +30.9% AFs) and Wizz Air (+23.1% SUs and +23.8% AFs) and Middle Eastern companies such as Turkish Airlines (+17.5% SUs and +15.2% AFs) and Emirates (+22.7% SUs and +16.5% AFs). A decreasing trend even in terminal traffic was registered for Italian airlines such as the Alitalia Group (-5.6% SUs and -2.6% AFs) and Meridiana (-21.6% SUs and -22.1% AFs).

Safety and quality indicators

Safety

By virtue of Regulation (EU) No. 390/2013, the European Commission added *Safety Performance* among the Service Areas that are subject to binding targets in the second reference period of the (2015–2019) Performance Plan and, by virtue of Commission Implementing Decision No. 132 of 2014, the *Safety Targets* that must be met at a *Functional Airspace Block (FAB)* level on aggregate, but also by the individual states and their respective suppliers of air navigation services. By virtue of Decision 347 of 2015, the European Commission deemed the contribution towards the *Safety* objectives as defined by Italy and the FAB to be coherent with the objectives as provided for the *Safety* service area.
For the purpose of monitoring the objectives that have to be fulfilled by ENAV, a Safety Plan for 2015–2017 was defined and approved by the Director General with five Macro-Objectives articulated in traceable actions that represent an element of input with which the European Commission can assess and keep track of company performance objectives in the context of the *Performance Scheme*. The *Safety Plan* provides for 60 actions of which 55 must be carried out in the first year. The planned objectives were totally managed and pursued in their order of priority, thanks to the attention given to improvement of *Safety*.
In particular, coherently with what was programmed: i) the instruments that serve the purpose of guaranteeing that personnel have the adequate level of Safety Awareness were defined (*Safety Culture*); ii) the level of information that was initially

aimed at the *main stakeholder* was widened; iii) the *Safety* monitoring processes (*Safety Assurance*) were renewed and processes and indicators for the proactive management of risk and the continuous monitoring of *Safety Performance* were implemented; iv) a *tool*, E(NAV)-eTOKAI, was made available to computerize and automatically manage notifications and investigations, thereby making available for the company an application program that can guarantee both conformance with the requirements defined in Regulation (EU) No 376/2014, and support for reaching the performance levels defined in the 2015–2019 Performance Plan; v) *Safety Survey* activities were strengthened and the roles, competence profiles and consistency of *Safety Actors* were redefined

In relation to the most important *Safety Target* included in the BLUE MED FAB Performance Plan 2015–2019, the effectiveness of the *Safety Management System, (i.e. the Effectiveness of Safety Management – EoSM)*, monitored on the basis of the so called *Standard of Excellence measurement (SoE)*, ENAV's unstinting commitment made it possible to confirm reaching level "D", corresponding to *Managing & Measuring*, in the assessment of the effectiveness of the *Safety Management System*.

In relation to the area dedicated to the *"Development of a positive and proactive safety culture"*, where the target that was declared by the adoption of the BLUE MED FAB Performance Plan 2015–2019 is level "C" - which corresponds to *Implementing,* the feedback and the outcome of the validation carried out by ENAC (the Italian Aviation Authority) on the Effectiveness of Safety Management (EoSM) of EASA (the European Aviation Safety Agency) confirm the fulfilment of the expected objective.

In a similar way as the Efficiency of the *Safety* management system was registered, the 2015 objective for a *Just Culture* measured by means of a dedicated EASA *survey* and expressed as a level of presence/absence of a *Just Culture* that is greater or equal to 50% of the maximum defined level, it was totally fulfilled as the level reached was 87.5%.

Quality and Punctuality

In its endeavour to seek greater customer satisfaction, ENAV pursues continuous improvement of operational efficiency and, in particular, the level of punctuality that is guaranteed to *Airspace Users*.

Already in the first reference period of the (2012–2014) Performance Plan, more than 1.5 million flights served by ENAV each year which could have accumulated en-route up to 620 thousand minutes delay in the three-year period, enjoyed the benefit of results that placed ENAV in a privileged position in relation to performance inasmuch the delivered level of quality was far in excess of what was required from Italy to constitute an *"adequate contribution"* to fulfil the European target. Even in 2015, the first year of the second reference period of the (2015–2019) Performance Plan, ENAV achieved excellent performance levels and continued to deliver high levels of punctuality to its customers in the *Capacity* service area, especially during the en-route flight phase.

Indeed the registered value for *en-route* delay was 10% (0.009 minutes/flight) of the value defined by the European Commission (0.09 minutes/flight) for the most important and binding performance indicator applied in the current reference period as a parameter to measure the quality of the air traffic and management service, i.e., *Minutes of en-route ATFM (Air Traffic Flow Management) delay for flights*. Indeed, in 2015, only 14,686 minutes of ATFCM delay were attributed in over 1.5 million IFR/GAT flights assisted during the en-route flight phase.

This level of quality implies a significant value for ENAV's customers in strictly economic terms. For an airline, every minute of ATFCM delay is a cost, which studies used by the European Commission estimate at € 87.00/minute Gate to Gate. With respect to this parameter, the economic counter value of ENAV's performance is therefore obvious and significant. Such performance is considered very positively inasmuch as it is also linked to increased volume of assisted air traffic in the summer, a time when ATFM delays increase sue to the high demand

Capacity En-route - targets vs Actual Performance 2015

IFR/GAT Flights	En-route Service Unit	En-route ATFCM Delay Cost/Min
1,567,030	8,171,509	87.00
	Performance Plan Target	Target reached
En-route ATFCM Delay per Flight	0.09	0.009
En-route ATFCM Minutes of Delay (Min)	141,033	14,686
En-route ATFCM Delay Cost (Euro)	12,269,845	1,277,682

A comparison of capacity performance indicators registered by major European ANSPs in 2015 highlights higher values for capacity than those registered for Italy. This confirms both the value of ENAV's operational performance with respect to the *En-route ATFCM Delay per En-route Flight* key performance indicator and the associated economic benefit generated by ENAV for *Airspace Users* (savings on *Additional ATFCM Delay Cost*).

International activities

In an international context, ENAV is engaged at various levels and in numerous institutional and industrial contexts in contributing towards a coherent and effective evolution of the ATM sector in order to achieve the objectives deriving from international laws and regulations, in particular with reference to the *Single European Sky*.

The A6 group (an alliance of major European service providers made up of ENAV, DSNA, DFS, NATS, AENA and the consortium of North European ANSPs, NORACON), strengthened the alliance in order to ensure the coordination of its strategies within the Sesar Joint Undertaking and within the new *governance* structure of the implementation phase through the Sesar Deployment Manager. This initiative led to a significant expansion of areas of common interest and to the adoption of a governance framework to give the Group a solid and stable structure that will lead to the signature of a new *Memorandum of Cooperation* by the group components. Such agreement became necessary in view of the evolution of the group both in terms of *membership* with a new component in the A6 group, namely the Polish PANSA, and in terms of participation in the main activities that characterize the European ATM scenario in relation to the Sesar program.

At the end of 2014, the Sesar Deployment phase was launched with the setting up of the Sesar Deployment Alliance (SDA), of which ENAV is part, and the signature of the *Framework Partnership Agreement* (FPA) between the European Commission and the SDA Consortium, as detailed below, following the positive outcome of the selection process.

Following an intense *ramp-up* phase, the activities of the Sesar Deployment Manager were quickly brought up to speed thanks to the significant contribution of ENAV personnel.

The contract that was signed between the SDA consortium and the European Commission also includes the 2015 *Deployment Programme*, that constitutes the work program for the Deployment Manager and for all the operational entities that are called upon to implement the Regulation (EU) No. 716/2014, which is also known as the *Pilot Common Project* (PCP).

The Deployment Program must be considered as a reference for all the operational entities for local planning purposes inasmuch as the alignment of such plans generates a greater chance to obtain the EU co-funding allocated for the implementation of the PCP, which is mandatory by Law. Indeed, the Deployment Program will become the reference document of the European Commission for identifying the European funding priorities for the air transport sector.

The European Commission assigned to ENAV, together with other members of the SDA consortium, the activities associated with the Deployment Manager up to September 2016.

Commercial activities on domestic and foreign markets

In 2015, the ENAV Group registered revenues from the sale of services to third party customers of approximately 11 million Euro of which 75% from ENAV services. The result was influenced by the effect of the acquisitions made in 2015 and the political situation in some countries that are strategic for business development.

The acquisition of work contracts were made mostly in the second half of the year with a peak in the last two months which involved shifting part of the revenue expected in 2015 to the next financial year.

In particular, the most significant activities were the ones taken over in Saudi Arabia, Morocco and Malaysia where the controlled subsidiary, ENAV Asia Pacific, finalized a four-year contract worth more than 10 million Euros.

In addition to these results ENAV conducted numerous commercial activities, including:

- proposals to foreign organizations for aviation consulting projects;
- participation in international tenders;
- aviation consulting and technical assistance contracts in Italy and training and technical services contracts with international customers;
- promotion and commercial advertising targeted to international customers by attending fairs and industry events;
- commercial cooperation agreements with industrial partners and technical cooperation agreements with potential customers.

The breakdown of revenue shows that the services most in demand are aviation consulting and radio signal measurement service with interesting prospects for engineering services.

In this last year the ENAV Group further widened its services portfolio and its client base. To date the Group has successfully completed more than 150 projects in 28 countries around the world having established its main markets in Malaysia, the United Arab Emirates, and Libya.

Investments

The objective of the investment that were made was to ensure that assets supporting domestic air traffic control services: i) are aligned with required technical and economic performance targets; ii) comply to the domestic and international quality and performance standards established by regulatory authorities; iii) are aligned with the evolution of the technology platform and with the new operational concepts defined and developed in Europe for the ATM network. Investments were prevalently made in a set of initiatives related to operational technology infrastructure, as these directly influence the Company's core businesses in terms of efficiency, cost-effectiveness, and safety of air traffic control management.

The projects where investments are currently being made include the following:

- Installation of the ARTAS system in the Area Control Centres (ACC) of Rome and Brindisi;
- Modernization of the airport network at Milan Malpensa;
- Upgrading of the Human Machine Interface (HMI) for the Data Link system;
- Installation of new safety modules for the ENET network;
- Duplication of electric power distribution in the Padova ACC;
- Enlargement of the service centre at Rome Ciampino airport for additional office space;
- Restructuring of the equipment room Rome at the Rome ACC;
- Modernization and implementation of radio assistance systems;
- Restructuring and completion of control towers at Rome Fiumicino and Brindisi airports;
- Version v3+ of the Coflight system, the new generation of flight data processing that provides various functions including 4D trajectory prediction, an interoperability mechanism based on Flight Object exchange with other Air Traffic Service Units and integration with datalink services;
- Development of Build 1 of the 4-Flight program.

The SESAR program's new objectives to address the current fragmentation of air traffic control services include the implementation of complex international programs. Several projects have been initiated for such purpose, the most important of which are described below.

Sesar and research and development activities

Sesar, the European research and development program, is an initiative launched by the European Commission to provide the *Single Sky* program the innovative technological elements that enable the implementation of a new, modern air traffic management system that is efficient and capable of guaranteeing the development of air transport on a safe basis while respecting the environment.

In 2015, as in previous years, ENAV played a leading role in the program, carrying out various pre-operational experimentation activities in an airport environment as well as in relation to overflight and approach air space. ENAV co-ordinates the preparation and integration of the validation platforms for all of Sesar's activities, and is involved in 85 projects leading 15 of them. Also participating in the program are the subsidiaries Techno Sky and the SICTA Consortium, IDS (the Italian company), and since 2011 the LVNL Consortium, consisting of Dutch Service Provider LVNL and the NRL Research Centre as an Associated Partner.

Having reached the apex of its production, the Sesar program has now entered its concluding phase which should be completed by the end of 2016. Some projects have started to round up activities and consequently release resources that will therefore be involved in the Sesar2020 program, the natural extension of the Sesar program that will run from 2016 to -2024.

Moreover Enav conducted various demonstration projects in the context of the Sesar program, among which:

- *The ATC Full Datalink (AFD*) that enabled the creation of an operational scenario for conducting a certain number of commercial flights in European air space without voice radio communication between controllers and pilots for all the phases of flight between take-off and landing. In short, all contacts for data exchange and instructions for conducting the flight in the controlled air space take place via the datalink (CPDLC/Controller Pilot Data Link Communication). The purpose was to demonstrate the ATM system's technical capability to evolve toward the future SESAR operational concept, in which ground and on-board systems exchange data without the controllers and flight crew necessarily making contact via radio;
- *We-Free* in relation to experimental activity for connections with direct routes between Italian and French cities on weekends. Results generated a significant interest from the airline companies for the potential saving from the possibility of using direct routes on weekends which was estimated to be about 600 tonnes of fuel and 2000 tonnes of $CO2$ per year;
- *MeDALE (Mediterranean Detect & Avoid Live Exercise)* aimed at demonstrating the possibility for remotely piloted aircraft to interact with normal air traffic, thereby occupying non-segregated air space.
- *The Racoon project* aimed at demonstrating the benefits of providing assistance services to airport traffic remotely. The project intends to demonstrate, in real operating conditions represented by Milan Linate and Milan Malpensa airports, the technical and operational feasibility of the Remote Tower concept and how the combination of such concept with GNSS Approach Procedures with vertical guidance can generate significant performance benefits, maintaining a high level of ATC services to users with sustainable costs.

- *Free Solution (Free Route Environmental and Efficient Solutions*) which has as its main objective the consolidation and experimentation of more efficient operational solutions based on innovative requirements and procedures for a more efficient management of the reference European air space. Such objective is pursued through the implementation of a series of ad-hoc test flights focused on specific applications and/or operational methods that refer to the implementation of *Free Routing, Direct Routing and City Pairs* operations and a more flexible use of civilian/military air space in superior air space. For ENAV, the *Free Solutions* project represents an excellent opportunity to define, coordinate and conduct in a transversal manner a series of preliminary cross-border activities for the implementation of the abovementioned operational concepts which form part of the operational implementation plans for 2017.

Moreover, in 2015 ENAV was actively involved in monitoring various international technical, operational and/or demonstrational initiatives and projects also in order to influence, or to channel its strategic vision by seeking at the same time to align EU options to company medium to long term objectives.
It is in this context that the company participated in the Horizon 2020 program, which places an accent on the implementation of the so called third step of the *European ATM master plan* and identifies innovative solutions that are considered useful for accelerating the implementation of the Single European Sky by 2020. Horizon 2020 is a program that addresses the 2014–2020 period for the integrated financing of research and innovation promoted by the European Commission.

The Sesar Deployment Manager

The Deployment Manager (DM) is an organization created by the European Commission that has the task of co-ordinating and modernizing the European air traffic management system. Such activity is carried out through the Consortium, as selected by the European Commission, called the Sesar Deployment Manager (SDM) which is made up of: some air navigation service providers, a number of airline companies and the SDAG *Sesar Related Deployment Airport Operators Grouping*.
The Deployment Manager must guarantee the synchronization and the co-ordination of the local implementation projects that are necessary for the Deployment Program and therefore the Pilot Common Project (PCP), as well the relative investments. Moreover, the Deployment Program constitutes the reference document for identifying the European funding priorities for the air transport sector.

Human Resources

As of 31 December 2015, the ENAV Group had 4,236 employees, 52 more than in 2015 employed as operational staff. The Group provides flight assistance and system maintenance services throughout Italy and has offices in Malaysia for the development of commercial activities.
The Group’s personnel costs amounted to 475.8 million Euros which represents a modest 2.1% increase compared to the previous year.

Industrial relations

The most significant aspects that characterized the ENAV Group’s Industrial Relations in 2015 were predominantly related to the signing of a proper collective labour agreement on 27 May 2014, following an often chaotic succession of regulations, memorandums, union agreements, and corporate agreements.
ASSOCONTROL, representing ENAV affiliated companies, Techno Sky and SICTA, and the labour unions FILT-CGIL, FIT-CISL, UILT and UGL-T, signed the specific part of the National Collective Labour Agreement for the Air Transport Industry for direct and related ATM Services. The Agreement is especially significant because it was the first to be signed anywhere in the industry, thereby starting an ambitious project to involve all players in a commitment to adopt a single collective labour agreement for the entire domestic air transport industry with about 55 thousand employees, albeit taking into account for the various sectorial activities the respective and independent rules that characterize them.The agreement is an essential step toward a National Collective Labour Agreement for the entire air transport industry, and confirms the efficacy of the new industrial relations model adopted by social partners, labour unions, and employer associations (Assaereo, Assocontrol, Assareoporti, Assohandling, Assocatering and FAIRO), which, together with the institutional authorities that govern the industry, have offered their support to define conditions for serious and

methodical negotiations that can provide the necessary balance to the sector and guarantee protection and expansion of employment in the domestic air transport industry.Air transport negotiations, begun at the Ministry of Infrastructure and Transport in 2011, led to the signing of a protocol for stipulation of an agreement for the domestic air transport industry. The protocol signed by the government, employer associations and the most representative labour unions was an important step in an attempt to restore the industry's natural role as driver of economic and social growth.

The ATM services section of new collective labour agreement for air transport sector has determined the expiry date of the old agreement to be moved forward by two years, which means that the old agreement now expires on 31 December 2016.

In view of such extension an overall financial cover for 3 million Euros was allocated to be distributed to all ENAV personnel employed in that two-year period which will be assigned on the basis of economic variables that are associated with productivity rather than automatic remuneration criteria, and will be assigned on the basis of a schedule that has not yet been defined. Moreover, regarding the result bonus for the 2015/2016 two-year period, a fixed amount of 3 million Euros was allocated.

Lastly, in relation to the trade union conflict, there was a greater incidence of strikes in ENAV both at a local level and at a national level, determined exclusively by aggregations of autonomous unions that are not signatory to the above mentioned national collective labour agreement.

Training

In 2015 there were 68,208 hours of training provided to 2,230 participants broken down as follows: 31,050 hours of ab-initio training (79 participants), 11,972 hours of continuous training (391 participants), 11,690 hours of language training (869 participants), 6,448 hours of training on human performance (761 participants), 2,880 hours of advanced training (16 participants) and 4,168 hours of training provided to external clients (114 participants). There is a reduction in the number of hours delivered due to the interruption of ab-initio courses for Air Traffic Controllers and a postponement of training activities related to the Low Cost Airport project.

In relation to external clients, the courses which were delivered in co-operation with the Air Space Development Department (*Funzione Progettazione Spazi Aerei*), were: a two-week course on *Procedures for Air Navigation Service Operations* (PANS-OPS) delivered in Morocco, a course for the Greek provider and one for the Cypriot provider. Moreover, there were courses for the Croatian provider and 3 seminars for the aeronautical technical institutes (36 participants). The Malaysia project continued in the development of training formats for approximately 1,000 hours of training to be delivered on-site.

Health and safety in the workplace

The Work Safety Department is responsible for supervising the obligations deriving from Italian Legislative Decree No. 81/08 as amended and supplemented regarding the responsibilities of the Prevention and Protection Service and health supervision, including confirmation of the absence of alcohol dependence and the assumption of psychoactive substances and narcotics, as well as periodic and unannounced checks of the fitness of ENAV operative personnel. Environmental monitoring (lighting, noise, air quality, ionizing and non-ionizing radiation, etc.) and the monitoring of radon and radiogenic sources continued in 2015, conducted by subsidiary Techno Sky. Training and instruction with regard to professional risks and updating/initial training of emergency management personnel continued as well.
Risk assessment documents and emergency plans were updated by conducting periodic on-site inspections and meetings in the various territorial premises, and a feasibility plan was worked out for a new method to manage medical check-ups to determine the psycho-physical fitness of Air Traffic Controllers and Flight Information Service Officers (FISO), in compliance with the regulatory provisions issued by ENAC based on European Regulations.

Environment

The goals of the Company's Green Policy are to contribute proactively to reduce the environmental impact of flight operations and to reduce the Company's environmental impact by means of efficiency and saving on consumption of resources linked to its core business activities.

Green Policy in Operations

To support *Airspace Users* in the study of operating methods to reduce fuel consumption and its environmental impact, ENAV's *Flight Efficiency Plan* (FEP) defines and collects scheduled actions to optimize in-flight trajectories and to reduce aircraft ground operation times.
With respect to environmental goals to be pursued at the European and Italian level, the contribution deriving from implementation of ENAV's FEP is of fundamental importance. In fact, the performance of scheduled measures is monitored by the Italian government through ENAC, in application of the National Performance Plan. In addition, since 2012 the FEP has also contributed to Italy's action plan for the reduction of CO2 *emissions* which the individual Countries prepare in the context of ECAC/ICAO to help achieve global targets to reduce the environmental impact of aviation and to fight climatic changes.
The measures implemented in 2015 improved the *flight planning* of airlines that fly to/from Italian airports or that fly over airspace in which ENAV provides air traffic services.

In 2013, the *Free Route Italy*, project which is still underway, introduced new, practically direct routings of primary interest, and used for overflight air traffic at altitudes above FL365 (36,500 ft.), at night, on holidays, and on weekends. In January 2015 the volume of air space in question was increased by lowering the lower limit to FL315 (31,500 ft.) thereby increasing the flight levels to which more direct trajectories can be taken.

In addition to the *Free Route Italy* project, it was possible to add other new more efficient routes, in some cases thanks to the completion of the first phase of the JSF project which enabled the reclassification of conditional routes in the area over the Ionian Sea and a more flexible use of military areas. Moreover, there were improvements in r*oute availability* in terms of better flight profiles.

As a consequence of the implementation of the initiatives mentioned above, good results were registered in 2015 following on from the good results of 2014. From an estimate of planned savings carried out with respect to the implementation of these initiatives and the traffic that was handled, it transpires that horizontal routing has potentially improved by 1,404,400 nautical miles which corresponds to an estimated reduction of overall fuel consumption of 8,189 thousand tons and consequently a reduction in *CO2 emissions* of 25,795 thousand tons.

The *Free Route Italy* project had an assessment made of the provisions that were completed in the first phase with respect to the traffic handled in 2015. This type of traffic is estimated to save 120,000 nautical miles, 731 thousand tons of fuel and reduce *CO2 emissions* by 2,302 thousand tons.

Green Policy in Facilities

In line with the green policies launched in recent years, ENAV is committed to reducing energy consumption and to lowering greenhouse gas emissions by utilizing plants for self-generation of energy from renewable sources. Moreover, in compliance with Legislative Decree 102/2014, ENAV carried out a company-wide energy diagnosis to gather detailed knowledge on the use and consumption of energy in the Company's systems and installations. This was done for the purpose of identifying and activating a process that leads to energy saving by singling out those activities with low energy efficiency in order to manage and/or modify them and to assess any possible saving that can be achieved.

Overall, ENAV consumes the equivalent of approximately 11,816 tons of oil per annum, of which 10,370 (88%) in the form of electric energy (55.5 GWh per annum). The top 25 most energy consuming sites account for more than 80% of the overall consumption. Equivalent CO2 emissions amount to approximately 22,900 tons of CO2 per annum, taking into account the contribution of renewable sources in calculating the average conventional emissions factor of the national grid (Italy).

The energy diagnosis made in 2015 on a cluster of 11 representative sites, including 2 Control Centres, 7 Airport Centres, 1 RADAR site and the central premises which account for approximately 45% of the overall Company energy consumption, indicated that there are interesting prospects for reducing consumption through

energy efficiency initiatives and the use of renewable energy sources.
Regarding photovoltaic systems, following the 2007 pilot project at Falconara airport in Ancona, since the end of 2012 photovoltaic systems have been progressively installed in the control tower and the Operations Building in Bari Palese, in the Brindisi Area Control Centre, in the Bitonto radio beacon, and in ENAV's headquarters in Via Salaria in Rome, while a new photovoltaic plant on the car park shelters of the Airport Centre at Capodichino, Naples is currently in its final stages of completion.
At the same sites where photovoltaic plants have been installed, ENAV also installed the infrastructure for charging plug-in electric cars, in anticipation of market demand and relying on the development of sustainable mobility for its own car fleet as well as for its employees.
The following table shows estimates of the energy produced in photovoltaic systems in 2015, the reduction of equivalent CO2 emissions and the relative economic benefits which in total amount to proximately 150,000 Euros per annum. A procedure is currently underway to request a European grant for the plants located in Convergence Objective Regions (Bari, Brindisi, Bitonto and Naples) in addition to incentives related to all plants except for the one at the Company headquarters.

ENAV site	Power kwp	Annual production kwh/a	Annual reduction in CO2 emmission in tonnes	Economic benefit (energy account + self consumption/sales) in euro
Rome, Via Salaria	80	99,598	60	22,908
Bari TWR	52	64,404	39	27,822
Bari P,O,	48	59,633	36	25,761
ACC Brindisi	63	78,101	47	33,739
Bitonto	99	131,641	79	8,520
Ancona Torre	45	49,108	29	28,973
Total	**387**	**482,485**	**290**	**147,723**

Other Information

ENAV Group Certifications

In view of the positive outcome of the surveillance activities conducted by ENAC in the 2013–2015 two-year period, on 19 June 2015 ENAV obtained the fourth renewal of its certification as a Supplier of Air Navigation Services. The renewal of the certificate attests to the fact that ENAV maintains its compliance with the common requirements for the supply of air navigation services of Regulation (EU) No. 1035/2011 as amended and consolidated. Such common requirements are related to general requirements covering aspects such as competence, technical and operational capability, organizational and management structure, management of safety and security, human resources financial stability, risk liability and coverage, quality of services and requirements related to communications, as well as specific requirements for each service provided, Air Traffic Services (ATS), Communications Navigation and Surveillance (CNS), Aeronautical Information Service (AIS) and Meteorological Services (MET).
In particular, in the 2013–2015 two-year period, ENAC carried out 30 audits (6 in 2013, 18 in 2014 and 6 in the first semester of 2015) in territorial premises as well as in ENAV Central Departments in order to ascertain that compliance with the common requirements specified in the certificate has been maintained.
Contrary to previous renewals that were valid for two years, the new certificate, which covers all the above mentioned services as provided by ENAV, is valid for an unlimited term, provided that ENAC is reassured of constant compliance with regulatory requirements during its surveillance activities.

In the course of 2015, ENAV was subject to audit by ENAC to check continuous compliance with the requirements to operate as a Training Organisation, pursuant to Regulation (EU) 805/2011, ENAC's Regulations for a *Flight Information Service (FIS) Operator Licence and ENAC's regulations entitled Requirements for personnel providing meteorological services for air navigation*

Moreover, in view of the transfer from the Italian Air Force to ENAV of:

- Air Traffic Services (ATS), Aeronautical Information Service (AIS) and Communication and Navigation services for Treviso airport;
- ATS, AIS and Communications Navigation and Surveillance (CNS) Services for Brindisi airport;
- Meteorological services for Verona Villafranca and Rome Ciampino airports;
- and, in view of the transfer from the company called "Valerio Catullo" to ENAV of:
- Communications and Navigation Services at Brescia Montichiari Airport;
- ENAC extended the two certificates to cover ENAV as a supplier of Air Navigation Services and as a Training Organization.

With respect to the certification of company management systems of the ENAV Group, on 19 December 2015 the International Certification Body DNV GL Business Assurance positively concluded its activities aimed at a three-year renewal establishing:

- the renewal of the conformance Certificates in accordance with the UNI EN ISO 9001:2008 standard for the ENAV Group;
- the renewal of the conformance Certificate in accordance with the UNI EN ISO 27001:2014 standard for ENAV;

In relation to the other certifications/attestations regarding the controlled subsidiary Techno Sky, it should be noted that:

- on 9 December 2015 the International Certification Body DNV GL Business Assurance conducted the second check for maintaining the F-GAS certification (applicable to operators and companies that use fluorinated gasses that cause a greenhouse effect) pursuant to Regulation (EU) No. 517/2014;
- in relation to the accreditation of the Techno Sky calibration laboratory, on 16 October 2015 "ACCREDIA", the Italian accreditation body, renewed the accreditation certificate of the LAT 015 Centre;
- in relation to the implementation of the CMMI-DEV *Capability Maturity Model for Development* model for Techno Sky's software development and maintenance activities, on 28 July 2015 the final results of the appraisal conducted in co-operation with INSPEARIT attest reaching Maturity Level 2.

With regard to the aircraft fleet for measuring radio signals, ENAV was subject to specific audits by ENAC for maintaining the Certificate of Approval for continuing airworthiness management organizations, the Certificate of Approval for maintenance organizations, and of the Air Services Operator's Certificate, with the latter being a preliminary requirement for maintaining the License for Aerial Operations related to observation and surveying flights.

Government/ENAV Program and Service Agreements

Concerning the 2013–2015 Planning and Service Contracts, the last technical meetings between ENAV representatives and the representatives of the competent national institutions were held during the year for the purpose of starting to work on the above mentioned contracts once negotiations have been completed. The agreement drafts and the relative attachments were consolidated on the basis of what was agreed and sent to the Interministerial Committee for Economic Planning (CIPE), for an opinion. As a result of the national regulations applicable in 2015, upon receipt of notification from the CIPE to the effect that there were "no objections", the drafts were sent to the competent parliamentary commissions for a definitive opinion which is a prerequisite for signing the contracts. In the first semester of 2015 the VIII Senate Public Works Commission and the IX House of Representatives Transport Commission, having examined the planning contract drafts between the Ministry of Infrastructure and Transport and ENAV for the 2013–2015 three-year period expressed their favourable opinion for signing the contracts.
Following such positive response, the contracts were officially signed by the parties' signatories towards the end of 2015.
In order to further the stature of ENAV and to ensure greater certainty and stability in its legal relationships and coherence between the national setup of air navigation services regulations and the European reference regulatory framework, the 2016 Stability Law No. 208/2015 defined the term of the Planning Contract to coincide with the term of the national performance plan. In the first instance, a four-year term regulating a period going from 1 January 2016 to 31 December 2019 was established.
Moreover, it was decided that the new 2016–2019 Planning Contract be signed by the parties by the end of April 2016.
Towards this end, the Company together with the reference institutional bodies started the process of drafting the new Planning Contract at the end of 2015 and delivered a new draft in February 2016.

Military Airports

In relation to the transfer of air navigation services of the military airports that are also open to civilian traffic to ENAV, while Planning and Services Contracts are in the process of being signed, in 2015 ENAV, having taken cognisance of the requests of the control bodies to take over the provision of air navigation services from the Italian Air Force, started the preliminary technical activities that are necessary for the take-over of the services in those airports where the take-over was not made in the previous year. Having concluded the updating and modernization phase of the systems and the equipment used for Air Traffic Control in the airports that were in the process of being taken over, for the purpose of adapting the technology and the quality standards of the service to the same levels as in those airports that were managed by the Company at the time, in 2015 ENAV took over the air navigation services of the airport in Treviso S. Angelo towards the end of the first semester, and those of the airport in Brindisi in December. In addition, the taking over of air navigation services of Rimini Miramare Airport are planned to be taken over by the Company towards the end of 2016.

Legislative Decree No. 196/2003

In 2015 a document on the subject of minimum security requirements as provided in the Legislative Decree No. 196 of 30 June 2003 was produced. The document was undersigned by the Entity that is responsible for the processing of personal data and it constitutes the minimum level of security that must be adopted to ascertain the minimum level of protection of personal data in the event of processing performed with or without electronic means. It contains information regarding the security measures related to the processing of personal data in the company.
Risk analysis related to ENAV personal data was conducted in the context of the analysis of the information security risk, as required for ENAV's conformance with 27001/2006 certification.
The information that is subject to Italian legislation on privacy is assessed under the Privacy domain using the MAGERIT methodology developed for the Spanish Ministry of Public Administration in 1997 by the Spanish National Intelligence Centre and the Spanish National Cryptographic Centre.
In 2015 the Company conducted a focussed analysis on the management of sensitive data for the purpose of checking the adequacy of the countermeasures applied within the bounds of the law. No critical issued emerged from the exercise and it was not deemed necessary to issue any recommendations in this domain.
During the year, activities incumbent on the Company were carried out as provided in the 2015 Risk Treatment Plan.
For the purpose of producing repeatable results that are compatible with the levels of Quality and Safety as required by the existing Company Certifications (ISO 9001 and ISO 27001), a document was prepared with an analysis of the functional requirements that are useful for setting up a privacy procedure related to the application of the Legislative Decree No 196/03 in ENAV.
In concert with the Management Information Systems and the Security Departments and as required by Italian law, security measures to protect personal data were constantly monitored. Such security measures are listed in a System of *Rules* of the Security Management System that is constantly and contextually checked and updated.

Economic performance and financial position of the ENAV Group

Income Statement

	31.12.2015	31.12.2014	Change Valori	Change %
Revenues from operations	792.059	812.638	(20.579)	(2,5%)
Balance revenues	17.708	(16.016)	33.724	(210,6%)
Other operating income	39.798	38.913	885	2,3%
Total revenues	**849.565**	**835.535**	**14.030**	**1,7%**
Personnel costs	(475.777)	(466.198)	(9.579)	2,1%
Other costs, net	(130.816)	(145.676)	14.860	(10,2%)
Total operating costs	(606.593)	(611.874)	5.281	(0,9%)
EBITDA	**242.972**	**223.661**	**19.311**	**8,6%**
Depreciation and amortization less investment grants	(137.403)	(144.025)	6.622	(4,6%)
Write-downs, impairment losses, reversals of impairment losses and allocation	(12.131)	(6.564)	(5.567)	84,8%
EBIT	**93.438**	**73.072**	**20.366**	**27,9%**
Financial income (expense)	2.286	(5.602)	7.888	(140,8%)
Income before income taxes	**95.724**	**67.470**	**28.254**	**41,9%**
Income taxes	(29.641)	(27.464)	(2.177)	7,9%
Net income for the year	**66.083**	**40.006**	**26.077**	**65,2%**

Amounts in thousands of Euros

Earnings from operational activities amounted to 792 million Euros which represents a net 2.5% fall compared to the previous year. Such result is mainly attributable to the Parent Company and is linked to the -1.7% reduction in en-route revenue during the year with respect to 2014 due to the processing of fewer service units, charged at 78.80 Euros, a charge that is practically the same as that of the previous year. Terminal earnings on the other hand registered a 4.8% increment due to the processing of 0.6% more units of service in 2015 with a different trend in the three charge bands. In particular: i) Rome Fiumicino Airport registered +1.4% more assisted traffic expressed in service units maintaining the same charge (195.57 Euros); ii) the second charge band registered an 24% increase in the number of service units due to more traffic during the year and also because the Bergamo Orio al Serio Airport which was in the third charge band in 2014 was admitted to the second charge band. The charge that was applied remained the same with respect to 2014 at 214.72 Euros; iii) the third charge band on the other hand registered a 12.6% fall in terms of service units, also due to Bergamo Airport being reclassified in the second charge band, mitigated by the Parent Company acquiring the services of two military airports, Treviso and Brindisi, which are now open to civilian traffic. The third charge band was 260.96 Euros with a portion that continues to be borne by the parent company and covered by the contribution for charge stabilization which amounts to 20.3 million Euros.

The balance has a positive effect on earnings for an amount of 17.7 million Euros represented by the balance booked in 2015 for an overall amount of 26.3 million Euros reduced by the effect of discounting of the above mentioned credits and the release of the balance booked in the two preceding years for an amount of 8.2 million Euros which in 2014 was 53.2 million Euros, a contributing factor in determining a 16 million Euros negative balance.

Operational costs were 606.6 million Euros, which represent a net 0.9% fall with respect to the previous year. In particular, the personnel costs increased by 2.1% mainly due to the fixed part of remuneration for: i) remuneration increments in accordance with the provisions of the National Collective Labour Agreement starting from October 2014 and therefore effecting the whole year; ii) Changes in professional warrant qualifications and rises in individual "*superminimo*" (i.e. the "above minimum" portion of salaries over and above the collective agreement minimum for a specific grade), due to a salary restructuring exercise for Air Traffic Controllers; iii) natural remuneration increments; iv) hiring of operational personnel. The variable part of the remuneration registers an overall 1.2% increment with a reduction of overtime both from operational personnel and office personnel and an increment in transfer allowance since the beginning of the low traffic airports project. Moreover, the cost of personnel includes the incentives for voluntary resignations from employees and management executives leaving the Company in 2015 for an overall amount of 4.9 million Euros. The other costs register a net 10.2% fall due to a general reduction of operational costs thanks to contract renewals and renegotiations as well as the absence of the effect, generated in 2014, of having professional services booked as a cost inasmuch as they lack the essential requirements to be classified as tangible or intangible assets. An increase in capitalized costs on investment initiatives in addition to those implemented internally amounting to a positive 29.7 million Euros compared to 24.7 million Euro in 2014 also contributed towards this result.

These figures had a positive effect in the calculation of EBITDA and generated a 8.6% increment compared to the previous year, registering 243 million Euros. EBIT was 93.4 million Euros, increasing by 27.9% with respect to 2014 due to the above-described events as well as the decreased depreciation charges which registered a 4.6% reduction in 2015.

Financial income and expenses amounted to a positive 2.3 million Euros with an improvement over the previous year of 7.8 million Euros mainly due to income related to adjustment to the present value of the "balances" recognized in previous years and adjusted to the new charge recovery plans in conformance with the 2015–2019 Performance Plan.

Taxes for the year amounted to 29.6 million Euros, increasing by 7.9% with respect to 2014, mainly due to more taxable income.

As a result of the above described dynamics, the profit for the year was a positive amount of 66 million Euros, a figure that represents a decisive increase with respect to the previous year.

Reclassified Balance Sheet

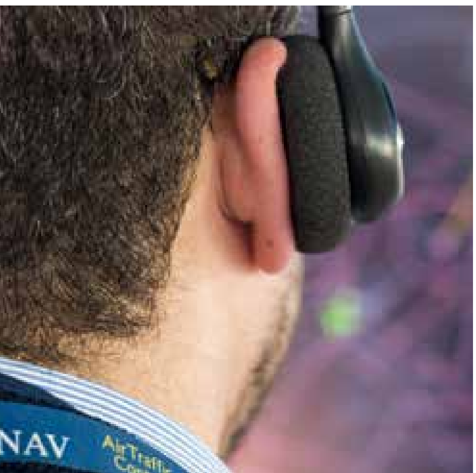
	31.12.2015	31.12.2014	Changes
Property, plant and equipment	1.083.836	1.125.913	(42.077)
Intangible assets	122.092	124.759	(2.667)
Investments in other companies	35.314	26.431	8.883
Other non-current assets and liabilities	66.709	34.506	32.203
Liability for employee benefits	(58.068)	(60.049)	1.981
Net fixed capital	**1.249.883**	**1.251.560**	**(1.677)**
Inventories	62.027	61.691	336
Trade receivables	233.547	232.387	1.160
Trade payables	(128.348)	(127.986)	(362)
Provision for risks and charges	(14.151)	(12.585)	(1.566)
Other current assets and liabilities	(123.906)	(63.219)	(60.687)
Net working capital	**29.169**	**90.288**	**(61.119)**
Net invested capital	**1.279.052**	**1.341.848**	**(62.796)**
Funding			
Shareholders' equity	1.090.550	1.234.062	(143.512)
Net financial position	188.502	107.786	80.716
Total funding	**1.279.052**	**1.341.848**	**(62.796)**

Amounts in thousands of Euros

The reclassified balance sheet shows a fall in net invested capital of 62.8 million Euros compared with the end of the previous year, registering 1,279 million Euros. This fall is mainly due to the following factors:

- *net fixed capital* which showed an overall fall of 1.7 million Euros with different trends in the various items of which it is made up. In particular, there was an overall fall in tangible and intangible assets for the year's amortization, greater than the investments made. The increase in investment is related to the payment of the balance of the second instalment as provided in the contract for the acquisition of shares in Aireon LLC, a Limited Liability Company subject to United States law, which provides for the payment of four instalments that will result in an ownership stake of 12.5%. The variation in the line item for "other non-current assets and liabilities" of 32.2 million Euros refers to 2015 "balance" receivables that will be charged in successive years in accordance with the recovery plan defined in the context of the *performance plan* and to the decrease in other liabilities following the release to income of the "National Operating Program (NOP) for the Transport Sector" grants associated with the depreciation of the investments to which they refer, as well as to bringing the 20.3 million Euros charge stabilization provision down to zero after it was used in 2015 as the Parent Company's contribution against the terminal third charge band;
- *Net working capital*, which amounts to 29.2 million Euros, registers a net fall of 61.1 million Euros, due to more debt in 2015, mainly related to the debt owed to the Ministry of Economy and Finance of 38.2 million Euros in 2014, which represents the balance of the en-route and terminal exemptions due by the aforementioned ministry and the Parent Company dues for cashing in charges owed to the Italian Air Force. The Company is waiting for instructions from the Ministry of Economy and Finance for paying the above mentioned amount. The increase in the 2015 portion of en-route and terminal service charges due to the Italian Air Force which amounted to 9.2 million Euros, cashed in by the Company and greater tax debts in relation to IRES tax (Italian Corporate Tax) due by the Group also contributed to the increase of debts.

Shareholders' equity amounted to 1,090.5 million Euros with a net decrease of 143.5 million Euros following the voluntary reduction of the share capital by means of a return of capital to the shareholder for an amount of 180 million Euros, the payment of dividends for an amount of 36 million Euros by the Parent Company, the positive incidence of the employee benefits reserve of 1 million Euros, the positive contribution of the fair value measurement of derivatives for 1.3 million Euros, the positive variation for an amount of 4.1 million Euros of the reserve fund for the conversion of Financial Statements into foreign currencies and the positive consolidated year-end result of 66.1 million Euros.



The net financial position is a negative 188.5 million Euros, 80.7 million Euros higher than in the previous year, which can be analysed as follows:

	31.12.2015	31.12.2014	Changes
Cash and cash equivalents	174.141	118.253	55.888
Current financial receivables	0	1.480	(1.480)
Current financial debt	(32.788)	(46.136)	13.348
Net current financial position	**141.353**	**73.597**	**67.756**
Non-current financial receivables	968	383	585
Non-current debt	(330.823)	(181.766)	(149.057)
Non-current debt	**(329.855)**	**(181.383)**	**(148.472)**
Net financial position	**(188.502)**	**(107.786)**	**(80.716)**

Valori in migliaia di euro

The net financial position shows a higher debt of 80.7 million Euros mainly following the issue of Bonds by the Parent Company in August 2015 for an amount of 180 million Euros, a necessary provision in order to proceed with the return of capital to the shareholder. In relation to bank loans on the other hand, there was an overall reduction of 45.6 million Euros following the repayment of various Parent Company loans. Liquidity stood at 174.1 million Euros representing an increment of 55.9 million Euros due to cashing in more funds related to terminal charges, the VAT credit which was requested to be paid back in addition to additional liquidity of the controlled subsidiary, ENAV North Atlantic.

Economic performance and financial position of ENAV

Income Statement

	31.12.2015	31.12.2014	Changes Valori	Changes %
Revenues from operations	790.562	810.251	(19.689)	-2,4%
Balance revenues	17.708	(16.016)	33.724	-210,6%
Other operating income	39.151	37.501	1.650	4,4%
Total revenues	**847.421**	**831.736**	**15.685**	**1,9%**
Personnel costs	(411.844)	(403.213)	(8.631)	2,1%
Other costs, net	(195.575)	(209.453)	13.878	-6,6%
Total operating costs	(607.419)	(612.666)	5.247	-0,9%
EBITDA	**240.002**	**219.070**	**20.932**	**9,6%**
Depreciation and amortization less investment grants	(138.646)	(144.666)	6.020	-4,2%
Write-downs, impairment losses, reversals of impairment losses and allocations	(26.704)	(5.871)	(20.833)	354,8%
EBIT	**74.652**	**68.533**	**6.119**	**8,9%**
Financial income (expense)	2.657	(4.954)	7.611	-153,6%
Income before income taxes	**77.309**	**63.579**	**13.730**	**21,6%**
Income taxes	(27.492)	(24.752)	(2.740)	11,1%
Net income for the year	**49.817**	**38.827**	**10.990**	**28,3%**

Amounts in thousands of Euros

Earnings from operational activities amounted to 790.5 million Euros which represents a net 2.4% fall compared to the previous year. Such result is linked to the -1.7% reduction in en-route revenue during the year with respect to 2014 due to the processing of fewer service units, charged at 78.80 Euros, a charge that is practically the same as that of the previous year. Terminal earnings on the other hand registered a 4.8% increment due to the processing of 0.6% more units of service in 2015 with a different trend in the three charge bands. In particular: i) Rome Fiumicino Airport registered +1.4% more assisted traffic expressed in service units maintaining the same charge (195.57 Euros); ii) the second charge band registered an 24% increase in the number of service units due to more traffic during the year and also because the Bergamo Orio al Serio Airport which was in the third charge band in 2014 was admitted to the second charge band. The charge that was applied remained the same with respect to 2014 at 214.72 Euros; iii) the third charge band on the other hand registered a 12.6% fall in terms of service units, also due to Bergamo Airport being reclassified in the second charge band, mitigated by ENAV acquiring the services of two military airports, Treviso and Brindisi, which are now open to civilian traffic. The third charge band was 260.96 Euros with a portion that continues to be borne by the Company and covered by the contribution for charge stabilization which amounts to 20.3 million Euros.

The balance has a positive effect on earnings for an amount of 17.7 million Euros represented by the balance booked in 2015 for an overall amount of 26.3 million Euros reduced by the effect of discounting of the above mentioned credits and the release of the balance booked in the two preceding years for an amount of 8.2 million Euros which in 2014 was 53.2 million Euros, a contributing factor in determining a 16 million Euros negative balance.

Other operating income, which registered a net increment of 1.6 million Euros with respect to the previous year, does not include the share of equipment grants linked to financial investments of 9.3 million Euros, entered in direct reduction of depreciation.

Operational costs were 607.4 million Euros, which represent a net 0.9% fall with respect to the previous year. In particular, the personnel costs increased by 2.1% mainly due to the fixed part of remuneration for: i) remuneration increments in accordance with the provisions of the National Collective Labour Agreement starting from October 2014 and therefore effecting the whole year; ii) Changes in professional warrant qualifications and rises in individual "*superminimo*" (i.e. the "above minimum" portion of salaries over and above the collective agreement minimum for a specific grade), due to a salary restructuring exercise for Air Traffic Controllers; iii) natural remuneration increments; iv) hiring of operational personnel. The variable part of the remuneration registers an overall 2% increment with a reduction of overtime both from operational personnel and office personnel and an increment in transfer allowance since the beginning of the low traffic airports project. Moreover, the cost of personnel includes the incentives for voluntary resignations from employees and management executives leaving the Company in 2015 for an overall amount of 4.9 million Euros. The other costs register a net 6.6% fall due to a general reduction of operational costs thanks to contract renewals and renegotiations as well as the absence of the effect, generated in 2014, of having professional services booked as a cost inasmuch as they lack the essential requirements to be classified as tangible or intangible assets.

These figures had a positive effect in the calculation of EBITDA and generated a 9.6% increment compared to the previous year, registering 240 million Euros. EBIT stood at 74.64 million Euros which represents an 8.9% increment with respect to 2014 due to the events described above, the effect of depreciation which in 2015 registered a 4.6% fall and to more write-downs and impairment losses made during the year for 26.7 million Euros which refer to 14.6 million Euros which emerged from a comparison between the carrying amount of the investment in Techno Sky and the relative recoverable amount calculated on the basis of the *impairment* test carried out on the date of the Financial Statements, 7.9 million Euros in write-downs of doubtful receivables and allocations to the provision for risks.

Financial income and expenses amounted to a positive 2.6 million Euros with an improvement over the previous year of 7.6 million Euros mainly due to income related to adjustment to the present value of the "balances" recognized in previous years and adjusted to the new charge recovery plans in conformance with the 2015–2019 Performance Plan.

Taxes for the year amounted to 27.5 million Euros, increasing by 11.1% with respect to 2014, mainly due to more taxable income.

As a result of the above described dynamics, the profit for the year was a positive amount of 49.8 million Euros, a figure that represents a 28.3% increase with respect to the previous year.

Reclassified Balance Sheet

	31.12.2015	31.12.2014	Changes
Property, plant and equipment	1.103.026	1.144.055	(41.029)
Intangible assets	55.424	57.965	(2.541)
Investments in other companies	143.284	142.909	375
Other non-current assets and liabilities	42.234	8.977	33.257
Liability for employee benefits	(38.288)	(40.202)	1.914
Net fixed capital	**1.305.680**	**1.313.704**	**(8.024)**
Inventories	61.988	61.645	343
Trade receivables	225.362	224.531	831
Trade payables	(110.805)	(114.552)	3.747
Provision for risks and charges	(9.924)	(8.375)	(1.549)
Other current assets and liabilities	(146.444)	(79.722)	(66.722)
Net working capital	**20.177**	**83.527**	**(63.350)**
Net invested capital	**1.325.857**	**1.397.231**	**(71.374)**
Funding			
Shareholders' equity	1.120.006	1.283.674	(163.668)
Net financial position	205.851	113.557	92.294
Total funding	**1.325.857**	**1.397.231**	**(71.374)**

Amounts in thousands of Euros

The reclassified balance sheet shows a fall in net invested capital of 71.3 million Euros compared with the end of the previous year, registering 1,325.8 million Euros. This fall is mainly due to the following factors:

- *net fixed capital* which showed an overall fall of 8 million Euros with different trends in the various items of which it is made up. In particular, there was an overall fall in tangible and intangible assets for the year's amortization, greater than the investments made. Investments registered a minimal variation of 0.3 million Euros but including an increment of 14.9 million Euros for the payment to subsidiary ENAV North Atlantic of the liquidity that was necessary for the payment of the balance of the contractually due second instalment for the purchase of shares in Aireon LLC and a reduction in the investment in Techno Sky following impairment for the reasons explained above for an amount of 14.6 million Euros. The variation in the other non-current assets and liabilities balance sheet line item of 33.2 million Euros refers to 2015 "balance" receivables that will be charged in successive years in accordance with the recovery plan defined in the context of the *performance plan* and to the decrease in other liabilities following the release to income of the "National Operating Program (NOP) for the Transport Sector" grants in line with the depreciation of the investments to which they refer, as well as to bringing the 20.3 million Euros charge stabilization provision down to zero after it was used in

2015 as ENAV's contribution against the terminal third charge band;

- *Net working capital*, which amounts to 20.2 million Euros, registers a net fall of 63.3 million Euros, due to more debt in 2015, mainly related to the debt owed to the Ministry of Economy and Finance of 38.2 million Euros in 2014, which represents the balance of the en-route and terminal exemptions due by the aforementioned ministry and the ENAV's dues for cashing in charges owed to the Italian Air Force. The Company is waiting for instructions from the Ministry of Economy and Finance for paying the above mentioned amount. The increase in the 2015 portion of en-route and terminal service charges due to the Italian Air Force which amounted to 9.2 million Euros, cashed in by the Company and greater tax debts in relation to the year's IRES tax (Italian Corporate Tax) also contributed to the increase of debts.

Shareholders' equity amounted to 1,120 million Euros with a net decrease of 163.7 million Euros following the voluntary reduction of the share capital by means of a return of capital to the shareholder for an amount of 180 million Euros, the payment of dividends for an amount of 36 million Euros, the positive incidence of the employee benefits reserve of 1.2 million Euros, the positive contribution of the fair value measurement of derivatives for 1.3 million Euros, and the positive year-end result of 49.8 million Euros.

The net financial position is a negative 205.8 million Euros, 92.3 million Euros higher than in the previous year, which can be analysed as follows:

	31.12.2015	31.12.2014	Changes
Cash and cash equivalents	156.573	111.089	45.484
Current financial receivables	0	1.480	(1.480)
Current financial debt	(32.569)	(44.743)	12.174
Net current financial position	**124.004**	**67.826**	**56.178**
Non-current financial receivables	968	383	585
Current financial debt	(330.823)	(181.766)	(149.057)
Non-current debt	**(329.855)**	**(181.383)**	**(148.472)**
Net financial position	**(205.851)**	**(113.557)**	**(92.294)**

Amounts in thousands of Euros

The net financial position shows a higher debt of 92.3 million Euros mainly following the issue of Bonds in August 2015 for an amount of 180 million Euros, a necessary provision in order to proceed with the return of capital to the shareholder. In relation to bank loans on the other hand, there was an overall reduction of 44.5 million Euros following the repayment of various loans. Liquidity stood at 156.6 million Euros representing an increment of 45.5 million Euros due to cashing in more funds related to terminal charges, the VAT credit which was requested to be paid back and the non-payment of the debt with the Ministry of the Economy and Finance for reasons explained earlier in this document.

Information on Enav Group Companies

The operations and economic performance of ENAV Group companies at 31 December 2015 are described below.

Techno Sky

The company is wholly-owned (100%) by ENAV and deals with the operational management, support and maintenance of national air traffic control plants and systems, ensuring their complete and uninterrupted availability and operational efficiency. The Company closed 2015 with a net positive result of 2.8 million Euros, 28.9% higher than the previous year. The results show an EBITDA of 5.8 million Euros, a 24.4% fall with respect of the previous year following an 5.9% increase in the cost of orders for which there was a 3.3% increase in earnings for investment projects commissioned by the Parent Company. The lower impact of depreciation and impairment losses in 2015 determined an EBIT of 4.9 million Euros. 15% lower than the previous year. The results benefited from financial management and a change in the determination of IRAP tax (regional corporate tax) that led to a reduction of tax dues of 1.4 million Euros with respect to 2014.
From the point of view of technical results in 2015, Techno Sky maintained a high level of technical performance in servicing the global contract for the maintenance of ENAV plants in relation to both the management and maintenance of the hardware in the ATC technology infrastructure and software maintenance covering the correction of errors, software modification and software evolution.

ENAV Asia Pacific Sdn Bhd

ENAV Asia Pacific is a Malaysian company established in March 2013 for purposes of developing the Group's commercial activities in countries in Asia and Oceania. Wholly-owned by ENAV, the company closed 2015 with a net positive result of 15.8 thousand Euros, on the increase with respect to the previous year (4 thousand Euros as of 31 December 2014). In December 2015, the Company signed a contract with the Malaysian Department of Civil Aviation worth 10 million Euros for aeronautical consulting services to be carried out over the next four years.
The company is administered by a Chief Executive Officer appointed by the Board of Directors and designated by the parent company, and is subject to legal auditing

The SICTA Consortium

The SICTA Consortium, held 60% by ENAV and 40% by Techno Sky, conducts research, development, testing, simulation, and validation of innovative solutions of air traffic control systems on behalf of Consortium members and for European programs of which SESAR is the principal party. The Consortium, which is a non-profit organization, closed its financial year on 31 December 2015 with a net positive result of 5.5 thousand Euros, representing a slight increment over 2014. Its financial statements show a reduction in both earnings and costs in addition to an improvement in its financial position following the settlement of its lines of credit.
Pursuant to its articles of association, the SICTA Consortium will expire on 31 December 2017.

ENAV North Atlantic

ENAV North Atlantic, a Limited Liability Company governed by the laws of Delaware (USA), is wholly-owned by ENAV and was formed in January 2014 for the purpose of participating in an investment to be made through the acquisition of 12.5% of the share capital of Aireon LLC, an American company, part of the IRIDIUM Group, that is responsible for the development, financing and deployment of a global satellite surveillance system using ADS-B technology. Aireon technology will increase surveillance coverage, which today is approximately 30% of the surface of the earth, up to 100% of the globe with immediate advantages such as: the availability of more efficient routes especially in remote areas, oceans, deserts and the poles, with a reduction of greenhouse gas emissions and fuel consumption; exploitation of investments that have already been made by airline companies in ADS-B systems; availability for providers of a system of global surveillance of air traffic without the need to sustain significant costs for the development of new infrastructure.
The financial statements for the year ended 31 December 2015 show a break-even result because the company is essentially inoperative and only holds the investment in Aireon.

Significant events after the year-end

On 2 March 2016 the Shareholders' Meeting of ENAV passed a resolution for a voluntary reduction of the Company's share capital pursuant to article 2445 of the Italian civil code for an amount of 400 million Euros by constituting a specific equity reserve. Following this operation, the share capital stands at € 541.7 million.

Performance Forecast

In the next four years, ENAV will have to comply with the new EU regulatory framework in which the European Commission has identified expected performance levels for European providers in terms of economic and operational efficiency for 2015–2019.

Therefore, taking into account the European regulatory framework and in the spirit of providing fresh input for management policies and actions, in November 2015 the ENAV Group started a process for the definition of a new Industrial Plan which was then approved by the Board of Directors on 29 March 2016.

Moreover, the ENAV's privatization listing process which started in the second semester of 2015 is equally relevant.

As is known, the Decree of the President of the Council of Ministers ("DPCM")of 16 May 2014 started the ENAV privatization process with the proviso that the state maintains a stake in ENAV's Share Capital of not less than 51%. As stated in Paragraph 2, the transfer of shares, "*can be made, even in multiple stages, by means of, an Initial Public Offering ("IPO") available to investors in Italy, including employees of ENAV S.p.A. and its controlled subsidiaries, and/or Italian and International institutional investors, and/or direct negotiation to be conducted on the basis of a competitive tender procedure addressed to entities that conform to the requirements provided in Regulations (EU) No. 1035/2011*". In the next paragraph 3 the DPCM itself indicates that recourse to an IPO is the method of preference for the privatization of the company: "*For the purpose of ensuring the widest possible distribution of shareholding among investors, among the methods identified in Paragraph 2, priority is given to an Initial Public Offering ("IPO") available to investors in Italy and Italian and International institutional investors*".

The Company, in co-ordination with its shareholder and supported by Global Co-ordinators and financial, legal and accounting consultants will proceed over the next months with activities aimed at listing the company on the Italian Stock Exchange which is presently forecast to happen by the end of 2016.

Proposal for allocation of net profit of ENAV S.p.A.

Dear Shareholder,

The financial statements for the year ended 31 December 2015, submitted to the Meeting for its approval, show net income for the year of 49,817,457.91 Euros.

We hereby propose that you:

- approve the financial statements for the year ended 31 December 2015, consisting of the financial statements, the notes to the financial statements and the report on operations;

- allocate the net income for the year of Euro 49,817,457.91 as follows:
  - 5% (2,490,872.90 Euros) to the legal reserve, considering that the reserve has not yet reached the limit set by article 2430 of the Italian civil code;
  - the remaining 47,326,585.01 Euros in accordance with the resolutions to be adopted by the Shareholders' Meeting.

We kindly ask you therefore to adopt resolutions on the above.

Rome, 29 March 2016.

The Managing Director
Roberta Neri


IAS 230 KT
NANUX
TAQ 1C
117°>19.8
CMP 1C
MEL 90
NDB TVOR/
MEL 90
548
427
ELITO
RF41
VALMA 1E
253
TAQ 1D
157°>40.3
MEA 5000
152°>9.5
MEA 4500
Ostia
114.90 Ch 96X
MEA 3000
TAQ 1C
CMP 1C
IAS 230 KT
VALMA 1E
067°>17.6
MEA 5000
LUNAK
IAS 200 KT
127°>10.9
VALMA 1D
MEA 5000
IAS 230 KT
RF416
NETUN
097°>21.5
MEA 5000

ENAV Group Consolidated Financial Statements for the year ended 31 December 2015

ENAV
Group consolidated financial statements

Consolidated statement of financial position

Asset

	Notes	31.12.2015	31.12.2014
Non - Current assets			
Property plant and equipment	7	1.083.835.597	1.125.912.704
Intangible assets	8	122.091.960	124.758.908
Investments in other companies	9	35.314.371	26.431.187
Non-current financial assets	10	15.687.285	15.886.258
Deferred tax assets	11	25.927.241	27.883.635
Non-current income tax receivables	12	25.232.503	25.232.503
Non-current trade receivables	13	124.278.210	119.498.770
Total non - current assets		**1.432.367.167**	**1.465.603.965**
Current Assets			
Inventories	14	62.026.701	61.690.642
Current trade receivables	13	233.547.438	232.386.580
Current financial assets	10	0	1.479.856
Income tax receivables	12	90.455.276	82.573.170
Other current assets	15	16.653.181	19.162.071
Cash and cash equivalents	16	174.140.802	118.253.256
Total current assets		**576.823.398**	**515.545.575**
Total assets		**2.009.190.565**	**1.981.149.540**

(amounts in euros)

Consolidated statement of financial position

	Notes	31.12.2015	31.12.2014
Shareholders' Equity			
Share capital	17	941.744.385	1.121.744.385
Reserves	17	53.005.301	44.659.584
Retained earnings/(accumulated losses)	17	29.717.020	27.652.383
Net income for the year	17	66.083.249	40.005.989
Total equity attributable to equity holders of the parent	**17**	**1.090.549.955**	**1.234.062.341**
Capital and reserves attributable to non-controlling interests		0	0
Net income attributable to non-controlling interests		0	0
Total equity attributable to non-controlling interests		**0**	**0**
Total Shareholders' Equity	**17**	**1.090.549.955**	**1.234.062.341**
Non-Current Liabilities			
Provisions for risks and charges	18	6.338.707	7.890.517
Employees' leaving entitlement and other employee benefits	19	58.068.053	60.048.816
Deferred tax liabilities	11	4.035.358	3.279.086
Non-current financial liabilities	20	330.823.506	181.766.028
Non-current trade payables	21	6.624.583	7.803.390
Other non-current liabilities	22	112.788.221	142.529.753
Total non-current liabilities		**518.678.428**	**403.317.590**
Current Liabilities			
Current portion of provisions for risks and charges	18	7.812.041	4.693.475
Current trade payables	21	128.348.504	127.986.523
Tax and social security payables	23	46.702.425	32.931.944
Current financial liabilities	20	32.787.791	46.135.656
Other current liabilities	22	184.311.421	132.022.011
Total Current Liabilities		**399.962.182**	**343.769.609**
Total Liabilities		**918.640.610**	**747.087.199**
Total Shareholders' Equity And Liabilities		**2.009.190.565**	**1.981.149.540**

(amounts in euros)

Consolidated income statement

	Note	FY 2015	FY 2014
Revenues			
Revenues from operations	24	792.058.585	812.637.986
Balance revenues	24	17.708.185	(16.015.835)
Other operating income	25	49.109.556	51.252.284
Total revenues		**858.876.326**	**847.874.435**
Costs			
Costs for raw materials. ancillary materials. consumables and merchandise	26	(9.710.042)	(7.256.747)
Costs for services	26	(141.775.416)	(153.298.507)
Personnel costs	27	(475.777.091)	(466.197.769)
Lease and rental costs	26	(5.906.207)	(6.971.813)
Other operating costs	26	(3.092.084)	(2.809.339)
Capitalization of internal work	28	29.668.068	24.659.875
Total costs		**(606.592.772)**	**(611.874.300)**
Depreciation and amortization	7 e 8	(146.715.152)	(156.364.125)
Write-downs. impairment losses and reversal of impairment losses	13	(8.871.230)	(5.619.868)
Allocations	18	(3.259.094)	(944.308)
Operative Incomes		**93.438.078**	**73.071.834**
Financial Income And Expense			
Financial income	29	8.333.234	3.447.897
Financial expense	29	(5.962.140)	(9.074.791)
Foreign exchange gains/(losses)	29	(85.243)	24.616
Total financial income and expense		**2.285.851**	**(5.602.278)**
Income before income taxes		**95.723.929**	**67.469.556**
Income taxes	30	(29.640.680)	(27.463.567)
NET INCOME FOR THE YEAR		**66.083.249**	**40.005.989**
Net income attributable to equity holders of the parent		66.083.249	40.005.989
Net income attributable to non-controlling interests		0	0
Profit/(loss) base per share	36	0,06	0,04

(amounts in euro)

Consolidated statement of other comprehensive income

	FY 2015	FY 2014
Net income for the year	**66.083.249**	**40.005.989**
Items of comprehensive income which will subsequently be reclassified to profit or loss:		
- differences arising on translating foreign financial statements	4.103.748	3.445.915
- fair value measurement of derivative financial instruments	1.684.418	2.529.447
- tax effect of the fair value measurement of derivative financial instruments	(339.204)	(695.598)
Total items of comprehensive income which will subsequently be reclassified to profit or loss:	5.448.962	5.279.764
Items of comprehensive income which will not subsequently be reclassified to profit or loss:		
- actuarial gains/(losses) on employee benefits	1.324.056	(6.993.827)
- tax effect of actuarial gains/(losses) on employee benefits	(368.654)	1.923.303
Total items of comprehensive income which will not subsequentlybe reclassified to profit or loss:	955.402	(5.070.524)
Total comprehensive income	**72.487.613**	**40.215.229**

(amounts in euro)

Consolidated statement of changes in equity

		Reserves		
	Share capital	Legal reserve	Miscellaneous reserves	Reserve for actuarial gains/ (losses) on employee benefits
Balance at 31 December 2013	**1.121.744.385**	**11.409.030**	**35.614.001**	**(4.612.809)**
Attribution of profit to reserves	0	2.526.380	0	0
Attribution of Charge Stabilization Provision	0	0	0	0
Dividends paid	0	0	0	0
Translation reserve	0	0	3.445.915	0
Total comprehensive income (loss) for the year of which:				
- other comprehensive income (loss)	0	0	0	(5.070.525)
- profit (loss) for the year	0	0	0	0
Balance at December 2014	**1.121.744.385**	**13.935.410**	**39.059.916**	**(9.683.334)**
Attribution of profit to reserves	0	1.941.352	0	0
Allocation of Charge Stabilization Provision	0	0	0	0
Dividends paid	0	0	0	0
Reduction in share capital	(180.000.000)	0	0	0
Translation reserve	0	0	4.103.748	0
Total comprehensive income (loss) for the year of which:				
- other comprehensive income (loss)	0	0	0	955.403
- profit (loss) for the year	0	0	0	0
Balance at 31 December 2015	**941.744.385**	**15.876.762**	**43.163.664**	**(8.727.931)**

Cash flow hedge reserve	Total reserves	Retained earnings/ (accumulated losses)	Net income for the year	Total equity
(486.257)	**41.923.965**	**28.612.043**	**49.567.941**	**1.241.848.334**
0	2.526.380	47.041.561	(49.567.941)	0
0	0	(16.500.000)	0	(16.500.000)
0	0	(31.501.221)	0	(31.501.221)
0	3.445.915	0	0	3.445.915
1.833.849	(3.236.676)	0	0	(3.236.676)
0	0	0	40.005.989	40.005.989
1.347.592	**44.659.584**	**27.652.383**	**40.005.989**	**1.234.062.341**
0	1.941.352	38.064.637	(40.005.989)	0
0	0	0	0	0
0	0	(36.000.000)	0	(36.000.000)
0	0	0	0	(180.000.000)
0	4.103.748	0	0	4.103.748
1.345.214	2.300.617	0	0	2.300.617
0	0	0	66.083.249	66.083.249
2.692.806	**53.005.301**	**29.717.020**	**66.083.249**	**1.090.549.955**

Consolidated statement of cash flows

	Note	31.12.2015	31.12.2014
A -Cash and cash equivalents at the beginning of the year	**15**	**118.253**	**94.301**
Cash flows from operating activities			
Net income for the year		66.083	40.006
Depreciation and amortization	7 e 8	146.715	156.364
Provisions for employee benefits	19	(657)	(600)
Changes due to exchange-rate effect	9	2.568	7
Impairment of property, plant and equipment and intangible assets	7 e 8	1.149	2.287
Net provisions for risks and charges	18	1.567	(109)
Net change in deferred tax assets and liabilities	11	2.004	(1.537)
(Increase)/decrease in inventories and work in progress	14	(163)	(51)
Decrease/(increase) Current and non-current trade receivables	13	(5.940)	22.059
Decrease/(increase) income tax assets and current tax liabilities and social security liabilities	12 e 23	5.888	(26.249)
Change in other current assets and liabilities	15 e 22	56.278	2.106
Change in other non-current assets and liabilities	15 e 22	(30.637)	(53.904)
Increase/(decrease) Current and non-current trade payables	21	19.851	(1.398)
B - Total cash flows from operating activities		**264.706**	**138.981**
of which taxes paid		(25.265)	(40.064)
of which interest paid		(3.465)	(3.714)
Cash flows from investing activities			
Investments in property plant and equipment	7	(96.008)	(93.694)
Investments in intangible assets	8	(10.621)	(9.874)
Increase/(decrease) in trade payables		(17.330)	(5.073)
Investments in other companies	9	(4.691)	(23.393)
C -Total cash flows from investing activities		**(128.650)**	**(132.034)**
Cash flows from financing activities			
Change in non current loans - proceeds		0	295.159
Change in non current loans - repayments	20	(40.667)	(238.159)
Net change in non current financial liabilities	20	9.724	(1.649)
Issue of borrowings	20	180.000	0
Net change in short-term financial liabilities	20	(13.348)	(8.018)
(Increase)/decrease in current financial assets		0	0
(Increase)/decrease in non-current financial assets	10	199	607
Decrease in capital	17	(180.000)	0
Dividends paid	17	(36.000)	(31.501)
D -Total cash flows from financing activities		**(80.092)**	**16.439**
E - Total cash flows (B+C+D)		55.964	23.386
F- Exchange-rate difference on cash and cash equivalents		(76)	566
G- Cash and cash equivalents at the end of the year (A+E+F)	**15**	**174.141**	**118.253**

In thousands of euros

Notes
to the consolidated financial statements

1. General information

ENAV is a limited company with a sole shareholder, wholly owned by the Ministry of the Economy and Finance (the MEF) and exercises its rights as a shareholder in agreement with the Ministry of Infrastructure and Transport (the MIT), which carries out the role as the Ministry supervising the civil aviation sector. ENAV S.p.A. was established in 2001 following the conversion under Law No. 665/1996 of Ente Nazionale di Assistenza al Volo (the National Agency for Flight Assistance), a public undertaking, that was formerly known as Azienda Autonoma di Assistenza al Volo per il Traffico Generale (A.A.A.V.T.A.G. – Autonomous Company providing Flight Assistance for General Traffic).

ENAV provides air traffic management and control services, and other essential services for air navigation within Italian air space and national civil airports where it has jurisdiction, whilst guaranteeing the highest technical and systematic standards in flight safety, and the enhancement of the technology and infrastructure of flight assistance systems. This infrastructure requires constant maintenance and ongoing development to ensure operational safety, punctuality and continuity. The above is set out clearly in the EU regulations issued by the Single European Sky, which on the one hand defines the air traffic management structure and on the other, sets targets in terms of technology, quality, economics and the environment that all service providers must adhere to.

The Company has its registered office at No. 716 Via Salaria in Rome, as well as other branches and operational facilities throughout Italy.

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

The subsidiary ENAV Asia Pacific, a company incorporated under Malaysian law, manages the ENAV Group's commercial development in Asia and Oceania, whereas the subsidiary Enav North Atlantic, established as an LLC (*Limited Liability Company*) and governed by the laws in the State of Delaware (USA), holds a stake in Aireon LLC that will introduce the first global satellite surveillance system for air traffic control.

These financial statements were approved by the Company's Board of Directors at its meeting held on 29 March 2016, and have been audited by the firm Reconta Ernst & Young S.p.A.

2. Form and content of consolidated financial statements

The ENAV Group consolidated financial statements at 31 December 2015 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union in EC Regulation 1606/2002 of 19 July 2002, and in accordance with Legislative Decree 38 of 28 February 2005, which introduced regulations governing the adoption of IFRS in Italian law.

The term IFRS includes all the International Financial Reporting Standards, all the International Accounting Standards (IAS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously referred to as the Standing Interpretations Committee (SIC), adopted by the European Union and contained in the EU Regulations published as of 29 March 2016, the date on which the Board of Directors of ENAV S.p.A. approved the consolidated financial statements.

The accounting policies described below reflect the fact that the ENAV Group will continue to be fully operational in the foreseeable future, in accordance with the going concern assumption, and are consistent with those applied in the preparation of the consolidated financial statements for the previous year except for the adoption of new or amended standards and interpretation effective for the current financial year.

The consolidated financial statements have been prepared and presented in Euro, which represents the functional currency for the ENAV Group. All the amounts included in the tables in the following notes and in the comments are shown in thousands of euros unless otherwise stated.

The consolidated financial statement used and the relevant classification criteria used by the ENAV Group are shown below, in the context of the options provided for by IAS 1, Presentation of Financial Statements:

- the consolidated statement of financial position has been prepared on the current/non-current distinction Current assets include assets that are sold, consumed or realised as part of the normal operating cycle, even when they are not envisaged that these will be realised within twelve months after the reporting period. Current liabilities are those that will be settled during the Group's normal operating cycle or within twelve months following the year-end.
- the consolidated income statement is prepared using a classification based on the nature of expenses;
- the consolidated statement of other comprehensive income which include the result appearing from the consolidated income statement, the changes to the items in the net consolidated changes in equity especially from the actuarial gains and losses on employees' benefits, the changes to the fair value of cash flow hedging instruments and the gains and losses arising on translation of foreign subsidiaries' financial statements. The statement identifies the items that will be and not be subject to recycling to the income statement;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows was prepared using the indirect method.

The consolidated financial statements have been prepared under the historical cost convention, except for those items for which fair value measurement is obligatory.
Comparative figures for the previous year are provided for each item of the consolidated financial statements.

3. Scope and basis of Consolidation

The ENAV Group's consolidated financial statement include the financial statement of ENAV S.p.A. and the companies over which the Parent Company directly or indirectly exercises control, from the date on which control is obtained until the date on which control in no longer held by the Group.
The Group controls an entity when it is exposed, or has rights to, variable returns from its involvement with the investee and at the same time has power over the investee and has the ability to influence those return through its power over the investee.
More specifically, the Group controls an investee if and only if it has:

- power over the investee (or it holds valid rights that give it the present capacity to manage the significant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of its returns.
- Generally, there is an assumption that the majority of voting rights results in control. In support of this assumption, when the Group holds less than the majority of voting rights or similar rights, the Group considers all the relevant facts and circumstances to establish whether it effectively controls the investee, including:
- contractual agreements with other holders of voting rights;
- rights deriving from contractual agreements;
- the Groups voting rights and potential voting rights.

The Group reassesses whether it has control of a subsidiary if the facts and circumstances have undergone changes to one or more of the three significant criteria for the purposes of defining control. The consolidation of a subsidiary begins when the Group gains control, and ends when the Group loses control. The assets, liabilities, revenue and costs of the subsidiary acquired or sold during the financial year are included in the consolidated financial statements from the date on which the Group takes control up until the date when the Group no longer has control over the company.

The list of companies included in the consolidation has not changed compared to the previous year. The share capital for each one is shown in thousands of Euro below:

Company name	Headquarters	Business	Currency	Consolidation method	Share or quota capital	% holding direct	group
Subsidiaries							
Techno Sky S.r.l.	Rome	Services	euro	Line-by line	1.600	100%	100%
ENAV Asia Pacific	Kuala Lumpur	Services	Malaysian ringgit	Line-by line	127	100%	100%
SICTA Consortium	Naples	Services	euro	Line-by line	1.033	60%	100%
ENAV North Atlantic	Miami	Services	US dollar	Line-by line	40.482	100%	100%

The financial statements of subsidiaries are prepared as of 31 December, the reference date for the consolidated financial statements which were specifically prepared and approved by the management bodies of individual entities, and duly adjusted where necessary, to bring them in line with the accounting standards applied by the ENAV Group.

Subsidiaries are consolidated on a line-by-line basis as follows:

- the assets, liabilities, expenses and revenue of consolidated entities are accounted for on a line-by-line basis in the consolidated financial statements;
- the carrying amount of investments is eliminated against the corresponding portion of the equity of investees, with fair value being allocated to the individual assets and liabilities at the date of acquisition of control;
- gains and losses not yet realised by the Group, because they derive from transactions between companies consolidated are eliminated, as are intercompany payables together with those that give rise to reciprocal assets and liabilities and expenses and revenue;
- consolidation adjustments take into account their deferred tax effect.

Translation of financial statements of foreign operations

The financial statements of Subsidiaries are prepared in their functional currency, being the currency of the primary economic environment in which they operate. For consolidation purposes, the financial statements of each foreign company are translated into Euro, which represents the functional currency of the Group, based on the following criteria:

- assets and liabilities are translated using the closing exchange rate at the year-end reporting date;
- income and expenses are translated using the average exchange rate for the reporting period/year, as this is considered to be a reliable approximation to the result that would be obtained by using the exchange rates at the date of each transaction;

- the translation reserve included in the consolidated shareholders' equity, includes both the foreign exchange differences produced from converting the income statement at a different rate to the one at year end and those produced from the translation of the opening shareholders' equity at a different rate to the one at the close of the reporting period. This reserve is reversed to the Income Statement when the related equity investment is sold.

The exchange rates used to translate the financial statements of Group companies with a functional currency other than the Euro are as follows:

	Average exchange rate for the year ended		Exchange rate at 31 December	
	2015	2014	2015	2014
Malaysian ringgit	4,3315	4,3472	4,6959	4,2473
US dollar	1,1096	1,3288	1,0887	1,2141

Business combinations

Business combinations, under which the acquirer obtains control of the acquiree, are accounted for in accordance with the provisions of IFRS 3 *Business combinations*, using the acquisition method. The cost of acquisition is represented by the acquisition date fair value of the assets acquired, the liabilities assumed and the equity instruments issued. For the acquisitions of non-controlling interests in entities, the Group decides whether to measure the minority shareholding in the acquired company at fair value, or in proportion to the minority shareholding in the acquiree's identifiable net assets. The cost of acquisition is accounted for as expenses in the period incurred and classified as administrative expenses.
When the Group acquires a business, it classifies or recognises the financial assets acquired or liabilities assumed according to the contractual conditions, the economic conditions and other pertinent conditions at the acquisition date.
If the business combination occurs in stages, the previously held equity interest is measured at fair value at the acquisition date, and any resulting gain or loss is recognised in the Income Statement.
The cost of acquisition also includes the contingent consideration, measured at fair value at the date that control was acquired. Subsequent changes in fair value are recognized in profit or loss or the statement of comprehensive income, if the contingent consideration is a financial asset or liability. Contingent considerations classified as equity is not re-measured, and its subsequent settlement is accounted for directly in equity.
Goodwill is initially recognized at cost, represented by the difference between the cost incurred to acquire the company and the carrying amount of any non-controlling interest and fair value of the net identifiable assets acquired and the liabilities assumed by the Group.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment, goodwill acquired in a business combination is allocated at the acquisition date to each of the Group's cash-generating units where the benefits from the synergies of the combination are expected, regardless of whether the other assets or liabilities acquired are allocated to those units.
If goodwill is allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill associated with the operation disposed of is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.
Each unit or group of units to which goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Translation of items in foreign currency

Transactions in currencies other than the Group's functional currency are recognised at the exchange rate prevailing on the date of the transaction. At year end, monetary assets and liabilities in currencies other than the Euro are translated at the exchange rate prevailing at the balance sheet date, with the relevant exchange rate gains and losses recognised in the Consolidated Income Statement.

4. Accounting policies

The principal accounting policies and measurement criteria adopted in the preparation of the consolidated financial statements are described below.

Property, plant and equipment

Property, plant and equipment is measured at acquisition or production cost, net of accumulated depreciation and any impairment losses. The cost includes any directly attributable costs incurred to prepare the asset for its intended use. In the event of significant overhauls or maintenance, the cost is capitalised under the plant or equipment's book value, where the criteria for recognising such have been met. All other repair and maintenance costs are expensed in the period which they are incurred.
Depreciation is charged on a straight-line basis, from the date the asset is available and ready for use, based on the asset's expected useful life. The useful life is reviewed annually, and any changes, if necessary, are accounted for on a prospective basis. Depreciation takes into account any residual value on the property, plant and equipment. When a depreciable asset consists of separately identifiable components with useful lives that are significantly different from those of the other components of the asset, each component is depreciated separately in accordance with the component approach.

The following table sets out the estimated useful life of the main categories of property, plant and equipment:

Category	Description	useful life (years)
Buildings	Buildings	25
	Buildings - extraordinary maintenance	25
	Light constructions	10
Plant and machinery	Radiophonic systems	10
	Recording systems	7
	Synchronization systems and control centers	10
	Manual and electromechanical centers	7
	Electronic centers and systems	10
	Radio bridges. A,F, and amplification equipment	10
	Power supply systems	11
Industrial and commercial equipment	Signaling systems and runway equipment	10
	Miscellaneous small equipment	7
Other assets	Electronic machines and telephone systems	7
	Ordinary office furniture and machines	10
	Data processing equipment including computers	5
	Motor vehicles. motorcycles and similar	4
	Corporate aircraft	15
	Equipment for corporate aircraft and radio-electric measurement systems	10

The carrying amount of property, plant and equipment is assessed for impairment losses if events or changes indicate that the carrying amount cannot be recovered. If an indication of this nature exists, and if the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. The recoverable amount of property, plant and equipment is the higher of its fair value less costs to sell and its value in use.

If an asset does not generate cash flows that are largely independent of others, the recoverable amount is determined for the cash-generating unit to which that asset belongs. Impairment losses are recognised in the Income Statement as part of the write-downs and impairment losses caption. These impairments losses are reversed when the reasons leading to that loss no longer exist.

On the sale of an asset or if no future economic benefits are expected from its use, an asset is derecognized and any gain or loss (calculated as the difference between the disposal proceeds and the carrying amount) is recognized in the Income Statement in the year of de-recognition.

Intangible assets

Intangible assets consist of identifiable non-monetary assets without physical substance, which can be controlled and generate future economic benefits. These assets are recognised at the cost of purchase or production, including any directly attributable costs required to make the asset available for use, net of any accrued amortisations (with the exception of intangible assets with an indefinite useful life) and any impairment losses. Intangible assets such as goodwill acquired as part of business combinations are recognized at their fair value at the acquisition date, if that value can be measured reliably. Internally generated intangible assets are not capitalised and are recorded in the Income Statement during the year they are incurred.

Amortisation begins at the time the asset is available and is systematically allocated in relation to its possible residual life.

The useful life of an intangible asset may be finite or indefinite.

Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives and are tested for impairment whenever there are indications that they may be impaired. The residual useful life of an asset is reviewed at each year end or more frequently if necessary. Changes to the expected useful life of assets or the way in which the future economic benefits associated with the asset are consumed by the Group are recognized by changing the amortisation period and/or method, and are treated as changes in the accounting estimates.

Gains or losses resulting from the disposal on an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recorded in profit or loss at the time of disposal.

Intangible assets with an indefinite useful life are not subject to systematic amortisation, but rather to an annual evaluation aimed at identifying any impairment losses (impairment testing), both at individual level and at the level of the cash-generating unit. Any change from an indefinite to a finite useful life is applied on a prospective basis.

The Group does not have any intangible assets with an indefinite useful life, with the exception of the goodwill arising on the business combination.

Inventories

Inventories, comprising mainly spare parts relating to facilities and equipment for controlling air traffic, are measured at the average weighted cost. If items can no longer be used because they are obsolete, they are written down through the allowance for inventory losses as a direct deduction from the item.

Investments in other companies and financial assets available for sale

Investments in other companies, comprising non-current financial assets and not destined for trading (namely investments available for sale), are measured at cost adjusted for impairment losses, if the fair value cannot be reliably determined.

Financial assets

Financial assets are initially recognised at fair value, and adjusted for transaction costs, if any. They are subsequently measured at amortised cost, using the effective interest method, and adjusted for any impairment losses.
Impairment losses consist of the difference between the carrying amount and the present value of future cash flows discounted using the original effective interest rate.
If the due date of trade receivables and other current assets does not fall within normal commercial terms and the receivables or assets do not bear interest, an analytical discounting process is carried out on the basis of assumptions and estimates. Trade receivables whose due dates fall within normal commercial terms are not discounted. Trade and other receivables are classified as current assets, except for those having a due date exceeding twelve months from the reporting date, which are classified as non-current assets.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits available and other forms of short-term investments. At the reporting date, current account overdrafts are classified among financial payables under current liabilities in the consolidated statement of financial position. The items included in cash are measured at fair value and the relevant charges are recorded in the Income Statement.

Derivative financial instruments

The derivative financial instruments entered into by the ENAV Group consist of forward foreign exchange contracts, for the purpose of hedging currency risk. Derivative financial instruments are recognized at fair value initially at the contract date and then, subsequently, at each reporting date. Derivatives are recognised as financial assets when the fair value is positive, and as financial liabilities when the fair value is negative.

Derivative financial instruments used for hedging purposes, which is the only use by the ENAV Group, qualify for hedge accounting if, and only if, the following conditions are met:

- at the inception of the hedge, there is a formal designation and documentation of the hedging relationship, ENAV's risk management objective and the strategy for undertaking the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is highly effective throughout the various periods for which it was designated.

If all the above conditions are met with the intention of hedging the Group's exposure to future cash flow risks associated with an asset, a liability or a highly probable transaction, cash flow hedge accounting is applied. Accordingly the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is classified as a change in other comprehensive income and recognized in the cash flow hedge reserve in equity, while the ineffective portion of the gain or loss on the hedging instrument is recognized in the separate profit or loss among other operating expenses caption.

The amounts recognised as part of other comprehensive income are reclassified to profit or loss in the period in which the hedged transaction affects profit or loss, for example if a sale occurs or if there is a write-down.

If a hedging instrument expires or is sold, terminated or exercised without replacement, or if it is no longer designated as a hedging instrument, or if the hedging instrument no longer provides effective hedging against the risk the operation was established for, the relevant portion of the cash flow hedge reserve is kept until the underlying contract materialises.

When a transaction is no longer deemed probable, the gains or losses recognised in shareholders' equity (OCI) are immediately released to the Income Statement.

ENAV does not enter into derivative contracts for speculative purposes.

With reference to measuring fair value, the Group complies with the requirements of IFRS 13 whenever IFRSs require fair value measurement to be used for recognition and/or measurement purposes or in providing disclosures with respect to a specific asset or liability. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of instruments listed on public markets is determined by referring to the bid price at the reporting date.

The fair value of unlisted instruments is measured by reference to financial valuation techniques.
Financial assets and liabilities measured at fair value are classified over the three levels detailed below, based on the relevance of the information used in the fair value calculation. More specifically:

- Level 1: fair value is determined with reference to quoted prices (unadjusted) in active markets for identical financial instruments;
- Level 2: fair value is determined using evaluation techniques with reference to variables observable on active markets;
- Level 3: fair value is determined using evaluation techniques with reference to non-observable variables.

Loans, trade payables and other financial liabilities

Financial liabilities that include loans, bonds and other financial liabilities are initially recorded at fair value, less any directly attributable transaction costs, and are subsequently measured at amortised cost, using the effective interest method, net of loan repayments already made.
Loans, trade payables and other financial liabilities are classified as current liabilities unless they have a contractual due date exceeding twelve months from the balance sheet date, which are consequently classified as non-current liabilities.
Financial liabilities are derecognised when the contract is extinguished or when the specific contract obligation has been fulfilled.

Treasury shares

As required by IAS 32, when equity instruments are reacquired, these are defined as treasury shares and are deducted directly from equity under the caption Treasury shares.
No gain or loss is recorded in the Income Statement on the purchase, sale or cancellation of treasury shares. Any charge paid or received, including any direct costs incurred that are attributable to an equity transaction, net of any associated tax benefit, are recorded directly in equity.

Employee benefits

Short-term benefits to employees are represented by salaries, wages, social security contributions, paid leave and incentives payable as a bonus in the twelve months from the reporting date. These benefits are recorded as employee cost components in the period in which employee services were provided.
Benefits payable after the end of the employment relationship are subdivided into two types: defined benefit plans and defined contribution plans. Because the benefit to be paid can only be quantified once the employment has ended in defined benefit plans, the relevant financial statement effects are recognised based on actuarial calculations as per IAS 19. With defined contribution plans, the contribution expenses are charged to the Income Statement when they are incurred based on the relative nominal value.
The defined benefit plan consists of the Italian employees' termination indemnity scheme (*Trattamento di Fine Rapporto* TFR) due to employees pursuant to Article 2120 of the Italian Civil Code, accrued through 31 December 2006; in accordance with Law No. 296 of 27 December 2006, as from 1 January 2007, the amounts accruing after that date are transferred to supplementary pension schemes or the treasury fund managed by the Italian national social security organization, INPS, on the basis of the implicit and explicit decisions taken by the workers. The defined benefit liability is projected into the future using the *Projected Unit Credit Method,* to calculate the probable amount that will become payable at the time that employment is terminated, and is then discounted to take into account the time value of money before payment is effectively made. The measurement of the liability recorded in the balance sheet is based on conclusions reached by external actuaries to the Group. The calculation takes into account the TFR matured past services and is based on actuarial assumptions referring mainly to: demographic inputs (such as employee rotation and mortality) and financial inputs (such as the inflation rate and the discount rates coherent with the expecting timing of the payment obligations). Accordingly, the liability recognized in the financial statements accordingly coincides with the actuarial valuation and any actuarial gains or losses arising from the calculation are recognized in other comprehensive income in the period in which they arise, taking into account the deferred tax effect.
The defined contribution plans include the Termination Indemnity payable to employees pursuant to Article 2120 of the Italian Civil Code, limited to the TFR matured as from 1 January 2007, and paid as per regulations to a complementary pension fund or the relevant Treasury Fund established with INPS. These plans are managed by external fund managers, in respect of whom the Company has no obligations, other than to pay the said contributions, which are charged to the Income Statement when they are incurred based on the relevant nominal value.

Provisions for risks and charges

Provisions for risks and charges are recognized for losses and charges of a specific nature whose existence is certain or probable, but where the amount and/or date of occurrence cannot be determined. Provisions are only recognized when the company has a present obligation, legal or constructive, arising from a past event, when it is probable that a future outflow resources representing benefits will be required to settle the obligation and when it is possible to make a reliable estimate of that amount.
Where the financial effect of the time value of money is material and the dates of settling the obligations can be reliably estimated, the provisions are discounted using a pre-tax rate that reflects, where suitable, the market's current assessment of the time value of money and, if applicable, the risks specific to the liability. The increase in the carrying amount of a provision as the result of the passage of time is recognized as a financial expense.
Changes in the estimates of accruals to provisions are recognized in profit or loss in the period in which the change occurs and as an increase in the liability. A decrease in estimates is recognized by making a counter-entry to the liability up to its carrying amount, while any excess is recognized in profit or loss in the line item to which the provisions refer.
Amounts included in provisions for risks and charges are classified as either current or non-current depending on the estimated date on which the liability will be settled or extinguished.
Risks where it is only possible that a liability will arise are shown in the appropriate disclosure section on contingent liabilities, and no provision is made for these.

Grants

Revenue grants are recognized on an accrual basis in the year in which the reasonable assurance arises that the Company is entitled to receive them, regardless of the date of receipt.
Capital grants are recorded when a formal allocation resolution exists from the provider, and if, and only if, there is reasonable certainty that the project being facilitated will effectively be completed and that the contributions will be received, based on the information available at the close of the financial period. Capital grants are recognised and differed as current and non-current liabilities, according to the expected reversal timing, and charged to the Income Statement as income on a straight-line basis, calculated according to the useful life of the underlying asset to which the grant refers to directly, thus ensuring there is a correlation with the amortisations relating to the assets.

Charge stabilization Provision

The Charge stabilization Provision was created under a resolution adopted by the parent company's shareholders on 9 May 2003 by allocating € 72,697 thousand of the reserve for finalizing and settling tax receivables (Law No. 289/02). This increased in subsequent years following allocations of part of ENAV's net income approved by the shareholders of the parent company, and is used solely for business purposes.
The Charge Stabilization Provision falls under the scope of IAS 20 - *Government Grants and Disclosure of Government Assistance*. The grant is initially recognized as a liability (classified in *Other non-current liabilities*). This liability is then released to income on the determination of the charge as a means of "supplementing" the reduced revenues earned by ENAV in the same year through a charge stabilization process. Specifically, this provision is utilised when ENAV decides to reduce charges, and in this case a portion of the costs incurred are not charged to carriers, but offset by releasing a portion of the grant recognized as a liability to income, thus offsetting the low prices. The following points further support these comments:

- the fund has the nature of a grant used for off-setting purposes;
- European regulations on charge determinations establish that a member state may reduce charges by means of subsidies/grants that enable the operator to offset losses;
- resolutions of shareholders' meetings to create or make changes to the provision are adopted on the basis of EU Regulation No. 1794/06;
- the provision is recognised by the member country, which in this case does not act as a shareholder but as a party carrying out economic policy within the country.

Revenues

Revenues are recorded at fair value of the amount received or receivable, net of discounts and rebates, and are recognised on an accruals basis, to the extent that it is probable that the Group will receive the economic benefits, and the relevant amount can be reliably determined.

Balance

At an international level, up until 31 December 2011, Eurocontrol member countries used a cost recovery en-route charge system. This system is based on the concept that revenues should be proportional to the costs incurred for en-route air navigation control services. By virtue of this principle, charges were calculated on the basis of the forecast amount that would lead to an economic break-even. At the end of the year, if revenues exceeded the costs incurred this would lead to a n*egative balance (over-recovery)*, giving rise to an adjustment to profit or loss for the extra revenues and the recognition of a "payback" liability. If on the other hand, if revenues were lower

than the costs incurred, an increase in revenues would be recognised together with a "re-charge" receivable for a *positive balance (under recovery)*. In accordance with the cost recovery principle, the "balance amount" was the result of the correcting mechanism used to adjust revenues to the actual amount of the costs incurred and subject charge billing. The effects of this mechanism were included for charge purposes starting from the second year following that of the reference year and accounted for in profit or loss with a sign opposite to that of their recognition.
As from 1 January 2015, this cost recovery mechanism is applied only to the third category terminal charge.
Starting in 2012, and as the result of the introduction of the en-route air navigation services system, a new management system was introduced in accordance with EU Single European Sky legislation that is based on measuring and optimizing operating and economic performance, with the resulting decision to abandon the full cost recovery system. The means for implementing the service scheme is the National Performance Plan approved for the three-year period 2015–2019 which sets out the actions and targets to be achieved during the reference period. The efficiency targets provide for the introduction of risk elements to be borne by the provider, thus ENAV, relating to both traffic and costs. More specifically, the traffic risk mechanism envisages the sharing of the traffic risk between providers and users of the air space, for which variations, positive and negative, of up to 2% of actual traffic compared to plan are fully borne by the providers, while variations between 2% and 10% are shared, with 70% of these being borne by the airline companies and 30% by the providers. The cost recovery methodology applies to variations above 10%. Any positive or negative shifts referring to the traffic risk, results in revenues for the route being adjusted according to the rules detailed above, using the caption *Balance for the year*.

As far as the cost risk is concerned, the possibility of passing on to air space users the full amount of any differences between the budgeted amounts and the actual costs incurred at the end of the year has been eliminated. These variations, either negative or positive, are still borne by the providers in their financial statements.
From 2015, these EU regulations also apply to terminal services, which fall under the performance plan based on different methods, according to the charge category.
Terminal charges are broken down over three categories:

- category 1 refers to airports with over 225,000 movements annually, subject to cost risk and traffic risk such as en-route services;
- category 2 refers to airports with between 225,000 and 70,000 movements annually, where there is only a cost risk;
- category 3 refers to airports with less than 70,000 movements annually excluded from the EU Performance Plan, and where the cost recovery mechanism is applicable.

Any positive or negative shifts results in an adjustment to terminal revenue according to the rules detailed above, using the caption *Balance for the year*.
The *Balance for the year* is not included in the charge charge until two years later, while in the current year the balance asset or liability recognized customarily in the

two previous years is transferred to profit or loss through the item *Utilization of the Balance*.
Given that the re-charge assets and payback liabilities balances is deferred over time, in accordance with IAS 18, the parent company measures such revenues at fair value, discounting them using the average interest rate for which it obtains funds on the third party market. The adjustment is recognized as a reduction in the Balance receivable or payable to which it refers and as a reduction in revenues for the year. This amount is released to profit or loss in subsequent years for the portion of interest income accruing in the period.
If the plans for the recovery of the balances in the charges are changed, the Group adjusts the balance receivable/payable to reflect the effective and recalculated estimated cash flows. The carrying amount is then recalculated, finding the current value of future cash flows recalculated by determining the present value of the future cash flows using the original interest rate; in addition to adjusting the balance receivable and payable, the difference arising is also recognized in profit or loss as financial income or expense. A change in the plan of recovery of the balance, which is considered as being a change in estimate arising from the fact that the Group has obtained new or more accurate information, does not lead to an adjustment to previous financial statements and any changes are applied prospectively.

Dividends

The dividends received from investments not consolidated on a line-by-line basis are recognised in the Income Statement at the time the right arises to receive the relevant payment that normally corresponds with the shareholders' meeting resolution to distribute dividends.

Costs

Costs are recognised when these relate to goods and services sold or consumed during the financial period, or based on a systematic allocation, or when there is no identifiable future use of the same.

Financial income and expense

Financial income and expense are recognized on an accrual basis on the basis of the interest earned or due on the relative financial assets and liabilities, using the effective interest rate and, where envisaged, the legal interest rate.

Income taxes

Current income taxes, IRES and IRAP, are calculated on the basis of the best estimate of taxable income for the financial period, in accordance with the tax regulations applicable in the countries where the Group carries out its activities, applying current tax rates. Current tax liabilities are recognized in the balance sheet net of any taxes paid on account.

Deferred tax assets and liabilities are calculated in relation to all the temporary differences that emerge between the tax value of an asset or liability and the relative carrying value, on the basis of the tax rates that are expected to apply in the financial periods when the temporary differences will be realised or extinguished. A deferred tax asset is recognized when it is probable that taxable profit will be available against which the underlying deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or a liability in a transaction that: i) is not a business combination; ii) at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are recognized directly in profit or loss, except for those relating to items recognized in other comprehensive income or equity. In these cases, the related deferred tax assets or liabilities are also recognized in comprehensive income or equity.

The Company offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxation authority.

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

Taxes and levies not related to income are recorded under the caption "Other operating expenses" in the Income Statement.

Related Parties

Internal related parties are entities controlled by the parent company and by companies in the Group. External related parties are the supervisory Ministry, namely the Ministry of Infrastructure and Transport and the controlling Ministry namely the Ministry of the Economy and Finance (MEF), the entities under the control (including joint control) of the MEF, and associated companies to the latter. Group Executives with strategic responsibilities are also considered related parties.

Operating segments

For management purposes, the ENAV Group is organised into strategic units, according to the nature of the services provided, and for financial reporting purposes and in accordance with IFRS 8, the Group has two operating segments corresponding with the cash-generating units (CGU) detailed in the section below. The financial statements at 31 December 2015 are the first in which IFRS 8 is applied in order to comply with the regulations for listed companies. The relevant information along with comparative figures for 2014 is provided under Note 31 *Information per Operating Segment*

Earnings per share

The earnings per share are calculated by dividing the net profit to the weighted average number of shares outstanding in the period, net of the treasury shares in the portfolio.

5. Use of management's estimates and judgement

The preparation of consolidated financial statements requires that Directors apply principles and methodologies, which at times, are based on difficult and subjective evaluations and estimates based on past experience and on assumptions, which are deemed reasonable and realistic from time to time in relation to the relative circumstances. The application of these estimates and assumptions impacts the reported amounts and information provided. The reported amounts in the current balance sheet where these estimates and assumptions were used, can differ from those in previous balance sheets due to the uncertainty that characterises assumptions and the conditions under which the estimates are based. Estimates and assumptions are periodically revised, and the effects of any change are reflected in the accounts in the period in which the estimate was revised, if the revision only influences the current period, or also in subsequent periods if the revision influences the current and future periods.
A brief description follows below of the accounting treatments that require higher levels of judgement in the calculation of estimates and where a change in the conditions underlying the assumptions could have a significant impact on the consolidated financial figures.

Impairment of assets and cash-generating units

An impairment of an asset is exists when the carrying value of an asset or a Cash Generating Unit (CGU) exceeds its recoverable value. At each reporting date, or when circumstances or events require more frequent testing, the Group carries out an assessment for all non-financial assets to determine whether there is any indication of impairment.
Goodwill and other intangible assets with an indefinite useful life are not subject to amortisation; the recoverability of their carrying value is assessed at least annually, and when events occur that could indicate a reduction in their value. With regard to goodwill, the assessment is carried out at CGU level, based upon which Management assesses the return on the investment, which includes the goodwill itself. In the absence of active markets where fair value may be identified, the impairment test is performed by calculating the value in use of the CGU using the discounted cash flow model. When preparing the value in use calculations, the directors have to estimate the expected cash flows of the CGU and identify a suitable discount rate in order to calculate the present value of those flows. The cash flows that are discounted for the next five years are derived from the business plans approved by management, which are drawn up on the basis of assumptions that to a large extent are conditional.
The recoverable value of an asset or a CGU is the higher of its fair value, less costs to sell and its value in use; the latter is intended as the present value of future cash flows estimated for that asset. In measuring the value in use, future expected cash flows are discounted, using a discount rate that reflects the current market assessment of the cost of money and the specific risks applicable to the asset.

If the asset does not generate cash inflows that are largely independent, the asset's recoverable amount is calculated in relation to the Cash Generating Unit to which it belongs.

An impairment loss is recognised in the Income Statement when the carrying value of the asset or relative cash generating unit to which it belongs, is greater than its recoverable value.

An impairment loss recognized in prior periods is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In this case, the asset's carrying value is restored by crediting the Income Statement, to the extent of the carrying value that the relevant asset would have had if no impairment loss had been made and the relevant amortisations had been carried out. After the reversal of an impairment loss is recognized, the depreciation or amortization charge for the asset is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a straight-line basis over its remaining useful life.

The estimates of these amounts are considered recoverable and reasonable; nevertheless, possible changes in the assumptions underlying the estimates on which the calculation of the recoverable amounts is based could produce different valuations.

Determining the useful life

The depreciation and amortisation of property, plant and equipment and intangible assets is recognised on a straight line basis over the estimated useful life of each asset. The useful life is determined from the time the asset is acquired, and is based on experience with similar investments, market conditions and the anticipation of future events that could impact on the useful life. The effective useful life could therefore differ from the estimated useful life. On an annual basis, the Group assesses changes in technology so as to update the residual useful life. These updates could result in a change to the amortisation period and, consequently, also the depreciation rate for the current and future periods.

Provisions for risks

Under risk provisions, the Group incorporates probable liabilities that refer to disputes and litigation with employees, suppliers and third parties, and generally the other expenses arising from obligations assumed. The calculation for the allocation to the risk provision involves making estimates based on current knowledge of factors that could change over time, leading to a final outcome that differs significantly from what was taken into account when drawing up the consolidated financial statements.

Provision for bad debt and inventories losses

The provision for bad debt and inventory losses respectively reflect the estimates of the Group's bad debt losses and of the amount of spare parts that have become obsolete and can no longer be used for the systems and equipment to which they relate. Although it is considered that these allowances are reasonable, the use of different assumptions or a change in economic conditions could lead to changes and accordingly have an effect on results.

Disclosures on Cash Generating Units (CGUs)

Based on the Group's current structure, management has identified two cash-generating units (CGUs):

- *Air navigation services*: the CGU corresponds with the legal entity ENAV, the Parent Company that has as its core business providing air traffic management and control services, as well as other services essential for navigation over the Italian skies and at the national civil airports under its jurisdiction, ensuring the maximum technical and systematic standards in flight safety, and the enhancement of the technology and infrastructure of flight assistance systems.
- *Maintenance services*: the CGU corresponds with the subsidiary Techno Sky S.r.l., whose core business is the technical management and maintenance of air traffic control equipment and systems.

6. New accounting standards, interpretations and amendments adopted by the company

As an addition to the accounting standards adopted to prepare the consolidated financial statements for the year ended 31 December 2014, the following section set out the main changes occurring in 2015 to the accounting standards applicable for the first time effective from 1 January 2015 that are of relevance to the Group, together with the interpretations and amendments to standards that are not yet effective or not yet adopted by the European Union, and which could find application in future consolidated financial statements.

- FRIC 21 Levies - This interpretation establishes when an entity must recognize a liability in its financial statements for an obligation to pay a levy, other than income taxes, due to the government or, more generally, to local or international bodies. More specifically, the interpretation requires a liability to be recognised in the financial statements when the obligating event generating the obligation to pay a levy occurs, as defined in the legislation. When the obligating events occurs over a specific time period (for example, generating revenue over a specific time period), the liability must be recognised progressively. If the obligation to pay is triggered by reaching a minimum threshold (for example, reaching a minimum amount of generated revenue), the corresponding liability is recorded at the time the threshold is reached. The application of this principle has not impacted on the consolidated financial statements.

- Annual improvements cycle to IFRS 2011–2013, contains formal changes and clarification to existing standards. In particular, the following standards have been amended:
  - *IFRS 1 First-time adoption of International Financial Reporting Standard,* where the IASB has clarified that a first-time adopter can adopt a new IFRS, when the adoption is not yet mandatory, if the IFRS allows for early application.
  - *IFRS 3 Business combinations*, the amendments made to the standard refer that a contingent consideration classified as an asset or liability must be measured at fair value at the close of the period, with effects recognised in the Income Statement, regardless of whether the contingent consideration is a financial instrument or a non-financial asset or liability. In addition, it clarifies that the IFRS 3 is not applicable to operations to establish a joint venture.
  - *IFRS 8 Operating segments*, the amendments introduced require that disclosure is made by management on the assessments made in applying the aggregation criteria for operating segments, including the description of aggregated operating segments and the economic indicators considered when determining whether such operating segments had similar economic characteristics. Furthermore, the reconciliation between the total assets of operating segments and the total assets for the entity must only be provided if the total assets for the operating segments are duly provided to corporate management.
  - *IFRS 13 Fair value measurement*, the amendment clarifies that the exception allowed by the standard to assess assets and liabilities based on the net portfolio exposure (the portfolio exception), is applicable to all contracts that fall under IAS 39 or IFRS 9, even if they do not meet the requirements set by IAS 32 to be classified as financial assets or liabilities.
  - *IAS 40 – Investment property*, the amendment clarifies that management's assessment is necessary to determine whether the acquisition of an investment property represents the acquisition of an asset or group of assets or a business combination according to the provisions of IFRS 3. This assessment must correspond with the supplementary applications of IFRS 3.

New accounting standards, interpretations and amendments for periods beginning on or after 01 January 2016 not adopted by the Group

Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions. The aim of the amendments, issued in November 2013, is to clarify how to recognize the contributions paid by employees as part of a defined benefit plan. More specifically, when contributions are linked to service they must be recognized as a reduction in the service cost: over the period when employees render their service if the amount of contributions is dependent on the number of years of service or in the period in which the service is rendered if the amount of contributions is independent of the number of years of service.

The amendments are applicable retroactively as from the financial periods starting 1 January 2016, subject to adoption. The Group is assessing the effects arising from the application of the new standard.

IFRS 9 Financial Instruments. Issued in November 2009 and subsequently revised, this standard represents the first of the three stages of the project to replace IAS 39. The new standard established the criteria for classifying financial assets and liabilities. Financial assets must be classified on the basis of an entity's business model and the characteristics of the associated relative contractual cash flows. In addition, the amendments introduced in November 2013 removed a mandatory effective date for the standard, which may be applied immediately. The Group is assessing the accounting effects of applying this standard.

IFRS 14 Regulatory Deferral Accounts. The new standard allows first-time adopters of IFRSs to continue measuring the amounts relating to rate-regulated activities in accordance with their previous accounting standards. The standard does not apply to companies that already prepare financial statements in accordance with international accounting standards. The amendments will applicable retrospectively, subject to adoption, for years beginning on or after 1 January 2016. The application of this standard will not have any effect for the Group.

IFRS 15 Revenue from Contracts with Customers. Replaces IAS 18, IAS 11, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. The standard defines the reference framework for recognising and measuring revenue, and the relevant disclosure. IFRS 15 was issued in May 2014 and will apply for years beginning 01 January 2018. The Group is assessing the effects arising from the application of the new standard.

Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization. On 12 May 2014, the IASB published certain amendments to IAS 16 and IAS 38. The amendments aim to clarify which depreciation and amortisation methodologies are acceptable within the scope of the standard. In particular, the amendments clarify that a method of depreciation or amortization based on the revenues that may be generated by the tangible or intangible asset is not considered suitable. The amendments are to be applied as from the financial periods starting 1 January 2016, and early application is permitted. These amendments have not yet been adopted by the European Union and the Group does not envisage significant accounting effects to arise on their application.

Amendments to IFRS 11 - recognition of the acquisition of an interest in a joint arrangement. The amendments refer to clarification on the recognition of acquisitions of an interest in a joint arrangement. The IASB requires these amendments to apply to financial statements beginning on or after 1 January 2016. These amendments have not yet been adopted by the European Union and ENAV does not envisage significant accounting effects to arise on their application.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. On 11 September 2014 the IASB issued amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in order to coordinate the accounting treatment of the sale or contribution of assets between an investor and its associates or joint ventures. The amendments introduced have the aim of clarifying the accounting treatment of gains and losses deriving from transactions with joint ventures or associates accounted for using the equity method. The IASB requires these amendments to apply to financial statements beginning on 1 January 2016. These amendments have not yet been adopted by the European Union and the Group does not envisage significant accounting effects to arise on their application.

Amendments to IAS 27 -Equity Method in Separate Financial Statements. The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments are effective for years beginning on or after 1 January 2016; early application is permitted. The Group does not envisage significant accounting effects to arise on the application of the amendments.

Amendments to IFRS 10, IFRS 12 and IAS 28 – Investments Entities: Applying the Consolidation Exception. The amendments clarify that if the parent company prepares financial statements in accordance with IFRS 10, the exemption from preparing consolidated financial statements extends to the subsidiaries of an investment entity, in turn qualified as investment entities. It is not expected that the application of these amendments will lead to any effects on the preparation of the consolidated financial statements.

IFRS 16 – Leases, issued in January 2016, replaces the previous standard on leasing, namely IAS 17 and the relative interpretations. It identifies the criteria for recording, measuring and presenting as well as disclosures to be made regarding leasing contracts for both parties, the lessor and lessee. Even though IFRS 16 does not change the definition for a leasing contract provided by IAS 17, the main difference is the introduction of the concept of control within the definition itself. In particular, in order to determine whether a contract is a leasing contract or not, IFRS 16 requires that an assessment be performed as to whether the lessee is entitled to control the use of a specific asset over a specific time period. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as required by IAS 17 and, instead, introduces a single accounting model for all leasing contracts. Based on this new model, the lessee must recognise: i) assets and liabilities in the balance sheet for all leases with a term of more than 12 months, unless the underlying asset is of low value; ii) the depreciation of leased assets separately from interest on lease liabilities in the Income Statement.

With regard to the lessor, IFRS 16 essentially replicates the accounting requirements of IAS 17. The lessor must consequently continue classifying and recognising operating and financial leases differently in the balance sheet. Subject to endorsement, the standard will be applicable as from the financial periods starting 1 January 2019. The Group is assessing the potential effects of applying this new standard in the future.

Amendments to IAS 1 - Disclosure initiative, issued in December 2014. The amendments that form part of a broader initiative to improve the presentation and disclosure of financial statements, include updates in several areas:

- materiality: it was clarified that the concept of materiality applies to the financial statements as a whole, and that the inclusion of immaterial information could obscure the useful financial information;
- disaggregation and subtotals: it was clarified that the specific items in the Income Statement, statement of financial position and other comprehensive income for the period can be disaggregated. New requirements were also introduced regarding the use of subtotals;
- structure of the notes: it was clarified that companies had some flexibility regarding the order in which the notes to the financial statements were presented. It was emphasised that when establishing this order, the company must be cognisant of the requirement that the financial statements are understandable and comparable;
- equity interests measured using the equity method: the portion of items in the comprehensive Income Statement relating to equity interests in associates and joint ventures measured using the equity method must be divided between the part that can be reclassified and not reclassified to the Income Statement; these parts must be presented as independent items, in the scope of the respective sections of the Statement of comprehensive income.

The amendments will be applicable from the financial periods beginning 1 January 2016 or later. The Group does not envisage any impacts from the future application of these new regulations.

Amendments to IAS 7 - Disclosure Initiative, issued in January 2016. The amendments apply to liabilities and assets derived from financing activities, defined as the liabilities and assets whose cash flows were or will be classified in the statement of cash flows as financing activities.

The amendments require the disclosure of changes to these liabilities/assets, distinguishing the monetary changes from the non-monetary ones (for example: changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in the rate of exchange and changes to fair value). The IASB recommends providing this disclosure in the form of a table reconciling the balances for these assets/liabilities at the start of the period with those at the end of the period. The amendments will be applicable from the financial periods beginning 1 January 2017 or later. The Group does not envisage any impacts from the future application of these new regulations.

Amendments to IAS 12 - Recognition of deferred tax assets for unrealised losses, issued in January 2016, provide clarification on the methods for recognising deferred tax assets relating to debt instruments measured at fair value. Briefly, the amendments clarify the requirements for recording deferred tax assets with reference to unrealised losses in order to eliminate different accounting practices. Subject to approval, the amendments will be applicable from the financial periods beginning 1 January 2017 or later. Early application is permitted. The Group is assessing the potential effects of applying this new standard in the future.

Notes to the consolidated statement of financial position

7. Property, plant and equipment

The following table sets out changes to property, plant and equipment for the year ended 31 December 2015:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets in course of construction	Total
Cost	432.104	1.611.486	286.952	331.060	220.162	2.881.764
Accumulated depreciation	(152.502)	(1.102.872)	(218.959)	(281.518)	0	(1.755.851)
Net book value at 31.12.2014	**279.602**	**508.614**	**67.993**	**49.542**	**220.162**	**1.125.913**
Increases	22.765	72.175	8.087	4.304	96.008	203.339
Disposals - cost	(23)	(1.615)	(640)	(3.266)	0	(5.544)
Disposals - accumulated depreciation	23	1.551	633	3.264	0	5.471
Reclassifications	(115)	(58)	0	0	(110.278)	(110.451)
Impairment losses	0	0	0	0	(545)	(545)
Depreciation charge	(16.752)	(90.153)	(14.611)	(12.831)	0	(134.347)
Total changes	**5.898**	**(18.100)**	**(6.531)**	**(8.529)**	**(14.815)**	**(42.077)**
Cost	454.731	1.681.988	294.399	332.098	205.347	2.968.563
Accumulated depreciation	(169.231)	(1.191.474)	(232.937)	(291.085)	0	(1.884.727)
Net book value at 31.12.2015	**285.500**	**490.514**	**61.462**	**41.013**	**205.347**	**1.083.836**

Property, plant and equipment recorded a decrease in the period for a total of 42,077 thousand attributable mainly to the slowdown in property, plant and equipment under construction, following the restraint of the Parent Company's investment plans and the depreciations for the period.
In particular, the increases for € 203,339 thousand refer to:

- for € 107,331 thousand to investments completed and becoming operational during the period, which included: i) the restructuring of the Control Tower at Rome Fiumicino Airport; ii) the erection of the tower and technical block at the Rome Ciampino and Verona Airports; iii) the updating of ground – ground voice communication and air-ground to voip (VCS) for the Area Control Centre in Milan; iv) updating and doubling of the electrical power plant at the Area Control Center in Rome; v) updating of airport meteorological systems according to the provisions of ICAO amendment 74 for the airports at Milan Malpensa, Turin Caselle and Venice Tessera; vi) upgrading radar for the Naples Capodichino Airport; vii) the implementation of civil works and systems at various sites necessary for the installation of the E-NET network at such sites; viii) the introduction and implementation at different sites of an integrated security system closely associated with the E-NET network; ix) radio navigation systems at various airports;

x) development maintenance on various systems; xi) upgrading the TBT radio centres for the remote ACC sites in Rome; xii) the new electrical power station for the ACC in Padua; xiii) the purchase of servers used to develop the Logicos project referring to building an integrated logistics platform and the hardware needed for transferring the systems rooms at the ACC premises at Rome Ciampino;
- for € 96,008 thousand to investment projects underway, net of the projects that have become operational, which include: i) the extension of the Academy training school in Forlì that envisages the construction of a new integrated technology hub; ii) the updating and modernising of the airport VCS; iii) the implementation of the data link 2000 plus system; iv) the implementation of the 4-flight programme; v) the implementation of the Aeronautical Data Quality (ADQ) programme for the processing of aeronautical data; vi) the development of the eATMS build 1 system; vii) the implementation of the private virtual E-net network; viii) the restructuring of the tower and technical block and remote sites at the airport in Reggio Calabria; ix) the implementation of the "e-Tod new technological solution" programme regarding the strengthening of the system and TOD for airport mapping; x) the continuation of the Coflight project; xi) updating of the operating data networks (lan) for the interconnection of all servers and radar displays for the ACC in Milan, Padua and Brindisi.

Reclassifications for a total of 110,451 thousand refer for the most part amounting to € 107,331 thousand, to investments finalised in the period and becoming operational and classified under the relevant caption, for € 1,722 thousand to investments charged to the Income Statement due to a lack of the requirements needed capitalise the item under property, plant and equipment, for € 1,168 thousand to the reduction in investments under construction following a dispute between the Parent Company and supplier reaching a settlement proposal, based on the outcome of the technical report ordered by the judge with a debt due by the Group that is lower than the supplier's invoice, for €173 thousand to the reclassification of inventories for spare parts on certain components of the operating systems and for the remaining amount to the reclassification under the intangible assets under construction caption.
Impairment losses for a total of € 545 thousand refer to certain parts of projects and systems that are no longer usable and are charged to the Income Statement.
Depreciation for the period totalled € 134,347 thousand (€ 139,480 thousand at 31 December 2014).
It is noted that a portion of the investments, for a historic cost of € 226,628 thousand, was financed by capital grants issued under the National Operating Programme for the Transport Sector (PON) for 2000–2006 and 2007–2013 for the works at airports in Southern Italy and the grants awarded by the Ministry of Infrastructure and Transport for investments in military airports as per Law 102/09. The capital grants financing these investments are originally recognized as other liabilities and are released to income in proportion to the depreciation charged on the assets to which they relate. The portion relating to the financial period amounts to € 9,312 thousand.

8. Intangible assets

The following table sets out changes to intangible assets for the year ended 31 December 2015:

	Patents and intellectual property rights	Other intangible assets	Assets under formation	Goodwill	Total
Cost	111.782	2.085	41.542	66.486	221.895
Accumulated amortization	(95.376)	(1.760)	0	0	(97.136)
Net book value at 31.12.2014	**16.406**	**325**	**41.542**	**66.486**	**124.759**
Increases	7.655	0	10.621	0	18.276
Disposals	0	0	0	0	0
Reclassifications	0	0	(8.047)	0	(8.047)
Impairment losses	0	0	(530)	0	(530)
Amortization charge	(12.042)	(325)	0	0	(12.367)
Total changes	**(4.387)**	**(325)**	**2.044**	**0**	**(2.668)**
Cost	119.437	2.085	43.586	66.486	231.594
Accumulated amortization	(107.418)	(2.085)	0	0	(109.503)
Net book value at 31.12.2015	**12.019**	**0**	**43.586**	**66.486**	**122.091**

Intangible assets amount to € 122,091 thousand and show a decrease of € 2,668 thousand for the year, due mainly to the amortisations recorded during the year.
Patents and intellectual property rights increased by € 7,655 thousand following the entry into operation of the user licences for management and operating systems and for software supporting administrative systems and operating software, such as in particular, the new airborne control planning and management system called SAPERE, the technological development of the airborne ACS platform with the scope of Sesar and the software for the radio TBT coverage supporting maintenance services in the ATCs.
Intangible assets under construction amount to € 43,586 thousand and showed a net increase in the year of € 2,044 thousand. They mainly include the following investment projects: i) the NOAS (New Operational Area System) programme, to optimise the systems already developed by the Parent Company with the Airnas and Athena programmes aimed at maintaining Single European Sky certification and to integrate the Ais and Meteorological databanks; ii) the monitoring and analysis system called AIDA; iii) the upgrade of the remedy platform. Reclassifications for a net amount of 8,047 thousand refer largely to projects completed in the period and reclassified to specific captions for € 7,655 thousand, for € 57 thousand reclassified to this caption for projects initially classified as property, plant and equipment and for € 449 thousand charged to the Income Statement for projects that did not meet the requirements to be capitalised as intangible assets.

Impairment losses totalling € 530 thousand refer to certain parts of projects that were no longer usable and thus charged to the Income Statement.
The total amortisation for the financial period is € 12,367 thousand (€ 16,884 thousand at 31 December 2014).
Goodwill refers to the excess of price paid to acquire the subsidiary Techno Sky S.r.l. over the fair value of its net assets, which represents future economic benefits. This balance, amounting in total to € 66,486 thousand, has been allocated to the Maintenance Services CGU which coincides with the legal entity Techno Sky S.r.l. At 31 December 2015, in applying the methodology required by IAS 36 *Impairment of assets*, goodwill was subject to an impairment test, which was carried out by comparing the recoverable amount of the CGU with the carrying amount of the net assets related to this unit, in accordance with IAS 36. Reference was made to the value in use in calculating the recoverable value. The discount rate used is the WACC at 7.2%, with a growth rate of the operational cash flows in nominal terms of 1.5%, in line with current reference macro-economic prospects.
In this regard, we note that management conducted a comparative analysis on the margin levels identified for a panel of listed and unlisted companies comparable to Techno Sky. The study showed that the EBITDA margin assumed in the plan for Techno Sky currently tends towards the average sector margins. Based on this consideration, management decided to use as an estimate for the recoverable value, the value in use estimated on the basis of the cash flows deriving from the new economic-financial plan 2016–2019 prepared by the subsidiary, without conducting any additional normalisations on the expected margin levels.
The test produced a recoverable value that was higher than the CGU's book value, and consequently, no impairments were recognised. The recoverable value for the purposes of the impairment test reflects a surplus (headroom) compared to the corresponding book value of approximately € 22.6 million.
For the sensitivity analysis, an increase of 0.5% was assumed for the WACC, and by maintaining the growth rate at 1.5%, the recoverable value continues to be higher to the net assets' book value relating to the CGU for an amount of € 13.3 million. Assuming a 0.5% increase in the WACC and a growth rate of 1%, the recoverable value would continue to be higher than the CGU's net asset carrying value for € 6.4 million.
There are no plausible changes envisaged to the key parameters for the impairment test, to the extent that such would reduce the excess of the value in use over the carrying value of the CGU's asset to zero.

9. Investments in other companies

Investments amount to € 35,314 thousand and refer solely to the investments held in other companies. The change during the financial period is shown in the table below:

	31.12.2014	Increases	Decreases	31.12.2015
Equity investments				
other companies	26.431	8.883	0	35.314
Total	**26.431**	**8.883**	**0**	**35.314**

The increase for the period of € 8,883 thousand refers to the payment made on the second tranche, required contractually, to purchase the equity interest held in Aireon LLC, a Limited Liability Company incorporated under the laws of the United States, belonging to the Iridium Group, which with its innovative ADS-B satellite technology, will make it possible to provide a surveillance system with the same precision and accuracy characteristics as the ground ADS-B, even in areas where geographic conditions or infrastructure constraints, such as oceans, deserts or remote areas, open seas, do not allow for efficient solutions from traditional land-based technologies (radar and terrestrial ADS-B). This investment is being acquired through four instalment payments, the last of which in 2017, for a total price of US$61.2 million, at the end of which an investment interest of 12.5% will be acquired. At 31 December 2015, the first two tranches had been paid for a total of US$ 38.3 million, corresponding to a stake of 5.41%. The third payment, which was initially required in September 2015 will be made in 2016, and formalised with an addendum to the purchase contract.

Aireon LLC is an unlisted company. Its fair value is deemed reliable, and is represented by the cost as set in the contract that was estimated on the basis of the valuations performed during the acquisition process.

Investments also include the 16.67% interest held by the Parent Company in the share capital of the French incorporated company ESSP SaS, a company which is held by the main European service providers. It manages the EGNOS satellite navigation system and provides the related services. A dividend of € 250 thousand was received in 2015, similar to the previous year.

10. Current and non-current financial assets

Non-current financial assets amount to € 15,687 thousand (€ 15,886 thousand at 31 December 2014), whereas current financial assets recorded a nil balance during the year. Financial assets consist of the following:

	31.12.2015	31.12.2014	Change
Non-current financial assets			
Financial receivables	14.354	15.143	(789)
Derivative	968	383	585
Others	365	360	5
Total	**15.687**	**15.886**	**(199)**
current financial assets			
Derivative	0	1.480	(1.480)
Total	**0**	**1.480**	**(1.480)**

Financial receivables refer entirely to the receivable from the company from which the business unit contributed to Techno Sky was purchased. This shows a balance of € 14,354 thousand, recording a reduction during the year as a result of the payments received, which are in proportion to settlements and advances on the employees' termination indemnity paid to Techno Sky's employees. This receivable corresponds to the termination indemnity paid to employees included in the business unit transferred by the seller to the subsidiary Techno Sky, and is payable at the simple request of the subsidiary should employees end their employment, or requests for advances or in a lump sum payment 15 years from the contract date, corresponding to 28 December 2021. The receivable is interest-bearing at the three-month 360-day Euribor rate, increased by a spread of 0.05 percentage points, and is supported by a first demand bank guarantee.

Non-current financial assets also include the derivative contract entered into in December 2013 by the Parent Company for the forward currency purchase of US dollars, subdivided into four tranches. Two of these were made in the previous year, and one tranche was settled in 2015 for € 12,398 thousand. The last tranche will be exercised in 2017; consequently, the fair value measurement for the derivative at 31 December 2015 for € 968 thousand was classified under non-current financial assets. The current assets item amounts with only the last tranche outstanding.

The derivative contract represents a perfectly effective hedging instrument, accounted for as in accordance with the cash flow hedge method. Reference is made to Note 33 in the consolidated financial statements for all the information required by IFRS 7.

11. Deferred tax assets and liabilities

Deferred tax assets and liabilities are detailed in the table below, distinguishing between the amounts recognised in the Income Statement and those recognised in the other comprehensive income (equity).

	31.12.2014		Increase/decrease through profit or loss		economic effect of IRES aliquota change	Increase/decrease through equity		31.12.2015	
	Temporary differences	Deferred tax assets/liabilities	Temporary differences	Deferred tax assets/liabilities		Temporary differences	Deferred tax assets/liabilities	Temporary differences	Deferred tax assets/ liabilities
Deferred tax assets									
Taxed provisions	54.473	14.980	8.149	1.888	(1.460)	0	0	62.622	15.408
Inventory write-downs	8.499	2.337	627	173	(319)	0	0	9.126	2.191
Discounting of receivables	9.094	2.735	(4.087)	(1.255)	(88)	0	0	5.007	1.392
Tax effect of IFRS conversion	1.529	467	(644)	(206)	0	0	0	885	261
Discounting of the TFR	1.946	535	0	0	0	(1.324)	(367)	622	168
Non-deductible portion of the TFR	1.654	455	224	57	(47)	0	0	1.878	465
Fair value derivative	5	1	0	0		0	0	5	1
Other	19.990	6.372	1.010	225	(556)	0	0	21.000	6.041
Total	**97.190**	**27.882**	**5.279**	**882**	**(2.470)**	**(1.324)**	**(367)**	**101.145**	**25.927**
Deferred tax liabilities									
Other	6.008	1.653	2.041	561	0	0	0	8.049	2.214
Discounting of payables	140	39	(33)	(9)	0	0	0	107	30
Tax effect of IFRS conversion	3.333	1.076	(233)	(75)	(60)	0	0	3.100	941
Discounting of the TFR	0	0	0	0	0	0	0	0	0
Fair value derivative	1.863	512	0	0	0	1.685	339	3.548	851
Total	**11.344**	**3.280**	**1.775**	**477**	**(60)**	**1.685**	**339**	**14.804**	**4.036**

Deferred tax assets amount to € 25,927 thousand and refer mainly to taxed provisions, such as impairment losses on the bad debts and risk provisions, where the changes in the year refer to advances and utilisations made for the reasons stated in Notes 13 and 18, with the relevant tax deduction. The discounting of receivables referred both to the balance recorded in previous years, where the present value was subject to review during the year subsequent to the new charges recovery plan, as well as the balance recorded in 2015, and which will be reversed in subsequent years up until 2018, as stated in Note 13. The tax effect arising from the transition to international accounting standards relates to a series of items that will continue to have exclusively a fiscal effect arising from the difference between the accounting

treatment followed in the financial statements consistent with the requirements of international accounting standards. The discounting of the TFR recorded an actuarial gain with an adjustment of the relevant deferred tax. The item *others* includes the deferred tax arising from the elimination of the margins for transactions carried out within the Group.
Subsequent to the Stability Law of 2016 No. 248/2015 that brought a reduction in the IRES tax rate from the current 27.5% to 24% with effect from 2017, deferred taxes were adjusted to this new rate for all differences that will presumably be reversed from 2017. This adjustment had a negative impact on the income statement related to deferred tax assets for € 2,470 thousand, and for € 4 thousand in the deferred tax assets affecting equity.
Liabilities for deferred taxes show a balance of 4,036 thousand and refer in addition to the tax effect related to the transition to IFRS for the same reasons stated above, default interest related to 2015 and previous years that had not yet been received and recognised for tax. The item regarding the derivative's fair value refers to the fair value adjustment, increased by the higher amount arising from the exchange rate on the date that currency was purchased compared to the fixed rate in the derivative contract for € 2,580 thousand, giving rise to the recognition of deferred taxes payable for € 619 thousand. The adjustment of the IRES tax rate to 24% resulted in a positive effect in the Income Statement for € 60 thousand and € 34 thousand on equity.

12. Current and non-current tax receivables

Non-current tax receivables are unchanged compared to the previous year and amount to € 25,232 thousand. They refer to the higher IRES tax paid in the years 2007/2011 by the Group due to the non-deduction of Irap relating to expenses incurred for employees and similar costs. Specifically, the entitlement to a refund is based on Article 2 of Legislative Decree 201/2011 that permits IRAP to be deductible analytically from corporate taxable income, which had previously only been permitted to the extent of 10 percent of the tax paid; this Decree was subsequently integrated with Decree-Law No. 16 of 2012 under Article 4, paragraph 12, in order to extend this possibility to prior tax periods, starting from the 2007 tax period. Regarding the timescale for receiving the refund, given that the Tax Revenue Office envisions making payment starting from the earliest tax years and on the basis of the order in which the electronic flows are transmitted, and it establishes criteria in the cases in which it does not have fully available funds, the receivable has been prudently classified as a non-current asset.
Current tax receivables amount to € 90,455 thousand and comprise the receivables detailed in the table below.

	31.12.2015	31.12.2014	Change
Due from the tax authorities for VAT	69.972	68.876	1.096
IRES for the year	37	9.912	(9.875)
IRAP for the year	18.762	1.672	17.090
Receivable for other current taxes	1.684	2.113	(429)
Total	**90.455**	**82.573**	**7.882**

The receivable due from the tax authority for VAT for € 69,972 thousand underwent a net increase of € 1,096 thousand referring to a decrease of € 21,415 thousand for the receipt of a VAT refund the Company requested in the month of February 2014 and referring to the 2013 tax period including interest, the accrued interest recorded on the VAT receivable to be refunded for the 2012 and 2014 tax periods amounting to € 765 thousand and VAT accrued for the period for € 21,746 thousand. The receivable for the VAT refund requested refers entirely to the Parent Company and at the end of 2015 amounted to € 40,280 thousand, including interest receivable accrued at 2% legal rate on an annual basis. It is noted that the Tax Revenue Office has advised of the successful outcome of the audit on VAT refund for 2012, and ordered that 20 million plus interest be paid. A refund of 20.8 million was requested with the filing of the 2015 VAT return submitted in February 2016.

The IRES receivable includes the tax receivable for the subsidiary Sicta, resulting from the difference between the instalments paid in the period for € 55 thousand and the tax recorded in 2015 for € 18 thousand.

The IRAP receivable amounts to € 18,762 thousand and consists of the receivable recorded in 2014 and the instalments paid in 2015 for a total of € 22,964 thousand reduced by the IRAP for the period for € 4,202 thousand. As it is known, the 2015 Stability Law No. 190/2014 introduced significant amendments to the IRAP regulations referred to under Legislative Decree 446/1997 relating especially to the deductibility of expenses incurred for staff employed with a permanent contract for IRAP purposes and the consequent change to the portion of IRAP that may be used as a reduction for IRES purposes. Since this was the first year that the regulation became applicable, and so as not to incur any sanctions, an instalment payment was made in November on a historic basis resulting in the above receivable, net of the tax for the period.

The item receivables for other current taxes mainly refers to the receivable for taxes paid abroad for € 445 thousand and the receivable for the IRAP refund application pursuant to Article 6 of Legislative Decree 185/2008 referring to the tax years from 2004 to 2007, for a total of € 1,225 thousand, which was reduced during the period by € 437 thousand following the receipt of a portion referring to 2005.

13. Current and non-current trade receivables

Current trade receivables amount to € 233,547 thousand and non-current receivables referring entirely to the receivable for balance amounts to € 124,278 thousand recording during the period the changes shown in the table below.

	31.12.2015	31.12.2014	Change
Current trade receivables			
Due from Eurocontrol	169.184	184.194	(15.010)
Due from the Ministry of Economy and Finance	14.366	14.212	154
Due from the Ministry of Infrastructure and Transport	30.000	30.000	0
Due from other customers	42.840	42.468	372
Balance receivables	29.029	6.564	22.465
	285.419	**277.438**	**7.981**
Bad debts allowance	(51.872)	(45.052)	(6.820)
Total	**233.547**	**232.386**	**1.161**
Non-current trade receivables			
Balance receivables	124.278	119.499	4.779
Total	**124.278**	**119.499**	**4.779**

The *receivable from Eurocontrol* refers to the charges arising from the en-route and terminal revenues not yet received at 31 December 2015 for € 115,564 thousand (€ 124,281 thousand at 31 December 2014) and € 53,620 thousand (€ 59,913 thousand at 31 December 2014), respectively. The decrease for the period of € 15,010 thousand refers mainly to the lower turnover recorded for the en-route service, and a higher receivable collection for the terminal service; in fact, certain receivables were involved in the payment recovery plans that was fully adhered to by the airline companies.

The receivable from the Ministry of the Economy and Finance (MEF) for € 14,366 thousand relates entirely to the en-route and terminal exemptions recorded in 2015, which are in line with the figure from the previous period. The receivable in 2014 for € 14,212 thousand was offset by the Parent Company following the approval of the 2014 financial statements, with the advance payments relating to the Italian Air Force (Aeronautica Militare) for the collections referring to the en-route charges that resulted in a payable to the MEF for € 38,201 thousand under the caption "other current payables".

The *receivable from the Ministry of Infrastructure and Transport* includes the revenue grant for € 30,000 thousand, aimed at offsetting the cost incurred by the Parent Company to guarantee the safety of its systems and operational safety, pursuant to Article 11 septies of Law 248/05. During the month of November, 30 million was received in relation to the 2014 period.

The item *amounts due from other customers* includes both the receivable accrued by the management companies for the services provided by the Group and from other customers for projects abroad under construction.

The *bad debts allowance* amounts to € 51,872 thousand in total and showed the following movements during 2015:

			Decreases		
	31.12.2014	Increases	Utilizations	Eliminations	31.12.2015
Bad debts allowance	45.052	8.285	(385)	(1.080)	51.872

The increase for the period of € 8,285 thousand refers to the write-down of doubtful debt relating to positions in respect of the en-route and terminal charges payable by airline companies that went insolvent or that no longer operate due to their licence being withdrawn, as well as impairment losses for management companies and customers experiencing financial difficulties. The decreases totalling € 1,465 thousand refer for € 385 thousand to receivables prudently written down in previous periods and collected during 2015, and for € 1,080 thousand to the write-off of positions no longer considered collectible and referring to receivable for en-route charges.

The utilisations are recorded in the Income Statement under *impairment losses and reversals of impairments*.

The *Balance receivable*, referring entirely to the Parent Company, net of time value discounting, amounts to € 153,307 thousand, classified under current trade receivables for € 29,029 thousand for the portion that will be recovered in 2016 and therefore to be included in charge charge for the same period, and for € 124,278 thousand classified under non-current receivables as this is subject to recovery in financial periods after 2016 in accordance with the recovery plans referenced in the performance plan.

Specifically, the balance receivable includes the residual portion of the en-route and terminal balances since 2011 and in subsequent years, and not yet recovered through the charges. Regarding the balance recorded in 2015, it is noted that following Decision No. 347 issued by the European Commission during the month of March 2015, the Parent Company revised the performance plan for 2015–2019, and presented this to the European Commission in July 2015. Subsequently in October, approval was received, albeit not official, regarding the economic and management data contained therein, which made it possible to calculate the en-route balance on the basis of the data from the last performance plan submitted. In February 2016, during the most recent *Single Sky Committee,* the Commission gave its final approval of the economic performance submitted by Italy. Consequently, en-route balance for € 28,885 thousand and terminal balance for € 2,454 thousand were recorded respectively. Specifically, the en-route balance refer to: i) a balance of € 10,395 thousand for the lower revenue recorded in 2015 due to the different en-route charges applied of Euro 78.80, associated with the first performance plan submitted, and the charge that should have been used in accordance with the last performance plan submitted with a charge of Euro 80.49. This entry was made based on the indications received from Eurocontrol, because the new performance plan is effective from 1 January 2015 and this balance will mainly be subject to recovery in the 2016 charges; ii) the balance for the 2015 traffic risk and the portion not recovered on the balance recorded in previous years and included in the 2015 charges for a total of € 12,087 thousand was recorded following lower en-route service units generated compared to what was forecast in the plan (-4.5%); iii) a meteorological balance for € 629 thousand, calculated in accordance with EU regulations, based on a cost recovery logic; iv) the balance on en-route *kpi capacity* as a bonus for having achieved the objective of 0.09 minutes delay for assisted en-route flights set in the performance plan, where the Parent Company achieved a result of 0.0095 minutes/flight. Quantifying this bonus, as determined in the plan, can reach up to 1% of en-route revenue, resulting in an entry for a balance of € 5,774 thousand. The terminal balance refers to: i) the capacity balance for the two terminal charge categories subject to the performance plan, which set a target of 0.02 minutes delay in flight arrivals due to causes attributable to the Parent Company. Taking the five airports as a whole, 80% of objective was achieved, translating into € 138 thousand for the first category and € 196 thousand for the second charge category; ii) the balance for the second charge category for € 56 thousand related to the lower traffic levels generated at year end compared to forecasts (-0.1%), which is calculated on the basis of the total recovery of the difference generated; iv) the balance associated with the third charge category, not included in the performance plan, which maintains a cost recovery logic and amounts to € 2,064 thousand as the portion exceeding the 20.3 million still borne by the Parent Company and covered by utilising the charges stabilization provision, as had already been decided during the phase for determining the charges to charge for 2015.

14. Inventories

Inventories that largely comprise spare parts, amount to € 62,027 thousand, net of the allowance for inventory losses, and recorded the following movements during the period:

	31.12.2014	Increases	Decreases	31.12.2015
Fiduciary inventory	64.849	3.521	(2.479)	65.891
Direct inventory	4.598	547	(626)	4.519
Radio-electric measurement inventory	743	0	0	743
	70.190	**4.068**	**(3.105)**	**71.153**
Allowance for inventory losses	(8.499)	(1.344)	717	(9.126)
Total	**61.691**	**2.724**	**(2.388)**	**62.027**

The increase of € 2,724 thousand, net of the allowance, refers mostly to the fiduciary inventory for the purchase of spare parts for the air navigation operating systems, including the spare parts for radars and luminous visual aids. A small portion of the increase for € 173 thousand refers to spare parts reclassified to this item from plants, property and equipment net of the parts charged to assets. The decrease of € 3,105 thousand, gross of the allowance, relates to the utilisation of spare parts in operating systems.

The inventories allowance increased by € 1,344 thousand due to spare parts becoming obsolete because they refer to systems that are no longer being used, and decreased by € 717 thousand following the disposal of spare parts that had already been written down in previous years.

15. Other current assets

Other current assets amount to € 16,653 thousand and comprise the following:

	31.12.2015	31.12.2014	Change
Due from public bodies for capital grants	7.401	10.434	(3.033)
Due from personnel	3.550	3.502	48
Due from public bodies for financed projects	4.155	4.754	(599)
Guarantee deposits	1.036	766	270
Sundry receivables	3.596	2.895	701
	19.738	**22.351**	**(2.613)**
Bad debts allowance	(3.085)	(3.189)	104
Total	**16.653**	**19.162**	**(2.509)**

Due from public bodies for capital grants refers entirely to the National Network and Mobility Operating Programme (NOP) grants for 2007/2013 that have been approved, but not yet received at 31 December 2015. The net decrease for € 3,033 thousand compared to the balance at 31 December 2014 refers to a series of transactions that took place during the year, and specifically: i) two resolutions from the 2007/2013 Networks and Mobility NOP Management Authority dated 30 June 2015 and 31 December 2015 respectively, which in terms of the first resolution recognised a higher grant contribution for the project related to the Naples Capodichino Airport for € 2,096 thousand, and the second resolution, de-financed part of the project referring to the ACC in Brindisi for € 2,262 thousand; ii) € 2,051 thousand was received in relation to past projects; iii) a reduction in the amounts due for € 816 thousand was recorded relating to projects that while having initially received funding, could not be recognised because they were not paid and completed by the final date (31 December 2015) set by the Management Authority. The receivable for € 3,773 thousand relates to two projects financed by the Action and Cohesion Plan (ACP), where the relevant reporting period ends in March 2017.

Due from personnel refers to advances for travel expenses to staff on transfer and not yet completed at the end of the financial period, of which the most significant part (€ 3,085 thousand) relates to travel expense advances paid to former parent company employees, which are being investigated by the judicial authorities and prudently written down in previous periods. Following sentences numbered. 745/2011 and 966/2012 issued by the Italian Court of Accounts, which ordered the defendants to pay back the money, € 104 thousand has been collected with a corresponding reduction in the allowance, and recovery plans set up to recover the outstanding amount. As security for the amount an attachment order was served on the persons involved freezing one fifth of their pensions and TFR and TFS termination indemnities as well as their bank accounts and in certain cases properties.
Due from public bodies for financed projects for € 4,155 thousand refers mainly to the co-financing portion relating to the period for the SESAR project, the final report of which will be due in 2016 for an amount of € 3,366 thousand, of which the amounts recorded in 2014 for € 4,252 thousand were received during the financial period. The remaining amount refers to other European projects and training financed by Fondimpresa.
Deferred expenses amounting to € 1,036 thousand refer largely to insurance premiums, subscriptions and rentals relating to the subsequent financial period.

16. Cash and cash equivalents

The details relating to cash and cash equivalents at 31 December 2015 are shown below.

	31.12.2015	31.12.2014	Change
Bank and post office deposits	174.091	118.181	55.910
Cash and valuables on hand	50	72	(22)
Total	**174.141**	**118.253**	**55.888**

Cash and cash equivalents held at banks and the Central Treasury (Tesoreria Centrale) amount to € 174,091 thousand, and record an increase compared to the previous period of € 55,910 thousand, resulting from the higher collections received for the terminal charge and the receipt of the VAT receivable, as well as the liquidity contributed by the subsidiary Enav North Atlantic.
There are no restrictions on cash and cash equivalents that may limit their availability.

17.Shareholders' equity

At 31 December 2015, shareholders' equity amounts to € 1,090,550 thousand and the changes occurring during the period are detailed in the statement following the balance sheets and income statement.
The table below provides details of the individual items:

	31.12.2015	31.12.2014	Changes
Share capital	941.744	1.121.744	(180.000)
Legal reserve	15.877	13.935	1.942
Other reserves	36.359	36.359	0
Translation reserve	7.532	3.428	4.104
IFRS First-time Adoption (FTA) reserve	(727)	(727)	0
Reserve for actuarial gains/(losses) on employee benefits	(8.728)	(9.683)	955
Cash flow hedge reserve	2.693	1.348	1.345
Retained earnings/(accumulated losses)	29.717	27.652	2.065
Net income for the year	66.083	40.006	26.077
Total equity attributable to equity holders of the parent	**1.090.550**	**1.234.062**	**(143.512)**
Capital and reserves attributable to non-controlling interests	0	0	0
Net income attributable to non-controlling interests	0	0	0
Total equity attributable to non-controlling interests	**0**	**0**	**0**
Total equity	**1.090.550**	**1.234.062**	**(143.512)**

Share capital, which is fully subscribed and paid by the sole shareholder, the Ministry of the Economy and Finance, comprises 941,744,385 ordinary shares with a nominal value of 1 euro. On 13 April 2015, the shareholders' meeting resolved a voluntary reduction to the share capital pursuant to Article 2445 of the Italian Civil Code, in an amount of 180 million, by repaying share capital to shareholders. This resolution became effective on 21 July 2015, bringing the share capital to € 941,744 thousand. The funding required to implement the resolution to reduce share capital was made available through a bond issued on 04 August 2015, and subsequently payment was made to shareholders for 180 million resulting from the reduction in share capital.
The *legal reserve* amounts to € 15,877 thousand, with a difference of € 1,942 thousand arising from the 5% allocation from ENAV S.p.A. 2014 results as resolved by the shareholders' meeting approving the financial statements, which took place on 30 June 2015.

The *other reserves* arise from the capital grants received in 1996/2002 and originally recognised net of deferred taxes that were paid. In this regard, the reserve became available and was reclassified in previous periods under the item "other reserves".
The *translation reserve* includes the exchange rate differences from the translation of overseas subsidiaries' financial statements and amounts to € 7,532 thousand. The increase of € 4,104 thousand can mainly be attributed to the conversion of the subsidiary Enav North Atlantic's financial statements, due to the positive effect of the Euro/Dollar exchange rate recorded at the end of the period.
The *First Time Adoption (FTA)* reserve includes the measurement valuation differences in the asset and liability items arising upon the first time adoption of international accounting standards.
The *reserve for actuarial gains/(losses) on employees benefits* incorporates the effects of the actuarial gains and losses for post-employment benefits (TFR), stated net of the tax effect, which at 31 December 2015 was a charge for € 8,728 thousand (negative).
The cash flow hedge reserve, for € 2,693 thousand, includes the fair value change of derivative financial instruments, which recorded an increase during the year for an amount net of taxes of € 1,345 thousand. This difference is partly due to recording the exchange rate gains relating to purchase of the dollars needed to pay the third tranche for the investment in Aireon LLC.
Retained earnings/(accumulated losses) include the results recorded in previous years by the group companies and net of the consolidated adjustments recorded in previous periods.
The following table provides a reconciliation between the parent company's equity and consolidated equity.

	31.12.2015		31.12.2014	
	Net income	Net equity	Net income	Net equity
Parent company	49.817	1.120.005	38.827	1.283.673
Amortization of consolidation difference	14.603	(29.721)	0	(44.324)
Elimination of intragroup margins	(785)	(20.677)	(1.495)	(19.892)
Deferred tax assets on the elimination of intragroup margins	(398)	5.949	477	6.347
Conversion reserve	0	7.532	0	3.429
Employee benefits reserve and FTA reserve	0	(604)	0	(391)
Net income of subsidiaries	2.846	8.066	2.197	5.220
Group total	**66.083**	**1.090.550**	**40.006**	**1.234.062**

Capital management

The objective of the Group in terms of capital management is to maximise value for Shareholders and support future developments. The Group manages its financing sheet structure and makes adjustments based on economic conditions and the requirements of financial covenants. The Group has also set itself the objective of maintaining adequate capital levels, which will allow access to external funding, while at the same time reducing the cost of debt, and adequately support the Group's development activity.

No changes were made to the objectives, policies and procedures for managing capital during the periods ended 31 December 2015 and 2014.

18. Provisions for risks and charges

The provisions for risks and charges total € 14,151 thousand, of which the current portion amounts to € 7,812 thousand. The following changes occurred during the period:

	31.12.2014	Increases	Decreases	31.12.2015
Provision for risks from personnel litigation	3.168	1.952	(1.050)	4.070
Provision for risks from other disputes	6.217	185	(1.313)	5.089
Provisions for other risks	3.200	1.792	0	4.992
Total provisions	**12.585**	**3.929**	**(2.363)**	**14.151**

The provision for risks from personnel litigation, with a current portion of € 2,908 thousand, decreased during the period for € 1,050 thousand with the termination of disputes following settlements or cases where the Court found judgment against the Company. The increase of € 1,952 thousand refers to disputes initiated in 2015 for matters relating to employment, where the risk of an adverse outcome has been assessed as being probable. At 31 December 2015, the total value for judicial claim requests relating to pending disputes, where the risk of an adverse outcome has being assessed as being *possible* has been quantified by the Group's lawyers at 4 million.

The provision for risks from other disputes, of which the current portion amounts to € 4,904 thousand, decreased during the period by € 1,313 thousand subsequent to two disputes being closed, of which one had a favourable outcome for the Parent Company with a consequent release of provision against the Income Statement for € 670 thousand and another, in which the judgement from the Appeal Court went against the parent company for € 643 thousand. The increase of € 185 thousand refers to a prudential reserve based on a recent Appeal Court judgement that imposes the above amount on the Parent Company. The provision also includes a potential liability arising from the termination of the contract for the supply of meteorological systems for modernising the Palermo airport system, due to the unavailability of some of the materials included in the contract.

An arbitration court has been entrusted with settling this dispute, as per the terms of the contract, in order to establish the amounts receivable and amounts payable between the parties. The arbitration should be completed by 2016. and consequently the provision has been reclassified under current liabilities.
At 31 December 2015, the estimated costs associated with pending disputes, where there is a risk of a possible adverse outcome has been assessed by the Group's lawyers - to amount to 1.2 million. It is noted further that with regard to another dispute assessed as being possible by the Company's lawyers, judgement is pending and the concluding statements and responses have been filed. The case is especially complex and involved, and the legal questions under discussion leave ample margin for the Court's discretion. Nevertheless, the plaintiff's preliminary motions have not been accepted, which leads one to presume a negative outcome for the demands by applicant (who has the burden of proof). The Company has filed a counter-claim for an indeterminate amount.
The item "provisions for other risks" increased in the period by € 1,792 thousand following a provision made to cover certain amounts capitalised to property, plant and equipment under construction, referring to works that may no longer be usable in the future.

19. Tfr and other employee benefits

The TFR and other employee benefits amounts to € 58,068 thousand and comprises the liability for employees' termination indemnity (Trattamento di Fine Rapporto), governed by Article 2120 of the Italian Civil Code, which represents the estimate of the amount payable to employees of the ENAV Group on an actuarial basis, upon the termination of their employment.
Changes during the year in the liability for the TFR and other employee benefits were as follows:

	31.12.2015	31.12.2014
Liability for employee benefits at the beginning of the year	**60.049**	**53.655**
Interest cost	1.022	1.689
Actuarial (gains)/losses on defined benefits	(1.324)	6.994
Advances. settlements and other changes	(1.679)	(2.289)
Liability for employee benefits at the end of the year	**58.068**	**60.049**

The TFR provision was utilised for € 1,679 thousand following the payment made to staff leaving during the period, advances paid to employees that applied for such and, to a lesser extent, to the direct monthly payment of TFR as an integrative portion of remuneration (QU.I.R.) starting from March 2015 in accordance with the 2015 Stability Law, in respect of staff that exercised the option.

The difference between the expected amount calculated on the basis of the previous assumptions and the balance recalculated at period end on the basis of the updated assumptions represents actuarial gains (losses). In 2015, this calculation generated actuarial gains for € 1,324 thousand compared to the actuarial losses recorded in 2014.

A summary is provided below of the main assumptions used for the actuarial estimate of the TFR provision at 31 December 2015, compared to the figures used at 31 December 2014:

	31.12.2015	31.12.2014
Discount rate	2,03%	1,49%
Inflation rate	1,50% for 2016 1,80% for 2017 1,70% for 2018 1,60% for 2019 2,00% from 2020 onwards	1,50%
Annual increase rate employee's leaving entitlement	2,625% for 2016 2,850% for 2017 2,775% for 2018 2,700% for 2019 3,00% from 2020 onwards	2,63%
Forecast turnover rate	4,00%	4,00%
Forecast advances rate	2,50%	2,50%

The discount rate used to calculate the present value of the obligation was determined, pursuant to par. 83 of IAS 19, was based on the 10+ IBoxx Corporate AA Index at the date, and in line with the average duration of the employee population under assessment. Due to the current economic situation with high volatility levels in most of the economic indicators, the inflation rate curve was drawn from the Economy and Finance Document 2015 issued by the MEF, and the *medium-long term trends for the pension and socio-health system* document, published by the State General Accounting Office. The annual rate of increase for the TFR is 75% of the inflation rate plus 1.5 percentage points, in accordance with Article 2120 of the Italian Civil Code. The demographic fundamentals used for the assessment are provided below.

	31.12.2015	31.12.2014
Death	IPS55	IPS55
Unable to work	INPS table by age and gender	INPS table by age and gender
Pension	100% reaching obligatory General Insurance requirements	100% reaching obligatory General Insurance requirements

A sensitivity analysis is shown below, referring to the impacts in respect of liabilities for employee benefits at 31 December 2015, following the changes to the main assessment parameters.

	Liabilities for defined benefit plans at 31.12.2015
Turnover rate + 1%	57.423
Turnover rate - 1%	57.887
Inflation rate + 0,25%	58.510
Inflation rate - 0,25%	56.792
Discount rate + 0,25%	56.285
Discount rate - 0,25%	59.052

The average duration for the financial obligation in terms of the defined benefit plans is 11.2 years. The table below illustrates the payments envisaged in future years for the TFR provision.

	Expected issues
Within 1 year	3.559
Between 1 and 2 years	3.652
Between 2 and 3 years	3.491
Between 3 and 4 years	2.790
Between 4 and 5 years	3.318

20. Current and non-current financial liabilities

Current and non-current financial liabilities include: i) amounts due to banks for medium – long term loans with current portion classified as current financial liabilities together with the accrued interest for the period; ii) the bond issued on 04 August 2015 by the Parent Company recognised in the current liabilities for the interest expense as at 31 December 2015.
The table below shows the figures at 31 December 2015 compared to 2014, and the relevant changes:

	31.12.2015		31.12.2014		Changes	
	Current portion	Non-current portion	Current portion	Non-current portion	Current portion	Non-current portion
Due to banks	31.374	150.823	46.109	181.766	(14.735)	(30.943)
Bond loans	1.414	180.000	0	0	1.414	180.000
Due to other lenders	0	0	27	0	(27)	0
Total	**32.788**	**330.823**	**46.136**	**181.766**	**(13.348)**	**149.057**

The table below illustrates the composition of net financial debt at 31 December 2015, compared with the previous period, according to the Consob Communication dated 28 July 2006, and pursuant to the provisions under the recommendation ESMA/2013/319 of 20 March 2013.

	31.12.2015	31.12.2014
(A) Cash	174.141	118.253
(B) Cash and cash equivalents	0	0
(C) Securities held for trading	0	0
(D) Cash and cash equivalents (A)+(B)+(C)	**174.141**	**118.253**
(E) Current financial receivables	0	0
(F) Current financial liabilities	(219)	(1.366)
(G) Current part of non-current liabilities	(32.569)	(44.743)
(H) Other financial liabilities	0	(27)
(I) Current financial debt (F)+(G)+(H)	**(32.788)**	**(46.136)**
(J) Net current financial debt / (Cash and cash equivalents) (D)+(E)+(I)	**141.353**	**72.117**
(K) Non current bank liabilities	(150.823)	(181.766)
(L) Bonds issued	(180.000)	0
(M) Other non-current payables	0	0
(N) Non-current financial debt (K)+(L)+(M)	**(330.823)**	**(181.766)**
(O) CONSOB Net financial position (J)+(N)	**(189.470)**	**(109.649)**
(P) current and non-current derivative instruments	968	1.863
(Q) ENAV Group net financial debt (O)+(P)	**(188.502)**	**(107.786)**

Due to banks at 31 December 2015 decreased in total by € 45,678 thousand subsequent to the repayments made during the period and the effects related to the amortised cost. Specifically, repayments were made on the following loans:

- the repayment of € 8,000 thousand of two semi-annual instalment *tranches* on the loan with Unicredit S.p.A., with final due date 30 November 2018;
- the repayment of € 20,000 thousand of two semi-annual instalment *tranches* on the loan with Unicredit S.p.A., with final due date 30 June 2018;
- the repayment of the last portion of the loan for 15,000 € thousand with Intesa San Paolo resulting in the loan being extinguished;
- the repayment of a semi-annual instalment *tranche* on the loan with Medio Credito Centrale fo € 1,667 thousand, with final due date 31 May 2018.

The current portion of the loans amounts to € 31,155 thousand and includes the instalments to be repaid in 2016 in accordance with the amortisation plans, and incorporates the effects related to the amortised cost. Current liabilities further include the utilisation of an overdraft facility for € 219 thousand.

Due to other lenders retuned to a nil balance after payments were made. The Group does not accept discounting without recourse on invoices.

At 31 December 2015, the ENAV Group had available committed and uncommitted short-term credit lines for a total of 240 million, in addition to the portion of EIB funding for 80 million that had been contracted but not yet utilised, resulting in available funding of 320 million. The agreements for these facilities provide that interest will be charged at normal market rates, with non-use commitment charges that are not significant.

The following table provides an analysis of the Group's loans including the general conditions for each of its relationships with the lender concerned.

Lender	Type	Ceiling	Drawn down (nominal value)	Availability	Carrying amount	Interest rate
BNL-Bnp Paribas	Credit line - overdraft	52.000	-	51.781	219	Euribor + 1,90
Medio Credito Centrale	Medium/long-term - 5 years	10.000	10.000	-	8.265	Euribor + 1,90
Credito Valtellinese	Credit line - overdraft	5.000	-	5.000	-	Euribor + 1,85
BNL-Bnp Paribas	13 months - 1 day	50.000	-	50.000	-	Euribor + 1,90
Unicredit	Current account advances - suppliers	10.000	-	10.000	-	Euribor + 1,80
Unicredit	Current account advances - on invoices issued	15.000	-	15.000	-	Euribor + 1,80
Unicredit	Lending advances (no restriction on use)	46.000	-	46.000	-	Euribor + 1,80
Intesa San Paolo	Advances on invoices	60.000	-	60.000	-	Euribor + 0,25
Intesa San Paolo	Credit line - overdraft	2.500		2.500		Euribor + 1,50
Unicredit	Medium/long-term - 5 years	40.000	40.000	-	23.889	Euribor + 0,34
Unicredit	Medium/long-term - 5 years	100.000	100.000	-	49.773	Euribor + 0,34
EIB - European Investment Bank	Medium/long-term - 15 years	180.000	100.000	80.000	100.051	Fixed rate + 1,515
Totale		**570.500**	**250.000**	**320.281**	**182.197**	

The average interest rate on bank loans for the reference period stood at 1.65%, slightly down on the previous period, benefiting from the combined effect of the reduced interest rate and lower spread applied, and as a result of the debt renegotiation carried out by the Parent Company during the period.
The Parent Company issued a seven-year bond on 04 August 2015 with a par amount of 180 million, listed with the *Luxembourg Stock Exchange's regulated market*, with a full bullet repayment on the maturity date (04 August 2022). The bond issue involves the payment of an annual coupon in arrears at a fixed rate of 1.93% of the par value, with the first interest payment falling due on 04 August 2016. The accrued interest for the period of € 1,414 thousand was classified under current liabilities.
With regard to the disclosure required by IFRS 13, it is noted that the fair value of the bond, intended as the price that would be paid to transfer the liability in the scope of an ordinary transaction between market operators, is estimated at € 191,032 thousand at the balance sheet date.
The Group has estimated the fair value on the basis of the prices and yields based on the market for debt instruments with similar maturities and risk profiles, using the data provided by primary information providers to build the z-spread used in constructing the discounting curve.

21. Current and non-current trade payables

Current trade payables amount to € 128,348 thousand (€ 127,987 thousand at 31 December 2014) and include payables to suppliers for the goods and services needed for the Group's business for € 115,111 thousand, which shows a decrease of € 6,270 thousand compared to the previous year as a result of the net effect of higher payments and lower payables recognised for the period. The item also includes the pre-financing contributions received on programmes funded by the EU, of which the SESAR represents the major portion, and the Eurocontrol balance classified under the current section for € 6,272 thousand and under non-current trade payables for € 6,625 thousand.

In total, the payable for balance amounts to €12,897 thousand and refers to the following positions: i) the inflation balance recorded in 2014 that was adjusted in 2015 subsequent to the notification from Eurocontrol of the change made to the calculation formula used to determine effective inflation, compared to what had been planned in the 2012–2014 performance plan, and requiring the Parent Company to adopt this new calculation. This change resulted in a positive balance being posted for € 5,505 thousand, thus re-determining the payable for the 2014 inflation balance to € 2,439 thousand to be repaid to carriers in 2016, and thus classified under current payables; ii) the short-term portion balance for € 3,941 thousand relating to the difference between the Eurocontrol costs stated in the performance plan and the actual results. As stipulated by the European Commission, these costs are considered to be exempt of the cost-sharing mechanism pursuant to EU Regulation 391/2013, and as such the difference between the forecast operating costs and the effectively incurred costs must be returned to or requested from the carriers; iii) the en-route inflation balance for € 5,621 thousand calculated on planned costs for 2015 by taking the difference between the inflation percentage envisaged in the plan at 1.03% and the final inflation rate of 0.1%; iv) the terminal inflation balance calculated using the same method as for the route, for a total of € 957 thousand; v) the meteorological balance on the first charge category for € 46 thousand.

22. Other current and non-current liabilities

Other liabilities consist of the items shown in the following table, broken down between the current and the non-current portion:

	31.12.2015		31.12.2014		Changes	
	Current portion	Non-current portion	Current portion	Non-current portion	Current portion	Non-current portion
Charge Stabilization Provision	0	0	0	20.304	0	(20.304)
Amounts on account	80.223	0	67.014	0	13.209	0
Other payables	95.240	0	55.287	0	39.953	0
Grants	8.848	112.788	9.721	122.225	(873)	(9.437)
Total	**184.311**	**112.788**	**132.022**	**142.529**	**52.289**	**(29.741)**

The *Charge Stabilization Provision* was created in 2003, with the approval of the 2002 financial statements by the Parent Company's Shareholders' Meeting held on 09 May 2003, with the allocation of the *Tax receivable settlement reserve* (Law 289/02) for € 72,697 thousand. This was increased in subsequent periods with the allocation from the Parent Company's results and utilised for business purposes, as resolved by the Shareholders' Meeting. With the Shareholders' Meeting held in August 2013, the provision's validity was extended to the period 2013/2015 with the aim of supporting the market by introducing a price control mechanism for the costs to be borne by carriers for flight assistance services.
In 2015, the Charge Stabilization Provision came to a nil balance, when the entire amount of € 20,304 thousand was utilised, to reduce the third category terminal charge as decided at the time of calculating the relevant charge.
The item deposits totals € 80,223 thousand and refers for € 71,499 thousand to the balance payable to the Italian Air Force (Aeronautica Militare Italiana (AMI)) for the its portion collections in 2015 for en-route and terminal services and for € 8,724 thousand for the payable to ENAC on the relevant collections relating to the same services.
The payable to AMI for en-route services amounts to € 61,579 thousand (€ 52,413 thousand at 31 December 2014) and will offset the receivable due from the Ministry of the Economy and Finance (MEF) to the full extent of the amount, and with the remaining portion charged to other current liabilities and subject to payment after the approval of the financial statements. The payable to AMI for terminal services amounts to € 9.920 thousand (€ 10,415 thousand at 31 December 2014) and in accordance with Law 183/2011 that came into effect on 1 July 2012, the portion referring to terminal charges revenue is paid to the Air Force in two annual instalments. In 2015, a total of € 21,062 thousand was paid with reference to the second half of 2014 and the first half of 2015. The liability represents the portion due for the second half of 2015 which will be paid by the end of April 2016.

Starting in 2011 and in compliance with EU regulations, the supervisory costs of ENAC (Ente Nazionale per l'Aviazione Civile), the Italian civil aviation authority, are also considered when determining the en-route and terminal charges. This calculation resulted in the portion of revenue referring to ENAC and determined on the basis of the costs communicated and the Service Units developed, representing a payable for ENAV that is recorded in this caption, and which at 31 December 2015 amounts to € 8,724 thousand (€ 4,185 thousand at 31 December 2014).

Other payables recorded a net increase of € 39,953 thousand mainly attributable to the recognition of the payable in respect of the Ministry of the Economy and Finance for € 38,201 thousand arising from the Parent Company ENAV's debt for the en-route advance payments accrued to the Italian Air Force in 2014, net of the Parent Company's receivable in respect of the MEF for exempt flights recorded in the previous period. This amount is not yet due as the appropriate indication is pending from the MEF. In addition, this item includes: i) the payables to personnel amounting to € 42,595 thousand, which is in line with the previous period (€ 41,927 thousand at 31 December 2014) and refers to the payable for vacation earned but not yet taken for € 14,342 thousand (€ 14,463 thousand at 31 December 2014) and the provision for personnel costs for relevant variable items for a total of € 28,253 thousand; ii) the payable for the supplementary pensions for € 8,860 thousand, paid at the beginning of 2016 to the corporate pension funds such as Prevaer and Previndai and other funds selected by employees.

The item *contribution grants* includes: i) the PON networks and mobility grants relating to 2000/2006 and 2007/2013 periods referring to specific investments made at the airports in Southern Italy for a residual amount of € 47,828 thousand (€ 56,976 thousand at 31 December 2014). During the period, these recorded a decrease of € 9,148 thousand of which € 8,167 thousand reversed for the period to the Income Statement relating to the amortisation of investments to which the contributions referred to, and € 165 thousand as a result of the net effect arising from the de-financing of a portion of the investment project for the ACC in Brindisi and the recognition of an additional grant for the project at Naples Capodichino Airport, and for € 816 thousand to the portion of the projects not paid and not completed by 31 December 2015, the final date set by the Authority to recognise these projects for funding purposes. The current portion amounts to € 7,523 thousand and refers to the amount that will be reversed to the Income Statement in the next 12 months; ii) the grants referring to investments for military airports, pursuant to Law 102/09, for € 66,557 thousand (€ 67,596 thousand at 31 December 2014) recorded a decrease of € 1,039 thousand as a result of the reversal to the Income Statement of the portion relating to the period for the upgrading of the technological systems at Verona's Villafranca Airport and the works carried out at the Airports of Comiso, Roma

Ciampino and Treviso. The current portion amounts to € 1,177 thousand; iii) other grants on investments for € 7,232 thousand (€ 7,337 thousand at 31 December 2014) referring mainly to European funding obtained within the scope of the TEN-T predominantly for the "ANSPs Interim Deployment Programme Implementation" project for new technology and procedures associated with air transport, where ENAV plays a coordinating role. The decrease for the period relates to the portion reversed to the Income Statement regarding the amortisations of the investments that the grant referred to for € 105 thousand and the portion classified under other current liabilities for € 128 thousand.

23. Tax and social security payables

Tax and social payables amount to € 46,702 thousand, and the composition thereof is shown in the table below.

	31.12.2015	31.12.2014	Change
Tax payables	20,917	8.,322	12,595
Social security payables	25,785	24,610	1,175
Total	**46,702**	**32,932**	**13,770**

Tax payable shows an increase of € 12,595 thousand mainly due to the IRES payable of € 12,026 thousand (€ 366 thousand at 31 December 2014) as the net amount due resulting from the taxes for the period for € 23,428 thousand less the credit balance from 2014 and the instalments paid in 2015 for a total of € 11,336 thousand and the withholding taxes paid for € 66 thousand. The remaining portion refers to withholding tax on employees and was paid in January 2016.
The social security payables include both the employee portion social security costs due for employees for the month of December and paid the following month, and the employer portion of the contributions on personnel costs recorded for the period for a total of € 14,066 thousand.

Notes to the Consolidated Income Statement

24. Revenues from operations and balance revenues

Revenue from operations and balances, which are also pertinent to operations, amount to € 792,059 thousand and € 17,708 thousand respectively, and record a decrease of € 20,579 thousand and an increase of € 33,724 thousand respectively. The following table provides an analysis of the individual items:

	31.12.2015	31.12.2014	Changes
Route revenues	566,073	589,395	(23,322)
Terminal revenues	179,988	171,722	8,266
Route and terminal exemptions	14,406	14,236	170
Third party market revenues	11,288	12,905	(1,617)
Charge stabilization supplementary contributions	20,304	24,380	(4,076)
Total revenues from operations	**792,059**	**812,638**	**(20,579)**

Route revenues stand at € 566,073 thousand and record a decrease of € 23,322 thousand compared to the previous year, due almost entirely to the lower service units developed in the period, which were down -1.7% compared to the final balance in 2014 (+2.45% 2014 over 2013) and that refer both to overflight and national air traffic. The charge applied for 2015 at € 78.80 was essentially unchanged compared to 2014, as shown in the first national performance plan submitted for the period 2015–2019. The impact from the charge that should have been applied starting from 1 January 2015 at € 80.49, in accordance with the new performance 2015–2019 performance plan submitted in July 2015 and approved by the European Commission, is recognised under the item balance and amounts to € 10,395 thousand.
Terminal revenues total € 179,988 thousand and record an increase of € 8,266 thousand compared to the previous period, as a consequence of the service units developed at individual airports identified in terms of the charge categories and the relative charges applied. The following events are specifically noted: i) more overall service units developed in 2015 at +0.6% compared to the actual in 2014 (+2% 2014 over 2013), with a different trends in the three charge zones, in particular, Fiumicino Airport (zone 1) recorded more assisted traffic expressed in service units of 1.4%. zone 2 represented by the Airports of Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio saw an increase of 24% due to the second charge zone coming into effect for the Orio al Serio Airport in Bergamo, which in 2014 had fallen under category three. Category three that includes 38 airports, in 2015 shows a decrease of 12.6% in terms of service units developed due mainly to Bergamo's Airport being reclassified under the second charge category, and is mitigated by the move of two military airports open to civil traffic to ENAV management; these refer to Treviso that moved over on 26 June 2015 and Brindisi on 09 December 2015;

in addition, an entire year's revenue was generated at Rome Ciampino and Verona Airports, which in 2014 was only included for six months of the year; ii) the charges applied for the charge categories, being Euro 195.57 for category 1 remains stable compared to the previous period (Euro 195.79 in 2014), Euro 214.72 for the second category that is essentially unchanged (Euro 214.15 in 2014) and Euro 260.96 for the third category, marking an increase compared to the previous year of € 246.05 and a portion covered by ENAV with the contribution resulting from the charge stabilization. In fact, the supplementary charge stabilization contribution of € 20,304 thousand corresponds to what was attributed when determining the third category terminal charge, an intervention for the purposes of supporting the market during the current crisis.

Revenues associated with en-route and terminal exemptions for € 11,327 thousand (€ 10,940 thousand at 31 December 2014) and € 3,079 thousand (€ 3,296 thousand at 31 December 2014) respectively appear largely stable compared to the previous period and refer to exempt flights, which are mainly military flights.

Third party market revenues stand at € 11,288 thousand and record an overall decrease of € 1,617 thousand being the net effect between the different types of services rendered in 2015. In particular, it is noted that the increase of revenues for radio-measurement services for € 434 thousand is associated with the services rendered in Saudi Arabia, Abu Dhabi, Uganda and Albania, and a decrease in aeronautical consulting projects, compared to 2014, due to the completion of the projects in Libya and Dubai, in addition to the decrease in revenues from the project in Malaysia, where the main contract is nearing completion and the second contract began at the end of the year.

The balance component, which is also part of the Parent Company's operations amounts to € 17,708 thousand and comprises the items shown in the table below:

	31.12.2015	31.12.2014	Changes
Balance charge adjustment for the year	24,713	41,321	(16,608)
Discounting effect	(389)	(4,064)	3,675
Balance variations	1,564	0	1,564
Utilization of the balance	(8,180)	(53,273)	45,093
Total	**17,708**	**(16,016)**	**33,724**

The item Balance for the year represents the additional charge arising from the actual traffic volumes and/or costs as compared with the planned amounts used in determining the charge prior to adjustment to fair value through discounting and the en-route charge difference derived from the difference between the first performance plan submitted and the new approved performance plan, of which € 23,264 thousand refers to routes and € 1,449 thousand refers to terminals. More specifically, the en-route balance recorded for the period refers to: i) the balance associated with lower revenue in 2015 related to the different en-route charges applied, connected to the first performance plan submitted (Euro 78.80), and the charge that should have been used to comply with the latest performance plan submitted (Euro 80.49), which amounts to € 10,395 thousand; ii) the balance for traffic risk and the portion not recovered on the balance recognised in previous years and entered in the 2015 charge for a total of € 12,087 thousand as a consequence of the lower en-route service units actually produced compared to what was in the plan (-4.5%); iii) a meteorological balance for € 629 thousand; iv) the bonus balance related to achieving the plan target related to en-route capacity for € 5,774 thousand; v) a negative inflation balance for € 5,621 thousand as a result of the lower inflation effectively recorded compared to what had been provided for in the performance plan. The terminal balance refer to: i) the bonus balance on kpi capacity for the two terminal charge categories subject to the performance plan for € 333 thousand of which € 138 thousand related to the first charge category and € 195 thousand to the second category; ii) the balance associated with the lower traffic levels generated at the year-end for the second charge category compared to the forecast figure (-0.1%) that is determined on the basis of total recovery of the difference generated for € 55 thousand; iii) the negative inflation balance for both charge categories subject to the performance plan for a total of € 957 thousand; iv) the meteorological balance for category 1 for a negative figure of € 46 thousand; v) the balance associated with the third charge category, not included in the performance plan, which still applies a cost recovery logic and amounts to € 2,064 thousand.

The discounting effect of negative € 389 thousand arises from the separation of the financial component from the balance mechanism, which was performed by discounting the balance generated in the year, according to a predefined recovery plan.

The change in balance for € 1,564 thousand consists of a positive component for € 5,505 thousand relating to the adjustment on the inflation balance recorded in 2014 following the communication received from Eurocontrol regarding the change to the calculation formula used to determine actual inflation, compared to what had been envisaged in the 2012–2014 performance plan. This change resulted in the inflation balance being negative for € 2,439 thousand compared to the € 7,944 thousand recorded in 2014, and the consequent positive posting for the above amount. The residual amount on the change in the balance also contains a negative component for € 3,941 thousand relating to the difference between the Eurocontrol costs declared in the performance plan and the actual figure for the 2014 period. As stated by the European Commission, these costs are considered to be exempt from the cost-sharing mechanism referred to in EU Regulation 391/2013 and as such are

reimbursed to or requested from carriers.
The utilisation of the balance for € 8,180 thousand refers to the release to income of the portion of the en-route inflation balance recorded in 2013.

25. Other operating income

Other operating income amounts to € 49,109 thousand and records a decrease of € 2,143 thousand compared to 31 December 2014. This item is analysed as follows:

	31.12.2015	31.12.2014	Variazioni
Capital grants	9,312	12,339	(3,027)
Revenue grants	30,660	31,623	(963)
European funding	5,941	4,622	1,319
Other revenues and income	3,196	2,668	528
Total	**49,109**	**51,252**	**(2,143)**

Capital grants relate to the Income Statement recognition for a part of the deferred income corresponding to the depreciation made on the assets to which the grant refers to, as detailed under Note No. 22.
Revenue grants refer for € 30 million to the amount awarded to the parent company pursuant to Art. 11 septies of Law 248/05, to offset the costs incurred to guarantee the safety of its systems and equipment and operational safety. The remaining portion for € 660 thousand refers to training funded by Fondimpresa.
European funding relates to the portion relevant to the Group for having participated in various European projects, of which the SESAR Joint Undertaking represents the predominant portion (€ 3,665 thousand). The increase during the period is attributable to new projects recognised, including *free solution, medale and racoon sesar deployment manager*.
The *other revenues and income* largely incorporate the rentals income for the premises at Naples Airport, the penalties applied to suppliers for delays in adhering to set contract deadlines and the reimbursement of an insurance claim. Specifically, the increase in this item is mainly linked to the amount received from insurance companies for damages caused by third parties against the parent company in the perimeter of the airports during previous financial periods, for an amount of € 1,566 thousand recovered during the year.
The composition of the revenue caption for the financial periods ended 31 December 2015 and 2014 is shown below, subdivided by geographic area:

Revenues	31.12.2015	% of revenues	31.12.2014	% of revenues
Italy	848,003	98.7%	837,004	98.7%
UE	6,510	0.8%	5,642	0.7%
Extra UE	4,363	0.5%	5,228	0.6%
Total revenues	**858,876**		**847,874**	

26. Costs for goods and services, lease and rental costs and other operating costs

The costs for goods and services, lease and rental costs and other operating costs total € 160,483 thousand and show a decrease of € 9,853 thousand compared to the previous period as shown in the table below:

	31.12.2015	31.12.2014	Changes
Purchases of goods	9,710	7,257	2,453
Costs for services:			
Maintenance expenses	24,420	20,973	3,447
Costs for Eurocontrol contributions	38,804	40,535	(1,731)
Costs for utilities and telecommunications	39,814	42,548	(2,734)
Insurance premiums	7,376	7,282	94
Cleaning and security	5,671	6,190	(519)
Other personnel costs	9,792	9,544	248
Professional services	9,259	18,425	(9,166)
Other costs for services	6,639	7,801	(1,162)
Total costs for services	**141,775**	**153,298**	**(11,523)**
Leases and rentals	5,906	6,972	(1,066)
Other operating costs	3,092	2,809	283
Total	**160,483**	**170,336**	**(9,853)**

The *costs for goods and services* include both the costs for purchasing the spare parts relating to systems and devices used in air traffic control and the relevant changes to inventories, as well as the purchase of the materials needed for the restructuring and upgrading of airports. The increase for the period is due to the higher number of spare parts bought for radars, telecommunication devices and the luminous visual aids, and the materials purchased for the parent company's investment contracts.
The *costs for services* record a decrease in the period of € 11,523 thousand with the trend differing according to the type of expense. In particular, we note the following: i) an increase in maintenance costs for € 3,447 thousand referring mainly to aircraft maintenance for the global support of the Piaggio P180 Avanti II – I-ENAV NC 1230 for € 415 thousand, the maintenance of the SIPRO-AIRNAS system that became operational at the end of the previous financial period and the maintenance for the upgrading and adaptation of the electrical power plan at Rome Ciampino Airport; ii) a reduction in the Eurocontrol contribution, as per the figures approved and notified by the latter, and due for the en-route services activities carried out; iii) a decrease in costs for utilities and telecommunication for € 2,734 thousand refers principally to the reduced costs for the operating data connections (E-net network) following a 25% reduction in prices provided by the supplier for the period June – October after intense negotiations between the parties, as well as a reduction in the prices

on network data traffic management; iv) a decrease in cleaning costs following the new contracts signed in 2015; v) the decrease in the costs for professional services, which in the previous period had initially been classified under property, plant and equipment and intangible assets, and then reclassified as an expense following the transition to international accounting standards, given that they did not have the prerequisites to be recognised under those items.

Leases and rentals have decreased by € 1,066 thousand due to the termination of rental contracts for certain properties following the transfer of staff to the new offices located in the same area of the Area Control Centre at Ciampino, starting from 1 October 2014.

27. Personnel costs

Personnel costs amount to € 475,777 thousand and show an increase compared to the previous period of € 9,579 thousand as seen in the table below:

	31.12.2015	31.12.2014	Changes
Wages and salaries. of which:			
Fixed remuneration	275,239	268,415	6,824
Variable remuneration	60,428	59,714	714
Total wages and salaries	**335,667**	**328,129**	**7,538**
Social security contributions	108,836	107,091	1,745
Employees’ leaving entitlement	21,606	20,951	655
Other costs	9,668	10,027	(359)
Total personnel costs	**475,777**	**466,198**	**9,579**

The item salaries and wages increased in total by € 7,538 thousand, of which € 6,824 thousand refers to the fixed portion of remuneration for: i) changes in qualification and an increase in the monthly bonus (“superminimo”) due to the salary restructuring of CTA personnel that involves around € 1.4 million; ii) increases in remuneration in accordance with the National Collective Labour Agreements (CCNL) starting from October 2014, which in the current period refers to around € 2.5 million for the entire year; iii) normal increases in remunerations with an impact of around € 1.8 million; iv) the hiring of CTA and EAV operational personnel. The variable portion of remuneration shows an increase of € 714 thousand with a different trend in the individual components making up the item, which results in a drop in overtime worked by both operational and administrative personnel and in the vacation time earned but not taken by employees, due to the parent company’s focus of ensuring that leave was duly taken by both operational and administrative staff. An increase was noted on the other hand in the cost items relating to transfer and travelling allowances due to the start-up of the low traffic volume airports project.

Social security contributions grew by € 1,745 thousand due to the higher taxable base, and other costs decreased by € 359 thousand mainly attributable to the item study bursaries and reimbursements subsequent to the completion of the CTA courses in May. The above item also includes the incentives for voluntary redundancy paid to outgoing employees and managers in 2015 for a total of € 4.9 million (€ 4.6 at 31 December 2014).
The table below details the Group's personnel, subdivided according to the employee category:

	31.12.2015	31.12.2014	Change
Executives	72	80	(8)
Middle managers	410	405	5
White-collar workers	3,754	3,699	55
Total at 31 December	**4,236**	**4,184**	**52**

28. Costs for capitalised internal work

The costs for capitalised internal work amount to € 29,668 thousand (€ 24,660 thousand at 31 December 2014), recording an increase of € 5,008 thousand compared to the previous period, due to the higher number of hours worked by employees on investment projects underway and the in-house implementation of investment projects, especially the upgrading of the meteorological systems, the tower and technical block at Rome Ciampino and Verona Airports, the move and upgrading of the Forlì Academy system and the developmental maintenance on the air traffic control systems' software.

29. Financial income and expense

This item amounts to a positive € 2,286 thousand and includes financial income for € 8,333 thousand, financial expenses for € 5,962 thousand and losses on currency exchange for € 85 thousand.
Financial income is composed as follows:

	31.12.2015	31.12.2014	Changes
Income from investments in other companies	250	250	0
Interest income from discounting the "balance"	4,443	0	4,443
Interest income from non-current financial assets	8	43	(35)
Interest income on VAT receivable awaiting refund	796	684	112
Other interest income	2,836	2,471	365
Total financial income	**8,333**	**3,448**	**4,885**

Financial income increased by € 4,885 thousand in total attributable mainly to the income from the reversal of discounting of the balance following the adjustment to the present value on the related receivables recorded for the changes to the charge recovery plan, in accordance with the performance plan 2015–2019. This change amounts to € 2,111 thousand, whereas the remaining amount of € 2,332 thousand refers to the portion of financial income relating to 2015. Other interest income largely refers to default interest applicable to airline companies for late payment charges.
The income from investments in other companies refers to the dividend paid by the French investee, ESSP, as was the case in the previous period.
Financial expenses amount to € 5,962 thousand and are detailed in the table below:

	31.12.2015	31.12.2014	Changes
Interest expense on bank loans	2,990	3,669	(679)
Interest payable on bond issue	1,414	0	1,414
Interest expense on employee benefits	1,022	1,689	(667)
Interest expense from discounting the “balance”	0	3,059	(3,059)
Other interest expense	536	658	(122)
Total financial expense	**5,962**	**9,075**	**(3,113)**

The net decrease of € 3,113 thousand is mainly due to the nil balance on balance discounting, which in 2014 led to an adjustment to the present value of the related receivables associated with the longer estimated recovery time on such; this effect was changed in 2015, as shown above, following the forecasts contained in the new performance plan. Financial expenses also recorded an increase of € 1,414 thousand due to interest payable on the 2015 bond issue and a decrease in interest on bank loans as a result of both lower debt and reduced interest rates.

30. Income taxes

Income taxes total € 29,641 thousand and comprise the items shown in the table below:

	31.12.2015	31.12.2014	Changes
IRES corporate income tax charge	23,428	6,168	17,260
IRAP regional production tax charge	4,202	22,958	(18,756)
Prior year taxes	6	(126)	132
Total current taxes	**27,636**	**29,000**	**(1,364)**
Advance tax	1,588	(2,060)	3,648
Deferred tax	417	524	(107)
Total deferred tax assets and liabilities	**29,641**	**27,464**	**2,177**

Reference should be made to note 11 for further details on the recognition of deferred tax assets and liabilities.
The tax rate for the 2015 period stood at 28.9% compared to 43.2% in the previous period, benefiting from the amendments to the IRAP calculation with the introduction of the 2015 Stability Law, regarding the deductibility of expenses incurred for staff employed with a permanent contract for IRAP purposes and the consequent change to the IRAP portion that can be deducted for IRES purposes.
The IRES and IRAP tax rates for the 2015 and 2014 consolidated financial periods are detailed in the tables below:

		FY 2015		FY 2014
	IRES	**% effect**	**IRES**	**% effect**
Income before income taxes	95,724		67,470	
Theoretical rate	26,324	27.5%	18,554	27.5%
Effect of increases/(decreases) compared to ordinary tax				
Non-deductible contingent liabilities	340	0.4%	287	0.4%
Deduction IRES for IRAP paid on labour costs	(140)	-0.1%	(6,235)	-9.2%
Use of stabilisation tariffs	(5,584)	-5.8%	(6,705)	-9.9%
Other	518	0.5%	733	1.1%
Temporary differences for risk, loan and inventory impariment provisions and other positions	1,970	2.1%	(467)	-0.7%
Actual IRES	**23,428**	**24.5%**	**6,168**	**9.1%**

		FY 2015		FY 2014
	IRAP	% effect	IRAP	% effect
Income before income taxes	95,724		67,470	
Theoretical rate	4,576	4.78%	3,137	4.65%
Effect of increases/(decreases) compared to ordinary tax				
Non-deductible labour costs	0		21,318	31.6%
Use of stabilisation tariffs	(971)	-1.0%	(1,134)	-1.7%
Other	741	0.8%	(620)	-0.9%
Temporary differences for risk, loan and inventory impariment provisions and other positions			0	
Financial income and expense	(144)	-0.2%	257	0.4%
Actual IRAP	**4,202**	**4.4%**	**22,958**	**34.0%**

Other information

31. Information on operating segments

For management purposes, the ENAV Group is organised into strategic units according to the type of services provided. For management monitoring purposes, there are two operating segments for disclosure purposes and these are detailed as follows:

- *Flight assistance services*: this operating segment corresponds with the Parent Company legal entity, ENAV, which has as its core business providing air traffic management and control services, and other essential services for air navigation within Italian air space and in the relevant national civil airports, whilst guaranteeing the highest technical standards and flight safety systems, and the enhancement of the technology and infrastructure of flight assistance systems;
- *Maintenance services*: this operating segment corresponds with the subsidiary Techno Sky S.r.l., whose core business is the technical management and maintenance of air traffic control installations and systems. *Air-related infrastructure*, similarly to other logistics infrastructure for the country require ongoing maintenance and constant development to ensure safety, punctuality and operational continuity. This is also clearly set out in the regulations issued by the Single European Sky, which on the one hand defines the air traffic management structure and on the other, set the targets in terms of technology, quality, economics and the environment that all service providers must adhere to.

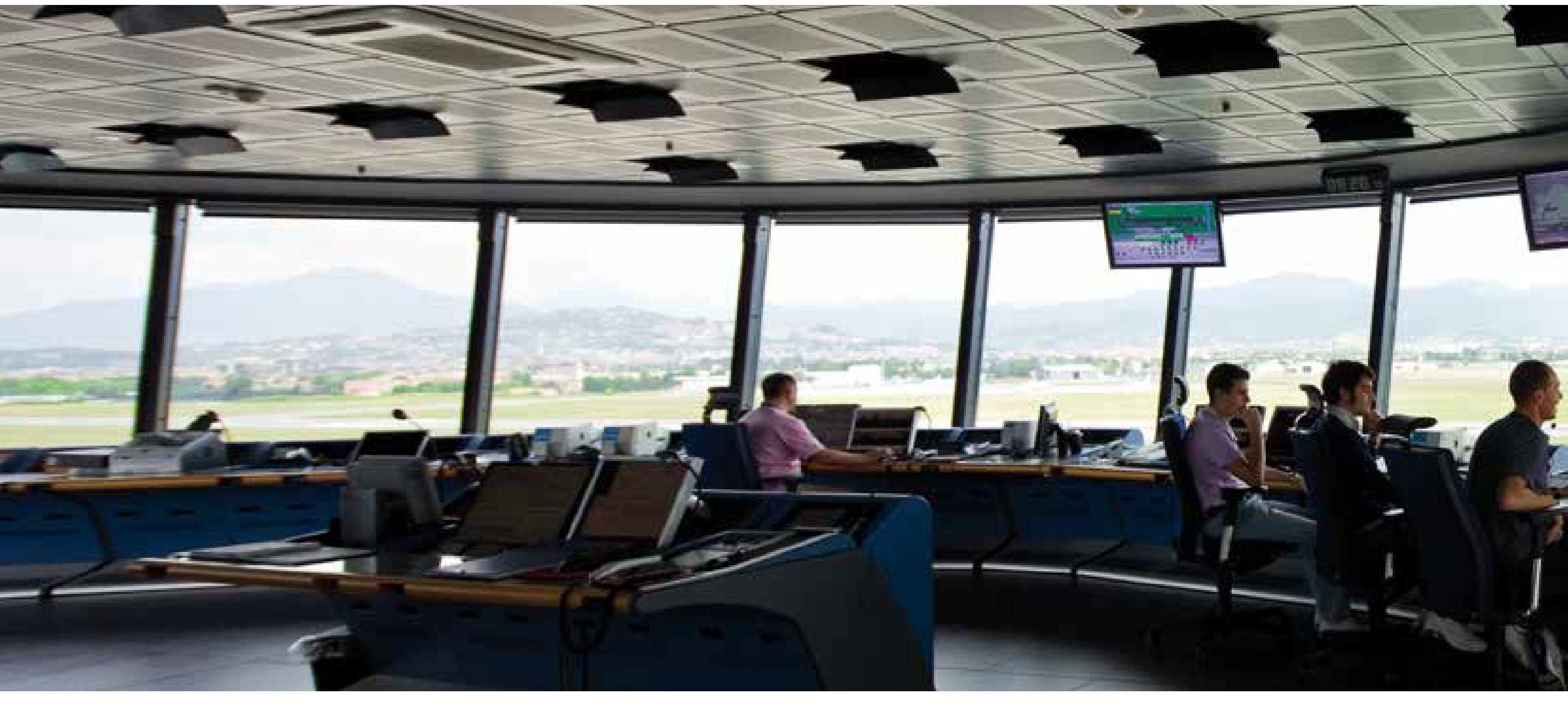
There is also a column entitled *Other segments*, which includes the Group's remaining activities not falling under the scope of the two segments detailed above, and which are also subject to monitoring.

No operating segment was aggregated for the purposes of determining the operating segments referred to in the disclosure for 2015 and 2014.

Financial year 2015

	Flight assistance services	Maintenance services	Other sectors	Adjustments / reclassifications, consolidation	Enav Group
Revenue to third parties	855,627	1,958	1,292	0	858,877
Cross-sector revenue	1,107	89,643	2,606	(93,356)	0
Total revenues	**856,734**	**91,601**	**3,898**	**(93,356)**	**858,877**
Labour costs	(411,844)	(61,211)	(2,722)	0	(475,777)
Other net costs	(195,576)	(24,508)	(1,078)	90,346	(130,816)
Total operating costs	**(607,420)**	**(85,719)**	**(3,800)**	**90,346**	**(606,593)**
Amortization charge	(147,958)	(953)	(26)	2,222	(146,715)
Write-downs and provisions	(26,704)	(29)	(1)	14,603	(12,131)
EBIT	**74,652**	**4,900**	**71**	**13,815**	**93,438**
Financial income/(expense)	2,657	(356)	(18)	3	2,286
Income before income taxes	**77,309**	**4,544**	**53**	**13,818**	**95,724**
Taxes	(27,492)	(1,718)	(33)	(398)	(29,641)
Profit/(loss) for the period	**49,817**	**2,826**	**20**	**13,420**	**66,083**
Total Assets	**2,034,968**	**76,476**	**54,080**	**(156,334)**	**2,009,190**
Total Liabilities	**900,359**	**66,381**	**1,856**	**(49,956)**	**918,640**
Total Net financial position	**(205,851)**	**1,781**	**15,568**	**0**	**(188,502)**

In thousands of euros



Financial year 2014

	Flight assistance services	Maintenance services	Other sectors	Adjustments / reclassifications, consolidation	Enav Group
Revenue to third parties	842,968	3,091	1,816	0	847,875
Cross-sector revenue	1,107	85,623	2,916	(89,646)	0
Total revenues	**844,075**	**88,714**	**4,732**	**(89,646)**	**847,875**
Labour costs	(403,213)	(60,113)	(3,204)	333	(466,197)
Other net costs	(209,453)	(20,818)	(1,281)	85,875	(145,677)
Total operating costs	**(612,666)**	**(80,931)**	**(4,485)**	**86,208**	**(611,874)**
Amortization charge	(157,005)	(1,266)	(36)	1,943	(156,364)
Write-downs and provisions	(5,871)	(694)	0	0	(6,565)
EBIT	**68,533**	**5,823**	**211**	**(1,495)**	**73,072**
Financial income/(expense)	(4,954)	(575)	(73)	(1)	(5,603)
Income before income taxes	**63,579**	**5,248**	**138**	**(1,496)**	**67,469**
Taxes	(24,752)	(3,056)	(132)	477	(27,463)
Profit/(loss) for the period	**38,827**	**2,192**	**6**	**(1,019)**	**40,006**
Total Assets	**2,013,255**	**71,008**	**35,762**	**(138,876)**	**1,981,149**
Total Liabilities	**729,582**	**63,524**	**2,641**	**(48,659)**	**747,088**
Total Net financial position	**(113,557)**	**1,773**	**3,998**	**0**	**(107,786)**

In thousands of euros

32. Related Parties

Related parties were identified on the basis of the requirements of IAS 24. Related parties external to the ENAV Group are the controlling and supervisory Ministries, namely the Ministry of the Economy and Finance (MEF) and the Ministry of Infrastructure and Transport (MIT), in addition to the entities subject to the control of the Ministry of the Economy and Finance.
The components of the balance sheet and income statement captions at 31 December 2015 and at 31 December 2014 referring to Related parties external to the Group are shown below.

Balance at 31.12.2015

Company name	Trade receivables and other current assets	Cash and cash equivalents	Financial debts	Trade payables and other current liabilities	Revenue and other operating income	Costs for goods and services, lease and rental costs and other operating costs	Capitalised costs	Financial expense
External related parties								
Ministry of Economy and Finance	14,366	2,470	0	99,780	14,366	0	0	0
Ministry of Infrastructure and Transport	37,401	0	0	0	38,167	0	0	0
Enel Group	0	0	0	138	0	209	30	0
Finmeccanica Group	6,552	0	0	32,011	759	3,974	0	0
Poste italiane Group	0	0	8,265	9	0	139	0	368
Other external related parties	24	0	0	42	94	282	0	0

(amount in thousands of euros)

	Balance at 31.12.2014							
Company name	Trade receivables and other current assets	Cash and cash equivalents	Financial debts	Trade payables and other current liabilities	Revenue and other operating income	Costs for goods and services, lease and rental costs and other operating costs	Capitalised costs	Financial expense
External related parties								
Ministry of Economy and Finance	14,212	419	0	52,413	14,212	0	0	0
Ministry of Infrastructure and Transport	40,434	0	0	0	41,350	0	0	0
Enel Group	0	0	0	103	0	70	13	0
Finmeccanica Group	5,884	0	0	34,518	580	3,560	0	0
Poste italiane Group	0	0	9,962	1	0	158	0	393
Other external related parties	0	0	0	41	118	301	3	0

The nature of the main relationships referred to above with external related parties is represented below and described in detail under the individual items in the Notes to the financial statements:

- relations with the MEF for the rendering of flight assistance services regarding exempt flights and charged to the Ministry of the Economy and Finance, and payables for the portion of collections on charge charges relating to the Italian Air Force that are offset against the receivable with MEF;
- relations with the MIT for the on systems' safety services contributed by the Ministry pursuant to Law 248/05, in addition to the funding of investments at airports in Southern Italy recognised by the Authority managing the PON Networks and Mobility;
- relations with the Finmeccanica Group, mainly referring to the activities associated with the Parent Company's investments, the purchase of spare parts for air traffic control systems and devices and maintenance;
- relations with the Poste Group referring essentially to loan received from Medio Credito Centrale.

Related party transactions also include those with key executives in office from 31 December 2015. Senior executives with strategic responsibilities include the Directors of the Parent Company and first level managers identified by ENAV top management. The relevant expenses, gross of remunerations and social security and pension contributions, are detailed below:

Description	FY 2015	FY 2014
Items with short/medium-term payment	2,032	2,104
Benefits accruing after the end of the employment relationship	140	145
Other benefits with long-term payment	0	0
Total	**2,172**	**2,249**

The Parent Company subscribes to the Prevaer Pension Fund. The Prevaer Fund is the National Supplementary Pension Fund for non-executive staff in the Air Transport industry and associated sectors. As stated under Article 14 of the Prevaer Fund's Articles of Association, relating to the Fund's corporate structure consisting of: the Shareholders' Meeting of delegated shareholders; the Board of Directors; the Chairman and Deputy Chairman; the Board of Statutory Auditors, representation of shareholders is based on equal participation between workers representatives and the subscribed companies. The Fund's Board of Directors deliberates, *inter alia,* on the general criteria for the distribution of risk regarding investments and equity investments, as well as investment policies; the selection of asset fund managers and the depositary bank.

33. Derivatives

In order to neutralise the risks resulting from fluctuations in the exchange rate on purchasing USD for the investment in the company Aireon, on 20 December 2013, the Parent Company entered into four derivative contracts linked to the four tranches required to purchase the share capital for a total shareholding of 12.5%. At 31 December 2015, three of the original four transactions to purchase foreign currency had been completed.
At the 2015 year-end, the fair value relating to the last remaining forward currency purchase contract for around € 968 thousand, was estimated by the Group on the basis of standard evaluation algorithms and on market quotes/contributions provided by a leading public info-provider. In accordance with the IFRS 13 accounting standard, the recalculated mark-to-market was adjusted to take into account the effect of the non–performance risk (CVA), in other words, the risk that one of the parties does not fulfil its contractual obligations due to a possible default and, from an accounting perspective, the fair value was classified under non-current financial assets with a maturity in 2017, with an offsetting entry to shareholders' equity (OCI).

In fact, according to IFRS 13, the fair value of a derivative must include the risk of one, or both counterparties, not meeting their obligations (*Credit Risk Adjustment*). Specifically, from a financial perspective, the Credit Value Adjustment (CVA) is the expected loss due the counterparty's bankruptcy, should the fair value be positive. On the other hand if the fair value is negative the Debt Value Adjustment (DVA) is the expected loss due to the default of the Company.

The contractual features and the relative fair values at 31 December 2015, as communicated by the bank, are as follows:

Counterparty	Type of transaction	Contract date	Start date	End date	Notional (USD)	Forward exchange rate	End market value (thousands of euro)	Bank MtM
BNL	Buy USD Flex	20.12.2013	14.02.2014	27.12.2017	6,122	1,3630	4,492	975
Total					**6,122**		**4,492**	**975**

The fair value data for the end 2015 is shown below, duly adjusted to take the Credit Value Adjustment into consideration:

Counterparty	Type of transaction	Notional (USD)	Forward amount (euros)	Bank MtM	Credit Value Adjustment (CVA)	Bank MtM with CVA
BNL	Buy USD Flex	6,122	4,492	975	(7)	968
Total		**6,122**	**4,492**	**975**	**(7)**	**968**

It was not possible to identify an active market for this instrument. The fair value was therefore calculated using a method in line with level 2 of the fair value hierarchy stipulated under IFRS 7 and IFRS 13. While quotations on an active market were not available for the instruments (level 1), it was possible to find data that could be directly and indirectly observed on the market, which served for the relevant valuations.

The derivative analysed presents the requisite characteristics defining a hedging instrument. The following information is provided for these instruments as required by IFRSs:

Maturity Analysis

Maturity date	Foreign exchange derivatives (in euro/000)
Within 1 month	0
Between 1 and 3 months	0
Between 3 and 6 months	0
Between 6 and 12 months	0
Between 1 and 2 years	0
Between 2 and 3 years	968
Between 3 and 5 years	0
Between 5 and 10 years	0
Over 10 years	0
Total	**968**

Sensitivity Analysis

Type of transaction	Fair value	Difference NE Eur/USD rate +5%	Difference NE Eur/USD rate -5%
Forward purchase	968	1.391	860

34. Maturity analysis of assets and liabilities

	Within 1 year	From 2 to 5 years	After 5 years	Total
Non-current financial assets	0	4,042	11,645	15,687
Deferred tax assets	0	25,927	0	25,927
Non-current tax receivables	0	25,232	0	25,232
Non-current trade receivables	0	124,278	0	124,278
Total	**0**	**179,479**	**11,645**	**191,124**
Financial liabilities	32,788	71,111	259,713	363,612
Deferred tax liabilities	0	4,035	0	4,035
Other non-current liabilities	0	21,664	91,124	112,788
Non-current trade payables	0	6,625	0	6,625
Total	**32,788**	**103,435**	**350,837**	**487,060**

Non-current financial assets falling due after five years consist of the receivable due from the company from whom the Techno Sky business unit was acquired in respect of the employees' termination indemnity (TFR) which is assumed to still be in the company in the reference period.
Financial liabilities falling due after 5 years refer to bank loans and bonds payable. In this respect reference should be made to note 36.
Other non-current liabilities falling due after five years relate to the portion of capital grants corresponding to the depreciation on the investment projects to which they relate.

35. Guarantees and commitments

Guarantees refer to sureties provided to third parties in our interest for € 3,338 thousand (€ 3,303 thousand at 31 December 2014), and show a net increase of € 35 thousand between the surety commitments issued in previous financial periods and the newly issued sureties in 2015, which include the sureties issued to participate in the tender in Dubai.
As stated in this document and detailed under Note 9, through the subsidiary ENAV North Atlantic, the Parent Company has committed to an investment to purchase a 12.5% interest in the share capital of AIREON LLC by the year 2017. At 31 December 2015, two tranches had been paid and the shareholding currently stands at 5.41%.

36. Basic earnings per share

The basic earnings per share are shown at the bottom of the Income Statement, and are calculated by dividing the net income for the year attributable to the Parent Company Shareholder by the weighted average number of ordinary shares issued during the year.
We note that on 21 July 2015, the resolution to voluntarily reduce the share capital took effect, with the consequent cancellation of 180,000,000 shares with a par value of € 1. Subsequent to this reduction, the share capital comprises 941,744,385 ordinary shares with a par value of € 1.
The table below summarises the relative calculation.

	31.12.2015	31.12.2014
Profit attributable to Shareholders of the parent group	66,083,249	40,005,989
Weighted average number of ordinary shares	1,040,867,673	1,121,744,385
Profit/(loss) base per share	0,06	0,04

It is noted that on 02 March 2016, an extraordinary Shareholders' Meeting was held to voluntarily reduce the share capital pursuant to Art, 2445 of the Italian Civil Code by constituting a specific equity reserve for € 400 million. This reduction will take effect once the 90 days required by the law have lapsed, namely on 02 June 2016.

37. Risk management

Credit risk

The Group is exposed to credit risk, which essentially refers to the risk of one or more trading partners being unable to fulfil a portion or all of its payment obligations. This risk mainly refers to current trade receivables relating to operations, and specifically regarding the En-Route Services and Terminal Services, which represent the highest exposure in the balance sheet. These amounts basically refer to receivables accrued in respect of airline companies relating to Charges, and in respect of which Eurocontrol acts as a management and collection agent. Irrespective of the intermediary role played by Eurocontrol, in this context that results in the receivables being formally recognised in the financial statements and invoiced to Eurocontrol, the assessment regarding the effective credit risk that the Group is exposed to, is done in relation to the counterparty's risk regarding each individual carrier that has accrued an underlying debt. This because Eurocontrol does not assume any credit risk in relation to the possible insolvency of carriers and pays its liabilities to the Parent Company only once it has received the respective amounts from the airlines. Eurocontrol is proactive in recovering these monies, and initiates the relative legal actions where necessary.

A specific bad debts allowance has been made by the Group to meet the risk of non-payment by the Group's debtors. The process followed by ENAV for writing down receivables consists of making write-downs of individual customer balances that depend on the financial situation of the carrier concerned, the possible withdrawal of the carrier's flight licence, the age of the receivable, the in-house assessment relating to the individual debtor's credit capacity, as well as information provided by Eurocontrol for en-route and terminal receivables. The amounts referring to doubtful recoveries are recorded in the balance sheet in the appropriate bad debts allowance. At 31 December 2015, this amount stood at € 51,872 thousand. The extent of the provision is reviewed on a periodic basis to ensure that it is constantly updated in relation to the perceived credit risk. At 31 December 2015, the doubtful recoveries on trade receivables were fully covered by the bad debt allowance recorded in the financial statements.

Liquidity risk

Liquidity risk refers to the risk that the Group, while being solvent, could find itself in a situation where it is unable to promptly meet the obligations related to its foreseeable or unexpected financial liabilities, resulting in difficulties in procuring financial resources, or being able to secure these resources at unfavourable conditions due to factors related to the perception of its risk on the market, or due to systematic crisis situations, such as for example, a credit crunch and sovereign debt crisis, or being unable to fulfil the covenants assumed under financing contracts and bonds.

The Group's liquidity, even though it is not based on a centralised treasury system (i.e. cash pooling), it is managed and monitored by the Parent Company at central level in order to optimise the complex availability of financial resources, and carry out a management and coordination function for the other companies in the Group.

At 31 December 2015, the Group held cash and cash equivalents for € 174 million, and has short-term credit lines available for a total of € 240 million, of which i) short-term committed credit lines amount to € 50 million and ii) short-term uncommitted lines amount to € 190 million.

Over the longer term, liquidity risk is mitigated by implementing a strategy of managing debt, based on a diversified structure of funding sources, in terms of the nature of the loans and the counterparties involved that recourse is made in order to cover the Group's financial requirements, and by having a balanced debt maturity profile.

On the basis of general guidelines set by senior management, the administration, finance and control department establishes the short-term and medium/long-term financial structure and the manner in which the relative cash flows will be managed. The Department has made choices that are mainly directed at: i) ensuring that adequate financial resources are available to cover expected short-term commitments, which are systematically monitored through treasury planning; ii) maintaining a prudent liquidity buffer that is sufficient to cover any unexpected commitments; iii) ensuring a level of flexibility in the Group's medium to long-term investment contracts for the technology and infrastructure upgrading on flight assistance systems.

The Group's gross financial exposure at 31 December 2015 stood at € 364 million, and is represented by debt in respect of banks for medium to long-term funding for € 182 million, and subscribers of the bond issued on 04 August 2015, maturing on 04 August 2022, for a principal amount of € 180 million.

The table below shows the maturity analysis for medium to long-term bank financing and the bond represented at nominal value, without the effect resulting from the amortised cost method.

Lender	Type	Outstanding balance at 31.12.2015	<1 year	Between 1 and 2 years	Between 3 and 5 years	> 5 years
Medio Credito Centrale	Medium/long-term - 5 years	8,333	3,333	3,333	1,667	0
Unicredit	Medium/long-term - 5 years	24,000	8,000	8,000	8,000	0
Unicredit	Medium/long-term - 5 years	50,000	20,000	20,000	10,000	0
EIB - European Investment Bank	Medium/long-term - 15 years	100,000	0	0	20,287	79,713
Bond loan	Medium/long-term - 7 years	180,000	0	0	0	180,000
Totale		**362,333**	**31,333**	**31,333**	**39,954**	**259,713**

The financing contracts shown above entail general commitments and covenants for the Parent Company that may also be negative. While in line with market practices for financing contracts for similar amounts and types, these could limit the Group's operations. Specifically, some contracts envisage early repayment if certain default events should arise. If this should occur, the Parent Company could be obliged to pay back the relevant financing in full and with immediate effect.
More specifically, we note:

- the financing contract signed in 2013 between the Parent Company and Banca del Mezzogiorno - Medio Credito Centrale S.p.A. for an amount of € 10 million, with half-yearly repayment instalments in arrears starting in November 2015 up until May 2018, and an interest rate at the Euribor rate plus a spread of 1.9% contains a cross-default clause that entitles the Bank to request early repayment of the loan in the event that ENAV does not comply with its financial obligations other than those contained in the financing contract, as well as guarantees undertaken in respect of banks or financial institutions, referring to amounts in excess of € 2 million, unless the situation has been remedied within 10 working days after the relevant due date;
- the two financing contracts signed in 2008 between the Parent Company and Unicredit, which were extended in accordance with the contractual conditions up to 2018, for an original amount of € 100 million and € 40 million, respectively, entail a repayment plan with half-yearly instalments in arrears and interest at the Euribor rate plus a spread of 0.34%. They also include:
  - cross-default clauses that become applicable in the event that ENAV or any other company in the Group does not comply with its financial obligations other than those contained in the financing contracts, as well as guarantees undertaken in respect of banks or financial institutions;
  - a change of control clause that entitles Unicredit to request early repayment of the financing in the event that the Ministry of the Economy and Finance no longer has control of the Company.

  In addition, the two loans referred to above require that certain financial covenants are to be adhered to, including: i) the net financial debt/EBITDA ratio must not be higher than 1.5 times for the original € 40 million; ii) the net financial debt/EBITDA ratio must not be higher than 3 times for the original funding of € 100 million; iii) the ratio between net financial debt/shareholders' equity must not be higher than 0.7;
- the financing contract signed in 2014 between Enav and the European Investment Bank (EIB) for € 180 million to finance the investment programmes associated with 4-Flight and other projects of which at 31 December 2015, the Parent Company had utilised a tranche for a total of € 100 million, with a half-yearly repayment instalments in arrears starting in December 2018 and expiring in December 2029, and an interest rate fixed at 1.515%, which makes provides for:

- a negative pledge clause, in other words, an undertaking by ENAV not to establish or allow any encumbrances on any of its assets, where encumbrances are intended as any agreement or transaction relating to assets, loans or money realised as an instrument to obtain credit or to fund the acquisition on an asset;
- a cross-default clause that entitles the EIB to request early repayment in the event that ENAV or any other company in the Group does not comply with its financial obligations other than those contained in the financing contracts, as well as guarantees undertaken in respect of banks or financial institutions;
- a change of control clause that entitles EIB to request early repayment of the financing in the event that any party or group of parties take control of ENAV or the Republic of Italy no longer has control of the Issuer.

In addition, the loans also requires that certain financial covenants are to be adhered to, which are verified on an annual and six-month basis and calculated based on the Group's consolidated accounts: i) the gross financial debt to EBITDA ratio must not be less than 3 times ; ii) the EBITDA to financial expenses ratio must be lower than 6 times;

• the bond issued by the Parent Company in August 2015 for € 180 million, with interest calculated at a fixed annual rate of 1.93% and a single bullet repayment on 04 August 2022, includes:
  - a negative pledge clause, in other words, an undertaking by ENAV not to establish or provide third parties with guarantees on the debt or additional privileges in respect of those guaranteed by the bond issued, unless there are duly authorised by a bondholders' meeting;
  - across default clause that entitles the bondholders to request the early repayment of the bond in the event that ENAV or its subsidiaries do not punctually meet their financial obligations relating to financial debt other than the bond, for an amount above € 15 million;
  - change of control clause, which entitles the bondholders to ask for early repayment on the bond issue n the event that a party other than the Republic of Italy, its ministries (including the Ministry of the Economy and Finance) or the entities and companies directly or indirectly controlled by the latter or its ministries, takes control of the Issuer.

  In addition, the bonds also requires that financial covenants are to be adhered to, such as : i) the net financial debt/EBITDA ratio must not be higher than 3 times ; ii) the net financial debt/shareholders' equity ratio must not be higher than 0.7 times.

The Parent Company has always adhered to the covenants provided for in each financing agreement, including in previous financial periods. At 31 December 2015, there were no elements that would lead one to believe that the Parent Company would not adhere to the covenants.

Interest rate risk

The main sources of the Group's exposure to interest rate risk relate to the volatility of interest rates associated with financing indexed at a variable rate. and changes in economic market conditions when negotiating new debt instruments. In this regard, there is a risk that increases in the interest rate could negatively impact the level of net financial expenses recorded in the Income Statement and future cash flows, as well as having a significant impact on financial assets and liabilities measured at fair value (typically, fixed rate debt instruments).

At 31 December 2015, approximately 23% of the group's gross financial debt was represented by variable rates. Current corporate policies to manage interest rate risk do not envisage the use of derivative financial instruments.

In order to limit the potential adverse effects of rate fluctuations, the Group adopts policies aimed at containing the cost of funding over time, by limiting the volatility of results. The Group pursues this objective by systematically undertaking negotiations with credit institutions, selected amongst banks of top standing, so as to optimise the average cost of debt. It also strategically diversifies financial liabilities based on the type of contract, duration and rate conditions (variable/fixed rate). During 2015, the average cost of bank debt stood at around 1.7%, which was substantially in line with the previous year, whereas average debt recorded an increase. This was influenced, *inter alia*, by the combined effect of the reduced use of available short-term funding over the reference period, and the ongoing general favourable trend in the interest rate market and the spreads applied.

Currency risk

The exposure to the risk of adverse fluctuations in the current level of currency rates results from the Group's operations in currencies other than the Euro and could have a negative impact on economic results and the net equity in foreign currencies. Despite the fact that the Group operates mainly on the Italian market, exposure to currency risk essentially arises from cash flows relating to investments in other currencies, mainly the US dollar, referring to the acquisition of a 12.5% equity interest in the American incorporated company, Aireon. It should be noted that ENAV currently holds a 5.41% equity interest in Aireon's share capital; to complete the purchase of the investment, the Parent Company needs to make two more payments, the last of which by 2017, for an amount of US$ 22.9 million. It is noted further that the third instalment that was initially envisaged for September 2015 has been postponed to 2016, as set out in the addendum to the main contract. The Parent Company had nonetheless purchased currency on the set date, and provided the necessary cash to the subsidiary ENAV North Atlantic to make payment. In this regard, the Company has entered into a forward flexitime contract to buy forward the US currency for each of the payment tranches required by the agreement to purchase said shareholding.

To a lesser extent, the Group is exposed to currency risk relating to the contracts entered into to provide unregulated services expressed in foreign currency (mainly in Malaysian Ringitts and United Arab Emirates' Dirhams). In order to manage the residual exposure to currency risk, the Group has drawn up a *Policy to manage currency risk*, and on the premise of a specific assessment of the individual transactions, different types of derivative instruments are used, especially swaps and forwards, as well as currency options. No speculative activities are however permitted within the scope of these policies. With regard to the fair value measurement of derivatives on exchange rates, these are calculated on the basis of standard valuation algorithms and on market quotations/contributions provided by a leading public info-provider. It should be noted nonetheless that the risk arising from income accrued in a currency other than the Euro, or from converting the assets and liabilities of ENAV's subsidiaries that prepare their financial statements in currencies other than the Euro, is not normally subject to hedging.

Litigation risks

Litigation of a fiscal, administrative, civil and labour nature is followed by the competent functions of the ENAV Group, which for the preparation of these financial statements have drawn up a complete and exhaustive description of the various civil, administrative and labour law proceedings. The Group has carried out an accurate assessment of the risk of an adverse outcome in these proceedings, from which the need emerged to prudently set up specific provisions for those disputes in which an adverse outcome is considered probable and is reasonably quantifiable. In those cases where an adverse outcome is only considered possible, no specific provisions were recognized, in accordance with the accounting standards used to prepare the financial statements.
At the current state, the settlement of pending litigation should not result in significant expenses for the Group, in addition what has already been accrued in the provisions at 31 December 2015.

Litigation abroad

This case, dating back some time and still pending in the investigation phase at the Court of Buenos Aires, refers to a claim for damages for the failure to pay services rendered allegedly provided by a consultant in the context of a mandate conferred by the Parent Company on 1 June 2001 to establish business relations with Argentine institutions relating to the introduction of a civil air traffic control system into the country. No provision has been recorded as this is not deemed a probable risk by the Parent Company's lawyers.

Litigation in Italy

Proceedings for debt recovery from suppliers and airport management companies.
Legal action initiated regarding cases pending against suppliers and airport management companies that are insolvent, bankrupt or under other insolvency procedures continue. These refer to receivables where it was not possible to recover using out-of-court procedures. Some of these positions have been written-down

Litigation in respect of suppliers

These disputes refer mainly to opposing legal claims from suppliers or contractors that the Parent Company deems to be unfounded (regarding, for example, alleged claims to be invoiced or price reviews, or requests for damages or claims for damages on challenged tender documents), or to recover the higher costs and/or damages that the Parent Company incurred due to breaches by suppliers/contractors. In the cases where the outcome of the litigation is deemed to result in a cost, an accrual has been made in the appropriate risks and charges provision.

Other Litigation

Other litigation of a varied nature refers mainly to: i) disputes relating to claims on the assets belonging to the Parent Company, claims for damages for failure to use assets transferred to the Parent Company's or demands for payment on improvements made to assets; ii) cases relating to claims for damages for aeronautical accidents, where the risk of payment is covered by the Parent Company's insurance company; iii) cases relating to challenges of provisions pertinent to open public procedures and the awarding of tenders; iv) disputes referring to claims for damages for failing to acquire a third party company's business unit; v) disputes relating to claims for damages to image and the loss of opportunity to appeal a Shareholders' Meeting resolution to revoke the BoD. An appropriate provision has been recorded in the those case where the Group's lawyers deem a risk as being probable.

Criminal proceedings

The proceedings that had already been initiated in previous years continued in 2015, which aimed to protect the Group's rights in certain pending court cases.
The preliminary phase continues in the criminal proceedings against the former CEO for a criminal offence pursuant to Art. 319 and 321 of the Italian Criminal Code, and as an accomplice to a criminal offence pursuant to Art. 7, paragraphs 2 and 3 of Law No. 194/1975 and Art, 4, paragraph 1 of Law No. 659/1981, and an ex Company executive for an offence pursuant to Art. 319 and 321 of the Italian Criminal Code. The Parent Company ENAV has brought civil actions in the proceedings in question. ENAV has further brought civil proceedings in the preliminary hearing in the criminal offence proceedings pending against the former Chairman of the Board of Directors of ENAV, the former executive of ENAV and senior management of a third party company, former supplier to the subsidiary Techno Sky, for the criminal offences pursuant to Art. 81, 319 and 321. The proceedings against another former executive of ENAV were combined with this action, where the charges were for the same crimes, and in which the Company has brought civil action. All the accused have been indicted before the Court and the hearing has been held with the parties making an appearance.
The criminal proceedings against the former Company executive are ongoing, for a criminal offence pursuant to Art. 378 of the Italian Criminal Code, following notice to the accused on 29 August 2013 that the preliminary investigations had been concluded in accordance with Art. 415 of the Criminal Procedure Code.
Still pending in the preliminary investigation phase are the criminal offence proceedings against the management of the former construction project company, former CEO and former board member of ENAV, as well as management of a subcontractor to ENAV's supplier with regard to an offence pursuant to Art. 110 of the Criminal Code, Art. 7, paragraphs 2 and 3 of Law 195/1974 and Art. 4,paragraph

1 of Law 659/1981, in addition to a criminal offence under Art. 8 of Law 74/2000, with the exception of the CEO who is being investigated for a criminal offence under Art. 323 of the Criminal Code - with specific reference to subcontracting referring to the upgrading of the Palermo Airport. The Company has made appointments to conduct preliminary assessments regarding the initiatives to be taken to protect its rights, which are still ongoing.
Subsequent to the plea-bargaining judgements in the criminal proceedings for the criminal offences emerging in the investigations undertaken by the Public Prosecutor in Rome during 2010/2011, against former board members, former management of ex suppliers and executives and consultants of third party companies, the Parent Company has undertaken out-of-court initiatives that are still in progress, which aim to restore damages and damage caused to ENAV's corporate image.
Judgement has been handed down in the criminal proceedings brought following the complaint brought by the Parent Company regarding the unlawful removal of ENAV goods and materials held at a third party's warehouse.
The Parent Company brought civil proceedings in this case against the de facto director of the warehousing company for a criminal offence pursuant to Art. 646 of the Criminal Code, and in its judgement dated 16 February 2015, the Court declared the accused guilty of the crime, inter alia, under Art. 646 and ordered him to the sentence of 6 years and 6 months imprisonment and a fine of E 3,000, to run concurrently with other charges.
The Court further awarded an immediately enforceable provisional compensation of € 1 million in favour of the Parent Company, referring the settlement of the higher damages incurred by ENAV to another Court. In respect of one of the charges, judgement was issued not to proceed due to the intervening withdrawal of the complaint, and relevant acceptance thereof. Finally, regarding to the remaining charges, the accused was acquitted based on the formula that "the fact does not exist".
With regard to the terminated contract entered into by the Parent Company and Selex ES (currently Finmeccanica) on 26 June 2009 for upgrading of the airport system at Palermo Airport, ENAV continues to hold back an amount of € 3.8 million in terms and to all effects of the agreement signed on 24 December 2012, as an appropriate withholding pending the additional investigations required in this regard. Subsequent to further assessments conducted by the Parent Company, which made it possible to better define the degree of deviation from the contract tolerances, discussions are currently underway with the supplier to close the matter in a precautionary manner for ENAV.
The arbitration continues that was brought forth by Selex ES against the subsidiary Techno Sky in order to resolve the dispute relating to the charges and credits regarding the terminated contract between the parties, referring to the supply of the meteorological systems and upgrading of the airport system at Palermo's Falcone Borsellino Airport. Following several postponements, the arbitration award is expected by the deadline of 26 April 2016.

38. remuneration payable to the audit firm and to directors and statutory auditors

Total charges of € 477 thousand were paid to the auditing firm, and includes the relevant charges paid to the firm during the financial period for audit services and for other assurance services.
Emoluments to Directors and Statutory Auditors amount to a total of € 420 thousand, as per the table below:

	31.12.2015	31.12.2014	Change
Directors	311	387	(76)
Statutory auditors	109	109	0
Total	**420**	**496**	**(76)**

The fees to Directors include the emolument to the Board of Directors, with the exception of the compensation for representatives of the Ministry of the Economy and Finance and the Ministry of Infrastructure and Transport, which are reversed in the case of an employment relationship existing with the above Ministries.

39. Subsequent events

On 2 March 2016 the Shareholders' Meeting of ENAV passed a resolution for a voluntary reduction of the Company's share capital pursuant to article 2445 of the Italian civil code for an amount of 400 million Euros by constituting a specific equity reserve. Following this operation, the share capital stands at € 541.7 million.

Statement of the Chief Executive officer and Manager for Company's accounting documents on the consolidated financial statement

ENAV

STATEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE ENAV GROUP AT 31 DECEMBER 2015, PURSUANT TO ART. 154-BIS, PARAGRAPH 5 OF LEGISLATIVE DECREE 58/98

1. The undersigned Roberta Neri, as Chief Executive Officer, and Loredana Bottiglieri as Manager Responsible for ENAV's Financial Reporting, having taken account of the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, hereby certify:
   - the adequacy with regard to the nature of the ENAV Group and,
   - the effective application of the administrative and accounting procedures adopted in preparation of the Consolidated Financial Statements during financial year 2015.
2. In this regard, we report that:
   a. the adequacy and effective application of the administrative and accounting procedures used for preparing of the 2015 Consolidated Financial Statements of ENAV Group has been assessed based on the *Internal Control – Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission* which represents an internationally-accepted *framework* for the internal control system;
   b. this assessment did not identify any significant issues.
3. In addition, we certify that:
   3.1 The consolidated financial statements:
      a. have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union under Regulation (CE) 1606/2002 of the European Parliament and Council dated 19 July 2002;
      b. are consistent with the underlying accounting books and records;
      c. give a true and fair representation of financial position and results of operations of the issuer and the companies included in the scope of consolidation.

   3.2 The Report on Operations includes a reliable analysis of the operating and financial performance and situation of the issuer and the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

29 March 2016

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

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

Independent Auditors' Report on the consolidated financial statements

Building a better working world

Enav S.p.A.

Consolidated financial statements as at December 31, 2015

Independent auditor's report in accordance with article 14 of Legislative Decree n. 39, dated 27 January 2010

Building a better working world

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00198 Roma

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ey.com

Independent auditor's report
in accordance with article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Sole Shareholder of Enav S.p.A

Report on the consolidated financial statements
We have audited the accompanying consolidated financial statements of Enav Group, which comprise the statement of financial position as at 31 December 2015, and the income statement, statement of other comprehensive income, statement of changes in equity and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements
The Directors of Enav S.p.A. are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Enav Group as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 9 of Legislative Decree n. 38, dated 28 February 2005.

Reconta Ernst & Young S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003

Other matter

On 16 May 2013, as a result of a European tender procedure, the Sole Shareholder of ENAV S.p.A. appointed Reconta Ernst & Young as the auditor required by law for the years 2013, 2014 and 2015 in accordance to article 14 of Legislative Decree n. 39, dated 27 January 2010. On 4 August 2015, the Company issued a corporate bond on the Luxembourg regulated market, acquiring, consequently, the status of a Public Interest Entity (PIE) in accordance to the article 16 of Legislative Decree n. 39, dated 27 January 2010.

Due to this circumstance, the undersigned audit firm has put in place all the procedures in order to ensure compliance with the independence requirements for audit engagements related to a PIE.

Furthermore, the communication flows have been activated with the Governance Bodies of ENAV S.p.A. and, in particular, with the Board of Statutory Auditors, as per article 19 of Legislative Decree n. 39, dated 27 January 2010.

On 22 January 2016 ENAV S.p.A. published the request for tenders in order to appoint the auditor required by law in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010, for the nine-year term from 2016 to 2024.

Report on other legal and regulatory requirements

Opinion on the consistency of the Report on Operations and of specific information on Corporate Governance and the Company's Ownership Structure with the consolidated financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Report on Operations and of specific information on Corporate Governance and the Company's Ownership Structure, limited to the information requested by article 123-bis, paragraph 2, letter b) of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements. The Directors of Enav S.p.A. are responsible for the preparation of the Report on Operations and the information on Corporate Governance and the Company's Ownership Structure in accordance with the applicable laws and regulations. In our opinion, the Report on Operations and the specific information on Corporate Governance and the Company's Ownership Structure, limited to the information requested by article 123-bis, paragraph 2, letter b) of Legislative Decree n. 58, dated 24 February 1998 are consistent with the consolidated financial statements of Enav Group as at 31 December 2015.

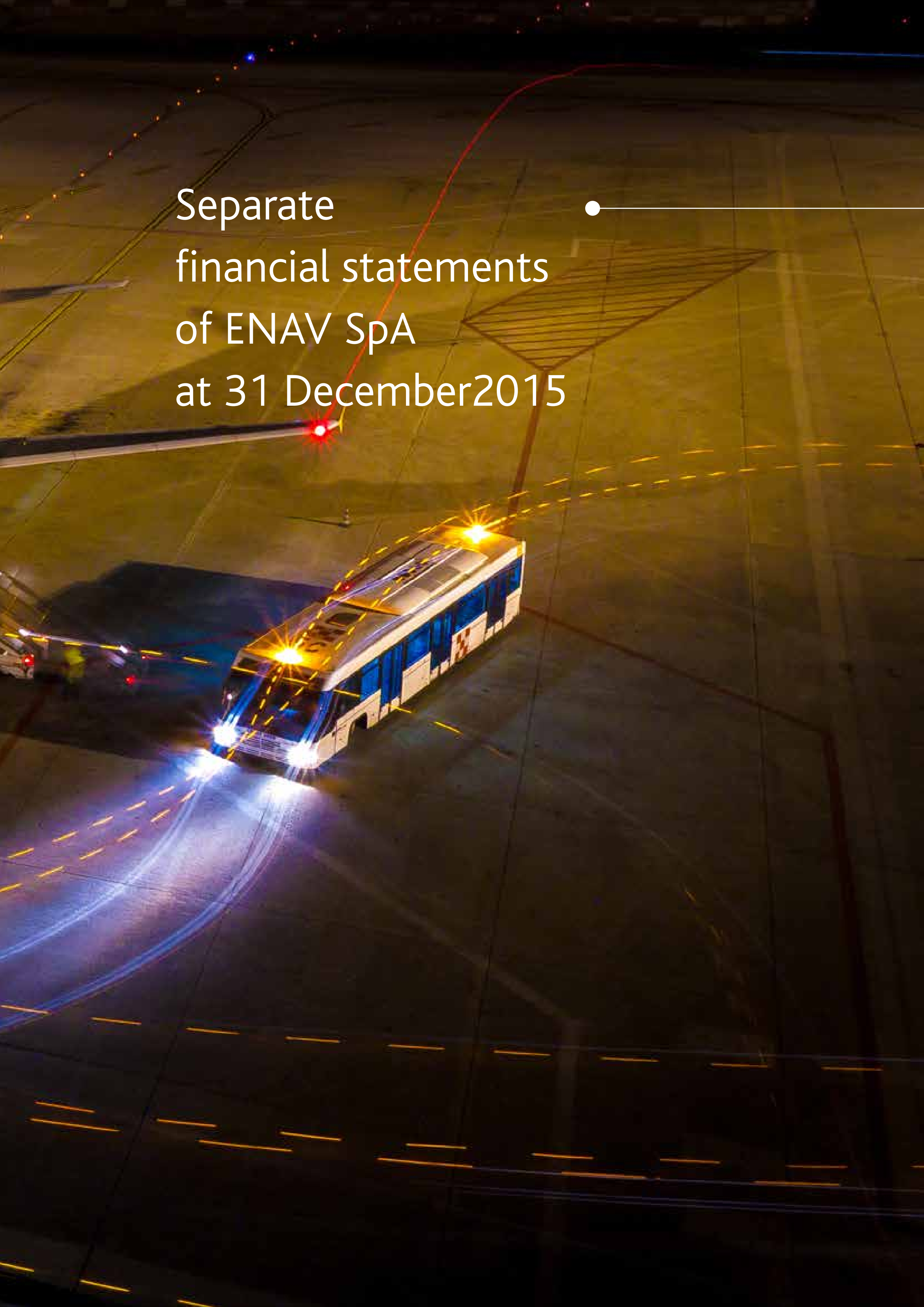
Rome, 30 March 2016

Reconta Ernst & Young S.p.A.
Signed by: Mauro Ottaviani, partner

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


WIND JET

Separate financial statements of ENAV SpA at 31 December2015



Financial Statements of ENAV S.p.A

Statement of financial position

	Notes	31.12.2015	31.12.2014
Non-current assets			
Property, plant and equipment	5	1.103.025.790	1.144.054.984
Intangible assets	6	55.423.917	57.964.972
Investments	7	143.284.427	142.909.458
Non-current financial assets	8	967.939	383.449
Deferred tax assets	9	18.239.764	19.926.468
Non-current tax receivables	10	23.164.181	23.164.181
Non-current trade receivables	11	124.278.210	119.498.770
Total non-current assets		**1.468.384.228**	**1.507.902.282**
Current assets			
Inventories	12	61.988.064	61.644.735
Current trade receivables	11	225.362.077	224.531.288
Receivable from Group companies	13	12.782.622	13.925.666
Current financial assets	8	0	1.479.856
Tax receivables	10	79.784.888	74.571.339
Other current assets	14	15.490.247	18.110.834
Assets held for sale		0	0
Cash and cash equivalents	15	156.572.859	111.089.486
Total current assets		**551.980.757**	**505.353.204**
Total Assets		**2.020.364.985**	**2.013.255.486**

(amounts in euros)

Statement of financial position

	NoteS	31.12.2015	31.12.2014
Shareholders' equity			
Share capital	16	941.744.385	1.121.744.385
Reserves	16	46.078.637	41.622.660
Retained earnings/(accumulated losses)	16	82.365.139	81.479.457
Net income for the year	16	49.817.458	38.827.033
Total Shareholders' equity		**1.120.005.619**	**1.283.673.535**
Non-Current Liabilities			
Provisions for risks and charges	17	6.111.600	3.682.255
Employees' leaving entitlement and other employee benefits	18	38.288.456	40.201.690
Deferred tax liabilities	9	4.034.806	3.278.527
Non-current financial liabilities	19	330.823.506	181.766.028
Non-current trade payables	20	6.624.583	7.803.390
Other non-current liabilities	21	112.788.221	142.529.753
Total non-current liabilities		**498.671.172**	**379.261.643**
Current liabilities			
Current portion of provisions for risks and charges	17	3.812.041	4.693.475
Current trade payables	20	110.804.704	114.551.775
Payable to Group companies	13	37.172.070	34.733.407
Tax and social security payables	22	40.191.558	25.962.144
Current financial liabilities	19	32.568.995	44.743.367
Other current liabilities	21	177.138.826	125.636.140
Total current liabilities		**401.688.194**	**350.320.308**
Total liabilities		**900.359.366**	**729.581.951**
Total shareholders' equity and liabilities		**2.020.364.985**	**2.013.255.486**

(amounts in euros)

Income Statement

	Note	FY 2015	FY 2014
Revenues			
Revenues from operations	23	790.562.021	810.250.562
Balance revenues	23	17.708.185	(16.015.835)
Other operating income	24	48.463.076	49.840.073
Total revenues		**856.733.282**	**844.074.800**
Costs			
Costs for raw materials. ancillary materials. consumables and merchandise	25	(4.193.086)	(3.647.263)
Costs for services	25	(190.743.769)	(203.467.484)
Personnel costs	26	(411.843.686)	(403.213.249)
Lease and rental costs	25	(3.389.654)	(4.596.239)
Other operating costs	25	(3.227.496)	(3.178.780)
Capitalization of internal work	27	5.978.351	5.436.932
Total costs		**(607.419.340)**	**(612.666.083)**
Depreciation and amortization	5 e 6	(147.957.917)	(157.005.122)
Write-downs. impairment losses and reversal of impairment losses	11 e 7	(23.474.230)	(5.586.031)
Allocations	17	(3.230.250)	(284.444)
Operating Income		**74.651.545**	**68.533.120**
Financial Income And Expense			
Financial income	28	8.324.280	3.400.597
Financial expense	28	(5.580.269)	(8.369.011)
Foreign exchange gains/(losses)		(86.548)	14.729
Total financial income and expense		**2.657.463**	**(4.953.685)**
Income before income taxes		**77.309.008**	**63.579.435**
Income taxes	29	(27.491.550)	(24.752.402)
Net income for the year		**49.817.458**	**38.827.033**
Profit/(loss) base per share	33	0,05	0,03

(amounts in euros)

Statement of other comprehensive income

	FY 2015	FY 2014
Net income for the year	**49.817.458**	**38.827.033**
Items of comprehensive income which will subsequently be reclassified to profit or loss:		
- fair value measurement of derivative financial instruments	1.684.418	2.529.447
- tax effect of the fair value measurement of derivative financial instruments	(339.204)	(695.598)
Total items of comprehensive income which will subsequently be reclassified to profit or loss:	1.345.214	1.833.849
Items of comprehensive income which will not subsequentlybe reclassified to profit or loss:		
- actuarial gains/(losses) on employee benefits	1.619.240	(5.238.951)
- tax effect of actuarial gains/(losses) on employee benefits	(449.829)	1.440.711
Total items of comprehensive income which will not subsequentlybe reclassified to profit or loss:	1.169.411	(3.798.240)
Total comprehensive income	**52.332.083**	**36.862.642**

(amounts in euros)

Statement of changes in equity

				Reserves	
	Share capital	Legal reserve	FTA reserve	Miscellaneous reserves	Reserve for actuarial gains/ (losses) on employee benefits
Balance at 31 December 2013	**1.121.744.385**	**11.409.030**	**(3.044.940)**	**36.358.609**	**(3.175.771)**
Attribution of profit to reserves	0	2.526.380	0	0	0
Attribution of charge Stabilization Provision	0	0	0	0	0
Dividend paid	0	0	0	0	0
Total comprehensive income (loss) for the year of which:					
- other comprehensive income (loss)	0	0	0	0	(3.798.240)
- profit (loss) for the year	0	0	0	0	0
Balance at 31 December 2014	**1.121.744.385**	**13.935.410**	**(3.044.940)**	**36.358.609**	**(6.974.011)**
Attribution of profit to reserves	0	1.941.352	0	0	0
Allocation of Charge Stabilization Provision	0	0	0	0	0
Dividend paid	0	0	0	0	0
Reduction in share capital	(180.000.000)	0	0	0	0
Total comprehensive income (loss) for the year of which:					
- other comprehensive income (loss)	0	0	0	0	1.169.411
- profit (loss) for the year	0	0	0	0	0
Balance at 31 December 2015	**941.744.385**	**15.876.762**	**(3.044.940)**	**36.358.609**	**(5.804.600)**

(valori in euro)

Cash flow hedge reserve	Total reserves	Retained earnings/ (accumulated losses)	Net income for the year	Total equity
(486.257)	**41.060.671**	**80.826.824**	**51.180.234**	**1.294.812.114**
0	2.526.380	48.653.854	(51.180.234)	0
0	0	(16.500.000)	0	(16.500.000)
0	0	(31.501.221)	0	(31.501.221)
1.833.849	(1.964.391)	0	0	(1.964.391)
0	0	0	38.827.033	38.827.033
1.347.592	**41.622.660**	**81.479.457**	**38.827.033**	**1.283.673.535**
0	1.941.352	36.885.681	(38.827.033)	0
0	0	0	0	0
0	0	(36.000.000)	0	(36.000.000)
0	0	0	0	(180.000.000)
1.345.214	2.514.625	0	0	2.514.625
0	0	0	49.817.458	49.817.458
2.692.806	**46.078.637**	**82.365.138**	**49.817.458**	**1.120.005.618**

Cash flows statement

		Notes	31.12.2015	31.12.2014
A.	**Cash and cash equivalents at the beginning of the year**	**15**	**111.089**	**92.344**
	Cash flows from operating activities			
	Net income for the year		49.817	38.827
	Amortization charge	5 e 6	147.958	157.005
	Net change in liabilities for employee benefits	18	(294)	(276)
	Capital losses from property, plant and equipment and impariment of property, plant and equipment and intangible assets	5 e 6	15.752	2.287
	Allocations to/releases of provisions for risks and charges	17	1.548	(415)
	Net change in deferred tax assets and liabilities	9	1.654	(810)
	(Increase)/decrease in inventories and work in progress	12	(170)	(31)
	Decrease/(increase) Current and non-current trade receivables	11	(4.467)	21.737
	Decrease/(increase) Tax credits and tax and social security liabilities	10 e 22	9.015	(25.288)
	Change in other current assets and liabilities	14 e 21	55.603	420
	Change in other non-current assets and liabilities	14 e 21	(31.222)	(52.425)
	Increase/(decrease) Current and non-current trade payables	20	18.180	(5.221)
B.	**Total cash from operating activities**		**263.374**	**135.810**
	of which taxes paid		(21.512)	(36.689)
	of which interest paid		(3.450)	(3.676)
	Cash flows from investing activities			
	Investments in property, plant and equipment	5	(98.543)	(96.946)
	Investments in intangible assets	6	(10.502)	(9.487)
	Increase/(decrease) in trade payables		(17.330)	(5.073)
	Investments in other companies	7	(12.398)	(28.084)
C.	**Total cash used in investing activities**		**(138.773)**	**(139.590)**
	Cash flows from financing activities			
	Issue of medium-long-term loans		0	295.159
	(Reimbursement) of medium-long-term loans	19	(40.667)	(238.159)
	Net change in long-term financial liabilities	19	9.724	(1.649)
	Issue of bond loans	19	180.000	0
	Net change in short-term financial liabilities	19	(12.174)	(1.325)
	(Increase)/decrease in current financial assets		0	0
	(Increase)/decrease in non-current financial assets		0	0
	Change in capital	16	(180.000)	0
	Payment of dividends	16	(36.000)	(31.501)
D:	**Total cash from/(used in) financing activities**		**(79.117)**	**22.525**
E:	**Total cash flows (B+C+D)**		**45.484**	**18.745**
F:	**Cash and cash equivalents at the end of the year (A+E+F)**	**15**	**156.573**	**111.089**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Notes to the financial statements of ENAV S.p.A.

1. General information

ENAV is a limited company with a sole shareholder which is wholly owned by the Ministry of Economy and Finance (MEF) and which exercises its shareholder's rights in agreement with the Ministry of Infrastructure and Transport (MIT), which is also the monitoring ministry in charge of civil aviation. ENAV S.p.A. was established in 2001 following the conversion under Law No. 665/1996 of Ente Nazionale di Assistenza al Volo (the National Agency for Flight Assistance), a public undertaking, that was formerly known as Azienda Autonoma di Assistenza al Volo per il Traffico Generale (A.A.A.V.T.A.G. – Autonomous Company providing Flight Assistance for General Traffic).

ENAV has its registered office in Via Salaria 716, Rome and operating facilities throughout the country.

ENAV has significant subsidiaries and in accordance with IFRS 10, prepares consolidated financial statements, which are published together with these separate financial statements.

On 04 August 2015, ENAV issued a bond on the regulated Luxembourg market, consequently acquiring the status of Public-Interest Entity (PIE), pursuant to Article 16 of Italian Legislative Decree No. 39/2010.

These financial statements were approved by the Company's Board of Directors on 29 March 2016 and have been audited by Reconta Ernst & Young S.p.A. pursuant to Article 14 of Italian Legislative Decree No. 39/2010, in accordance with the appointment conferred in 2013 for the three-year period 2013, 2014 and 2015. Upon the Company acquiring the status of an Entity of Public Interest, the auditing firm put in place the procedures required to guarantee compliance with the independence requirements for those appointed for the audit referring to PIEs, pursuant to the provisions under Article 10 and 17 of Legislative Decree 39/2010.

On 22 January 2016, ENAV published the tender notice to appoint an auditor pursuant to Article 14 and 16 of Legislative Decree 39/2010 for the nine-year period 2016–2024.

2. Format and content of the financial statements

The financial statements at 31 December 2015 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union in EC Regulation 1606/2002 of 19 July 2002, and in accordance with Legislative Decree 38 of 28 February 2005, which introduced regulations governing the adoption of IFRS in Italian law.

The term IFRS includes all the International Financial Reporting Standards, all the International Accounting Standards (IAS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), adopted by the European Union and contained in the EU Regulations published as of 29 March 2016, the date on which

the Board of Directors of ENAV S.p.A. approved the consolidated financial statements.
Starting from the year ended 31 December 2014, the Company has opted for the provision under articles 3 and 4 of Legislative Decree No. 38 of 28 February 2005 which governs the exercising of the options prescribed by article 5 of European Regulation (EC) No. 1606/2002 on international accounting standards, and has applied IFRSs in the preparation of its separate financial statements. In previous years, ENAV prepared its separate financial statements in accordance with Italian accounting standards pursuant to Legislative Decree No. 127 of 9 April 1991 as interpreted by the accounting standards issued by the Italian Accounting Organisation ("Organismo Italiano di Contabilità").
The accounting standards used reflect the fact that ENAV will be fully operational in the foreseeable future. They are applied on the assumption of the Company as a going concern, and comply with the standards applied in preparing the separate financial statements for the previous year.
The financial statements have been prepared and presented using the Euro, which represents the functional currency for the Company. All the amounts included in the tables in the following notes and in the comments are shown in thousands of euros unless otherwise stated.
The consolidated financial statements used and the relevant classification criteria used by the Company are shown below, in the context of the options provided for by IAS 1, Presentation of Financial Statements:

- the consolidated statement of financial position has been prepared on the current/non-current distinction Current assets include assets that are sold, consumed or realised as part of the normal operating operating cycle, even when they are not expected to be realised within twelve months after the reporting period. Current liabilities are those that will be settled during the Group's normal operating cycle or within twelve months following the year-end.

- the consolidated income statement is prepared using a classification based on the nature of expenses;
- the consolidated statement of other comprehensive income which include the result appearing from the consolidated income statement, the changes to the items in the net consolidated changes in equity especially from the actuarial gains and losses on employees' benefits, the changes to the fair value of cash flow hedging instruments and the gains and losses arising on translation of foreign subsidiaries'' financial statements. The balance sheet identifies the items that will be and not be subject to recycling to the income statement;
- the consolidated statement of changes in equity;
- the consolidated cash flows statement was prepared using the indirect method.

The consolidated financial statements have been prepared under the historical cost convention, except for those items for which fair value measurement is obligatory. Comparative figures for the previous year are provided for each item of the financial statements.

3. Accounting policies

The most significant accounting standards and measurement criteria used in the preparation of the separate financial statements are detailed below..

Property, plant and equipment

Property, plant and equipment are recognised at the cost of purchase or production, net of accumulated depreciations and any impairment losses. The purchase or production cost includes expenses directly attributable and necessary to operate the asset for the purposes for which it was acquired In the event of significant overhauls or maintenance, the cost is included under the plant or machinery's book value, where the criteria for recognising this have been met. All other repair and maintenance costs are recognised in the Income Statement when incurred.

Depreciation is charged on a straight-line basis, from the time the asset becomes available and is ready for use, in relation to its estimated useful life for the company. This is reviewed annually, and any changes, if necessary, are accounted for on a prospective basis. Depreciation takes into account any residual value on the assets. If a depreciable asset is made up of distinctly identifiable elements whose useful lives differ significantly from those of the other components of the asset, depreciation is calculated for each of these components separately using the component approach. The following table sets out the estimated useful life of the main categories of property, plant and equipment:

Category	Description	Useful life (years)
Buildings	Buildings	25
	Buildings - extraordinary maintenance	25
	Light constructions	10
Plant and machinery	Radiophonic systems	10
	Recording systems	7
	Synchronization systems and control centers	10
	Manual and electromecchanical centers	7
	Electronic centers and systems	10
	Radio bridges. A,F, and amplification equipment	10
	Power supply systems	11
Industrial and commercial equipment	Signaling systems and runway equipment	10
	Miscellaneous small equipment	7
Other assets	Electronic machines and telephone systems	7
	Ordinary office furniture and machines	10
	Data processing equipment including computers	5
	Motor vehicles. motorcycles and similar	4
	Corporate aircraft	15
	Equipment for aircraft and radio-electric measurement systems	10

The carrying amount of property, plant and equipment is assessed for impairment losses if events or changes indicate that the carrying amount cannot be recovered. If an indication of this nature exists, and if the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. The recoverable amount of property, plant and equipment is the higher of its fair value less costs to sell and its value in use.

If an asset does not generate cash flows that are largely independent of others, the recoverable amount is determined for the cash-generating unit to which that asset belongs. Impairment losses are recognised in the Income Statement as part of the write-downs and impairment losses caption. These impairments losses are reversed when the reasons leading to that loss no longer exist.

On the sale of an asset or if no future economic benefits are expected from its use, an asset is derecognized and any gain or loss (calculated as the difference between the disposal proceeds and the carrying amount) is recognized in the Income Statement in the year of de-recognition.

Intangible assets

Intangible assets consist of identifiable non-monetary assets without physical substance, which can be controlled and generate future economic benefits. These assets are recognised at the cost of purchase or production, including any directly attributable costs required to make the asset available for use, net of any accrued amortisations (with the exception of intangible assets with an indefinite useful life) and any impairment losses. Internally generated intangible assets are not capitalised and are recorded in the Income Statement during the year they are incurred.
Amortisation begins at the time the asset is available and is systematically allocated in relation to its possible residual life.
The useful life of an intangible asset may be finite or indefinite.
Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives and are tested for impairment whenever there are indications that they may be impaired. The residual useful life of an asset is reviewed at each year end or more frequently if necessary. Changes to the expected useful lives of assets or the way in which the future economic benefits associated with the asset are consumed by the Company are recognized by changing the amortization period and/or method and are treated as changes in the accounting estimates.
Gains or losses resulting from the disposal on an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recorded in profit or loss at the time of disposal.
Intangible assets with an indefinite useful life are not subject to systematic amortisation, but rather to an annual evaluation aimed at identifying any impairment losses (impairment testing), both at individual level and at the level of the cash-generating unit. Any change from an indefinite to a finite useful life is applied on a prospective basis.
The Company does not have any intangible assets with an indefinite useful life.
In particular, the following main intangible assets are identifiable: patents and intellectual property rights represented by licenses and software and other intangible assets having an estimated useful life of three years.

Inventories

Inventories, comprising mainly spare parts relating to facilities and equipment for controlling air traffic, are measured at the average weighted cost. If items can no longer be used because they are obsolete, they are written down through the allowance for inventory losses as a direct deduction from the item.

Investments in other companies

Investments in subsidiaries are measured at purchase cost, including directly attributable accessory costs, adjusted for any impairment losses that are recognized in profit or loss. An impairment loss is reversed if the reasons underlying the recognition of the loss no longer hold, up the amount of the write-down carried out. The reversal of an impairment loss is recognized in profit or loss.
Subsidiaries are companies for which ENAV has the power to govern, directly or indirectly, financial and operating policies in order to obtain the benefits deriving from their activities.
Investments in other companies and financial assets available for sale, comprising non-current financial assets and not destined for trading (namely investments available for sale), are measured at cost adjusted for impairment losses, because the fair value cannot be reliably calculated.

Financial assets (Trade and loans receivable)

Financial assets are initially recognised at fair value, and adjusted for transaction costs, if any. They are subsequently measured at amortised cost, using the effective interest method, and adjusted for any impairment losses.
Impairment losses consist of the difference between the carrying amount and the present value of future cash flows discounted using the original effective interest rate.
If the due date of trade receivables and other current assets does not fall within normal commercial terms and the receivables or assets do not bear interest, an analytical discounting process is carried out on the basis of assumptions and estimates. Trade receivables whose due dates fall within normal commercial terms are not discounted. Trade and other receivables are classified as current assets, except for those having a due date exceeding twelve months from the balance sheet date which are classified as non-current assets..

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits available and other forms of short-term investments. At the reporting date, current account overdrafts are classified among financial payables under current liabilities in the statement of financial position. The items included in cash are measured at fair value and the relevant charges are recorded in the Income Statement.

Derivative financial instruments

The derivative financial instruments entered into by the ENAV Group consist of forward foreign exchange contracts, for the purpose of hedging currency risk. Derivative financial instruments are recognized at fair value initially at the contract date and then, subsequently, at each reporting date. Derivatives are recognised as financial assets when the fair value is positive, and as financial liabilities when the fair value is negative.

Derivative financial instruments used for hedging purposes, which is the only use by the ENAV Group, qualify for hedge accounting if, and only if, the following conditions are met:

- at the inception of the hedge, there is a formal designation and documentation of the hedging relationship, ENAV's risk management objective and the strategy for undertaking the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is highly effective throughout the various periods for which it was designated.

If all the above conditions are met with the intention of hedging the Group's exposure to future cash flow risks associated with an asset, a liability or a highly probable transaction, cash flow hedge accounting is applied. Accordingly the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is classified as a change in other comprehensive income and recognized in the cash flow hedge reserve in equity, while the ineffective portion of the gain or loss on the hedging instrument is recognized in the separate profit or loss among other operating expenses caption.

The amounts recognised as part of other comprehensive income are reclassified to profit or loss in the period in which the hedged transaction affects profit or loss, for example if a sale occurs or if there is a write-down.

If a hedging instrument expires or is sold, terminated or exercised without replacement, or if it is no longer designated as a hedging instrument, or if the hedging instrument no longer provides effective hedging against the risk the operation was established for, the relevant portion of the cash flow hedge reserve is kept until the underlying contract materialises.

When a transaction is no longer deemed probable, the gains or losses recognised in shareholders' equity (OCI) are immediately released to the Income Statement.ENAV does not enter into derivative contracts for speculative purposes. With reference to measuring fair value, ENAV complies with the requirements of IFRS 13 whenever IFRSs require fair value measurement to be used for recognition and/or measurement purposes or in providing disclosures with respect to a specific asset or liability. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of instruments listed on public markets is determined by referring to the bid price at the reporting date.

The fair value of unlisted instruments is measured by reference to financial valuation techniques.

Financial assets and liabilities measured at fair value are classified over the three levels detailed below, based on the relevance of the information used in the fair value calculation. More specifically:

- Level 1: fair value is determined with reference to quoted prices (unadjusted) in active markets for identical financial instruments;
- Level 2: fair value is determined using evaluation techniques with reference to variables observable on active markets;
- Level 3: fair value is determined using evaluation techniques with reference to non-observable variables..

Loans, trade payables and other financial liabilities

Financial liabilities that include loans, bonds and other financial liabilities are initially recorded at fair value, less any directly attributable transaction costs, and are subsequently measured at amortised cost, using the effective interest method, net of loan repayments already made.
Loans, trade payables and other financial liabilities are classified as current liabilities unless they have a contractual due date exceeding twelve months from the balance sheet date, which are consequently classified as non-current liabilities.
Financial liabilities are derecognised when the contract is extinguished or when the specific contract obligation has been fulfilled.

Treasury shares

As required by IAS 32, when equity instruments are reacquired, these are defined as treasury shares and are deducted directly from equity under the caption Treasury shares.
No gain or loss is recorded in the Income Statement on the purchase, sale or cancellation of treasury shares. Any charge paid or received, including any direct costs incurred that are attributable to an equity transaction, net of any associated tax benefit, are recorded directly in equity.

Employee benefits

Short-term benefits to employees are represented by salaries, wages, social security contributions, paid leave and incentives payable as a bonus in the twelve months from the reporting date. These benefits are recorded as employee cost components in the period in which employee services were provided.
Benefits payable after the end of the employment relationship are subdivided into two types: defined benefit plans and defined contribution plans. Because the benefit to be paid can only be quantified once the employment has ended in defined benefit plans, the relevant financial statement effects are recognised based on actuarial

calculations as per IAS 19. With defined contribution plans, the contribution expenses are charged to the Income Statement when they are incurred based on the relative nominal value.

The defined benefit plan consists of the Italian employees' termination indemnity scheme (*Trattamento di Fine Rapporto* TFR) due to employees pursuant to Article 2120 of the Italian Civil Code, accrued through 31 December 2006; in accordance with Law No. 296 of 27 December 2006, as from 1 January 2007, the amounts accruing after that date are transferred to supplementary pension schemes or the treasury fund managed by the Italian national social security organization, INPS, on the basis of the implicit and explicit decisions taken by the workers. The defined benefit liability is projected into the future using the *Projected Unit Credit Method,* to calculate the probable amount that will become payable at the time that employment is terminated, and is then discounted to take into account the time value of money before payment is effectively made. The measurement of the liability recorded in the balance sheet is based on conclusions reached by external actuaries to the Group. The calculation takes into account the TFR matured passed services and is based on actuarial assumptions referring mainly to: demographic inputs (such as employee rotation and mortality) and financial inputs (such as the inflation rate and the discount rates coherent with the expecting timing of the payment obligations). Accordingly, the liability recognized in the financial statements accordingly coincides with the actuarial valuation and any actuarial gains or losses arising from the calculation are recognized in other comprehensive income in the period in which they arise, taking into account the deferred tax effect.

The defined contribution plans include the Termination Indemnity payable to employees pursuant to Article. 2120 of the Italian Civil Code, limited to the TFR matured as from 1 January 2007, and paid as per regulations to a complementary pension fund or the relevant Treasury Fund established with INPS. These plans are managed by external fund managers, in respect of whom the Company has no obligations, other than to pay the said contributions, which are charged to the Income Statement when they are incurred based on the relevant nominal value.

Provisions for risks and charges

Provisions for risks and charges are recognized for losses and charges of a specific nature whose existence is certain or probable, but where the amount and/or date of occurrence cannot be determined. Provisions are only recognized when the company has a present obligation, legal or constructive, arising from a past event, when it is probable that a future outflow resources presenting benefits will be required to settle the obligation and when it is possible to make a reliable estimate of that amount.

Where the financial effect of the time value of money is material and the dates of settling the obligations can be reliably estimated, the provisions are discounted using a pre-tax rate that reflects, where suitable, the market's current assessment of the time value of money and, if applicable, the risks specific to the liability. The increase in the carrying amount of a provision as the result of the passage of time is recognized as a financial expense.

Changes in the estimates of accruals to provisions are recognized in profit or loss in the period in which the change occurs and as an increase in the liability. A decrease in estimates is recognized by making a counter-entry to the liability up to its carrying amount, while any excess is recognized in profit or loss in the line item to which the provisions refer.
Amounts included in provisions for risks and charges are classified as either current or non-current depending on the estimated date on which the liability will be settled or extinguished.
Risks where it is only possible that a liability will arise are shown in the appropriate disclosure section on potential liabilities, and no provision is made for these.

Grants

Revenue grants are recognized on an accrual basis in the year in which the reasonable assurance arises that the Company is entitled to receive them, regardless of the date of receipt.
Capital grants are recorded when a formal allocation resolution exists from the provider, and if, and only if, there is reasonable certainty that the project being facilitated will effectively be completed and that the contributions will be received, based on the information available at the close of the financial period. Capital grants are recognised and differentiated as current and non-current liabilities, according to the expected reversal timing, and charged to the Income Statement as income on a straight-line basis, calculated according to the useful life of the underlying asset to which the grant refers to directly, thus ensuring there is a correlation with the amortisations relating to the assets.

Charge Stabilization Provision

The Charge Stabilization Provision was created under a resolution adopted by the parent company's shareholders on 9 May 2003 by allocating € 72,697 thousand of the reserve for finalizing and settling tax receivables (Law No. 289/02). This increased in subsequent years following allocations of part of ENAV's net income approved by the shareholders of the parent company, and is used solely for business purposes.
The Charge Stabilization Provision falls under the scope of IAS 20 - *Government Grants and Disclosure of Government Assistance*. The grant is initially recognized as a liability (classified in *Other non-current liabilities*). This liability is then released to income on the determination of the charge as a means of "supplementing" the reduced revenues earned by ENAV in the same year through a charge stabilization process. Specifically, this provision is utilised when ENAV decides to reduce charges, and in this case a portion of the costs incurred are not re-charged to carriers, but offset by releasing a portion of the grant recognized as a liability to income, thus offsetting the low prices. The following points further support these comments:

- the fund has the nature of a grant used for off-setting purposes;
- European regulations on charge determinations establish that a member state may reduce charges by means of subsidies/grants that enable the operator to offset losses;
- resolutions of shareholders' meetings to create or make changes to the provision are adopted on the basis of EU Regulation No. 1794/06;
- the provision is recognised by the member country, which in this case does not act as a shareholder but as a party carrying out economic policy within the country..

Revenues

Revenues are recorded at fair value of the amount received or receivable, net of discounts and rebates, and are recognised on an accruals basis, to the extent that it is probable that the Company will receive the economic benefits, and the relevant amount can be reliably determined.

Balance

At an international level, up until 31 December 2011, Eurocontrol member countries used a cost recovery en-route charge system. This system is based on the concept that revenues should be proportional to the costs incurred for en-route air navigation control services. By virtue of this principle, charges were calculated on the basis of the forecast amount that would lead to an economic break-even. At the end of the year, if revenues exceeded the costs incurred this would lead to a *negative balance (over-recovery),* giving rise to an adjustment to profit or loss for the extra revenues and the recognition of a "payback" liability. If on the other hand, if revenues were lower than the costs incurred, an increase in revenues would be recognised together with a "re-charge" receivable for a *positive balance (under recovery*). In accordance with the cost recovery principle, the "balance amount" was the result of the correcting mechanism used to adjust revenues to the actual amount of the costs incurred and subject charge billing. The effects of this mechanism were included for charge purposes starting from the second year following that of the reference year and accounted for in profit or loss with a sign opposite to that of their recognition.
As from 1 January 2015, this cost recovery mechanism is applied only to the third category terminal charge.
Starting in 2012, and as the result of the introduction of the en-route air navigation services system, a new management system was introduced in accordance with EU Single European Sky legislation that is based on measuring and optimizing operating and economic performance, with the resulting decision to abandon the full cost recovery system. The means for implementing the service scheme is the National

Performance Plan approved for the three-year period 2015–2019 which sets out the actions and targets to be achieved during the reference period. The efficiency targets provide for the introduction of risk elements to be borne by the provider, thus ENAV, relating to both traffic and costs. More specifically, the traffic risk mechanism envisages the sharing of the traffic risk between providers and users of the air space, for which variations, positive and negative, of up to 2% of actual traffic compared to plan are fully borne by the providers, while variations between 2% and 10% are shared, with 70% of these being borne by the airline companies and 30% by the providers. The cost recovery methodology applies to variations above 10%. Any positive or negative shifts referring to the traffic risk, results in revenues for the route being adjusted according to the rules detailed above, using the caption *Balance for the year*.

As far as the cost risk is concerned, the possibility of passing on to air space users the full amount of any differences between the budgeted amounts and the actual costs incurred1 at the end of the year has been eliminated. These variations, either negative or positive, are still borne by the providers in their financial statements.

From 2015, these EU regulations also apply to terminal services, which fall under the performance plan based on different methods, according to the charge category. Terminal charges are broken down over three categories:

- category 1 refers to airports with over 225,000 movements annually, subject to cost risk and traffic risk such as en-route services;
- category 2 refers to airports with between 225,000 and 70,000 movements annually, where there is only a cost risk;
- category 3 refers to airports with less than 70,000 movements annually excluded from the EU Performance Plan, and where the cost recovery mechanism is applicable.

Any positive or negative shifts results in an adjustment to terminal revenue according to the rules detailed above, using the caption Balance for the year.

The *Balance for the year* is not included in the charge charge until two years later, while in the current year the balance asset or liability recognized customarily in the two previous years is transferred to profit or loss through the item *Utilization of the Balance*.

Given that the re-charge assets and payback liabilities balances is deferred over time, in accordance with IAS 18, the parent company measures such revenues at fair value, discounting them using the average interest rate for which it obtains funds on the third party market. The adjustment is recognized as a reduction in the balance receivable or payable to which it refers and as a reduction in revenues for the year. This amount is released to profit or loss in subsequent years for the portion of interest income accruing in the period.

If the plans for the recovery of the balance in the charges are changed, the Group adjusts the balance receivable/payable to reflect the effective and recalculated estimated cash flows. The carrying amount is then recalculated, finding the current value of future cash flows recalculated by determining the present value of the future cash flows using the original interest rate; in addition to adjusting the charge receivable and payable, the difference arising is also recognized in profit or loss as financial income or expense. A change in the plan of recovery of the balance, which is considered as being a change in estimate arising from the fact that the Group has obtained new or more accurate information, does not lead to an adjustment to previous financial statements and any changes are applied prospectively.

Dividends

The dividends received from investments not consolidated on a line-by-line basis are recognised in the Income Statement at the time the right arises to receive the relevant payment that normally corresponds with the shareholders' meeting resolution to distribute dividends.

Costs

Costs are recognised when these relate to goods and services sold or consumed during the financial period, or based on a systematic allocation, or when there is no identifiable future use of the same.

Financial income and expense

Financial income and expense are recognized on an accrual basis on the basis of the interest earned or due on the relative financial assets and liabilities, using the effective interest rate and, where envisaged, the legal interest rate.

Income taxes

Current income taxes, IRES and IRAP, are calculated on the basis of the best estimate of taxable income for the financial period, in accordance with the tax regulations applicable in the countries where the Group carries out its activities, applying current tax rates. Current tax liabilities are recognized in the balance sheet net of any taxes paid on account.

Deferred tax assets and liabilities are calculated in relation to all the temporary differences that emerge between the tax value of an asset or liability and the relative carrying value, on the basis of the tax rates that are expected to apply in the financial periods when the temporary differences will be realised or extinguished. A deferred tax asset is recognized when it is probable that taxable profit will be available against which the underlying deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or a liability in a transaction that: i) is not a business combination; ii) at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).
Deferred tax assets and liabilities are recognized directly in profit or loss, except for those relating to items recognized in other comprehensive income or equity. In these cases, the related deferred tax assets or liabilities are also recognized in comprehensive income or equity.
The Company offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxation authority.
Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities.
Taxes and levies not related to income are recorded under the caption "Other operating expenses" in the Income Statement.

Related Parties

Internal related parties are entities controlled by the parent company and by companies in the Group. External related parties are the supervisory Ministry, namely the Ministry of Infrastructure and Transport and the controlling Ministry namely the Ministry of the Economy and Finance (MEF), the entities under the control (including joint control) of the MEF, and associated companies to the latter. Group Executives with strategic responsibilities are also considered related parties.

Earnings per share

The earnings per share are calculated by dividing the net profit to the weighted average number of shares outstanding in the period, net of the treasury shares in the portfolio.

Use of management' estimate and judgement

The preparation of financial statements require that Directors apply principles and methodologies, which at times, are based on difficult and subjective evaluations and estimates based on past experience and on assumptions, which are deemed reasonable and realistic from time to time in relation to the relative circumstances. The application of these estimates and assumptions impacts on the figures in the accounts and information provided. The final figures in the balance sheet where these estimates and assumptions were used, can differ from those in previous balance sheets due to the uncertainty that characterises assumptions and the conditions on which the estimates are based. Estimates and assumptions are periodically revised, and the effects of any change are reflected in the accounts in the period when the estimate was revised, if the revision only influences the current period, or even in subsequent periods if the revision influences the current and future periods.
For a complete analysis of the discretional assessments and significant accounting estimates made by management reference should be made to the consolidated financial statements.

Translation of items in foreign currency

Assets and liabilities arising from transactions in a currency that is not ENAV's functional currency are recognized at the exchange rate at the date of the transaction. At year end these assets and liabilities are translated using the exchange rate at the balance sheet date and the relative exchange gains and losses are recognized in profit or loss.

4. New accounting standards, interpretations and amendments adopted by the company

As an addition to the accounting standards adopted to prepare the separate financial statements for the year ended 31 December 2014, the following section sets out the main changes occurring in 2015 to the accounting standards applicable for the first time effective from 1 January 2015 that are of relevance to the Company, together with interpretations and amendments to standards that are not yet effective or not yet adopted by the European Union and could find application in future consolidated financial statements.

- *IFRIC 21 Levies* - This interpretation establishes when an entity must recognize a liability in its financial statements for an obligation to pay a levy, other than income taxes, due to the government or, more generally, to local or international bodies. More specifically, the interpretation requires a liability to be recognised in the financial statements when the obligating event generating the obligation to pay a levy occurs, as defined in the legislation. When the obligating events occurs over a specific time period (for example, generating revenue over a specific time period), the liability must be recognised progressively. If the obligation to pay is triggered by reaching a minimum threshold (for example, reaching a minimum amount of generated revenue), the corresponding liability is recorded at the time the threshold is reached. The application of this principle has not impacted on the separate financial statements.
- *Annual improvements* cycle to IFRS 2011–2013, contains formal changes and clarification to existing standards. In particular, the following standards have been amended:
  - *IFRS 1 First-time adoption of International Financial Reporting Standard,* where the IASB has clarified that a first-time adopter can adopt a new IFRS, when the adoption is not yet mandatory, if the IFRS allows for early application.
  - *IFRS 3 Business combinations*, the amendments made to the standard refer that a contingent consideration classified as an asset or liability must be measured at fair value at the close of the period, with effects recognised in the Income Statement, regardless of whether the contingent consideration is a financial instrument or a non-financial asset or liability. In addition, it clarifies that the IFRS 3 is not applicable to operations to establish a joint venture.
  - *IFRS 13 Fair value measurement*, the amendment clarifies that the exception allowed by the standard to assess assets and liabilities based on the net portfolio exposure (*the portfolio exception*), is applicable to all contracts that fall under IAS 39 or IFRS 9, even if they do not meet the requirements set by IAS 32 to be classified as financial assets or liabilities.
  - *IAS 40 – Investment property*, the amendment clarifies that management's assessment is necessary to determine whether the acquisition of an investment property represents the acquisition of an asset or group of assets or a business combination according to the provisions of IFRS 3. This assessment must correspond with the supplementary applications of IFRS 3.

New accounting standards, interpretations and amendments for periods beginning on 01 January 2016 not adopted by the Group.

Amendments to IAS 19- Defined Benefit Plans: Employee Contributions. The aim of the amendments, issued in November 2013, is to clarify how to recognize the contributions paid by employees as part of a defined benefit plan. More specifically, when contributions are linked to service they must be recognized as a reduction in the service cost: over the period when employees render their service if the amount of contributions is dependent on the number of years of service or in the period in which the service is rendered if the amount of contributions is independent of the number of years of service.

The amendments are applicable retroactively as from the financial periods starting 1 January 2016, subject to adoption. The Company is assessing the effects arising from the application of the new standard.

IFRS 9 Financial Instruments. Issued in November 2009 and subsequently revised, this standard represents the first of the three stages of the project to replace IAS 39. The new standard established the criteria for classifying financial assets and liabilities. Financial assets must be classified on the basis of an entity's business model and the characteristics of the associated relative contractual cash flows. In addition, the amendments introduced in November 2013 removed a mandatory effective date for the standard, which may be applied immediately. The Company is assessing the accounting effects of applying this standard.

*IFRS 14 Regulatory Deferral Account*s. The new standard allows first-time adopters of IFRSs to continue measuring the amounts relating to rate-regulated activities in accordance with their previous accounting standards. The standard does not apply to companies that already prepare financial statements in accordance with international accounting standards. The amendments will applicable retrospectively, subject to adoption, for years beginning on or after 1 January 2016. The application of this standard will not have any effect for the Company.

IFRS 15 Revenue from Contracts with Customers. Replaces IAS 18, IAS 11, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. The standard defines the reference framework for recognising and measuring revenue, and the relevant disclosure. IFRS 15 was issued in May 2014 and will apply for years beginning 01 January 2018. The Company is assessing the effects arising from the application of the new standard.

Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization. On 12 May 2014, the IASB published certain amendments to IAS 16 and IAS 38. The amendments aim to clarify which depreciation and amortisation methodologies are acceptable within the scope of the standard. In particular, the amendments clarify that a method of depreciation or amortization based on the revenues that may be generated by the tangible or intangible asset is not considered suitable. The amendments are to be applied as from the financial periods starting 1 January 2016, and early application is permitted. These amendments have not yet been adopted by the European Union and the Company does not envisage significant accounting effects to arise on their application.
Amendments to IFRS 11 - recognition of the acquisition of an interest in a joint arrangement. The amendments refer to clarification on the recognition of acquisitions of an interest in a joint arrangement. The IASB requires these amendments to apply to financial statements beginning on or after 1 January 2016. These amendments have not yet been adopted by the European Union and ENAV does not envisage significant accounting effects to arise on their application.
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. On 11 September 2014 the IASB issued amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in order to coordinate the accounting treatment of the sale or contribution of assets between an investor and its associates or joint ventures. The amendments introduced have the aim of clarifying the accounting treatment of gains and losses deriving from transactions with joint ventures or associates accounted for using the equity method. The IASB requires these amendments to apply to financial statements beginning on 1 January 2016. These amendments have not yet been adopted by the European Union and the Company does not envisage significant accounting effects to arise on their application.
Amendments to IAS 27 -Equity Method in Separate Financial Statements. The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments are effective for years beginning on or after 1 January 2016; early application is permitted. ENAV does not envisage significant accounting effects to arise on the application of the amendments.
Amendments to IFRS 10, IFRS 12 and IAS 28 – Investments Entities: Applying the Consolidation Exception. The amendments clarify that if ENAV prepares financial statements in accordance with IFRS 10, the exemption from preparing consolidated financial statements extends to the subsidiaries of an investment entity, in turn qualified as investment entities. It is not expected that the application of these amendments will lead to any effects on the preparation of the separate financial statements.

IFRS 16 – Leases, issued in January 2016, replaces the previous standard on leasing, namely IAS 17 and the relative interpretations. It identifies the criteria for recording, measuring and presenting as well as disclosures to be made regarding leasing contracts for both parties, the lessor and lessee. Even though IFRS 16 does not change the definition for a leasing contract provided by IAS 17, the main difference is the introduction of the concept of control within the definition itself. In particular, in order to determine whether a contract is a leasing contract or not, IFRS 16 requires that an assessment be performed as to whether the lessee is entitled to control the use of a specific asset over a specific time period. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as required by IAS 17 and, instead, introduces a single accounting model for all leasing contracts. Based on this new model, the lessee must recognise: i) assets and liabilities in the balance sheet for all leases with a term of more than 12 months, unless the underlying asset is of low value; ii) the depreciation of leased assets separately from interest on lease liabilities in the Income Statement

With regard to the lessor, IFRS 16 essentially replicates the accounting requirements of IAS 17. The lessor must consequently continue classifying and recognising operating and financial leases differently in the balance sheet. Subject to endorsement, the standard will be applicable as from the financial periods starting 1 January 2019. ENAV is assessing the potential effects of applying this new standard in the future.

Amendments to IAS 1 - Disclosure initiative, issued in December 2014. The amendments that form part of a broader initiative to improve the presentation and disclosure of financial statements, include updates in several areas:

- materiality: it was clarified that the concept of materiality applies to the financial statements as a whole, and that the inclusion of immaterial information could obscure the useful financial information;
- disaggregation and subtotals: it was clarified that the specific items in the Income Statement, statement of financial position and other comprehensive income for the period can be disaggregated. New requirements were also introduced regarding the use of subtotals;
- structure of the notes: it was clarified that companies had some flexibility regarding the order in which the notes to the financial statements were presented. It was emphasised that when establishing this order, the company must be cognisant of the requirement that the financial statements are understandable and comparable;
- equity interests measured using the equity method: the portion of items in the comprehensive Income Statement relating to equity interests in associates and joint ventures measured using the equity method must be divided between the part that can be reclassified and not reclassified to the Income Statement; these parts must be presented as independent items, in the scope of the respective sections of the Statement of comprehensive income.

The amendments will be applicable from the financial periods beginning 1 January 2016 or later. ENAV does not envisage any impacts from the future application of these new regulations.

Amendments to IAS 7 - Disclosure Initiative, issued in January 2016. The amendments apply to liabilities and assets derived from financing activities, defined as the liabilities and assets whose cash flows were or will be classified in the statement of cash flows as financing activities. The amendments require the disclosure of changes to these liabilities/assets, distinguishing the monetary changes from the non-monetary ones (for example: changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in the rate of exchange and changes to fair value). The IASB recommends providing this disclosure in the form of a table reconciling the balances for these assets/liabilities at the start of the period with those at the end of the period. The amendments will be applicable from the financial periods beginning 1 January 2017 or later. ENAV does not envisage any impacts from the future application of these new regulations.

Amendments to IAS 12 - Recognition of deferred tax assets for unrealised losses, issued in January 2016, provide clarification on the methods for recognising deferred tax assets relating to debt instruments measured at fair value. Briefly, the amendments clarify the requirements for recording deferred tax assets with reference to unrealised losses in order to eliminate different accounting practices. Subject to approval, the amendments will be applicable from the financial periods beginning 1 January 2017 or later. Early application is permitted. ENAV is assessing the potential effects of applying this new standard in the future.

Information on items in the statement of financial position

5. Property, plant and equipment

The following table sets out property, plant and equipment at the beginning and end of the financial year and changes in 2015.

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets in course of construction	Total
Cost	432.880	1.626.102	287.764	325.574	224.396	2.896.716
Accumulated depreciation	(151.291)	(1.105.428)	(218.802)	(277.140)	0	(1.752.661)
Net book value at 31.12.2014	**281.589**	**520.674**	**68.962**	**48.434**	**224.396**	**1.144.055**
Increases	23.889	73.943	9.400	4.052	98.543	209.827
Disposals - cost	(23)	(1.615)	(640)	(3.266)	0	(5.544)
Disposals - accumulated depreciation	23	1.551	633	3.264	0	5.471
Reclassifications	(115)	(58)	0	0	(114.231)	(114.404)
Impairment losses	0	0	0	0	(545)	(545)
Depreciation charge	(16.882)	(91.824)	(14.717)	(12.412)	0	(135.835)
Total changes	**6.892**	**(18.003)**	**(5.324)**	**(8.362)**	**(16.233)**	**(41.030)**
Cost	456.631	1.698.372	296.524	326.360	208.163	2.986.050
Accumulated depreciation	(168.150)	(1.195.701)	(232.886)	(286.288)	0	(1.883.025)
Net book value at 31.12.2015	**288.481**	**502.671**	**63.638**	**40.072**	**208.163**	**1.103.025**

Property, plant and equipment recorded a decrease in the period for a total of € 41,030 thousand attributable mainly to the slowdown in property, plant and equipment under construction, following the restraint of the Company's investment plans and the depreciations for the period.
In particular, the increases for € 209,827 thousand refer to:

- for € 111,284 thousand to investments completed and becoming operational during the period, which included: i) the restructuring of the Control Tower at Rome Fiumicino Airport; ii) the erection of the tower and technical block at the Rome Ciampino and Verona Airports; iii) the updating of ground – ground voice communication and air-ground to voip (VCS) for the Area Control Centre in Milan; iv) updating and doubling of the electricity power plant at the Area Control Enter in Rome; v) updating of airport meteorological systems according to the provisions of amendment 74 ICAO for the airports at Milan Malpensa, Turin Caselle and Venice Tessera; vi) upgrading radar for the Naples Capodichino Airport; vii) the implementation of civil works and systems at various sites necessary for the installation of the E-NET network at various sites; viii) the introduction and implementation at different sites of an integrated security system closely associated with the E-NET network; ix) radio navigation systems at various airports; x) development maintenance on various systems; xi) upgrading the TBT radio centres for the remote ACC sites in Rome; xii) the new electricity power station for the ACC in Padua;

- for € 98,543 thousand to investment projects underway, minus the projects that have become operational, these include: i) the extension of the Academy training school in Forlì that envisages the construction of a new integrated technology hub; ii) the updating and modernising of the airport VCS; iii) the implementation of the data link 2000 plus system; iv) the implementation of the 4-flight programme; v) the implementation of the Aeronautical Data Quality (ADQ) programme for the processing of aeronautical data; vi) the development of the eATMS build 1 system; vii) the implementation of the private virtual E-net network; viii) the restructuring of the tower and technical block and remote sites at the airport in Reggio Calabria; ix) the implementation of the "e-Tod new technological solution" programme regarding the strengthening of the system and TOD for airport mapping; x) the continuation of the Coflight project; xi) updating of the operating data networks (lan) for the interconnection of all servers and radar displays for the ACC in Milan, Padua and Brindisi.

Reclassifications for a total of € 114,404 thousand refer for the most part amounting to € 111,284 thousand, to investments finalised in the period and becoming operational as noted in the point above, and classified under the relevant item, for € 1,722 thousand to investments reclassified to the Income Statement due to a lack of the requirements needed to keep the listing under property, plant and equipment, for € 1,168 thousand to the reduction in investments under construction following a dispute with a supplier reaching a settlement proposal, based on the outcome of the technical report ordered by the Judge with a debt recognised in respect of the Company that is lower than the supplier's invoice, for € 173 thousand to the reclassification of inventories for spare parts on certain components of the operating systems and for the remaining amount to the reclassification under the items in the intangible assets under construction.

Impairment losses for a total of € 545 thousand refer to certain parts of projects and systems that are no longer usable and are charged to the Income Statement.

Depreciations for the period total € 135,835 thousand (€ 140,585 thousand at 31 December 2014).

It is noted that a portion of the investments, for a historic cost of € 227,008 thousand, was financed by capital grants issued under the National Operating Programme for the Transport Sector (PON) for 2000–2006 and 2007–2013 for the works at airports in Southern Italy and the grants awarded by the Ministry of Infrastructure and Transport for investments in military airports as per Law 102/09. The capital grants financing these investments are originally recognized as other liabilities and are released to income in proportion to the depreciation charged on the assets to which they relate. The portion relating to the financial period amounts to € 9,312 thousand.

6. Intangible assets

The following table sets out intangible assets at the beginning and end of the financial year and changes in 2015.

	Patents and intellectual property rights	Other intangible assets	Assets under formation	Total
Cost	107.659	2.085	41.542	151.286
Accumulated amortization	(91.561)	(1.760)	0	(93.321)
Net book value at 31.12.2014	**16.098**	**325**	**41.542**	**57.965**
Increases	7.536	0	10.502	18.038
Disposals	0	0	0	0
Reclassifications	0	0	(7.928)	(7.928)
Impairment losses	0	0	(530)	(530)
Amortization charge	(11.797)	(325)	0	(12.122)
Total changes	**(4.261)**	**(325)**	**2.044**	**(2.542)**
Cost	115.195	2.085	43.586	160.866
Accumulated amortization	(103.358)	(2.085)	0	(105.443)
Net book value at 31.12.2015	**11.837**	**0**	**43.586**	**55.423**

Intangible assets amount to € 55,423 thousand and show a decrease of € 2,542 thousand for the year, due mainly to the amortisations recorded during the year.
Patents and intellectual property rights increased by € 7,536 thousand following the entry into operation of the user licences for management and operating systems and for software supporting administrative systems and operating software, such as in particular, the new airborne control planning and management system called SAPERE, the technological development of the airborne ACS platform with the scope of Sesar.
Intangible assets under construction amount to € 43,586 thousand and showed a net increase in the year of € 2,044 thousand. They mainly include the following investment projects: i) the NOAS (New Operational Area System) programme, to optimise the systems already developed by the ENAV with the Airnas and Athena programmes aimed at maintaining Single European Sky certification and to integrate

the Ais and Meteorological databanks; ii) the monitoring and analysis system called AIDA; iii) Reclassifications for a net amount of € 7,928 thousand refer largely to projects completed in the period and reclassified to specific captions for € 7,536 thousand, for € 57 thousand reclassified to this caption for projects initially classified as property, plant and equipment and for € 449 thousand charged to the Income Statement for projects that did not meet the requirements to be capitalised as intangible assets.

Impairment losses totalling € 530 thousand refer to certain parts of projects that were no longer usable and thus charged to the Income Statement.

The total for the financial period is € 12,122 thousand (€ 16,420 thousand at 31 December 2014).

7. Investments in other companies

Investments amount to € 143,284 thousand and recorded the following movements during the period:

	31.12.2014	Increases	Decreases	31.12.2015
Equity investments in:				
subsidiaries	142.742	14.978	(14.603)	143.117
other companies	167	0	0	167
Total	**142.909**	**14.978**	**(14.603)**	**143.284**

The increase for the period of € 14,978 thousand refers to the payment made to the subsidiary Enav North Atlantic, a Limited Liability Company incorporated under the laws of the State of Delaware (USA), relating to the cash needed to pay a tranche to acquire shareholdings in Aireon, as provided in the relevant contract. Enav North Atlantic was assigned the obligations under the Subscription Agreement signed in December 2013 for the purchase of a 12.5% shareholding in Aireon, a United States registered limited liability company belonging to the Iridium Group. The Group supplies the services required for air navigation surveillance activities through the use of a payload system installed on board the 66 operating satellites which Iridium will launch, and which will enable it to make the first global satellite surveillance system available to air traffic with a surveillance coverage of points not currently covered by radar. This investment is being acquired with payment made in four instalments, the last of which falls due in 2017, for a total price of US$ 61.2 million. The tranches correspond to payments made by the Aireon's major shareholder, NAV Canada, holding 51% of its capital and tied to the realization of the same milestones identified with the latter. At the end of 2015, the first two tranches had been paid for a total of € 28.1 million, corresponding to US$ 38.3 million.

Investments in subsidiaries also includes the 100% interest in Techno Sky amounting to € 99,224 thousand (€ 113,827 thousand at 31 December 2014). The decrease for the period relates to the impairment loss resulting from the difference between the book value and the relative recoverable equity value, estimated on the basis of the impairment test carried out by management at the reporting date. The recoverable value was estimated based on the cash flows drawn from the new economic-financial plan 2016–2019, prepared by the subsidiary Techno Sky, discounting cash flows according to the Discounted Cash Flow (DCF) method. The discount rate used is the WACC (Weighted Average Cost of Capital) at 7.2%, with a growth rate of the operational cash flows in nominal terms of 1.5%, in line with current reference macro-economic prospects.

In this regard, we note that management conducted a comparative analysis on the margin levels identified for a panel of listed and unlisted companies comparable to Techno Sky. The study showed that the EBITDA margin assumed in the plan for Techno Sky currently tends towards the average sector margins. Based on this consideration, management decided to use as an estimate for the recoverable value, the value in use estimated on the basis of the cash flows derived from the new economic-financial plan 2016–2019 prepared by the subsidiary, without conducting any additional normalisations on the expected margin levels.

For the sensitivity analysis, and assuming a 0.5% increase in the WACC and a growth rate remaining of 1.5%, the recoverable value on the investment would come down to € 89,913 thousand. Assuming a 0.5% increase in the WACC and a growth rate of 1%, the recoverable value for the investment would come down to € 82,991 thousand.

In addition, investments in subsidiaries also include the 60% holding in the SICTA Consortium and the 100% interest in Enav Asia Pacific, with headquarters in Kuala Lumpur, Malaysia.

The investment in other companies relates to the 16.67% interest in the share capital of the French registered company ESSP SaS, which is held by the main European service providers and manages the EGNOS satellite navigation system and the provision of the related services, for € 167 thousand. The dividends resolved by ESSP for € 250 thousand were received in June 2015.

Reference should be made to the specific paragraph in the Report on Operations for comments on the performance of subsidiaries in 2015.

Details of the investments held at 31 December 2015 together with the interest held and carrying amount at that date are as follows:

Company name	Headquarters	Balance sheet date	Share or quota capital	Net income for the year	Shareholders' equity at 31.12.2015	Holding	Equity as per financial statements	Carrying amount at 31.12.2015	Value at equity
Subsidiaries									
Techno Sky S.r.l.	Rome	31.12.2015	1.600	2.825	10.095	100%	10.095	99.224	47.250
ENAV Asia Pacific	Kuala Lumpur	31.12.2015	127	16	135	100%	135	127	135
Sicta Consortium	Naples	31.12.2015	1.033	5	1.473	60%	884	705	884
ENAV North Atlantic	Miami	31.12.2015	40.482	0	50.616	100%	50.616	43.061	50.616

8.Current and non-current financial assets

This items refers entirely to the derivative contract subscribed to in December 2013 by ENAV for the forward currency purchase of American dollars, subdivided into four tranches. Two of these were made in the previous year, and one tranche was settled in 2015 for € 12,398 thousand. The last tranche will be made in 2017, consequently the fair value measurement for the derivative at 31 December 2015 for € 968 thousand was classified under non-current financial assets. The current assets item will revert to zero once the last tranche is finalised.
The derivative contract represents a very effective hedging instrument, recognised according to the cash flow hedge method. Reference is made to Note 33 in the consolidated financial statements for all the information required by IFRS 7.

9. Deferred tax assets and liabilities

Details of deferred tax assets and liabilities are provided in the following table, which shows those items recognized in profit or loss and those recognized in equity.

	31.12.2014		Increase/decrease through profit or loss		Economic effect of IRES aliquota change	Increase/decrease through equity		31.12.2015	
	Temporary differences	Deferred tax assets/ liabilities	Temporary differences	Deferred tax assets/ liabilities		Temporary differences	Deferred tax assets/liabilities	Temporary differences	Deferred tax assets/ liabilities
Deferred tax assets									
Taxed provisions	49.759	13.683	8.130	1.883	(1.460)	0	0	57.889	14.106
Inventory write-downs	8.499	2.337	627	173	(319)	0	0	9.126	2.191
Discounting of receivables	9.094	2.735	(4.087)	(1.255)	(88)	0	0	5.007	1.392
Tax effect of IFRS conversion	957	309	(621)	(200)	0	0	0	336	109
Discounting of the TFR	1.749	481	0	0	0	(1.619)	(449)	130	32
Non-deductible portion of the TFR	1.344	370	125	30	(47)	0	0	1.469	353
Fair value derivative	5	1	0	0	0	0	0	5	1
Other	36	10	169	46	0	0	0	205	56
Total	**71.443**	**19.926**	**4.343**	**677**	**(1.914)**	**(1.619)**	**(449)**	**74.167**	**18.240**
Deferred tax liabilities									
Other	6.006	1.652	2.041	561	0	0	0	8.047	2.213
Discounting of payables	140	39	(33)	(9)	0	0	0	107	30
Tax effect of IFRS conversion	3.333	1.076	(233)	(75)	(60)	0	0	3.100	941
Fair Value Derivative	1.863	512	0	0	0	1.685	339	3.548	851
Total	**11.342**	**3.279**	**1.775**	**477**	**(60)**	**1.685**	**339**	**14.802**	**4.035**

Deferred tax assets amount to € 18,240 thousand and refer mainly to taxed provisions, such as impairment losses on the bad debt and risks provisions, where the changes in the year refer to advances and utilisations made for the reasons stated in Notes 11 and 17, with the relevant tax deduction. The discounting of receivables referred both to the balance recorded in previous years, where the present value was subject to review during the year subsequent to the new charge recovery plan, as well as the balance recorded in 2015, and which will be reversed in subsequent years up until 2018, as stated in Note 11. The tax effect arising from the transition to international accounting standards relates to a series of items that will continue to have exclusively a fiscal effect arising from the difference between the accounting treatment followed in the financial statements consistent with the requirements of

international accounting standards. The discounting of the TFR recorded an actuarial gain with an adjustment of the relevant deferred tax. Subsequent to the Stability Law of 2016 No. 248/2015 that brought a reduction in the IRES rate from the current 27.5% to 24% with effect from 2017, deferred taxes were adjusted to this new rate for all differences that will presumably be reversed from 2017. This adjustment had a negative impact on deferred tax assets for € 1,914 thousand, and for € 4 thousand in the deferred tax assets affecting equity.
Liabilities for deferred taxes show a balance of € 4,035 thousand and refer in addition to the tax effect related to the transition to IFRS for the same reasons stated above, default interest related to 2015 and previous years that had not yet been received and recognised for tax. The item regarding the derivative's fair value refers to the fair value adjustment, increased by the higher amount arising from the exchange rate on the date that currency was purchased compared to the fixed rate in the derivative contract for € 2,580 thousand, and the recognition of deferred tax payable for € 619 thousand. The adjustment of the IRES tax rate to 24% resulted in a positive effect in the Income Statement for € 60 thousand and € 34 thousand on equity.

10. Current and non-current tax receivables

Non-current tax receivables were unchanged compared to 2014, and amount to € 23,164 thousand. They refer to the receivable for the higher corporate income tax (IRES) paid in the years 2007/2011 arising from IRAP not being deducted related to personnel and similar costs, as per the application for a refund filed on 6 March 2013. Specifically, the entitlement to a refund is based on Article 2 of Legislative Decree 201/2011 that permits IRAP to be deductible analytically from corporate taxable income, which had previously only been permitted to the extent of 10 percent of the tax paid; this Decree was subsequently integrated with Decree-Law No. 16 of 2012 under Article 4, paragraph 12, in order to extend this possibility to prior tax periods, with effect from the 2007 tax period. Regarding the timescale for receiving the refund, given that the Tax Revenue Office envisions making payment starting from the earliest tax years and on the basis of the order in which the electronic flows are transmitted, and it establishes criteria in the cases in which it does not have fully available funds, the receivable has been classified prudently as a non-current asset.
Current tax receivables amount to € 79,785 thousand and comprise the receivables detailed in the table below.

	31.12.2015	31.12.2014	Change
Due from the tax authorities for VAT	61.106	60.990	116
IRES for the year	0	9.912	(9.912)
IRAP for the year	17.025	1.605	15.420
Receivable for other current taxes	1.654	2.064	(410)
Total	**79.785**	**74.571**	**5.214**

The receivable due from the tax authority for VAT for € 61,106 thousand underwent a net increase of € 116 thousand referring to a decrease of € 21,415 thousand for the receipt of a VAT refund the Company requested in month of February 2014 and referring to the 2013 tax period including interest, accrued interest recorded on the VAT receivable to be refunded for the 2012 and 2014 tax periods amounting to € 765 thousand and VAT for the period for € 20,734 thousand. The VAT refund request at the end of 2015 stands at € 40,280 thousand. It is noted that the Tax Revenue Office has advised of the successful outcome of the audit on VAT requested as a refund for 2012, and ordered that € 20 million plus interest be paid. A refund of € 20.8 million was requested with the filing of the 2015 VAT return submitted in February 2016.
The IRES receivable reverted to a nil balance in the year, given that the 2015 related tax was higher than the receivable recorded. The relevant amount is recognised under tax payables.

The IRAP receivable amounts to € 17,025 thousand and consists of the receivable recorded in 2014 and the instalments paid in 2015 for a total of € 20,911 thousand reduced by the IRAP for the period for € 3,886 thousand. As it is known, the 2015 Stability Law No. 190/2014 introduced significant amendments to the IRAP regulations referred to under Legislative Decree 446/1997 relating especially to the deductibility of expenses incurred for staff employed with a permanent contract for IRAP purposes and the consequent change to the IRAP portion that needs to be reduced for IRES purposes. As this was the first year that the regulation became applicable, and so as not to incur any sanctions, payment was made in November on a historic basis resulting in the above credit, net of the tax for the period.
The item receivables for other current taxes includes the receivable for taxes paid abroad for € 429 thousand and the receivable for the IRAP refund application pursuant to Article 6 of Legislative Decree 185/2008 referring to the tax periods from 2004 to 2007, for a total of € 1,225 thousand, which was reduced during the period by € 437 thousand following the receipt of a portion referring to 2005.

11. Current and non-current trade receivables

Current trade receivables amount to € 225,362 thousand and non-current receivables referring entirely to the receivable for balance amounts to € 124,278 thousand recording during the period the changes shown in the table below.

	31.12.2015	31.12.2014	Change
Current trade receivables			
Due from Eurocontrol	169.184	184.194	(15.010)
Due from the Ministry of Economy and Finance	14.366	14.212	154
Due from the Ministry of Infrastructure and Transport	30.000	30.000	0
Due from other customers	34.390	34.348	42
Balance receivables	29.029	6.564	22.465
	276.969	**269.318**	**7.651**
Bad debts allowance	(51.607)	(44.787)	(6.820)
Total	**225.362**	**224.531**	**831**
Non-current trade receivables			
Balance receivables	124.278	119.499	4.779
Total	**124.278**	**119.499**	**4.779**

The receivable from Eurocontrol refers to the charges arising from the en-route and terminal revenues not yet received at 31 December 2015 for € 115,564 thousand (€ 124,281 thousand at 31 December 2014) and € 53,620 thousand (€ 59,913 thousand at 31 December 2014), respectively. The decrease for the period of € 15,010 thousand refers mainly to the lower turnover recorded for the en-route service, and a higher receivable collection for the terminal service; in fact, certain receivables were involved in the payment recovery plans that was fully adhered to by the airline companies.

The receivable from the Ministry of the Economy and Finance (MEF) for € 14,366 thousand relates entirely to the en-route and terminal exemptions recorded in 2015, which are in line with the figure from the previous period. The receivable in 2014 for € 14,212 thousand referred to an offset following the approval of the 2014 financial statements, with the advance payments relating to the Italian Air Force (Aeronautica Militare) for the collections referring to the en-route charges that resulted in a payable to the MEF for € 38,201 thousand under the caption "other current payables".

The receivable from the Ministry of Infrastructure and Transport includes the contribution for operating expenses for € 30 thousand, aimed at offsetting the cost incurred by ENAV to guarantee the safety of its installations and operational safety, pursuant to Article 11 septies of Law 248/05. During the month of November, € 30 million was received in relation to the 2014 period.

The item *amounts due from other customers* includes both the receivable accrued by the management companies for the services provided by ENAV and from other customers for projects abroad under construction by the Company.

The bad debts allowance amounts to € 51,607 thousand in total and showed the following movements during 2015:

			Decreases		
	31.12.2014	**Increases**	**Utilizations**	**Eliminations**	**31.12.2015**
Bad debts allowance	44.787	8.285	(385)	(1.080)	51.607

The increase for the period of € 8,285 thousand refers to the write-down of doubtful debt relating to positions in respect of the en-route and terminal charges payable by airline companies that went insolvent or that no longer operate due to their licence being withdrawn, as well as impairment losses for management companies and customers experiencing financial difficulties. The decreases totalling € 1,465 thousand refer for € 385 thousand to receivables prudently written down in previous years and collected in 2015, and for € 1,080 thousand to the write-off of positions that are no longer considered collectible.

The utilisations are recorded in the Income Statement under the caption *impairment losses and reversals of impairments*.

The *Balance receivable*, net of discounting, amounts to € 153,307 thousand, classified under current trade receivables for € 29,029 thousand for the portion that will be recovered in 2016 and therefore included in charge charge for the same period, and for € 124,278 thousand classified under non-current receivables as this is subject to recovery in financial periods after 2016 in accordance with the recovery plans referenced in the performance plan.

Specifically, the balance receivable includes the residual portion of the en-route and terminal balance since 2011 and in subsequent years, and not yet recovered through the charges. Regarding the balance recorded in 2015, it is noted that following Decision No. 347 issued by the European Commission during the month of March 2015, ENAV revised the performance plan for 2015–2019, and presented this to the European Commission in July 2015. Subsequently in October, approval was received, albeit not official, regarding the economic and management data contained therein, which made it possible to calculate the en-route balance on the basis of the data from the last performance plan submitted. In February 2016, during the most recent *Single Sky Committee*, the Commission gave its final approval of the economic performance submitted by Italy. Consequently, en-route balance for € 28,885 thousand and terminal balance for € 2,454 thousand were recorded respectively. Specifically, the en-route balance refer to: i) a balance of € 10,395 thousand for the lower revenue recorded in 2015 due to the different en-route charges applied of Euro 78.80, associated with the first performance plan submitted, and the charge that should have been used in accordance with the last performance plan submitted with a charge of Euro 80.49. This entry was made based on the indications received from Eurocontrol, because the new performance plan is effective from 1 January 2015 and this balance will mainly be subject to recovery in the 2016 charges; ii) the balance for the 2015 traffic risk and the portion not recovered on the balance recorded in previous years and included in the 2015 charge for a total of € 12,087 thousand was entered following the lower en-route service units generated compared to what was forecast in the plan (-4.5%); iii) a meteorological balance for € 629 thousand, calculated in accordance with EU regulations, based on a cost recovery logic; iv) the balance on en-route kpi capacity as a bonus for having achieved the objective of 0.09 minutes delay for assisted route flights set in the performance plan, where the Parent Company achieved a result of 0.0095 minutes/flight. Quantifying this bonus, as determined in the plan, can reach up to 1% of en-route revenue, resulting in an entry for a balance of € 5,774 thousand. The terminal balance refers to: i) the capacity balance for the two terminal charge categories subject to the performance plan, which set a target of 0.02 minutes delay in flight arrivals due to causes attributable to ENAV. Taking the five airports as a whole, 80% of objective was achieved, translating into € 138 thousand for the first category and € 196 thousand for the second charge category; ii) the balance for the second charge category for € 56 thousand related to the lower traffic levels generated at year end compared to forecasts (-0.1%), which is calculated on the basis of the total recovery of the difference generated; iv) the balance associated with the third charge category, not included in the performance plan, which maintains a cost recovery logic and amounts to € 2,064 thousand as the portion exceeding the € 20.3 million still borne by the Company and covered by utilising the charges stabilization provision, as had already been decided during the phase determining the charge for 2015.

12.Inventories

Inventories, which consist mainly of spare parts, amount to € 61,988 thousand net of the allowance for inventory losses. Changes over the year were as follows:

	31.12.2014	Increases	Decreases	31.12.2015
Fiduciary inventory	64.849	3.521	(2.479)	65.891
Direct inventory	4.552	547	(619)	4.480
Radio-electric measurement inventory	743	0	0	743
	70.144	**4.068**	**(3.098)**	**71.114**
Allowance for inventory losses	(8.499)	(1.344)	717	(9.126)
Total	**61.645**	**2.724**	**(2.381)**	**61.988**

The increase of € 2,724 thousand, net of the allowance, refers mostly to the fiduciary inventory for the purchase of spare parts for the air navigation operating systems, including the spare parts for radars and luminous visual aids. A small portion of the increase for € 174 thousand refers to spare parts reclassified under this item from plants, property and equipment net of the parts charged to assets. The decrease of € 3,098 thousand, gross of the allowance, relates to the utilisation of spare parts in operating systems.

The inventories allowance increased by € 1,344 thousand due to spare parts becoming obsolete because they refer to systems that are no longer used, and decreased by € 717 thousand following the disposal of spare parts that had already been written down in previous years.

The spare parts in the fiduciary inventory are held by the subsidiary Techno Sky, which manages them on ENAV's behalf.

13. Receivables and payables with group companies

Receivables from Group companies amount to € 12,783 thousand and record a decrease of € 1,143 thousand compared to 31 December 2014, referring mainly to the subsidiary Techno Sky. The receivable mainly relates to the subsidiary Techno Sky (€ 12,175 thousand) and refers for € 11,867 thousand to the intercompany current account, containing the advances made to the company during the year and subsequently used to offset the invoices received from Techno Sky. The account decreased by € 1,550 thousand due to the higher number of positions offset during the period.

Payables to Group companies amount to € 37,172 thousand, recording an increase of € 2,439 thousand over 31 December 2014. These figures in terms of both the balances and the change over the year mainly relate to the subsidiary Techno Sky with whom ENAV had a liability of € 34,873 thousand (€ 31,397 thousand at 31 December 2014); this relates to the charges for last two months for the maintenance of operating and non-operating systems, the maintenance of luminous visual aids and activities connected with ENAV's investment projects. These projects include the activities at Rome Ciampino and Verona Airports, the secondary radar in Brindisi, the technological upgrade to the ACC operational rooms in Brindisi, Milan and Padua. The other payables of € 2,299 thousand (€ 3,336 thousand at 31 December 2014) consist of open positions with the SICTA Consortium, mainly for specialized support activities provided for various projects, also funded by the European Union, amounting to € 2,108 thousand and a balance of € 191 thousand due to ENAV Asia Pacific.

14. Other current assets

Other current assets amounts to € 15,490 thousand and records a decrease of € 2,621 thousand compared to the previous period. The item is made up as follows:

	31.12.2015	31.12.2014	Change
Due from public bodies for capital grants	7.401	10.434	(3.033)
Due from personnel	3.491	3.447	44
Due from public bodies for financed projects	4.138	4.754	(616)
Guarantee deposits	224	298	(74)
Deferred expenses	714	486	228
Sundry receivables	2.607	1.881	726
	18.575	**21.300**	**(2.725)**
Impairment fund, other loans	(3.085)	(3.189)	104
Total	**15.490**	**18.111**	**(2.621)**

Due from public bodies for capital grants refers entirely to the National Network and Mobility Operating Programme (NOP) grants for 2007/2013 that have been approved, but not yet received at 31 December 2015. The net decrease for € 3,033 thousand compared to the balance at 31 December 2014 refers to a series of transactions that took place during the year, and specifically: i) two resolutions from the Management Authority for NOP networks and Mobility 2007/2013 dated 30 June 2015 and 31 December 2015 respectively, which in terms of the first resolution recognised a higher grant contribution for the project related to the Naples Capodichino Airport for € 2,096 thousand, and the second resolution, definanced part of the project referring to the ACC in Brindisi for € 2,262 thousand; ii) € 2,051 thousand was received in relation to past projects; iii) a reduction in the

amounts due for € 816 thousand was recorded relating to projects that while having initially received funding, could not be recognised because they were not paid and completed by the final date (31 December 2015) set by the Management Authority. The receivable for € 3,773 thousand relates to two projects financed by the Action and Cohesion Plan (ACP), where the relevant accounting period ends in March 2017. *Due from personnel refers* to advances for travel expenses to staff on transfer and not yet completed at the end of the financial period, of which the most significant part (€ 3,085 thousand) relates to travel expense advances paid to former company employees, which are being investigated by the judicial authorities and prudently written down in previous periods. Following sentences numbered 745/2011 and 966/2012 issued by the Italian Court of Accounts, which ordered the defendants to pay back the money, € 104 thousand has been collected with a corresponding reduction in the allowance, and recovery plans set up to recover the outstanding amount. As security for the amount an attachment order was served on the persons involved freezing one fifth of their pensions and TFR and TFS termination indemnity as well as their bank accounts and in certain cases properties.
Due from public bodies for financed projects for € 4,138 thousand refers mainly to the co-financing portion relating to the period for the SESAR project, the final report of which will be due in 2016 for an amount of € 3,366 thousand, of which the amounts recorded in 2014 for € 4,252 thousand were received during the financial period. The remaining amount refers to other European projects and training financed by Fondimpresa.
Deferred expenses amounting to € 714 thousand refer largely to insurance premiums relating to the financial period for € 496 thousand.

15. Cash and cash equivalents

The details relating to cash and cash equivalents at 31 December 2015 are shown below.

	31.12.2015	31.12.2014	Change
Bank and post office deposits	156.539	111.051	45.488
Cash and valuables on hand	34	38	(4)
Total	**156.573**	**111.089**	**45.484**

Cash and cash equivalents held at banks and the Central Treasury (Tesoreria Centrale) amount to € 156,573 thousand, and record an increase compared to the previous period of € 45,484 thousand, mainly resulting from the higher collections received for the terminal charge, the payment postponed to 2016 regarding the debt held by the MEF for € 38.2 million and the receipt of the VAT credit.
There are no restrictions on cash and cash equivalents that may limit their availability

16. Shareholders' equity

At 31 December 2015, shareholders' equity amounts to € 1,120,005 thousand, and the changes occurring during the period are detailed in the table following the balance sheets.
The table below provides details of the individual items:

	31.12.2015	31.12.2014	Change
Share capital	941.744	1.121.744	(180.000)
Legal reserve	15.877	13.935	1.942
Other reserves	36.359	36.359	0
IFRS First-time Adoption (FTA) reserve	(3.045)	(3.045)	0
Reserve for actuarial gains/(losses) on employee benefits	(5.805)	(6.974)	1.169
Cash flow hedge reserve	2.693	1.348	1.345
Retained earnings/(accumulated losses)	82.365	81.479	886
Net income for the year	49.817	38.827	10.990
Total equity	**1.120.005**	**1.283.673**	**(163.668)**

Share capital, which is fully subscribed and paid by the sole shareholder, the Ministry of the Economy and Finance, comprises 941,744,385 ordinary shares with a nominal value of 1 euro. On 13 April 2015, the shareholders' meeting resolved a voluntary reduction to the share capital pursuant to Article 2445 of the Italian Civil Code, in an amount of € 180 million, by repaying share capital to shareholders. This resolution became effective on 21 July 2015, bringing the share capital to € 941,744 thousand. The funding required to implement the resolution to reduce share capital was made available through a bond issued on 04 August 2015, and subsequently payment was made to shareholders for € 180 million resulting from the reduction in share capital.
The *legal reserve* amounts to € 15,877 thousand, with a difference of € 1,942 thousand arising from the 5% allocation from 2014 results as resolved by the shareholders' meeting approving the financial statements, which took place on 30 June 2015.
The *other reserves* arise from the capital grants received in 1996/2002 and originally recognised net of deferred taxes that were paid. In this regard, the reserve became available and was reclassified in previous periods under the item "other reserves".
The *First Time Adoption* (FTA) reserve includes the measurement valuation differences in the asset and liability items arising upon the first time adoption of international accounting standards.

The *reserve for actuarial gains/(losses)* for employees benefits incorporates the effects of the actuarial estimates for post employment benefits (TFR), stated net of the tax effect, which at 31 December 2015 was in the negative for € 5,805 thousand.
The *cash flow hedge reserve*, for € 2,693 thousand, includes the fair value change of derivative financial instruments, which recorded an increase during the year for an amount net of taxes of € 1,345 thousand. This difference is partly due to recording the exchange rate gains relating to the payment made by ENAV to the subsidiary ENAV North Atlantic LLC to purchase the dollars needed to pay the third tranche for the investment in Aireon.
Retained earnings/(accumulated losses) include the results recorded in previous years. It increased in 2015 by € 886 thousand following the allocation of the residual portion of the 2014 result, subsequent to the resolution taken by the shareholders' meeting on 30 June 2015 to pay a dividend of € 36 million in favour of shareholders and to make an allocation to the legal reserve.
The gains for the financial period amount to € 49,817 thousand.
The following table provides a summary of the purposes for which the equity reserves may be used in accordance with the requirements of article 2427 of the Italian Civil Code and IAS 1.

	Amount	Possible use
Capital reserves		
Other reserves	36.359	A, B, C
Revenue reserves		
Legal reserve	15.877	unavailable
IAS initial adoption reserve (FTA)	(3.045)	unavailable
Reserve for actuarial gains/(losses) on employee benefits	(5.805)	B
Cash flow hedge reserve	2.693	B
Retained earnings/(accumulated losses)	82.365	A, B, C
Total reserves	**128.444**	

A: increase in share capital; B: absorption of losses C: distribution to shareholders.

Capital management

The objective of ENAV in terms of capital management is to maximise value for Shareholders and support future developments. The Company manages its financing structure and makes adjustments on the basis of economic conditions and the requirements of covenants. ENAV has also set itself the objective of maintaining adequate capital levels, which will allow access to external funding, while at the same time reducing the cost of debt, and adequately support the Company's development activity.
No changes were made to the objectives, policies and procedures for managing capital during the periods ended 31 December 2015 and 2014.

17. Provisions for risks and charges

The provisions for risks and charges total € 9,924 thousand, of which the current portion amounts to € 3,812 thousand. The changes during the financial period are shown in the table below:

	31.12.2014	Increases	Decreases	31.12.2015
Provision for risks from personnel litigation	2.959	1.924	(1.040)	3.843
Provision for risks from other disputes	2.217	185	(1.313)	1.089
Provisions for other risks	3.200	1.792	0	4.992
Total provisions	**8.376**	**3.901**	**(2.353)**	**9.924**

The provision for risks from personnel litigation, with a current portion of € 2,908 thousand, decreased during the period for € 1,040 thousand with the termination of disputes following settlements or cases where the Court found against the Company. The increase of € 1,924 thousand refers to disputes initiated in 2015 for matters relating to employment, where the risk of an adverse outcome has been assessed as being probable. At 31 December 2015, the total amount of judicial claims relating to pending disputes where the risk of loss has been assessed by the Company's counsel as being possible amounts to € 4 million.
The risks provision for other pending disputes, of which the current portion amounts to € 904 thousand, decreased during the period by € 1,313 thousand subsequent to two disputes closing, of which one had a favourable outcome for ENAV with a consequent recognition in the risks provision of the Income Statement for € 670 thousand and another, in which the judgement from the Appeal Court went against the Company for € 643 thousand. The increase of € 185 thousand refers to a prudential reserve based on a recent Appeal Court judgement that imposes the above amount on ENAV. At 31 December 2015, the estimates for the charges associated with pending disputes, where there is a possible risk of an adverse outcome have

been assessed by the Company's lawyers at € 1.2 million. It is noted further that with regard to another dispute assessed as being possible by the Company's lawyers, judgement is pending and the concluding statements and responses have been filed. The case is especially complex and involved, and the legal questions under discussion leave ample margin for the Court's discretion. Nevertheless, the plaintiff's preliminary motions have not been accepted, which leads one to presume a negative outcome for the demands by applicant (who has the burden of proof), The Company has filed a counter-claim for an indeterminate amount.
The item "provisions for other risks" increased in the period by € 1,792 thousand following a provision made to cover certain amounts capitalised to property, plant and equipment under construction, referring to works that may no longer be usable in the future.

18. Tfr and other employee benefits

The TFR and other employee benefits amounts to € 38,289 thousand (€ 40,202 at 31 December 2014) and comprises the liability for employees' termination indemnity (Trattamento di Fine Rapporto), governed by Article 2120 of the Italian Civil Code, which represents the estimate of the amount payable to employees of ENAV on an actuarial basis, upon the termination of their employment.
The changes in TFR and other employee benefits are shown in the table below:

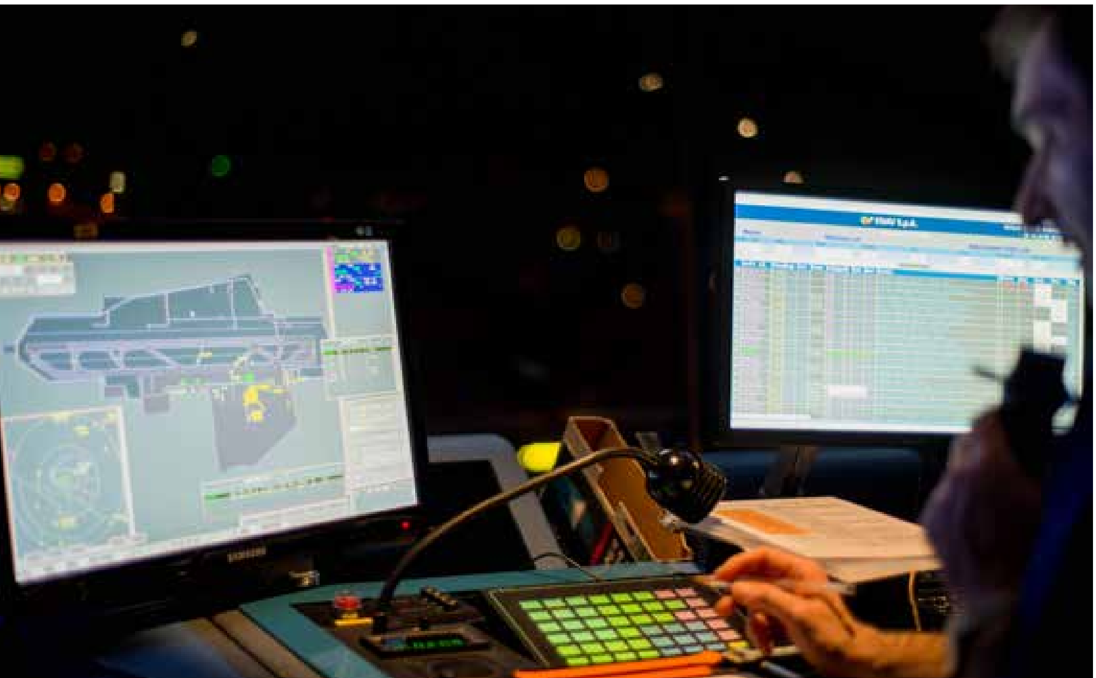
	31.12.2015	31.12.2014
Liability for employee benefits at the beginning of the year	**40.202**	**35.239**
Interest cost	690	1.117
Actuarial (gains)/losses on defined benefits	(1.619)	5.239
Advances. settlements and other changes	(984)	(1.393)
Liability for employee benefits at the end of the year	**38.289**	**40.202**

The TFR provision was utilised for € 984 thousand following the payment made to staff leaving during the period, advances paid to employees that applied for such and, to a lesser extent, to the direct monthly payment of TFR as an integrative portion of remuneration (QU.I.R.) starting from March 2015 in accordance with the 2015 Stability Law, in respect of staff that exercised the option.
The difference between the expected amount calculated on the basis of the previous assumptions and the balance recalculated at period end on the basis of the updated assumptions represents actuarial gains (losses). In 2015, this calculation generated actuarial gains for € 1,619 thousand compared to the actuarial losses recorded in 2014.

A summary is provided below of the main assumptions made for the actuarial estimate of the TFR provision at 31 December 2015, compared to the figures used at 31 December 2014:

	31.12.2015	31.12.2014
Discount rate	2,03%	1,49%
Inflation rate	1,50% for 2016 1,80% for 2017 1,70% for 2018 1,60% for 2019 2,00% from 2020 onwards	1,50%
Rate of annual increase in employee's leaving entitlement	2,625% for 2016 2,850% for 2017 2,775% for 2018 2,700% for 2019 3,00% from 2020 onwards	2,63%
Forecast turnover rate	4,00%	4,00%
Forecast advance rate	2,50%	2,50%

The discount rate used to calculate the present value of the obligation was determined, pursuant to par. 83 of IAS 19, was based on the 10+ IBoxx Corporate AA Index at the Due to the current economic situation with high volatility levels in most of the economic indicators, the inflation rate curve was drawn from the Economy and Finance Document 2015 issued by the MEF, and the *medium-long term trends for the pension and socio-health system* document, published by the State General Accounting Office. The annual rate of increase for the TFR is 75% of the inflation rate plus 1.5 percentage points, in accordance with Article 2120 of the Italian Civil Code.



The demographic fundamentals used for the assessment are provided below.

	31.12.2015	31.12.2014
Dead	IPS55	IPS55
Unable to work	INPS table by age and gender	INPS table by age and gender
Pension	100% reached obligatory General Insurance requirements	100% reached obligatory General Insurance requirements

A sensitivity analysis is shown below, referring to the impacts in respect of liabilities for employee benefits at 31 December 2015, following the changes to the main assessment parameters.

	Liabilities for employee defined-benefit plans 31.12.2015
Turnover rate + 1%	38.190
Turnover rate - 1%	38.476
Inflation rate + 0,25%	38.957
Inflation rate - 0,25%	37.705
Discount rate + 0,25%	37.337
Discount rate - 0,25%	39.352

The average duration for the financial obligation in terms of the defined benefit plans is 11.2 years.
The table below illustrates the payments envisaged in future years for the TFR provision.

	Expected issues
Within 1 year	2.440
Between 1 and 2 years	2.222
Between 2 and 3 years	2.167
Between 3 and 4 years	2.009
Between 4 and 5 years	1.982

19. Current and non-current financial liabilities

Current and non-current financial liabilities include: i) amounts due to banks for medium – long term loans with the current portion classified as current financial liabilities together with the accrued interest for the period; ii) the bond issued on 04 August 2015 recognised in the current liabilities for the interest expense as at 31 December 2015.

The table below shows the figures at 31 December 2015 compared to 2014, and the relevant changes:

	31.12.2015		31.12.2014		Change	
	Current portion	Non-current portion	Current portion	Non-current portion	Current portion	Non-current portion
Due to banks	31.155	150.823	44.743	181.766	(13.588)	(30.943)
Bond loan	1.414	180.000	0	0	1.414	180.000
Totale	**32.569**	**330.823**	**44.743**	**181.766**	**(12.174)**	**149.057**

The table below illustrates the composition of net financial debt at 31 December 2015, compared with the previous period, according to the Consob Communication dated 28 July 2006, and pursuant to the provisions under the recommendation ESMA/2013/319 of 20 March 2013.

	31.12.2015	31.12.2014
(A) Cash	156.573	111.089
(B) Other cash equivalents	0	0
(C) Securities held for trading	0	0
(D) Cash and cash equivalents (A)+(B)+(C)	**156.573**	**111.089**
(E) Current financial receivables	0	0
(F) Current financial liabilities	0	0
(G) Current part of non-current financial debt	(32.569)	(44.743)
(H) Other current financial debt	0	0
(I) Current financial debt (F)+(G)+(H)	**(32.569)**	**(44.743)**
(J) Net current financial debt / (cash and cash equivalents) (D)+(E)+(I)	**124.004**	**66.346**
(K) Non-current bank debts	(150.823)	(181.766)
(L) Bonds issued	(180.000)	0
(M) Other non-current payables	0	0
(N) Non-current financial debt (K)+(L)+(M)	**(330.823)**	**(181.766)**
(O) CONSOB net financial position (J)+(N)	**(206.819)**	**(115.420)**
(P) Current and non-current derivative instruments	968	1.863
(Q) ENAV net financial debt (O)+(P)	**(205.851)**	**(113.557)**

Due to banks at 31 December 2015 decreased in total by € 44,531 thousand subsequent to the repayments made during the period and the effects related to the amortised cost. Specifically, repayments were made on the following loans:

- the repayment of € 8,000 thousand of two semi-annual instalment tranches on the loan with Unicredit S.p.A., with final due date 30 November 2018;

- the repayment of € 20,000 thousand of two semi-annual instalment tranches on the loan with Unicredit S.p.A., with final due date 30 June 2018;
- the repayment of the last portion of the loan for € 15,000 thousand with Intesa San Paolo resulting in the loan being extinguished;
- the repayment of a semi-annual instalment tranche on the loan with Medio Credito Centrale for € 1,667 thousand, with final due date 31 May 2018.

The current portion of the loans amounts to € 31,155 thousand and includes the instalments to be repaid in 2016 in accordance with the amortisation plans, and incorporates the effects related to the amortised cost.
At 31 December 2015, ENAV had committed and uncommitted short-term credit lines for a total of € 217 million, in addition to the portion of EIB funding for € 80 million that had been contracted but not yet utilised, resulting in available funding of € 297 million. The agreements for these facilities provide that interest will be charged at normal market rates, with non-use commitment charges that are not significant.
The following table provides an analysis of the Company's loans, including the general conditions for each of its relationships with the lender concerned.

Lender	Type	Ceiling	Drawn down (nominal value)	Availability	Carrying amount	Interest rate
BNL-Bnp Paribas	Credit line - overdraft	37.000	-	37.000	-	Euribor + 1,90
Medio Credito Centrale	Medium/long-term - 5 years	10.000	10.000	-	8.265	Euribor + 1,90
Credito Valtellinese	Credit line - overdraft	5.000	-	5.000	-	Euribor + 1,85
BNL-Bnp Paribas	13 months - 1 day	50.000	-	50.000	-	Euribor + 1,90
Unicredit	Current account advances - suppliers	10.000	-	10.000	-	Euribor + 1,80
Unicredit	Current account advances - on invoices issued	15.000	-	15.000	-	Euribor + 1,80
Unicredit	Lending advances (no restriction on use)	40.000	-	40.000	-	Euribor + 1,80
Intesa San Paolo	Advances on invoices	60.000	-	60.000	-	Euribor + 0,25
Unicredit	Medium/long-term - 5 years	40.000	40.000	-	23.889	Euribor + 0,34
Unicredit	Medium/long-term - 5 years	100.000	100.000	-	49.773	Euribor + 0,34
EIB - European Investment Bank	Medium/long-term - 15 years	180.000	100.000	80.000	100.051	Tasso fisso + 1,515
Total		**547.000**	**250.000**	**297.000**	**181.978**	

The average interest rate on bank loans for the reference period stood at 1.65%,

slightly down on the previous period, benefiting from the combined effect of the reduced interest rate and the contraction in the spread applied, and as a result of the debt renegotiation carried out by the Parent Company during the period.
The Parent Company issued a seven-year bond on 04 August 2015 with a par amount of € 180 million, listed with the *Luxembourg Stock Exchange's regulated market*, with a full bullet repayment on the maturity date (04 August 2022). The bond issue involves the payment of an annual coupon in arrears at a fixed rate of 1.93% of the par value, with the first interest payment falling due on 04 August 2016. The accrued interest for the period of € 1,414 thousand was classified under current liabilities.
With regard to the disclosure required by IFRS 13, it is noted that the fair value of the bond, intended as the price that would be paid to transfer the liability in the scope of an ordinary transaction between market operators, is estimated at € 191,032 thousand at the balance sheet date.
ENAV has estimated the fair value on the basis of the prices and yields observed in the market for debt instruments with similar maturities and risk profiles, using the data provided by primary information providers to build the z-spread used in constructing the discounting curve.

20. Current and non-current trade payables

Current trade payables amount to € 110,805 thousand (€ 114,552 thousand at 31 December 2014) and include payables to suppliers for the goods and services needed for the Group's business for € 97,567 thousand, which shows a drop of € 10,379 thousand compared to the previous year as a result of the net effect of higher payments and lower debt recorded for the period. The item also includes the pre-financing contributions received on programmes funded by the EU, of which the SESAR represents the major portion, and the Eurocontrol balance classified under the current section for € 6,272 thousand and under non-current trade payables for € 6,625 thousand.
In total, the debt for balances amounts to € 12,897 thousand and refers to the following positions: i) the inflation balance recorded in 2014 that was adjusted in 2015 subsequent to the notification from Eurocontrol of the change made to the calculation formula used to determine effective inflation, compared to what had been planned in the 2012–2014 performance, and asking ENAV to adopt this new calculation. This change resulted in a positive balance being posted for € 5,505 thousand, thus re-determining the debt for the 2014 inflation balance to € 2,439 thousand to be repaid to carriers in 2016, and thus classified under current payables; ii) the short-term portion balance for € 3,941 thousand relating to the difference between the Eurocontrol costs stated in the performance plan and the actual result. As stipulated by the European Commission, these costs are considered to be exempt of the cost-sharing mechanism pursuant to EU Regulation 391/2013, and as such the difference between the forecast operating costs and the effective stated costs must be returned or requested from carriers; iii) the en-route inflation balance for € 5,621 thousand calculated on planned costs for 2015 by taking the difference between the inflation percentage envisaged in the plan at 1.03% and the final inflation rate of

0.1%; iv) the terminal inflation balance calculated using the same method as for the route, for a total of € 957 thousand; v) the meteorological balance on the first charge category for € 46 thousand.

21. Other current and non-current liabilities

Other liabilities consist of the items shown in the following table, broken down between the current and the non-current portion:

	31.12.2015		31.12.2014		Change	
	Current portion	Non-current portion	Current portion	Non-current portion	Current portion	Non-current portion
ChargeStabilization Provision	0	0	0	20.304	0	(20.304)
Amounts on account	80.223	0	67.014	0	13.209	0
Other payables	88.068	0	48.901	0	39.167	0
Grants	8.848	112.788	9.721	122.225	(873)	(9.437)
Total	**177.139**	**112.788**	**125.636**	**142.529**	**51.503**	**(29.741)**

The *Charge Stabilization Provision* was created in 2003, with the approval of the 2002 financial statements by the shareholders' meeting held on 09 May 2003, with the allocation of the Tax receivable settlement reserve (Law 289/02) for € 72,697 thousand. The provision increased in subsequent years following allocation by the Shareholders' Meeting of a part of ENAV's net income for the year and has been used solely for business purposes. With the Shareholders' Meeting held in August 2013, the provision's validity was extended to the period 2013/2015 with the aim of supporting the market by introducing a price control mechanism for the costs to be borne by carriers for flight assistance services.
In 2015, the Charge Stabilization Provision came to a nil balance, when the entire amount of € 20,304 thousand was utilised, to reduce the third category terminal charge as decided at the time of calculating the relevant charge.
The item deposits totals € 80,223 thousand and refers for € 71,499 thousand to the balance payable to the Italian Air Force (Aeronautica Militare Italiana (AMI)) for the its portion collections in 2015 for en-route and terminal services and for € 8,724 thousand for the payable to ENAC on the relevant collections relating to the same services.
The payable to AMI for en-route services amounts to € 61,579 thousand (€ 52,413 thousand at 31 December 2014) and will offset the receivable due from the Ministry of the Economy and Finance (MEF) to the full extent of the amount, and with the remaining portion charged to other current liabilities and subject to payment after the approval of the financial statements. The payable to AMI for terminal services amounts to € 9.920 thousand (€ 10,415 thousand at 31 December 2014) and in accordance with Law 183/2011 that came into effect on 1 July 2012, the portion referring to terminal charges revenue is paid to the Air Force in two annual

instalments. In 2015, a total of € 21,062 thousand was paid with reference to the second half of 2014 and the first half of 2015. The liability represents the portion due for the second half of 2015 which will be paid by the end of April 2016.
Starting in 2011 and in compliance with EU regulations, the supervisory costs of ENAC (Ente Nazionale per l'Aviazione Civile), the Italian civil aviation authority, are also considered when determining the en-route and terminal charges. This calculation resulted in the portion of revenue referring to ENAC and determined on the basis of the costs communicated and the Service Units developed, representing a payable for ENAV that is recorded in this caption, and which at 31 December 2015 amounts to € 8,724 thousand (€ 4,185 thousand at 31 December 2014).
Other payables recorded a net increase of € 39,167 thousand mainly attributable to the recognition of the payable in respect of the Ministry of the Economy and Finance for € 38,201 thousand arising from the Parent Company ENAV's debt for the en-route advance payments accrued to the Italian Air Force in 2014, net of the Parent Company's receivable in respect of the MEF for exempt flights recorded in the previous period. This amount is not yet due as the appropriate indication is pending from the MEF. In addition, this item includes: i) the payables to personnel amounting to € 36,672 thousand, which is in line with the previous period (€ 36,068 thousand at 31 December 2014) and refers to the payable for vacation earned but not yet taken for € 12,883 thousand and the provision for personnel costs for relevant variable items for a total of € 23,789 thousand; ii) the payable for the supplementary pensions for € 8,860 thousand, paid at the beginning of 2016 to the corporate pension funds such as Prevaer and Previndai and other funds selected by employees.
The item *contribution grants* includes: i) the PON networks and mobility grants relating to 2000/2006 and 2007/2013 periods referring to specific investments made at the airports in Southern Italy for a residual amount of € 47,828 thousand (€ 56,976 thousand at 31 December 2014). During the period, these recorded a decrease of € 9,148 thousand of which € 8,167 thousand reversed for the period to the Income Statement relating to the amortisation of investments to which the contributions referred to, and € 165 thousand as a result of the net effect arising from the de-financing of a portion of the investment project for the ACC in Brindisi and the recognition of an additional grant for the project at Naples Capodichino Airport, and for € 816 thousand to the portion of the projects not paid and not completed by 31 December 2015, the final date set by the Authority to recognise these projects for funding purposes. The current portion amounts to € 7,523 thousand and refers to the amount that will be reversed to the Income Statement in the next 12 months; ii) the grants referring to investments for military airports, pursuant to Law 102/09, for € 66,557 thousand (€ 67,596 thousand at 31 December 2014) recorded a decrease of € 1,039 thousand as a result of the reversal to the Income Statement of the portion relating to the period for the upgrading of the technological systems at Verona's Villafranca Airport and the works carried out at the Airports of Comiso, Roma Ciampino and Treviso. The current portion amounts to € 1,177 thousand; iii) other grants on investments for € 7,232 thousand (€ 7,337 thousand at 31 December 2014) referring mainly to European funding obtained within the scope of the TEN-T predominantly for the "ANSPs Interim Deployment Programme Implementation"

project for new technology and procedures associated with air transport, where ENAV plays a coordinating role. The decrease for the period relates to the portion reversed to the Income Statement regarding the amortisations of the investments that the grant referred to for € 105 thousand and the portion classified under other current liabilities for € 128 thousand.

22. Tax and social security payables

Tax and social security payables amount to € 40,192 thousand and consist of the following items:

	31.12.2015	31.12.2014	Change
Tax payables	19.146	6.240	12.906
Social security payables	21.046	19.722	1.324
Total	**40.192**	**25.962**	**14.230**

Taxes payable shows an increase of € 12,906 thousand mainly due to the IRES payable of € 11,946 thousand, as the net debt between the tax related to the period for € 21,946 thousand less the credit recorded in 2014 and the advances paid for a total of € 9,934 thousand and the withholding tax paid for € 66 thousand. The remaining portion refers to employee withholding taxes and was paid in January 2016.
The social security payables include both the employee portion social security costs for the month of December and paid the following month, and the employer portion of the contributions on personnel costs recorded for the period for a total of € 12,351 thousand.

Information on items in the Income Statement

23. Revenues from operations and balance revenues

Revenue from operations and balance, which are also pertinent to operations, amount to € 790,562 thousand and € 17,708 thousand respectively, and record a decrease of € 19,689 thousand and a balance increase of € 33,724 thousand respectively. The following table provides an analysis of the individual items:

	31.12.2015	31.12.2014	Change
Route revenues	566.073	589.395	(23.322)
Terminal revenues	179.988	171.722	8.266
Route and terminal exemptions	14.406	14.236	170
Third party market revenues	9.791	10.518	(727)
Charge stabilization supplementary contributions	20.304	24.380	(4.076)
Total revenues from operations	**790.562**	**810.251**	**(19.689)**

Route revenues stand at € 566,073 thousand and record a decrease of € 23,322 thousand compared to the previous year, due almost entirely to the lower service units developed in the period, which were down -1.7% compared to the final balance in 2014 (+2.45% 2014 over 2013) and that refer both to overflight and national air traffic. The charge applied for 2015 at € 78.80 was essentially unchanged compared to 2014, as shown in the first national performance plan submitted for the period 2015–2019. The impact from the charge that should have been applied starting from 1 January 2015 at € 80.49, in accordance with the new performance 2015–2019 performance plan submitted in July 2015 and approved by the European Commission, is recognised under the item Balance and amounts to € 10,395 thousand.
Terminal revenues total € 179,988 thousand and record an increase of € 8,266 thousand compared to the previous period, as a consequence of the service units developed at individual airports identified in terms of the charge categories and the relative charges applied. The following events are specifically noted: i) more overall service units developed in 2015 at +0.6% compared to the actual in 2014 (+2% 2014 over 2013), with a different trends in the three charge zones, in particular, Fiumicino Airport (zone 1) recorded more assisted traffic expressed in service units of 1.4%. zone 2 represented by the Airports of Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio saw an increase of 24% due to the second charge zone coming into effect for the Orio al Serio Airport in Bergamo, which in 2014 had fallen under category three. Category three that includes 38 airports, in 2015 shows a decrease of 12.6% in terms of service units developed due mainly to Bergamo's Airport being reclassified under the second charge category, and is mitigated by the move of two military airports open to civil traffic to ENAV management; these refer to Treviso that moved over on 26 June 2015 and Brindisi on 09 December 2015; in addition, an entire year's revenue was generated at Rome Ciampino and Verona

Airports, which in 2014 was only included for six months of the year; ii) the charges applied for the charge categories, being Euro 195.57 for category 1 remains stable compared to the previous period (Euro 195.79 in 2014), Euro 214.72 for the second category that is essentially unchanged (Euro 214.15 in 2014) and Euro 260.96 for the third category, marking an increase compared to the previous year of € 246.05 and a portion covered by ENAV with the contribution resulting from the charge stabilization. In fact, the supplementary charge stabilization contribution of € 20,304 thousand corresponds to what was attributed when determining the third category terminal charge, an intervention for the purposes of supporting the market during the current crisis.

Revenues associated with *en-route and terminal exemptions* for € 11,327 thousand (€ 10,940 thousand at 31 December 2014) and € 3,079 thousand (€ 3,296 thousand at 31 December 2014) respectively appear largely stable compared to the previous period and refer to exempt flights, which are mainly military flights.

Third party market revenues stand at € 9,791 thousand and record an overall decrease of € 727 thousand being the net effect between the different types of services rendered in 2015. In particular, we note the increase of revenues for radio-measurement services for € 936 thousand associated with the services rendered in Saudi Arabia, Abu Dhabi, Uganda and Albania, and a drop in aeronautical consulting projects compared to 2014, due to the completion of the projects in Libya and Dubai, in addition to the drop in revenues from the project in Malaysia, where the contract is nearing completion.

The Balance component, which is also part of ENAV's operations amounts to € 17,708 thousand and comprises the items shown in the table below:

	31.12.2015	31.12.2014	Change
Balance charge adjustment for the year	24.713	41.321	(16.608)
Discounting effect	(389)	(4.064)	3.675
Balance variations	1.564	0	1.564
Utilization of the balance	(8.180)	(53.273)	45.093
Total	**17.708**	**(16.016)**	**33.724**

The item Balance for the year represents the additional charge arising from charge addition comparing the actual traffic volumes and/or costs as compared with the planned amounts used in determining the charge prior to charge before adjustment to fair value through discounting and the en-route charge difference derived from the difference applied for the route between the first performance plan submitted and the new approved performance plan, of which € 23,264 thousand refers to routes and for € 1,449 thousand refers to terminals. More specifically, the en-route balance recorded for the period refers to: i) the balance associated with lower revenue in 2015 related to the different en-route charges applied, connected to the first performance plan submitted (Euro 78.80), and the charge that should have been used to comply

with the latest performance plan submitted (Euro 80.49), which amounts to € 10,395 thousand; ii) the balance for traffic risk and the portion not recovered on the balance recognised in previous years and entered in the 2015 charge for a total of € 12,087 thousand as a consequence of the lower en-route service units actually produced compared to what was in the plan (-4.5%); iii) a meteorological balance for € 629 thousand; iv) the bonus balance related to achieving the plan target related to en-route capacity for € 5,774 thousand; v) a negative inflation balance for € 5,621 thousand as a result of the lower inflation effectively recorded compared to what had been provided for in the performance plan. The terminal balance refer to: i) the bonus balance on kpi capacity for the two terminal charge categories subject to the performance plan for € 333 thousand of which € 138 thousand related to the first charge category and € 195 thousand to the second category; ii) the balance associated with the lower traffic levels generated at the year-end for the second charge category compared to the forecast figure (-0.1%) that is determined on the basis of total recovery of the difference generated for € 55 thousand; iii) the negative inflation balance for both charge categories subject to the performance plan for a total of € 957 thousand; iv) the meteorological balance for category 1 for a negative figure of € 46 thousand; v) the balance associated with the third charge category, not included in the performance plan, which still applies a cost recovery logic and amounts to € 2,064 thousand.
The discounting effect of negative € 389 thousand arises from the separation of the financial component from the balance mechanism, which was performed by discounting the balance generated in the year, according to a predefined recovery plan.
The change in balance for € 1,564 thousand consists of a positive component for € 5,505 thousand relating to the adjustment on the inflation balance recorded in 2014 following the communication received from Eurocontrol regarding the change to the calculation formula used to determine actual inflation, compared to what had been envisaged in the 2012–2014 performance plan. This change resulted in the inflation balance being negative for € 2,439 thousand compared to the € 7,944 thousand recorded in 2014, and the consequent positive posting for the above amount. The residual amount on the change in the balance also contains a negative component for € 3,941 thousand relating to the difference between the Eurocontrol costs declared in the performance plan and the actual figure for the 2014 period. As stated by the European Commission, these costs are considered to be exempt from the cost-sharing mechanism referred to in EU Regulation 391/2013 and as such are reimbursed to or requested from carriers.
The utilisation of the balance for € 8,180 thousand refers to the release to income of the portion of the en-route inflation balance recorded in 2013.

24. Other operating income

Other operating income amounts to € 48,463 thousand, representing a decrease of € 1,377 thousand over the figure for the year ended 31 December 2014. The item may be analysed as follows:

	31.12.2015	31.12.2014	Change
Capital grants	9.312	12.339	(3.027)
Revenue grants	30.660	31.623	(963)
European funding	4.290	3.038	1.252
Other revenues and income	4.201	2.840	1.361
Total	**48.463**	**49.840**	**(1.377)**

Capital grants relate to the entry in the Income Statement for part of the deferred income corresponding to the depreciations made on the assets that the grant refers to, as detailed under Note No. 20.

Revenue grants include € 30 million consisting of the amount awarded to ENAV pursuant to article 11-septies of Law No. 248/05 to offset the costs incurred to ensure the safety of its systems and equipment and operational safety. The remaining portion for € 660 thousand refers to training funded by Fondimpresa.

European funding relates to the portion relevant to ENAV for having participated in various European projects, of which the SESAR Joint Undertaking represents the predominant portion (€ 2,607 thousand). The increase during the period is attributable to new projects recognised, including *free solution, medale, racoon sesar deployment manager*.

Other revenues and income consist mainly of cost recoveries for personnel seconded within the ENAV Group and at third parties, rental income for premises at Naples airport and the penalties charged to suppliers for delays compared to contractually agreed deadlines, as well as the reimbursement of claims. Specifically, the increase in this item is mainly linked to the amount received from insurance companies for damages caused by third parties to the Company in the perimeter of the airports during previous financial periods, for an amount of € 1,566 thousand recovered during the year.

The composition of the item revenue for the financial periods ended 31 December 2015 and 2014 is shown below, subdivided according to geographic area:

Revenues	31.12.2015	% of revenue	31.12.2014	% of revenue
Italy	847.378	98,9%	835.738	99,0%
EU	5.310	0,6%	4.058	0,5%
Extra EU	4.045	0,5%	4.279	0,5%
Total revenues	**856.733**		**844.075**	

25. Costs for goods and services, lease and rental costs and other operating costs

The costs for goods and services, lease and rental costs and other operating costs total € 201,554 thousand and show a decrease of € 13,335 thousand compared to the previous period. Details of these costs are set out in the following table:

	31.12.2015	31.12.2014	Change
Purchases of goods	4.193	3.647	546
Costs for services:			
Maintenance expenses	78.381	76.265	2.116
Costs for Eurocontrol contributions	38.804	40.535	(1.731)
Costs for utilities and telecommunications	39.400	42.087	(2.687)
Insurance premiums	6.828	6.732	96
Cleaning and security	5.415	5.858	(443)
Other personnel costs	7.357	7.282	75
Professional services	9.234	19.051	(9.817)
Other costs for services	5.325	5.657	(332)
Total costs for services	**190.744**	**203.467**	**(12.723)**
Leases and rentals	3.390	4.596	(1.206)
Other operating costs	3.227	3.179	48
Total	**201.554**	**214.889**	**(13.335)**

Purchases of goods consist mainly of the costs incurred to purchase spare parts for systems and equipment used for air traffic control and the relative change to inventories. The increase for the period is due to the higher number of spare parts bought for radars, telecommunication devices and the luminous visual aids.

The *costs for services* record a decrease in the period of € 12,723 thousand with the trend differing according to the type of expense. In particular, we note the following: i) an increase in maintenance costs for € 2,116 thousand referring mainly to aircraft maintenance for the global support of the Piaggio P180 Avanti II – I-ENAV NC 1230 for € 415 thousand and the maintenance of the SIPRO-AIRNAS system that became operational at the end of the previous financial period. The maintenance of installations and devices to control air traffic is essentially comparable to the previous year, despite the fact that maintenance at Treviso and Brindisi Airports was handed over to the subsidiary Techno Sky in 2015, with the management of the relevant assets entrusted to ENAV; ii) a reduction in the Eurocontrol grant, as per the figures approved and notified by the latter, and due for the activities carried out for en-route services; iii) the drop in costs for utilities and telecommunication for € 2,687 thousand refers principally to the reduced costs for the operating data connections (E-net network) following a 25% reduction in prices provided by the supplier for the period June – October after intense negotiations between the parties, as well as a reduction in the prices on network data traffic management; iv) a decrease in cleaning

costs following the new contracts signed in 2015; v) the decrease in the costs for professional services, which in the previous period had initially been classified under property, plant and equipment and intangible assets, and then reclassified as an expense following the transition to international accounting standards, given that they did not have the prerequisites to be recognised under those items.
Leases and rentals have decreased by € 1,206 thousand due to the termination of rental contracts for certain properties following the transfer of staff to the new offices located in the same area of the Area Control Centre at Ciampino, starting from 1 October 2014.

26.Personnel costs

Personnel costs amount to € 411,843 thousand and show an increase compared to the previous period of € 8,630 thousand as seen in the table below:

	31.12.2015	31.12.2014	Change
Wages and salaries. of which:			
fixed remuneration	241.731	235.704	6.027
variable remuneration	47.244	46.339	905
Total wages and salaries	**288.975**	**282.043**	**6.932**
Social security contributions	94.836	93.353	1.483
Employees' leaving entitlement	18.418	17.864	554
Other costs	9.614	9.953	(339)
Total personnel costs	**411.843**	**403.213**	**8.630**

The item salaries and wages went up in total by € 6,932 thousand, of which € 6,027 thousand refers to the fixed portion of remuneration for: i) changes in qualification and an increase in the monthly bonus ("superminimo") due to the salary restructuring of CTA personnel that involves around € 1.4 million; ii) increases in remuneration in accordance with the National Collective Labour Agreements (CCNL) with effect from October 2014, which in the current period refers to around € 2.5 million for the entire year; iii) natural rises in remunerations impacting for around € 1.8 million; iv) hiring of CTA and EAV operational personnel. The variable portion of remuneration shows an increase of € 905 thousand with a different trend in the individual components making up the item, which results in a drop in overtime worked by both operational and structure personnel and in the vacation time earned but not taken by employees, thanks to the company's focus of ensuring that leave was duly taken by both operational and administrative staff. An increase was noted on the other hand in the cost items relating to transfer and travelling allowances due to the start-up of the low traffic volumes airports project.

Social security contributions grew by € 1,483 thousand due to the higher taxable base, and other costs came down by € 339 thousand mainly attributable to the item study bursaries and reimbursement subsequent to the completion of the CTA courses in May. The item above also includes the incentives for voluntary redundancy paid to outgoing employees and managers in 2015 for a total of € 4.9 million (€ 4.6 at 31 December 2014)

The table below details the Group's personnel, subdivided according to category and professional profile:

	31.12.2015	31.12.2014	Change
Executives	55	62	(7)
Middle managers	368	364	4
White-collar workers	2.970	2.912	58
Total at 31 December	**3.393**	**3.338**	**55**
Average	**3.395**	**3.337**	**58**

	31.12.2015	31.12.2014	Change
Management and coordination	423	426	(3)
Air traffic controllers	1.701	1.644	57
Flight assistant experts	435	434	1
Meteo service operators	30	30	0
Flight staff	23	25	(2)
Administrative staff	480	483	(3)
Technical staff	204	196	8
ICT staff	97	100	(3)
Number at 31 December	**3.393**	**3.338**	**55**

27 Costs for capitalised internal work

The costs for capitalised internal work amount to € 5,978 thousand (€ 5,437 thousand at 31 December 2014), and refer entirely to the capitalisation costs for employees on work carried out on the investment projects underway. The increase for the period is attributable to the higher number of hours worked on these projects compared to the previous year.

28. Financial income and expense

Financial income amount to € 8,324 and include the items detailed in the table below:

	31.12.2015	31.12.2014	Change
Income from investments in other companies	250	250	0
Interest income from discounting the "balance"	4.443	0	4.443
Interest income on VAT receivable awaiting refund	796	684	112
Other interest income	2.835	2.467	368
Total financial income	**8.324**	**3.401**	**4.923**

This increased by € 4,923 thousand in total attributable mainly to financial income from discounting on charges following the adjustment to the current value on the related receivables recorded for the change to the charges recovery plan, in accordance with the performance plan 2015–2019. This change amounts to € 2,111 thousand, whereas the remaining amount of € 2,332 thousand refers to the portion of financial income relating to the discounting for 2015. Other interest income relates mainly to default interest applicable to airline companies for the late payment of charges.
Financial expenses come to € 5,580 thousand and are detailed in the table below:

	31.12.2015	31.12.2014	Change
Interest expense on bank loans	2.955	3.538	(583)
Negative interest on bond loans	1.414	0	1.414
Interest expense on employee benefits	690	1.117	(427)
Interest expense from discounting the "balance"	0	3.059	(3.059)
Other interest expense	521	655	(134)
Total financial expense	**5.580**	**8.369**	**(2.789)**

The net decrease of € 2,789 thousand is mainly due to the nil balance on financial expenses as a result of the balance discounting, which in 2014 led to an adjustment to the current value of the related receivables associated with the longer estimated recovery time on these; this effect was changed in 2015, as shown above, following the forecasts contained in the new performance plan.

Financial expenses also recorded an increase of € 1,414 thousand due to the recognition of the interest payable on the 2015 bond issue and the drop in interest for bank funding both as a result of the lower debt and the reduced interest rates.

29. Income taxes

Income taxes total € 27,492 thousand and comprise the items shown in the table below:

	31.12.2015	31.12.2014	Change
IRES corporate income tax charge	21.946	4.768	17.178
IRAP regional production tax charge	3.886	20.920	(17.034)
Prior year taxes	6	(126)	132
Total current taxes	**25.838**	**25.562**	**276**
Advance tax	1.237	(1.332)	2.569
Deferred tax	417	522	(105)
Total Deferred tax assets and liabilities	**27.492**	**24.752**	**2.740**

Reference should be made to note 9 for further details on the recognition of deferred tax assets and liabilities.
The tax rate for the 2015 period stood at 28.1% compared to 40.4% in the previous period, benefiting from the amendments to the IRAP calculation with the introduction of the 2015 Stability Law, regarding the deductibility of expenses incurred for staff employed with a permanent contract for IRAP purposes and the consequent change to the IRAP portion that can be deducted for IRES purposes.

The IRES and IRAP tax rates referring to 2015 and 2014 are detailed in the tables below:

	FY 2015		FY 2014	
	IRES	% effect	IRES	% effect
Income before income taxes	91.912		63.579	
Theoretical rate	25.276	27,5%	17.484	27,5%
Effect of increase/(decrease) compared to ordinary tax				
Non-deductible contingent liabilities	299	0,3%	178	0,3%
Deduction of IRES for IRAP paid on labour costs	(108)	-0,1%	(5.722)	-9,0%
Use of stabilisation tariffs	(5.584)	-6,1%	(6.705)	-10,5%
Other	84	0,1%	64	0,1%
Temporary differences for risk, credit and inventory impairment provisions and other positions	1.979	2,2%	(532)	-0,8%
Actual IRES	**21.946**	**23,9%**	**4.768**	**7,5%**

	FY 2015		FY 2014	
	IRAP	% effect	IRAP	% effect
Income before income taxes	91.912		63.579	
Theoretical rate	4.393	4,78%	2.956	4,65%
Effect of increase/(decrease) compared to ordinary tax				
Non-deductible labour costs	0		18.512	29,1%
Use of stabilisation tariffs	(971)	-1,1%	(1.134)	-1,8%
Other	590	0,6%	355	0,6%
Temporary differences for risk, credit and inventory impairment provisions and other positions			0	
Financial income and expense	(127)	-0,1%	230	0,4%
Actual IRAP	**3.886**	**4,2%**	**20.920**	**32,9%**

Other information

30 Related Parties

ENAV's related parties are identified in accordance with IAS 24 and refer to the transactions carried out in the Company's interest. These form part of ordinary operations and unless stated otherwise are conducted under market conditions. Related parties are identified as those internal ENAV and external to ENAV. External related parties are the controlling and supervisory Ministries, namely the Ministry of the Economy and Finance (MEF) and the Ministry of Infrastructure and Transport (MIT), in addition to the entities subject to the control of the Ministry of the Economy and Finance. Relations with the controlling and supervisory Ministries are based on regulations and refer to: i) the rendering of flight assistance services referring to exempt flights and charged to the Ministry of the Economy and Finance; ii) safety services on systems contributed by the Ministry pursuant to Law 248/05, in addition to the funding of investments at airports in Southern Italy recognised by the Authority managing the PON Networks and Mobility.

Internal related parties consist of direct and indirect subsidiaries. The transactions carried out by the Company with its subsidiaries mainly relate to the following:

- the exchange of goods with and the provision of services to the subsidiaries Techno Sky, ENAV Asia Pacific and the SICTA Consortium;
- commercial relations with the subsidiary Techno Sky settled through a non-interest bearing intercompany current account.

More specifically, Techno Sky essentially provides ENAV with services associated with the maintenance of flight assistance systems and equipment, as well as the maintenance of civil infrastructure not connected with operating functions.

The balance sheet items referring to related parties for the 2015 and 2014 financial periods respectively are detailed below.

Balance at 31.12.2014

Company name	trade receivables and other current assets	Cash and cash equivalents	Financial debt	Trade liabilities and other current liabilities	revenue and other operating income	costs for goods and services, lease and rental costs and other operating costs	Capitalised costs	Financial expense
Direct related parties								
Techno Sky S.r.l.	12.175	0	0	34.873	734	62.946	26.697	0
SICTA Consortium	0	0	0	2.108	115	2.207	0	0
ENAV Asia Pacific Sdn Bhd	608	0	0	191	325	320	0	0
External related parties								
Ministry of Economy and Finance	14.366	2.470	0	99.780	14.366	0	0	0
Ministry of Infrastructure and Transport	37.401	0	0	0	38.167	0	0	0
Enel Group	0	0	0	138	0	199	30	0
Finmeccanica Group	169	0	0	24.388	189	2.354	0	0
Gruppo Poste italiane	0	0	8.265	9	0	139	0	368
Other external related parties	24	0	0	19	94	66	0	0

Balance at 31.12.2014

Company name	trade receivables and other current assets	Cash and cash equivalents	Financial debt	Trade liabilities and other current liabilities	revenue and other operating income	costs for goods and services, lease and rental costs and other operating costs	Capitalised costs	Financial expense
Direct related parties								
Techno Sky S.r.l.	13.556	0	0	31.397	601	63.189	22.437	0
SICTA Consortium	38	0	0	3.151	115	2.370	224	0
ENAV Asia Pacific Sdn Bhd	332	0	0	185	391	326	0	0
External related parties								
Other external related parties	0	0	0	18	118	75	3	0

	Balance at 31.12.2014							
Company name	trade receivables and other current assets	Cash and cash equivalents	Financial debt	Trade liabilities and other current liabilities	revenue and other operating income	costs for goods and services, lease and rental costs and other operating costs	Capitalised costs	Financial expense
Ministry of Economy and Finance	14.212	419	0	52.413	14.212	0	0	0
Ministry of Infrastructure and Transport	40.434	0	0	0	41.350	0	0	0
Enel Group	0	0	0	103	0	70	13	0
Finmeccanica Group	123	0	0	28.343	185	1.480	0	0
Gruppo Poste italiane	0	0	9.962	1	0	158	0	393
Other external related parties	0	0	0	18	118	75	3	0

Related party transactions also include those with key executives in office from 31 December 2015. Senior executives with strategic responsibilities include the Directors of ENAV and first level managers identified by ENAV senior management. The relevant expenses, gross of remunerations and social security and pension contributions, are detailed below:

Description	FY 2015	FY 2014
Items with short/long-term payment	2.032	2.104
Benefits accruing after the end of the employment relationship	140	145
Other benefits with long-term payment	0	0
Total	**2.172**	**2.249**

In accordance with the National Collective Labour Agreements (CCNL), ENAV subscribes to the Prevaer Fund, which is the National Supplementary Pension Fund for non-executive staff in the Air Transport industry and associated sectors. As stated under Article 14 of the Prevaer Fund's Articles of Association, relating to the Fund's corporate structure consisting of: the Shareholders' Meeting of delegated shareholders; the Board of Directors; the Chairman and Deputy Chairman; the Board of Statutory Auditors, representation of shareholders is based on equal participation between workers representatives and the subscribed companies. The Fund's Board of Directors resolves, *inter alia*, on the general criteria for the distribution of risk regarding investments and equity investments, as well as investment policies; the selection of asset fund managers and the depositary bank.

31.Maturity analysis of assets and liabilities

	Within 1 year	From 2 to 5 years	After 5 years	Total
Non-current financial assets	0	968	0	968
Deferred tax assets	0	18.240	0	18.240
Non-current tax receivables	0	23.164	0	23.164
Non-current trade receivables	0	124.278	0	124.278
Total	**0**	**166.650**	**0**	**166.650**
Financial liabilities	32.569	71.111	259.713	363.393
Deferred tax liabilities	0	4.035	0	4.035
Other non-current liabilities	0	21.664	91.124	112.788
Non-current trade payables	0	6.624	0	6.624
Total	**32.569**	**103.434**	**350.837**	**486.840**

Financial liabilities falling due after 5 years refer to bank loans and bonds payable. In this respect reference should be made to note 33.
Other non-current liabilities falling due after five years relate to the portion of capital grants corresponding to the depreciation on the investment projects to which they relate.

32. Guarantees and commitments

Guarantees refer to sureties provided to third parties in our interest for € 2,422 thousand (€ 2,387 thousand at 31 December 2014), and show a net increase of € 35 thousand between the surety commitments issued in previous financial periods and the newly issued sureties in 2015, which include the sureties issued to participate in the tender in Dubai.
In addition, ENAV has signed two letters of patronage totalling € 27,200 thousand in the interest of its subsidiaries Techno Sky and SICTA Consortium in favour of banks as a guarantee for the credit facilities granted for amounts of € 22,200 thousand and € 5,000 thousand respectively, unchanged over 2014.
As stated in this document and detailed under Note 7, through the subsidiary ENAV North Atlantic, ENAV has committed to an investment to purchase a 12.5% interest in the share capital of AIREON LLC by the year 2017. At 31 December 2015, two tranches had been paid and the shareholding currently stands at 5.41%.

33. Basic earnings per share

The basic earnings per share are shown at the bottom of the Income Statement, and are calculated by dividing the net income for the year attributable to the Parent Company Shareholder by the weighted average number of ordinary shares issued during the year.
We note that on 21 July 2015, the resolution to voluntarily reduce the share capital took effect, with the consequent cancellation of 180,000,000 shares with a par value of € 1. Subsequent to this reduction, the share capital comprises 941,744,385 ordinary shares with a par value of € 1.
The table below summarises the relative calculation.

	31.12.2015	**31.12.2014**
Profit attributable to Shareholders of ENAV	49.817.458	38.827.033
Weighted average number of ordinary shares	1.040.867.673	1.121.744.385
Profit (loss) base per share	0,05	0,03

It is noted that on 02 March 2016, an extraordinary Shareholders' Meeting was held to voluntarily reduce the share capital pursuant to Art, 2445 of the Italian Civil Code by constituting a specific equity reserve for € 400 million. This reduction will take effect once the 90 days required by the law have lapsed, namely on 02 June 2016.

34. Risk management

Credit risk

ENAV is exposed to credit risk, which essentially refers to the risk of one or more trading partners being unable to fulfil a portion or all of its payment obligations. This risk mainly refers to current trade receivables relating to operations, and specifically regarding the En-Route Services and Terminal Services, which represent the highest exposure in the balance sheet. These amounts basically refer to receivables accrued in respect of airline companies relating to Charges, and in respect of which Eurocontrol acts as a management and collection agent. Irrespective of the intermediary role played by Eurocontrol, in this context that results in the receivables being formally recognised in the financial statements and invoiced to Eurocontrol, the assessment regarding the effective credit risk that the Company is exposed to, is done in relation to the counterparty's risk regarding each individual carrier that has accrued an underlying debt. This because Eurocontrol does not assume any credit risk in relation to the possible insolvency of carriers and pays its liabilities to ENAV only once it has received the respective amounts from the airlines. Eurocontrol is proactive in recovering these monies, and initiates the relative legal action where necessary.
An appropriate bad debts allowance has been made by the Company to meet the risk of non-payment by debtors. The process followed by ENAV for writing down receivables consists of making write-downs of individual customer balances that depend on the financial situation of the carrier concerned, the possible withdrawal of the carrier's flight licence, the age of the receivable, the in-house assessment relating to the individual debtor's credit capacity, as well as information provided by Eurocontrol for en-route and terminal receivables. The amounts referring to doubtful recoveries are recorded in the balance sheet in the appropriate bad debts allowance. At 31 December 2015, this amount stood at € 51,607 thousand. The extent of the provision is reviewed on a periodic basis to ensure that it is constantly updated in relation to the perceived credit risk. At 31 December 2015, the doubtful recoveries on trade receivables were fully covered by the bad debt allowance allocated in the financial statements.

Liquidity risk

Liquidity risk refers to the risk that ENAV, while being solvent, could find itself in a situation where it is unable to promptly meet the obligations related to its foreseeable or unexpected financial liabilities, resulting in difficulties in procuring financial resources, or being able to secure these resources at unfavourable conditions due to factors related to the perception of its risk on the market, or due to systematic crisis situations, such as for example, a credit crunch and sovereign debt crisis, or being unable to fulfil the covenants assumed under financing contracts and bonds.
At 31 December 2015, ENAV held cash and cash equivalents for € 157 million, and has short-term credit lines for a total of € 217 million, of which i) short-term committed credit lines are for € 50 million and ii) short-term uncommitted lines amount to € 167 million.

Over the longer term, liquidity risk is mitigated by implementing a strategy of managing debt, based on a diversified structure of funding sources, in terms of the nature of the loans and the counterparties involved that recourse is made to cover the Group's financial requirements, and by having a balanced debt maturity profile.
On the basis of general guidelines set by senior management, the administration, finance and control department establishes the short-term and medium/long-term financial structure and the way in which the relative cash flows will be managed. The Department has made choices that are mainly directed at: i) ensuring that adequate financial resources are available to cover expected short-term commitments, which are systematically monitored through treasury planning; ii) maintaining a prudential liquidity buffer that is sufficient to cover any unexpected commitments; iii) ensuring a level of flexibility in ENAV's medium-long term investment contracts for the technology and infrastructure upgrading on flight assistance systems.
ENAV's gross financial exposure at 31 December 2015 stood at € 363 million, and is represented by debt in respect of banks for medium-long term funding for € 181 million, and subscribers to the bond issued on 04 August 2015, maturing on 04 August 2022, for a principal amount of € 180 million.
The table below shows the maturity analysis for medium-long term bank funding and the bond represented at nominal value, without the effect resulting from the amortised cost method.

Lender	Type	Outstanding balance at 31.12.2015	<1 year	Between 1 and 2 years	Between 3 and 5 years	> 5 years
Medio Credito Centrale	Medium/long-term - 5 years	8.333	3.333	3.333	1.667	0
Unicredit	Medium/long-term - 5 years	24.000	8.000	8.000	8.000	0
Unicredit	Medium/long-term - 5 years	50.000	20.000	20.000	10.000	0
EIB - European Investment Bank	Medium/long-term - 15 years	100.000	0	0	20.287	79.713
Bond loans	Medium/long-term - 7 years	180.000	0	0	0	180.000
Total		**362.333**	**31.333**	**31.333**	**39.954**	**259.713**

The financing contracts shown above entail general commitments and covenants for the Company that may also be negative. While in line with market practices for financing contracts for similar amounts and types, these could limit the Company's operations. Specifically, some contracts envisage early repayment if certain default events should arise. If this should happen, the Company could be obliged to pay back the relevant funding in full and with immediate effect.

More specifically, we note:

- the funding contract signed in 2013 between ENAV and Banca del Mezzogiorno - Medio Credito Centrale S.p.A. for an amount of € 10 million, with half-yearly deferred repayments starting in November 2015 up until May 2018, and an interest rate at the Euribor rate plus a spread of 1.9%. The contract contains a cross-default clause that entitles the Bank to ask for the early repayment of the loan in the event that ENAV does not comply with its financial obligations other than those contained in the funding contract, as well as guarantees undertaken in respect of banks or financial institutions, referring to amounts in excess of € 2 million, unless the situation has been remedied within 10 working days after the relevant due date;
- the two financing contracts signed in 2008 between the Company and Unicredit, which were extended in accordance with the contract conditions up to 2018, for an original amount of € 100 million and € 40 million respectively, entail a repayment plan with deferred half-yearly instalments and interest at the Euribor rate plus a spread of 0.34%. They also include:
  - cross-default clauses that become applicable in the event that ENAV or any other company in the Group does not comply with its financial obligations other than those contained in the financing contracts, as well as guarantees undertaken in respect of banks or financial institutions;
  - a change of control clause that entitles Unicredit to ask for the early repayment of the funding in the event that the Ministry of the Economy and Finance no longer has control of the Company.

  In addition, the two loans referred to above require that certain financial covenants are adhered to, including: i) the net financial debt/EBITDA ratio must not be higher than 1.5 times for the original € 40 million; ii) the net financial debt/EBITDA ratio must not be higher than 3 times for the original funding of € 100 million; iii) the ratio between net financial debt/shareholders' equity must not be higher than 0.7;
- the funding contract signed in 2014 between ENAV and the European Investment Bank (EIB) for € 180 million to finance the investment programmes associated with 4-Flight and other projects. In this regard, at 31 December 2015, the Company had utilised a funding tranche for a total of € 100 million, with a deferred six-monthly repayment plan starting in December 2018 and expiring in December 2029, and an interest rate fixed at 1.515%, which makes provision for:
  - a negative pledge clause, in other words, an undertaking by ENAV not to establish or allow any encumbrances on any of its assets, where encumbrances are intended as any agreement or transaction relating to assets, loans or money realised as an instrument to obtain credit or to fund the acquisition on an asset;
  - a cross-default clause that entitles the EIB to ask for early repayment in the event that ENAV or any other company in the Group does not comply with its financial obligations other than those contained in the financing contracts, as well as guarantees undertaken in respect of banks or financial institutions;

  - a change of control clause that entitles EIB to ask for the early repayment of the funding in the event that any party or group of parties take control of ENAV or the Republic of Italy no longer has control of the Issuer.

  In addition, the loans also requires that certain financial covenants are adhered to, which are verified on an annual and six-monthly basis and calculated according to the Group's consolidated results: i) the gross financial debt and EBITDA ratio must not be less than 3 times ; ii) the EBITDA and financial expenses ratio must be lower than 6 times;
- the bond issued by ENAV in August 2015 for € 180 million, with interest calculated at a fixed annual rate of 1.93% and a single capital repayment on 04 August 2022, which includes:
  - a negative pledge clause, in other words, an undertaking by the Company not to establish or provide third parties with guarantees on the debt or additional privileges in respect of those guaranteed by the bond issued, unless there are duly authorised by a bondholders' meeting;
  - across default clause that entitles the bondholders to ask for the early repayment of the bond in the event that ENAV or its subsidiaries do not punctually meet their financial obligations relating to financial debt other than the bond, for an amount above € 15 million;
  - a change of control clause, which entitles the bondholders to ask for early repayment on the bond issue n the event that a party other than the Republic of Italy, its ministries (including the Ministry of the Economy and Finance) or the entities and companies directly or indirectly controlled by the latter or its ministries, takes control of the Issuer.

  In addition, the bonds also requires that financial covenants are adhered to, such as : i) the net financial debt/EBITDA ratio must not be higher than 3 times ; ii) the net financial debt/shareholders' equity ratio must not be higher than 0.7 times.

ENAV has always adhered to the covenants provided for in each funding agreement, including in previous financial periods. At 31 December 2015, there were no elements that would lead one to believe that the Company could not adhere to its covenants.

Interest rate risk

The main sources of ENAV's exposure to interest rate risk relate to the volatility of interest rates associated with funding indexed at a variable rate, and changes in economic market conditions when negotiating new debt instruments. In this regard, there is a risk that increases in the interest rate could negatively impact the level of net financial expenses recorded in the Income Statement and future cash flows, as well as having a significant impact on financial assets and liabilities measured at fair value (typically, fixed rate debt instruments).

At 31 December 2015, around 23% of the Company's gross financial debt was represented by variable rates. Current corporate policies to manage interest rate risk do not envisage the use of derivative financial instruments.

In order to limit the potential adverse effects of rate fluctuations, ENAV adopts policies aimed at containing the cost of funding over time, by limiting the volatility of results. The Company pursues this objective by systematically undertaking negotiations with credit institutions, selected from among banks of top standing, so as to optimise the average cost of debt. It also strategically diversifies financial liabilities based on the type of contract, duration and rate conditions (variable/fixed rate). During 2015, the average cost of bank debt stood at around 1.7%, which was substantially in line with the previous year, whereas average debt recorded an increase. This was influenced, inter alia, by the combined effect of the extent of the use made of available short-time funding over the reference period, and the ongoing general favourable trend in the interest rate market and the spreads applied.

Currency risk

The exposure to the risk on adverse fluctuations in the current level of currency rates results from ENAV's operations in currencies other than the Euro and could have a negative impact on economic results and the capital figures in foreign currencies. Despite the fact that the Company operates mainly on the Italian market, exposure to currency risk essentially arises from cash flows relating to investments in other currencies, mainly the US dollar, referring to the acquisition of a 12.5% stake in the American incorporated company Aireon. It is noted that ENAV North Atlantic currently holds a 5.41% shareholding in Aireon's share capital; to complete the purchase of the shareholding, the Company still needs to make two more payments, the last of which by 2017, for an amount of US$ 22.9 million. It is noted further that the third instalment that was initially envisaged for September 2015 has been postponed to 2016, as set out in the addendum to the principal contract. In this regard, the Company has entered into a forward flexitime contract for buying forward the American currency for each of the payment tranches required by the agreement to purchase said shareholding.
To a lesser extent, ENAV is exposed to currency risk relating to the contracts entered into to provide unregulated services expressed in foreign currency (mainly in Malaysian Ringitts and United Arab Emirates' Dirhams). In order to manage the residual exposure to currency risk, the Company has drawn up a *Policy to manage currency risk*, and on the premise of a specific assessment on individual transactions, different types of derivative instruments are used, especially swaps and forwards, as well as currency options. No speculative activities are however permitted within the scope of these policies. With regard to the fair value measurement of derivatives on exchange rates, these are calculated on the basis of standard evaluation algorithms and on market listings/contributions provided by a leading public info-provider. It should be noted nonetheless that the risk arising from income accrued in a currency other than the Euro, or from converting the assets and liabilities of ENAV subsidiaries that prepare their financial statements in currencies other than the Euro, is not normally subject to hedging.

Litigation risks

Litigation of a fiscal, administrative, civil and labour nature is followed by the competent functions of ENAV, which for the preparation of these financial statements have drawn up a complete and exhaustive description of the various civil, administrative and labour law proceedings. The Company has carried out a precise assessment of the risk of an adverse outcome in these proceedings, from which the need emerged to prudently set up specific provisions for those disputes in which an adverse outcome is considered probable and is reasonably quantifiable. In those cases where an adverse outcome is only considered possible, no specific provisions were recognized, in accordance with the accounting standards used to prepare the financial statements.

At the present time it is not considered that the conclusion of the outstanding disputes will lead to significant costs for the Company other than the amounts provided for this purpose at 31 December 2015.

Litigation abroad

This case, dating back some time and still pending in the investigation phase at the Court of Buenos Aires, refers to the claim for damages from the failure to pay for the rendering of services allegedly provided by a consultant in the context of a mandate conferred by the Company on 1 June 2001 to establish business relations with Argentine institutions relating to the introduction of a civil air traffic control system into the country. No provision has been made as this is not deemed a probable risk by ENAV's lawyers.

Litigation in Italy

Proceedings for debt recovery from suppliers and airport management companies.

Legal action initiated regarding cases pending against suppliers and airport management companies that are insolvent, bankrupt or under other insolvency procedures continue. These refer to debts that it was not possible to recover using out-of-court procedures. Some of these positions have been written-down.

Litigation in respect of suppliers

These disputes refer mainly to opposing legal claims from suppliers or contractors that the Company deems to be unfounded (regarding, for example, alleged credits on invoices or price reviews, or requests for damages or claims for damages on challenged tender documents), or to recover the higher costs and/or damages that the Company incurred due to breaches by suppliers/contractors. If the outcome of the litigation should imply expenses, an allocation has been made in the appropriate risks and charges provision.

Other litigation

Other litigation of a varied nature refers mainly to: i) disputes relating to claims on the assets belonging to ENAV, claims for damages for failure to use assets transferred into the Company's capital or demands for payment on improvements made to assets; ii) cases relating to claims for damages for aeronautical accidents, where the risk of payment is covered by ENAV's insurance company; iii) cases relating to challenges to provisions pertinent to open public procedures and the awarding of tenders; iv) disputes referring to claims for damages for failing to acquire a third party company's business unit; v) disputes relating to claims for damages to image and the loss of chance regarding a challenged Shareholders' Meeting resolution cancelled by the BoD. An appropriate provision has been made in the case of ENAV's lawyers deeming a probable risk.

Criminal proceedings

2015 was characterized by the continuation of the steps already taken in previous years designed to protect the Company in respect of certain pending judicial actions. The preliminary phase continues in the criminal proceedings against the former CEO for the crime pursuant to Article 319 and 321 of the Italian Criminal Code, and the offence of complicity in a crime pursuant to Article 7, paragraphs 2 and 3 of Law No. 194/1975 and Art, 4, paragraph 1 of Law No. 659/1981, and an ex Company executive for the offence pursuant to Article 319 and 321 of the Italian Criminal Code. ENAV has brought civil action in the proceedings in question.
ENAV has further brought civil proceedings in the preliminary hearing in the criminal proceedings pending against the former Chairman of the Board of Directors of ENAV, the former executive of ENAV and senior management of a third party company, former supplier to the subsidiary Techno Sky, for the crimes pursuant to Article 81, 319 and 321. The proceedings against another former executive of ENAV were combined with this action, where the charge was for the same crimes, and in which the Company has bought civil action. All the accused have been indicted before the Court and the hearing has been held with the parties making an appearance.
The criminal proceedings against the former Company executive are continuing, for the crime pursuant to Article 378 of the Italian Criminal Code, following notice to the accused on 29 August 2013 that the preliminary investigations had been concluded in accordance with Article 415 of the Criminal Procedure Code.
Still pending in the preliminary investigation phase are the criminal proceedings against the management of the former construction planning company, former CEO and former board member of ENAV, as well as management from the subcontractor to ENAV's supplier with regard to the offence pursuant to Article 110 of the Criminal Code, Article 7, paragraphs 2 and 3 of Law 195/1974 and Article 4,paragraph 1 of Law 659/1981, in addition to the crime under Article 8 of Law 74/2000, with the exception of the CEO who is being investigated for the crime under Article 323 of the Criminal Code - with specific reference to subcontracting referring to the

upgrading of Palermo Airport. The Company has made appointments to conduct the preliminary assessments regarding the initiatives to be taken to protect its rights, with these still underway.

Subsequent to the plea-bargaining judgements in the criminal proceedings for the crimes emerging in the investigations undertaken by the Public Prosecutor in Rome during 2010/2011, against former board members, former management of ex suppliers and executives and consultants of third party companies, ENAV has undertaken out-of-court initiatives that are still in progress, which aim to restore damages and damage caused to ENAV's corporate image.

Judgement has been handed down in the criminal proceedings brought following the complaint brought by the Company regarding the unlawful removal of ENAV goods and materials held at a third party's warehouse.

The Company brought civil proceedings in this case against the de facto director of the warehousing company for the crime pursuant to Article 646 of the Criminal Code, and in its judgement dated 16 February 2015, the Court declared the accused guilty of the crime, inter alia, under Article 646 and ordered him to the sentence of 6 years and 6 months imprisonment and a fine of € 3,000, to run concurrently with other charges.

The Court further awarded an immediately enforceable provisional compensation of € 1 million in favour of ENAV, referring the settlement of the greater damage incurred by ENAV to another Court. In respect of one single charge, judgement was issued not to proceed due to the intervening withdrawal of the complaint, and relevant acceptance thereof. Finally, with regarding to the remaining charges, the accused was acquitted based on the formula that "the fact does not exist".

With regard to the contract entered into by ENAV and Selex ES (currently Finmeccanica) on 26 June 2009 for the upgrading of the airport system at Palermo Airport, ENAV continues to hold an amount of € 3.8 million in terms and to all effects of the private agreement signed on 24 December 2012, as an appropriate deposit pending the additional investigations required in this regard. Subsequent to further investigations conducted by the Company, which made it possible to better define the referred degree of deviation from adequacy relating to the contract, discussions are currently underway with the supplier to close the matter in a precautionary manner for ENAV.

35. remuneration payable to the audit firm and to directors and statutory auditors

Total charges of € 339 thousand were paid to the Auditing firm, and include the relevant charges paid to the firm during the financial period for audit services other than the audit of accounts.
Emoluments to Directors and Statutory Auditors amount to a total of € 420 thousand, as per the table below:

	31.12.2015	31.12.2014	Change
Directors	187	227	(40)
Statutory auditors	63	63	0
Total	**250**	**290**	**(40)**

The charges to Directors include the emolument to the Board of Directors, with the exception of the compensation for representatives of the Ministry of the Economy and Finance and the Ministry of Infrastructure and Transport, which are reversed in the case of an employment relationship existing with the above Ministries.

36. Subsequent events

On 2 March 2016 the Shareholders' Meeting of ENAV passed a resolution for a voluntary reduction of the Company's share capital pursuant to article 2445 of the Italian civil code for an amount of 400 million Euros by constituting a specific equity reserve. Following this operation, the share capital stands at € 541.7 million.

Statement of the Chief Executive Officer and Manager Responsible for Company's Accounting Documents on the separate financial statement

STATEMENT ON THE SEPARATE FINANCIAL STATEMENTS OF ENAV S.P.A. AT 31 DECEMBER 2015, PURSUANT TO ART. 154-BIS, PARAGRAPH 5 OF LEGISLATIVE DECREE 58/98

1. The undersigned Roberta Neri, as Chief Executive Officer, and Loredana Bottiglieri as Manager responsible for ENAV's Financial Reporting, having taken account of the provision of art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, hereby certify:
   - the adequacy with regard to the nature of the ENAV and,
   - the effective application of the administrative and accounting procedures adopted in preparation of the Separate Financial Statements during financial year 2015.
2. In this regard, we report that:
   a. the adequacy and effective application of the administrative and accounting procedures used for preparing of the 2015 Separate Financial Statements of ENAV S.pA. has been assessed based on the *Internal Control – Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission* which represents an internationally-accepted *framework* for the internal control system;

   b. this assessment did not identify any significant issues.
3. In addition, we certify that:

   3.1 The Separate Financial Statements:

   a. have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Union under Regulation (CE) 1606/2002 of the European Parliament and Council dated 19 July 2002;

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

   c. give a true and fair representation of financial position and results of operations of the issuer.

   3.2 The Report on Operations includes a reliable analysis of the operating and financial performance and situation of the issuer, as well as a description of the main risks and uncertainties to which it is exposed.

29 March 2016

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

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

Report of the Board of Statutory Auditors

ENAV S.p.A.

Via Salaria, 716 - 00138 Rome

Paid-Up Share Capital €941,744,385.00

Companies' Register Rome - Tax ID and C.C.I.A.A. No. 97016000586 - Economic and Administrative Index No. 965162

Company with Sole Proprietorship

Report of the Board of Statutory Auditors on the Financial Statements for the year ended 31 December 2015

(Art. 2429, paragraph 2 of the Italian Civil Code)

To the Shareholders' Meeting of the Company ENAV S.p.A.

Dear Shareholder,

The Draft Financial Statements of ENAV S.p.A for the year ended 31 December 2015, prepared in accordance with the IAS-IFRS international accounting standards, were approved by the Board of Directors at the meeting of 29 March 2016.

During the year 2015, the supervisory activity required by law was also conducted by the Board of Statutory Auditors according to the principles of conduct recommended by the Italian Council of Chartered Accountants.

During this financial year, the Board of Statutory Auditors acquired the information required for the execution of its supervisory duties through participation at all meetings with the Board of Directors, company departments and in particular supervisory departments and Company management and the Supervisory Board established in accordance with Legislative Decree no. 231/01, as well as through constant relations with the Manager Responsible for the Company's Accounting Documents and the independent auditors of the annual and consolidated financial statements, Reconta Ernst&Young S.p.A.

Over the course of the year 2015, two Auditors appointed for this period at the Meeting of 11 June 2013 submitted their resignations and were replaced by two new Auditors appointed at the Meeting of 20 July 2015.

Regarding the activity carried out in 2015, the Board of Statutory Auditors supervised compliance with the law and the Articles of Association based on the information received in accordance with the applicable legislation and the results of the analyses carried out. The Board therefore ascertained conformity with the law and By-laws and compliance with the principles of correct management of major economic, financial and equity transactions made by the company during the financial year, verifying that these were not manifestly imprudent, did not manifestly involve excessive risk, were not in potential conflict of interest or in contrast with the resolutions taken by the Board and did not in any way compromise the integrity of the Company’s assets.

In terms of the assessment of the principle risks affecting the Company, reference should be made to the information given in the Financial Statements.

It is noted that the Company’s Administrative Body, composed of three members appointed at the Meeting of 19 September 2014, was extended on 30 June 2015 following the resignation of the

Chairperson, who was then confirmed as a non-executive director, by the appointment of a new Chairperson and a new director, who was subsequently appointed as Chief Executive Officer by the Board of Directors at the Meeting of 7 July 2015.

Until this appointment, the Board of Directors, except for the powers conferred upon the Chairperson by the law and By-laws, and the specific delegation of powers and signatory powers conferred by special resolutions, collectively exercised powers.

Subsequently, on 7 July 2015, the Board of Directors, within the scope of its new extended composition of five members, reserved exclusive powers for the adoption of certain strategic and planning topics, including the approval of planning and service contracts with local authorities, extraordinary company transactions and the finalisation of deeds which may have particular financial and economic significance.

Extensive powers related to the administration of the Company, including the power of legal representation, and excluding those powers reserved by the law or By-laws to the Chairperson as well as those powers reserved exclusively to the Board of Directors itself, were granted to the Chief Executive Officer.

On 07 July 2015, the Board of Directors established the Remuneration Committee, composed of three directors, with the duty of submitting proposals to the Board of Directors for the determination of remuneration to be paid to company directors with delegated powers in accordance with Art. 2389 of the Italian Civil Code and applicable legislation. The resolution also states that the Remuneration

Committee may act in an advisory capacity, on request by the Chief Executive Officer, in terms of the general remuneration and incentive policy relative to the top management.

On 20 July 2015, the Board of Directors, following authorisation at the Meeting and in accordance with the law and By-laws, granted the Chairperson the powers for the coordination of audit activities and relations with national and international bodies, in collaboration with the Chief Executive Officer.

At the moment of conferral of said powers, the Board of Statutory Auditors expressed the opinion as provided by Art. 2389, paragraph 3 of the Italian Civil Code regarding the justified recommendation by the Remuneration Committee on the determination of the respective pay of the Chief Executive Officer and the Chairperson based on the granted powers as quantified in light of the relevant applicable legislation.

Furthermore in 2015, the assessment launched in late 2014 by the Ministry of Economy and Finance, which in the context of the privatisation of ENAV indicated the intention to proceed with a reduction in share capital, was concluded. As a result of the investigations conducted by the Board of Directors, the Shareholders' Meeting of 13 April 2015 resolved to voluntarily reduce the Company's share capital, pursuant to Art. 2445 of the Italian Civil Code, by €180 million, positively taking into account the start of the private placement bond issue process for the corresponding amount with which the Company decided to pay the aforementioned extraordinary dividend.

In fact, on 08 May 2015 the Board of Directors passed a resolution for the issue of the private placement bond for an overall amount of €180 million, and the corresponding amount was paid to the Shareholders.

Following the issue of said bond, definitively issued on 04 August 2015, the Company acquired the status of a "Public Interest Entity" pursuant to Art. 16, paragraph 1, letter e) of Legislative Decree no. 39 of 27 January 2010; moreover, in consideration of the provisions of Art. 19, paragraph 2, letter a) of the same decree, the Board of Statutory Auditors was identified as the Committee for Internal Control and Accounts Auditing.

Finally, it is noted that the Meeting of 02 March 2016 passed a resolution on the constitution of a special reserve of new equity known as "available reserve" through the voluntary reduction in share capital, in accordance with Art. 2445 of the Italian Civil Code, of €400,000,000; the value of net equity remained unchanged.

In this respect, the Board of Statutory Auditors expressed the existence of legal grounds for said reduction, given that the current share capital was fully subscribed and paid-up and, therefore, regularly in existence.

The Board of Statutory Auditors notes that the meeting resolution may only be carried out after the deadline outlined in Art. 2445, paragraph 3 of the Italian Civil Code, in the absence of opposition by creditors.

The current Manager Responsible for the Company's Accounting Documents of ENAV S.p.A. was appointed by the Board of Directors on 14 November 2014 and the duration of the appointment is expected to run until the approval of the 2016 Financial Statements.

In the year 2015 and following the end of the same, the Board of Statutory Auditors did not encounter any atypical or unusual transactions made with third or related parties.

Ordinary transactions under standard market conditions made with companies of the Group and related parties, as described in the accompanying documents of the Financial Statements, were found to be appropriate and in line with the interests of the Company.

At the Meeting of 16 May 2013, based on the justified recommendation by the Board of Statutory Auditors based on the outcome of a public tender procedure, pursuant to Art. 13 and 16 of Legislative Decree no. 39 of 2010 the independent auditors Reconta Ernst & Young S.p.A, the Group's sole external auditor, was charged, in accordance with Art. 2409-*bis* of the Italian Civil Code, with the independent audit for financial years 2013-2015 of the Financial Statements of ENAV S.p.A, for a fee of €364,908.

Furthermore, it is noted that in 2015 the Board of Statutory Auditors presented the justified recommendation to the Meeting which, on 13 April 2015, resolved to modify the contract in place with the independent auditors Reconta Ernst&Young for adjustment activities in regards to the accounting principles of the ENAV and Techno Sky Financial Statements for the years 2014-2015, as well as the optional activities for the preparation of the half-yearly Consolidated Financial Statements at 30 June 2015 for ENAV and Techno Sky.

The European tender for the provision of independent auditing services for the 2016-2024 period is still ongoing, in consideration of the new status of Public Interest Entity assumed by ENAV in accordance with the aforementioned Legislative Decree no. 39/2010.

During the year, the Board of Statutory Auditors met periodically with members of the independent auditors in order to exchange data and relevant information and to supervise the independent auditing of annual and consolidated financial statements pursuant to Art. 19, paragraph 1, letter c) of Legislative Decree no. 39 of 2010.

Based on the information received by the independent auditors, no facts, circumstances or irregularities which should be noted in this Report were discovered.

In regard to the supervisory activity regarding the independence of the independent auditors, in accordance with Art. 19, paragraph 1, letter d) of Legislative Decree no. 39 of 2010, in the note sent to the Board of Directors and the Board of Statutory Auditors on 26 January 2016, the independent auditors noted that in conjunction with the report on the 2015 Financial Statements, it would formalise the report regarding independence pursuant to Art, 17, paragraph 9, letter a) of Legislative Decree no. 39/2010 as well as the Report on Key Issues as provided by Art. 19, paragraph 3 of the same decree.

Based on the documentation and information received, the Board of Statutory Auditors does not consider that there are any significant aspects to be reported in regards to the independence of Reconta Ernst & Young.

In the year 2015, and following the end of the same, the Board of Statutory Auditors did not receive any complaints pursuant to Art. 2408 of the Italian Civil Code.

During the year and following the end of the same, the Board of Statutory Auditors issued the required opinions within the scope of its responsibilities.

In 2015, the Board of Statutory Auditors convened 10 times, including in the presence of the Magistrate of the Court of Auditors charged with the audit. Transcripts of these meetings were recorded in the relative minutes book.

Furthermore, the Board of Statutory Auditors participated in:

(i) 4 Shareholders' Meetings;

(ii) 12 Board of Directors' Meetings.

The meetings were conducted in accordance with the relative laws and bylaws regulating the conduct of the same.

During the Board meetings, the obligations for the periodic notification of the Board of Directors and the Board of Statutory Auditors pursuant to Art. 2381, paragraph 5 of the Italian Civil Code were fulfilled.

The Board of Statutory Auditors noted and supervised the adequacy of the Company's internal auditing procedures and, in its capacity as the Committee for Internal Control and Accounts Auditing and pursuant to Art. 19, paragraph 1, letter b) of Legislative Decree no. 39 of 27 January 2010, the effectiveness of the internal control and accounts auditing procedures.

From the information received, no elements to cast doubt over the adequacy and effectiveness of the overall internal auditing procedure were discovered.

The supervisory activity was also conducted through: information received during the periodic meetings held with the Manager Responsible for the Company's Accounting Documents and the independent auditors for the exchange of said data and relevant information, including for the purposes of supervising the independent auditing of yearly and consolidated financial statements pursuant to Art. 19, paragraph 1, letter c) of Legislative Decree no. 39 of 2010, which did not reveal any facts, circumstances or irregularities; the analysis of company documents and the results of the work carried out by the independent auditors; information received during the periodic meetings held by the Board of Directors or the Board of Statutory Auditors with the Head of the Audit Department, including in their capacity as the Head of Anti-Corruption; the information provided both during Board meetings or meetings of the Control Body by the Supervisory Authority established pursuant to Legislative Decree no. 231/2001; the active participation at Board Meetings; meetings with company managers in order to analyse, amongst other things, procedures and contractual activities, insurance agreements and Company disputes for the purposes of determining the risk profile.

In particular regard to the provisions of Law no. 190/2012, the Board of Directors approved the amendment to the Company's Anti-Corruption Plan. In this context, ENAV adopted initiatives aimed at the consolidation of existing controls to combat the risks of corruption and to implement measures and tools able to monitor and intensify anti-corruption activities, with particular reference to high-risk areas.

The Board of Statutory Auditors assessed and monitored the adequacy of the accounting and administration system and its relative ability to accurately represent management performance, through (i) the information and documentation acquired during meetings with the Manager Responsible for the Company's Accounting Documents and the analysis of the statements made in said reports and issued simultaneously to the Chief Executive Officer on 29 March 2016; (ii) the information acquired by the Heads of the relevant company departments; (iii) the analysis of company documents and meetings conducted with the independent auditors.

Within the scope of its responsibility, the Board of Statutory Auditors also noted and supervised the adequacy of the Company's organisational structure and its relative operation, both through the acquisition of information from the Heads of the relevant company departments and meetings and information exchanges with the independent auditors.

In 2015, the Board of Statutory Auditors was given appropriate notification of activities carried out for the purposes of the checks made by the Audit department on behalf of the Supervisory Authority, also regarding the provisions of Legislative Decree no. 231/2001, as well as activities conduced by the Supervisory Authority - within the scope of its own powers and responsibilities - to ensure the maintenance and evolution of the Organisational Model in compliance with legislation and applicable company procedures.

On 29 March 2016, the Board of Directors approved the amendment to the Organisational Model pursuant to Legislative Decree no. 231/2001 and the Code of Ethics.

The Board of Statutory Auditors maintains that, within the scope of its responsibility and in the light of the activities carried out, the accounting and administration system is adequate and sufficiently reliable for the purposes of an accurate representation of management performance.

The supervisory and control activities carried out by the Board of Statutory Auditors did not reveal any significant facts requiring mention in this Report.

The Board of Statutory Auditors analysed the Draft Financial Statements for the year ended 31 December 2015, in reference to which the following is noted:

a. the conformity of the Financial Statements to the facts and information at our disposal was verified following the completion of our duties; there were no comments in this regard;
b. given that an analytical audit of the content of the Financial Statements was not requested of the Board of Statutory Auditors, the format of the same and its general conformity, in terms of its format and structure, to the law and the relevant

accounting principles was evaluated; there were no comments to report;

c. compliance with the laws regulating the preparation of the Report on Operations and the conformity of the same with the information acquired during the supervisory activities were verified. In this regard there were no comments to report;

d. to the knowledge of the Board of Statutory Auditors, when preparing the Financial Statements the Directors did not deviate from the legal provisions exercising the right provided by Art. 2423, paragraph 4 of the Italian Civil Code.

The Financial Statements for the year ended 31 December 2015, in summary, presented a profit of €49.8 million and net equity of €1,120 million.

The net operating result demonstrates an increase in earnings before interest, taxes, depreciation, and amortization (EBITDA) of 9.6%, determined by a total increase in revenue of 1.9%, although revenue from operative activities has fallen by 2.4% with a global reduction of operational costs of 0.9%.

The EBIT was €74.6 million, representing an increase of 8.9% compared to the previous financial year.

The consolidated financial statements for the year ended 31 December 2015 closed with a profit of €66 million and net equity of €1,090.5 million.

***

In conclusion, taking into account the Financial Statements at 31 December 2015 and the information provided by the Directors, the results of the activities carried out by the independent auditors and the observations given in this Report, the Board of Statutory Auditors, within the scope of its responsibility, does not find any reason to deny approval of the Financial Statements at 31 December 2015 and the proposed resolutions provided by the Board of Directors.

Report of the Independent Auditors on the separate financial statements

Building a better working world

Enav S.p.A.

Financial statements as at December 31, 2015

Independent auditor's report in accordance with article 14 of Legislative Decree n. 39, dated 27 January 2010

Building a better working world

Reconta Ernst & Young S.p.A.
Via Po, 32
00198 Roma

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Independent auditor's report
in accordance with article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Sole Shareholder of Enav S.p.A

Report on the financial statements

We have audited the accompanying financial statements of Enav S.p.A., which comprise the statement of financial position as at 31 December 2015, and the income statement, statement of other comprehensive income, statement of changes in equity and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Directors of Enav S.p.A. are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Enav S.p.A as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 9 of Legislative Decree n. 38, dated 28 February 2005.

Reconta Ernst & Young S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale € 1.402.500,00 i.v.
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Other matter

On 16 May 2013, as a result of a European tender procedure, the Sole Shareholder of ENAV S.p.A. appointed Reconta Ernst & Young as the auditor required by law for the years 2013, 2014 and 2015 in accordance to article 14 of Legislative Decree n. 39, dated 27 January 2010. On 4 August 2015, the Company issued a corporate bond on the Luxembourg regulated market, acquiring, consequently, the status of a Public Interest Entity (PIE) in accordance to the article 16 of Legislative Decree n. 39, dated 27 January 2010.

Due to this circumstance, the undersigned audit firm has put in place all the procedures in order to ensure compliance with the independence requirements for audit engagements related to a PIE.

Furthermore, the communication flows have been activated with the Governance Bodies of ENAV S.p.A. and, in particular, with the Board of Auditors, as per article 19 of Legislative Decree n. 39, dated 27 January 2010.

On 22 January 2016 ENAV S.p.A. published the request for tenders in order to appoint the auditor required by law in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010, for the nine-year term from 2016 to 2024.

Report on other legal and regulatory requirements
Opinion on the consistency of the Report on Operations and of specific information on Corporate Governance and the Company's Ownership Structure with the consolidated financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Report on Operations and of specific information on Corporate Governance and the Company's Ownership Structure, limited to the information requested by article 123-bis, paragraph 2, letter b) of Legislative Decree n. 58, dated 24 February 1998, with the financial statements. The Directors of Enav S.p.A. are responsible for the preparation of the Report on Operations and the information on Corporate Governance and the Company's Ownership Structure in accordance with the applicable laws and regulations. In our opinion, the Report on Operations and the specific information on Corporate Governance and the Company's Ownership Structure, limited to the information requested by article 123-bis, paragraph 2, letter b) of Legislative Decree n. 58, dated 24 February 1998 are consistent with the financial statements of Enav as at 31 December 2015.

Rome, 30 March 2016

Reconta Ernst & Young S.p.A.
Signed by: Mauro Ottaviani partner

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

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00138 Rome
Ph. 06 81661
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Corporate information
Single Partner Company
Share Capital €1.121.744.385,00
VAT 02152021008
Rome Company Registered
Fiscal Code and Chamber Commerce
97016000586
REA 965162

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