



INTERIM REPORT OF THE
AUTOSTRADE PER L'ITALIA
GROUP FOR THE SIX
MONTHS ENDED 30 JUNE
2017

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1.

Introduction

1.1 Consolidated financial highlights^(*)

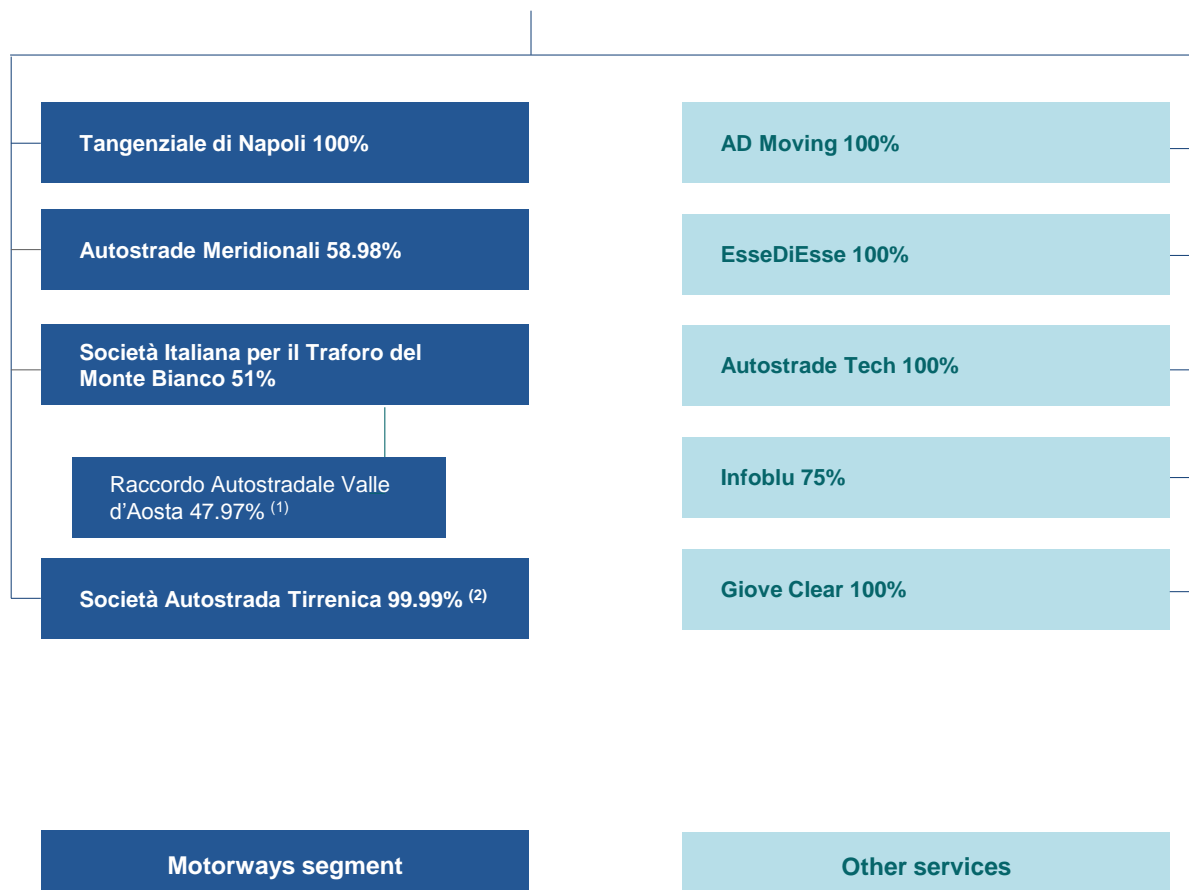
€m	H1 2017 ⁽¹⁾	H1 2016 ⁽¹⁾
Operating revenue	1,861	1,784
Toll revenue	1,696	1,635
Other operating income and contract revenue	165	149
Gross operating profit (EBITDA)	1,149	1,110
Operating profit (EBIT)	860	702
Profit/(Loss) before tax from continuing operations	639	424
Profit for the period	475	428
Profit for the period attributable to owners of the parent⁽²⁾	452	379
Operating cash flow⁽²⁾	841	929
Capital expenditure⁽²⁾	243	386

€m	30 June 2017	31 December 2016
Equity	2,664	6,118
Equity attributable to owners of the parent	2,333	4,369
Net debt ⁽³⁾	9,508	8,694

(*) The amounts shown in the above table have been extracted from the reclassified consolidated financial statements included in the "Group financial review", which also includes the reconciliation of the reclassified and reported amounts published in the "Condensed consolidated interim financial statements". Some of the amounts shown in the table refer to alternative performance indicators, definitions of which are provided in a specific section of this Interim Report.

- (1) In application of IFRS 5, the contributions of Telepass, Stalexport Autostrady, Autostrade Indian Infrastructure Development Private Ltd. ("AID"), Autostrade dell'Atlantico ("ADA") and the related subsidiaries in the first half of 2016 have been classified in "Profit/Loss) from discontinued operations", following the Group restructuring described in detail in note 6, "Corporate actions", in the "Condensed consolidated interim financial statements". As a result, the income statement for the first half of 2016 presents a number of reclassifications with respect to the amounts published in the Interim Report for the six months ended 30 June 2016. In addition, the contributions of AID, ADA and the related subsidiaries in the first half of 2017, through to the date of deconsolidation (31 March 2017 and 28 February 2017, respectively) have been classified in "Profit/Loss) from discontinued operations".
- (2) Reported and adjusted operating cash flow and capital expenditure for the two comparative periods include the contributions of Telepass, Stalexport Autostrady, ADA and the related subsidiaries.
- (3) Reported and adjusted net debt include the contribution of ADA and the related subsidiaries, whose assets and liabilities as at 31 December 2016 are classified in assets and liabilities held for sale, in accordance with IFRS 5.

1.2 Structure of the Autostrade per l'Italia Group



(*) The chart shows interests in the principal Autostrade per l'Italia Group companies as at 30 June 2017.







The Autostrade per l'Italia's investments as at 30 June 2017 are described in Annex 1 to the condensed consolidated interim financial statements.

(1) The percentage shown refers to the interest in terms of the total number of shares in issue, whilst the interest in ordinary voting shares is 58.00%.

(2) The percentage of interest in share capital refers to the interest in terms of the total number of shares in issue.

1.3 The Group's motorway operators



MOTORWAY OPERATORS	KM	CONCESSION EXPIRY
 Autostrade per l'Italia	2,855	2038
 Società Italiana per il Traforo del Monte Bianco	6	2050
 Raccordo Autostradale Valle d'Aosta	32	2032
 Autostrada Tirrenica ⁽¹⁾	55	2046
 Autostrade Meridionali ⁽²⁾	52	2012
 Tangenziale di Napoli	20	2037
Total	3,020	

(1) A draft addendum to the concession arrangement is currently being negotiated with the Grantor.
(2) The process of awarding the new concession is underway.

1.4 Corporate bodies as at 30 June 2017

BOARD OF DIRECTORS IN OFFICE FOR THE PERIOD 2017 – 2018 ^(*)

CHAIRMAN	Fabio CERCHIAI
CHIEF EXECUTIVE OFFICER	Giovanni CASTELLUCCI
DIRECTORS	Giuseppe ANGIOLINI Massimo BIANCHI Roberto PISTORELLI Roberto TOMASI Antonino TURICCHI
SECRETARY	Antonio SANNA

BOARD OF STATUTORY AUDITORS FOR THE THREE-YEAR PERIOD 2015 – 2016 – 2017 ^(*)

CHAIRMAN	Antonio MASTRAPASQUA
AUDITORS	Giandomenico GENTA Antonio PARENTE
ALTERNATE AUDITORS	Mario VENEZIA Francesco Mariano BONIFACIO ⁽¹⁾

INDEPENDENT AUDITORS FOR THE PERIOD 2012 – 2020

Deloitte & Touche SpA

(*) The General Meeting of Autostrade per l'Italia's shareholders, held on 26 July 2017, voted to approve an increase in the number of members of the Board of Directors from 7 to 9, electing Christoph Holzer and Hongcheng Li to serve as Directors, and an increase in the number of members of the Board of Statutory Auditors from 3 to 5, electing Roberto Colussi and Alberto De Nigro as Auditors.

(1) Francesco Orioli was elected as an Alternate Auditor to replace Francesco Mariano Bonifacio, who resigned on 18 July 2017.



A large, multi-lane highway bridge spanning a deep valley. The bridge has multiple concrete piers supporting the roadway. The background shows a forested valley and distant hills under a clear sky. A white truck is visible on the bridge.

2.

Interim report
on operations

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2.1 Alternative performance indicators

Introduction

In application of the CONSOB Ruling of 3 December 2015, governing implementation in Italy of the guidelines for alternative performance indicators (“APIs”) issued by the European Securities and Markets Authority (ESMA), which are mandatory in order to meet regulatory reporting requirements or for accounts published after 3 July 2016, the basis used in preparing the APIs published by the Autostrade per l’Italia Group is described below.

The APIs shown in this interim report on operations are the same as those used in the Annual Report for the year ended 31 December 2016. They are deemed relevant to an assessment of the operating performance based on the Group’s overall results and the results of individual consolidated companies. In addition, the APIs provide an improved basis for comparison of the results over time, even if they are not a replacement for or an alternative to the results published in accordance with international financial reporting standards (IFRS).

The Autostrade per l’Italia Group presents reclassified financial statements in the “Group financial review”; these are different from those required under IFRS and included in the “Condensed consolidated interim financial statements”. In addition to amounts from the income statement and statement of financial position prepared under IFRS, these reclassified financial statements thus present a number of indicators and items derived from them, even when they are not required by the above standards and are, therefore, identifiable as APIs. In this regard, the “Reconciliation of the reclassified and reported financial statements”, included in the “Group financial review”, presents the reconciliation of the reclassified financial statements with the corresponding reported financial statements (prepared under IFRS), included in the same section.

A list of the APIs presented by the Autostrade per l’Italia Group, together with a brief description and their reconciliation with reported amounts, is provided below:

- a) **“Gross operating profit (EBITDA)”** is the synthetic indicator of earnings from operations, calculated by deducting operating costs, with the exception of amortisation, depreciation, impairment losses and reversals of impairment losses, the operating change in provisions and other adjustments, from operating revenue;
- b) **“Operating profit (EBIT)”** is the indicator that measures the return on invested capital, calculated by deducting amortisation, depreciation, impairment losses and reversals of impairment losses, the operating change in provisions and other adjustments from EBITDA;
- c) **“Net invested capital”**, showing the total value of non-financial assets, after deducting non-financial liabilities;
- d) **“Net debt”**, indicating the portion of net invested capital funded by net financial liabilities, calculated by deducting “Current and non-current financial assets” from “Current and non-current financial liabilities”. The notes to the condensed consolidated interim financial statements also include the reconciliation of net debt with net debt calculated in compliance with the ESMA Recommendation of 20 March 2013;
- e) **“Capital expenditure”**, indicating the total amount invested in development of the Group’s businesses, calculated as the sum of cash used in investment in property, plant and equipment, in assets held under concession and in other intangible assets, excluding investment linked to transactions involving investees;
- f) **“Operating cash flow”**, indicating the cash generated by or used in operating activities. Operating cash flow is calculated as profit for the period + amortisation/depreciation +/- impairments/reversals of impairments of assets +/- provisions/releases of provisions + other adjustments + financial expenses from discounting of provisions +/- share of profit/(loss) of

investees accounted for using equity method +/- (losses)/gains on sale of assets +/- other non-cash items +/- portion of net deferred tax assets/liabilities recognised in profit or loss.

A number of APIs, calculated as above, are also presented after deducting certain adjustments applied in order to provide a consistent basis for comparison over time. These “like-for-like changes”, used in the analysis of changes in gross operating profit (EBITDA), profit for the period, profit for the period attributable to owners of the parent and operating cash flow, have been calculated by excluding, where present, the impact of: (i) changes in the scope of consolidation; (ii) changes in exchange rates on the value of assets and liabilities denominated in functional currencies other than the euro; and (iii) events and/or transactions not strictly connected with operating activities that have an appreciable influence on amounts for at least one of the two comparative periods. The reconciliation of the like-for-like indicators and the corresponding amounts in the reclassified financial statements is provided in the section, “Like-for-like changes”, in the “Group financial review”, in addition to details of the adjustments made.

2.2 Group financial review

Introduction

The financial review contained in this section includes and analyses the Autostrade per l'Italia Group's reclassified consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity and the statement of changes in consolidated net debt for the first half of 2017, in which amounts are compared with those for the same period of the previous year. The review also includes the reclassified statement of financial position as at 30 June 2017, compared with the corresponding amounts as at 31 December 2016.

The international accounting standards applied during preparation of the consolidated accounts for the first half of 2017 are consistent with those adopted for the consolidated financial statements for the year ended 31 December 2016, in that no new accounting standards, interpretations or amendments to existing standards have come into effect during the first half of 2017.

The Atlantia Group's restructuring was completed in the first half of 2017. This involved the transfer of Autostrade per l'Italia's investments in Telepass and Stalexport Autostrady to Atlantia, which was completed at the end of 2016, and, in the first quarter of 2017, the transfer of Autostrade per l'Italia's interests in Autostrade dell'Atlantico (also "ADA", the sub-holding company that controls the Group's Chilean and Brazilian motorway businesses and holds a controlling interest in Electronic Transaction Consultants) and Autostrade Indian Infrastructure Development (also "AID") in the form of a special dividend in kind payable to the parent. The transfer of these interests has involved:

- a) the deconsolidation, from 28 February 2017, of ADA and its subsidiaries and, from 31 March 2017, of AID;
- b) classification, in application of IFRS 5, of the contributions of AID, ADA and the related subsidiaries and, for the first half of 2016 alone, of the contributions of Telepass and Stalexport Autostrady to the Group's operating results for the two comparative periods in "Profit/(Loss) from discontinued operations"; as a result, the income statement for the first half of 2016 presents a number of reclassifications with respect to the amounts published in the Interim Report for the six months ended 30 June 2016.

More details about the restructuring are provided in note 6 "Corporate actions in the first half of 2017" in the section, "Condensed consolidated interim financial statements".

After excluding the impact of the above restructuring, there have been no material effects of further changes in the scope of consolidation in the first half of 2017, compared with the scopes at 31 December 2016 and in the first half of 2016.

The Group did not enter into non-recurring, atypical or unusual transactions, either with third or related parties, during the two comparative periods.

Finally, it should be noted that the reclassified consolidated financial statements presented and analysed in this section have not been audited and that the reconciliation with the corresponding reported amounts in the condensed consolidated interim financial statements is included in the section, "Reconciliation of the reclassified and reported financial statements".

Like-for-like changes

The term "like-for-like basis", used in the following consolidated financial review, indicates that amounts for comparative periods have been determined by eliminating:

- a) from consolidated amounts for the first half of 2017:
 - 1) the contributions of AID, ADA and the related subsidiaries through to the date of their deconsolidation, representing a change in the scope of consolidation compared with the first half of 2016;
 - 2) the after-tax impact of the difference in the discount rates applied to the provisions accounted for among the Group's liabilities;
 - 3) the after-tax impact of the financial income and expenses resulting from the "issuer substitution" carried out in December 2016.
- b) from consolidated amounts for the first half of 2016:
 - 1) the contributions of Telepass, Stalexport Autostrady, AID, ADA and the related subsidiaries, classified in "Profit/(Loss) from discontinued operations" in application of IFRS 5;
 - 2) the after-tax impact of the difference in the discount rates applied to the provisions accounted for among the Group's liabilities;
 - 3) the after-tax impact of the financial expenses linked to partial early repayment of medium/long-term loans from the parent, Atlantia;
 - 4) the higher amount for Italian companies' tax expense resulting from approval of the 2016 Stability Law, which reduced the IRES tax rate from 27.5% to 24% with effect from 1 January 2017.

The following table shows a reconciliation of like-for-like consolidated amounts for gross operating profit (EBITDA), profit for the period, profit for the period attributable to owners of the parent and operating cash flow for the comparative periods and the corresponding amounts presented in the reclassified consolidated financial statements included below.

€m	Gross operating profit (EBITDA)	Profit for the period	Profit attributable to owners of the parent	Operating cash flow
Reported amounts for H1 2017 (A)	1,149	475	452	841
Adjustment for non like-for-like items in H1 2017				
Changes in the scope of consolidation (AID, ADA and the related subsidiaries)	-	25	10	57
Change in discount rate applied to provisions	-	28	27	-
Impact of issuer substitution (December 2016)	-	19	19	-6
Sub-total (B)	-	72	56	51
Like-for-like amounts for H1 2017 (C) = (A)-(B)	1,149	403	396	790
Reported amounts for H1 2016 (D)	1,110	428	379	929
Adjustment for non like-for-like items in H1 2016				
Changes in the scope of consolidation (TLP, STX, AID, ADA and the related subsidiaries)	-	161	114	204
Change in discount rate applied to provisions	-	-80	-78	-
Partial early repayment of loans from Atlantia	-	-7	-7	-7
Change in IRES rate (reduced from 2017 by 2016 Stability Law)	-	-16	-16	-13
Sub-total (E)	-	58	13	184
Like-for-like amounts for H1 2016 (F) = (D)-(E)	1,110	370	366	745
Like-for-like change (G) = (C)-(F)	39	33	30	45

Consolidated results of operations

“Operating revenue” for the first half of 2017 totals €1,861 million, up €77 million (4%) on the same period of 2016 (€1,784 million).

“Toll revenue” of €1,696 million is up €61 million (4%) compared with the first half of 2016 (€1,635 million), primarily due to the following:

- a) a 2.9% increase in traffic on the Italian network, accounting for an increase in toll revenue of approximately €47 million (including the impact of the different traffic mix);
- b) application of annual toll increases (essentially a 0.64% increase applied by Autostrade per l’Italia with effect from 1 January 2017), boosting toll revenue by an estimated €9 million.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT ^(*)

€m	H1 2017	H1 2016	Increase/(Decrease)	
			Absolute	%
Toll revenue	1,696	1,635	61	4
Contract revenue	165	149	16	11
Total operating revenue	1,861	1,784	77	4
Cost of materials and external services	-236	-209	-27	13
Concession fees	-220	-214	-6	3
Gross staff costs	-268	-262	-6	2
Capitalised staff costs	12	11	1	9
Total net operating costs	-712	-674	-38	6
Gross operating profit (EBITDA)	1,149	1,110	39	4
Amortisation, depreciation, impairment losses and reversal of impairment losses	-299	-279	-20	7
Operating change in provisions and other adjustments	10	-129	139	n/s
Operating profit (EBIT)	860	702	158	23
Financial income accounted for as an increase in financial assets deriving from concession rights and government grants	-12	-23	11	-48
Other financial income/(expenses)	-209	-259	50	-19
Capitalised financial expenses on intangible assets deriving from concession rights	1	5	-4	-80
Share of profit/(loss) of investees accounted for using the equity method	-1	-1	-	n/s
Profit/(loss) before tax from continuing operations	639	424	215	51
Income tax (expense)/benefit	-188	-157	-31	20
Profit/(loss) from continuing operations	451	267	184	69
Profit/(loss) from discontinued operations	24	161	-137	-85
Profit for the period	475	428	47	11
Profit/(loss) for the period attributable to non-controlling interests	23	49	-26	-53
Profit/(loss) for the period attributable to owners of the parent	452	379	73	19

	H1 2017	H1 2016	Increase/(Decrease)
Basic earnings per share attributable to the owners of the parent (€)	0.73	0.61	0.12
<i>of which</i>			
- from continuing operations	0.71	0.43	0.28
- from discontinued operations	0.02	0.18	-0.16
Diluted earnings per share attributable to the owners of the parent (€)	0.73	0.61	0.12
<i>of which:</i>			
- from continuing operations	0.71	0.43	0.28
- from discontinued operations	0.02	0.18	-0.16

(*) The reconciliation with reported amounts in the consolidated income statement is provided in the section, "Reconciliation of the reclassified and reported financial statements".

“Other operating income” of €165 million is up €16 million (11%) on the first half of 2016 (€149 million), primarily due to the greater contribution from Autostrade Tech to the consolidated results for the first half of 2017. This reflects business conducted with Telepass (a company deconsolidated at the end of 2016).

“Net operating costs” of €712 million are up €38 million compared with the same period of 2016 (€674 million).

The **“Cost of materials and external services”** amounts €236 million, marking an increase of €27 million compared with the first half of 2016 (€209 million). After stripping out the above deconsolidation of Telepass, the increase in costs is substantially due to an increase in maintenance costs, reflecting a different scheduling of work on the network and increased snowfall in the first half of 2017 with respect to the same period of 2016.

“Concession fees” of €220 million are up €6 million (3%) on the first half of 2016 (€214 million), substantially due to the component of tolls corresponding with the additional concession fee payable to ANAS, also accounted for in toll revenue.

“Staff costs”, after deducting capitalised expenses, amount to €256 million, an increase of €5 million (2%) compared with the first half of the previous year.

“Gross staff costs” of €268 million are up €6 million (2.2%) on the first half of 2016 (€262 million), reflecting a combination of the following:

- a) an increase in the average unit cost (up 4.4%), primarily due to the cost of contract renewals and additional costs linked to management incentive plans, partly offset by an increase in the amount recovered for seconded personnel;
- b) a reduction of 156 in the average workforce (down 2.2%).

“Gross operating profit” (EBITDA) for the first half of 2017 is €1,149 million, marking an increase of €39 million (4%) on the same period of 2016 (€1,110 million).

“Amortisation, depreciation, impairment losses and reversals of impairment losses” amount to €299 million, up €20 million on the first half of 2016 (€279 million). This essentially reflects increased amortisation of construction services for which additional economic benefits are received and for which no additional economic benefits are received at Autostrade per l’Italia.

The **“Operating change in provisions and other adjustments”** shows income of €10 million, compared with expense of €129 million in the first half of 2016. This primarily reflects the different performances of provisions for the repair and replacement of motorway infrastructure (income of €11 million in the first half of 2017 and charges of €125 million in the first half of 2016), essentially reflecting movements in the interest rates used to discount the provisions to present value.

“Operating profit” (EBIT) of €860 million is up €158 million (23%) on the first half of 2016 (€702 million), primarily due to the above adjustment of provisions for the repair and replacement of motorway infrastructure.

“Financial expenses from discounting of provisions for construction services required by contract and other provisions” amount to €12 million, down €23 million on the first half of

2016. This essentially reflects reductions in the discount rates applied in the first half of 2017, compared with the comparative period.

“Net other financial expenses” of €209 million are down €50 million on the same period of 2016 (€259 million). This essentially reflects a combination of the following:

- a) increased financial income (€25 million) in the first half of 2017, linked to foreign currency bonds in issue and fair value gains on the related Cross Currency Swaps, recognised at the end of 2016 following the “issuer substitution”;
- b) the increased amount of interest and financial expenses (€14 million) paid in the first half of 2016, reflecting the loan with a face value of €880 million granted by Atlantia in 2009 and repaid in May 2016;
- c) financial expenses (€10 million) incurred in the first half of 2016 as the premium payable in return for the partial early repayment of a number of loans from Atlantia.

“Capitalised financial expenses” of €1 million in the first half of 2017 are down €4 million compared with the same period of 2016 (€5 million).

The **“Share of profit/(loss) of associates and joint ventures accounted for using the equity method”** amounts to a loss of €1 million, as in the first half of 2016. This reflects the Group’s share of the profit or loss of its associates and joint ventures and any dividends paid during the same period.

“Income tax expense” of €188 million is up €31 million on the first half of 2016 (€157 million). This is proportionately less than the increase in profit before tax, having benefitted from the reduction in the IRES rate from 1 January 2017.

“Profit from continuing operations” amounts to €451 million, marking an increase of €184 million (69%) on the first half of 2016 (€267 million).

The Group reports a **“Profit from discontinued operations”** of €24 million, down €137 million on the first half of 2016 (€161 million). This reflects the different scopes of consolidation in the two comparative periods, following the restructuring of the Atlantia Group described above. This item includes:

- a) the contributions of AID, ADA and the related subsidiaries in the first half of 2017 through to the respective dates of deconsolidation (March 2017 and February 2017, respectively);
- b) the contributions of Telepass and Stalexport Autostrady (companies sold and deconsolidated at the end of 2016) in the first half of 2016, in addition to those of the companies referred to in a).

“Profit for the period”, amounting to €475 million, is up €47 million (11%) on the first half of 2016 (€428 million). On a like-for-like basis, profit for the period is up €33 million (9%) on the first half of 2016.

“Profit for the period attributable to owners of the parent”, amounting to €452 million, is up €73 million (19%) on the first half of 2016 (€379 million). On a like-for-like basis, profit for the period attributable to owners of the parent is up €30 million (8%).

“Profit attributable to non-controlling interests” amounts to €23 million, down €26 million (53%) compared with the first half of 2016 (€49 million).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€m		H1 2017	H1 2016
Profit for the period	(A)	475	428
Fair value gains/(losses) on cash flow hedges		45	-157
Tax effect of fair value gains/(losses) on cash flow hedges		-10	38
Gains/(losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro		90	227
Gains/(Losses) from translation of investments accounted for using the equity method denominated in functional currencies other than the euro		1	2
Other comprehensive income/(loss) for the period reclassifiable to profit or loss	(B)	126	110
Other comprehensive income/(loss) for the period not reclassifiable to profit or loss	(C)	-	-
Reclassifications of other components of comprehensive income to profit or loss for the period	(D)	-	-1
Tax effect of reclassifications of other components of comprehensive income to profit or loss for the period	(E)	-	-
Total other comprehensive income/(loss) for the period	(F=B+C+D+E)	126	109
<i>of which attributable to discontinued operations</i>		91	229
Comprehensive income for the period	(A+F)	601	537
<i>Of which attributable to owners of the parent</i>		533	375
<i>Of which attributable to non-controlling interests</i>		68	162

“**Total other comprehensive income for the period**” amounts to €126 million (€109 million in the first half of 2016), essentially reflecting a combination of the following:

- a) gains on the translation of the assets and liabilities of ADA’s overseas subsidiaries, amounting to €90 million, essentially due to increases, at the date of deconsolidation, in the exchange rates used to convert the Brazilian real and the Chilean peso into euros, compared with the rates used at 31 December 2016;
- b) a reduction of €45 million in fair value losses on cash flow hedges, primarily due to an increase in interest rates in the first half of 2017. In contrast, there was an increase of €157 million in fair value losses in the first half of 2016, reflecting an opposite movement in interest rates.

Consolidated statement of financial position

As at 30 June 2017, **“Non-current non-financial assets”** of €18,749 million are down €275 million compared with the figure for 31 December 2016 (€19,024 million).

“Property, plant and equipment” of €79 million is broadly in line with the figure for 31 December 2016 (€86 million).

“Intangible assets” total €18,481 million (€18,750 million as at 31 December 2016) and essentially consist of intangible assets deriving from the Group’s concession rights, amounting to €12,351 million (€12,620 million as at 31 December 2016), and goodwill (€6,111 million) recognised following the contribution of the motorway assets of the former Autostrade – Concessioni e Costruzioni Autostrade SpA (now Atlantia) to Autostrade per l’Italia as part of a reorganisation of the Group in 2003.

The reduction of €269 million in intangible assets is primarily due to a combination of the following:

- a) amortisation for the period (€288 million);
- b) a decrease in intangible assets deriving from concession rights due to an updated estimate of the present value on completion of investment in construction services for which no additional benefits are received (€41 million);
- c) investment during the period in construction services for which additional economic benefits are received (€55 million).

“Investments”, totalling €60 million, are broadly in line with the figure for 31 December 2016 (€61 million).

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

€m	30 June 2017	31 December 2016	Increase/ (Decrease)
Non-current non-financial assets			
Property, plant and equipment	79	86	-7
Intangible assets	18,481	18,750	-269
Investments	60	61	-1
Deferred tax assets	121	119	2
Other non-current assets	8	8	-
Total non-current non-financial assets (A)	18,749	19,024	-275
Working capital			
Trading assets	545	575	-30
Current tax assets	123	69	54
Other current assets	81	83	-2
Non-financial assets held for sale or related to discontinued operations	4	3,576	-3,572
Current portion of provisions for construction services required by contract	-691	-521	-170
Current provisions	-239	-232	-7
Trading liabilities	-1,322	-1,255	-67
Current tax liabilities	-146	-4	-142
Other current liabilities	-305	-304	-1
Non-financial liabilities related to discontinued operations	-6	-1,234	1,228
Total working capital (B)	-1,956	753	-2,709
Gross invested capital (C=A+B)	16,793	19,777	-2,984
Non-current non-financial liabilities			
Non-current portion of provisions for construction services required by contract	-2,781	-3,165	384
Non-current provisions	-1,269	-1,298	29
Deferred tax liabilities	-541	-471	-70
Other non-current liabilities	-30	-31	1
Total non-current non-financial liabilities (D)	-4,621	-4,965	344
NET INVESTED CAPITAL (E=C+D)	12,172	14,812	-2,640
Equity			
Equity attributable to owners of the parent	2,333	4,369	-2,036
Equity attributable to non-controlling interests	331	1,749	-1,418
Total equity (F)	2,664	6,118	-3,454
Net debt			
Non-current net debt			
Non-current financial liabilities	11,898	12,022	-124
Bond issues	7,983	8,005	-22
Medium/long-term borrowings	3,478	3,537	-59
Non-current derivative liabilities	437	480	-43
Non-current financial assets	-392	-396	4
Non-current financial assets deriving from government grants	-188	-190	2
Non-current term deposits	-184	-186	2
Other non-current financial assets	-20	-20	-
Total non-current financial assets (G)	11,506	11,626	-120
Current net debt			
Current financial liabilities	1,318	3,131	-1,813
Short-term borrowings	275	244	31
Current derivative liabilities	-	3	-3
Intercompany current account payables due to related parties	173	206	-33
Current portion of medium/long-term borrowings	866	915	-49
Other current financial liabilities	4	-	4
Financial liabilities related to discontinued operations	-	1,763	-1,763
Cash and cash equivalents	-2,797	-3,625	828
Cash	-2,031	-2,541	510
Cash equivalents	-220	-200	-20
Intercompany current account receivables due from related parties	-539	-483	-56
Cash and cash equivalents related to discontinued operations	-7	-401	394
Current financial assets	-519	-2,438	1,919
Current financial assets deriving from concession rights	-400	-398	-2
Current financial assets deriving from government grants	-52	-50	-2
Current term deposits	-51	-49	-2
Current portion of other medium/long-term financial assets	-4	-3	-1
Other current financial assets	-12	-8	-4
Financial assets held for sale or related to discontinued operations	-	-1,930	1,930
Total current net debt (H)	-1,998	-2,932	934
Total net debt (I=G+H)⁽¹⁾	9,508	8,694	814
NET DEBT AND EQUITY (L=F+I)	12,172	14,812	-2,640

(*) The reconciliation with the reported amounts in the consolidated interim financial statements is provided in the section, "Reconciliation of the reclassified and reported financial statements".

(1) Net debt includes non-current financial assets, unlike the Group's financial position shown in the notes to the consolidated financial statements and prepared in compliance with the European Securities and Markets Authority (ESMA) Recommendation of 20 March 2013, which does not permit the deduction of non-current financial assets from debt.

“Deferred tax assets” of €121 million are broadly in line with the figure for 31 December 2016 (€119 million).

“Working capital” has a negative balance of €1,956 million, marking a reduction of €2,709 million compared with the positive balance of €753 million as at 31 December 2016. This essentially reflects the following:

- a) a reduction of €2,344 million in net non-financial assets and liabilities related to discontinued operations, linked to the deconsolidation of AID, ADA and the related subsidiaries, as described in the introduction;
- b) an increase of €170 million in the current portion of Autostrade per l’Italia’s provisions for construction services required by contract, based on expected investment in construction services for which no additional benefits are received through to 30 June 2018;
- c) an increase of €88 million in net current tax liabilities, essentially linked to provisions for tax expense for the period (€135 million), partially offset by payment of the balance due for 2016 and of payments on account for the first half of 2017 (totalling €54 million);
- d) a €67 million increase in trading liabilities, primarily attributable to Autostrade per l’Italia as a result of an increase in amounts payable to the operators of interconnecting motorways (€107 million), reflecting the normal seasonal traffic trends, partially offset by a reduction in amounts due to suppliers (€41 million).

“Non-current non-financial liabilities”, totalling €4,621 million, are down €344 million compared with the figure for 31 December 2016 (€4,965 million). The change primarily reflects:

- a) a reduction of €384 million in the non-current portion of provisions for construction services required by contract, primarily reflecting the reclassification of the current portion, totalling €347 million, and an updated estimate of the present value on completion of investment in construction services yet to be carried out (a reduction of €41 million);
- b) an increase in deferred tax liabilities, totalling €70 million, primarily due to deduction, solely for tax purposes, of the amortisation of goodwill recognised by Autostrade per l’Italia (€49 million) and fair value gains on cash flow hedges recognised in other comprehensive income (€10 million).

As a result, **“Net invested capital”**, totalling €12,172 million, is down €2,640 million on the figure for 31 December 2016 (€14,812 million).

“Equity” amounts to €2,664 million (€6,118 million as at 31 December 2016).

“Equity attributable to owners of the parent”, totalling €2,333 million, is down €2,036 million on the figure for 31 December 2016 (€4,369 million). This primarily reflects a combination of the following:

- a) the transfer of the net assets of AID, ADA and the related subsidiaries to the parent, Atlantia, following distribution of the special dividend in kind approved by the General Meeting of Autostrade per l’Italia’s shareholders held on 25 January 2017, amounting to €1,155 million (after the related taxation, recognised in equity);
- b) distribution of a portion of the available reserves (€1,101 million) in accordance with the resolution approved by the Annual General Meeting of Autostrade per l’Italia’s shareholders held on 21 April 2017;
- c) payment of Autostrade per l’Italia’s final dividend for 2016 (€314 million).
- d) comprehensive income for the period (€533 million).

“Equity attributable to non-controlling interests” of €331 million is down €1,418 million compared with the figure for 31 December 2016 (€1,749 million). This primarily reflects the deconsolidation of overseas subsidiaries not wholly controlled (€1,473 million) in the first half of 2017, partially offset by the related comprehensive income for the period (€68 million).

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

€m	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT						EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND NON-CONTROLLING INTERESTS		
	Issued capital	Cash flow hedge reserve	Net investment hedge reserve	Reserve for translation differences on translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro	Reserve for translation of investments accounted for using the equity method denominated in functional currencies other than the euro	Other reserves and retained earnings			Profit/(Loss) for the period after interim dividend	Total
Balance as at 31 December 2015	622	-94	-36	-374	-5	2,209	678	3,000	1,560	4,560
Comprehensive income for the period	-	-121	-	115	1	-	380	375	162	537
<u>Owner transactions and other changes</u>										
Austostrade per l'Italia SpA's final dividend (€0.756 per share)	-	-	-	-	-	-	-470	-470	-	-470
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	-	208	-208	-	-	-
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-18	-18
Share-based incentive plans	-	-	-	-	-	1	-	1	-	1
Change in scope of consolidation, other minor changes and reclassifications	-	-	-	-	-	-1	-	-1	-	-1
Balance as at 30 June 2016	622	-215	-36	-259	-4	2,417	380	2,905	1,704	4,609
Balance as at 31 December 2016	622	-155	-36	-185	-3	3,613	513	4,369	1,749	6,118
Comprehensive income for the period	-	35	-	46	-	-	452	533	68	601
<u>Owner transactions and other changes</u>										
Austostrade per l'Italia SpA's final dividend (€0.505 per share)	-	-	-	-	-	-	-314	-314	-	-314
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	-	199	-199	-	-	-
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-13	-13
Share-based incentive plans	-	-	-	-	-	1	-	1	-	1
Change in scope of consolidation following distribution of the special dividend in kind, including the effect on current tax income/(expense)	-	-	36	139	3	-1,333	-	-1,155	-1,473	-2,628
Distribution of available reserves	-	-	-	-	-	-1,101	-	-1,101	-	-1,101
Balance as at 30 June 2017	622	-120	-	-	-	1,379	452	2,333	331	2,664

The Group's "**Net debt**" as at 30 June 2017 amounts to €9,508 million, marking an increase of €814 million compared with 31 December 2016 (€8,694 million).

"**Non-current net debt**", totalling €11,506 million, is down €120 million on the figure for 31 December 2016 (€11,626 million). This primarily reflects a reduction of €124 million in non-current financial liabilities due to a combination of the following:

- a) the reclassification to short-term of bank borrowings maturing by 30 June 2018 (€61 million);
- b) a reduction in fair value losses on derivative financial instruments (€45 million), with a contra entry in other comprehensive income, essentially due to an increase in interest rates as at 30 June 2017, compared with 31 December 2016;
- c) the positive impact, recognised in profit or loss, of foreign currency bonds in issue and fair value gains on the related Cross Currency Swaps (€25 million), recognised at the end of 2016 following the "issuer substitution".

"**Current net funds**" of €1,998 million are down €934 million on 31 December 2016 (€2,932 million), essentially due to the following:

- a) a reduction of €828 million in cash and cash equivalents, partly reflecting distribution of a portion of available reserves (€1,101 million);
- b) a reduction of €167 million in net financial assets held for sale, following the deconsolidation, at the end of February 2017, of ADA and the related subsidiaries as part of the restructuring of the Atlantia Group.

The residual weighted average term to maturity of the Group's interest bearing debt is six years and two months as at 30 June 2017. 96% of the Group's interest bearing debt is fixed rate. 7% of the Group's debt is denominated in currencies other than the euro (sterling and yen).

The average cost of the Group's medium/long-term borrowings in the first half of 2017 was 3.7%.

As at 30 June 2017, the Group has cash reserves of €4,684 million, consisting of:

- a) €2,594 million in investments and cash maturing in the short term, after Autostrade per l'Italia's net short-term debt, essentially relating to its role as a provider of centralised treasury management;
- b) €235 million in term deposits allocated primarily to part finance the execution of specific construction services on the motorways operated under concession and to service the debt of the Chilean companies;
- c) €1,855 million in undrawn committed lines of credit.

As at 30 June 2017, the Group has lines of credit with a weighted average residual term to maturity of approximately seven years and nine months and a weighted average residual drawdown period of approximately two years and six months.

The Group's net debt, as defined in the European Securities and Market Authority (ESMA) Recommendation of 20 March 2013 (which does not permit the deduction of non-current financial assets from debt), amounts to €9,900 million as at 30 June 2017, compared with €9,090 million as at 31 December 2016.

Consolidated cash flow

“Net cash from operating activities” amounts to €976 million in the first half of 2017, up €192 million on the first half of 2016 (€784 million). This reflects a combination of the following:

- a) the differing performance of movements in operating capital and non-financial assets and liabilities in the two comparative periods, amounting to an inflow of €135 million in the first half of 2017, essentially due to the above increase in trade liabilities, as described above, and an outflow of €145 million in the first half of 2016, primarily reflecting an increase in amounts receivable in the form of motorway tolls;
- b) a reduction of €88 million in operating cash flow, mainly due to a decrease in cash from discontinued operations (€147 million), reflecting changes in the scope of consolidation between the two comparative periods, partly offset by an increase in cash generated by EBITDA (€36 million) and financial income (€20 million). On a like-for-like basis, operating cash flow amounts to €790 million, up €45 million (6%) on the first half of 2016.

“Cash used for investment in non-financial assets”, totalling €444 million, is up €87 million on the first half of 2016 (€357 million), primarily due to a combination of the following:

- a) deconsolidation of the net debt of the companies transferred to Atlantia as part of the Group restructuring described above, totalling €204 million;
- b) a reduction of €143 million in cash used for capital expenditure.

“Net equity cash outflows” amount to €1,428 million in the first half of 2017 (€488 in the first half of 2016), marking an increase of €940 million compared with the previous first half. This primarily reflects distribution of a portion of the available reserves, amounting to €1,101 million, to the parent, Atlantia.

Net debt declined €82 million in the first half of 2017, primarily due to a reduction in fair value losses on derivative financial instruments (€45 million), reflecting higher interest rates, and the recognition of non-cash financial income (€25 million) linked essentially to the “issuer substitution” completed at the end of 2016. Net debt rose €118 million in the first half of 2016, primarily due to an increase in fair value losses on derivative financial instruments as a result of falling interest rates.

The overall impact of the above cash flows has resulted in an overall increase in net debt of €814 million in the first half of 2017 (an increase of €179 million in the first half of 2016).

STATEMENT OF CHANGES IN CONSOLIDATED NET DEBT ^(*)

€m	H1 2017	H1 2016
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the period	475	428
Adjusted by:		
Amortisation and depreciation	299	350
Operating change in provisions	-10	123
Financial expenses from discounting of provisions for construction services required by contract and other provisions	12	30
Impairment losses/(Reversal of impairment losses) on financial assets and investments accounted for at cost or fair value	-	-22
Share of (profit)/loss of investees accounted for using the equity method	1	10
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets	1	2
Net change in deferred tax (assets)/liabilities through profit or loss	57	31
Other non-cash costs (income)	-26	-23
Non-cash costs (income) from discontinued operations	32	-
Operating cash flow	841	929
Change in operating capital	99	-140
Other changes in non-financial assets and liabilities	36	-5
Net cash generated from/(used in) operating activities (A)	976	784
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS		
Investment in assets held under concession	-232	-359
Purchases of property, plant and equipment	-5	-15
Purchases of other intangible assets	-6	-12
Capital expenditure	-243	-386
Government grants related to assets held under concession	-	2
Increase in financial assets deriving from concession rights (related to capital expenditure)	2	37
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments	-	4
Net (debt)/funds of consolidated companies transferred as a result of distribution of the special dividend in kind	-204	-
Net change in other non-current assets	1	-14
Net cash from/(used in) investment in non-financial assets (B)	-444	-357
NET EQUITY CASH INFLOWS/(OUTFLOWS)		
Distribution of reserves to the parent	-1,101	-
Dividends declared by Group companies	-327	-488
Net equity cash inflows/(outflows) (C)	-1,428	-488
Increase/(Decrease) in cash and cash equivalents during period (A+B+C)	-896	-61
Change in fair value of hedging derivatives	45	-158
Financial income/(expense) accounted for as an increase in financial assets/(liabilities)	-3	24
Effect of foreign exchange rate movements on net debt and other changes	40	16
Other changes in net debt (D)	82	-118
Decrease/(Increase) in net debt for the period (A+B+C+D)	-814	-179
Net debt at beginning of period	-8,694	-10,342
Net debt at end of period	-9,508	-10,521

(*) The reconciliation with the reported amounts in the consolidated interim financial statements is provided in the section, "Reconciliation of the reclassified and reported financial statements".

Reconciliation of the reclassified and reported financial statements

Reconciliations of the reclassified financial statements presented above with the matching income statement, statement of financial position and statement of cash flows, as prepared under international financial reporting standards (IAS/IFRS), are included below.

RECONCILIATION OF THE CONSOLIDATED INCOME STATEMENT WITH THE RECLASSIFIED CONSOLIDATED INCOME STATEMENT

€m

Reconciliation of items

	H1 2017					
	Reported basis			Reclassified basis		
	Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries
Toll revenue			1,696			1,696
Revenue from construction services			55			55
<i>Revenue from construction services - government grants and cost of materials and external services</i>	(a)	51				
<i>Capitalised staff costs - construction services for which additional economic benefits are received</i>	(b)	3				
<i>Revenue from construction services: capitalised financial expenses</i>	(c)	1				
<i>Revenue from construction services provided by sub-operators</i>	(d)	-				
Contract revenue			-			-
Other revenue	(e)		165			165
Other operating income				(e+d)		165
Total revenue			1,916			1,861
TOTAL OPERATING REVENUE						1,861
Raw and consumable materials			-36			-36
Service costs			-388			-388
Gain/(Loss) on sale of elements of property, plant and equipment			-			-
Other operating costs			-251			-251
Concession fees	(r)		-220			-220
Lease expense			-5			-5
Other			-26			-26
<i>Use of provisions for construction services required by contract</i>				(h)		168
<i>Revenue from construction services: government grants and capitalised cost of materials and external services</i>				(a)		51
COST OF MATERIALS AND EXTERNAL SERVICES						-236
CONCESSION FEES				(r)		-220
Staff costs	(f+g)		-268			-268
GROSS STAFF COSTS				(f)		-268
<i>Capitalised staff costs for non-concession-related activities</i>				(g)		-
<i>Capitalised staff costs - construction services for which no additional economic benefits are received</i>				(i)		9
<i>Capitalised staff costs - construction services for which additional economic benefits are received</i>				(b)		3
CAPITALISED STAFF COSTS						12
TOTAL NET OPERATING COSTS						-712
GROSS OPERATING PROFIT (EBITDA)						1,149
OPERATING CHANGE IN PROVISIONS AND OTHER ADJUSTMENTS						10
Operating change in provisions			11			11
(Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure			11			11
Other provisions			-			-
<i>(Impairment losses)/Reversals of impairment losses on current assets</i>				(l)		-1
Use of provisions for construction services required by contract	(h)	168				168
<i>Use of provisions for construction services required by contract</i>						
<i>Capitalised staff costs - construction services for which no additional economic benefits are received</i>	(i)	9				9
<i>Amortisation and depreciation</i>	(j)		-299			-299
Depreciation of property, plant and equipment			-11			-11
Amortisation of intangible assets deriving from concession rights			-282			-282
Amortisation of other intangible assets			-6			-6
<i>(Impairment losses)/Reversals of impairment losses</i>			-1			-1
<i>(Impairment losses)/Reversals of impairment losses on property, plant and equipment and intangible assets</i>	(k)	-				-
<i>(Impairment losses)/Reversals of impairment losses</i>	(l)	-1				-1
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES				(j+k)		-299
TOTAL COSTS			-1,055			-1,055
OPERATING PROFIT/(LOSS)			861			861
OPERATING PROFIT/(LOSS) (EBIT)						860
Financial income			59			59
Dividends received from investees	(m)		2			2
Other financial income	(n)		57			57
Financial expenses			-280			-280
Financial expenses from discounting of provisions for construction services required by contract and other provisions			-12			-12
Other financial expenses	(o)		-268			-268
Foreign exchange gains/(losses)	(p)		-			-
Other financial expenses, after other financial income				(m+n+o+p)		-209
Capitalised financial expenses on intangible assets deriving from concession rights				(c)		1
FINANCIAL INCOME/(EXPENSES)			-221			-221
Share of (profit)/loss of investees accounted for using the equity method			-1			-1
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			639			639
Income tax (expense)/benefit			-188			-188
Current tax expense			-135			-135
Differences on tax expense for previous years			4			4
Deferred tax income and expense			-57			-57
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			451			451
Profit/(Loss) from discontinued operations			24			24
PROFIT FOR THE PERIOD			475			475
<i>of which:</i>						
Profit attributable to owners of the parent			452			452
Profit attributable to non-controlling interests			23			23

RECONCILIATION OF THE CONSOLIDATED INCOME STATEMENT WITH THE RECLASSIFIED CONSOLIDATED INCOME STATEMENT

€m

Reconciliation of items

Toll revenue		1,635		1,635
Revenue from construction services		125		
Revenue from construction services - government grants and cost of materials and external services	(a)	116		
Capitalised staff costs - construction services for which additional economic benefits are received	(b)	4		
Revenue from construction services: capitalised financial expenses	(c)	5		
Revenue from construction services provided by sub-operators	(d)	-		
Contract revenue		-		-
Other revenue	(e)	149		
Other operating income			(e+d)	149
Total revenue		1,909		1,784
TOTAL OPERATING REVENUE				1,784
Raw and consumable materials		-32		-32
Service costs		-426		-426
Gain/(Loss) on sale of elements of property, plant and equipment		-		-
Other operating costs		-241		-241
Concession fees	(r)	-214		-214
Lease expense		-2		-2
Other		-25		-25
Use of provisions for construction services required by contract			(h)	160
Revenue from construction services: government grants and capitalised cost of materials and			(a)	116
COST OF MATERIALS AND EXTERNAL SERVICES				-209
CONCESSION FEES			(r)	-214
Staff costs	(f+g)	-262		-262
GROSS STAFF COSTS			(f)	-262
Capitalised staff costs for non-concession-related activities			(g)	-
Capitalised staff costs - construction services for which no additional economic benefits are received			(i)	7
Capitalised staff costs - construction services for which additional economic benefits are received			(b)	4
CAPITALISED STAFF COSTS				11
TOTAL NET OPERATING COSTS				-674
GROSS OPERATING PROFIT (EBITDA)				1,110
OPERATING CHANGE IN PROVISIONS AND OTHER ADJUSTMENTS				-129
Operating change in provisions		-127		-127
(Provisions)/ Uses of provisions for repair and replacement of motorway infrastructure		-125		-125
Other provisions		-2		-2
(Impairment losses)/Reversals of impairment losses on current assets			(l)	-2
Use of provisions for construction services required by contract		167		167
Use of provisions for construction services required by contract	(h)	160		160
Capitalised staff costs - construction services for which no additional economic benefits are received	(i)	7		7
Amortisation and depreciation	(j)	-279		-279
Depreciation of property, plant and equipment		-11		-11
Amortisation of intangible assets deriving from concession rights		-263		-263
Amortisation of other intangible assets		-5		-5
(Impairment losses)/Reversals of impairment losses		-2		-2
(Impairment losses)/Reversals of impairment losses on property, plant and equipment and	(k)	-		-
(Impairment losses)/Reversals of impairment losses	(l)	-2		-2
AMORTISATION, DEPRECIATION, IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES			(j+k)	-279
TOTAL COSTS		-1,202		-1,202
OPERATING PROFIT/(LOSS)		707		707
OPERATING PROFIT/(LOSS) (EBIT)				702
Financial income		13		13
Dividends received from investees	(m)	2		2
Other financial income	(n)	11		11
Financial expenses		-295		-295
Financial expenses from discounting of provisions for construction services required by contract and other provisions		-23		-23
Other financial expenses	(o)	-272		-272
Foreign exchange gains/(losses)	(p)	-		-
Other financial expenses, after other financial income			(m+n+o+p)	-259
Capitalised financial expenses on intangible assets deriving from concession rights			(c)	5
FINANCIAL INCOME/(EXPENSES)		-282		-282
Share of profit/(loss) of investees accounted for using the equity method		-1		-1
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		424		424
Income tax (expense)/benefit		-157		-157
Current tax expense		-134		-134
Differences on tax expense for previous years		-		-
Deferred tax income and expense		-23		-23
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		267		267
Profit/(Loss) from discontinued operations		161		161
PROFIT FOR THE PERIOD		428		428
of which:				
Profit attributable to owners of the parent		379		379
Profit attributable to non-controlling interests		49		49

H1 2016					
Reported basis			Reclassified basis		
Ref.	Sub-items	Main entries	Ref.	Sub-items	Main entries
		1,635			1,635
		125			
(a)	116				
(b)	4				
(c)	5				
(d)	-				
		-			-
(e)	149		(e+d)		149
		1,909			1,784
		-32		-32	
		-426		-426	
		-		-	
		-241		-241	
(r)	-214			-214	
	-2			-2	
	-25			-25	
			(h)	160	
			(a)	116	
					-209
			(r)		-214
(f+g)	-262		(f)		-262
			(g)		-
			(i)	7	
			(b)	4	
					11
					-674
					1,110
					-129
		-127		-127	
		-125		-125	
		-2		-2	
			(l)	-2	
		167		167	
(h)	160			160	
(i)	7			7	
(j)	-279			-279	
	-11			-11	
	-263			-263	
	-5			-5	
	-2			-2	
(k)	-			-	
(l)	-2			-2	
			(j+k)		-279
		-1,202		-1,202	
		707		707	
					702
		13		13	
(m)	2			2	
(n)	11			11	
	-295			-295	
	-23			-23	
(o)	-272			-272	
(p)	-			-	
			(m+n+o+p)		-259
			(c)		5
		-282		-282	
		-1		-1	
		424		424	
		-157		-157	
		-134		-134	
		-		-	
		-23		-23	
		267		267	
		161		161	
		428		428	
		379		379	
		49		49	

RECONCILIATION OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION WITH THE RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€m	30 June 2017					31 December 2016				
	Reported basis		Reclassified basis			Reported basis		Reclassified basis		
	Ref.	Main entries	Ref.	Sub-items	Main entries	Ref.	Main entries	Ref.	Sub-items	Main entries
Reconciliation of items										
Non-current non-financial assets										
Property, plant and equipment	(a)	79			79	(a)	86			86
Intangible assets	(b)	18,481			18,481	(b)	18,750			18,750
Investments	(c)	60			60	(c)	61			61
Deferred tax assets	(d)	121			121	(d)	119			119
Other non-current assets	(e)	8			8	(e)	8			8
Total non-current non-financial assets (A)					18,749					19,024
Working capital										
Trading assets	(f)	545			545	(f)	575			575
Current tax assets	(g)	123			123	(g)	69			69
Other current assets	(h)	81			81	(h)	83			83
Non-financial assets held for sale or related to discontinued operations				(w)	4				(w)	3,576
required by contract	(i)	-691			-691	(i)	-521			-521
Current provisions	(j)	-239			-239	(j)	-232			-232
Trading liabilities	(k)	-1,322			-1,322	(k)	-1,255			-1,255
Current tax liabilities	(l)	-146			-146	(l)	-4			-4
Other current liabilities	(m)	-305			-305	(m)	-304			-304
Non-financial liabilities related to discontinued operations				(x)	-6				(x)	-1,234
Total working capital (B)					-1,956					753
Gross invested capital (C=A+B)					16,793					19,777
Non-current non-financial liabilities										
required by contract	(n)	-2,781			-2,781	(n)	-3,165			-3,165
Non-current provisions	(o)	-1,269			-1,269	(o)	-1,298			-1,298
Deferred tax liabilities	(p)	-541			-541	(p)	-471			-471
Other non-current liabilities	(q)	-30			-30	(q)	-31			-31
Total non-current non-financial liabilities (D)					-4,621					-4,965
NET INVESTED CAPITAL (E=C+D)					12,172					14,812
Total equity (F)		2,664			2,664		6,118			6,118
Net debt										
Non-current net debt										
Non-current financial liabilities	(r)	11,898			11,898	(r)	12,022			12,022
Non-current financial assets	(s)	-392			-392	(s)	-396			-396
Total non-current net debt (G)					11,506					11,626
Current net debt										
Current financial liabilities	(t)	1,318			1,318	(t)	1,368			3,131
Short-term borrowings		275		275		244		244		
Current derivative liabilities		-		-		3		3		
Intercompany current account payables due to related parties		173		173		206		206		
Current portion of medium/long-term borrowings		866		866		915		915		
Other current financial liabilities		4		4		-		-		
Current financial liabilities related to discontinued operations				(aa)	-			(aa)	1,763	
Cash and cash equivalents	(u)	-2,790			-2,797	(u)	-3,224			-3,625
Cash		-2,031		-2,031		-2,541		-2,541		
Cash equivalents		-220		-220		-200		-200		
Intercompany current account receivables due from related parties		-539		-539		-483		-483		
Cash and cash equivalents related to discontinued operations				(y)	-7			(y)	-401	
Current financial assets	(v)	-519			-519	(v)	-508			-2,438
Current financial assets deriving from concession rights		-400		-400		-398		-398		
Current financial assets deriving from government grants		-52		-52		-50		-50		
Current term deposits		-51		-51		-49		-49		
Current derivative assets		-		-		-		-		
Current portion of other medium/long-term financial assets		-4		-4		-3		-3		
Other current financial assets		-12		-12		-8		-8		
Financial assets held for sale or related to discontinued operations				(z)	-			(z)	-1,930	
Total current net debt (H)					-1,998					-2,932
Total net debt (I=G+H)					9,508					8,694
NET DEBT AND EQUITY (L=F+I)					12,172					14,812
Assets held for sale or related to discontinued operations	(-y-z+w)	11				(-y-z+w)	5,907			
Liabilities related to discontinued operations	(-x+aa)	6				(-x+aa)	2,997			
TOTAL NON-CURRENT ASSETS	(a+b+c+d+e-s)	19,141				(a+b+c+d+e-s)	19,420			
TOTAL CURRENT ASSETS	(f+g+h-u-v-y-z+w)	4,069				(f+g+h-u-v-y-z+w)	10,366			
TOTAL NON-CURRENT LIABILITIES	(-n-o-p-q+r)	16,519				(-n-o-p-q+r)	16,987			
TOTAL CURRENT LIABILITIES	(-i-j-k-l-m+t-x+aa)	4,027				(-i-j-k-l-m+t-x+aa)	6,681			

RECONCILIATION OF THE STATEMENT OF CHANGES IN CONSOLIDATED NET DEBT WITH THE CONSOLIDATED STATEMENT OF CASH FLOWS

€m	Note	H1 2017		H1 2016	
		Consolidated statement of cash flows	Changes in consolidated net debt	Consolidated statement of cash flows	Changes in consolidated net debt
Reconciliation of items					
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit for the period		475	475	428	428
Adjusted by:					
Amortisation and depreciation		299	299	350	350
Operating change in provisions		-10	-10	123	123
Financial expenses from discounting of provisions for construction services required by contract and other provisions		12	12	30	30
Impairment losses/(Reversal of impairment losses) on financial assets and investments accounted for at cost or fair value		-	-	-22	-22
Share of (profit)/loss of investees accounted for using the equity method		1	1	10	10
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets		1	1	2	2
Net change in deferred tax (assets)/liabilities through profit or loss		57	57	31	31
Other non-cash costs (income)		-26	-26	-23	-23
Non-cash costs (income) from discontinued operations	(a)	-	32	-	-
Operating cash flow			841		929
Change in operating capital	(b)		99		-140
Other changes in non-financial assets and liabilities	(c)		36		-5
Change in working capital and other changes	(a)+(b)+(c)	167		-145	
Net cash generated from/(used in) operating activities (A)		976	976	784	784
NET CASH FROM/(USED IN) INVESTMENT IN NON-FINANCIAL ASSETS					
Investment in assets held under concession		-232	-232	-359	-359
Purchases of property, plant and equipment		-5	-5	-15	-15
Purchases of other intangible assets		-6	-6	-12	-12
Capital expenditure			-243		-386
Government grants related to assets held under concession		-	-	2	2
Increase in financial assets deriving from concession rights (related to capital expenditure)		2	2	37	37
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments		-	-	4	4
Cash and cash equivalents of consolidated companies transferred as a result of distribution of the special dividend in kind	(d)	-386		-	
Net (debt)/funds of consolidated companies transferred as a result of distribution of the special dividend in kind	(e)		-204		-
Net change in other non-current assets	(f)	1	1	-14	-14
Net change in current and non-current financial assets	(f)	-20		-93	
Net cash from/(used in) investment in non-financial assets (B)	(g)		-444		-357
Net cash generated from/(used in) investing activities (C)	(g)+(d)+(e)+(f)	-646		-450	
NET EQUITY CASH INFLOWS/(OUTFLOWS)					
Distribution of reserves to the parent	(h)	-1,101	-1,101	-	-
Dividends declared by Group companies	(i)		-327		-488
Dividends paid	(j)	-327		-480	
Net equity cash inflows/(outflows) (D)			-1,428		-488
Net cash generated during the period (A+B+D)			-896		-61
Repayment of loans from parent				-953	
Issuance of bonds				24	
Increase in medium/long term borrowings (excluding finance lease liabilities)				4	
Bond redemptions				-29	
Repayments of medium/long term borrowings (excluding finance lease liabilities)		-52		-56	
Net change in other current and non-current financial liabilities		344		149	
Net cash generated from/(used in) financing activities (E)		-1,136		-1,341	
Change in fair value of hedging derivatives	(k)		45		-158
Financial income/(expenses) accounted for as an increase in financial assets/(liabilities)	(l)		-3		24
Effect of foreign exchange rate movements on net debt and other changes	(m)		40		16
Other changes in net debt (F)			82		-118
Net effect of foreign exchange rate movements on net cash and cash equivalents (G)		10		21	
Decrease in net debt for period (A+B+D+F)			-814		-179
Net debt at beginning of period			-8,694		-10,342
Net debt at end of period			-9,508		-10,521
Increase/(Decrease) in cash and cash equivalents during period (A+C+E+G)		-796		-986	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		3,420		2,812	
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD		2,624		1,826	

Notes:

- a) this item shows, for the first half of 2017, cash flows not generated from operating activities with an impact on profit for the period of the companies classified as “discontinued operations”. In the first half of 2016, the same cash flows were presented in the specific items adjusting profit for the period, given that they were classified as “discontinued operations” at the end of 2016;
- b) the “Change in operating capital” shows the change in trade-related items directly linked to the Group’s ordinary activities (in particular: inventories, trading assets and trading liabilities);
- c) the “Change in other non-financial assets and liabilities” shows the change in items of a non-trading nature (in particular: current tax assets and liabilities, other current assets and liabilities, current provisions for construction services required by contract and other provisions);
- d) this item refers to cash and cash equivalents transferred following the deconsolidation of AID, ADA and the related subsidiaries, as a result of distribution of the special dividend in kind to the parent, Atlantia;
- e) this item refers to the net debt of AID, ADA and the related subsidiaries transferred as a result of distribution of the special dividend in kind to the parent, Atlantia;
- f) the “Net change in current and non-current financial assets” is not shown in the “Statement of changes in consolidated net debt”, as it does not have an impact on net debt;
- g) “Net cash from/(used in) investment in non-financial assets” excludes changes in the financial assets and liabilities that do not have an impact on net debt;
- h) this item refers to distribution of the Parent Company’s available reserves;
- i) “Dividends declared by Group companies” regard the portion of dividends declared by the Parent Company and other Group companies attributable to non-controlling interests, regardless of the period of payment;
- j) “Dividends paid” refer to amounts effectively paid during the reporting period;
- k) the amount represents the change in the fair value of cash flow hedges, before the related taxation, as shown in “Fair value gains/(losses) on cash flow hedges” in the consolidated statement of comprehensive income;
- l) this item essentially includes financial income and expenses in the form of interest linked to loans requiring the repayment of principal and interest accrued at maturity; the financial assets are described in note 7.4 and the financial liabilities are described in note 7.15 in the condensed consolidated interim financial statements;
- m) this item includes the impact of exchange rate movements on financial assets (including cash and cash equivalents) and financial liabilities denominated in currencies other than the euro held by Group companies, and non-cash income/(costs) resulting in changes in net debt.

2.3 Key performance indicators for Group companies^(*)

Key performance indicators for Group companies^(*)

€m	OPERATING REVENUE ⁽¹⁾			
	H1 2017	H1 2016	Increase/ (Decrease)	
			Absolute	%
Autostrade per l'Italia	1,709	1,652	57	3%
Autostrade Meridionali	46	42	4	10%
Tangenziale di Napoli	35	36	-1	-3%
Società Italiana per il Traforo del Monte Bianco	29	28	1	4%
Autostrada Tirrenica	17	16	1	6%
Essediesse	13	13	-	n/s
Raccordo Autostradale Valle d'Aosta	9	9	-	n/s
Giove Clear	6	6	-	n/s
Ad Moving	3	4	-1	-25%
Autostrade Tech	24	24	-	n/s
Infoblu	2	2	-	n/s
Consolidation adjustments	-32	-48	16	-33%
TOTAL	1,861	1,784	77	4%
COMPANIES DISPOSED OF	-	-	-	n/s
Consolidation adjustments	-	-	-	n/s
TOTAL AUTOSTRADE PER L'ITALIA GROUP	1,861	1,784	77	4%

(*) Key performance indicators for companies sold and those held for sale, as part of the Atlantia Group's restructuring, as described in the "Group financial review", have been excluded from the above schedule.

(1) The alternative performance indicators presented above are defined in the section, "Alternative performance indicators".

EBITDA ⁽¹⁾				CAPITAL EXPENDITURE ⁽¹⁾			
H1 2017	H1 2016	Increase/ (Decrease)		H1 2017	H1 2016	Increase/ (Decrease)	
		Absolute	%			Absolute	%
1,080	1,045	35	3%	229	273	-44	-16%
19	15	4	27%	2	1	1	100%
13	15	-2	-13%	8	8	-	n/s
19	19	-	n/s	1	1	-	n/s
9	9	-	n/s	2	21	-19	-90%
1	1	-	n/s	-	-	-	n/s
4	3	1	33%	-	-	-	n/s
-	1	-1	n/s	-	-	-	n/s
-	-	-	n/s	-	-	-	n/s
4	2	2	100%	1	-	1	n/s
-	-	-	n/s	-	-	-	n/s
-	-	-	n/s	-	-	-	n/s
1,149	1,110	39	4%	243	304	-61	-20%
-	-	-	n/s	-	82	-82	-100%
-	-	-	n/s	-	-	-	n/s
1,149	1,110	39	4%	243	386	-143	-37%

2.4 Group operating review

Traffic

Traffic on the Group's motorway network in the first six months of 2017 is up 2.9% on the first half of the previous year. The number of kilometres travelled by vehicles with 2 axles is up 2.6%, with the figure for those with 3 or more axles up 5.1%.

OPERATOR	KM TRAVELLED (IN MILLIONS)				ATVD ⁽¹⁾
	VEHICLES WITH 2 AXLES	VEHICLES WITH 3+ AXLES	TOTAL VEHICLES	% CHANGE VERSUS H1 2016	H1 2017
Autostrade per l'Italia	19,218	3,195	22,413	3.0	43,379
Autostrade Meridionali	818	18	835	3.3	89,434
Tangenziale di Napoli ⁽²⁾	431	39	470	-1.0	128,666
Autostrada Tirrenica ⁽³⁾	120	12	132	10.9	13,350
Raccordo Autostradale Valle d'Aosta	43	10	53	3.9	9,072
Società Italiana per il Traforo del Monte Bianco	4	2	5	3.3	5,091
Total Italian operators	20,633	3,276	23,909	2.9 ⁽⁴⁾	43,757

(1) ATVD - Average theoretical vehicles per day, equal to number of kilometres travelled/journey length/number of days.

(2) The data for Tangenziale di Napoli at June 2017 is provisional.

(3) The 15-km Civitavecchia-Tarquinia section was opened to traffic at the end of March 2016.

(4) After stripping out the leap-year effect, the increase in kilometres travelled in the first half of 2017 is approximately 3.4%.

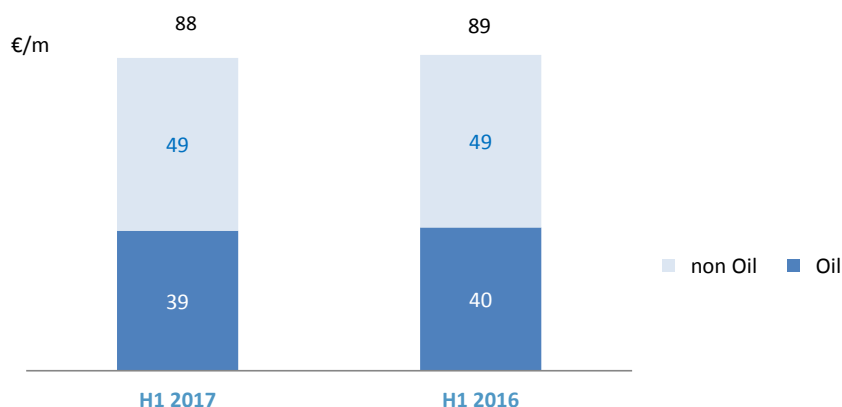
Toll increases

Information on toll increases effective 1 January 2017 is provided in the section, "Significant regulatory aspects".

Service areas

Recurring royalties received from sub-operators at service areas on the network managed by Autostrade per l'Italia and the Group's other motorway operators amount to €88 million, broadly in line with the first half of 2016.

RECURRING ROYALTIES FROM SUB-OPERATORS - AUTOSTRADe PER L'ITALIA AND SUBSIDIARIES



Capital expenditure

Capital expenditure by Autostrade per l'Italia and the other Group companies in the first half of 2017 amounts to €243 million.

(€M)	H1 2017	H1 2016
Autostrade per l'Italia - projects in Agreement of 1997	103	104
Autostrade per l'Italia - projects in IV Addendum of 2002	39	89
Investment in major works by other operators	1	19
Other capital expenditure and capitalised costs (staff, maintenance and other)	89	80
Total investment in infrastructure operated under concession	232	292
Investment in other intangible assets	6	6
Investment in property, plant and equipment	5	6
Total capital expenditure on motorways in Italy	243	304

With regard to the works envisaged in the Agreement of 1997, work is continuing on the completion of off carriageway works for the *Variante di Valico* (opened to traffic at the end of 2015), as is work on widening the A1 between Barberino and Florence North to three lanes (in May 2017, work began on mechanised excavation of the Santa Lucia natural tunnel using a boring machine).

Work on completion of off carriageway works for the Florence North-Florence South section of motorway is also in progress. The following events occurred in this regard:

- the opening, in May, of the "Galluzzo bypass", an extension of the Florence–Siena link road connecting the Florence Impruneta toll plaza on the A1 with the entry to the via Cassia at "Le Romite". This section covers approximately 4 km and includes three tunnels and a viaduct;
- the opening, in June, of the "Villa Costanza" park-and-ride on the A1 near to Scandicci (the first of its kind in Italy, enabling road users, without having to exit from the motorway, to park their cars and take the tram into the centre of Florence).

In terms of the works contained in the IV Addendum of 2002, work during the first half of 2017 consisted of off carriageway works for the A14 between Senigallia and Ancona North and Ancona North and Ancona South, and work on completing the A4-A13 interchange in the vicinity of the Padua Industrial Park toll station.

Investment by other operators primarily regards Autostrada Tirrenica, in relation to design work for the Fonteblanda-Capalbio section, expropriations for the section between Civitavecchia and Tarquinia and the related roads.

"Other capital expenditure and capitalised costs" includes approximately €29 million invested in major works by Autostrade per l'Italia, primarily reflecting work on the fourth free-flow lane for the A4 between Milan Viale Certosa and Sesto San Giovanni, and design work and surveys carried out in preparation for work on the Bologna Interchange (on carriageway works and work on the surrounding area).

2.5 Workforce

As at 30 June 2017, the Autostrade per l'Italia Group employs 6,992 staff on permanent contracts and 466 temporary staff, making a total workforce of 7,458 (down 9 compared with the 7,467 of 31 December 2016).

The change in permanent staff (a reduction of 132 compared with 31 December 2016) primarily reflects events at the following Group companies:

- Italian motorway operators (down 154), primarily due to the transfer of Contact Centre personnel from Autostrade per l'Italia to Telepass, the transfer of staff from Autostrade per l'Italia's Foreign Department to Atlantia and slower turnover among toll collectors, partly offset by the hiring of staff to fill specific roles within certain organisational units;
- Giove Clear (up 20), reflecting the conversion of fixed-term contracts to permanent ones.

The change in temporary staff as at 30 June 2017 (up 123 compared with 31 December 2016) primarily reflects events at the following Group companies:

- Italian motorway operators (up 128), primarily reflecting a greater need for seasonal toll collection staff at Autostrade per l'Italia and Autostrada Tirrenica;
- Giove Clear (down 6), due to the above conversion of fixed-term contracts to permanent ones and a different use of fixed-term contracts in the two comparative periods.

The average workforce (including agency staff) is down from 6,997 in the first half of 2016 to 6,841 in the first half of 2017, marking a total reduction of 156 on average (down 2.2%). This reduction primarily reflects:

- Italian motorway operators (down 169 on average), primarily due to the transfer of Contact Centre personnel from Autostrade per l'Italia to Telepass, the transfer of staff from Autostrade per l'Italia's Foreign Department to Atlantia and slower turnover among toll collectors;
- Giove Clear (up 6 on average), linked to expansion of the company's operations.

Information on the performance of staff costs is provided in the "Group financial review".

PERMANENT STAFF

	30 June 2017	31 December 2016	Increase/ (Decrease)	
			absolute	%
Senior managers	97	105	-8	-7.6%
Middle managers	391	405	-14	-3.5%
Administrative staff	2,697	2,770	-73	-2.6%
Manual workers	1,453	1,432	21	1.5%
Toll collectors	2,354	2,412	-58	-2.4%
Total	6,992	7,124	-132	-1.9%

TEMPORARY STAFF

	30 June 2017	31 December 2016	Increase/ (Decrease)	
			absolute	%
Senior managers	-	1	-1	-100.0%
Middle managers	-	-	-	n/a
Administrative staff	16	22	-6	-27.3%
Manual workers	151	156	-5	-3.2%
Toll collectors	299	164	135	82.3%
Total	466	343	123	35.9%

AVERAGE WORKFORCE

(including agency staff, totalling 1)

	H1 2017	H1 2016	Increase/ (Decrease)	
			absolute	%
Senior managers	101	110	-9	-8.2%
Middle managers	393	406	-13	-3.2%
Administrative staff	2,648	2,696	-48	-1.8%
Manual workers	1,425	1,425	0	0.0%
Toll collectors	2,274	2,360	-86	-3.6%
Total	6,841	6,997	-156	-2.2%

2.6 Related party transactions

Information on related party transactions is provided in note 10.5, “Related party transactions”, in the condensed consolidated interim financial statements.

2.7 Significant regulatory aspects

In addition to the information already provided in the Annual Report for the year ended 31 December 2016, this section provides details of updates or new developments relating to significant regulatory events affecting Group companies and occurring through to the date of approval of this Interim Report for the six months ended 30 June 2017.

Toll increases with effect from 1 January 2017

The Minister of Infrastructure and Transport and Minister of the Economy and Finance issued the related decrees on 30 December 2016, determining that:

- Autostrade per l'Italia was to apply a toll increase of 0.64%, compared with the 0.77% requested. The reason given for the reduction with respect to the requested percentage (equal to 0.13%) was that additional documentation was required in respect of the "X" and "K" tariff components. Once these documents have been submitted, the Grantor will decide whether or not to allow the company to recover the shortfall through subsequent toll increases. In this regard, having had access to the paperwork relating to the Grantor's determination, on 27 June 2017, Autostrade per l'Italia submitted further additional documentation, justifying its position, for the Grantor's consideration;
- Raccordo Autostradale Valle d'Aosta and Autostrada Tirrenica were to apply an increase based on the target inflation rate (0.90%), whilst determining that any over or under recoveries, including those for previous years, will be assessed following revision of the operators' financial plans. The companies thus challenged the related decree before the Regional Administrative Court;
- Tangenziale di Napoli was to apply a toll increase of 1.76%, thus lower than the requested increase, and that any over or under recoveries, including those for previous years, will be assessed following revision of the operator's financial plans. The company thus challenged the related decree before the Regional Administrative Court;
- Autostrade Meridionali, as in previous years, did not have the right to apply any toll increase, in view of the fact that its concession expired on 31 December 2012. Autostrade Meridionali has brought a legal challenge contesting the above decision, in line with the approach adopted in previous years (for 2014 and 2015, the courts found in the company's favour, whilst the challenge relating to 2016 is still pending);
- in the case of Traforo del Monte Bianco, which operates under a different regulatory regime, on 2 December 2016, the Intergovernmental Committee for the Mont Blanc Tunnel gave to go-ahead for a toll increase of 0.06%, representing the average of the inflation rates registered in Italy (-0.07%) and France (+0.2%).

II Addendum to Autostrade per l'Italia's Single Concession Arrangement

A II Addendum to Autostrade per l'Italia's Single Concession Arrangement was signed on 10 July 2017. The Addendum governs the inclusion of the first of the works in the Single Concession Arrangement of 2007, the Casalecchio Interchange – Northern section, among the operator's investment commitments. The project will involve expenditure of up to approximately €158 million, including around €2 million already incurred for design work, and almost €156 million to be paid to ANAS, which will carry out the work and then operate the infrastructure. This amount will be paid to ANAS on a stage of completion basis.

The Addendum replaces the previous concession arrangement signed on 10 December 2015, for which the related approval process had not been completed.

The Addendum signed on 10 July 2017 will be effective once it has been approved by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance, and once the related decree has been registered by Italy's Court of Auditors.

[Addendum to Autostrada Tirrenica's Single Concession Arrangement](#)

In response to observations from the European Commission regarding, among other things, extension of the concession to 2046, on 14 October 2014 the Grantor sent Autostrada Tirrenica a draft addendum envisaging extension of the concession to 2043, completion of work on the Civitavecchia–Tarquinia section, and eventual completion of the motorway (in sections, if necessary) to be put out to tender. Completion of the motorway is subject to fulfilment of the technical and financial conditions to be verified jointly by the grantor and the operator and execution of an addendum to the Concession Arrangement, with a viable financial plan attached. Subsequently, on 13 May 2015, a memorandum of understanding was signed by the Grantor, Tuscany Regional Authority, Lazio Regional Authority, Autostrade per l'Italia and Autostrada Tirrenica with an attached draft addendum which, whilst maintaining the duration of the concession until 2043, a viable financial plan for the Civitavecchia–Tarquinia section and the obligation to put all the works out to tender. The memorandum also provides for further commitments regarding the design of the Tarquinia–Ansedonia and Ansedonia–Grosseto South sections and of the improvements to the existing dual carriageway (the *SS. 1 Variante Aurelia*) between Grosseto South and San Pietro in Palazzi, retaining the current layout of the road.

Performance of the above construction work is subject to positive outcomes of studies of the technical/design, financial and administrative feasibility to be conducted jointly by the Grantor and Autostrada Tirrenica and execution of an addendum with a viable financial plan.

Subsequently, after further discussions between the Grantor and the European Commission, at the Grantor's request, Autostrada Tirrenica submitted further versions of a financial plan, initially assuming an expiry date of 31 December 2040 and then one of 31 December 2038. In this latter regard, on 21 October 2016, the company submitted a letter of commitment, by which the company, subject to execution of an addendum governing completion of the road, has undertaken to award all the contracts for work on completion of the Civitavecchia – San Pietro in Palazzi section of motorway by public tender. The company has also agreed to accept the inclusion, in a new addendum, of a provision reducing the concession term to 2038.

On 17 May 2017, the European Commission announced that the Commission had referred Italy to the European Court of Justice for violation of EU law regarding extension of the concession arrangement without conducting a tender process.

[Award of the concession for the A3 Naples – Pompei – Salerno motorway](#)

In 2012, the Ministry of Infrastructure and Transport issued a call for tenders for the new concession for the A3 Naples – Pompei – Salerno motorway. Following the challenges brought by Autostrade Meridionali and Consorzio Stable SIS before Campania Regional Administrative Court, contesting the Ministry's decision, dated 22 March 2016, to disqualify both bidders from the tender process, on 19 December 2016, Campania Regional Administrative Court announced that it did not have jurisdiction for either action, referring the challenges to Lazio Regional Administrative Court. On 29 and 30 December 2016, respectively, Consorzio Stable SIS and Autostrade Meridionali returned to court and, on 31 January 2017, Lazio Regional Administrative Court published its view that the Campania Regional Administrative Court had jurisdiction, referring the matter to the Council of State in order to decide on the question. On 27 June 2017, a hearing was held before the Council of State. The outcome has yet to be made known at the date of approval of this Interim Report.

Contractual discounts on noise abatement works

On 12 June 2017, the Grantor announced that it had determined the extent of the contractual discounts to be applied in relation to 12 noise mitigation schemes contracted out by Autostrade per l'Italia to its associate, Pavimental, in 2012.

Believing the determination to be an error of law, backed up by an authoritative external legal opinion, Autostrade per l'Italia intends to challenge it before the Regional Administrative Court.

2.8 Other information

Autostrade per l'Italia does not own, either directly or indirectly through trust companies or proxies, treasury shares or shares or units issued by parent companies. No transactions were carried out during the period involving treasury shares or shares or units issued by parent companies.

Autostrade per l'Italia does not operate branch offices.

With reference to CONSOB Ruling 2423 of 1993, regarding criminal proceedings or judicial investigations, the Company is not involved in proceedings, other than those described in note 10.7, "Significant legal and regulatory aspects", that may result in charges or potential liabilities with an impact on the consolidated financial statements.

2.9 Events after 30 June 2017

General Meeting of Autostrade per l'Italia's shareholders

The extraordinary session of the General Meeting of Autostrade per l'Italia's shareholders, held on 26 July 2017, voted to approve proposed amendments to the Articles of Association, following Atlantia's sale of a minority interest in the Company.

The ordinary session of the same General Meeting voted to approve an increase in the number of members of the Board of Directors from 7 to 9, electing Christoph Holzer and Hongcheng Li to serve as Directors, and an increase in the number of members of the Board of Statutory Auditors from 3 to 5, electing Roberto Colussi and Alberto De Nigro as Standing Auditors and Francesco Orioli as an Alternate.

Changes to Autostrade per l'Italia's ownership structure

Following completion of Atlantia's sale of an 11.94% interest in the Company on 26 July of this year, Autostrade per l'Italia's ownership structure is thus as follows:

- Atlantia: 88.06%;
- Appia Investments Srl (a company directly and indirectly owned by Allianz Capital Partners, acting on behalf of Allianz Group, EDF Invest and DIF, through its DIF Infrastructure IV and DIF Infrastructure V funds): 6.94%;
- Silk Road Fund: 5%.

2.10 Outlook and risks or uncertainties

The Group's operating results for the current year will benefit from the strong performance of traffic during the first six months of the year.

Work on upgrading the network operated under concession will continue in 2017, whilst approval of the final design prior to the start-up of construction of the Genoa Bypass is awaited.

Overall, we expect to see an improvement in the Group's earnings in 2017 and growth in key performance indicators.



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3.

Condensed
consolidated
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financial
statements

Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€000	Note	30 June 2017	<i>of which related party transactions</i>	31 December 2016	<i>of which related party transactions</i>
ASSETS					
Non-current assets					
Property, plant and equipment	7.1	79,164		85,878	
Property, plant and equipment		77,334		83,862	
Investment property		1,830		2,016	
Intangible assets	7.2	18,481,332		18,750,244	
Intangible assets deriving from concession rights		12,350,701		12,620,116	
Goodwill and other intangible assets with indefinite lives		6,111,237		6,111,237	
Other intangible assets		19,394		18,891	
Investments	7.3	59,697		61,044	
Investments accounted for at cost or fair value		33,921		33,920	
Investments accounted for using the equity method		25,776		27,124	
Non-current financial assets	7.4	392,442		395,767	
Non-current financial assets deriving from government grants		188,299		189,985	
Non-current term deposits		184,010		185,696	
Other non-current financial assets		20,133		20,086	
Deferred tax assets	7.5	120,844		118,522	
Other non-current assets	7.6	8,353		8,189	
Total non-current assets		19,141,832		19,419,644	
Current assets					
Trading assets	7.7	544,915		574,739	
Inventories		50,850		48,561	
Contract work in progress		4,204		4,204	
Trade receivables		489,861	82,999	521,974	103,112
Cash and cash equivalents	7.8	2,789,968		3,223,793	
Cash		2,031,483		2,540,743	
Cash equivalents		220,047		200,080	
Intercompany current account receivables due from related parties		538,438	538,438	482,970	482,970
Current financial assets	7.4	518,590		508,333	
Current financial assets deriving from concession rights		399,830		398,270	
Current financial assets deriving from government grants		52,162		50,476	
Current term deposits		50,599		48,913	
Current portion of medium/long-term financial assets		4,441		3,423	
Other current financial assets		11,558		7,251	
Current tax assets	7.9	122,790	91,419	69,025	65,174
Other current assets	7.10	80,836		82,518	
Assets held for sale and related to discontinued operations	7.11	11,643	-	5,907,657	26,340
Total current assets		4,068,742		10,366,065	
TOTAL ASSETS		23,210,574		29,785,709	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€000	Note	30 June 2017	of which related party transactions	31 December 2016	of which related party transactions
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the parent		2,333,239		4,368,352	
Issued capital		622,027		622,027	
Reserves and retained earnings		1,259,229		3,233,873	
Profit/(Loss) for the period net of interim dividends		451,983		512,452	
Equity attributable to non-controlling interests		330,491		1,749,310	
Issued capital and reserves		322,580		1,649,674	
Profit/(Loss) for the period net of interim dividends		7,911		99,636	
Total equity	7.12	2,663,730		6,117,662	
Non-current liabilities					
Non-current portion of provisions for construction services required by contract	7.13	2,780,976		3,165,177	
Non-current provisions	7.14	1,269,218		1,298,255	
Non-current provisions for employee benefits		102,145		107,382	
Non-current provisions for repair and replacement of motorway infrastructure		1,148,998		1,169,196	
Other non-current provisions		18,075		21,677	
Non-current financial liabilities	7.15	11,898,394		12,022,227	
Bond issues		7,982,876		8,005,130	
Medium/long-term borrowings		3,477,778	994,265	3,536,650	992,320
Non-current derivative liabilities		437,740		480,447	
Deferred tax liabilities	7.5	541,327		470,947	
Other non-current liabilities	7.16	29,321		30,823	
Total non-current liabilities		16,519,236		16,987,429	
Current liabilities					
Trading liabilities	7.17	1,322,212		1,254,817	
Trade payables		1,322,212	242,298	1,254,817	223,053
Current portion of provisions for construction services required by contract	7.13	691,295		521,454	
Current provisions	7.14	239,069		231,790	
Current provisions for employee benefits		24,170		24,332	
Current provisions for repair and replacement of motorway infrastructure		181,706		164,779	
Other current provisions		33,193		42,679	
Current financial liabilities	7.15	1,317,913		1,368,390	
Bank overdrafts repayable on demand		417		-	
Short-term borrowings		274,737		244,480	
Current derivative liabilities		336		2,997	
Intercompany current account payables due to related parties		172,554	172,554	205,768	205,768
Current portion of medium/long-term financial liabilities		865,941	23,662	915,001	4,344
Other current financial liabilities		3,928		144	
Current tax liabilities	7.9	146,262		4,270	
Other current liabilities	7.18	304,227	19,646	303,074	10,089
Liabilities related to discontinued operations	7.11	6,630	32	2,996,823	7,433
Total current liabilities		4,027,608		6,680,618	
TOTAL LIABILITIES		20,546,844		23,668,047	
TOTAL EQUITY AND LIABILITIES		23,210,574		29,785,709	

CONSOLIDATED INCOME STATEMENT

€000	Note	H1 2017	of which related party transactions	H1 2016	of which related party transactions
REVENUE					
Toll revenue	8.1	1,696,371		1,634,664	
Revenue from construction services	8.2	55,195		125,722	
Contract revenue	8.3	476		23	
Other operating income	8.4	164,131	50,774	149,378	35,537
TOTAL REVENUE		1,916,173		1,909,787	
COSTS					
Raw and consumable materials	8.5	-35,650		-32,175	
Service costs	8.6	-388,469	-187,909	-425,566	-168,270
Gain/(Loss) on sale of elements of property, plant and equipment		380		70	
Staff costs	8.7	-267,884	-14,572	-262,141	-13,673
Other operating costs	8.8	-251,233		-241,413	
Concession fees		-220,480		-214,228	
Lease expenses		-4,824		-2,163	
Other		-25,929		-25,022	
Operating change in provisions	8.9	11,609		-127,424	
Provisions/(Uses of provisions) for repair and replacement of motorway infrastructure		11,162		-125,395	
Provisions		447		-2,029	
Use of provisions for construction services required by contract	8.10	177,442		166,521	
Amortisation and depreciation		-299,212		-278,805	
Depreciation of property, plant and equipment		-11,426		-11,246	
Amortisation of intangible assets deriving from concession rights		-281,693		-262,129	
Amortisation of other intangible assets		-6,093		-5,430	
(Impairment losses)/Reversals of impairment losses	8.11	-1,338		-1,556	
TOTAL COSTS		-1,054,355		-1,202,489	
OPERATING PROFIT/(LOSS)		861,818		707,298	
Financial income					
Dividends received from investees		59,999		12,595	
Other financial income		2,430		2,295	
		57,569	1,403	10,300	8,000
Financial expenses					
Financial expenses from discounting of provisions for construction services required by contract and other provisions		-281,497		-295,084	
Other financial expenses		-12,614		-23,376	
Foreign exchange gains/(losses)		-268,883	-29,844	-271,708	-184,750
		-14		43	
FINANCIAL INCOME/(EXPENSES)	8.12	-221,512		-282,446	
Share of profit/(loss) of investees accounted for using the equity method	8.13	-1,436		-1,180	
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		638,870		423,672	
Income tax (expense)/benefit					
Current tax expense	8.14	-188,477		-157,011	
Differences on current tax expense for previous years		-134,896		-134,139	
Deferred tax income and expense		3,635		334	
		-57,216		-23,206	
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		450,393		266,661	
Profit/(Loss) from discontinued operations	8.15	24,197		161,751	
PROFIT FOR THE PERIOD		474,590		428,412	
<i>of which</i>					
Profit attributable to owners of the parent		451,983		378,941	
Profit attributable to non-controlling interests		22,607		49,471	
€					
		H1 2017		H1 2016	
Basic earnings per share attributable to owners of the parent					
of which:	8.16	0.73		0.61	
- continuing operations		0.71		0.43	
- discontinued operations		0.02		0.18	
Diluted earnings per share attributable to owners of the parent					
of which:	8.16	0.73		0.61	
- continuing operations		0.71		0.43	
- discontinued operations		0.02		0.18	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€000		H1 2017	H1 2016
Profit for the period	(A)	474,590	428,412
Fair value gains/(losses) on cash flow hedges		45,391	-156,560
Tax effect on fair value gains/(losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro		-10,844	37,519
Gains/(losses) from translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro		90,923	226,561
Gains/(losses) from translation of investments accounted for using the equity method denominated in functional currencies other than the euro		792	2,299
Other comprehensive income/(loss) for the period reclassifiable to profit or loss	(B)	126,262	109,819
Other comprehensive income/(loss) for the period not reclassifiable to profit or loss	(C)	-	-
Reclassifications of other components of comprehensive income to profit or loss for the period	(D)	-217	-1,498
Tax effect of reclassifications of other components of comprehensive income to profit or loss for the period	(E)	-	-
Total other comprehensive income/(loss) for the period	(F=B+C+D+E)	126,045	108,321
<i>of which attributable to discontinued operations</i>		<i>91,602</i>	<i>229,095</i>
Comprehensive income for the period	(A+F)	600,635	536,733
<i>Of which attributable to owners of the parent</i>		<i>532,723</i>	<i>374,517</i>
<i>Of which attributable to non-controlling interests</i>		<i>67,912</i>	<i>162,216</i>

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

€000	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT						EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND NON-CONTROLLING INTERESTS		
	Issued capital	Cash flow/hedge reserve	Net investment hedge reserve	Reserve for translation differences on translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro	Reserve for translation of investments accounted for using the equity method denominated in functional currencies other than the euro	Other reserves and retained earnings			Profit/(Loss) for the period after interim dividend	Total
Balance as at 31 December 2015	622,027	-93,707	-36,400	-373,752	-5,557	2,210,016	677,108	2,999,735	1,559,981	4,559,716
Comprehensive income for the period	-	-120,665	-	115,058	1,183	-	378,941	374,517	162,216	536,733
<u>Owner transactions and other changes</u>										
Auxostrate per Italtella SpA's final dividend (€0.756 per share)	-	-	-	-	-	-	-470,252	-470,252	-	-470,252
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	-	206,856	-206,856	-	-	-
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-18,101	-18,101
Share-based incentive plans	-	-	-	-	-	743	-	743	7	750
Other minor changes	-	-	-	-	-	136	-	136	-75	61
Balance as at 30 June 2016	622,027	-214,372	-36,400	-258,694	-4,374	2,417,751	378,941	2,904,879	1,704,028	4,608,907
Balance as at 31 December 2016	622,027	-154,890	-36,400	-185,138	-3,652	3,613,953	512,452	4,368,352	1,749,310	6,117,662
Comprehensive income for the period	-	34,330	-	45,972	438	-	451,983	532,723	67,912	600,635
<u>Owner transactions and other changes</u>										
Auxostrate per Italtella SpA's final dividend (€0.305 per share)	-	-	-	-	-	-	-314,124	-314,124	-	-314,124
Transfer of profit/(loss) for previous year to retained earnings	-	-	-	-	-	198,328	-198,328	-	-	-
Dividends paid by other Group companies to non-controlling shareholders	-	-	-	-	-	-	-	-	-12,625	-12,625
Share-based incentive plans	-	-	-	-	-	1,175	-	1,175	-	1,175
Change in scope of consolidation following distribution of the special dividend in kind, including the effect on current tax income/(expense)	-	-	36,400	139,205	3,168	-1,332,302	-	-1,153,529	-1,474,106	-2,627,635
Distribution of available reserves	-	-	-	-	-	-1,101,312	-	-1,101,312	-	-1,101,312
Other minor changes	-	-	-	-	-	-46	-	-46	-	-46
Balance as at 30 June 2017	622,027	-120,560	-	39	-46	1,379,796	451,983	2,333,239	330,491	2,663,730

CONSOLIDATED STATEMENT OF CASH FLOWS

€000	Note	H1 2017	of which related party transactions	H1 2016	of which related party transactions
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES					
Profit for the period		474,590		428,412	
Adjusted by:					
Amortisation and depreciation		299,212		349,626	
Operating change in provisions		-11,013		121,375	
Financial expenses from discounting of provisions for construction services required by contract and other provisions		12,614		29,611	
Impairment losses/(Reversal of impairment losses) on non-current financial assets and investments accounted for at cost or fair value		-		-21,992	
Share of (profit)/loss of investees accounted for using the equity method		1,436		9,975	
Impairment losses/(Reversal of impairment losses) and adjustments of current and non-current assets		1,338		1,840	
(Gains)/Losses on sale of non-current assets		-380		-81	
Net change in deferred tax (assets)/liabilities through profit or loss		57,216		31,493	
Other non-cash costs (income)		-24,613		-21,421	
Change in working capital and other charges		166,013	28,957	-145,189	-136,935
Net cash generated from/(used in) operating activities [a]	9.1	976,413		783,649	
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES					
Investment in assets held under concession	7.2	-232,275		-359,431	
Purchases of property, plant and equipment	7.1	-4,763		-14,974	
Purchases of other intangible assets	7.2	-5,747		-12,195	
Government grants related to assets held under concession		252		1,521	
Increase in financial assets deriving from concession rights (related to capital expenditure)		1,560		37,324	
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments		433		3,865	
Cash and cash equivalents of consolidated transferred as a result of distribution of the special dividend in kind		-386,046		-	
Net change in other non-current assets		-164		-13,063	
Net change in current and non-current financial assets		-19,100		-92,546	
Net cash generated from/(used in) investing activities [b]	9.1	-645,850		-449,499	
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES					
Distribution of reserves to the parent	7.12	-1,101,312		-	
Dividends paid		-326,358		-480,228	
Repayment of loans from parent		-		-952,672	-952,672
Issuance of bonds		-		23,887	
Increase in medium/long term borrowings (excluding finance lease liabilities)		-		3,952	
Bond redemptions		-		-29,142	
Repayments of medium/long term borrowings (excluding finance lease liabilities)	7.15	-52,250		-55,699	
Payment of finance lease liabilities		-		-182	
Net change in other current and non-current financial liabilities		344,398	367,886	149,782	103,640
Net cash generated from/(used in) financing activities [c]	9.1	-1,135,522		-1,340,302	
Net effect of foreign exchange rate movements on net cash and cash equivalents [d]		9,702		21,046	
Increase/(Decrease) in cash and cash equivalents [a+b+c+d]	9.1	-795,257		-985,106	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		3,419,541		2,811,566	
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD		2,624,284		1,826,460	

ADDITIONAL INFORMATION ON THE STATEMENT OF CASH FLOWS

€000	Note	H1 2017	H1 2016
Income taxes paid		68,221	151,969
Interest and other financial income collected		27,572	17,726
Interest expense and other financial expenses paid		317,136	380,410
Dividends received	8.12	2,430	5,646
Foreign exchange gains collected		7	45
Foreign exchange losses incurred		19	22

RECONCILIATION OF NET CASH AND CASH EQUIVALENTS

€000	Note	H1 2017	H1 2016
<u>NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</u>		3,419,541	2,811,566
Cash and cash equivalents	7.8	3,223,793	2,786,098
Bank overdrafts repayable on demand	7.15	-	-31
Intercompany current accounts payables due to related parties	7.15	-205,768	-13,522
Cash and cash equivalents related to discontinued operations	7.11	401,516	39,021
<u>NET CASH AND CASH EQUIVALENTS AT END OF PERIOD</u>		2,624,284	1,826,460
Cash and cash equivalents	7.8	2,789,968	1,836,566
Bank overdrafts repayable on demand	7.15	-417	-919
Intercompany current account payables due to related parties	7.15	-172,554	-39,729
Cash and cash equivalents related to discontinued operations	7.11	7,287	30,542

Notes

1. Introduction

The core business of the Autostrade per l'Italia Group ("the Group") is the operation of motorways under concessions granted by the relevant authorities. Under the related concession arrangements, the Group's operators are responsible for the construction, management, improvement and upkeep of motorway infrastructure. Further information on the Group's concession arrangements is provided in note 4. The Group's activities are not, on the whole, subject to significant seasonal variations between the first and second halves of the year.

The Parent Company, Autostrade per l'Italia SpA ("Autostrade per l'Italia", "the Company" or "the Parent Company") is a company incorporated in 2003. The Company's core business is the operation of motorways under a concession granted by the Ministry of Infrastructure and Transport, which assumed the role of Grantor previously fulfilled by ANAS SpA (Italy's Highways Agency) from 1 October 2012.

Its registered office is at Via Bergamini, 50 in Rome. The Company does not have branch offices. The duration of the Company is until 31 December 2050.

At the date of preparation of these condensed consolidated interim financial statements, 100% of the Company's share capital is held by Atlantia SpA (also referred to as "Atlantia"), which is listed on the screen-based trading system (*Mercato Telematico Azionario*) operated by Borsa Italiana SpA, and is responsible for management and coordination of the Company. Sintonia SpA is the shareholder that holds a relative majority of the issued capital of Atlantia SpA. Neither Sintonia SpA nor its direct parent, Edizione Srl, is responsible for management and coordination of Atlantia. On 26 July 2017, the sale of an 11.94% interest in Autostrade per l'Italia to non-controlling shareholders was completed. This is described in note 10.8, "Events after 30 June 2017".

The condensed consolidated interim financial statements as at and for the six months ended 30 June 2017 were approved by the Company's Board of Directors at its meeting of 4 August 2017.

2. Basis of preparation of the consolidated financial statements

The condensed consolidated interim financial statements as at and for the six months ended 30 June 2017 have been prepared pursuant to articles 2 and 3 of Legislative Decree 38/2005 and article 154-ter "Financial Reports" of the Consolidated Finance Act, as amended, on the assumption that the Parent Company and consolidated companies are going concerns.

The condensed consolidated interim financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), above all with regard to IAS 34 "Interim Financial Reporting" (relating to the content of interim reports), issued by the International Accounting Standards Board and endorsed by the European Commission, and as in force at the end of the period. These standards reflect the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), in addition to previous International Accounting Standards (IAS) and interpretations issued by the Standard Interpretations Committee (SIC) and still in force at the end of the period. For the sake of simplicity, all the above standards and interpretations are hereinafter referred to as "IFRS".

Moreover, the measures introduced by the CONSOB (*Commissione Nazionale per le Società e la Borsa*) in application of paragraph 3 of article 9 of Legislative Decree 38/2005, relating to the preparation of financial statements, have also been taken into account.

The condensed consolidated interim financial statements consist of the consolidated accounts (the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows) and these notes. The Group has

applied IAS 1 “Presentation of financial statements” and, in general, the historic cost convention, with the exception of those items that are required by IFRS to be recognised at fair value, as explained in the notes to the relevant items in the consolidated financial statements as at and for the year ended 31 December 2016, to which reference should be made. Compared with the consolidated annual report, the consolidated interim financial statements have been prepared in condensed form, as permitted by IAS 34. For a more complete description, these condensed consolidated interim financial statements should, therefore, be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2016. The statement of financial position is based on the format that separately discloses current and non-current assets and liabilities. The income statement is classified by nature of expense. The statement of cash flows has been prepared in application of the indirect method.

IFRS have been applied in accordance with the indications provided in the “Conceptual Framework for Financial Reporting”, and no events have occurred that would require exemptions pursuant to paragraph 19 of IAS 1.

CONSOB Resolution 15519 of 27 July 2006 requires that, in addition to the specific requirements of IAS 1 and other IFRS, financial statements must, where material, include separate sub-items providing (i) disclosure of amounts deriving from related party transactions; and, with regard to the income statement, (ii) separate disclosure of income and expenses deriving from events and transactions that are non-recurring in nature, or transactions or events that do not occur on a frequent basis in the normal course of business.

In this regard, no non-recurring, atypical or unusual transactions, having a material impact on the Group’s consolidated income statement, were entered into during the first half of 2017 or the first half of 2016, either with third or related parties.

The consolidated financial statements therefore only show material amounts relating to related party transactions.

All amounts are shown in thousands of euros, unless otherwise stated. The euro is both the functional currency of the Parent Company and its principal subsidiaries and the presentation currency for these condensed consolidated interim financial statements.

Each component of the consolidated financial statements is compared with the corresponding amount for the comparative reporting period. In this regard, as described in detail in note 6, “Corporate actions in the first half of 2017”, and in the notes to the consolidated financial statements as at and for the year ended 31 December 2016, a restructuring of the Atlantia Group began in 2016. As a result, the following transactions have been carried out:

- a) the transfer to Atlantia of the investments in Telepass and Stalexport Autostrady, completed in 2016;
- b) the transfer to Atlantia of Autostrade per l’Italia’s investments in Autostrade dell’Atlantico (“ADA”, the sub-holding company that controls the Group’s Chilean and Brazilian motorway businesses and holds a controlling interest in Electronic Transaction Consultants) with effect from 1 March 2017 and Autostrade Indian Infrastructure Development (“AID”) with effect from 22 March 2017, in implementation of the resolution passed by Autostrade per l’Italia’s shareholders at the General Meeting of 25 January 2017, which approved distribution of a special dividend in kind, using available equity reserves.

As a result, in application of IFRS 5, the contributions of the transferred companies to the consolidated income statements for the two comparative periods have been classified in “Profit/(Loss) from discontinued operations”, rather than in each item of the income statement attributable to continuing operations. Details of the amounts included in “Profit/(Loss) from discontinued operations” are provided in note 8.15, “Profit/(Loss) from discontinued operations”.

3. Accounting standards and policies applied

The accounting standards and policies applied in preparation of the condensed consolidated interim financial statements as at and for the six months ended 30 June 2017 are consistent with those applied in preparation of the consolidated financial statements as at and for the year ended 31 December 2016, to which reference should be made for a description of the relevant accounting standards and policies. This reflects the fact that no new standards, interpretations or amendments to existing standards have come into effect during the first half of 2017.

Preparation of financial statements in compliance with IFRS involves the use of estimates and judgements, which are reflected in the measurement of the carrying amounts of assets and liabilities and in the disclosures provided in the notes to the financial statements, including contingent assets and liabilities at the end of the reporting period. These estimates are especially used in determining amortisation and depreciation, impairment testing of assets (including the measurement of receivables), provisions, employee benefits, the fair value of financial assets and liabilities, and current and deferred tax assets and liabilities.

The amounts subsequently recognised may, therefore, differ from these estimates. Moreover, these estimates and judgements are periodically reviewed and updated, and the resulting effects of each change immediately recognised in the consolidated financial statements.

As required by IAS 36, in preparing the condensed consolidated interim financial statements the only assets tested for impairment are those for which there are internal and external indications of a reduction in value, requiring immediate recognition of the relevant losses. If there are indications that these assets have been impaired, the value of such assets is estimated in order to verify the recoverability of the carrying amounts and eventually measure the amount of the impairment loss.

The potential impact of future application of all the newly issued standards, as described in detail in note 3 to the consolidated financial statements as at and for the year ended 31 December 2016, as well as revisions and amendments to existing standards, is currently being evaluated by the Group. The impact cannot currently be reasonably estimated.

Above all, with reference to IFRS 15, the Group is completing its assessment of the applicability of the new standard to the various types of existing contracts, and the potential operational and accounting effects. The assessment has examined the applicability of the new standard to the concession arrangements to which Group companies are party, to the sub-concessions granted for motorway service areas and the related retail space, and to the other contracts to which the Group's motorway operators are party, which represent the most significant component of consolidated revenue.

As indicated in note 3 to the consolidated financial statements as at and for the year ended 31 December 2016, the evaluations carried out so far have led to the view that the Group's concession arrangements do not fall within the scope of application of IFRS 15. As a result, the current methods of presentation are not expected to change, including the treatment of toll revenue, revenue from construction services and the above sub-concession arrangements.

Based on the analyses and evaluations conducted so far, the adoption of IFRS 15 is not expected to have a material impact on the Autostrade per l'Italia Group's consolidated financial statements. The Group has also begun an assessment of the potential impact of application of the new accounting standards, IFRS 9 (effective from 1 January 2018) and IFRS 16 (effective from 1 January 2019). The assessment is at an initial stage.

With regard to IFRS 9, the principal types of financial asset held by the Group that might be potentially affected are trade receivables due from customers and financial assets deriving from concession rights.

As regards the potential impact of the introduction of IFRS 16, the Group is not a party to significant lease arrangements as a lessee, and it is believed that the new standard will not have a material impact in relation to arrangements in which the Group is the lessor. These are primarily represented by sub-concession arrangements involving the lease of space used by retailers and food service providers along the motorways operated under concession.

4. Concessions

The Group's core business is the operation of motorways under concessions held by Group companies. The purpose of the concessions is the construction and operation of motorway infrastructure. Further essential information on the concessions held by the Group is provided in note 4, "Concessions", in the consolidated financial statements as at and for the year ended 31 December. Further details of events of a regulatory nature during the first half of 2017 are provided in note 10.7, "Significant legal and regulatory aspects".

A II Addendum to Autostrade per l'Italia's Single Concession Arrangement was signed on 10 July 2017. The Addendum governs the inclusion of the first of the works in the Single Concession Arrangement of 2007, the Casalecchio Interchange – Northern section, among the operator's investment commitments. The project will involve expenditure of up to €157,875,194.80, including €2,275,287.00 already incurred for design work, and €155,599,907.80 to be paid to ANAS, which will carry out the work and then operate the infrastructure. This amount will be paid to ANAS on a stage of completion basis. The Addendum replaces the previous concession arrangement signed on 10 December 2015, for which the related approval process had not been completed.

The Addendum signed on 10 July 2017 will be effective once it has been approved by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance, and once the related decree has been registered by Italy's Court of Auditors.

5. Scope of consolidation

The consolidation policies and methods used for the condensed consolidated interim financial statements as at and for the six months ended 30 June 2017 are consistent with those used in preparation of the consolidated financial statements as at and for the year ended 31 December 2016.

In addition to the Parent Company, Autostrade per l'Italia, companies are consolidated when Autostrade per l'Italia SpA exercises control as a result of its direct or indirect ownership of a majority of the voting power of the relevant entities (including potential voting rights resulting from currently exercisable options), or because, as a result of other events or circumstances that (regardless of its percentage interest in the entity) mean it has power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of investors' returns. Subsidiaries are consolidated using the line-by-line method and are listed in Annex 1.

Entities are consolidated from the date on which the Group gains control. Entities are deconsolidated from the date on which the Group ceases to exercise control, as defined above.

In this regard, the scope of consolidation as at 30 June 2017 has changed with respect to the scope as at 31 December 2016, following the deconsolidation of ADA and the related subsidiaries and of AID. This is a result of distribution, to the parent, Atlantia, of a special dividend in kind, as referred to in note 2, "Basis of preparation of the consolidated financial statements" and more

fully described below in note 6.1, “Restructuring of the Atlantia Group”. In addition, the subsidiary, Autostrade Tech, completed the acquisition of control of Catterick Investments during the first half of 2017. As a result, this company has been consolidated on a line-by-line basis from March 2017. Given the immaterial value of this acquisition, the disclosure required by IFRS 3 has not been provided.

For the purposes of preparing the condensed consolidated interim financial statements, all consolidated companies have, as in previous years, prepared a specific reporting package as of the end of the reporting period, with accounting information consistent with the IFRS adopted by the Group.

The following exchange rates applied for the first half of 2017 and for the comparative period, and used for the translation of reporting packages denominated in functional currencies other than the euro, were obtained from the Bank of Italy.

Currency	2017		2016		
	Spot exchange rate	Average exchange	Spot exchange rate	Spot exchange rate	Average exchange
	30 June	rate H1	30 June	31 Dec	rate H1
Euro/US Dollar ^(*)	1.060	1.063	1.110	1.054	1.116
Euro/Polish Zloty	4.226	4.269	4.436	4.410	4.369
Euro/Chilean Peso ^(*)	687.102	693.200	735.500	704.945	769.129
Euro/Brazilian Real ^(*)	3.281	3.350	3.590	3.431	4.130
Euro/Indian Rupee ^(**)	69.397	71.284	74.960	71.594	75.002

^(*) Following the above restructuring, the spot rates for 2017 shown in the table and used to convert the reporting packages denominated in functional currencies represented by the US dollar, the Chilean peso and the Brazilian real, refer to exchange rates as at 28 February 2017. In addition, the average rates for 2017 used to convert the reporting packages denominated in the same currencies refer to average exchange rates for the first two months of 2017.

^(**) Following the above restructuring, the spot rate for 2017 shown in the table and used to convert the reporting package denominated in the functional currency represented by the Indian rupee, refers to the exchange rate as at 31 March 2017. In addition, the average rate for 2017 used to convert the reporting package denominated in the same currency refers to the average exchange rate for the first three months of 2017.

6. Corporate actions in the first half of 2017

6.1 Restructuring of the Atlantia Group

As previously indicated in note 2, “Basis of preparation of the consolidated financial statements”, as part of the restructuring of the Atlantia Group, the General Meeting of Autostrade per l’Italia’s shareholders held on 25 January 2017 approved the distribution, to the parent, Atlantia, of a special dividend in kind. The distribution, using available equity reserves, took the form of the transfer of the Company’s investments in ADA (effective 1 March 2017) and in AID (effective 22 March 2017).

These transactions are classifiable as transactions under common control. As a result, in accordance with the accounting standard applied in previous years, taking into account that the transactions merely represent a restructuring of the Atlantia Group, without generating added value for any of the parties involved, resulting in significant measurable changes in the cash flows generated by the assets transferred before and after the transaction, the carrying amount of the net assets transferred, amounting to €1,155 million, has been recognised as a reduction in Autostrade per l’Italia’s consolidated equity, after taking into account the related taxation.

It should be noted that, for the companies involved in the above transfer, changes in the following equity reserves were, in previous years, recognised in comprehensive income (and, therefore, directly in equity): (i) “Reserve for translation differences on translation of assets and liabilities of consolidated companies denominated in functional currencies other than the euro”, (ii) “Net

investment hedge reserve” and (iii) “Reserve for translation of investments accounted for using the equity method denominated in functional currencies other than the euro”.

Generally, on losing control of a company and the net assets transferred, IFRS 10 requires the parent (in this specific case, Autostrade per l’Italia) to reclassify the reserves previously recognised in comprehensive income to consolidated income statement. Paragraphs 10.25 and B.98C of IFRS 10, however, grant the option of reclassifying the reserves directly to “retained earnings” if permitted by other IFRSs. As described in the consolidated financial statements as at and for the year ended 31 December 2016, based on the effective substance of the above transactions (representing a mere restructuring of the Group) and the procedure followed, involving direct recognition in equity of the carrying amount of the net assets transferred (as a transaction under common control entered into with Atlantia, as sole shareholder, it is subject to a specific accounting treatment and, therefore, not required to generate an impact on profit or loss for the year), the provisions of above paragraphs 10.25 and B.98C of IFRS 10 have been applied. As a result, the previously mentioned reserves have been reclassified directly to “retained earnings”, without recognition through consolidated profit or loss.

7. Notes to the consolidated statement of financial position

The following notes provide information on items in the consolidated statement of financial position as at 30 June 2017. Comparative amounts as at 31 December 2016 are shown in brackets. Details of items in the consolidated statement of financial position deriving from related party transactions are provided in note 10.5, "Related party transactions".

7.1 Property, plant and equipment - €79,164 thousand (€85,878 thousand)

As at 30 June 2017, property, plant and equipment amounts to €79,164 thousand, compared with a carrying amount of €85,878 thousand as at 31 December 2016.

The following table provides details of property, plant and equipment at the beginning and end of the period, showing the original cost and accumulated depreciation at the end of the period.

€000	30 June 2017			31 December 2016		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Property, plant and equipment	323,707	-246,373	77,334	322,921	-239,059	83,862
Investment property	5,387	-3,557	1,830	5,387	-3,371	2,016
Total property, plant and equipment	329,094	-249,930	79,164	328,308	-242,430	85,878

The following table shows amounts at the beginning and end of the period for the different categories of asset, and the related changes in the first half of 2017.

€000	Carrying amount as at 31 December 2016	CHANGES DURING THE PERIOD				Carrying amount as at 30 June 2017
		Additions	Depreciation	Disposals	Reclassifications and other adjustments	
Property, plant and equipment						
Land	2,890	-	-	-	-	2,890
Buildings	25,643	10	-781	-	9	24,881
Plant and machinery	1,191	68	-126	-	-	1,133
Industrial and business equipment	33,362	1,441	-7,497	-51	4,236	31,491
Other assets	15,524	2,420	-2,835	-	5	15,114
Property, plant and equipment under construction and advance payments	5,252	824	-	-	-4,251	1,825
Total	83,862	4,763	-11,239	-51	-1	77,334
Investment property						
Land	158	-	-	-	-	158
Buildings	1,858	-	-187	-	1	1,672
Total	2,016	-	-187	-	1	1,830
Total property, plant and equipment	85,878	4,763	-11,426	-51	-	79,164

The reduction in the carrying amount of property, plant and equipment with respect to 31 December 2016, amounting to €6,714 thousand, essentially reflects a combination of depreciation for the period, amounting to €11,426 thousand, and capital expenditure in the first half of 2017, totalling €4,763 thousand.

"Investment property" of €1,830 thousand as at 30 June 2017 refers to land and buildings not used in operations and is stated at cost. The total fair value of these assets is estimated to be €8.7 million, based on independent appraisals and information on property markets relevant to these types of investment property.

There were no significant changes in the expected useful lives of these assets during the first half of 2017. As at 30 June 2017, property, plant and equipment is free of mortgages, liens or other collateral guarantees restricting use.

7.2 Intangible assets - €18,481,332 thousand (€18,750,244 thousand)

This item consists of:

- a) intangible assets deriving from concession rights, totalling €12,350,701 thousand (€12,620,116 thousand as at 31 December 2016), and regarding the following categories:
 - 1) rights recognised as a result of the performance of construction services for which no additional economic benefits are received (€8,152,755 thousand);
 - 2) rights deriving from construction services for which additional economic benefits are received (€3,991,248 thousand);
 - 3) rights deriving from construction services carried out by service area operators (€103,697 thousand), represented by assets that were handed over free of charge to the Group's operators on expiry of the related sub-concessions;
 - 4) rights acquired from third parties (€103,001 thousand), essentially reflecting the fair value of concession rights recognised following acquisitions of motorway operators in previous years;
- b) goodwill and other intangible assets with indefinite lives, totalling €6,111,237 thousand and unchanged with respect to 31 December 2016;
- c) other intangible assets of €19,394 thousand (€18,891 thousand as at 31 December 2016).

€000	30 June 2017				31 December 2016			
	Cost	Accumulated amortisation	Accumulated impairments	Carrying amount	Cost	Accumulated amortisation	Accumulated impairments	Carrying amount
Intangible assets deriving from concession rights	18,551,236	-6,005,787	-194,748	12,350,701	18,538,958	-5,724,094	-194,748	12,620,116
Goodwill and other intangible assets with indefinite lives	6,111,237	-	-	6,111,237	6,111,237	-	-	6,111,237
Other intangible assets	249,929	-230,535	-	19,394	241,218	-222,327	-	18,891
Intangible assets	24,912,402	-6,236,322	-194,748	18,481,332	24,891,413	-5,946,421	-194,748	18,750,244

Intangible assets recorded a net decrease of €268,912 thousand in the first half of 2017, primarily due to a combination of the following:

- a) amortisation for the period of €287,786 thousand;
- b) a reduction in the present value on completion of investment in construction services for which no additional benefits are received, amounting to €41,107 thousand;
- c) investment in construction services for which additional economic benefits are received, totalling €54,833 thousand.

The following table shows intangible assets at the beginning and end of the period and changes in the different categories of intangible asset during the first half of 2017.

€000	Carrying amount as at 31 December 2016	CHANGES DURING THE PERIOD					Carrying amount as at 30 June 2017
		Additions due to completion of construction services, purchases and capitalisations	Additions free of charge	Amortisation	Changes due to revised present value of contractual obligations	Reclassifications and other adjustments	
Intangible assets deriving from concession rights							
Acquired concession rights	105,343	-	-	-2,342	-	-	103,001
Concession rights accruing from construction services for which no additional economic benefits are received	8,384,670	-	-	-190,557	-41,107	-251	8,152,755
Concession rights accruing from construction services for which additional economic benefits are received	4,024,358	54,833	-	-86,384	-	-1,559	3,991,248
Concession rights accruing from construction services provided by sub-operators	105,745	-	362	-2,410	-	-	103,697
Total	12,620,116	54,833	362	-281,693	-41,107	-1,810	12,350,701
Goodwill and intangible assets with indefinite lives							
Goodwill and intangible assets with indefinite lives	6,111,234	-	-	-	-	-	6,111,234
Trademarks	3	-	-	-	-	-	3
Total	6,111,237	-	-	-	-	-	6,111,237
Other intangible assets							
Development costs	8,973	1,164	-	-3,117	-	-	7,020
Industrial patents and intellectual property rights	6,409	3,726	-	-2,693	-	19	7,461
Concessions and licenses	211	-	-	-283	-	849	777
Intangible assets under development and advance payments	3,298	857	-	-	-	-19	4,136
Total	18,891	5,747	-	-6,093	-	849	19,394
Intangible assets	18,750,244	60,580	362	-287,786	-41,107	-961	18,481,332

There were no significant changes in the expected useful lives of intangible assets during the period.

In the first half of 2017, the Group invested a total of €232,275 thousand in assets held under concession (€359,431 thousand in the first half of 2016). The amount for the first half of 2016 also included the contribution from Stalexport Autostrady, disposed of at the end of 2016, and the Brazilian and Chilean operators deconsolidated at the end of February 2017.

The following analysis shows the various components of investment in assets held under concession effected through construction services, as also reported in the consolidated statement of cash flows.

€000	Note	H1 2017	H1 2016	Increase/ (Decrease)
Use of provisions for construction services required by contract for which no additional economic benefits are received	7.13	177,442	169,906	7,536
Increase in intangible concession rights accruing from completed construction services for which additional economic benefits are received		54,833	152,548	-97,715
Increase in financial assets deriving from motorway construction services		-	36,645	-36,645
revenue from government grants for construction services for which no additional economic benefits are received	8.2	-	332	-332
Investment in assets held under concession		232,275	359,431	-127,156

Research and development expenditure of approximately €0.2 million has been recognised in the consolidated income statement for the first half of 2017. These activities are carried out in order to improve infrastructure, the services offered, safety levels and environmental protection and in relation to the inhouse development of software and IT systems.

"Goodwill and other intangible assets with indefinite lives" amounts to €6,111,237 thousand. The balance primarily consists of the carrying amount of goodwill (impairment tested at least once a

year rather than amortised), including €6,111,234 thousand (unchanged from 31 December 2016) recognised following the transfer of motorway assets from the former Autostrade – Concessioni e Costruzioni Autostrade SpA (now Atlantia), as part of the Autostrade Group’s reorganisation in 2003. This goodwill was determined in accordance with prior accounting standards under the exemption permitted by IFRS 1 and coincides with the carrying amount as at 1 January 2004, the Parent Company’s IFRS transition date. This goodwill has been allocated in full to the CGU represented by the Parent Company, Autostrade per l’Italia.

With regard to the recoverability of goodwill and the concession rights belonging to the Group’s operators, and of other intangible assets with indefinite lives, there were no indications of impairment during the period. The recoverability of goodwill and of other intangible assets with indefinite lives is tested annually for impairment at the end of each year when there are no indications of impairment. Reference should be made to note 7.2 to the consolidated financial statements as at and for the year ended 31 December 2016 for a detailed description of the assumptions and criteria used in the most recent impairment testing of intangible assets.

7.3 Investments - €59,697 thousand (€61,044 thousand)

As at 30 June 2017, this item is down €1,347 thousand, reflecting the Group’s share of the results of investees, after taking into account dividends distributed by these companies during the period.

The table below shows the carrying amounts of the Group’s investments at the beginning and end of the period, grouped by category, and changes in the first half of 2017.

€000	31 December 2016	CHANGES DURING THE PERIOD			30 June 2017	
		Opening balance	Measurement using equity method			Other changes
			Profit or loss	Other comprehensive income		
Investments accounted for at cost or fair value	33,920	-	-	1	33,921	
Investments accounted for using the equity method:						
- associates	26,124	-1,436	84	4	24,776	
- joint ventures	1,000	-	-	-	1,000	
Investments	61,044	-1,436	84	5	59,697	

The equity method was used to measure interests in associates and joint ventures based on the most recent approved financial statements available. In the event that interim financial statements as at 30 June 2017 were not available, the above data was supplemented by specific estimates based on the latest available information and, where necessary, restated to bring them into line with Group accounting policies.

The following table shows an analysis of the Group’s principal investments as at 30 June 2017, including the Group’s percentage interest and the relevant carrying amount, net of unpaid, called-up issued capital, and showing the original cost and any accumulated revaluations and impairments at the end of the period. There are no investments in associates and joint ventures that are individually material with respect to total consolidated assets, operating activities and geographical area and, therefore, the additional disclosures required in such cases by IFRS 12 are not presented.

€000	30 June 2017				31 December 2016			
	% interest	Cost	Revaluations/ (Impairments)	Carrying amount	% interest	Cost	Revaluations/ (Impairments)	Carrying amount
Investments accounted for at cost or fair value								
Tangenziali Esterne di Milano	13.67%	36,034	-4,012	32,022	13.67%	36,034	-4,012	32,022
Tangenziale Esterna	0.25%	1,162	-	1,162	0.25%	1,162	-	1,162
Uirnet	1.51%	427	-	427	1.51%	427	-	427
Veneto Strade	5.00%	258	-	258	5.00%	258	-	258
Other smaller investments	-	52	-	52	-	51	-	51
Total investments accounted for at cost or fair value				33,921				33,920
Investments accounted for using the equity method:								
- associates								
Spea Engineering	20.00%	1,576	15,525	17,101	20.00%	1,576	17,129	18,705
Pavimental	20.00%	9,505	-6,651	2,854	20.00%	9,505	-6,944	2,561
Società Infrastrutture Toscane (in liquidation)	46.00%	3,220	-155	3,065	46.00%	3,220	-251	2,969
Pedemontana Veneta (in liquidation)	29.77%	1,935	-246	1,689	29.77%	1,935	-109	1,826
Bologna & Fiera Parking	36.81%	5,557	-5,557	-	36.81%	5,557	-5,557	-
Other smaller investments	-	67	-	67	-	63	-	63
- joint ventures								
Geie del Traforo del Monte Bianco	50.00%	1,000	-	1,000	50.00%	1,000	-	1,000
Total investments accounted for using the equity method				25,776				27,124
Investments				59,697				61,044

Annex 1 provides a list of the Group's investments as at 30 June 2017.

7.4 Financial assets

(non-current) €392,442 thousand (€395,767 thousand)
(current) €518,590 thousand (€508,333 thousand)

The following analysis shows the composition of other financial assets at the beginning and end of the period, together with the current and non-current portions.

€000	Note	30 June 2017			31 December 2016		
		Carrying amount	Current portion	Non-current portion	Carrying amount	Current portion	Non-current portion
Takeover rights		399,830	399,830	-	398,270	398,270	-
Financial assets deriving from concession rights	(1)	399,830	399,830	-	398,270	398,270	-
Financial assets deriving from government grants related to construction services	(1)	240,461	52,162	188,299	240,461	50,476	189,985
Term deposits	(2)	234,609	50,599	184,010	234,609	48,913	185,696
Derivative assets	(3)	2,279	2,279	-	1,131	1,131	-
Other medium/long-term financial assets	(1)	22,295	2,162	20,133	22,378	2,292	20,086
Other medium/long-term financial assets		24,574	4,441	20,133	23,509	3,423	20,086
Other current financial assets	(1)	11,558	11,558	-	7,251	7,251	-
Total		911,032	518,590	392,442	904,100	508,333	395,767

(1) These assets include financial instruments primarily classified as "loans and receivables" under IAS 39. The carrying amount is equal to fair value.

(2) These assets have been classified as "available-for-sale" financial instruments and in level 2 of the fair value hierarchy. The carrying amount is equal to fair value.

(3) These assets primarily include derivative financial instruments classified as hedges under level 2 of the fair value hierarchy.

Financial assets deriving from concession rights include takeover rights attributable to Autostrade Meridionali (€399,830 thousand as at 30 June 2017), being the amount payable, under the concession arrangement, by a replacement operator on termination of the concession for the company's unamortised capital expenditure during the final years of the outgoing operator's concession.

Financial assets deriving from government grants to finance infrastructure works, totalling €240,461 as at 30 June 2017, include amounts receivable from grantors, from third parties or other public entities as grants accruing as a result of construction and maintenance of assets held under concession.

Term deposits, totalling €234,609 thousand, essentially relate to loans disbursed by banks as a condition precedent for the grants financing the new construction required by laws 662/1996, 345/1997 and 135/1997, relating to the *Variante di Valico* and the upgrade of the motorway interchange serving Florence. The balances on the accounts may not be withdrawn until such time as the Grantor specifically approves the substantial completion of the works and the stage of completion.

There has been no indication of impairment of any financial assets recognised in the financial statements in the first half of 2017.

7.5 Deferred tax assets and deferred tax liabilities

Deferred tax assets - €120,844 thousand (€118,522 thousand)

Deferred tax liabilities - €541,327 thousand (€470,947 thousand)

The amount of deferred tax assets and liabilities both eligible and ineligible for offset is shown below, with respect to temporary timing differences between consolidated carrying amounts and the corresponding tax bases at the end of the period.

€000	30 June 2017	31 December 2016
Deferred tax assets	981,191	999,677
Deferred tax liabilities eligible for offset	-860,347	-881,155
Deferred tax assets less deferred tax liabilities eligible for offset	120,844	118,522
Deferred tax liabilities not eligible for offset	-541,327	-470,947
Difference between deferred tax assets and liabilities (eligible and ineligible for offset)	-420,483	-352,425

Changes in the Group's deferred tax assets and liabilities during the period, based on the nature of the temporary differences giving rise to them, are summarised in the following table.

€000	CHANGES DURING THE PERIOD					30 June 2017
	31 December 2016	Provisions	Releases	Provisions (releases) on other components of comprehensive income	Change in prior year estimates and other changes	
Deferred tax assets on:						
Restatement of total amount subject to IFRIC 12 by Autostrade per l'Italia	423,095	170	-10,540	-	-	412,725
Provisions	432,869	23,115	-22,699	-	-913	432,372
Tax losses eligible to be carried forward	513	1,401	-	-	-	1,914
Impairments and depreciation of non-current assets	39,020	-	-1,014	-	-	38,006
Derivatives Liabilities	55,595	-	-	-11,199	-	44,396
Impairment of receivables and inventories	5,022	397	-104	-	-1,065	4,250
Other temporary differences	43,563	4,244	-712	-	433	47,528
Total	999,677	29,327	-35,069	-11,199	-1,545	981,191
Deferred tax liabilities on:						
Off-balance sheet amortisation of goodwill	-1,319,081	-49,318	-	-	-	-1,368,399
Financial assets deriving from concession rights and government grants	-209	-	-	-	-	-209
Other temporary differences	-32,812	-777	577	355	-409	-33,066
Total	-1,352,102	-50,095	577	355	-409	-1,401,674
Difference between deferred tax assets and liabilities (eligible and ineligible for offset)	-352,425	-20,768	-34,492	-10,844	-1,954	-420,483

The balance of net deferred tax liabilities, totalling €420,483 thousand as at 30 June 2017, primarily consists of the following:

- deferred tax liabilities recognised from 2003 as a result of the deduction, solely for tax purposes, of the amortisation of goodwill recognised by Autostrade per l'Italia, totalling €1,368,399 thousand;
- deferred tax assets on the portion of provisions, primarily for the repair and replacement of motorway infrastructure, deductible in future years, totalling €432,372 thousand;
- the residual balance of Autostrade per l'Italia's deferred tax assets accounted for as a result of recognition of the impact on taxation of the carrying amounts accounted for in application of IFRIC 12 and to be released on a straight-line basis over the concession term, amounting to €412,725 thousand.

The increase of €68,058 thousand in net deferred tax liabilities primarily reflects a combination of the following:

- the provision of deferred taxes as a result of the deduction, solely for tax purposes, of amortisation of the goodwill formerly recognised by Autostrade per l'Italia (€49,318 thousand);
- the release of deferred tax assets of €11,199 thousand linked to the movement in fair value losses on hedging instruments;
- the net release of deferred tax assets of €10,370 thousand, representing the accrued portion of the total amount resulting from Autostrade per l'Italia's application of IFRIC 12.

7.6 Other non-current assets - €8,353 thousand (€8,189 thousand)

This essentially relates to refundable VAT due to Autostrade Tirrenica.

7.7 Trading assets – €544,915 thousand (€574,739 thousand)

As at 30 June 2017, trading assets include:

- inventories of €50,850 thousand (€48,561 thousand as at 31 December 2016), primarily relating to stocks and spare parts used in motorway maintenance or the assembly of plant;
- contract work in progress of €4,204 thousand (unchanged with respect to 31 December 2016);
- trade receivables of €489,861 thousand (€521,974 thousand as at 31 December 2016), consisting of the following items.

€000	30 June 2017	31 December 2016
Trade receivables due from:		
Motorway users	295,447	253,790
Sub-operators at motorway service areas	44,175	122,001
Sundry customers	147,323	130,571
Gross trade receivables	486,945	506,362
Allowance for bad debts	33,454	29,151
Other trading assets	36,370	44,763
Net trade receivables	489,861	521,974

Trade receivables, after the allowance for bad debts, are down €32,113 thousand, essentially due to a combination of the following:

- a reduction in amounts due from sub-operators at motorway services areas, totalling €77,826 thousand, essentially due to receipt of outstanding balances recognised as at 31 December 2016, with particular regard to arrangements entered into prior to 2014 and involving annual billing of royalties;
- an increase in receivables due from motorway customers, totalling €41,657 thousand, primarily due to the increased amount billed and the increased volume of motorway tolls, reflecting traffic growth on the motorway network.

The following table shows an ageing schedule for trade receivables.

€000	Total receivables as at 30 June 2017	Total not yet due	More than 90 days overdue	Between 90 and 365 days overdue	More than one year overdue
Trade receivables	486,945	385,025	19,943	19,939	62,038

Overdue receivables regard uncollected and unpaid tolls, in addition to royalties due from service area operators and sales of other goods and services.

The following table shows movements in the allowance for bad debts for trade receivables during the first half of 2017, determined with reference to the management and measurement of receivables and historical data regarding losses on receivables, also taking into account guarantee deposits and other collateral given by customers.

€000	31 December 2016	Additions	Reclassifications and other changes	30 June 2017
Allowance for bad debts	29,151	2,651	1,652	33,454

The carrying amount of trade receivables approximates to fair value.

7.8 Cash and cash equivalents – €2,789,968 thousand (€3,223,793 thousand)

This item includes cash in hand and investments maturing within the short term. The item is down €433,825 thousand compared with 31 December 2016. The reduction reflects also the distribution of a portion of the available equity reserves (€1,101,312 thousand).

Detailed explanations of the cash flows resulting in the increase in the Group's net cash in the first half of 2017 are contained in note 9.1, "Notes to the consolidated statement of cash flows".

7.9 Current tax assets and liabilities

Current tax assets - €122,790 thousand (€69,025 thousand)

Current tax liabilities - €146,262 thousand (€4,270 thousand)

Current tax assets and liabilities at the beginning and end of the period are detailed below.

€000	Current tax assets		Current tax liabilities	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
IRES	97,622	67,779	118,490	747
IRAP	24,995	1,073	27,772	3,523
Taxes attributable to foreign operations	173	173	-	-
	122,790	69,025	146,262	4,270

Net current tax liabilities amount to €23,472 thousand as at 30 June 2017, showing an increase of €88,227 thousand compared with the net assets recognised as at 31 December 2016 (€64,755 thousand). This essentially reflects the fact that income tax payable for the period (€134,896 thousand) is higher than the balance for 2016 and payments on account paid during the first half of 2017 (totalling €54,061 thousand).

7.10 Other current assets - €80,836 thousand (€82,518 thousand)

This item consists of receivables and other current assets that are not eligible for classification as trading or financial. The composition of this item is shown below.

€000	30 June 2017	31 December 2016
Receivable from public entities	11,234	9,112
Tax credits other than for income tax	7,093	16,620
Receivables due from end users and insurance companies for damages	19,677	19,430
Accrued income of a non-trading nature	1,086	500
Amounts due from staff	2,553	1,806
Receivables from social security institutions	2,437	509
Payments on account to suppliers and other current assets	41,729	39,604
Gross other current assets	85,809	87,581
Allowance for bad debts	-4,973	-5,063
Other current assets	80,836	82,518

The balance is broadly in line with the figure for 31 December 2016, after a reduction of €1,682 thousand.

The allowance for bad debts, totalling €4,973 thousand as at 30 June 2017 (€5,063 thousand as at 31 December 2016), essentially relates to estimated losses on amounts due from road users and insurance companies to cover damage to the motorway infrastructure managed by Autostrade per l'Italia.

7.11 Assets held for sale or related to discontinued operations - €11,643 thousand (€5,907,657 thousand)

Liabilities related to discontinued operations – €6,630 thousand (€2,996,823 thousand)

As described in note 6, “Corporate actions in the first half of 2017”, following the restructuring of the Atlantia Group, the carrying amount of the net assets of AID, ADA and the related subsidiaries (reclassified to assets held for sale and related to discontinued operations at 31 December 2016) has been transferred to the parent, Atlantia, following distribution of the special dividend in kind approved by the General Meeting of Autostrade per l'Italia’s shareholders held on 25 January 2017.

The following table shows the composition of the related assets and liabilities according to their nature (trading, financial or other).

€000	30 June 2017	31 December 2016
Non-current non-financial assets	4,271	3,277,931
-Property, plant and equipment	-	15,173
-Intangible assets	-	3,159,605
-Deferred tax assets	-	27,048
-Investments	4,271	60,613
-Other non-current assets	-	15,492
Current non-financial assets	77	298,431
-Trading assets	-	238,812
-Other current non-financial assets	77	59,619
Non-current financial assets	-	1,646,229
Current financial assets	7,295	685,066
-Cash and cash equivalents	7,287	401,516
-Other current financial assets	8	283,550
Total assets held for sale or related to discontinued operations	11,643	5,907,657
Non-current non-financial liabilities	-	1,011,469
-Non-current provisions	-	74,130
-Deferred tax liabilities	-	878,406
-Other non-current liabilities	-	58,933
Trading liabilities and other current non-financial liabilities	6,253	222,700
Non-current financial liabilities	-	1,344,138
Current financial liabilities	377	418,516
Total liabilities related to discontinued operations	6,630	2,996,823

Net assets held for sale or related to discontinued operations, amounting to €5,013 thousand as at 30 June 2017, include:

- the remaining 2% interest in Strada dei Parchi, amounting to €4,271 thousand, that is the subject of put and call options agreed with Toto Costruzioni Generali in the contract governing the sale, in 2011, of a controlling interest in the company;
- the remaining net assets of the French companies involved in the EcoTaxe project, totalling €742 thousand.

7.12 Equity - €2,663,730 thousand (€6,117,662 thousand)

Autostrade per l'Italia SpA's issued capital as at 30 June 2017 is fully subscribed and paid and consists of 622,027,000 ordinary shares of a par value of €1 each, amounting to a total of €622,027 thousand. This figure has not undergone any changes compared with 31 December 2016.

Equity attributable to owners of the parent, totalling €2,333,239 thousand, is down €2,035,113 thousand compared with 31 December 2016. The most important changes during the first half of 2017 are shown in detail in the statement of changes in consolidated equity. These regard:

- a) the transfer of the carrying amount of the net assets of AID, ADA and the related subsidiaries to the parent, Atlantia, following distribution of the special dividend in kind approved by the General Meeting of Autostrade per l'Italia's shareholders held on 25 January 2017, amounting to €1,153,529 thousand (after the related taxation, recognised in equity);
- b) distribution of a portion of the available reserves (€1,101,312 thousand) in accordance with the resolution approved by the Annual General Meeting of Autostrade per l'Italia's shareholders held on 21 April 2017;
- c) comprehensive income for the first half of 2017, amounting to €532,723 thousand, consisting of profit for the period (€451,983 thousand) and other comprehensive income (€80,740 thousand), due primarily to the following:
 - 1) gains (€45,972 thousand) on the translation of the assets and liabilities of ADA's overseas subsidiaries through to the date of their deconsolidation, reflecting the significant increase, as at 28 February 2017, in the value of the Brazilian real and the Chilean peso compared with 31 December 2016;
 - 2) a reduction in fair value losses (€34,330 thousand) on cash flow hedges due to an increase in interest rates in the first half of 2017;
- d) payment of the final dividend for 2016 (€314,124 thousand).

Equity attributable to non-controlling interests of €330,491 thousand is down €1,418,819 thousand compared with 31 December 2016 (€1,749,310 thousand), primarily due to the deconsolidation of companies that are not wholly owned subsidiaries (€1,474,106 thousand), partially offset by comprehensive income for the period (€67,912 thousand).

Autostrade per l'Italia aims to manage its capital in order to create value for shareholders, ensure the Company remains a going concern, safeguard the interests of stakeholders and guarantee efficient access to external sources of funding to adequately support the growth of the Group's businesses and fulfil the commitments given in concession arrangements.

7.13 Provisions for construction services required by contract (non-current) €2,780,976 thousand (€3,165,177 thousand) (current) €691,295 thousand (€521,454 thousand)

Provisions for construction services required by contract represent the present value of motorway infrastructure construction and/or upgrade services that Autostrade per l'Italia is required to provide and for which no additional economic benefits are received in terms of specific toll increases and/or significant increases in traffic.

The following table shows provisions for construction services required by contract and for which no additional economic benefits are received at the beginning and end of the year and changes during the first half of 2017, showing the non-current and current portions.

€000	31 December 2016			CHANGES DURING THE PERIOD			30 June 2017		
	Carrying amount	non-current portion	current portion	Changes due to revised present value of obligations	Financial provisions	Uses to finance works	Carrying amount	non-current portion	current portion
74									
Provisions for construction services required by contract	3,686,631	3,165,177	521,454	-41,107	4,189	-177,442	3,472,271	2,780,976	691,295

The reduction in these provisions, including both the current and non-current portions, amounts to €214,360 thousand and primarily reflects the following:

- the use of provisions for construction services for which no additional economic benefits are received performed during the period (€177,442 thousand);
- a reduction following a revision of the present value of future construction services, with a matching decrease in intangible assets deriving from concession rights, totalling €41,107 thousand (including €23,046 thousand due to the impact of movements in the current and future interest rates used as at 30 June 2017, compared with those used as at 31 December 2016).

7.14 Provisions

(non-current) - €1,269,218 thousand (€1,298,255 thousand)

(current) - €239,069 thousand (€231,790 thousand)

As at 30 June 2017, provisions amount to €1,508,287 thousand (€1,530,045 thousand as at 31 December 2016). The following table shows details of provisions by type, showing the non-current and current portions.

€000	30 June 2017			31 December 2016		
	Carrying amount	non-current portion	current portion	Carrying amount	non-current portion	current portion
Provisions for employee benefits	126,315	102,145	24,170	131,714	107,382	24,332
Provisions for repair and replacement of motorway infrastructure	1,330,704	1,148,998	181,706	1,333,975	1,169,196	164,779
Other provisions	51,268	18,075	33,193	64,356	21,677	42,679
Total provisions	1,508,287	1,269,218	239,069	1,530,045	1,298,255	231,790

The following table shows provisions at the beginning and end of the period and changes in the first half of 2017.

€000	31 December 2016	CHANGES DURING THE PERIOD				30 June 2017
	Carrying amount	Operating provisions	Finance-related provisions	Uses	Currency translation differences, reclassifications and other changes	Carrying amount
Provisions for employee benefits						
Post-employment benefits	131,714	595	534	-5,257	-1,271	126,315
Total	131,714	595	534	-5,257	-1,271	126,315
Provisions for repair and replacement of motorway infrastructure	1,333,975	152,011	7,891	-163,173	-	1,330,704
Other provisions						
Provisions for disputes, liabilities and sundry charges	64,356	-447	-	-7,116	-5,525	51,268
Total	64,356	-447	-	-7,116	-5,525	51,268
Total provisions	1,530,045	152,159	8,425	-175,546	-6,796	1,508,287

PROVISIONS FOR EMPLOYEE BENEFITS

(non-current) - €102,145 thousand (€107,382 thousand)

(current) - €24,170 thousand (€24,332 thousand)

As at 30 June 2017, this item consists entirely of provisions for post-employment benefits to be paid to staff employed under Italian law. The reduction of €5,399 thousand primarily reflects uses of provisions for benefits and advances paid. The actuarial model used to measure provisions for post-employment benefits is based on both demographic and economic assumptions. Having carried out a simplified actuarial assessment of these liabilities as at 30 June 2017, a number of key assumptions used were the same as those used in measuring the liabilities as at 31 December

2016. These are described in note 7.14 to the consolidated financial statements as at and for the year ended 31 December 2016.

PROVISIONS FOR REPAIR AND REPLACEMENT OF MOTORWAY INFRASTRUCTURE

(non-current) - €1,148,998 thousand (€1,169,196 thousand)

(current) - €181,706 thousand (€164,779 thousand)

This item regards the present value of provisions for the repair and replacement of motorway infrastructure operated under concession, in accordance with the contractual commitments of the Group's operators and designed to ensure the serviceability and safety of the assets. The provisions, including the current and non-current portions, are down €3,271 thousand compared with 31 December 2016, reflecting a combination of the following:

- a) uses (€163,173 thousand) in connection with repairs and replacements carried out during the period;
- b) operating provisions of €152,011 thousand;
- c) financial provisions for the period of €7,891 thousand.

OTHER PROVISIONS

(non-current) - €18,075 thousand (€21,677 thousand)

(current) - €33,193 thousand (€42,679 thousand)

These provisions essentially regard estimates of liabilities, at the end of the period, expected to be incurred in connection with pending litigation and disputes, including the estimated expenses provisioned for contract reserves relating to contractors who carry out maintenance work. The overall amount is down €13,088 thousand, primarily due to the use of €7,116 thousand during the period following the settlement of a number of disputes.

Further information on developments in the principal disputes outstanding as at 30 June 2017 is provided in note 10.7, "Significant legal and regulatory aspects".

7.15 Financial liabilities

(non-current) €11,898,394 thousand (€12,022,227 thousand)

(current) €1,317,913 thousand (€1,368,390 thousand)

MEDIUM/LONG-TERM FINANCIAL LIABILITIES

(non-current) €11,898,394 thousand (€12,022,227 thousand)

(current) €865,941 thousand (€915,001 thousand)

As at 30 June 2017, medium/long-term financial liabilities amount to €12,764,335 thousand. These liabilities essentially consist of bonds issued by Autostrade per l'Italia since 2015, the bonds involved in the "issuer substitution" completed at the end of 2016 and bank borrowings. The following tables provide an analysis of medium/long-term financial liabilities, showing:

a) an analysis of the balance by face value and maturity (current and non-current portions);

€000	Note	30 June 2017				Term		31 December 2016			
		Face value	Carrying amount	Current portion	Non-current portion	between 13 and 60 months	after 60 months	Face value	Carrying amount	Current portion	Non-current portion
Bond issues	(1) (2) (3)	8,396,921	8,488,253	505,377	7,982,876	3,362,771	4,620,105	8,569,297	8,510,077	504,947	8,005,130
Bank borrowings		2,500,423	2,490,079	170,049	2,320,030	721,392	1,598,638	2,552,676	2,541,534	161,398	2,380,136
Other borrowings		1,230,987	1,210,987	53,239	1,157,748	1,142,758	14,990	1,215,747	1,208,067	51,553	1,156,514
of which due to Atlantia		1,000,000	994,265	-	994,265	994,265	-	1,000,000	992,320	-	992,320
Medium/long-term borrowings	(2) (3)	3,731,410	3,701,066	223,288	3,477,778	1,864,150	1,613,628	3,768,423	3,749,601	212,951	3,536,650
Derivative liabilities	(4)		437,740	-	437,740	-	437,740	480,447	-	-	480,447
Accrued expenses on medium/long-term financial liabilities (2)			137,276	137,276	-	-	-	197,103	197,103	-	-
Other financial liabilities			-	-	-	-	-	-	-	-	-
Other medium/long-term financial liabilities			137,276	137,276	-	-	-	197,103	197,103	-	-
Total			12,764,335	865,941	11,898,394	5,226,921	6,671,473	12,937,228	915,001	12,022,227	

(1) The par value of the bond issues denominated in sterling and yen is shown at the exchange rate of the related Cross Currency Swaps.

(2) Financial instruments classified as financial liabilities measured at amortised cost in accordance with IAS 39.

(3) Further details of hedged financial liabilities are contained in note 9.2.

(4) Financial instruments partly classified as hedging derivatives in accordance with IAS 39 and in level 2 of the fair value hierarchy. Further details are provided in note 9.2, "Financial risk management".

b) type of interest rate, maturity and fair value;

€000	Note	Maturity	30 June 2017		31 December 2016	
			Carrying amount (1)	Fair value (2)	Carrying amount (1)	Fair value (2)
Bond issues						
- listed fixed rate		from 2017 to 2038	8,488,253	9,396,618	8,510,077	9,539,112
			8,488,253	9,396,618	8,510,077	9,539,112
Bank borrowings						
- fixed rate		from 2021 to 2036	1,632,499	1,884,143	1,673,123	1,976,107
- floating rate		from 2021 to 2034	808,261	849,399	819,091	865,992
- non-interest bearing	(3)	2017	49,319	49,319	49,320	49,320
			2,490,079	2,782,861	2,541,534	2,891,419
Other financial liabilities						
- fixed rate		2018	994,265	1,051,210	992,320	1,071,347
- non-interest bearing	(4)	from 2019 to 2020	216,722	216,722	215,747	215,747
			1,210,987	1,267,932	1,208,067	1,287,094
of which due to Atlantia			994,265	1,051,210	992,320	1,071,347
Medium/long-term borrowings			3,701,066	4,050,793	3,749,601	4,178,513
Derivative liabilities			437,740	437,740	480,447	480,447
Accrued expenses on medium/long-term financial liabilities			137,276	137,276	197,103	197,103
Other financial liabilities			-	-	-	-
Other medium/long-term financial liabilities			137,276	137,276	197,103	197,103
Total			12,764,335	14,022,427	12,937,228	14,395,175

(1) The amounts shown in the table for medium/long-term financial liabilities include both the non-current and current portions.

(2) The fair value shown is classified in level 2 of the fair value hierarchy.

(3) This item refers to subsidised loans granted to Autostrade per l'Italia under laws 662/1996, 135/1997 and 345/1997 in order to finance infrastructure on the "Florence-North - Florence-South" and "Cà Nova - Aglio" (*Variante di Valico*) sections of motorway, with repayments made by ANAS.

(4) As at 30 June 2017, this item primarily includes Autostrade per l'Italia's borrowings and the amount repayable to the Central Guarantee Fund contributed by SAT following the acquisition of control in 2015.

- c) a comparison of the face value of each liability (bond issues and medium/long-term borrowings) and the related carrying amount, by issue currency, showing the corresponding average and effective interest rates;

€000	30 June 2017				31 December 2016	
	Face value	Carrying amount	Average interest rate applied to 30 June 2017 ⁽¹⁾	Effective interest rate as at 30 June 2017	Face value	Carrying amount
Euro (EUR)	11,229,155	11,301,012	3.43%	3.64%	11,438,544	11,342,439
Sterling (GBP)	750,000	683,164	5.99%	2.20%	750,000	706,194
Yen (JPY)	149,176	205,143	5.30%	3.39%	149,176	211,045
Total	12,128,331	12,189,319	3.66%		12,337,720	12,259,678

- d) movements during the period in the carrying amounts of outstanding bond issues and medium/long-term borrowings.

€000	Carrying amount as at 31 December 2016	New borrowings	Repayments	Currency translation differences	Other movements	Carrying amount as at 30 June 2017
Bond issues	8,510,077	-	-	18,796	-40,620	8,488,253
Bank borrowings	2,541,534	-	-52,250	14,592	-13,797	2,490,079
Other borrowings	1,208,067	-	-	125	2,795	1,210,987
Medium/long-term borrowings	3,749,601	-	-52,250	14,717	-11,002	3,701,066
Total	12,259,678	-	-52,250	33,513	-51,622	12,189,319

The Group uses derivative financial instruments to hedge certain current and highly likely future financial liabilities, including Interest Rate Swaps (IRSs) and Cross Currency Swaps (CCIRSs). These derivative financial instruments have been classified as cash flow hedges in accordance with IAS 39. The fair value of the hedging instruments as at 30 June 2017 is recognised in “Derivative liabilities”. More detailed information on financial risks and the manner in which they are managed, in addition to details of outstanding financial instruments held by the Group, is contained in note 9.2 “Financial risk management”.

BOND ISSUES

(non-current) €7,982,876 thousand (€8,005,130 thousand)
(current) €505,377 thousand (€504,947 thousand)

This item consists of bonds issued by Autostrade per l’Italia, including:

- bonds transferred from Atlantia to Autostrade per l’Italia following the “issuer substitution” carried out in December 2016 (a total of €5,272,689 thousand as at 30 June 2017);
- bonds (€2,479,407 thousand as at 30 June 2017) issued to institutional investors as part of the Euro Medium Term Note Programme launched in October 2014 (and authorised for an amount of up to €7 billion);
- bonds issued to retail investors (totalling €736,157 thousand as at 30 June 2017).

As at 30 June 2017, the balance is down €21,824 thousand compared with 31 December 2016, essentially reflecting a strengthening of the value of the euro against sterling and the yen as at 30 June 2017, compared with the end of 2016.

MEDIUM/LONG-TERM BORROWINGS

(non-current) €3,477,778 thousand (€3,536,650 thousand)
(current) €223,288 thousand (€212,951 thousand)

The balance of this item, including both current and non-current portions, consists of other borrowings (with a carrying amount of €1,210,987 thousand). These essentially include

medium/long-term loans to Autostrade per l'Italia from the parent, Atlantia (with a carrying amount of €994,265 thousand), replicating the bonds issued by the latter and guaranteed by Autostrade per l'Italia, in addition to the Group's bank borrowings (totalling €2,490,079 thousand).

The reduction of €48,535 thousand in medium/long-term borrowings compared with 31 December 2016 essentially reflects repayments during the period (€52,250 thousand).

A number of the medium/long-term loan agreements include negative pledge provisions, in line with international practice. Under these provisions, it is not possible to create or maintain (unless required to do so by law) collateral guarantees on all or a part of any proprietary assets, with the exception of project debt. The above agreements also require compliance with certain covenants. The method of selecting the variables to compute the ratios is specified in detail in the relevant loan agreements. Breach of these covenants, at the relevant measurement dates, could constitute a default event and result in the lenders calling in the loans, requiring the early repayment of principal, interest and of further sums provided for in the agreements. The most important financial covenants are those relating to the loan agreements with Cassa Depositi e Prestiti (totalling €808,261 thousand as at 30 June 2017) that require compliance with a minimum threshold for "Operating cash flow available for Debt Service/Debt Service" (DSCR). Autostrade per l'Italia is in compliance with these covenants.

NON CURRENT DERIVATIVE LIABILITIES

(non-current) - €437,740 thousand (€480,477 thousand)

(current) - (-)

This item represents fair value losses on outstanding derivatives as at 30 June 2017, classified as cash flow hedges in relation to the hedged risk, as required by IAS 39. It includes fair value losses on Interest Rate Swaps (€150,644 thousand) entered into by Autostrade per l'Italia to hedge interest rate risk on certain current and highly likely future non-current financial liabilities, classified as cash flow hedges.

The item also includes fair value losses (€285,657 thousand as at 30 June 2017) on Cross Currency Swaps in sterling and yen transferred from Atlantia to Autostrade per l'Italia following the "issuer substitution". These derivative financial instruments do not qualify for classification as cash flow hedges under IAS 39. Further details are contained in note 9.2 "Financial risk management".

As at 30 June 2017, the Group also has a number of non-hedge accounting derivatives, including derivatives embedded in certain of Autostrade per l'Italia's medium/long-term borrowings. These have a total notional value of €200,000 thousand and the related fair value losses amount to €1,439 thousand.

Further details are contained in note 9.2 "Financial risk management".

OTHER MEDIUM/LONG-TERM FINANCIAL LIABILITIES

(non-current) - (-)

(current) €137,276 thousand (€197,103 thousand)

The balance of this item, including the current and non-current portions, is down €59,827 thousand. This is essentially due to a reduction in accrued expenses payable, following payment of both interest on bond issues and differentials on derivative instruments.

SHORT-TERM FINANCIAL LIABILITIES - €451,972 thousand (€453,389 thousand)

An analysis of short-term financial liabilities is shown below.

€000	30 June 2017	31 December 2016
Bank overdrafts repayable on demand	417	-
Short-term borrowings	274,737	244,480
Current derivative liabilities ⁽¹⁾	336	2,997
Intercompany current account payables due to related parties	172,554	205,768
Other current financial liabilities	3,928	144
Short-term financial liabilities	451,972	453,389

(1) These liabilities primarily include derivative instruments that classify as non-hedge accounting and in level 2 of the fair value hierarchy.

The balance of €451,972 thousand is broadly unchanged with respect to 31 December 2016 (€453,389 thousand).

NET DEBT IN COMPLIANCE WITH ESMA RECOMMENDATION OF 20 MARCH 2013

An analysis of the various components of net debt is shown below with amounts payable to and receivable from related parties, as required by CONSOB Ruling DEM/6064293 of 28 July 2006, in accordance with European Securities and Markets Authority ("ESMA") Recommendation of 20 March 2013 (which does not entail the deduction of non-current financial assets from debt).

€m	30 June 2017	<i>of which related party transactions</i>	31 December 2016	<i>of which related party transactions</i>
Cash	-2,031		-2,541	
Cash equivalents and intercompany current account receivables due from related parties	-759	-538	-683	-483
Cash and cash equivalents related to discontinued operations	-7		-401	
Cash and cash equivalents (A)	-2,797		-3,625	
Current financial assets ⁽¹⁾ (B)	-519		-2,438	
Bank overdrafts repayable on demand	-		-	
Current portion of medium/long-term financial liabilities	866	24	915	4
Other financial liabilities	452	173	453	206
Financial liabilities related to discontinued operations	-		1,763	
Current financial assets (C)	1,318		3,131	
Current net debt (D=A+B+C)	-1,998		-2,932	
Medium/long-term borrowings	3,478	994	3,537	992
Bond issues	7,983		8,005	
Other non-current borrowings	437		480	
Non-current financial liabilities (E)	11,898		12,022	
(Net funds) Net debt as defined by ESMA recommendation (F=D+E)	9,900		9,090	
Non-current financial assets (G)	-392		-396	
Net debt (H=F+G)	9,508		8,694	

(1) Includes financial assets held for sale or related to discontinued operations.

7.16 Other non-current liabilities - €29,321 thousand (€30,823 thousand)

The balance as at 30 June 2017 amounts to €29,321 thousand and is substantially in line with the figure for 31 December 2016 (€30,823 thousand). The following table shows a breakdown of this item.

€000	30 June 2017	31 December 2016
Accrued expenses of a non-trading nature	24,668	25,120
Payable to staff	3,923	5,224
Amounts payable for expropriations	405	-
Social security contributions payable	250	-
Other payables	75	479
Other non-current liabilities	29,321	30,823

7.17 Trading liabilities - €1,322,212 thousand (€1,254,817 thousand)

An analysis of trading liabilities is shown below.

€000	30 June 2017	31 December 2016
Amounts payable to suppliers	490,028	540,707
Payable to operators of interconnecting motorways	721,396	623,180
Tolls in the process of settlement	105,858	90,642
Accrued expenses, deferred income and other trading liabilities	4,930	288
Trading liabilities	1,322,212	1,254,817

Trading liabilities, totalling €1,322,212 thousand, are up €67,395 thousand compared with 31 December 2016 (€1,254,817 thousand), primarily reflecting a combination of the following:

- increases in amounts payable to the operators of interconnecting motorways (€98,216 thousand) and in tolls in the process of settlement (€15,216 thousand), essentially due to increases in the operators' toll revenue and in line with standard payment periods;
- a reduction in amounts payable to suppliers (€50,679 thousand), primarily due to reduced investment in assets held under concession in the first half of 2017, compared with the second half of 2016.

The carrying amount of trading liabilities approximates to fair value.

7.18 Other current liabilities - €304,227 thousand (€303,074 thousand)

The balance of other current liabilities as at 30 June 2017 is broadly in line with the figure for 31 December 2016. An analysis is shown below.

€000	30 June 2017	31 December 2016
Taxation other than income taxes	57,799	30,083
Payable to staff	45,408	35,886
Concession fees payable	58,443	100,566
Social security contributions payable	32,945	25,569
Amounts payable for expropriations	8,344	11,747
Amounts payable to public entities	49	15
Other payables	101,239	99,208
Other current liabilities	304,227	303,074

The most significant changes during the period regard:

- a) an increase of €27,716 thousand in amounts payable in the form of taxation other than income taxes, primarily linked to VAT payable;
- b) an increase of €9,522 thousand in amounts payable to staff and in social security contributions payable, essentially linked to accrued thirteenth-month pay to be paid by the end of the year;
- c) an increase of €7,376 thousand in social security contributions payable, relating to INPS contributions for June paid in July 2017 and contributions payable on the accrued thirteenth-month pay referred to above;
- d) a reduction of €42,123 thousand in concession fees payable, reflecting payments during the first half of 2017, primarily by Autostrade per l'Italia.

8. Notes to the consolidated income statement

This section includes the notes to amounts in the income statement, with negative components of the income statement shown with a “-” sign in the headings and tables and amounts for the first half of 2016 shown in brackets.

The contributions of AID, ADA and the related subsidiaries to the Group’s income statements for the two comparative periods have, in application of IFRS 5, been classified in “Profit/(Loss) from discontinued operations”. This follows the restructuring of the Atlantia Group described in detail in note 6, “Corporate actions in the first half of 2017”. In addition, the contributions of Telepass and Stalexport Autostrady for the first half of 2016 alone have, in application of IFRS 5, been classified in “Profit/(Loss) from discontinued operations”, following the transfer of the investments in these companies to Atlantia at the end of 2016. As a result, the income statement for the first half of 2016 presents a number of reclassifications with respect to the amounts published in the condensed consolidated interim financial statements as at and for the six months ended 30 June 2016, included in the Interim Report for the six months ended 30 June 2016.

Details of amounts in the consolidated income statement deriving from related party transactions are provided in note 10.5, “Related party transactions”.

8.1 Toll revenue - €1,696,371 thousand (€1,634,664 thousand)

Toll revenue of €1,696,371 thousand is up €61,707 thousand (4%) on the first half of 2016 (€1,634,664 thousand), primarily due to the following:

- a) a 2.9% increase in traffic on the Italian network, accounting for an increase in toll revenue of approximately €47 million (including the impact of the different traffic mix);
- b) application of annual toll increases (essentially a 0.64% increase applied by Autostrade per l’Italia with effect from 1 January 2017), boosting toll revenue by an estimated €9 million.

8.2 Revenue from construction services - €55,195 thousand (€125,722 thousand)

An analysis of this revenue is shown below.

€000	H1 2017	H1 2016	Increase/ (Decrease)
Revenue from construction services for which additional economic benefits are received	54,833	125,390	-70,557
Revenue from construction services: government grants for services for which no additional economic benefits are received	-	332	-332
Revenue from construction services provided by sub-operators	362	-	362
Revenue from construction services	55,195	125,722	-70,527

Revenue from construction services essentially consists of construction services for which additional benefits are received, represented by the fair value of the consideration due in return for the construction and upgrade services rendered in relation to assets held under concession during the period. The consideration is based on the operating costs and financial expenses incurred (the latter solely in relation to investment in assets held under concession).

Revenue from construction services performed during the first half of 2017 is down €70,527 thousand on the same period of 2016. This essentially reflects a decrease of €70,557 thousand in construction services for which additional benefits are received, reflecting a reduction in the services performed by Autostrade per l’Italia during the period.

In the first half of 2017, the Group carried out additional construction services for which no additional benefits are received, amounting to €177,442 thousand, net of related government grants, for which the Group made use of a portion of the specifically allocated “Provisions for construction services required by contract”. Uses of these provisions are classified as a reduction in operating costs for the period, as explained in note 8.10. Details of total investment in assets held under concession during the period are provided in note 7.2, above.

8.3 Contract revenue - €476 thousand (€23 thousand)

Contract revenue amounts to €476 thousand for the first half of 2017.

8.4 Other operating income - €164,131 thousand (€149,378 thousand)

An analysis of other operating income is provided below.

€000	H1 2017	H1 2016	Increase/ (Decrease)
Revenue from sub-concessions	88,111	89,247	-1,136
Maintenance revenue	7,058	7,289	-231
Other revenue from motorway operation	12,110	10,030	2,080
Revenue from the sale of technology devices and services	9,096	6,522	2,574
Refunds	9,648	8,673	975
Damages and compensation	9,340	10,594	-1,254
Advertising revenue	1,500	1,386	114
Other income	27,268	15,637	11,631
Other operating income	164,131	149,378	14,753

Other operating income of €164,131 thousand is up €14,753 thousand on the first half of 2016, primarily due to the greater contribution from Autostrade Tech to the consolidated results for the first half of 2017. This reflects business conducted with Telepass (a company deconsolidated at the end of 2016).

8.5 Raw and consumable materials - -€35,650 thousand (-€32,175 thousand)

This item consists of purchases of materials and the change in inventories of raw and consumable materials.

€000	H1 2017	H1 2016	Increase/ (Decrease)
Construction materials	-3,719	-4,927	1,208
Electrical and electronic materials	-13,398	-5,917	-7,481
Lubricants and fuel	-5,366	-4,508	-858
Other raw and consumable materials	-15,519	-19,713	4,194
Cost of materials	-38,002	-35,065	-2,937
Change in inventories of raw, ancillary and consumable materials and goods for resale	2,289	2,267	22
Capitalised cost of raw materials	63	623	-560
Raw and consumable materials	-35,650	-32,175	-3,475

This item has increased by €3,475 thousand, primarily due to an increase in the cost of electrical and electronic materials (€7,481 thousand), reflecting the greater amount of goods purchased by Autostrade Tech from Telepass (a company deconsolidated at the end of 2016). This increase was partially offset by reduced purchases of other raw materials and consumables (€4,194 thousand), linked to a decrease in the cost of expropriations incurred by Autostrade per l'Italia in the first half of 2017.

8.6 Service costs - -€388,469 thousand (-€425,566 thousand)

An analysis of service costs is provided below.

€000	H1 2017	H1 2016	Increase/ (Decrease)
Construction and similar	-263,580	-305,955	42,375
Professional services	-63,169	-53,983	-9,186
Transport and similar	-12,417	-9,745	-2,672
Utilities	-16,744	-18,103	1,359
Insurance	-4,978	-4,953	-25
Statutory Auditors' fees	-293	-302	9
Other services	-27,288	-32,525	5,237
Service costs	-388,469	-425,566	37,097

The decrease in service costs, amounting to €37,097 thousand, essentially reflects a reduction in construction services, linked substantially to the lower volume of investment in assets held under concession.

8.7 Staff costs - -€267,884 thousand (-€262,141 thousand)

Staff costs break down as follows.

€000	H1 2017	H1 2016	Increase/ (Decrease)
Wages and salaries	-181,422	-181,122	-300
Social security contributions	-54,003	-54,771	768
Payments to supplementary pension funds, INPS and for post-employment benefits	-11,334	-10,994	-340
Directors' remuneration	-1,901	-2,165	264
Other staff costs	-19,224	-13,089	-6,135
Staff costs	-267,884	-262,141	-5,743

Staff costs of €267,884 thousand are up €5,743 thousand on the first half of 2016 (€262,141 thousand), essentially reflecting:

- an increase in the average unit cost (up 4.4%), primarily due to the cost of contract renewals and additional costs linked to management incentive plans, partly offset by an increase in the amount recovered for seconded personnel;
- a reduction of 156 in the average workforce (down 2.2%).

The following table shows the average number of employees (by category and including agency staff).

Average workforce	H1 2017 (*)	H1 2016 (*)	Increase/ (Decrease)
Senior managers	101	110	-9
Middle managers and administrative staff	3,041	3,102	-61
Toll collectors	2,274	2,360	-86
Manual workers	1,425	1,425	-
Total	6,841	6,997	-156

(*) The figures for both comparative periods exclude the staff employed by companies whose income and costs are classified in "Profit/(Loss) from discontinued operations", as described in note 8.15.

Information on equity-settled and cash-settled share-based incentive plans for certain Directors and employees of Group companies is provided in note 9.4, “Disclosures regarding share-based payments”.

8.8 Other operating costs - -€251,233 thousand (-€241,413 thousand)

An analysis of other operating costs is shown below.

€000	H1 2017	H1 2016	Increase/ (Decrease)
Concession fees	-220,480	-214,228	-6,252
Lease expense	-4,824	-2,163	-2,661
Grants and donations	-12,959	-11,163	-1,796
Direct and indirect taxes	-5,465	-4,975	-490
Other	-7,505	-8,884	1,379
Other costs	-25,929	-25,022	-907
Other operating costs	-251,233	-241,413	-9,820

The increase in other operating costs, amounting to €9,820 thousand, primarily reflects an increase in concession fees (€6,252 thousand), linked to the previously noted traffic growth and the rise in motorway tolls in the first half of 2017.

8.9 Operating change in provisions - €11,609 thousand (-€127,424 thousand)

This item reflects the impact on profit or loss of operating changes (new provisions and uses) in provisions, excluding those for employee benefits (classified in staff costs), made by Group companies during the period in order to meet their legal and contractual obligations requiring the use of financial resources in future years. The positive balance for the first half of 2017, amounting to €11,609 thousand, essentially reflects the present value of provisions for the repair and replacement of the Group’s motorway infrastructure, due to an increase in the discount rate applied at 30 June 2017, compared with the rate applied as at 31 December 2016. In the same period of 2016, the negative balance of this item, totalling €127,424 thousand, reflected an opposite movement in the related interest rates.

8.10 Use of provisions for construction services required by contract - €177,442 thousand (€166,521 thousand)

This item regards the use of provisions for construction services required by contract, relating to the performance of services for which no additional economic benefits during the period, net of accrued government grants (recognised in revenue from construction services, as explained in note 8.2). The item represents the indirect adjustment to construction costs classified by nature and incurred, in the first half of 2017, by Autostrade per l’Italia, whose concession arrangement provides for such obligations. The balance of this item is broadly in line with the comparative period.

8.11 (Impairment losses) and reversals of impairment losses - -€1,338 thousand (-€1,556 thousand)

The balance for the first half of 2017, in line with the comparative period, consists of the impairment of trade receivables arising in past years, reflecting the risk of partial non-collection.

8.12 Financial income/(expenses) - -€221,512 thousand (-€282,446 thousand)

Financial income €59,999 thousand (€12,595 thousand)

Financial expenses -€281,497 thousand (-€295,084 thousand)

Foreign exchange gains/(losses) -€14 thousand (-€43 thousand)

An analysis of financial income and expenses is shown below.

€000	H1 2017	H1 2016	Increase/ (Decrease)
Dividends received from investees	2,430	2,295	135
Financial income accounted for as an increase in financial assets	472	478	-6
Income from derivative financial instruments	45,525	2,735	42,790
Interest and fees receivable on bank and post office deposits	1,632	2,997	-1,365
Other financial income	9,940	4,090	5,850
Other financial income	57,569	10,300	47,269
Total Financial income (a)	59,999	12,595	47,404
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-12,614	-23,376	10,762
Interest on medium/long-term borrowings	-63,246	-196,152	132,906
Losses on derivative financial instruments	-49,206	-33,277	-15,929
Interest on bonds	-144,966	-26,633	-118,333
Interest expense accounted for as an increase in financial liabilities	-1,634	-	-1,634
Interest and fees payable on bank and post office deposits	-703	-630	-73
Impairment losses on financial assets	-	-2,522	2,522
Other financial expenses	-9,128	-12,494	3,366
Other financial expenses	-268,883	-271,708	2,825
Total Financial expenses (b)	-281,497	-295,084	13,587
Foreign exchange gains	20,925	71	20,854
Foreign exchange losses	-20,939	-28	-20,911
Foreign exchange gains/(losses) (c)	-14	43	-57
Financial income/(expenses) (a+b+c)	-221,512	-282,446	60,934

Net other financial expenses of €211,314 thousand are down €50,094 thousand compared with the first half of 2016 (€261,408 thousand). The reduction primarily reflects a combination of the following:

- increased financial income (€25,412 million) in the first half of 2017, linked to foreign currency bonds in issue and fair value gains on the related Cross Currency Swaps, recognised at the end of 2016 following the “issuer substitution”;
- the increased amount of interest and financial expenses (€13,504 million) paid in the first half of 2016, reflecting the loan with a face value of €880 million granted by Atlantia in 2009 and repaid in May 2016;
- financial expenses (€10,003 million) incurred in the first half of 2016 as the premium payable in return for the partial early repayment of a number of loans from Atlantia.

“Financial expenses from discounting of provisions for construction services required by contract and other provisions” amount to €12,614 thousand for the first half of 2017, down €10,762 thousand compared with the first half of 2016 (€23,376 thousand). This essentially reflects reductions in the discount rates applied in the first half of 2017, compared with the comparative period.

8.13 Share of profit/(loss) of investees accounted for using the equity method - -€1,436 thousand (-€1,180 thousand)

The “Share of profit/(loss) of investees accounted for using the equity method” amounts to a loss of €1,436 thousand for the first half of 2017. This reflects the Group’s share of the profit or loss of

its associates and joint ventures and any dividends paid during the first half of 2017. Further details are provided in note 7.3, “Investments”.

8.14 Income tax (expense) - -€188,477 thousand (-€157,011 thousand)

A comparison of the net tax charges for the two comparative periods is shown below.

€000	H1 2017	H1 2016	Increase/ (Decrease)
IRES	-106,994	-105,803	-1,191
IRAP	-27,902	-28,336	434
Current tax expense	-134,896	-134,139	-757
Recovery of previous years' income taxes	3,965	423	3,542
Previous years' income taxes	-330	-89	-241
Differences on current tax expense for previous years	3,635	334	3,301
Provisions	29,327	63,843	-34,516
Releases	-35,069	-31,653	-3,416
Changes in prior year estimates	-1,956	-6,758	4,802
Deferred tax income	-7,698	25,432	-33,130
Provisions	-50,095	-49,797	-298
Releases	577	1,159	-582
Deferred tax expense	-49,518	-48,638	-880
Deferred tax income/(expense)	-57,216	-23,206	-34,010
Income tax (expense)/benefit	-188,477	-157,011	-31,466

Income tax (expense) for the first half of 2017 amounts to €188,477 thousand, an increase of €31,466 thousand compared with the first half of 2016 (€157,011 thousand). This is proportionately less than the increase in profit before tax, having benefitted from the reduction in the IRES rate from 1 January 2017.

8.15 Profit/(Loss) from discontinued operations - €24,197 thousand (€161,751 thousand)

As a result of the restructuring of the Group's overseas businesses described previously, in accordance with the requirements of IFRS 5, the contributions of Telepass, Stalexport Autostrady, AID, ADA and the related subsidiaries to the consolidated income statements for the first half of 2016 have been reclassified to “Profit/(Loss) from discontinued operations”, rather than in each item of the income statement attributable to continuing operations.

The composition of this item is shown in the following table.

€000	H1 2017	H1 2016	Increase/ (Decrease)
Operating income	140,959	448,284	-307,325
Operating costs	-99,106	-273,328	174,222
Financial income	63,804	192,916	-129,112
Financial expenses	-60,467	-154,674	94,207
Tax benefit/(expense)	-20,993	-54,824	33,831
Contribution to net profit of discontinued operations	24,197	158,374	-134,177
Share of profit/(loss) of investees accounted for using the equity method	-	26	-26
Other net profit/(loss) from discontinued operations	-	3,351	-3,351
Profit/(Loss) from discontinued operations	24,197	161,751	-137,554

The change reflects the different scopes of consolidation in the two comparative periods, following the restructuring of the Atlantia Group described above. This item includes:

- the contributions of ADA and the related subsidiaries and of AID in the first half of 2017 through to the respective dates of deconsolidation (February 2017 and March 2017, respectively);
- the contributions of Telepass and Stalexport Autostrady (companies sold and deconsolidated at the end of 2016) in the first half of 2016, in addition to those of the companies referred to in a).

8.16 Earnings per share

The following statement shows a breakdown of the calculation of basic and diluted earnings per share for the two comparative periods. In the absence of options or convertible financial instruments issued by the Parent Company, diluted earnings per share coincides with the figure for basic earnings per share.

	H1 2017	H1 2016
Weighted average of shares outstanding	622,027,000	622,027,000
Weighted average of shares outstanding	622,027,000	622,027,000
Profit for the period attributable to owners of the parent (€000)	451,983	378,941
Earnings per share (€)	0.73	0.61
Profit from continuing operations attributable to owners of the parent (€000)	442,482	264,578
Basic earnings per share from continuing operations (€)	0.71	0.43
Profit/(Loss) from discontinued operations attributable to owners of the parent (€000)	9,501	114,363
Basic earnings/(losses) per share from discontinued operations (€)	0.02	0.18

9. Other financial information

9.1 Notes to the consolidated statement of cash flows

Consolidated cash flow in the first half of 2017, compared with the first half of 2016, is analysed below. The consolidated statement of cash flows is included in the “Consolidated financial statements”.

Cash flows during the first half of 2017 resulted in a decrease of €795,257 thousand in cash and cash equivalents, versus a net cash outflow of €985,106 million in the first half of 2016.

Operating activities generated cash flows of €976,413 thousand in the first half of 2017, up €192,764 thousand on the figure for the first half of 2016 (€783,649 thousand). This reflects:

- a) the differing performance of movements in working capital and other changes in the two comparative periods, resulting in an inflow of €166,013 thousand in the first half of 2017, due essentially to an increase in trading liabilities, as described previously, and an outflow of €145,189 thousand in the first half of 2016, primarily reflecting an increase in amounts receivable in the form of motorway tolls;
- b) a reduction of €118,438 thousand in operating cash flow in the first half of 2017.

Cash used in investing activities in the first half of 2017 amounts to €645,850 thousand (€449,499 thousand in the first half of 2016), primarily reflecting:

- a) deconsolidation of the cash and cash equivalents of the companies transferred to Atlantia as part of the Group restructuring described above, totalling €386,046 thousand;
- b) investment in assets held under concession, after the related government grants, totalling €232,023 thousand.

Cash used for financing activities in the first half of 2017 amounts to €1,135,522 thousand (€1,340,302 thousand in the comparative period), primarily reflecting distribution of a portion of the available reserves, amounting to €1,101,312 thousand.

The following table shows net cash flows generated from discontinued operations, including the contributions of the French companies (Ecomouv, Ecomouv D&B and Tech Solutions Integrators), Telepass, Stalexport, AID, ADA and the related subsidiaries for both the comparative periods. These cash flows are included in the consolidated statement of cash flows under operating, investing and financing activities.

CASH FLOWS FROM DISCONTINUED OPERATIONS

€m	H1 2017	H1 2016
Net cash generated from/(used in) operating activities	25	147
Net cash generated from/(used in) investing activities	-16	-62
Net cash generated from/(used in) financing activities	358	-263

9.2 Financial risk management

The Autostrade per l'Italia Group's financial risk management objectives and policies

In the normal course of business, the Group is exposed to:

- a) market risk, principally linked to the effect of movements in interest and foreign exchange rates on financial assets acquired and financial liabilities assumed;
- b) liquidity risk, with regard to ensuring the availability of sufficient financial resources to fund the Group's operating activities and repayment of the liabilities assumed;
- c) credit risk, linked to both ordinary trading relations and the likelihood of defaults by financial counterparties.

The Group's financial risk management strategy is derived from and consistent with the business goals set by Atlantia's Board of Directors, as contained in the long-term plans approved annually by the Board, taking into account Atlantia's role in the management and coordination of Autostrade per l'Italia.

Market risk

The adopted strategy for each type of risk aims, wherever possible, to eliminate interest rate and currency risks and minimise borrowing costs, whilst taking account of stakeholders' interests, as defined in the Financial Policy as approved by the Board of Directors of the parent, Atlantia.

Management of these risks is based on prudence and best market practice.

The main objectives set out in this policy are as follows:

- a) to protect the scenario forming the basis of the long-term plan from the effect of exposure to currency and interest rate risks, in the latter case identifying the best combination of fixed and floating rates;
- b) to pursue a potential reduction of the Group's borrowing costs within the risk limits determined by the Board of Directors;
- c) to manage derivative financial instruments taking account of their potential impact on the results of operations and financial position in relation to their classification and presentation.

The Group's hedges outstanding as at 30 June 2017 are classified, in accordance with IAS 39, either as cash flow hedges. Amounts in currencies other than the euro are converted using closing exchange rates published by the European Central Bank.

As at 30 June 2017, the Group's portfolio also includes non-hedge accounting transactions, including the derivatives embedded in certain medium/long-term and short-term borrowings obtained by Autostrade per l'Italia and Autostrade Meridionali, with a notional value of €445,000 thousand and fair value losses of €1,775 thousand.

The residual average term to maturity of the Group's debt as at 30 June 2017 is six years and two months. The average cost of the Group's medium/long-term borrowings in the first half of 2017 was 3.7%. Monitoring is, moreover, intended to assess, on a continuing basis, counterparty creditworthiness and the degree of risk concentration.

Interest rate risk

This risk is linked to uncertainty regarding the performance of interest rates, and takes two forms:

- a) cash flow risk: linked to financial assets and liabilities with cash flows indexed to a market interest rate. In order to reduce the amount of floating rate debt, the Group has entered into interest rate swaps (IRSs), classified as cash flow hedges. The hedging instruments and the underlying financial liabilities have matching terms to maturity and notional amounts. Following tests of effectiveness, changes in fair value are recognised in other comprehensive income;
- b) fair value risk: the risk of losses deriving from an unexpected change in the value fixed rate financial assets and liabilities following an unfavourable shift in the market yield curve. As at 30 June 2017, the Group has not entered into transactions classifiable as fair value hedges.

As a result of the above cash flow hedges, 96% of interest bearing debt is fixed rate.

Currency risk

Currency risk can result in the following types of exposure:

- a) economic exposure incurred through purchases and sales denominated in currencies other than the individual companies' functional currency;
- b) translation exposure through equity investments in subsidiaries and associates whose financial statements are denominated in a currency other than the Group's functional currency;
- c) transaction exposure incurred by making deposits or obtaining loans in currencies other than the individual companies' functional currency.

The Group's prime objective of currency risk is to minimise transaction exposure through the assumption of liabilities in currencies other than the Group's functional currency.

Currency risk derives primarily from the presence of financial assets and liabilities denominated in currencies other than the Group's functional currency. This risk relates to the "issuer substitution", carried out by Atlantia and Autostrade per l'Italia in December 2016. In this regard, following the above "issuer substitution", the Group is party to Cross Currency Swaps (CCIRSs) linked to the bonds denominated in sterling (GBP) and yen (JPY). Whilst, from an operational viewpoint, the bonds' exposure to currency risk is fully hedged by these derivatives, the CCIRSs do not meet all the requirements for classification as hedges under IAS 39. As a result they are classified, from an accounting point of view, as non-hedge accounting.

7% of the Group's debt is denominated in currencies other than the euro (sterling and yen).

The following table summarises outstanding derivative financial instruments as at 30 June 2017 (compared with 31 December 2016) and shows the corresponding market and notional values of the hedged financial asset or liability.

€000		30 June 2017		31 December 2016	
Type	Purpose of hedge	Fair value asset/ (liability)	Notional amount	Fair value asset/ (liability)	Notional amount
Cash flow hedges (1)					
Interest Rate Swaps	Interest rate risk	-150,644	3,118,605	-196,234	3,130,233
Interest Rate Swaps					
Total		-150,644	3,118,605	-196,234	3,130,233
Fair value hedges (1)					
IPCA x CDI Swaps		-	-	-6,012 (2)	172,187
Total		-	-	-6,012	172,187
Derivatives not accounted for as hedges					
Cross Currency Swaps	Currency and interest rate risk	-285,657	899,176	-281,904	899,176
Derivatives embedded in loans	Interest rate	-1,775	445,000	-2,814	445,000
FX Forwards	Currency risk	-	-	-2,492 (3)	35,548
Total		-287,432	1,344,176	-287,210	1,379,724
Total derivatives		-438,076	4,462,781	-489,456	4,682,144
of which:					
fair value (asset)		-		-	
fair value (liability)		-438,076		-489,456	

(1) The fair value of cash flow hedges excludes accruals at the measurement date.

(2) The fair value as at 31 December 2016 is classified in liabilities held for sale.

(3) The fair value of these derivatives is classified in current financial assets and liabilities.

Sensitivity analysis

Sensitivity analysis describes the impact that the interest rate and foreign exchange movements to which the Group is exposed would have had on the consolidated income statement for the first half of 2017 and on equity as at 30 June 2017. The interest rate sensitivity analysis is based on the exposure of derivative and non-derivative financial instruments at the end of the year, assuming, in terms of the impact on the income statement, a 0.10% (10 bps) shift in the market yield curve at the beginning of the year, whilst, with regard to the impact of changes in fair value on other comprehensive income, the 10 bps shift in the curve was assumed to have occurred at the measurement date. The results of the analyses were:

- a) in terms of interest rate risk, an unexpected and unfavourable 0.10% shift in market interest rates would have resulted in a negative impact on the consolidated income statement, totalling €2,697 thousand, and on other comprehensive income, totalling €23,500 thousand, before the related taxation;
- b) in terms of currency risk, an unexpected and unfavourable 10% shift in the exchange rate would have resulted in a negative impact on the consolidated income statement, totalling €19,059 thousand.

Liquidity risk

Liquidity risk relates to the risk that cash resources may be insufficient to fund the payment of liabilities as they fall due. The Group believes that its ability to generate cash, the ample diversification of its sources of funding and the availability of committed and uncommitted lines of credit provides access to sufficient sources of finance to meet its projected financial needs.

As at 30 June 2017, the Group has cash reserves of €4,684 million, consisting of:

- a) €2,594 million in investments and cash maturing in the short term, after Autostrade per l'Italia's net short-term debt, essentially relating to its role as a provider of centralised treasury management;
- b) €235 million in term deposits allocated primarily to part finance the execution of specific construction services on the motorways operated under concession;
- c) €1,855 million in undrawn committed lines of credit. The Group has lines of credit with a weighted average residual term to maturity of approximately seven years and nine months and a weighted average residual drawdown period of approximately two years and six months.

Details of drawn and undrawn committed lines of credit are shown below.

€000		30 June 2017					
		Drawdown period expires	Final maturity	Available	Drawn	Undrawn	
Borrower	Line of credit						
Autostrade per l'Italia	Medium/long-term committed EIB line 2013 "Environment and Motorway Safety"	31 Dec 2017	15 Sept 2037	200	-	200	
Autostrade per l'Italia	Medium/long-term committed EIB line 2010 "Upgrade A14 B"	31 Dec 2017	31 Dec 2036	300	100	200	
Autostrade per l'Italia	Medium/long-term committed EIB line 2013 "Florence Bologna IV B"	31 Dec 2017	15 Sept 2038	250	150	100	
Autostrade per l'Italia	Medium/long-term committed CDP/SACE line	23 Sept 2020	23 Dec 2024	1,000	200	800	
Autostrade per l'Italia	Medium/long-term committed CDP A1 2012 LINE	21 Nov 2020	20 Dec 2021	700	200	500	
Autostrade Meridionali	Short-term loan from Banco di Napoli	31 Dec 2017	31 Dec 2017	300	245	55	
				Lines of credit	2,750	895	1,855

Credit risk

The Group manages credit risk essentially through recourse to counterparties with high credit ratings, with no significant credit risk concentrations as required by Financial Policy.

Credit risk deriving from outstanding derivative financial instruments can also be considered marginal in that the counterparties involved are major financial institutions. There are no margin agreements providing for the exchange of cash collateral if a certain fair value threshold is exceeded.

Provisions for impairment losses on individually material items, on the other hand, are established when there is objective evidence that the Group will not be able to collect all or any of the amount due. The amount of the provisions takes account of estimated future cash flows and the date of collection, any future recovery costs and expenses, and the value of any security and guarantee deposits received from customers. General provisions, based on the available historical and statistical data, are established for items for which specific provisions have not been made. Details of the allowance for bad debts for trade receivables are provided in note 7.7, "Trading assets".

10. Other information

10.1 Geographical information

The following table shows an analysis of the Autostrade per l'Italia Group's revenue and non-current assets by geographical area.

€m	Revenue		Non-current assets (*)	
	H1 2017	H1 2016	30 June 2017	31 December 2016
Italy	1,915	1,906	18,628	18,905
Poland	-	1	-	-
Sub-total Europe	1,915	1,907	18,628	18,905
Chile	1	2	-	-
Total	1,916	1,909	18,628	18,905

(*) In accordance with IFRS 8, non-current assets do not include non-current financial assets or deferred tax assets.

10.2 Disclosure of non-controlling interests in consolidated companies

As required by IFRS 12, a list of the principal consolidated companies with non-controlling interests as at 30 June 2017 (with the relevant comparatives as at 31 December 2016) is provided below. The complete list of the Group's investments as at 30 June 2017 is provided in Annex 1 "The Autostrade per l'Italia Group's scope of consolidation and investments".

Non-controlling interests in consolidated companies	Country	30 June 2017		31 December 2016	
		Group interest	Non-controlling interests	Group interest	Non-controlling interests
Autostrade Meridionali SpA	Italy	58.98%	41.02%	58.98%	41.02%
Catterick Investments Spółka z o.o.	Poland	90.00%	10.00%	-	-
Società Italiana per Azioni per il Traforo del Monte Bianco SpA	Italy	51.00%	49.00%	51.00%	49.00%
Raccordo Autostradale Valle d'Aosta SpA	Italy	24.46%	75.54%	24.46%	75.54%
Società Autostrada Tirrenica SpA	Italy	99.99%	0.01%	99.99%	0.01%
Ecomouv' SAS	France	70.00%	30.00%	70.00%	30.00%
Infoblu SpA	Italy	75.00%	25.00%	75.00%	25.00%

There are no consolidated companies deemed to be material for the Autostrade per l'Italia Group, in terms of the percentage interest held by non-controlling interests, for the purposes of the financial disclosures required by IFRS 12.

10.3 Guarantees

The Group has certain personal guarantees in issue to third parties as at 30 June 2017. These include, listed by importance:

- guarantees issued by Autostrade per l'Italia securing the bonds issued by Atlantia, amounting to a total of €1,200,000 thousand and representing 120% of par value, in return for which Autostrade per l'Italia receives intragroup loans with the same terms to maturity and a face value of €1,000,000 thousand as at 30 June 2017;
- bank guarantees provided by Tangenziale di Napoli (€27,322 thousand) to the Ministry of Infrastructure and Transport, as required by the covenants in the relevant concession arrangement.

Shares in the investees, Tangenziale Esterna e Bologna & Fiera Parking, have also pledged to the respective providers of financing.

10.4 Reserves

As at 30 June 2017, Group companies have recognised contract reserves, quantified by contractors in relation to investment in Italian motorways, amounting to approximately €1,027 million (€1,132 million as at 31 December 2016).

Based on past experience, only a small percentage of the reserves will actually have to be paid to contractors and, in this case, will be accounted for as an increase in intangible assets deriving from concession rights.

Reserves have also been recognised in relation to works not connected to investment (work for external parties and maintenance), amounting to approximately €23 million. The estimated future cost is covered by provisions for disputes accounted for in the consolidated financial statements as at and for the six months ended 30 June 2017.

10.5 Related party transactions

This section describes the Autostrade per l'Italia Group's principal transactions with related parties, identified as such according to the criteria in the procedure for related party transactions adopted by the parent, Atlantia, in application of art. 2391-*bis* of the Italian Civil Code, the Regulations adopted by the *Commissione Nazionale per le Società e la Borsa* (the CONSOB) in Resolution 17221 of 12 March 2010, as amended. The Procedure, which is available for inspection at www.atlantia.it, establishes the criteria to be used in identifying related parties, in distinguishing between transactions of greater and lesser significance and in applying the rules governing the above transactions of greater and lesser significance, and in fulfilling the related reporting requirements.

The following tables show material amounts in the income statement and statement of financial position generated by the Autostrade per l'Italia Group's related party transactions, broken down by nature of the transaction (trading or financial), including those with Directors, Statutory Auditors and key management personnel at Autostrade per l'Italia.

Cm	Principal trading transactions with related parties																	
	Assets					Liabilities				Income		Expenses						
	Trading and other assets		Trading and other liabilities			Trading and other income		Trading and other expenses										
Trade receivables	Current tax assets	Other trading assets	Assets related to discontinued operations	Total	Trade payables	Current tax liabilities	Other current liabilities	Other non-current liabilities	Liabilities related to discontinued operations	Total	Revenue from construction services and other income	Total	Revenue from consumable materials	Service costs	Staff costs	Other operating costs	Total	
30 June 2017																		
Sinonella	-	7.2	-	-	7.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Atlanta	2.3	84.2	-	-	86.5	3.3	0.5	-	-	3.8	1.5	1.5	-	-	-	-	-	
Total parents	2.3	91.4	-	-	93.7	3.3	0.5	-	-	3.8	1.5	1.5	-	-	-	-	-	
Bologna and Ferra Parking	1.1	-	-	-	1.1	-	-	-	-	-	-	-	-	-	-	-	-	
Pavimental	1.0	-	-	-	1.0	-	-	-	-	-	-	-	-	-	-	-	-	
Spes Engineering	23.9	-	-	-	23.9	70.0	-	6.6	-	163.7	0.7	0.7	-	148.8	-	-	0.2	
Total subsidiaries	26.0	-	-	-	26.0	277.1	-	6.6	-	233.7	1.1	1.1	-	181.9	-	-	0.2	
Autogrill	13.2	-	-	-	13.2	1.1	-	-	-	1.1	34.9	34.9	0.4	0.2	-	-	-	
AB Concessions(**)	1.4	-	-	-	1.4	-	-	-	-	1.0	-	-	-	-	-	-	-	
Autostrade Brasil(***)	0.2	-	-	-	0.2	-	-	-	-	0.2	-	-	-	-	-	-	-	
Autostrade dell'Atlantico(**)	0.1	-	-	-	0.1	-	-	-	-	0.2	-	-	-	-	-	-	-	
Autostrade Holding (co-Sur) (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Autostrade Holding (co-Sur) (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Electronic Transaction Consultants(**)	2.6	-	-	-	2.6	0.7	-	-	-	0.7	-	-	-	-	-	-	0.1	
Aerospotti di Roma group	1.0	-	-	-	1.0	0.6	-	-	-	0.6	0.2	0.2	-	-	-	-	-	
Stalgroup group(*)	0.8	-	-	-	0.8	-	-	-	-	-	-	-	-	-	-	-	-	
Pavimental Po Ioka	2.0	-	-	-	2.0	-	-	-	-	0.1	-	-	-	-	-	-	-	
Sociedad Gestion Vial(**)	31.8	-	-	-	31.8	9.4	-	-	-	11.8	11.8	11.8	-	4.8	-	-	4.8	
Telepass(*)	1.6	-	-	-	1.6	-	-	-	-	1.3	1.3	1.3	-	-	-	-	-	
TelepassPAY(*)	2.8	-	-	-	2.8	11.9	-	-	-	13.3	48.6	48.6	0.4	5.1	-	-	5.5	
ASTFI pension fund	-	-	-	-	-	-	-	5.7	-	5.7	-	-	-	-	7.8	-	7.8	
CAIPI pension fund	-	-	-	-	-	-	-	2.2	-	2.2	-	-	-	-	2.0	-	2.0	
Total pension funds	-	-	-	-	-	-	-	7.9	-	7.9	-	-	-	-	9.8	-	9.8	
Key management personnel	-	-	-	-	-	-	-	3.7	-	3.7	1.3	1.3	-	-	-	-	-	
Total key management personnel (1)	83.0	91.4	-	-	174.4	242.3	0.5	19.6	1.3	263.7	51.2	51.2	0.4	187.9	16.6	0.4	203.3	
31 December 2016																		
Sinonella	-	7.2	-	-	7.2	-	-	-	-	-	-	-	-	-	-	-	-	
Atlanta	3.9	59.0	0.2	2.5	64.6	3.8	0.7	-	-	7.3	11.8	0.9	0.9	-	-	-	-	
Total parents	3.9	65.2	0.2	2.5	71.8	3.8	0.7	-	-	7.3	11.8	0.9	0.9	-	-	-	0.1	
Bologna and Ferra Parking	1.1	-	-	-	1.1	-	-	-	-	-	-	-	-	-	-	-	-	
Pavimental	1.0	-	-	-	1.0	126.2	-	-	-	126.2	0.2	0.2	-	140.9	-	-	0.3	
Spes Engineering	26.1	-	-	-	26.1	80.6	-	-	-	80.7	0.4	0.4	-	27.1	-	-	27.1	
Autogrill	24.2	-	-	-	24.2	208.8	-	-	-	208.9	0.6	0.6	-	188.0	-	-	188.3	
Total subsidiaries	24.2	-	-	-	24.2	208.8	-	-	-	209.1	0.6	0.6	-	188.0	-	-	188.3	
Autogrill	36.9	-	-	-	36.9	3.9	-	-	-	3.9	33.9	33.9	-	-	-	-	-	
Aerospotti di Roma group	1.2	-	-	-	1.2	0.3	-	-	-	0.3	0.1	0.1	-	-	-	-	0.1	
Stalgroup group(*)	2.6	-	-	-	2.6	-	-	-	-	-	-	-	-	-	-	-	-	
Pavimental Po Ioka	-	-	-	-	-	0.2	-	-	-	0.2	-	-	-	-	-	-	-	
Pune Solapur Expressways Private	30.3	-	-	-	30.3	8.1	-	-	-	8.1	-	-	-	-	-	-	-	
Telepass(*)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total affiliates	71.0	-	-	0.2	71.2	12.5	-	-	-	12.5	34.0	34.0	-	0.3	-	-	0.4	
ASTFI pension fund	-	-	-	-	-	-	-	5.2	-	5.2	-	-	-	-	6.8	-	6.8	
CAIPI pension fund	-	-	-	-	-	-	-	2.3	-	2.3	-	-	-	-	1.6	-	1.6	
Total pension funds	-	-	-	-	-	-	-	7.5	-	7.5	-	-	-	-	8.4	-	8.4	
Key management personnel	-	-	-	-	-	-	-	2.6	-	2.6	2.0	2.0	-	-	-	-	-	
Total key management personnel (1)	103.1	65.2	0.2	26.3	194.8	223.1	0.7	10.1	2.0	243.3	35.5	35.5	-	168.3	21.7	0.5	182.5	

(1) This company was consolidated until the end of December 2016.
 (***) This company was consolidated until 28 February 2017.
 (*) This company was consolidated until 31 March 2017.
 (1) Autostrade per l'Italia's "key management personnel" means the Company's Directors, Statutory Auditors and other key management personnel (including the fair value of share-based incentive plans) for Autostrade per l'Italia staff and staff of the relevant subsidiaries.
 In addition to the information shown in the table, the consolidated financial statements also include contributions of 607 million paid on behalf of Directors, Statutory Auditors and other key management personnel for the first half of 2017 and the related liabilities of €1.4 million.

Principal financial transactions with related parties												
Assets				Liabilities				Income		Expenses		
Financial assets				Financial liabilities				Financial income		Financial expenses		
Other non-current financial assets	Current financial assets deriving from government grants	Intercompany current account receivables	Other current financial assets	Total	Medium/long term borrowings	Intercompany current account payables	Current portion of financing/financial liabilities	Total	Other financial income	Total	Other financial expenses	Total
				30 June 2017	H1 2017							
€m												
Atlanta	-	-	-	-	994.3	166.3	23.7	1,184.3	0.8	0.8	25.0	25.0
Total parents	-	-	-	-	994.3	166.3	23.7	1,184.3	0.8	0.8	25.0	25.0
Pavimental	-	-	13.8	13.8	-	-	-	-	-	-	-	-
Spes Engineering	-	-	0.8	0.8	-	-	-	-	0.4	0.4	-	-
Total associates	-	-	134.6	137.0	-	-	-	-	0.4	0.4	-	-
Autogrill	-	0.5	-	0.5	-	-	-	-	-	-	-	-
Autoroute dell'Atlantico (**)	-	-	-	-	-	6.3	-	6.3	-	-	0.6	0.6
Telepass (*)	-	403.8	-	403.8	-	-	-	-	0.2	0.2	4.2	4.2
Total affiliates	-	404.3	-	404.3	-	6.3	-	6.3	0.2	0.2	4.8	4.8
TOTAL	-	584.4	2.4	541.3	994.3	172.6	23.7	1,190.6	1.4	1.4	29.8	29.8
31 December 2016												
Atlanta	-	-	-	-	992.3	205.6	4.3	1,202.2	7.6	7.6	184.7	184.7
Total parents	-	-	-	-	992.3	205.6	4.3	1,202.2	7.6	7.6	184.7	184.7
Pavimental	-	-	121.7	121.7	-	-	-	-	0.4	0.4	-	-
Piedmontana Veneta (in liquidation)	-	-	0.1	0.1	-	-	-	-	-	-	-	-
Spes Engineering	-	-	-	-	-	0.2	-	0.2	-	-	-	-
Total associates	-	-	121.7	121.8	-	0.2	-	0.2	0.4	0.4	-	-
Autogrill	-	0.5	-	0.5	-	-	-	-	-	-	-	-
Telepass (*)	-	361.3	-	361.3	-	-	-	-	-	-	-	-
Total affiliates	-	361.8	-	361.8	-	-	-	-	-	-	-	-
TOTAL	-	483.6	0.1	483.6	992.3	205.8	4.3	1,202.4	8.0	8.0	184.7	184.7

(*) This company was consolidated until the end of December 2016.

(**) This company was consolidated until 28 February 2017.

Related party transactions do not include transactions of an atypical or unusual nature, and are conducted on an arm's length basis.

The principal transactions entered into by the Group with related parties are described below.

The Autostrade per l'Italia Group's transactions with its parents

With regard to trading relations, Autostrade per l'Italia provides administrative, financial and tax services to Atlantia.

As a result of the tax consolidation arrangement headed by Atlantia, in which Autostrade per l'Italia and certain of its Italian subsidiaries participate, as at 30 June 2017 the Group has recognised tax liabilities and assets due to and from Atlantia of €84.2 million and €0.5 million, respectively.

As at 30 June 2017, the Group reports tax assets due from the parent, Sintonia (which in 2012 absorbed Schemaventotto), totalling €7.2 million, relating to amounts receivable in the form of tax rebates applied for by Schemaventotto for income tax (IRES) paid during the period when this company headed the tax consolidation arrangement.

With regard to transactions of a financial nature, as at 30 June 2017, financial liabilities (including the current portion) repayable to Atlantia, and linked to medium/long-term loans to Autostrade per l'Italia from Atlantia, amount to €994.3 million, broadly in line with the figure for 31 December 2016 (€992.3 million). As a result of the centralised treasury services provided to the Atlantia Group by Autostrade per l'Italia, the current account between the latter and Atlantia has a debit balance of €166.3 million as at 31 December 2016. Finally, financial expenses payable to the parent, Atlantia, in the first half of 2017 amount to €25 million, a reduction of €159.7 million compared with the first half of 2016 (when the figure was €184.7 million). The essentially reflects the impact of the "issuer substitution" carried out by Autostrade per l'Italia and Atlantia in December 2016.

The Autostrade per l'Italia Group's transactions with other related parties

With regard to transaction with other related parties, the above tables also show, for the first half of 2017, amounts resulting from transactions with AID, ADA and the related subsidiaries. The Group's investments in these companies were transferred to the parent, Atlantia, as part of the restructuring of the Atlantia Group described in note 6, "Corporate actions in the first half of 2017".

The Group reports trading liabilities payable to the affiliates, Pavimental and Spea. As at 30 June 2017, trade payables due to these companies total €163.7 million and €70 million, respectively. These payables essentially regard maintenance and construction services provided by these companies to the Group's operators and regarding motorway infrastructure. In addition, the Group reports costs of €148.8 million payable to Pavimental in return for the above services provided.

Trade receivables due from the affiliate, Telepass, the investment in which was transferred to Atlantia at the end of 2016, amount to €31.8 million as at 30 June 2017. These primarily regard the fact that Telepass collects tolls on the Group's behalf through its Viacard and Telepass payment systems.

With regard to relations between the Autostrade per l'Italia Group's motorway operators and the Autogrill group (considered a related party as it is under the common control of Edizione Srl), as at 30 June 2017, Autogrill holds 99 food service concessions for service areas along the Group's motorway network. In the first half of 2017, the Group earned total revenue of €34.9 million on transactions with Autogrill, including €30.7 million in royalties deriving from the management of

service areas. This recurring income is generated by contracts entered into over various years, of which a large part was awarded as a result of transparent and non-discriminatory competitive tenders. As at 30 June 2017, trading assets receivable from Autogrill amount to €13.2 million.

Transactions of a financial nature as at 30 June 2017 include, as part of the Autostrade per l'Italia's provision of centralised treasury services for the Atlantia Group, intercompany current account receivables of €133.8 million due from Pavimental. The amount due from Telepass totals €403.8 million.

10.6 Disclosures regarding share-based payments

There were no changes, during the first half of 2017, in the share-based incentive plans already adopted for Group companies as at 31 December 2016. The characteristics of the incentive plans are described in note 10.6 to the consolidated financial statements as at and for the year ended 31 December 2016.

In addition, new plans were approved during the first half of 2017. These are the "2017 Phantom Share Option Plan" and the "2017 Phantom Share Grant Plan" and are described below. Details of all the plans are contained in specific information circulars prepared pursuant to art. 84-bis of CONSOB Regulation 11971/1999, as amended. Further details of the plans already in effect as at 31 December 2016 are provided in the Remuneration Report for 2016 prepared pursuant to art. 123 *ter* of Legislative Decree 58 of 24 February 1998 (the Consolidated Finance Act), published in the "Remuneration" section of Atlantia's website at www.atlantia.it.

The following table shows the main aspects of existing share-based incentive plans (awarded directly by the parent, Atlantia) as at 30 June 2017. The table shows the options and units awarded to directors and employees of the Atlantia Group at that date, and the related changes (in terms of new awards and the exercise, conversion or lapse of options or units) in the first half of 2017. The table also shows the fair value (at the grant date) of each option or unit awarded, as determined by a specially appointed expert, using the Monte Carlo model and other assumptions.

	Number of options/units awarded (***)	Vesting date	Exercise/Grant date	Exercise price (euro)	Fair value of each option or unit at grant date (euro)	Expected expiration at grant date (years)	Risk free interest rate used	Expected volatility (based on historic mean)	Expected dividends at grant date
2011 SHARE OPTION PLAN									
Options outstanding as at 1 January 2017									
- 13 May 2011 grant	279,860	13 May 2014	14 May 2017	14.78	3.48	6.0	2.60%	25.2%	4.09%
- 14 October 2011 grant	13,991	13 May 2014	14 May 2017	14.78	(*)	(*)	(*)	(*)	(*)
- 14 June 2012 grant	14,692	13 May 2014	14 May 2017	14.78	(*)	(*)	(*)	(*)	(*)
	345,887	14 June 2015	14 June 2018	9.66	2.21	6.0	1.39%	28.0%	5.05%
- 8 Nov 2013 grant	1,592,367	8 Nov 2016	9 Nov 2019	16.02	2.65	6.0	0.86%	29.5%	5.62%
- 13 May 2014 grant	173,762	N/A (**)	14 May 2017	N/A	(**)	(**)	(**)	(**)	(**)
- 15 June 2015 grant	52,359	N/A (**)	14 June 2018	N/A	(**)	(**)	(**)	(**)	(**)
- 8 Nov 2016 grant	526,965	N/A (**)	09/11/19	N/A	(**)	(**)	(**)	(**)	(**)
- options exercised	-981,459								
- options lapsed	-279,110								
Total	1,739,314								
Changes in options in H1 2017									
- options exercised	-524,788								
Options outstanding as at 30 June 2017	1,214,526								
2011 SHARE GRANT PLAN									
Units outstanding as at 1 January 2017									
- 13 May 2011 grant	192,376	13 May 2014	14 May 2016	N/A	12.90	4.0 - 5.0	2.45%	26.3%	4.09%
- 14 October 2011 grant	9,618	13 May 2014	14 May 2016	N/A	(*)	(*)	(*)	(*)	(*)
- 14 June 2012 grant	10,106	13 May 2014	14 May 2016	N/A	(*)	(*)	(*)	(*)	(*)
	348,394	14 June 2015	15 May 2017	N/A	7.12	4.0 - 5.0	1.12%	29.9%	5.05%
- 8 Nov 2013 grant	209,420	8 Nov 2016	9 Nov 2018	N/A	11.87	4.0 - 5.0	0.69%	28.5%	5.62%
- 15 May 2015 grant	-97,439								
- 16 May 2016 grant	-103,197								
- units converted into shares on 16 June 2016	-98,582								
- units lapsed	-64,120								
Total	406,576								
Changes in units in H1 2017									
- units converted into shares on 15 June 2017	-136,572								
- units lapsed	-95,509								
Units outstanding as at 30 June 2017	174,495								
MBO SHARE OPTION PLAN									
Units outstanding as at 1 January 2017									
- 14 May 2012 grant	96,282	14 May 2015	14 May 2015	N/A	13.81	3.0	0.53%	27.2%	4.55%
- 14 June 2012 grant	4,814	14 May 2015	14 May 2015	N/A	(*)	(*)	(*)	(*)	(*)
- 2 May 2013 grant	41,077	2 May 2016	2 May 2016	N/A	17.49	3.0	0.18%	27.8%	5.38%
- 8 May 2013 grant	49,446	8 May 2016	8 May 2016	N/A	18.42	3.0	0.20%	27.8%	5.38%
- 12 May 2014 grant	61,627	12 May 2017	12 May 2017	N/A	25.07	3.0	0.34%	28.2%	5.47%
- units converted into shares on 15 May 2015	-101,096								
- units converted into shares on 3 May 2016	-41,077								
- units converted into shares on 9 May 2016	-49,446								
Total	61,627								
Changes in units in H1 2017									
- units converted into shares on 15 May 2017	-61,627								
Units outstanding as at 30 June 2017	-								

(*) These options and units were awarded as a result of bonus issues by Atlantia and, therefore, do not represent the award of new benefits.

(**) These are phantom share options granted in place of certain conditional rights included in the grants of 2011 and 2012 which, therefore, do not represent the award of new benefits.

(***) These are options and units awarded to beneficiaries throughout the Atlantia Group and not only to those at Autostrade per l'Italia.

The following changes took place during the first half of 2017.

2011 Share Option Plan

With regard to the second and third award cycles (the vesting periods for both of which have expired), a number of beneficiaries exercised their vested options and paid the established exercise price during the first half of 2017. This entailed the allocation to them of Atlantia's ordinary shares held by the parent as treasury shares. This resulted in the transfer of:

- 33,259 of Atlantia's ordinary shares to beneficiaries in connection with the second cycle; moreover, 14,774 phantom options awarded in 2015 were exercised;
- 475,230 of Atlantia's ordinary shares to beneficiaries in connection with the third cycle; moreover, 1,525 phantom options awarded in 2016 were exercised.

As at 30 June 2017, after taking into account lapsed options at that date, the remaining options outstanding total 1,214,526, including 532,386 phantom options awarded under the second and third cycles (the unit fair values of which, as at 30 June 2017, were remeasured as €20.39 and €11.33, in place of the unit fair values at the grant date).

2011 Share Grant Plan

With regard to the second award cycle, the vesting period for which expired on 14 June 2015, on 15 June 2017 further vested units were converted, in accordance with the Plan Terms and Conditions, into Atlantia's ordinary shares. As a result, Plan beneficiaries received 136,572 shares held by the parent as treasury shares. The second award cycle for this Plan has thus also expired. As at 30 June 2017, after taking into account lapsed units at that date, the remaining units outstanding total 174,495.

MBO Share Grant Plan

On 10 March 2017, Atlantia's Board of Directors, exercising the authority provided for in the Plan Terms and Conditions, awarded the plan beneficiaries a gross amount in cash in place of the additional units to be awarded as a result of the payment of dividends during the vesting period. This amount is computed in such a way as to enable beneficiaries to receive a net amount equal to what they would have received in case they had been awarded a number of Atlantia shares equal to the additional units and sold these shares in the market.

In addition, on 12 May 2017, vesting period for the 2013 MBO Plan expired. In accordance with the Terms and Conditions of this plan, all the units awarded thus vested, resulting in their conversion into Atlantia's ordinary shares and the allocation to beneficiaries of 61,627 shares held by the parent as treasury shares.

As at 30 June 2017, all the units awarded under the Plan have expired.

The following table shows the main aspects of the Autostrade per l'Italia Group's cash-settled incentive plans outstanding as at 30 June 2017. The table shows the options awarded to directors and employees of Autostrade per l'Italia and its subsidiaries at this date and changes (in terms of new awards and the exercise, conversion or lapse of rights) during the first half of 2017. The table also shows the fair values (at the grant date) of outstanding options, as determined by a specially appointed expert, using the Monte Carlo model and other assumptions.

	Number of options/units awarded (***)	Vesting date	Exercise/Grant date	Exercise price (euro)	Fair value of each option or unit at grant date (euro)	Expected expiration at grant date (years)	Risk free interest rate used	Expected volatility (based on historic mean)	Expected dividends at grant date
2014 PHANTOM SHARE OPTION PLAN									
<u>Options outstanding as at 1 January 2017</u>									
- 9 May 2014 grant	1,566,736	9 May 2017	9 May 2020	N/A (*)	2.88	3,0 - 6,0	1.10%	28.9%	5.47%
- deconsolidation of companies	-125,222								
- 8 May 2015 grant	1,436,941	8 May 2018	8 May 2021	N/A (*)	2.59	3,0 - 6,0	1.01%	25.8%	5.32%
- 10 Jun 2016 grant	1,617,292	10 June 2019	10 June 2022	N/A (*)	1.89	3,0 - 6,0	0.61%	25.3%	4.94%
- transfers/secondments	17,525								
- options lapsed	-151,213								
Total	4,362,059								
<u>Changes in units in H1 2017</u>									
- options exercised	-452,741								
- transfers/secondments	-457,840								
Units outstanding as at 30 June 2017	3,451,478								
2017 PHANTOM SHARE OPTION PLAN									
<u>Options outstanding as at 1 January 2017</u>									
- 12 May 2017 grant	882,917	15 June 2020	1 July 2023	N/A (*)	2.37	3,13 - 6,13	1.31%	25.6%	4.40%
Total	882,917								
Units outstanding as at 30 June 2017	882,917								
2017 PHANTOM SHARE GRANT PLAN									
<u>Options outstanding as at 1 January 2017</u>									
- 12 May 2017 grant	79,305	15 June 2020	1 July 2023	N/A	2.37	3,13 - 6,13	1.31%	25.6%	4.40%
Total	79,305								
Units outstanding as at 30 June 2017	79,305								

(*) Given that these are cash bonus plans, involving payment of a gross amount in cash, the 2014 Phantom Share Option Plan and the 2017 Phantom Share Option Plan do not require an exercise price. However, the Terms and Conditions of the plans indicate an "Exercise price" (equal to the arithmetic mean of Atlantia's share price in a determinate period) as the basis on which to calculate the gross amount to be paid to beneficiaries.

2014 Phantom Share Option Plan

The vesting period for the first cycle of the Plan expired on 9 May 2017. From this date until 30 June 2017, a total of 452,741 phantom options awarded under the first award cycle were exercised.

Thus, as at 30 June 2017, after taking into account lapsed options at that date, the remaining options outstanding amount to 3,451,478. The unit fair values of the options awarded under the first, second and third award cycles were remeasured as at 30 June 2017 as €5.52, €2.62 and €2.45, respectively.

2017 Phantom Share Option Plan

On 21 April 2017, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2017 Phantom Share Option Plan". The Plan entails the award of phantom share options free of charge in three annual award cycles (2017, 2018 and 2019), to be awarded to directors and employees with key roles within the Group. The options grant beneficiaries the right to payment of a gross amount in cash, computed on the basis of the increase in the value of Atlantia's ordinary shares in the relevant period.

In accordance with the Terms and Conditions of the Plan, the options granted will only vest if, at the end of the vesting period (15 June 2020 for options awarded in 2017, 15 June 2021 for options awarded in 2018 and 15 June 2022 for options awarded in 2019), one or more minimum operating/financial performance targets for (alternatively) the Group, the Company or one or more of Autostrade per l'Italia's subsidiaries, as indicated for each Plan beneficiary (the "hurdle"), have been met or exceeded. A portion of the vested options may be exercised from the 1 July immediately following the end of the vesting period, with the remaining options exercisable from the end of the first year after the end of the vesting period and, in any event, in the three years from 1 July of the year in which the vesting period ends (without prejudice to the Terms and Conditions of the Plan as regards minimum holding requirements for executive directors and key management personnel). The number of exercisable options is to be computed in application of a mathematical algorithm, taking into account, among other things, the current value, the target value and the exercise price, in order to cap the realisable gain.

On 12 May 2017, Atlantia's Board of Directors selected the beneficiaries for the first cycle of the Plan in question (subsequently approved, within the scope of its responsibilities, by Autostrade per l'Italia's Boards of Directors on 8 June 2017 and then by the boards of its subsidiaries). This resulted in the award of a total of 882,917 phantom options with a vesting period from 13 May 2017 to 15 June 2020 and an exercise period from 1 July 2020 to 30 June 2023.

2017 Phantom Share Grant Plan

On 21 April 2017, the Annual General Meeting of Atlantia's shareholders approved the new incentive plan named the "2017 Phantom Share Grant Plan". The Plan entails the award of phantom shares free of charge in three annual award cycles (2017, 2018 and 2019), to be awarded to directors and employees with key roles within the Group. The units grant beneficiaries the right to payment of a gross amount in cash, computed on the basis of the value of Atlantia's ordinary shares in the period prior to the period in which the units are awarded.

In accordance with the Terms and Conditions of the Plan, the units granted will only vest if, at the end of the vesting period (15 June 2020 for units granted in 2017, 15 June 2021 for units granted in 2018 and 15 June 2022 for units granted in 2019), one or more minimum operating/financial performance targets for (alternatively) the Group, the Company or one or more of Autostrade per l'Italia's subsidiaries, as indicated for each Plan beneficiary (the "hurdle"), have been met or exceeded. A portion of the vested units will be convertible from the 1 July immediately following the end of the vesting period, with the remaining options exercisable from the end of the first year of the exercise period and, in any event, in the three years from 1 July of the year in which the vesting period ends (without prejudice to the Terms and Conditions of the Plan as regards minimum holding requirements for executive directors and key management personnel). The

number of exercisable options is to be computed in application of a mathematical algorithm, taking into account, among other things, the current value and initial value of the shares, in order to cap the realisable gain.

On 12 May 2017, Atlantia's Board of Directors selected the beneficiaries for the first cycle of the Plan in question (subsequently approved, within the scope of its responsibilities, by Autostrade per l'Italia's Boards of Directors on 8 June 2017 and then by the boards of its subsidiaries). This resulted in the award of a total of 79,305 units, vesting in the period from 13 May 2017 to 15 June 2020 and exercisable in the period from 1 July 2020 to 30 June 2023.

The prices of Atlantia's ordinary shares in the various periods covered by the above plans are shown below:

- a) price as at 30 June 2017: €24.70;
- b) price as at 12 May 2017 (the grant date for new options or units, as described): €24.31;
- c) the weighted average price for the first half of 2017: €23.63;
- d) the weighted average price for the period from 12 May 2017 to 30 June 2017: €25.20.

In accordance with the requirements of IFRS 2, as a result of the existing plans, in the first half of 2017, the Group recognised staff costs of €6,808 thousand, based on the accrued fair value of the options and units awarded at that date, including €1,175 thousand accounted for as an increase in equity reserves. In contrast, the liabilities represented by phantom share options outstanding as at 30 June 2017 have been recognised in other current and non-current liabilities, based on the assumed exercise date.

10.7 Significant legal and regulatory aspects

In addition to the information already provided in the Annual Report for the year ended 31 December 2016, this section provides details of updates or new developments relating to the main disputes outstanding and significant regulatory events affecting Group companies and occurring through to the date of approval of this Interim Report for the six months ended 30 June 2017. Current disputes are unlikely to give rise to significant charges for Group companies in addition to the provisions already accounted for in the consolidated statement of financial position as at 30 June 2017.

Toll increases with effect from 1 January 2017

The Minister of Infrastructure and Transport and Minister of the Economy and Finance issued the related decrees on 30 December 2016, determining that:

- a) Autostrade per l'Italia was to apply a toll increase of 0.64%, compared with the 0.77% requested. The reason given for the reduction with respect to the requested percentage (equal to 0.13%) was that additional documentation was required in respect of the "X" and "K" tariff components. Once these documents have been submitted, the Grantor will decide whether or not to allow the company to recover the shortfall through subsequent toll increases. In this regard, having had access to the paperwork relating to the Grantor's determination, on 27 June 2017, Autostrade per l'Italia submitted further additional documentation, justifying its position, for the Grantor's consideration;
- b) Raccordo Autostradale Valle d'Aosta and Autostrada Tirrenica were to apply an increase based on the target inflation rate (0.90%), whilst determining that any over or under recoveries, including those for previous years, will be assessed following revision of the operators' financial plans. The companies thus challenged the related decree before the Regional Administrative Court;
- c) Tangenziale di Napoli was to apply a toll increase of 1.76%, thus lower than the requested increase, and that any over or under recoveries, including those for previous years, will be assessed following revision of the operator's financial plans. The company thus challenged the related decree before the Regional Administrative Court;

- d) Autostrade Meridionali, as in previous years, did not have the right to apply any toll increase, in view of the fact that its concession expired on 31 December 2012. Autostrade Meridionali has brought a legal challenge contesting the above decision, in line with the approach adopted in previous years (for 2014 and 2015, the courts found in the company's favour, whilst the challenge relating to 2016 is still pending);
- e) in the case of Traforo del Monte Bianco, which operates under a different regulatory regime, on 2 December 2016, the Intergovernmental Committee for the Mont Blanc Tunnel gave to go-ahead for a toll increase of 0.06%, representing the average of the inflation rates registered in Italy (-0.07%) and France (+0.2%).

II Addendum to Autostrade per l'Italia's Single Concession Arrangement

A II Addendum to Autostrade per l'Italia's Single Concession Arrangement was signed on 10 July 2017. The Addendum governs the inclusion of the first of the works in the Single Concession Arrangement of 2007, the Casalecchio Interchange – Northern section, among the operator's investment commitments. The project will involve expenditure of up to approximately €158 million, including around €2 million already incurred for design work, and almost €156 million to be paid to ANAS, which will carry out the work and then operate the infrastructure. This amount will be paid to ANAS on a stage of completion basis.

The Addendum replaces the previous concession arrangement signed on 10 December 2015, for which the related approval process had not been completed.

The Addendum signed on 10 July 2017 will be effective once it has been approved by the Ministry of Infrastructure and Transport and the Ministry of the Economy and Finance, and once the related decree has been registered by Italy's Court of Auditors.

Addendum to Autostrada Tirrenica's Single Concession Arrangement

In response to observations from the European Commission regarding, among other things, extension of the concession to 2046, on 14 October 2014 the Grantor sent Autostrada Tirrenica a draft addendum envisaging extension of the concession to 2043, completion of work on the Civitavecchia–Tarquinia section, and eventual completion of the motorway (in sections, if necessary) to be put out to tender. Completion of the motorway is subject to fulfilment of the technical and financial conditions to be verified jointly by the grantor and the operator and execution of an addendum to the Concession Arrangement, with a viable financial plan attached. Subsequently, on 13 May 2015, a memorandum of understanding was signed by the Grantor, Tuscany Regional Authority, Lazio Regional Authority, Autostrade per l'Italia and Autostrada Tirrenica with an attached draft addendum which, whilst maintaining the duration of the concession until 2043, a viable financial plan for the Civitavecchia–Tarquinia section and the obligation to put all the works out to tender. The memorandum also provides for further commitments regarding the design of the Tarquinia–Ansedonia and Ansedonia–Grosseto South sections and of the improvements to the existing dual carriageway (the *SS. 1 Variante Aurelia*) between Grosseto South and San Pietro in Palazzi, retaining the current layout of the road.

Performance of the above construction work is subject to positive outcomes of studies of the technical/design, financial and administrative feasibility to be conducted jointly by the Grantor and Autostrada Tirrenica and execution of an addendum with a viable financial plan.

Subsequently, after further discussions between the Grantor and the European Commission, at the Grantor's request, Autostrada Tirrenica submitted further versions of a financial plan, initially assuming an expiry date of 31 December 2040 and then one of 31 December 2038. In this latter regard, on 21 October 2016, the company submitted a letter of commitment, by which the company, subject to execution of an addendum governing completion of the road, has undertaken to award all the contracts for work on completion of the Civitavecchia – San Pietro in

Palazzi section of motorway by public tender. The company has also agreed to accept the inclusion, in a new addendum, of a provision reducing the concession term to 2038.

On 17 May 2017, the European Commission announced that the Commission had referred Italy to the European Court of Justice for violation of EU law regarding extension of the concession arrangement without conducting a tender process.

Award of the concession for the A3 Naples – Pompei – Salerno motorway

In 2012, the Ministry of Infrastructure and Transport issued a call for tenders for the new concession for the A3 Naples – Pompei – Salerno motorway. Following the challenges brought by Autostrade Meridionali and Consorzio Stabile SIS before Campania Regional Administrative Court, contesting the Ministry's decision, dated 22 March 2016, to disqualify both bidders from the tender process, on 19 December 2016, Campania Regional Administrative Court announced that it did not have jurisdiction for either action, referring the challenges to Lazio Regional Administrative Court. On 29 and 30 December 2016, respectively, Consorzio Stabile SIS and Autostrade Meridionali returned to court and, on 31 January 2017, Lazio Regional Administrative Court published its view that the Campania Regional Administrative Court had jurisdiction, referring the matter to the Council of State in order to decide on the question. On 27 June 2017, a hearing was held before the Council of State. The outcome has yet to be made known at the date of approval of this Interim Report.

Contractual discounts on noise abatement works

On 12 June 2017, the Grantor announced that it had determined the extent of the contractual discounts to be applied in relation to 12 noise mitigation schemes contracted out by Autostrade per l'Italia to its associate, Pavimental, in 2012.

Believing the determination to be an error of law, backed up by an authoritative external legal opinion, Autostrade per l'Italia intends to challenge it before the Regional Administrative Court.

Litigation regarding the Ministry of Infrastructure and Transport and the Ministry for Economic Development decree of 7 August 2015 and competitive tenders for oil and food services at service areas

A number of legal challenges have been brought before Lazio Regional Administrative Court by Unione Petrolifera, a number of oil and food service providers and individual operators, with the aim of contesting the decree issued by the Ministry of Infrastructure and Transport and the Ministry for Economic Development on 7 August 2015, approving the Restructuring Plan for motorway services areas, and competitive tender procedures for the award of concessions at service areas, as described in previous reports. With the exception of the following, all the actions brought before Lazio Regional Administrative Court have been concluded in the Group's favour, with publication of the judgements on the merits, none of which has upheld the challenges filed. The outcome of one last hearing on the merits, relating to a challenge brought by the operator of the Agogna East service area, is awaited. The related hearing was held in July 2017.

In addition, on 15 March 2017, the Group was notified of an appeal brought by the operator of the Aglio West service area, requesting a review of judgement 9779 handed down by Lazio Regional Administrative Court on 15 September 2016, which had declared the appellant's challenge inadmissible. The appeal does not include a request for injunctive relief regarding the Lazio Regional Administrative Court's judgement.

To complete the picture, hearings on the merits for a further five challenges brought by operators at individual service areas, with the aim of cancelling the above decree issued by Ministry of Infrastructure and Transport and the Ministry for Economic Development, and for another

challenge brought by a trade association representing operators have yet to be scheduled. Such hearings have not been requested by the plaintiffs.

Accident on the Acqualonga viaduct on the A16 Naples-Canosa motorway on 28 July 2013

On 28 July 2013, there was an accident, involving a coach and a number of cars travelling along the Naples-bound carriageway (at km 32+700) of the Acqualonga viaduct on the A16 Naples-Canosa motorway. The accident resulted in the deaths of 40 people.

As a result of the accident, at the beginning of 2015 all those under investigation for negligent cooperation resulting in culpable multiple manslaughter and criminal negligence (including executives, former managers and former employees, twelve of Autostrade per l'Italia's employees are under investigation) received notice of completion of the preliminary investigation.

At the initial hearing, held on 22 October 2015, the court admitted the entry of appearance of approximately a hundred civil parties and authorised, at the request of certain of these parties, the citation of Autostrade per l'Italia and Reale Mutua Assicurazioni as liable in civil law.

At the next hearing on 17 December, the Public Prosecutors concluded their briefs requesting the indictment of all the defendants.

At the subsequent hearing on 14 January 2016, the attorneys for the defence and for the civil parties presented their cases. This was followed, on 22 February and 14 March 2016, by hearings at which attorneys for the defence were heard.

Having heard the arguments of the Public Prosecutors and the other parties, on 9 May 2016 the judge committed all the accused for trial before a single judge at the Court of Avellino.

At the hearing of 9 November 2016, the court ruled on the admissibility of inclusion of the independent experts' report previously prepared by the Public Prosecutor's Office and the Public Prosecutor's examination of the witnesses began.

At subsequent hearings on 25 November 2016, 7 and 16 December 2016, 13 January 2017 and 3, 17 and 22 February 2017, the examination and cross examination of the witnesses for the prosecution continued.

At the hearing held on 10 March 2017, the experts appointed by the Public Prosecutor's Office testified. At the next hearings, held on 31 March 2017 and 21 April 2017, examination of the witnesses for the prosecution came to an end and examination of the witnesses for the defence began. This continued during the hearings of 10 and 26 May 2017, 7 and 28 June 2017 and 5 July 2017.

This preliminary process will continue during further hearings scheduled for 15 and 27 September 2017 and 6 and 18 October 2017.

To date, almost all of the civil parties whose entry of appearance in the criminal trial has been admitted have received compensation and have, therefore, withdrawn their actions following payment of their claims by Autostrade per l'Italia's insurance provider under the existing general liability policy.

In addition to the criminal proceedings, a number of civil actions have been brought by persons not party to the criminal trial. These actions have been combined by the Civil Court of Avellino.

At the hearing of 20 October 2016, the court, in accepting the specific requests made by certain parties appearing before the court, appointed an independent expert to assess the psychological trauma caused to the above parties by the loss of close members of their families.

During the same hearing, the court appointed further independent experts to reconstruct, among other things, the dynamics of the accident and to assess both its causes and the number of vehicles involved, identifying the victims and preparing a document showing the family relations between these people and the defendants and plaintiffs.

Autostrade per l'Italia has appointed its own experts.

The experts began their investigation on 15 November 2016.

The court subsequently authorised access to a number of mechanical parts from the coach, which is currently under seizure, requesting the intervention of the fire service during the operations scheduled for 22 February 2017 and 10 March 2017. On 18 May 2017, the court then rejected the independent experts' request to be permitted to carry out further mechanical testing of the coach and adjourned the hearing until 20 July, when the court rejected a request from Autostrade per l'Italia's counsel to put the civil action on hold whilst awaiting the outcome of the criminal trial. The court then adjourned the case again until 15 December 2017, when the independent experts will be heard. This will follow submission of the experts' draft report, scheduled for 15 September 2017 in order to allow the experts appointed by the various parties to formulate their observations.

Investigation by the Public Prosecutor's Office in Prato of a fatal accident to a worker employed by Pavimental

On 27 August 2014, a worker employed by Pavimental SpA – the company contracted by Autostrade per l'Italia to carry out work on the widening of the A1 to three lanes - was involved in a fatal accident whilst at work on the motorway. In response, the Public Prosecutor's Office in Prato has placed a number of Pavimental personnel under criminal investigation for culpable homicide, alleging breaches of occupational health and safety regulations.

In December 2014, Autostrade per l'Italia received a request for information about the Company, accompanied by a request to appoint a defence counsel and to elect an address for service, as it was under investigation as a juridical person, pursuant to Legislative Decree 231/2001 (the "Administrative liability of legal entities").

A similar request for information was also received by Pavimental. Autostrade per l'Italia has been charged with the offence provided for in art. 25 septies of Legislative Decree 231/01, as defined in art. 589, paragraph 3 of the penal code ("Culpable homicide resulting from breaches of occupational health and safety regulations"). A similar charge has also been brought against, among others, Autostrade per l'Italia's Project Manager.

A hearing took place on 5 February 2016, following a request from the Public Prosecutor's Office for a pre-trial hearing for the appointment of experts to reconstruct the dynamics of the fatal accident and apportion liability, including that of companies pursuant to Legislative Decree 231/01.

At the end of the related hearing, during which the companies' Organisational, Management and Control Models were examined, the case against the companies was dismissed.

The case then proceeded with the focus solely on the charges against the natural persons involved, with the preliminary hearing held on 23 November 2016. This was then adjourned until 8 February 2017, when the civil parties appeared before the court and it was requested that the accused be summoned to appear.

Hearings were then held on 26 April 2017, to verify settlement of the damages requested by the parties to the civil action, and on 5 July 2017, to withdraw the actions brought by these parties and for any potential requests for an alternative procedure (an "accelerated trial"). The next hearing is scheduled for 27 September 2017.

Investigation by the Public Prosecutor's Office in Florence of the state of New Jersey barriers installed on the section of motorway between Barberino and Roncobilaccio

On 23 May 2014, the Public Prosecutor's Office in Florence issued an order requiring Autostrade per l'Italia to hand over certain documentation, following receipt, on 14 May 2015, of a report from Traffic Police investigators in Florence noting the state of disrepair of the New Jersey barriers on the section of motorway between Barberino and Roncobilaccio. The report alleges negligence on the part of unknown persons, as defined by art. 355, paragraph 2.3 of the penal

code (breach of public supply contracts concerning “goods or works designed to protect against danger or accidents to the public”).

At the same time, the Prosecutor’s Office ordered the seizure of the New Jersey barriers located along the right side of the carriageways between Barberino and Roncobilaccio, on ten viaducts, ordering Autostrade per l’Italia to take steps to ensure safety on the relevant sections of motorway. This seizure was executed on 28 May 2014. In June 2014, Autostrade per l’Italia’s IV Section Department handed over the requested documents to the Police. The documentation concerns the maintenance work carried out over the years on the safety barriers installed on the above section of motorway. In October 2014, addresses for service were formally nominated for a former General Manager and an executive of Autostrade per l’Italia, both under investigation in relation to the crime defined in art. 355 of the penal code. In addition, at the end of November 2014, experts appointed by the Public Prosecutor’s Office, together with experts appointed by Autostrade per l’Italia, carried out a series of sample tests on the barriers installed on the above motorway section to establish their state of repair. Following the experts’ tests, the barriers were released from seizure. According to the appointed defence counsel, the Public Prosecutor’s Office in Florence has requested that the charges against Autostrade per l’Italia’s personnel be dropped. This request is currently being assessed by the local office of the preliminary investigating magistrate.

Autostrade per l’Italia -Autostrade Tech against Alessandro Patanè and companies linked to him and appeals brought before the Civil Court of Rome

With regard to the writ served on Mr. Alessandro Patanè and the companies linked to him by Autostrade per l’Italia and Autostrade Tech, the hearing originally scheduled at the Civil Court of Rome for 9 November 2016 was postponed until 16 November 2016. At the hearing, having noted the withdrawal of Mr. Patanè’s defence counsel, the court adjourned the proceedings until 30 March 2017, in order to enable the defendant to appoint a new counsel.

At the hearing of 30 March 2017, having acknowledged the appointment of a new counsel to represent Mr. Patanè, the court declared the action for fraud brought by Mr. Patanè, with regard to certain documents filed by Autostrade per l’Italia and Autostrade Tech, to be inadmissible. The judge then adjourned the hearing until 10 January 2018 for admission of the facts.

Proceedings before the Supreme Court - Autostrade per l’Italia versus Craft Srl

At the hearing of 14 March 2017, the parties admitted the facts and the court reserved judgement, fixing a term pursuant to art. 190 of the code of civil procedure for the submission of closing and reply briefs.

Claim for damages from the Ministry of the Environment

A criminal case (initiated in 2007) pending before the Court of Florence involves two of Autostrade per l’Italia’s managers and another 18 people from contractors, who are accused of violating environmental laws relating to the reuse of soil and rocks resulting from excavation work during construction of the *Variante di Valico*. Between February 2016 and May 2016, all the witnesses and experts called to give evidence by the defence were heard. On conclusion, the court declared the hearing of 19 July 2016 to be the last occasion for the submission of documents.

At the hearings held on 5 and 12 December 2016, the defendants wishing to file a deposition were heard.

The Public Prosecutor made his closing statement at the hearings held on 6, 13 and 20 February 2017.

The parties began to make their final depositions at the hearing of 27 March 2017 and this process continued at the hearings of 15 and 22 May 2017 and in June 2017. At the hearing of 17 July 2017, the parties concluded their depositions and the hearing was adjourned until 21 September 2017, when the court will pronounce judgement.

Investigation by the Public Prosecutor's Office in Vasto of the fatal motorway accident of 21 September 2013

Following the motorway accident of 21 September 2013 at km 450 of the A14, in which several people were killed, the Public Prosecutor's Office in Vasto has launched a criminal investigation, initially against persons unknown. On 23 March 2015, the Chief Executive Officer and, later, further two executives of the Company received notice of completion of the investigation, containing a formal notification of charges. The charges relate to negligent cooperation resulting in culpable manslaughter. The Public Prosecutor, following initiatives taken by the defence counsel, has requested that the case be brought to court. Due to irregularities in the writs of summons sent to the defendants, the preliminary hearing was adjourned until 1 March 2016. At this hearing, in view of the request for an alternative procedure (an "accelerated trial") from the defence counsel representing the owner of the vehicle, the court adjourned the hearing until 17 May 2016. At the end of the last hearing, the court committed all the defendants for trial on 12 October 2016 before a single judge at the Court of Vasto. This hearing was adjourned until 24 November 2016 in order to for a new judge to be appointed.

At the hearing of 24 November 2016, the parties requested leave to present their evidence to the court. At the hearing held on 23 February 2017, the court began to hear the witnesses for the prosecution, who continued and completed the process of giving evidence at the hearing held on 18 May 2017.

The next hearing is scheduled for 23 October 2017, at which the witnesses for the defence will be heard and eventually examined.

Investigation by the Public Prosecutor's Office in Ancona following the collapse of the motorway bridge on the SP10 crossing the A14 Bologna-Taranto motorway

On 9 March 2017, the collapse of a bridge on the SP10, as it crosses the A14 motorway at km 235+794, caused the deaths of a driver and passenger in a car and injuries to three workers employed by a sub-contractor of Pavimental SpA, to which Autostrade per l'Italia had previously awarded the contract for the widening to three lanes of the Rimini North-Porto Sant'Elpidio section of the A14 Bologna-Bari-Taranto motorway. Autostrade per l'Italia's legal representative was subsequently sent a notice of investigation issued by the Public Prosecutor's Office in Ancona. The investigation regards the alleged offence provided for in articles 25-*septies*, paragraphs 2 and 3, 6 and 7 of Legislative Decree 231/2001 (Art. 25-*septies* "Culpable homicide and negligent injury or grievous bodily harm resulting from breaches of occupational health and safety regulations"; art. 6 "Senior management and the entity's organisational models"; art. 7 "Subordinates and the entity's organisational models") regarding the offences provided for in art. 589, paragraph 2 of the penal code ("Culpable homicide resulting from breaches of occupational health and safety regulations") and art. 590, paragraph 3 of the penal code ("Culpable injury resulting from breaches of occupational accident prevention").

In connection with this event, at the date of approval of this document, a number of managers and employees of the two Group companies are under investigation pursuant to articles 113, 434, paragraph 2 and 449 of the penal code ("cooperation resulting in culpable collapse"), 113 and 589, last paragraph of the penal code ("cooperation resulting in culpable multiple manslaughter"), 113 and 590, paragraph 3 of the penal code ("cooperation resulting in culpable multiple injury"). The investigations are currently in progress.

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10.8 Events after 30 June 2017

General Meeting of Autostrade per l'Italia's shareholders

The extraordinary session of the General Meeting of Autostrade per l'Italia's shareholders, held on 26 July 2017, voted to approve proposed amendments to the Articles of Association, following Atlantia's sale of a minority interest in the Company.

The ordinary session of the same General Meeting voted to approve an increase in the number of members of the Board of Directors from 7 to 9, electing Christoph Holzer and Hongcheng Li to serve as Directors, and an increase in the number of members of the Board of Statutory Auditors from 3 to 5, electing Roberto Colussi and Alberto De Nigro as Standing Auditors and Francesco Orioli as an Alternate.

Changes to Autostrade per l'Italia's ownership structure

Following completion of Atlantia's sale of an 11.94% interest in the Company on 26 July of this year, Autostrade per l'Italia's ownership structure is thus as follows:

- a) Atlantia: 88.06%;
- b) Appia Investments Srl (a company directly and indirectly owned by Allianz Capital Partners, acting on behalf of Allianz Group, EDF Invest and DIF, through its DIF Infrastructure IV and DIF Infrastructure V funds): 6.94%;
- c) Silk Road Fund: 5%.

Annexes to the consolidated financial statements

Annex 1 - The Autostrade per l'Italia Group's scope of consolidation and investments as at 30 June 2017

Annex 1

The Autostrade per l'Italia Group's scope of consolidation and investments as at 30 June 2017

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUNDS AS AT 30 JUNE 2017	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUNDS AS AT 30 JUNE 2017	OVERALL GROUP INTEREST (%)	NOTE
PARENT COMPANY								
AUTOSTRAD PER L'ITALIA SPA	ROME	MOTORWAY OPERATION AND CONSTRUCTION	EURO	622,027,000	Autostrade per l'Italia Spa	100%	100%	
SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS								
AD MOVING SPA	ROME	ADVERTISING SERVICES	EURO	1,000,000	Autostrade per l'Italia Spa	58.98%	58.98%	(1)
AUTOSTRAD MERIDIONALI SPA	NAPLES	MOTORWAY OPERATION AND CONSTRUCTION	EURO	9,056,250	Autostrade per l'Italia Spa	100%	100%	
AUTOSTRAD TECH SPA	ROME	INFORMATION SYSTEM AND EQUIPMENT FOR THE CONTROL AND AUTOMATION OF TRAFFIC AND ROAD PROJECT COMPANY	POLISH ZLOTY	1,120,000	Autostrade per l'Italia Spa	90%	90%	
CATTERICK INVESTMENTS SPOLKA Z O.O.	WARSAW (POLAND)	ACQUISITION AND MANAGEMENT OF INVESTMENTS	EURO	12,858	Autostrade Tech Spa	100%	100%	
DANNI HOLDING GMBH	VIENNA (AUSTRIA)	FINANCING/DESIGN/CONSTRUCTION/OPERATION OF EQUIPMENT REQUIRED FOR ECO-TAXE	EURO	10,000	Autostrade Tech Spa	70.00%	70.00%	
ECONOLU ² SAS	PARIS (FRANCE)	GENERAL AND ADMINISTRATIVE SERVICES	EURO	6,000,000	Autostrade per l'Italia Spa	100%	100%	
ESSEDIESTE SOCIETA DI SERVIZI SPA	ROME	CLEANING SERVICES E MANUTENZIONI VARIE	EURO	500,000	Autostrade per l'Italia Spa	100%	100%	
GIOVE CLEAR SF1	ROME	TRAFFIC INFORMATION	EURO	10,000	Autostrade per l'Italia Spa	75.00%	75.00%	
INFOBLU SPA	ROME	MOTORWAY OPERATION AND CONSTRUCTION	EURO	5,160,000	Autostrade per l'Italia Spa	47.97%	24.46%	(2)
RACCORDO AUTOSTRADALE VALLE D'AOSTA SPA	AOSTA	MOTORWAY OPERATION AND CONSTRUCTION	EURO	343,805,000	Società Italiana per Azioni per il Traforo del Monte Bianco	99.93%	99.99%	(3)
SOCIETA' AUTOSTRADA TIRRENICA SPA	ROME	MOTORWAY OPERATION AND CONSTRUCTION	EURO	24,460,800	Autostrade per l'Italia Spa	51.00%	51.00%	
SOCIETA' ITALIANA PER AZIONI PER IL TRAFORO DEL MONTE BIANCO	PRE SAINT DIDIER (AOSTA)	MOIT BLANC TUNNEL OPERATION AND CONSTRUCTION	EURO	198,749,200	Autostrade per l'Italia Spa	100%	100%	
TANGENZIALE DI NAPOLI SPA	NAPLES	MOTORWAY OPERATION AND CONSTRUCTION	EURO	108,077,490	Autostrade per l'Italia Spa	100%	100%	
TECH SOLUTIONS INTEGRATORS SAS	PARIS (FRANCE)	CONSTRUCTION, INSTALLATION AND MAINTENANCE OF ELECTRONIC TOLLING SYSTEMS	EURO	2,000,000	Autostrade per l'Italia Spa	100%	100%	

(1) The company is listed on Borsa Italiana Spa's Expandi market.

(2) The issued capital is made up of €284,350,000 in preference shares. The percentage interest is calculated with reference to all shares in issue, whereas the 58.00% of voting rights is calculated with reference to ordinary voting shares.

(3) On December 2015 Autostrada Tirrenica, following authorisation by the general meeting of shareholders held on the same date, purchased 109,600 own shares from non-controlling shareholders. Autostrade per l'Italia's interest is, therefore, equal to 99.99% as at 30 June 2017 (the percentage interest calculated on the basis of the ratio of shares held by Autostrade per l'Italia and the subsidiary's total shares is 99.93%).

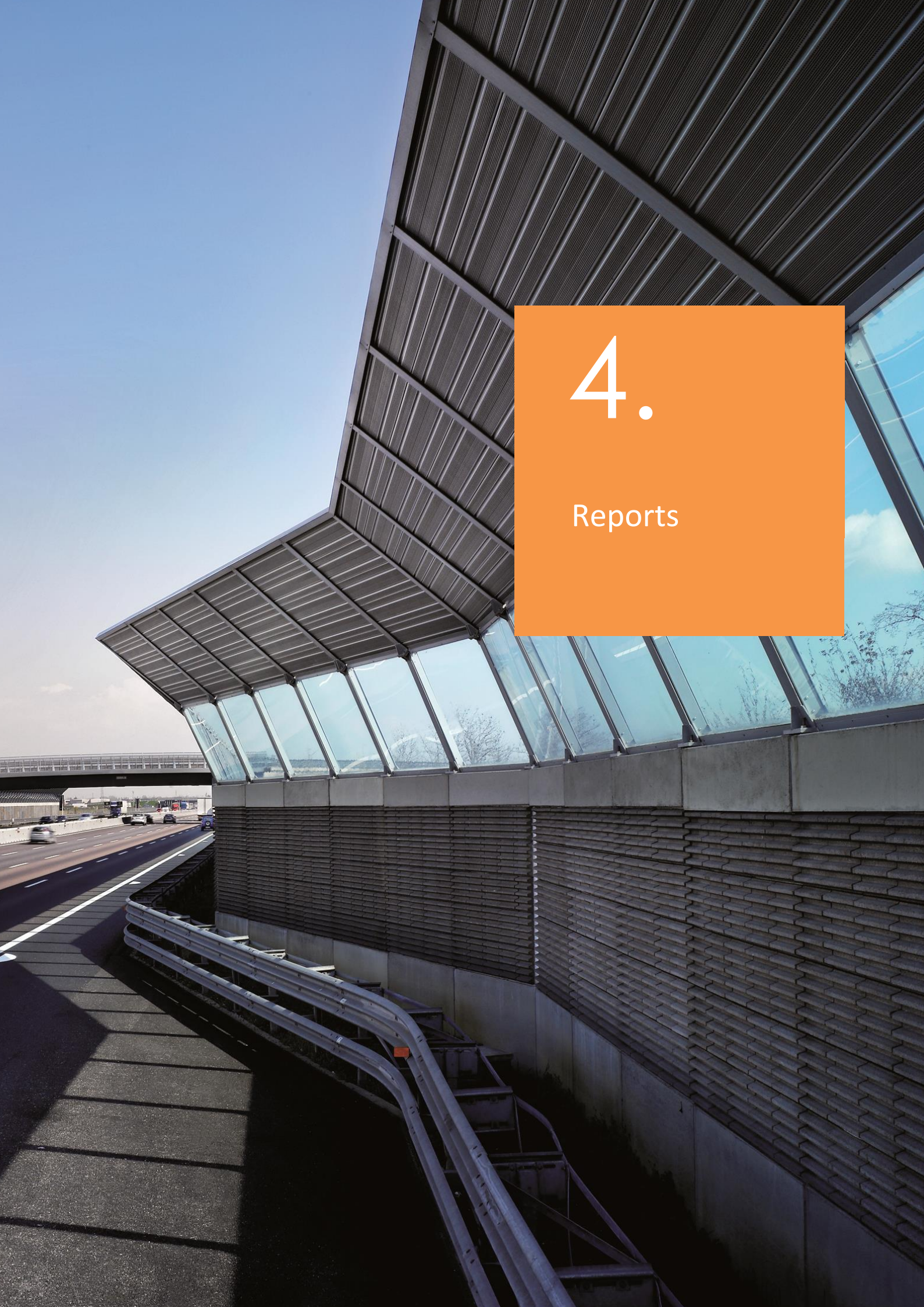
NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2017	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2017
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD						
<i>Associates</i>						
PAVIMENTAL SPA	ROME	MOTORWAY AND AIRPORT CONSTRUCTION AND MAINTENANCE	EURO	10,116,452	Autostrade per l'Italia Spa	20.00%
SFEA ENGINEERING SPA	ROME	INTEGRATED TECHNICAL ENGINEERING SERVICES	EURO	6,966,000	Autostrade per l'Italia Spa	20.00%
BOLOGNA & FIERA PARKING SPA	BOLOGNA	DESIGN, CONSTRUCTION AND MANAGEMENT OF MULTI-LEVEL PUBLIC CAR PARKS	EURO	2,715,200	Autostrade per l'Italia Spa	36.81%
PEDEMONTANA VENETA SPA (IN LIQUIDATION)	VERONA	MOTORWAY OPERATION AND CONSTRUCTION	EURO	6,000,000	Autostrade per l'Italia Spa	29.77%
SOCIETA' INFRASTRUTTURE TOSCANE SPA (IN LIQUIDATION)	ROME	AUTOSTRADA E AEROPORTI	EURO	15,000,000	Autostrade per l'Italia Spa	46.00%
<i>Joint ventures</i>						
GEE DEL TRAFORO DEL MONTE BIANCO	COURMAYEUR (AOSTA) (AOSTA)	MAINTENANCE AND OPERATION OF MONT BLANC TUNNEL	EURO	2,000,000	Società Italiana per Azioni per il Traforo del Monte Bianco	50.00%

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CURRENCY CONSORTIUM FUND AS AT 30 JUNE 2017	HELD BY	% INTEREST IN SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2017
INVESTMENTS ACCOUNTED FOR AT COST OF FAIR VALUE						
<i>Other investments</i>						
CENTRO INTERMODALE TOSCANO AMERIGO VESPUCCI SpA	LIVORNO	DISTRIBUTION CENTRE	EURO	11,756,695	Società Autostrada Tirrenica pA	0.43%
TANGENZIALE ESTERNA SpA	MILAN	MOTORWAY OPERATION AND CONSTRUCTION	EURO	464,945,000	Autostrade per l'Italia SpA	0.25%
TANGENZIALI ESTERNE DI MILANO SpA	MILAN	CONSTRUCTION AND OPERATION OF MILAN RING ROAD	EURO	220,344,608	Autostrade per l'Italia SpA	13.67%
UIRNET SpA	ROME	OPERATION OF NATIONAL LOGISTICS	EURO	1,061,000	Autostrade per l'Italia SpA	1.51%
VENETO STRADE SpA	VENICE	CONSTRUCTION AND MAINTENANCE OF ROAD AND TRAFFIC SERVICES	EURO	5,163,200	Autostrade per l'Italia SpA	5.00%

NAME	REGISTERED OFFICE	BUSINESS	CURRENCY	SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2017	HELD BY	% INTEREST SHARE CAPITAL/CONSORTIUM FUND AS AT 30 JUNE 2017
CONSORTIA						
CONSORZIO AUTOSTRADE ITALIANE ENERGIA	ROME	ELECTRICITY PROCUREMENT	EURO	113,949	Autostrade per l'Italia SpA Tangenziale di Napoli SpA Società Italiana per Azioni per il Traforo del Monte Bianco Raccordo Autostradale Valle d'Aosta SpA Società Autostrada Tirrenica pA Autostrade Meridionali SpA	27.30% 2.00% 1.90% 1.10% 0.30% 0.90%
CONSORZIO MIDRA	FLORENCE	SCIENTIFIC RESEARCH FOR DEVICE BASED TECHNOLOGIES	EURO	73,989	Autostrade Tech SpA	33.33%
COSTRUZIONI IMPIANTI AUTOSTRADALI SCARL	ROME	CONSTRUCTION OF PUBLIC WORKS AND INFRASTRUCTURE	EURO	10,000	Autostrade Tech SpA	20.00%
IDROELETTRICA S.C.R.L.	CHATILLON (AOSTA)	SELF-PRODUCTION OF ELECTRICITY	EURO	50,000	Raccordo Autostradale Valle d'Aosta SpA	0.10%
SAT LAVORI S.C.A.R.L. INVESTMENTS ACCOUNTED FOR IN CURRENT ASSETS	ROME	CONSTRUCTION CONSORTIUM	EURO	100,000	Società Autostrada Tirrenica pA	1.00%
STRADA DEI PARCHI SpA	ROME	MOTORWAY OPERATION AND CONSTRUCTION	EURO	48,114,240	Autostrade per l'Italia SpA	2.00%



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4.

Reports

Attestation of the condensed consolidated interim financial statements pursuant to art. 81-ter of CONSOB Regulation 11971 of 14 May 1999, as amended

1. We, the undersigned, Giovanni Castellucci and Giancarlo Guenzi, as Chief Executive Officer and as the manager responsible for Autostrade per l'Italia SpA'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, attest to:
 - the adequacy with regard to the nature of the Company and
 - the effective application of the administrative and accounting procedures adopted in preparation of the condensed consolidated interim financial statements during the first half of 2017.

2. The administrative and accounting procedures adopted in preparation of the condensed consolidated interim financial statements as at and for the six months ended 30 June 2017 were drawn up, and their adequacy assessed, on the basis of the regulations and methods drawn up by Autostrade per l'Italia SpA in accordance with the Internal Control–Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission. This Commission has established a body of general principles providing a standard for internal control systems that is generally accepted at international level.

3. We also attest that:
 - 3.1 the condensed consolidated interim financial statements:
 - a) have been prepared in compliance with international accounting standards approved for application in the European Community by EC Regulation 1606/2002, passed by the European Parliament and by the Council on 19 July 2002;
 - b) are consistent with the underlying accounting books and records;
 - c) present a true and fair view of the financial position and results of operations of the issuer and the consolidated companies.
 - 3.2 The interim report on operations contains a reliable analysis of material events during the first six months of the year and their impact on the condensed consolidated interim financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the year. The interim report on operations also includes a reliable analysis of related party transactions.

4 August 2017

Giovanni Castellucci
Chief Executive Officer

Giancarlo Guenzi
Manager responsible for
financial reporting

Report of the Independent Auditors



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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**To the Shareholders of
Autostrade per l'Italia S.p.A.**

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Autostrade per l'Italia S.p.A. and subsidiaries (the "Autostrade per l'Italia Group"), which comprise the consolidated statement of financial position as of June 30, 2017 and the consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated equity and consolidated statement of cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the Autostrade per l'Italia Group as at June 30, 2017 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Fabio Pompei
Partner

Rome, Italy
August 9, 2017

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

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A sole shareholder company, managed and coordinated by Atlantia SpA
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gruppo Atlantia

