



## **Quarterly Report of the ADR Group as of March 31, 2006**

*(Translation into English from the original version in Italian)*

**Aeroporti di Roma Società per Azioni**  
Registered office in Fiumicino (Rome) - Via dell'Aeroporto di Fiumicino, 320  
Fully paid-in share capital €62,309,801

[www.adr.it](http://www.adr.it)

## CONTENTS

HIGHLIGHTS .....	5
<b>ADR GROUP: CONSOLIDATED ACCOUNTS FOR THE THREE MONTHS ENDED MARCH 31, 2006.....</b>	<b>6</b>
RECLASSIFIED CONSOLIDATED INCOME STATEMENT .....	7
RECLASSIFIED CONSOLIDATED BALANCE SHEET .....	8
<b>MANAGEMENT REPORT FOR THE FIRST QUARTER OF 2006.....</b>	<b>9</b>
OPERATING REVIEW .....	10
<i>Group operations</i> .....	10
<i>Group investment</i> .....	16
<i>Group personnel</i> .....	17
<i>Main Group companies</i> .....	20
<i>Other significant events during the first quarter of 2006</i> .....	22
THE ADR GROUP'S FINANCIAL POSITION AND OPERATING RESULTS .....	24
SUBSEQUENT EVENTS .....	29
OUTLOOK .....	30
<b>ADR SPA: ACCOUNTS FOR THE THREE MONTHS ENDED MARCH 31, 2006 .....</b>	<b>31</b>
RECLASSIFIED INCOME STATEMENT .....	32
RECLASSIFIED BALANCE SHEET .....	33

## Corporate Officers

### Aeroporti di Roma S.p.A.

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#### Board of Directors

*(following the General Meeting and Board of Directors' meeting of April 21, 2006)*

<i>Chairman</i>	Ernesto Stajano
<i>Managing Director</i>	Maurizio Basile
<i>Directors</i>	Marcus Charles Balmforth Martyn Booth Christopher Timothy Frost Vito Alfonso Gamberale Alessandro Grimaldi Andrea Mondello Andrea Monorchio John Stuart Hugh Roberts Cesare Romiti Pier Giorgio Romiti Claudio Sposito
<i>Secretary</i>	Massimo Faccioli Pintozzi

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#### Board of Statutory Auditors

*(following the General Meetings of June 4, 2004 and April 21, 2006)*

<i>Chairman</i>	Fabrizio Rimassa
<i>Statutory Auditors</i>	Roberto Ascoli Giuseppe Cappella Alessandro Grange Luigi Tripodo
<i>Alternate Auditors</i>	Nicola Lorito Guido Zavadini

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<b>General Manager</b>	Maurizio Basile
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<b>Independent Auditors</b>	Deloitte & Touche SpA
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## Aeroporti di Roma S.p.A.

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### Board of Directors

*(until the General Meeting of April 21, 2006)*

*Chairman*

Francesco Di Giovanni *(from September 20, 2005)*

Federico Falck *(until September 15, 2005)*

*Deputy Chairman*

Paolo Savona *(until June 6, 2005)*

*Managing Director*

Francesco Di Giovanni

*Directors*

Marcus Charles Balmforth

Rodolfo Baviera *(from November 9, 2005)*

Martyn Booth

Andrea Ciffo

Giuseppina Corsi *(from July 15, 2005)*

Christopher Timothy Frost *(from February 3, 2006)*

Carlo Gatto *(from November 9, 2005)*

Luigi Manganelli *(from November 9, 2005)*

Nicholas Moore *(until December 15, 2005)*

Cesare Pambianchi

John Stuart Hugh Roberts

Cesare Romiti

Pier Giorgio Romiti

Massimo Scarpelli *(until September 15, 2005)*

Francesco Sensi *(until September 15, 2005)*

*Secretary*

Massimo Faccioli Pintozzi

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### Board of Statutory Auditors

*(following the General Meeting of June 4, 2004)*

*Chairman*

Fabrizio Rimassa

*Statutory Auditors*

Roberto Ascoli

Giuseppe Cappella

Giorgio Palasciano *(until September 15, 2005)*

Luigi Tripodo

Guido Zavadini *(from September 15, 2005)*

*Alternate Auditors*

Giorgio Bovi *(until September 15, 2005)*

Guido Zavadini *(until September 15, 2005)*

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### Independent Auditors

Deloitte & Touche SpA

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## HIGHLIGHTS

The following table summarizes main traffic data for the first quarter of the year for Rome's airport system and shows changes with respect to the previous year.

<i>Traffic component</i>	SYSTEM (°)	% CHANGE
<i>Movements (no.)</i>	86,690	+1.1%
<i>Aircraft tonnage (tons)</i>	6,012,175	+1.2%
<i>Total passengers (no.)</i>	7,206,334	+5.1%
<i>Total freight (tons)</i>	34,303	+0.3%

(°) Fiumicino + Ciampino

The following table summarizes key financial and operational data for the first quarter of 2006.

<i>Key consolidated financial and operational data (€000)</i>	Q1 2006	Q1 2005	Q1 2004	Q1 2003	
<i>Revenues</i>	128,310	126,828	121,819	115,816	
<i>EBITDA</i>	54,537	51,286	49,093	40,768	
<i>EBIT</i>	22,901	24,332	21,945	14,821	
<i>Net income for the period:</i>					
<i>Minority interest</i>	205	626	801	1,598	
<i>Group share</i>	(3,102)	(1,576)	(7,921)	(8,977)	
<i>Investment (€000)</i>	9,857	18,263	8,610	19,806	
	Mar 31, 2006	Dec 31, 2005	Mar 31, 2005	Mar 31, 2004	Mar 31, 2003
<i>Invested capital</i>	2,136,745	2,125,824	2,291,563	2,373,118	2,385,771
<i>Shareholders' equity (including minority interest)</i>	773,168	776,065	716,143	710,791	763,558
<i>Group shareholders' equity</i>	770,970	774,072	694,372	688,310	712,753
<i>Net debt</i>	1,363,577	1,349,759	1,575,420	1,662,327	1,622,213
<i>Headcount at the end of the period</i>	3,680	3,583	3,825	3,851	3,519
<i>Ratios</i>					
	Mar 31, 2006	Mar 31, 2005	Mar 31, 2004	Mar 31, 2003	
<i>Revenues/Average headcount (€000)</i>	40	38	36	35	
<i>No. of passengers</i>	2,225	2,030	1,891	1,785	

**ADR GROUP: CONSOLIDATED  
ACCOUNTS FOR THE THREE MONTHS  
ENDED MARCH 31, 2006**

## RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€000)

2005		First Quarter 2006	First Quarter 2005	Change
580,702	A.- REVENUES	128,310	126,828	1,482
6,264	Capitalized costs and expenses	1,005	764	241
586,966	B.- REVENUES FROM ORDINARY ACTIVITIES	129,315	127,592	1,723
(168,562)	Cost of materials and external services	(36,752)	(38,049)	1,297
418,404	C.- GROSS MARGIN	92,563	89,543	3,020
(157,322)	Payroll costs	(38,026)	(38,257)	231
261,082	D.- GROSS OPERATING INCOME	54,537	51,286	3,251
(97,930)	Amortization and depreciation	(24,004)	(23,165)	(839)
(11,306)	Other provisions	(4,898)	(423)	(4,475)
(6,122)	Provisions for risks and charges	(2,170)	(3,265)	1,095
1,321	Other income (expense), net	(564)	(101)	(463)
147,045	E.- OPERATING INCOME	22,901	24,332	(1,431)
(89,998)	Financial income (expense), net	(20,476)	(22,718)	2,242
11,471	Adjustments to financial assets	0	2,213	(2,213)
68,518	F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	2,425	3,827	(1,402)
46,897	Extraordinary income (expense), net	(456)	(496)	40
115,415	G.- INCOME BEFORE TAXES	1,969	3,331	(1,362)
(37,028)	Income taxes for the period	(5,451)	(3,565)	(1,886)
2,452	Deferred tax assets	585	(716)	1,301
80,839	H.- NET INCOME FOR THE PERIOD	(2,897)	(950)	(1,947)
	including:			
1,148	- Minority interest	205	626	(421)
<b>79,691</b>	- <b>Group interest</b>	<b>(3,102)</b>	<b>(1,576)</b>	<b>(1,526)</b>

## RECLASSIFIED CONSOLIDATED BALANCE SHEET

(€000)

03-31-2005		03-31-2006	12-31-2005	Change
	A. - NET FIXED ASSETS			
2,128,527	Intangible fixed assets *	2,083,457	2,096,901	(13,444)
117,546	Tangible fixed assets	129,944	130,650	(706)
133,793	Non - current financial assets	3,995	4,653	(658)
<u>2,379,866</u>		<u>2,217,396</u>	<u>2,232,204</u>	<u>(14,808)</u>
	B. - WORKING CAPITAL			
22,293	Inventory	17,141	18,859	(1,718)
136,675	Trade receivables	137,942	131,114	6,828
36,145	Other assets	40,473	38,440	2,033
(117,014)	Trade payables	(106,866)	(113,782)	6,916
(32,904)	Allowances for risks and charges	(42,014)	(42,386)	372
(66,446)	Other liabilities	(65,818)	(76,592)	10,774
<u>(21,251)</u>		<u>(19,142)</u>	<u>(44,347)</u>	<u>25,205</u>
2,358,615	C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	2,198,254	2,187,857	10,397
67,052	D. - EMPLOYEE SEVERANCE INDEMNITIES	61,509	62,033	(524)
<u>2,291,563</u>	<b>E. - INVESTED CAPITAL, minus short-term liabilities and E.S.I. (C-D)</b>	<u>2,136,745</u>	<u>2,125,824</u>	<u>10,921</u>
	financed by:			
	F. - SHAREHOLDERS' EQUITY			
694,372	- Group interest	770,970	774,072	(3,102)
21,771	- Minority interest	2,198	1,993	205
<u>716,143</u>		<u>773,168</u>	<u>776,065</u>	<u>(2,897)</u>
1,745,019	G. - MEDIUM/LONG-TERM BORROWING	1,640,019	1,640,019	0
	H. - NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)			
24,971	.Short-term borrowing	21,378	17,493	3,885
(194,570)	.Cash and current receivables	(297,820)	(307,753)	9,933
<u>(169,599)</u>		<u>(276,442)</u>	<u>(290,260)</u>	<u>13,818</u>
1,575,420	(G+H)	1,363,577	1,349,759	13,818
<u>2,291,563</u>	<b>I. - TOTALE AS IN "E" (F+G+H)</b>	<u>2,136,745</u>	<u>2,125,824</u>	<u>10,921</u>
<u>1,934,383</u>	(*) including the value of the concession totaling	<u>1,885,100</u>	<u>1,897,421</u>	<u>(12,321)</u>



**MANAGEMENT REPORT FOR THE  
FIRST QUARTER OF 2006**

## OPERATING REVIEW

### *Group operations*

A review of operations during the first quarter of 2006 in the various **areas of business** in which the Group is involved is provided below.

### Aviation activities

An analysis of traffic figures for the Roman airport system for the first quarter of 2006, compared with the same period of 2005, revealed the following performance, broken down by airport - Fiumicino and Ciampino – and segment – domestic and international:

Data as of March 31, 2006 (The figures in brackets indicate the percentage change with respect to the previous year)

Traffic component	SYSTEM	Fiumicino	Ciampino	National	International
<b>Movements (no.)</b>	86,690 (+1.1%)	72,533 (-1.7%)	14,157 (+18.6%)	41,635 (+2.1%)	45,055 (+0.2%)
<b>Tonnage (tons)</b>	6,012,175 (+1.2%)	5,329,072 (-1.2%)	683,103 (+24.5%)	2,384,247 (+2.2%)	3,627,928 (+0.6%)
<b>Total passengers (no.)</b>	7,206,334 (+5.1%)	6,168,169 (+1.8%)	1,038,165 (+30.0%)	2,933,520 (+5.4%)	4,272,814 (+4.9%)
<b>Total freight (tons)</b>	34,303 (+0.3%)	28,584 (+1.2%)	5,719 (-4.1%)	2,296 (-21.1%)	32,007 (+2.3%)

International traffic is further broken down in terms of EU or non-EU traffic.

Traffic component	International	EU	Non-EU
<b>Movements (no.)</b>	45,055 (+0.2%)	32,194 (+2.0%)	12,861 (-4.0%)
<b>Tonnage (tons)</b>	3,627,928 (+0.6%)	2,124,496 (+0.5%)	1,503,432 (+0.6%)
<b>Total passengers (no.)</b>	4,272,814 (+4.9%)	2,928,803 (+4.1%)	1,344,011 (+6.7%)
<b>Total freight (tons)</b>	32,007 (+2.3%)	9,635 (-5.7%)	22,372 (+6.2%)

Passenger traffic increased considerably (up 5.1%) with respect to the same period in 2005, a positive trend which was likewise reflected in movements (up 1.1%) and aircraft tonnage (up 1.2%).

Fiumicino airport recorded passenger traffic growth of 1.8%, in spite of decreases in movements and tonnage (down 1.7% and 1.2%, respectively).

This traffic performance at Fiumicino is the result of two contrasting phenomena: a reduction in the capacity offered by Alitalia at the airport and in the related traffic volumes (movements down 10.4%, tonnage down 9.8% and passengers down 5.9%), offset by growth recorded by other carriers operating at Fiumicino (movements up 5.8%, tonnage up 5.0% and passengers up 8.6%).

A significant increase in passenger traffic (up 30.0%) was recorded at Ciampino. This was driven by the low-cost segment, which continues to expand. In the first three months of 2006 Ryanair launched new daily flights to Bergamo (replacing those it previously operated to Brescia), whilst the carriers, Sterling and Flyme, started up new routes to Helsinki and Goteborg, respectively.

During the first three months of 2006, revenues from airport fees, which are directly correlated with airport traffic, fell by 2.3% compared with the first quarter in 2005, amounting to 33.1 million euros, compared with 34.0 million euros for the same period of the previous year.

The reduction is due entirely to the airport fees defined by the Civil Aviation Authority in compliance with article 11.10 of Law no. 248/2005 concerning the so-called "system requirements" (effective January 1, 2006 with regard to landing, take-off and aircraft parking fees, and February 1, 2006 with regard to passenger boarding fees).

The two main revenue components, "landing and take-off fees" and "passenger boarding fees", posted the following trends:

- landing, take-off and aircraft parking fees: by contrast with the growth in overall related traffic (aircraft tonnage up 1.2%), revenues are down 7.5% owing to the introduction of new tariffs;
- passenger boarding fees: at 0.9%, the growth in total revenues from 2005 was smaller than the rise in passenger traffic (up 5.1%). In addition to the effects of newly introduced tariffs, this difference was due to the greater growth seen in international traffic (mainly in the EU segment) and the strong rise in the various traffic components at Ciampino, particularly in domestic traffic.

Along with lower revenues from airport fees there was a reduction in the cost of the license fee (down 75%), again due to the application of article 11.10 of Law no. 248/2005.

With regard to regulations established in article 11.9 of Law no. 248/2005, on the basis of external legal advice the 50% surcharge for night-time landing and take-off was passed on to carriers (and the effects on the income statement neutralized until a final interpretation of the regulation has been agreed upon).

The management of centralized infrastructures and terminal services earned revenues of 7.4 million euros during the first quarter of 2006, down by around 6.5% with regard to the same period of 2005 (7.9 million euros).

The downturn was essentially due to a reduction in the use of loading bridges, following a 1.3% decrease (equivalent to 487 aircraft movements) in the number of flights served. The main contributing factors in this decrease were as follow:

- the 9.7% decline in average revenues per flight compared with 2005, owing to the reduction in average turn-around times, which fell by around 18 minutes;
- the different mix of aircraft served (a downturn of over 5% in flights operated by full-cost airlines);
- 1,364 Alitalia flights cancelled, 1,215 of which due to strikes;
- a change in the method of calculating the night-time surcharge applied from the end of 2005.

During the first quarter of 2006, the automated baggage handling system (BHS) processed around 1,123,000 pieces of baggage (up 1% with respect to the first quarter of 2005), with the number of misdirected pieces of luggage totaling 0.07% (down 0.03% with respect to the first quarter of 2005), of which 0.029% was caused by equipment failure and 0.041% was due to multi-level equipment and security checks.

For details of the performance of passenger and ramp services and baggage handling, which recorded a downturn of 4.0%, please refer to the section on ADR Handling SpA (ADRH).

During the period, security activities carried out by the Parent Company, ADR, generated turnover of 12.4 million euros, a 6.3% increase that was in line with traffic growth.

Reorganization carried out during the first quarter involved combining property management with control functions at Fiumicino, and the creation of a special unit at Ciampino, headed by a technical manager. The second development is justified by the considerable increase in traffic recorded at the airport.

At Fiumicino and Ciampino airports, operational safety was carried out according to procedure (ISO 9001/2000 certificate), responding to the increase in traffic and the rising number of infrastructures to be checked.

In addition, monitoring of compliance with the requirements of Civil Aviation Authority certification and the correct use of airside infrastructure by handlers continued, with notification of any infringements.

Monitoring by the Civil Aviation Authority in relation to the renewal of certification is currently under way, and the Authority has been presented with a proposal regarding implementation of a Safety Management System, as required by the Airport Construction and Operation Manual.

Finally, collaboration with Assaeroporti and the IFSC (Italian Flight Safety Committee) continued, with the aim of providing the Civil Aviation Authority with suggestions on eventual changes and improvements to existing and future regulations.

### **Real estate management**

Revenues from sub-concessions, deriving from fees and utilities at Fiumicino and Ciampino airports, amounted to 6.8 million euros in the first quarter of 2006, in line with the figure for the same period of the previous year (down 0.1 million euros).

Revenues from other fees charged at Fiumicino and Ciampino amounted to 3.2 million euros and matched those for the same period of the previous year. Fiumicino posted lower revenues from "catering" (down 13.7%), in addition to a reduction in sub-concessions for the supply of "jet fuel" (down 2.1%), offset by a positive trend at Ciampino, which recorded the best result for the latter item (up 27.9%).

With regard to regulations established in article 11.9 of Law no. 248/2005, on the basis of external legal advice the 50% surcharge for night-time landing and take-off was passed on to carriers (neutralizing the effects on the income statement until a final interpretation of the regulation has been agreed upon).

### **Non-aviation activities**

In the first quarter of 2006 revenues from direct sales grew by 13.8% with respect to the previous year, whilst outgoing passenger traffic rose by 5.4% compared with 2005. The average passenger spend rose 7.8% compared with 2005.

The effects of the improvement program introduced at the end of 2004 continued to be felt during the year in progress, thanks to the development of new product lines (accessories, jewelry and food items) and the growth of standard products (perfumes and liquor). These were obtained as a result of improvements in layout and service quality and the introduction of promotional activities.

These performances were affected to an equally negative degree by the restructuring of shops at Ciampino and in Satellite C during February and March.

Revenues from direct sales at Ciampino rose 23.6% compared with the first three months of 2005. This was below the growth in traffic (a 31.4% rise in departing passengers), due mainly to the strong growth witnessed in the domestic component, where there is less propensity to spend, and to the restructuring work mentioned above.

Revenues from outlets managed by sub-concessionaires rose by 26% compared with the same period of the previous year, against a 5.1% increase in overall traffic using the system. This positive result was influenced by the performance of the "Retail" segment (up 41%), which reaped the benefits of the restructuring plan currently under way. The plan was initiated the previous year, when 15 new shops were opened (including Nike, Ferrari, Etro, Lottomatica, Levi's, Furla, Tie Rack, 12-euro shop, etc.) and 19 replaced.

Net of the positive effects deriving from the replacement of the contract with The Nuance, retail revenues rose by 18%, whilst the overall figure for outlets managed by sub-concessionaires increased by 14%. The restructuring plan is going ahead at a steady pace (in April and May alone 8 more shops are expected to be opened: Sermoneta, CK Jeans, C'art, Just Design, Carpisa, Guru, Liu-Jo and Nike.)

A good performance was also posted by the "Food and Beverage" segment (up 7.9%), helped considerably by the rise in EU flights (an 8.3% rise in revenues against a 7.2% increase in departing passengers).

"Other royalties" (currency exchange, baggage wrapping, etc.) rose by around 12%, primarily as a result of new foreign exchange bureaus.

Revenues from advertising fell slightly (down 0.9%) in the first quarter of 2006 with respect to the same period of 2005.

Management of the parking systems brought in revenues of 6.4 million euros, a decline of 1.8% compared with the same period in 2005. The 17.8% increase in the performance posted by Ciampino did not compensate for the 3.9% reduction recorded at Fiumicino.

A reduction in turnover from the "leisure" segment at Fiumicino was the main cause of the downturn. A series of initiatives, such as online reservations, advertising and special agreements, are being prepared to make the offering, particularly long-stay parking at Fiumicino, more competitive. In addition, capacity at Ciampino has been increased by 412 places (197 made available on February 10 and 215 on April 7).

### **Technical and IT services**

During the first quarter of 2006 the upgrading and maintenance of infrastructure, facilities and airport systems continued in order to ensure reliability and provide continuity of service.

Specifically, the public tender began for the "Global Service" contract regarding the operation and maintenance (routine and extraordinary) of all the heating, air conditioning, water and sprinkler systems at Fiumicino airport.

With regard to upgrading of the technology and functionality of certain corporate applications, the following works were completed, continued and initiated during the first quarter of 2006:

- **outsourcing of EDP:** work began on the disaster recovery system to be designed by the outsourcer, T-Systems, at its head office in Via Bona, located in the Tiburtina district of Rome. This EDP centre will be connected to the existing centre at Fiumicino by two high-speed transmission lines that will follow different routes and be served by different providers. The disaster recovery system, which will guarantee the continuity of ADR's applications, with the loss of only the last five seconds of data processed in the event of a disaster, is expected to be implemented in the second half of 2006;

- consolidation of corporate applications on new platforms: during the second half of 2005, following signature of the EDP outsourcing contract, work began on the transfer of corporate applications from the old to the new technology platforms. In the first quarter of 2006 work went ahead according to the plans established during contract negotiations. Specifically, the migration of data warehouse environments regarding air traffic, personnel management and management controls was completed. Applications relating to autoCAD, neXT and document management systems were also migrated;
- new Handling Cargo System (HCS): the first quarter saw completion of a study on the construction of a portal that will enable shipping agents to obtain information via the Internet regarding the status of their freight order, with obvious operational benefits. The technical specifications which will soon make it possible to conduct the tender for the selection of the main supplier have also been arranged, the aim being to commence development activities by 2006;
- new airport operations management system (UFIS): all practical checks were carried out on the module for its use on the wireless system (Grams), which will make it possible to collect operational data in real time. The module is expected to be released in the first half of 2006 at the same time as the telecommunications infrastructure (Wi-Fi) being prepared by the subsidiary, ADR Tel, enters service;
- new sales management system: work was completed on the implementation and personalization of the new ADR SHOP system, which entered service at the end of 2004. A data warehouse environment is currently being prepared to allow the prompt, flexible monitoring of direct sales activities. It is expected to be completed by summer 2006;
- SAP system upgrade: precautionary upgrading of SAP modules to the new ECC5 version is currently under way. The necessary hardware resources have been made available and all the consultants' contracts for the single product modules have been finalized. The training of users in the ADR Group (about 500 people) is expected to begin in May 2006. The upgrading procedure is expected to be completed by summer 2006, when the new SAP version will also become operational.

### **Environmental protection**

During the period under review, maintenance and development of the Environmental Management System (EMS) at Fiumicino and Ciampino continued according to plan.

Within the scope of training activities, courses to be given in 2006 by ADR's specialist environmental department to department heads and all units concerned with EMS were scheduled.

EMS monitoring conducted by ADR's internal environmental auditors began in accordance with annual programs and contributed to highlighting areas where systems may be improved.

At Fiumicino the new air quality monitoring campaign, which began in 2005, was continued in the airport areas considered to be most important.

### **Noise abatement**

Efforts to improve the compatibility of airport activities with the environment and the surrounding area continued.

In particular, with a view to lowering aircraft noise levels at Ciampino airport, work was completed on installation of a new aircraft noise monitoring system, financed by the Ministry of the Environment on the basis of the agreement dated May 23, 2001, with a radar interface to control aircraft flight paths. The synchronization of data from the system with Civil Aviation Authority (ENAV) data is currently under way. The system will then be tested by Ministry of the Environment and the Municipality of Ciampino.

Activities aimed at upgrading and modernizing Fiumicino airport's monitoring system, using funds from ADR SpA, were also continued. As a result, three new control panels were installed.

## Quality

As part of the quality program for 2006, checks on services at Fiumicino were carried out during the first quarter by means of:

- more than 5,000 objective checks, the equivalent of around 57,000 reports. These checks were based on daily surveys of the quality levels of the most important passenger services (baggage reclaim, check-in, carry-on baggage checks, the cleanliness of restrooms and the functioning of display screens, passport control and refreshment services);
- around 5,300 customer satisfaction interviews, conducted in conjunction with the objective checks in order to regularly monitor passengers' perceived quality of service in the places where the service is provided;
- a "customer satisfaction" survey involving a cross-section of carriers, making it possible to measure and analyze how happy airlines are with the services provided by both ADR SpA and other airport operators, in relation to their own business goals.

### Objective checks

Monitoring procedures confirmed the improved levels of service provision by Aeroporti di Roma, a trend which was already visible in 2005.

In the first quarter, 95.6% of passengers underwent waiting times for carry-on baggage security checks that fell to within 6 minutes (92.7% in 2005), the service standard published in the Service Charter (6 minutes in 90% of cases).

The trend in baggage handling times was also positive: the percentage of bags misdirected (due to the Baggage Handling System and 100% screening machines) stood at 0.26‰ compared with 0.38‰ in the first quarter of 2005 (defined standard: 0.5 bags for every 1,000 passengers boarded).

Performances for the main "aviation" services also showed improvement with respect to the same period in 2005.

A more detailed analysis of the trend in quality levels shows that:

- the percentage of flights with baggage reclaim times within the set standards was 89.9% for the first piece of luggage and 92.6% for the last, up 4 and 5 percentage points, respectively, compared with levels in 2005 (the standard is 90%). This trend is due to a general decrease in average service times reported in the past quarter by all three handlers;
- the percentage of outgoing flights with delays of more than 15 minutes was 22.3%, an improvement of almost one percentage point with respect to the same quarter of the previous year and around three points better than the published standard (25%).  
The percentage of outgoing flights with delays caused by the airport operator remained extremely low (0.03%), against an objective of 0.3%.  
However, the percentage of incoming flights with delays of more than 15 minutes increased (22.3%, against an objective of 20.9%).

Despite improvements in punctuality, it was not possible to make up for delays to incoming flights at Fiumicino. Consequently, the indicator “recovery of transit times at the airport” (the difference between incoming and outgoing flight delays with respect to scheduled times) was negative compared with the target (+1%);

- the average waiting time for check-in operations was 4 minutes and 54 seconds, one minute shorter than in the first quarter of 2005. However, owing to considerable variations in service times across the different periods and terminals, the percentage of passengers completing check-in procedures within 6 minutes was much lower than the Service Charter standard (74.7% compared with 90%).

#### Customer satisfaction of airlines

The group interviewed was made up of the country and station managers of sixteen airlines (2 national, 8 European and 6 non-European), a cross-section both in terms of traffic volumes and the type of operations conducted at the airport.

Fiumicino received a generally positive rating (evaluation: 3.81 on a scale of 6 = excellent to 1 = very bad).

Those interviewed generally expressed a high degree of appreciation for airport facilities, particularly the landside areas of terminals, with regard to which further maintenance was requested in order to preserve the high-quality image and ensure functionality for passengers.

Most interviewees stated that the business plans of their respective companies foresaw an increase in traffic at Fiumicino in the short to medium term and expressed hopes for further cooperation and partnership with Aeroporti de Roma to make such a goal easier to achieve.

Monitoring procedures regarding levels of service provision at Ciampino showed the following:

- the average waiting time for carry-on baggage security checks was 4 minutes and 50 seconds;
- the percentage of outgoing flights with delays of more than 15 minutes was 24%, whilst delays of more than 15 minutes for incoming flights stood at 19%. The airport did not meet either the standard defined for outgoing flight delays (17%) or for that set for the recovery of transit time (1%);
- the percentage of flights with baggage reclaim service provided within set times was 88% for the first bag and 91% for the last bag (the standard is 90%);
- the average passenger check-in waiting time was 17 minutes and 12 seconds.

### ***Group investment***

During the period under review the Group carried out investment totaling 9.8 million euros (18.3 million euros in the same period in 2005).

Regarding infrastructure development, the following works were completed:

- *Terminals*: Terminal C – change in the layout of gates B11-B21;
- *Plant*: full replacement of conveyor belt for baggage originating from Alitalia flights, replacement of all first level security screening equipment and upgrading of the BHS systems in terminals B and C;
- *Ciampino*: contingency plan – road network and parking, and P7 and P8 car parks.



Future works soon to be started include:

- *Terminals:* Terminal A – sign insulation and upgrading of offices, modifications to passport control point for arrivals and transits; Terminal A – extension of mezzanine retail areas, new terminal signs; Satellite – shop 13;
- *Runways:* widening of Bravo taxiway at Pier C in the Northern sector, 1st phase of aircraft aprons in the South-eastern Area, building for baggage originating from domestic flights;
- *Pier C:* ADR SpA's Board of Directors has authorized the contract to be drawn up for the construction by ATI Cimolai Armando SpA of Pier C, whilst awaiting the residual public sector financing;
- *Ciampino:* upgrading of the duty free shop, upgrading of the BHS system.

Future works soon to be started include:

- *Terminals:* parking area - club car battery re-charger; image improvements for terminals, a new Duty Free Shop for Terminal A, renovation of Duty Free Shop in B11/B21 areas of Terminal B, space for escort personnel for the state ceremonial area;
- *Infrastructures:* upgrading of viaduct junctions, new EPUA building, reconfiguration of PR8 short-stay car park as a pay car park, technical and environmental study on noise abatement and implementation of noise monitoring systems and control panels, upgrading of airport perimeter barriers to meet ICAO and national security requirements;
- *Plant:* works, currently being contracted out, on upgrading of the UV water treatment plant for industrial use, installation of a photovoltaic plant at the Western canteen to qualify for renewal energy incentives (a design has been presented to the National Grid Operator);
- *Runways:* repairs to aircraft aprons and building of runway 3 road strips; the Civil Aviation Authority also approved the plan for the upgrading of AVL plants and the related monitoring software for the use of runway 3 (16L) in category III;
- *Ciampino:* contingency plan – expansion of the terminal, reconfiguration of sign system, upgrading of car parks and parking meters, technical and environmental study for noise abatement, implementation of noise monitoring system and control panels.

### ***Group personnel***

The average Group headcount from January to March 2006 is compared with the same period of 2005 in the table below:

<b>Category</b>	<b>Q1 2006</b>	<b>Q1 2005</b>	<b>change</b>
Managers	53	61	(8)
White-collar	1,815	2,097	(282)
Blue-collar	1,371	1,218	153
<b>Total</b>	<b>3,239</b>	<b>3,376</b>	(137)

The headcount at March 31, 2006, including staff on temporary contracts, was **3,680**. The following table shows a breakdown by category:

Category	Mar 31, 2006	Mar 31, 2005	Dec 31, 2005	Change vs Mar 2005	Change vs Dec 2005
<b>Managers</b>	53	61	53	(8)	0
<b>Supervisors</b>	239	248	247	(9)	(8)
<b>White-collar</b>	1,978	2,069	1,968	(91)	10
<b>Blue-collar</b>	1,410	1,447	1,315	(37)	95
<b>Total</b>	<b>3,680</b>	<b>3,825</b>	<b>3,583</b>	<b>(145)</b>	<b>97</b>
<i>Including:</i>					
<i>on permanent contracts</i>	<i>2,666</i>	<i>2,961</i>	<i>2,724</i>	<i>(295)</i>	<i>(58)</i>
<i>on temporary contracts</i>	<i>1,014</i>	<i>864</i>	<i>859</i>	<i>150</i>	<i>155</i>

A breakdown by company is provided below:

Category	Mar 31, 2006	Mar 31, 2005	Dec 31, 2005	Change vs Mar 2005	Change vs Dec 2005
ADR SpA	2,157	2,315	2,193	(158)	(36)
ADR Handling SpA	1,463	1,452	1,333	11	130
ADR Engineering SpA Unipersonale	29	30	29	(1)	0
ADR Tel SpA	20	17	17	3	3
ADR Advertising SpA	11	11	11	0	0
<b>Total</b>	<b>3,680</b>	<b>3,825</b>	<b>3,583</b>	<b>(145)</b>	<b>97</b>

The following table shows a breakdown by contract type:

Category	Permanent	Temporary	TOTAL
ADR SpA	1,727	430	2,157
ADR Handling SpA	880	583	1,463
ADR Engineering SpA Unipersonale	28	1	29
ADR Tel SpA	20	0	20
ADR Advertising SpA	11	0	11
<b>Total</b>	<b>2,666</b>	<b>1,014</b>	<b>3,680</b>

Compared with December 31, 2005, Group personnel rose by a total of 97 (up 2.7%). Staff on permanent contracts decreased by 58 (down 2.1%), while those on temporary contracts increased by 155 (up 18.0%).

In particular, the decrease in the number of staff on permanent contracts with respect to December 2005 was due primarily to layoffs carried out under the early retirement scheme (41 staff left ADR SpA, 10 left ADRH) and resignations. In the case of ADRH the increase in the number of staff on temporary contracts (147 for ADRH SpA, 8 for ADR SpA) reflects a forecast increase in activity during the summer period, in line with forecasts.

As regards industrial relations, talks with labor union representatives, which began when a total of 448 ADR Group staff were laid off in accordance with Law no. 223/91, ended last February. According to the agreement signed the reorganization plan involving the phasing out of the remaining 83 surplus positions will take place in two stages, the first to be completed by the end of June and the second by December 2006. In agreement with labor union representatives, the progressive approach already planned and put into practice during the previous layoffs will once again be applied. Early retirements helped limit the number of layoffs, as did the relocation of 32 employees during the year.

Talks over broader organizational issues are meanwhile continuing, with particular emphasis on schemes to stabilize the position of staff on temporary contracts, flexibility, work schedules and the review of union rights.

A plan to improve the efficiency of the staff transport system is also continuing, thereby allowing the related costs to be further reduced.

Finally, a new round of airport sector pay negotiations began with a view to renewing the two-year agreement that expired on December 31, 2005.

In terms of organizational matters, during the first three months of 2006 the Mobility Management and Development unit, which reports directly to the Commercial Business unit, was formed to optimize and rationalize the development and management of areas relating to mobility. In addition, in order to strengthen development and coordination procedures with regard to the planning, engineering and building of company infrastructures and properties, departments reporting directly to the General Manager were formed for Airport Systems Management and Development and Real Estate, and their related organizational structures were defined.

During the same period, the new positions relating to the EN UNI ISO 14001 Environmental Management System were formalized.

With regard to operational aspects, in January 2006 17 trainees were hired to ADR SpA. These comprised: 9 for *vehicle maintenance* (MME), 4 for *electro-mechanics* (ILM) and 4 for specialized *electrical* (ILC) tasks. The 48-month traineeships were registered as *Professional training* contracts, in accordance with Legislative Decree 276/2003 (the Biagi Law), as transposed into the renewed National Collective Labor Contract of July 26, 2005.

Thanks also to specific awareness-raising initiatives and checks on absenteeism due to illness, the Cargo City saw rising levels of productivity – in terms of tons per FTE – during the quarter, leading to an increase of 1.45 in March with respect to the budget, against a rise of 2.37 in the volume of freight handled compared with forecasts for the first quarter of 2006.

A significant rise in productivity – departing passengers per FTE - was likewise recorded in the Security segment with respect to 2005 (up 7.92 in March), a result basically in line with budget forecasts.

Absenteeism due to illness showed a 0.7% reduction with respect to the same period of the previous year, whilst the accident rate was up 0.1%.

A total of 233 in-house training and refresher courses involved 4,806 hours and 685 participants including administrative and ground staff. A further 8 training courses were sold to other airports (Lamezia Terme, Genoa, Catania and Alghero), and these were attended by 65 employees over a total of 1,848 hours.

During the first quarter of 2006 an additional 593 hours of in-house training were held.

Finally, 54 courses on safety in the workplace and involving 2,387 hours of training and 591 participants were provided, with a per capita average of 4 hours.

In terms of recruitment and selection, no selection activities were carried out with regard to temporary staff for ADR SpA or ADRH SpA.

The Group hired around 500 staff on temporary contracts during the period.

Three permanent staff were also hired. Finally, 17 trainees were hired for maintenance activities.

## *Main Group companies*

### ADR Handling SpA

Air traffic served by ADR Handling S.p.A. (ADRH) at Fiumicino airport during the first quarter of 2006 breaks down as follows:

Traffic component	Q1 2006		Q1 2005		change	
	Handling at Fiumicino	% of total Fiumicino	Handling at Fiumicino	% of total Fiumicino	Handling at Fiumicino	% of total Fiumicino
<b>No. of aircraft movements</b>	21,023	29.0%	22,360	30.3%	(6.0%)	(1.3%)
<b>Aircraft tonnage</b>	1,894,710	35.6%	2,015,375	37.4%	(6.0%)	(1.8%)
<b>No. of passengers</b>	1,909,592	31.0%	1,891,291	31.2%	1.0%	(0.2%)
<b>Traffic unit</b>	2,019,268	31.4%	1,962,162	31.1%	2.9%	+0.3%

The table shows a considerable decrease in both movements and tonnage. This is due to the combined effect of customer portfolio dynamics: Darwin, Blue Panorama, China International Airlines, Luxair and Tap Air Portugal switched to a different handler, Helvetic and Air Gabon ceased their operations at the airport, American Airlines postponed the start-up of its operations by a few weeks and Interstate Airlines, Blue One, LTU Flug., Air Madrid, SN Brussels Airline and Carpatair joined the ADR Handling customer portfolio.

The sizeable volume of passengers handled was up on the first quarter of 2005 and there was a subsequent improvement in the traffic unit component.

Traffic handled by ADRH at Ciampino airport increased considerably compared with the previous year and breaks down as follows:

Traffic component	Q1 2006	Q1 2005	% change
<b>No. of aircraft movements</b>	12,609	11,591	+8.8%
including: SCHEDULED	7,956	5,908	+34.7%
CHARTER	246	341	-27.9%
Express couriers	1,367	1,242	+10.1%
GENERAL AVIATION	3,040	4,100	-25.9%
<b>Aircraft tonnage</b>	681,999	548,486	+24.3%
<b>No. of passengers</b>	1,038,146	798,359	+30.0%

Specifically, there was an increase in traffic relating to scheduled flights, 27.6% of which was generated by Ryanair alone.

"Charter" and "General Aviation" traffic items were both down. Charter flights were negatively affected by a partial shift in traffic to Fiumicino airport, whilst the decrease in General Aviation traffic was partially due to market liberalization and the presence of other operators in this market segment.

Service quality indicators<sup>1</sup> during the quarter were as follow:

	Q1 2006	Q1 2005	Target for 2006
"Left behind" – Service Charter	0.33	0.43	0.50
Airport punctuality	99.97%	99.93%	99.50 %

Finally, in relation to the zero minute airport punctuality standard with a target of 98%, the result achieved during the January-March 2006 period stood at 99.50%.

ADRH also compares its baggage reclaim performance with the targets set in ADR SpA's Service Charter.

	Q1 2006	Q1 2005	Target for 2006
Baggage reclaim domestic flights - Service Charter first bag*	98.98%	99.47%	90.0%
Baggage reclaim domestic flights - Service Charter last bag*	99.35%	99.47%	90.0%
Baggage reclaim international flights - Service Charter first bag**	98.24%	98.00%	90.0%
Baggage reclaim international flights - Service Charter last bag**	96.28%	95.55%	90.0%

\* STANDARD for domestic flights: baggage reclaim starts within 22 minutes and finishes within 30 minutes of flight arrival; to be respected for 90% of flights.

\*\* STANDARD for international flights: baggage reclaim starts within 30 minutes and finishes within 38 minutes of flight arrival; to be respected for 90% of flights.

Service quality at Ciampino airport is not yet recorded using a pre-established schedule and methods. Internal checks carried out on ADRH SpA confirm that Service Charter indicators are substantially complied with.

Total revenues for the first quarter of 2006 amount to 18,315 thousand euros, a decrease of around 3% with respect to the same period of 2005, due to the switching of some carriers to other handlers (TAP, Luxair, Blue Panorama, Darwin, China International Airlines), the cessation of operations by Air Gabon and Helvetic, a reduction in flights operated by British Airways and Swiss, and the delayed start-up of flights operated by the seasonal carrier, American Airlines.

The reduction in traffic was, however, partially offset by the acquisition of new carriers such as Interstate Airlines, Blue One, LTU, Air Madrid, SN Brussels and Carpatair. Roughly 87% of the mix of revenues is made up of "basic handling" activities, 11% relates to "supplementary services" and around 1% refers to other "non-aviation" revenues (ramp equipment hire and service provision to the Parent Company).

Consumption of materials and services fell by around 100 thousand euros, particularly in relation to vehicle and ramp equipment maintenance costs, whilst payroll costs rose by around 47 thousand euros with respect to the same period of the previous year. The increase was primarily due to the renewal of the National Collective Labor Contract signed in July 2005.

Consequently, EBITDA, amounting to 648 thousand euros, decreased by 574 thousand euros with respect to the same period of 2005, whilst negative EBIT totaled 1,219 thousand euros, a downturn of 356 thousand euros with respect to the first quarter of 2005.

The net loss for the quarter amounts to 1,573 thousand euros, compared with the loss of 1,085 thousand euros posted for the previous period. A recovery is expected during the rest of the year.

<sup>1</sup> **Key:**

**LEFT-BEHIND:** the figure indicates every 1,000 passengers boarded, the number of pieces of baggage not loaded together with their "owner", the responsibility for which can be attributed to the handler.

**AIRPORT PUNCTUALITY:** indicates the percentage of departing flights which did not experience a delay of more than 15 minutes, the responsibility of which can be attributed to the handler.

**BAGGAGE RECLAIM:** the figure shows the percentage of flights for which the time standards for baggage reclaim were respected, exclusively taking account of the responsibilities held by the handler. The standards of reference call for the last bag to be placed on the belt within a certain number of minutes of ATA (Actual Time of Arrival).

### **ADR Engineering SpA**

In the first quarter of 2006 the company substantially broke even (a loss of 18 thousand euros) compared with a profit of 73 thousand euros posted in the same period of the previous year.

The decrease in revenues of 281 thousand euros (down 20%) was reflected in the downturn in EBITDA, which stood at 32 thousand euros, compared with 177 thousand euros in the first quarter of 2005.

### **ADR Tel SpA**

ADR Tel completed the quarter under review with net profit of 131 thousand euros, essentially in line with the first quarter of 2005 (up 11 thousand euros).

Revenues amounting to 1,806 thousand euros were up 11% with respect to the first three months of 2005.

EBITDA amounted to 517 thousand euros, increasing by 20% in absolute terms and representing an improvement of 3% in the EBITDA margin (up from 26% in the first quarter of 2005 to 29% of the quarter under review). The improvement in EBIT was more limited (up 9%) as a result of increased amortization and depreciation during the period (up 73 thousand euros).

### **ADR Advertising SpA**

The company reported net income of 273 thousand euros for the first three months of 2006, down 58 thousand euros compared with the same period of the previous year.

Revenues, amounting to 5,689 thousand euros, were in line with the figure for the first quarter of 2005 (up 14 thousand euros), whilst EBITDA was down 11% and amounted to 508 thousand euros.

## ***Other significant events during the first quarter of 2006***

### **Legal and regulatory context**

During the period under review the Civil Aviation Authority published two memorandums which had a strong impact on Aeroporti di Roma's operations, namely:

- Memorandum APT-20 of January 16, 2006, relating to "*Changes to the functions and role of the Civil Aviation Authority's Airport Directors in the light of new legislation and regulations*". In this Memorandum, several functions which were previously attributed to the Airport Director are transferred to the airport operator;
- Memorandum APT-22 of March 17, 2006, relating to "*the airport Safety Management System - SMS*" (a compulsory system according to "Civil Aviation Authority regulation for airport construction and management" in order to maintain the Airport Certificate). The memorandum establishes the criteria to be followed to ensure the correct implementation of the Safety Management System by the airport operator.

On February 25, 2006 the Civil Aviation Authority published – in both the Italian and EU Official Gazettes – the European tender for the selection of two suppliers to provide the "limited" handling services described in article 4 of Legislative decree no. 18/99, at Ciampino (runway services, baggage, freight and mail handling, where the latter involves the physical handling of incoming and outgoing freight and mail or mail in transit between the terminal and the aircraft).

## **Corporate transactions**

On March 27, 2006 a Special General Meeting of the shareholders of ADR Handling SpA authorized an increase in the company's share capital from 18,060,000 euros to 19,800,003.60 euros, via a scrip issue of 337,210 new shares with a par value of 5.16 euros each. The shares were to be offered to shareholders in proportion to their existing holdings, subject to prior coverage of the accumulated losses reported in the financial statements for the year ended December 31, 2005, amounting to 4,206 thousand euros.

These losses were subsequently covered via the use of retained earnings, totaling 380 thousand euros, and "Other reserves" recognized in the company's financial statements, amounting to 1,388 thousand euros, and via a capital contribution of 2,438 thousand euros, out of a total capital contribution of 4,178 thousand euros paid in by the shareholder, Aeroporti di Roma SpA, on March 27, 2006.

Given that the shareholder, ADR Engineering SpA, waived its right to the new shares, the capital increase was effected via the use of a corresponding portion of the residual amount, totaling 1,740 thousand euros, of the above capital contribution of 4,178 thousand euros paid in by the shareholder, ADR SpA.

As a result of this transaction, ADR SpA's stake in ADR Handling SpA has increased from 99.29% to 99.35%, whilst the interest held by ADR Engineering SpA has been reduced from 0.71% to 0.65%.

On March 30, 2006 a General Meeting of the shareholders of the Dutch subsidiary, Airport Invest BV (100% owned by ADR SpA), approved a reduction of the capital from 70,538,319 euros to 101,040 euros via a reduction in the par value of the company's shares from 453 euros to 0.65 euros, and the distribution of the share premium reserve, amounting to 57,099,419 euros, to ADR SpA.

On February 16, 2006 the shares representing the Parent Company's 9% equity investment in Edindustria SpA were disposed of.

## **Litigation**

Actions brought by the Parent Company, including those contesting certain provisions regarding the implementation of regulations introduced by Law no. 248/2005 (so-called "system requirements"), include the proceedings held before the civil court in February 2006 against the Ministry of Infrastructure and Transport. This regards a claim for damages, estimated at 27.6 million euros, caused to ADR SpA as a result of the failure to bring airport fees into line with the target inflation rate until December 2005, in compliance with article 2, paragraph 190 of Law no. 662/1996, which was repealed by Law no. 248/2005. A hearing has been scheduled for May 23, 2006.

A further action relating to "system requirements" regards the appeal filed by ADR SpA at the Administrative Court in February 2006, with a view to revoking the guidelines issued by the Ministry of Infrastructure and Transport on December 30, 2005, regarding the entry into effect of Law no. 248/2005. Specifically, this regards a request for annulment of both the regulations concerning the reduction of airport fees and the Civil Aviation Authority's memorandum of January 20, 2006, fixing the level of temporary airport fees. The appeal hearing has been scheduled for May 11, 2006.

ADR SpA lent its support to the appeals brought before the Constitutional Court by the Campania, Emilia Romagna, Piedmont, Tuscany and Sicily regional authorities in order to have Law no. 248/2005 declared unconstitutional.

As regards tender disputes, in a sentence passed on January 16, 2006, the Civil Tribunal of Rome found against ADR SpA in the action brought against the Company by ATI Alpine Bau in relation to the upgrading of runway 3. ADR SpA was ordered to pay 1.4 million euros as well as legal interest arising from the claim, against a request for damages of around 62 million euros.

## THE ADR GROUP'S FINANCIAL POSITION AND OPERATING RESULTS

### Reclassified income statement<sup>2</sup> (€000)

2005		First Quarter 2006	First Quarter 2005	Change
580,702	A.- REVENUES	128,310	126,828	1,482
6,264	Capitalized costs and expenses	1,005	764	241
586,966	B.- REVENUES FROM ORDINARY ACTIVITIES	129,315	127,592	1,723
(168,562)	Cost of materials and external services	(36,752)	(38,049)	1,297
418,404	C.- GROSS MARGIN	92,563	89,543	3,020
(157,322)	Payroll costs	(38,026)	(38,257)	231
261,082	D.- GROSS OPERATING INCOME	54,537	51,286	3,251
(97,930)	Amortization and depreciation	(24,004)	(23,165)	(839)
(11,306)	Other provisions	(4,898)	(423)	(4,475)
(6,122)	Provisions for risks and charges	(2,170)	(3,265)	1,095
1,321	Other income (expense), net	(564)	(101)	(463)
147,045	E.- OPERATING INCOME	22,901	24,332	(1,431)
(89,998)	Financial income (expense), net	(20,476)	(22,718)	2,242
11,471	Adjustments to financial assets	0	2,213	(2,213)
68,518	F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	2,425	3,827	(1,402)
46,897	Extraordinary income (expense), net	(456)	(496)	40
115,415	G.- INCOME BEFORE TAXES	1,969	3,331	(1,362)
(37,028)	Income taxes for the period	(5,451)	(3,565)	(1,886)
2,452	Deferred tax assets	585	(716)	1,301
80,839	H.- NET INCOME FOR THE PERIOD	(2,897)	(950)	(1,947)
	including:			
1,148	- Minority interest	205	626	(421)
<b>79,691</b>	<b>- Group interest</b>	<b>(3,102)</b>	<b>(1,576)</b>	<b>(1,526)</b>

An analysis of the ADR Group's results during the first quarter shows the substantial impact of regulations pertaining to the "system requirements" introduced at the end of the previous year, the full effects of which are, however, already visible in 2006.

<sup>2</sup> "Revenues" has not been broken down into "Revenues from sales and services" and "Contract work" as the virtual cessation of works carried out for the State makes the subdivision unnecessary.



Despite the upturn in traffic at the Roman airport system (passengers up 5.1%, movements up 1.1%), most of which occurred at Ciampino (Fiumicino up 1.8%), Group revenues rose by only 1.2%, showing a 1.5% decrease in the "aviation" component and a 5.6% rise in "non-aviation" earnings.

Of the downturn in aviation activities, 0.8 million euros were lost in relation to revenues from fees (down 2.3%), which were negatively affected by the introduction of new landing, take-off and aircraft parking charges, following application of the above regulations.

The application of article 11.10 of Law no. 248/2005 has led to a 75% reduction in license fees as of January 1, 2006, as well as an identical reduction in airport fees subsequently established by the Civil Aviation Authority and now in force.

The "aviation" component was also penalized by activities relating to "handling" (down 4.0%) and "centralized infrastructures" (down 6.5%), owing to a decline in the traffic served by ADR Handling SpA and less use of loading bridges. By contrast, revenues from the provision of "security services" were up 6.3%, a reflection of the growth in traffic.

The growth in revenues from "non-aviation" activities was partly due to "direct sales" (up 13.8%), which reaped the benefits of both the upturn in traffic passing through the Roman airports and the 7.8% rise in the average passenger spend. Revenues from "sub-concessions and utilities" also rose considerably (up 9.7%) in the first quarter of 2006, thanks to the effects of the previous year's restructuring plan involving the opening of new spaces and the replacement of the main "retail" sub-concessionaire, whose performance had penalized the "retail" component in the first part of the previous year.

By removing the previously-mentioned effect of the reduction in license fees from the 3.4% downturn in the consumption of materials and external services, the component shows an increase of 5.3%, in line with traffic trends. By contrast, the payroll costs showed a slight decrease (down 0.6%) with respect to the first three months of 2005.

Due to the cost dynamics referred to above, EBITDA amounts to 54.5 million euros, representing a 6.3% increase in absolute terms and an improvement of around two percentage points in margin terms (up from 40.4% in the first quarter of 2005 to 42.5%).

Whilst awaiting a final interpretation of the regulations, the impact of the surcharge for night-time landing and take-off to airlines and raising the royalties charged to oil companies for sub-concessions for fuel supply has been neutralized by the means of provisions.

As a result, EBIT was down 5.9%, decreasing from 24.3 million euros in the first quarter of 2005 to 22.9 million euros.

Net financial expense fell by 2.2 million euros due to a reduction in bank borrowings and the improved conditions obtained thanks to the refinancing operation carried out in September 2005. This balanced elimination of the adjustment to financial assets, which in the first quarter of 2005 included the results of ACSA, the subsidiary company sold off at the end of 2005.

After taxes amounting to 4.9 million euros, the Group reports a net loss of 3.1 million euros, compared with the loss of 1.6 million euros posted for the same period of the previous year.

**Reclassified balance sheet**  
(€000)

03-31-2005		03-31-2006	12-31-2005	Change
	A. - NET FIXED ASSETS			
2,128,527	Intangible fixed assets *	2,083,457	2,096,901	(13,444)
117,546	Tangible fixed assets	129,944	130,650	(706)
133,793	Non - current financial assets	3,995	4,653	(658)
<u>2,379,866</u>		<u>2,217,396</u>	<u>2,232,204</u>	<u>(14,808)</u>
	B. - WORKING CAPITAL			
22,293	Inventory	17,141	18,859	(1,718)
136,675	Trade receivables	137,942	131,114	6,828
36,145	Other assets	40,473	38,440	2,033
(117,014)	Trade payables	(106,866)	(113,782)	6,916
(32,904)	Allowances for risks and charges	(42,014)	(42,386)	372
(66,446)	Other liabilities	(65,818)	(76,592)	10,774
<u>(21,251)</u>		<u>(19,142)</u>	<u>(44,347)</u>	<u>25,205</u>
2,358,615	C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	2,198,254	2,187,857	10,397
<u>67,052</u>	D. - EMPLOYEE SEVERANCE INDEMNITIES	<u>61,509</u>	<u>62,033</u>	<u>(524)</u>
<u>2,291,563</u>	E. - INVESTED CAPITAL, minus short-term liabilities and E.S.I. (C-D)	<u>2,136,745</u>	<u>2,125,824</u>	<u>10,921</u>
	financed by:			
	F. - SHAREHOLDERS' EQUITY			
694,372	- Group interest	770,970	774,072	(3,102)
21,771	- Minority interest	2,198	1,993	205
<u>716,143</u>		<u>773,168</u>	<u>776,065</u>	<u>(2,897)</u>
1,745,019	G. - MEDIUM/LONG-TERM BORROWING	1,640,019	1,640,019	0
	H. - NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)			
24,971	.Short-term borrowing	21,378	17,493	3,885
(194,570)	.Cash and current receivables	(297,820)	(307,753)	9,933
<u>(169,599)</u>		<u>(276,442)</u>	<u>(290,260)</u>	<u>13,818</u>
1,575,420	(G+H)	1,363,577	1,349,759	13,818
<u>2,291,563</u>	I. - TOTALE AS IN "E" (F+G+H)	<u>2,136,745</u>	<u>2,125,824</u>	<u>10,921</u>
<u>1,934,383</u>	(*) including the value of the concession totaling	<u>1,885,100</u>	<u>1,897,421</u>	<u>(12,321)</u>

At March 31, 2006 the ADR Group's invested capital amounts to 2,136.7 million euros, showing an upturn of 10.9 million euros for the quarter. This was due to working capital and was only partially offset by the reduction in net fixed assets deriving from amortization for the period.

Working capital reflects the combined effects of various dynamics.

The seasonal component, typical of the first part of the year, was reflected in an increase in trade receivables (up 6.8 million euros) which in any case, net of the related provisions for doubtful accounts, are basically in line with those recorded at March 31, 2005 (up 1.3 million euros).

The volume of investments carried out during the quarter under review (9.9 million euros), which was lower than that of the last quarter of 2005 (18.9 million euros), affected the level of trade payables, which posted an overall decrease of 6.9 million euros.

Progress continued on the restructuring plan initiated at the end of 2005. This plan involved the utilization of allowance for risks and charges for 1.9 million euros and a reduction of 4.7 million euros in severance indemnities payable to former employees (posted under "other liabilities"). The reduction in "other liabilities", amounting to 10.8 million euros, was also influenced by the reduction in payables due to the Civil Aviation Authority for the license fee (down 9.8 million euros), primarily as a result of payment, in January, of the fee for the second half of 2005 as well as of the adjustment for 2004.

In terms of funding, compared with a slight decline in shareholders' equity with respect to the end of 2005 (down 2.9 million euros), due to the loss for the quarter, there was an increase of 13.8 million euros in Group net debt. This was due entirely to the short-term component. Net debt stood at 1,363.6 million euros at March 31, 2006.

## Statement of cash flows

(€000)

2005		First Quarter 2006	First Quarter 2005
<u>162,742</u>	<b>A. - NET CASH AND CASH EQUIVALENTS - opening balance</b>	<u>290,260</u>	<u>162,742</u>
	<b>B. - CASH FLOWS FROM (FOR) OPERATING ACTIVITIES</b>		
80,839	Net income (loss) for the period	(2,897)	(950)
97,930	Amortization and depreciation	24,004	23,165
(73,420)	(Gains) losses on disposal of fixed assets	(44)	(50)
(11,539)	(Revaluations) write-downs of fixed assets	(15)	(2,236)
27,575	Net change in working capital	(25,205)	4,479
<u>(5,084)</u>	Net change in employee severance indemnities	<u>(524)</u>	<u>(65)</u>
<u>116,301</u>		<u>(4,681)</u>	<u>24,343</u>
	<b>C. - CASH FLOWS FROM (FOR) INVESTING ACTIVITIES</b>		
	Investment in fixed assets:		
(42,073)	. intangible	(6,589)	(8,460)
(35,695)	. tangible	(3,266)	(9,801)
(12)	. financial	0	(2)
224,598	Proceeds from disposal, or redemption value of fixed assets	718	842
<u>(2,098)</u>	Other changes (*)	<u>0</u>	<u>6,571</u>
<u>144,720</u>		<u>(9,137)</u>	<u>(10,850)</u>
	<b>D. - CASH FLOW FROM (FOR) FINANCING ACTIVITIES</b>		
290,000	New loans	0	0
0	Shareholders' contributions	0	0
(395,000)	Repayments of loans	0	0
0	Buy-back of shares	0	0
<u>(18,982)</u>	Other changes	<u>0</u>	<u>0</u>
<u>(123,982)</u>		<u>0</u>	<u>0</u>
<u>(12,240)</u>	<b>E. - DIVIDENDS PAID</b>	<u>0</u>	<u>0</u>
	<b>F. - ALLOWANCE FOR EXCHANGE RATE VARIATIONS</b>		
<u>2,719</u>	Change in allowance for exchange rate variations	<u>0</u>	<u>(6,636)</u>
<u>127,518</u>	<b>G. - CASH FLOW FOR THE PERIOD (B+C+D+E+F)</b>	<u>(13,818)</u>	<u>6,857</u>
<u>290,260</u>	<b>H. - NET CASH AND CASH EQUIVALENTS - closing balance (A+G)</b>	<u>276,442</u>	<u>169,599</u>

(\*) Constituted by the increase (-) or the decrease (+) of value in ACSA interest due to the appreciation or depreciation of the South Africa currency. This change is offset in the Allowance for exchange rate variations.

In terms of cash flow, around 4.7 million euros was used in operating activities during the quarter, after debt servicing charges.

Investment during the period was financed from liquid resources, which at the end of the quarter amount to 276.4 million euros, compared with 290.3 million euros at December 31, 2005.

## Analysis of net debt (€000)

2005		First Quarter 2006	First Quarter 2005
<b>(1,582,277)</b>	<b>A.- NET FINANCIAL BORROWING - opening balance</b>	<b>(1,349,759)</b>	<b>(1,582,277)</b>
261,082	EBITDA	54,537	51,286
(2,271)	Net change in operating working capital	(16,924)	2,849
(5,084)	Net change in employee severance indemnities	(524)	(65)
956	Other income (exp.), net	(608)	(151)
(11,379)	Extraordinary income (exp.), net	(456)	(496)
(42,055)	Current taxes paid	(0)	0
5,135	Other assets/liabilities (included allowances for risks and charges)	(21,563)	(7,694)
<b>206,384</b>	<b>B.- OPERATING CASH-FLOW</b>	<b>14,462</b>	<b>45,729</b>
(77,780)	Capex (tangibles, intangibles and financial)	(9,855)	(18,263)
224,598	Proceeds from disposal, or redemption value of fixed asset	718	842
(2,098)	Net currency conversion differences	0	6,571
0	Dividends received	0	0
<b>351,104</b>	<b>C.- FREE CASH-FLOW</b>	<b>5,325</b>	<b>34,879</b>
(90,083)	Financial income (exp.), net	(19,143)	(21,386)
0	Shareholders' contributions	0	0
0	Buy-back of shares	0	0
(18,982)	Other changes	0	0
(12,240)	Dividends paid	0	0
<b>229,799</b>	<b>D.- NET CASH-FLOW</b>	<b>(13,818)</b>	<b>13,493</b>
2,719	Exchange rate effect on reserves	0	(6,636)
<b>232,518</b>	<b>E.- NET CASH-FLOW OF THE PERIOD</b>	<b>(13,818)</b>	<b>6,857</b>
<b>(1,349,759)</b>	<b>F.- NET BORROWING - closing balance (A+E)</b>	<b>(1,363,577)</b>	<b>(1,575,420)</b>

## SUBSEQUENT EVENTS

An analysis of traffic figures for the Roman airport system for January-April 2006, compared with the same period in 2005, reveals the following performance:

Data as of April 30, 2006 (The figures in brackets indicate the percentage change with respect to the previous year)

Traffic component	SYSTEM	Fiumicino	Ciampino	National	International
<b>Movements (no.)</b>	117,443 (+1.5%)	97,964 (-1.4%)	19,479 (+19.2%)	55,536 (+2.4%)	61,907 (+0.7%)
<b>Tonnage (tons)</b>	8,175,750 (+1.4%)	7,243,645 (-1.0%)	932,105 (+25.2%)	3,166,248 (+2.6%)	5,009,502 (+0.6%)
<b>Total passengers (no.)</b>	10,243,542 (+7.2%)	8,772,439 (+3.6%)	1,471,103 (+34.6%)	4,047,711 (+6.4%)	6,195,831 (+7.6%)
<b>Total freight (tons)</b>	46,496,917 (-0.6%)	39,025,586 (-0.3%)	7,471,331 (-2.0%)	2,981,443 (-19.8%)	43,515,474 (+1.1%)

International traffic breaks down into EU and non-EU traffic as follows.

Traffic component	International	EU	Non-EU
<b>Movements (no.)</b>	61,907 (+0.7%)	44,311 (+2.8%)	17,596 (-4.4%)
<b>Tonnage (tons)</b>	5,009,502 (+0.6%)	2,940,248 (+1.6%)	2,069,254 (-0.7%)
<b>Total passengers (no.)</b>	6,195,831 (+7.6%)	4,281,345 (+7.9%)	1,914,486 (+7.0%)
<b>Total freight (tons)</b>	43,515,474 (+1.1%)	12,832,743 (-6.5%)	30,682,731 (+4.6%)

At Fiumicino the first four months of 2006 report a rise in passenger traffic (up 3.6%), despite a slight downturn in movements (down 1.4%) and tonnage (down 1.0%) compared with the same period of 2005.

Traffic data for the airport in April once again confirm the reduction in capacity and volumes transported by Alitalia, and the growth of other carriers, as shown in the first quarter (data for the January-April period: Alitalia - movements down 9.7%, tonnage down 9.5% and passengers down 4.0%; other carriers – movements up 5.6%, tonnage up 4.8% and passengers up 10.0%).

New routes introduced by other carriers in April included new flights operated by Jet2 to Manchester and Leeds, Skyeurope flights to Prague, Adria Airways flights to Lubiana, FlyLal flights to Vilnius and more frequent Transavia flights to Rotterdam.

These new routes join those introduced during the first quarter (Blue1 to Helsinki, AirMadrid to Madrid, Nordic to Stockholm, Air France to Bordeaux, Belle Air to Tirana, etc.).

At Ciampino the positive trend in low-cost operations continued during the first four months of 2006 and was the driving force behind increases in both passengers and movements (up 34.6% and 19.2%, respectively) with respect to the same period of 2005.

In April, EasyJet began its new daily flight to Paris Orly and Myair, which is new to the airport, started up twice-weekly flights to Bucharest.

As to the claim the Group is involved in, in April 2006 ADR SpA appealed to the Lazio Administrative Court to revoke the sentence passed by the Court allowing the Oil Companies' Association to suspend payment of royalties on the sub-concession of airport fuel supply to third parties, in view of the provision contained in article 11.13 of Law no. 248/2005.

## **OUTLOOK**

Traffic growth, particularly in terms of passengers, is expected to continue during the coming months.

Thanks also to contacts established with the Ministry of Economy and Finance, the Ministry of Infrastructure and Transport and the Civil Aviation Authority, all the necessary procedures are being carried out to identify ways, preferably in collaboration with Assaeroporti, to remove the obstacles preventing agreement of a Planning Agreement, once the regulatory aspects, including those relating to Law no. 248/2005, have been defined.

**ADR SPA: ACCOUNTS FOR THE THREE  
MONTHS ENDED MARCH 31, 2006**

## RECLASSIFIED INCOME STATEMENT

(€000)

2005	First Quarter 2006	First Quarter 2005	Change
510,258 A.- REVENUES FROM ORDINARY ACTIVITIES	113,416	111,046	2,370
<u>(161,727)</u> Cost of materials and external services	<u>(35,336)</u>	<u>(36,440)</u>	1,104
348,531 B.- GROSS MARGIN	78,080	74,606	3,474
<u>(101,718)</u> Payroll costs	<u>(24,977)</u>	<u>(25,295)</u>	318
246,813 C.- GROSS OPERATING INCOME	53,103	49,311	3,792
(97,196) Amortization and depreciation	(23,602)	(22,842)	(760)
(10,936) Other provisions	(4,762)	(253)	(4,509)
(5,774) Provisions for risks and charges	(1,807)	(2,428)	621
<u>370</u> Other income (expense), net	<u>(663)</u>	<u>(62)</u>	(601)
133,277 D.- OPERATING INCOME	22,269	23,726	(1,457)
(899) Financial income (expense), net	(21,170)	(22,771)	1,601
(68) Adjustments to financial assets	0	0	0
132,310 E.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	1,099	955	144
<u>(19,889)</u> Extraordinary income (expense), net	<u>(183)</u>	<u>(425)</u>	242
<b>112,421 F.- INCOME BEFORE TAXES</b>	<b>916</b>	<b>530</b>	386
Income taxes for the period:			
(30,752) current taxes	(5,387)	(3,057)	(2,330)
<u>3,859</u> deferred tax assets (liabilities)	<u>1,271</u>	<u>(295)</u>	1,566
<u>(26,893)</u>	<u>(4,116)</u>	<u>(3,352)</u>	(764)
<b><u>85,528 G.- NET INCOME (LOSS) FOR THE PERIOD</u></b>	<b><u>(3,200)</u></b>	<b><u>(2,822)</u></b>	<b><u>(378)</u></b>



## RECLASSIFIED BALANCE SHEET

(€000)

03-31-2005		03-31-2006	12-31-2005	Change
	<b>A. - NET FIXED ASSETS</b>			
2,162,051	Intangible fixed assets *	2,116,489	2,130,355	(13,866)
111,571	Tangible fixed assets	120,860	121,491	(631)
144,062	Non current - financial assets	165,886	162,367	3,519
<b>2,417,684</b>		<b>2,403,235</b>	<b>2,414,213</b>	<b>(10,978)</b>
	<b>B. - WORKING CAPITAL</b>			
19,983	Inventory	16,408	17,319	(911)
125,221	Trade receivables	121,290	117,371	3,919
24,582	Other assets	33,357	31,400	1,957
(112,733)	Trade payables	(105,753)	(108,382)	2,629
(28,007)	Allowances for risks and charges	(38,554)	(38,975)	421
(55,727)	Other liabilities	(55,008)	(65,412)	10,404
<b>(26,681)</b>		<b>(28,260)</b>	<b>(46,679)</b>	<b>18,419</b>
	<b>C. - INVESTED CAPITAL, minus short-term liabilities (A+B)</b>			
2,391,003		2,374,975	2,367,534	7,441
<b>47,529</b>	<b>D. - EMPLOYEE SEVERANCE INDEMNITIES</b>	<b>42,718</b>	<b>43,456</b>	<b>(738)</b>
<b>2,343,474</b>	<b>E. - INVESTED CAPITAL, minus short-term liabilities and E.S.I. (C-D) financed by:</b>	<b>2,332,257</b>	<b>2,324,078</b>	<b>8,179</b>
	<b>F. - SHAREHOLDERS' EQUITY</b>			
62,310	- Paid-up share capital	62,310	62,310	0
695,743	- Reserves and retained earnings (accumulated losses)	770,055	684,527	85,528
(2,822)	- Net income (loss) for the period	(3,200)	85,528	(88,728)
<b>755,231</b>		<b>829,165</b>	<b>832,365</b>	<b>(3,200)</b>
<b>1,745,019</b>	<b>G. - MEDIUM/LONG-TERM BORROWING</b>	<b>1,640,019</b>	<b>1,640,019</b>	<b>0</b>
	<b>H. - NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)</b>			
30,695	.Short-term borrowing	154,510	154,685	(175)
(187,471)	.Cash and current receivables	(291,437)	(302,991)	11,554
(156,776)		(136,927)	(148,306)	11,379
<b>1,588,243</b>	<b>(G+H)</b>	<b>1,503,092</b>	<b>1,491,713</b>	<b>11,379</b>
<b>2,343,474</b>	<b>I. - TOTALE AS IN "E" (F+G+H)</b>	<b>2,332,257</b>	<b>2,324,078</b>	<b>8,179</b>
<b>1,966,257</b>	<i>(*) including the value of the concession totaling</i>	<b>1,916,161</b>	<b>1,928,685</b>	<b>(12,524)</b>