Quarterly report for the three months ended March 31, 2011

(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 €62,309,801.00
A company managed and coordinated by Gemina SpA

www.adr.it

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CORPORATE OFFICERS

after the General Meeting and Board meeting of April 15, 2010, the General Meeting of April 13, 2011 and the Board meeting of May 9, 2011

Board of Directors ***(2010-2012)***

Chairman	Fabrizio Palenzona
Deputy Chairman	Massimo Pini *(until April 14, 2011)*
Managing Director	Giulio Maleci
Directors	Guido Angiolini *(until April 19, 2011)* Giuseppe Angiolini *(from May 9, 2011)* Carlo Bertazzo *(from May 9, 2011)* Mario Canapini *(from May 5, 2011)* Stefano Cao Beng Huat Ho Enzo Mei Gianni Mion Aldo Minucci *(until April 28, 2011)* Piergiorgio Peluso *(until April 14, 2011)* Clemente Rebecchini Paolo Roverato Marco Troncone *(until April 20, 2011)*
Secretary	Antonio Abbate *(until March 14, 2011)* Antonio Sanna *(from May 9, 2011)*

Board of Statutory Auditors ***(2010-2012)***

Chairman	Maria Laura Prislei
Statutory Auditors	Luca Aurelio Guarna Silvano Montaldo Enrico Proia Mario Tonucci
Alternate Auditors	Piero Alonzo Cristiano Proserpio

Independent Auditors	Deloitte & Touche SpA *(2007-2012)*

HIGHLIGHTS

The following table summarizes the main traffic data for the first quarter of 2011 for Rome's airport system, showing changes with respect to the same period of 2010.

TRAFFIC PERFORMANCE

Traffic component	Q1 2011	
	SYSTEM (°)	% change (*)
Movements (no.)	86,784	(0.4%)
Aircraft tonnage (tons)	6,732,412	(0.1%)
Total passengers (no.)	8,629,192	+3.4%
Total freight (kg)	37,690,262	(2.8%)

(°) Fiumicino + Ciampino
(*) versus the same period of 2010

The following table shows the ADR Group's financial and operational highlights for the first quarter of 2011.

ADR GROUP

Consolidated financial and operational highlights (€000)	*Q1 2011*		*Q1 2010*
Revenues	129,813		129,251
EBITDA	53,656		55,277
EBIT	22,325		25,540
Net income/(loss):			
minority interest	156		(353)
Group share	(886)		1,446
Capital investment (€000)	15,193		25,326
	Mar 31, 2011	*Dec 31, 2010*	*Mar 31, 2010*
Invested capital	1,974,408	1,990,116	2,034,416
Shareholders' equity (including minority interest)	749,722	750,452	729,870
Group shareholders' equity	749,387	750,273	729,407
Net debt	1,224,686	1,239,664	1,304,546
Headcount at end of period	2,611	2,646	2,553
Ratios	*Q1 2011*		*Q1 2010*
Average revenues per employee (€000)	56		58
No. of passengers/ Average headcount	3,751		3,745

ADR GROUP: CONSOLIDATED ACCOUNTS

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€000)

2010		First Quarter 2011		First Quarter 2010		Change	%
599,733	A.- REVENUES	129,813	100.0%	129,251	100.0%	562	0.4%
7,713	Capitalized costs and expenses	651		1,434		(783)	(54.6%)
607,446	B.- REVENUES FROM ORDINARY ACTIVITIES	130,464		130,685		(221)	(0.2%)
(206,746)	Cost of materials and external services	(46,076)	(35.5%)	(45,974)	(35.6%)	(102)	0.2%
400,700	C.- GROSS MARGIN	84,388	65.0%	84,711	65.5%	(323)	(0.4%)
(120,893)	Payroll costs	(30,732)	(23.7%)	(29,434)	(22.8%)	(1,298)	4.4%
279,807	D.- GROSS OPERATING INCOME	53,656	41.3%	55,277	42.8%	(1,621)	(2.9%)
(110,082)	Amortization and depreciation	(28,968)		(26,928)		(2,040)	7.6%
(12,646)	Other provisions	(609)		(23)		(586)	2547.8%
(6,076)	Provisions for risks and charges	(749)		(1,814)		1,065	(58.7%)
(1,415)	Other income (expense), net	(1,005)		(972)		(33)	3.4%
149,588	E.- OPERATING INCOME	22,325	17.2%	25,540	19.8%	(3,215)	(12.6%)
(72,650)	Financial income (expense), net	(17,851)	(13.8%)	(17,857)	(13.8%)	6	(0.0%)
(534)	Adjustments to financial assests	0		(4)		4	ns
76,404	F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	4,474		7,679		(3,205)	(41.7%)
(17,582)	Extraordinary income (expense), net	211		(143)		354	(247.6%)
58,822	G.- INCOME BEFORE TAXES	4,685		7,536		(2,851)	(37.8%)
(39,877)	Income taxes for the period	(6,070)		(6,992)		922	(13.2%)
2,731	Deferred tax assets	655		549		106	19.3%
21,676	H.- NET INCOME FOR THE PERIOD	(730)		1,093		(1,823)	(166.8%)
	including:						
(637)	- Minority interest	156		(353)		509	(144.2%)
22,313	**- Group interest**	**(886)**		**1,446**		**(2,332)**	**(161.3%)**

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(€000)

31-03-2010		31-03-2011	31-12-2010	Change
	A. - NET FIXED ASSETS			
1,936,815	Intangible fixed assets *	1,898,039	1,916,360	(18,321)
174,581	Tangible fixed assets	191,912	188,689	3,223
3,416	Non - current financial assets	2,920	2,938	(18)
2,114,812		2,092,871	2,107,987	(15,116)
	B. - WORKING CAPITAL			
24,776	Inventory	21,449	22,054	(605)
194,593	Trade receivables	170,761	177,246	(6,485)
50,374	Other assets	60,927	60,492	435
(146,332)	Trade payables	(146,125)	(156,387)	10,262
(54,771)	Allowances for risks and charges	(70,567)	(71,796)	1,229
(120,601)	Other liabilities	(126,392)	(120,990)	(5,402)
(51,961)		(89,947)	(89,381)	(566)
	C. - INVESTED CAPITAL, minus			
2,062,851	short-term liabilities (A+B)	2,002,924	2,018,606	(15,682)
28,435	D. - EMPLOYEE SEVERANCE INDEMNITIES	28,516	28,490	26
	E. - INVESTED CAPITAL, minus short-term			
2,034,416	**liabilities and E.S.I. (C-D)**	**1,974,408**	**1,990,116**	**(15,708)**
	financed by:			
	F. - SHAREHOLDERS' EQUITY			
729,407	- Group interest	749,387	750,273	(886)
463	- Minority interest	335	179	156
729,870		749,722	750,452	(730)
1,477,861	G. - MEDIUM/LONG-TERM BORROWING	1,367,377	1,461,899	(94,522)
	H. - NET SHORT-TERM BORROWING			
	(NET CASH AND CASH EQUIVALENTS)			
30,331	.Short-term borrowing	30,745	23,856	6,889
(203,646)	.Cash and current receivables	(173,436)	(246,091)	72,655
(173,315)		(142,691)	(222,235)	79,544
1,304,546	(G+H)	1,224,686	1,239,664	(14,978)
2,034,416	**I. - TOTALE AS IN "E" (F+G+H)**	**1,974,408**	**1,990,116**	**(15,708)**
1,687,964	*(*) including the value of the concession totaling*	*1,638,680*	*1,651,001*	*(12,321)*

MANAGEMENT REPORT FOR THE FIRST QUARTER OF 2011

FINANCIAL AND OPERATING REVIEW

Quarterly review

Passenger traffic rose 3.4% during the first quarter of 2011, growing in line with expectations despite the fallout from international events (the political upheaval in North Africa and the earthquake in Japan), which will continue to have an impact in the second quarter. Though positive, passenger traffic has underperformed the national average (an increase of 7%[1]) and the improvement was achieved in spite of a slight decline in movements (down 0.4%) and substantially stable tonnage (down 0.1%). This was due to the 2.1 percentage point increase in the load factor achieved by carriers with respect to the same period of 2010.

Revenues of 129.8 million euros are up 0.4%, thanks to the contribution from the aeronautical segment (up 1.8%), which was sufficient to produce an overall improvement despite a slight reduction (down 0.9%) in sales of non-aeronautical products and services.

This was accompanied by a 1.9% increase in operating costs, reflecting rises in payroll costs and in the cost of materials and external services, the rollout of new plant and operational improvements.

Margins are down, with EBITDA down 2.9% and operating income falling by a more significant 12.6%, essentially due to increased charges for depreciation and amortization during the period (up 7.6%).

Capital investment amounted to 15.2 million euros during the first quarter and primarily focused, as regards new commitments assumed during the period, on extraordinary maintenance and repairs to plant and infrastructure, in line with budget projections. Capital investment is thus down by approximately 10 million euros compared with the first quarter of 2010

Net debt was further reduced with respect to the end of 2010, falling approximately 15 million euros. The strong cash flow of the last quarter of 2010, which continued into the first part of 2011, enabled the Company to effect early repayment, in March, of 90.3 million euros of the outstanding 156.3 million euros of the bank loan maturing in February 2012, in accordance with the relevant loan agreements.

Increasingly frequent meetings, involving senior management and high-level representatives from the various institutions involved, were held with a view to drawing up the new concession arrangement and planning agreement. In view of the state of negotiations, the timescale for reaching agreement continues to be compatible with the deadlines used as the basis for the Group's plans.

[1] Source: Assaeroporti

Group operations

The Group's operating activities generated total revenues of 129.8 million euros during the first three months of 2011. A breakdown is as follows:

(in millions of euros)		First quarter 2011		First quarter 2010	change %
Airport Charges		37.9		36.8	3.0%
Centralized Infrastructures		7.3		7.8	(6.3%)
Security		14.3		14.0	2.1%
other (*)		6.5		6.2	4.0%
AERONAUTICAL REVENUES		**66.0**		**64.8**	**1.8%**
"Duty free" and "duty paid"		17.3		16.3	6.3%
Sub-concessions and utilities					
- sub-concession and utilities	13.8		13.9		(0.2%)
- commercial activities in sub-concession	12.1		11.0		9.2%
		25.9		24.9	4.0%
Parking		7.3		7.1	2.0%
Advertising		4.8		5.3	(9.1%)
Canteen		1.9		1.6	13.0%
Other		6.6		9.2	(28.1%)
NON AERONAUTICAL REVENUES		**63.8**		**64.4**	**(0.9%)**
TOTAL REVENUES		**129.8**		**129.2**	**0.4%**

(*) includes services of assistance to passengers with reduced mobility (PRM)

A review of operations during the first quarter of 2011 in the various principal areas of business in which the Group is present is provided below.

Aeronautical activities

Two external events had an impact on the traffic performance during the first three months of the year: one of a socio-political nature (North Africa), the other linked to the earthquake in Japan.

The civil unrest seen in a large number of North African states (Egypt, Tunisia and Libya) since the end of January have had an immediate impact on air traffic to and from the nations involved. Cancellations and the reduced number of flights operated during the period have resulted in the loss of over 100,000 passengers at Fiumicino.
The estimated loss of a further 10,000 passengers was linked to the earthquake in Japan and the resulting nuclear emergency.

Despite these events, passenger traffic is up 3.4% on the same period of 2010, accompanied by a slight decline in movements (down 0.4%) and substantially stable tonnage (down 0.1%). This was due to the 2.1 percentage point improvement in the load factor to 64.3% achieved by carriers with respect to the same period of 2010.

The following tables show traffic data for the Roman airport system in the first quarter of 2011, broken down by airport – Ciampino and Fiumicino – and segment – domestic and international:

Data for the three months ended March 31, 2011

	ROME SYSTEM	Fiumicino	Ciampino	Domestic	International
Movements	86.784	74.467	12.317	35.302	51.482
D% vs PY	-0,4%	+0,3%	-4,4%	-5,5%	+3,4%
Mtow	6.732.412	6.076.871	655.541	2.236.177	4.496.235
D% vs PY	-0,1%	-0,1%	-0,4%	-4,6%	+2,3%
Total Pax	8.629.192	7.532.567	1.096.625	3.011.374	5.617.818
D% vs PY	+3,4%	+3,5%	+3,1%	+1,9%	+4,2%
Freight (Kg)	37.690.262	33.102.932	4.587.330	1.642.279	36.047.983
D% vs PY	-2,8%	-4,3%	+9,4%	+25,4%	-3,8%

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

	International	Intl' EU	Intl' Extra EU
Movements	51.482	34.666	16.816
D% vs PY	+3,4%	+3,1%	+3,9%
Mtow	4.496.235	2.432.001	2.064.234
D% vs PY	+2,3%	+3,6%	+0,8%
Total Pax	5.617.818	3.650.304	1.967.514
D% vs PY	+4,2%	+6,3%	+0,6%
Freight (Kg)	36.047.983	8.171.069	27.876.914
D% vs PY	-3,8%	+12,2%	-7,7%

At **Fiumicino** the 3.5% increase in passenger traffic was substantially in line with the Roman airport system as a whole, whilst capacity was more or less on a par with the first quarter of 2010: movements up 0.3% and tonnage down 0.1%.

Once again in the first quarter of 2011 the network of flights operated to and from Fiumicino saw the addition of further flights: these included flights to Nairobi operated by Kenya Airways, an increase in the frequency of flights to Teheran operated by Alitalia and to Budapest operated by Malev, and new flights to Portorose operated by Denim Air.

Rome's second airport at Ciampino recorded a 3.1% increase in passengers, whilst capacity was down 4.4% in terms of movements and substantially in line in terms of tonnage (down 0.4%). This performance was largely due to a decline in non-commercial traffic, consisting of general aviation and other exceptional movements.

Aeronautical revenues, in the form of airport fees, amount to 37.9 million euros, marking an increase of 3.0% on the same period of 2010.

The two principal components reported the following performances:

- landing, take-off and parking fees: an increase of 1.0% on the first quarter of 2010, reflecting a light reduction in movements (down 0.4%), offset by the operation of aircraft with higher average capacity/tonnage and the fee increase applied from January 10, 2011 to keep pace with the target inflation rate;
- passenger boarding fees: up 4.2% due to the increased number of passengers boarded (up 3.5%) and, also in this case, the application of higher fees.

The management of centralized infrastructures, which is carried out directly by the Parent Company, ADR SpA, generated revenues of 7.4 million euros in the first quarter of 2011, marking a reduction of 5.0% compared with the previous year due to:

- a 5.7% decrease in loading bridge revenues, primarily due to a reduction in domestic movements (down 3.8%) and the unavailability of certain aircraft aprons on which work had been carried out;
- a 5.7% reduction in revenues from the use of baggage handling systems, reflecting a different distribution of outbound passengers in the various airport areas, which are subject to different unit fees for baggage handling.

During the first quarter of 2011 the security activities carried out by the Parent Company, ADR SpA (security checks on passengers and carry-on baggage, 100% screening of checked baggage, explosive detection checks, other on-demand security checks and surveillance of the airport system) generated revenues of 14.3 million euros, marking an increase of 2.1% on the same period of 2010. This rise derives from the increase in the number of passengers, partially offset by a decline in revenues from on-demand security services at Fiumicino airport.

Other aeronautical revenues performed as follows:

- assistance to passengers with reduced mobility (PRM), provided via the subsidiary undertaking, ADR Assistance Srl, generated revenues of 2.9 million euros in the first three months of 2011, up 10.3% on the previous year, due to the higher number of passengers served and an increase in the fees applied at Fiumicino from December 2010;
- passenger check-in desks: revenues of 2.7 million euros are substantially in line with the same period of 2010 (up 1.2%).

Within the Roman airport system operational safety was carried out according to procedure (ISO 9001/2000 certificate), responding to the increase in traffic and the rising number of infrastructures and construction sites to be checked. In addition, the monitoring of compliance with the requirements of ENAC (Italian Civil Aviation Authority) certification and the correct use of airside infrastructure by handlers continued, including notification of any infringements and actions aimed at helping to modify and improve procedures for runway use.

Real estate management

Rental income and charges for utilities paid by sub-concessionaires who rent space and retail units at Fiumicino and Ciampino airports amounts to 10.8 million euros, marking an increase of 2.9% on the previous year.
This reflects, on the one hand, the positive effect of the availability of units leased under sub-concession agreements at Office Tower 2, which were delivered at various times during 2010, and the entry into service of the portion of the cargo building allocated to Flightcare Italia SpA in its capacity as a cargo handler in the third quarter of 2010, and, on the other, the reduction in cleaning services carried out for certain customers (AZ-CAI and Flightcare Italia SpA).

Revenues from sub-concessions, calculated on the basis of the volume of activity carried out (oil and catering companies, hotels, etc.) amount to 3.0 million euros, marking a reduction of approximately 8.6% compared with the same period of 2010. The reduction reflects the revised unit fee applied to oil companies' turnover (so-called "jet fuel supplies") which – in compliance with the "cost-related" criterion – has fallen from 3.91 euros to 3.62 euros per cubic meter from 1 March 2011, accompanied by a general decline in the volumes of jet fuel supplied.

Non-aeronautical activities

Revenues from directly operated retail outlets and those managed by sub-concessionaires are up 7.5% in absolute terms and up 4.0% based on the average passenger spend.

Material events, with the potential to have a negative impact on non-aeronautical activities over the medium to long term, again relate to the earthquake in Japan and the unrest in North Africa.

Revenues from direct sales amount to 17.3 million euros for the first quarter of 2011, marking growth of 6.3% compared with the same period of 2010, and outstripping the rise in departing traffic (up 3.3%) thanks to an increase in the average passenger spend with respect to the previous year (up 2.8%).

Fiumicino registered a 6.7% increase in revenues compared with the first quarter of 2010, and a 3.2% rise in the average passenger spend.
From January the “Rocco Giocattoli” store is no longer managed directly, having been transferred to a sub-concessionaire in order to improve efficiency by focusing more on core categories.
In March Shop 30 and the tobacco products, wine and confectionery department of Shop 1 were renovated, with work on the latter being completed.
The highest rates of growth were achieved by the “Wine” (up 14.5%) and “Spirits” (up 13.0%) categories, partly as a result of the increase, from November 2010, in the number of hand luggage trolleys available to passengers and extremely useful for anyone interested in shopping.

Ciampino airport saw revenues only slightly up on the first quarter of the previous year (up 0.5%) and a 2.5% decline in the average passenger spend.

Marketing activities designed to boost sales through directly operated retail outlets included, from the beginning of the year, the introduction of specially targeted products (in terms of name, packaging and interest) timed to coincide with major events such as Chinese New Year, Saint Valentine’s Day and the 150th Anniversary of the Unification of Italy.

Revenues from outlets managed by sub-concessionaires amount to 12.1 million euros and are up 9.2% on the same period of 2010 (1.1 million euros). The average passenger spend is up 5.7%.

Revenues from specialist retail outlets total 6.3 million euros, having risen 7.0%.
Fiumicino airport recorded an increase in the “Luxury” category (up 13.8% in absolute terms, and up 12.3% in terms of the average passenger spend), but “Clothing” (average passenger spend up 15.7%) and “Accessories” (average passenger spend up 9.4%) also registered gains.
In addition to transferring management of the Rocco Giocattoli store in the T1 departures area to a sub-concessionaire, since the beginning of the year a new outlet as been opened in the arrivals area in T1 (Solissimo) and a large number of outlets of been renovated (Prada in departure area G, Feltrinelli in T3, Tie Rack and Furla at the departure gates in departure area C, Nike in the transits area in T3, Vodafone on the mezzanine floor of T1).
Ciampino registered a 2.1% decline in revenues, compared with a 3.1% rise in traffic. The negative performance is due to the fact that the airport had one less outlet in operation compared with the same period of the previous year, following the decision to re-allocate space.

The "Food & Beverage" segment registered revenue growth of 9.9% (up 0.4 million euros).
Since the beginning of the year, a new outlet called the “Antica Focacceria S.Francesco” has been opened in area D, whilst the Chef Express restaurant has been renovated and the Autogrill’s Spizzico outlet has been renamed Obikà (in progress).

The ″Other royalties” segment reported revenues of 1.2 million euros at Fiumicino and Ciampino airports, marking an improvement of 19.9% on the same period of 2010. This was partly thanks to new landside currency exchange counters and, above all, to the excellent performance registered by the VAT rebate activities in the Non-Schengen area.

A new gaming area, “Gamenet”, has opened on the mezzanine floor in T1.
With regard to marketing of the retail mall, it has been decided to discontinue the “Rome Airport Shopping Gallery” brand and the “Shop & Fly” loyalty program.

A creative initiative, “Famous quotes”, has been launched, involving the use of quotes from literary texts or songs, linked to travel, good food, drink and beauty. The idea is to convey the emotion of travel to people about to go on a trip in order to provide some cultural entertainment, reduce the stress linked to “airport procedures”, increase passengers’ interest in the airport shopping experience and help them to have a “positive travel experience”.

Management of the “mobility system” generated revenues of 7.3 million euros, marking an increase of 2.0% on the same period of the previous year, which is only slightly less than growth in the potential market, represented by “outbound” passengers, which is up 3.5%.

The following performances were recorded:
- passenger car parking: revenues totaling 6.1 million euros (up 0.3%), with a decline in the average spend for outbound passengers of 3.1%;
- airport operator car parking: revenues totaling 1.2 million euros (up 12.1%).

During the first quarter work began on the plan to modify the road layout in front of the terminal buildings at Leonardo da Vinci Airport. The project will take place in two phases, radically changing the road layout for Arrivals during the first half of the year and for Departures in the second half of 2011. The aim is to streamline and significantly reduce vehicle traffic, making it easier and quicker to access the airport. Work will be carried out on the related infrastructure and changes made to the regulations governing parking and airport access, whilst more information will be provided to users and the providers of transport within the airport (buses, limousine services, taxis, etc.).

Marketing activities in support of the Easy Parking brand have included the preparation of a media plan for 2011, whilst the first online campaigns of the year have been launched to advertise the online booking service (BOL). The first SMS campaign using promotional codes has been launched, following the addition of this function to the BOL service in December 2010. On 8 March, Women’s Day was marked by the distribution of 18,000 bunches of mimosa to all the women passing through the airport, along with the same number of flyers advertising the new “pink” parking spaces, which were opened up to airport users on the same day. These new spaces, which are aimed at women passengers, and above all new and future mothers, provide wider parking bays to make it easier to unload and load passengers and get in and out of cars.

Revenues from advertising, amounting to 4.8 million euros, continued to decline (down 9.1%).

Food services and other activities

Food services, relating to management of the canteens used by airport operators, recorded revenues of 1.9 million euros, marking an increase of 13.0% on the first quarter of 2010 thanks to growth in the number of meals sold.

The performance of “other activities” compared with the comparative period is as follows:
- a 22.7% (0.7 million euro) decline in revenues from maintenance services provided to third parties, amounting to 2.2 million euros;
- a reduction in revenues relating to payment for state-financed works which, after changes in the related work in progress, amounting to 1.3 million euros, compared with the 3.2 million euros of the first quarter of 2010;
- a 4.4% reduction in revenues from cleaning services and biological waste treatment, totaling 0.9 million euros;
- an increase of 14.6% in other sales (fuel, consumables, etc.), totaling 0.6 million euros.

Environmental protection

Maintenance and development of the ISO 14001 Environmental Management System (EMS) at Fiumicino and Ciampino continued according to plan.

Within the scope of training initiatives, scheduled courses were provided for the departments involved in the EMS. In particular, in March training and refresher courses were held for ADR SpA’s auditors.

With the aim of increasing the proportion of waste sent for recycling, development of the sorting of recyclable waste at Fiumicino airport, covering paper, cardboard, wood and plastic, proceeded. Collection areas have been set up near terminals, offices and company canteens.

The Company began gathering data regarding Fiumicino and Ciampino for its Environmental Report for 2010.

The carbon census for 2009 and 2010, designed to obtain Airport Carbon Accreditation, based on the ISO 14064 standard, for Fiumicino is nearing completion.

The process of monitoring of air quality at Fiumicino and Ciampino was completed. In order to assess the capacity of the atmosphere to remove pollutants (atmospheric stability), the mixing height was measured, thereby defining the climatology of the area. CNR (Italy's scientific research institute) is currently preparing its final report on its air monitoring activities. The usual confirmation of the airports' compliance with the relevant regulations is expected.

Ongoing monitoring of the performance of wastewater treatment plants located on the grounds of Fiumicino airport was carried out. This monitoring demonstrated that the plants were working very well, especially biological wastewater treatment, registering concentrations of the main pollutants well below 50% of the legal limits.

Regarding the issue of noise abatement, on July 1, 2010 the Service Conference set up by Lazio Regional Authority to define acoustic zoning for Ciampino airport completed its work.
ADR SpA has appealed to the Lazio Regional Administrative Court requesting cancellation of the proceedings by which the above-mentioned Service Conference approved acoustic zoning for Ciampino airport. In the meantime, however, the Company has taken preliminary steps towards identifying buildings within the critical area that may be included in a noise insulation program to be carried out by ADR SpA. The aim is to assess the size of the project and the type of insulation needed in order to implement the program.

Quality

During the first quarter of 2011 monitoring of the levels of service provided at Fiumicino and Ciampino airports was carried out, in accordance with the 2011 Quality Plan, via approximately 15,000 objective checks. This was based on daily monitoring of the levels of quality provided for the main passenger services (baggage claim, check-in, carry-on baggage security checks, the punctuality of outgoing flights).

At Fiumicino, the quality surveys carried out showed that the performance is generally in line with the standards set out in the Service Charter, except for the process of checking in for international flights:

- 92% of passengers waited no more than 12 minutes for carry-on baggage security checks, 2 percentage points above the service standard published in the Service Charter (94.5% in the first quarter of 2010);
- the percentage of flights with baggage reclaim times within the set standard was 90.2% for the first piece of luggage and 93.8% for the last (83.6% and 89.4%, respectively, in the comparative period);
- the percentage of outgoing flights with delays of more than 15 minutes was 15.4% (the standard is 25%), marking an improvement of around 10 points with respect to 2010;
- 95.1% of passengers completed the check-in process for domestic flights within 10 minutes (the figure was 92.6% in the same period of 2010), whilst 88.9% of passengers checked in within 20 minutes for international flights (the figure for 2010 was 95.8%), compared with the set standard of 90%.

The surveys carried out at Ciampino revealed that all the processes monitored met Service Charter standards:

- carry-on baggage security checks were completed within the set standard time of 15 minutes in 98.3% of cases (the standard is 90%), compared with a figure of 88.4% for the same period of 2010;

- the percentage of outgoing flights with delays of more than 15 minutes was 16.3%, with the airport respecting the defined standard as regards delays for outgoing flights (17%), marking an improvement of 6 points compared with 2010;
- the percentage of flights with baggage reclaim times within the set limits was 95.8% for the first piece of baggage and 97.7% for the last piece (94.5% and 96.3%, respectively, in the first quarter of 2010);
- 92.3% of passengers completed check-in operations within 20 minutes, marking a considerable improvement on the 61.9% of 2010.

Group capital investment

During the quarter under review the ADR Group carried out capital investment totaling 15,193 thousand euros (25,326 thousand euros in the same period of 2010). The following table shows a breakdown:

(in millions of euros)	First Quarter 2011	First Quarter 2010	ξ
Works on Luggage plants and new machinery RX	5.4	1.0	4.4
The boarding Area E/F (Pier C and 3° BHS)	3.0	7.1	(4.1)
Maintenance works and optimization of terminals	1.1	1.8	(0.7)
Ciampino: infrastructural works	1.0	0.1	0.9
Fiumicino - Maintenance works on plant electromechanical	0.7	1.7	(1.0)
Interventions on runways and aprons	0.5	2.0	(1.5)
Maintenance works on building in subconcession	0.5	0.1	0.4
HBS/BHS ex Cargo Alitalia	0.4	0.7	(0.3)
Interventions on commercial areas and parking	0.4	0.0	0.4
Works on airport road network	0.3	0.1	0.2
Upgrade of "Satellite" for A380	0.2	0.7	(0.5)
North Fiumicino: plan for long-term development	0.2	0.0	0.2
Fiumicino - Maintenance works on electrical network and air conditioning	0.1	1.5	(1.4)
Acquisition of Plant and machinary	0.1	1.0	(0.9)
Fiumicino: Maintenance works on civil works	0.1	0.5	(0.4)
Fiumicino - Maintenance works on water supply and drainage	0.1	0.3	(0.2)
New Airport (flights low-cost)	0.1	0.0	0.1
Baggage HBS transiting AZ	0.0	5.2	(5.2)
Urbanized area west / Aprons "W" 1st phase	0.0	0.4	(0.4)
Others	1.0	1.1	(0.1)
TOTAL INVESTMENTS	**15.2**	**25.3**	**(10.1)**
including:			
- autofinancing	*13.9*	*22.0*	*(8.1)*
- state-funded	*1.3*	*3.3*	*(2.0)*

Terminals

Work continued on departure area F (formerly Pier C), including the following activities still in progress:

- the placement of the metal framework comprising the structure of the new pier;
- work relating to the new service tunnel linking the new pier to the existing technical center;
- the construction of stairwells;
- the laying of floor tiles.

In departure area D, work on construction of the new flight coordination and control room began again in February.

Work on restructuring and ensuring regulatory compliance in departure area C (formerly B11/B21) and in the area that connects departure area B (formerly Pier A) to departure area C was completed in March.

As part of efforts to improve the image and functionality of terminals, the rest rooms located in departure area D, close to gate D6, were upgraded.

Work on the new bus stop area began as part of the planned additions to signage both inside and outside terminal buildings, aimed at improving passenger information.

Baggage handling

The purchase of the hold baggage system (BHS) located in Terminal 5 was completed in the first quarter of 2011. The system had until then been leased.

The following should be noted with regard to the two baggage handling systems serving Terminal 3 (formerly Terminals B and C):
- testing of the upgraded BHS in the former Terminal C is underway: delivery of the system is scheduled for April;
- the process of installing a fourth line for security screening for the BHS in the former *Terminal* B is in progress, with work scheduled to be completed at the end of May.

The executive design for the automated BHS for Terminal 1 has been completed and work has recommenced – having previously been halted – on the area that will house the new system (the former Alitalia cargo area).

Infrastructure and buildings

Work on conversion of the former EDP centre located on the ground floor of Building E within ADR SpA's administrative headquarters was completed. The space now houses offices and meeting rooms.

Work on the upgrade of the third and fourth floors of the Epua II building was completed at the beginning of February. The upgraded facility will provide front desk and back office areas for the car hire companies, who are to transfer their operations, thus vacating the current space that is no longer adequate to their needs.

Work on renovating the new shop operated by the Parent Company, ADR SpA (*Shop* 30), located in departure area B, was completed and the outlet opened to the public on March 28, 2011.

Runways and aprons

Preliminary work is nearing completion on apron 703 in departure area G to accommodate A380 aircraft; activities are expected to be completed in May 2011.
Work on the third phase of the apron upgrade program is underway and is expected to be completed by June 30, 2011.
The design contract has been awarded in readiness for extraordinary maintenance to be carried out on the northern section of runway 16L34R, with the contract for the design for work on the Delta taxiway is in the process of being awarded.
Preparation of the design relating to replacement of steel storm drain grates with spheroidal cast iron ones for the aprons at Fiumicino is underway.

At Ciampino airport a radical upgrade of the SB taxiway was completed ahead of schedule in mid-March. Work on aircraft aprons 400, 500 and 600 is in progress and is expected to be completed by June 2011.

Implementation of the airport's *Pavement Management System* is underway in accordance with the Airport Manual.

Airport Master Plan

Regarding the Airport Master Plan through to 2044, following the Regional Administrative Court hearing that rejected the appeals lodged by Arup and Parson, who were respectively ranked in 2nd and 3rd place, ADR signed the relevant contract with Scott Wilson on January 25, 2011.

Preparation of the Master Plan, which will be organized into work packages, will require around 18 months. In February and March 2011 initial meetings were held with Scott Wilson with the aim of handing over and discussing the data requested during the tender process. The following work packages have been embarked on: the WP0 Input review, the WP1 Traffic forecast and the WP8 Environmental Impact Study. During the meetings Fiumicino airport and the existing configuration of all its sub-systems were presented, and the various issues relating to traffic forecasting, operations, finance and tariffs were dealt with, with the aid of the relevant authorities.
Meetings were also held with ENAV (the entity responsible for air traffic control in Italy), Alitalia and other major carriers operating at Fiumicino in order to obtain the necessary input for preparation of the Master Plan.

Technical and IT services

During the first quarter of 2011 the following activities aimed at upgrading and ensuring the reliability of company application systems and ICT infrastructures were carried out:

- makeover of the Company’s websites: a project regarding the technical and graphical makeover of the Company’s websites continued, with the adoption of “mobile” tools accessible from cell phones. The first releases are scheduled from the second half of 2011;
- CDM (Collaborative Decision Making): preparations for the purchase of an IT platform to support a new airport operating system, named A-CDM (Airport Collaborative Decision Making), were completed. The new system, which has been agreed on at European level by Eurocontrol, adopts a global overview of all the processes specific to the various players (the management company, air traffic controllers, handlers, airlines, etc.) who take part in running the airport;
- review of ICT “operations”: an "operations" transformation program is in progress, which saw the launch of incident management procedures supported by the new outsourced call center, and the launch of request fulfillment procedures for ICT user support. Analysis and feasibility studies are underway with regard to the purchase of a new computerized service desk tool, as a natural addition to the procedures already implemented;
- Telepass: a study of the feasibility of adopting the Telepass system (an automated tolling system) for use in the pay car parks is in progress;
- management and monitoring of PRMs in transit: preparations are underway for the provision of assistance to passengers with reduced mobility in transit at Fiumicino airport;
- Oracle upgrade: the Company’s database has been upgraded to the new version of Oracle;
- Websphere upgrade: preparations have begun for the upgrade of the IBM Websphere platform, used as the platform for developing and executing the principal airport applications and for all needs relating to the real-time integration of information systems;
- ADR shops: the “concept” of the new Shop 30 has been completed, with the rollout of a video wall with 8 monitors for the multimedia viewing of retail-related content;
- car parks system: installation of the access system for the new parking area for airport operators (called PR12) at entry point 5 at Fiumicino airport has been completed.

Group personnel

Group headcount at March 31, 2011

Changes in the headcount between the end of 2010 and March 31, 2011 are shown below (the tables include staff who benefit from the Income Support Fund, but not those covered by redundancy schemes).

Headcount	31.03.2011 (*)	31.12.2010 (**)	Change
Managers	41	46	(5)
Supervisors	203	201	2
White-collar	1,805	1,771	34
Blue-collar	562	628	(66)
Total Group	**2,611**	**2,646**	**(35)**
including:			
on permanent contracts	1,984	1,940	44
on temporary contracts	627	706	(79)

(*) including CIGS: n° 93 for ADR SpA - n° 2 for ADR Engineering - n° 1 for ADR Tel

(**) including CIGS: n° 90 for ADR SpA - n° 2 for ADR Engineering - n° 1 for ADR Tel

The reduction of 35 staff breaks down as follows by ADR Group company:

	31.03.2011 (*)			31.12.2010 (**)			change 2011/2010		
Headcount	**CTI**	**CTD**	**Totale**	**CTI**	**CTD**	**Totale**	**CTI**	**CTD**	**Totale**
ADR S.p.A.	1,750	559	2,309	1,704	604	2,308	46	(45)	1
ADR Engineering S.p.A.	36		36	36		36			
ADR Tel S.p.A.	16	1	17	16	1	17			
ADR Advertising S.p.A.	7	1	8	7	1	8			
ADR Assistance S.r.l.	175	66	241	177	100	277	(2)	(34)	(36)
Total Group	**1,984**	**627**	**2,611**	**1,940**	**706**	**2,646**	**44**	**(79)**	**(35)**

(*) including CIGS: n° 93 for ADR SpA - n° 2 for ADR Engineering - n° 1 for ADR Tel

(**) including CIGS: n° 90 for ADR SpA - n° 2 for ADR Engineering - n° 1 for ADR Tel

At ADR Group level, there is a different composition of the mix between permanent and fixed-term staff, whilst the trend at the Parent Company, ADR SpA, was in contrast with the overall trend for the Group. The increase of 46 in permanent staff is due to:

- implementation of the labor union agreement of August 10, 2010, which incorporates legislation governing the conversion of temporary into permanent contracts (up 50);
- the conversion of temporary contracts (up 2);
- the recruitment of specialist staff for Food and Beverage and ICT (up 2);
- intercompany transfers from ADR Assistance (up 1);
- the re-employment of a member of staff in compliance with a court ruling (up 1);
- staff leaving the Group due to resignation, death and dismissal (down 10).

The loss of 2 permanent staff at ADR Assistance Srl is due to the intercompany transfer of one person to ADR SpA and the dismissal of a second, whilst the reduction in fixed-term staff compared with the end of the previous year reflects a normal decline in the volume of business.

There were no changes at other Group companies.

Average Group headcount between January 1 and March 31, 2011

The average headcount in the first quarter of 2011 is 2,300.2 full-time equivalents, broken down by category and type of contract as follows:

Average Group headcount	Jan-Mar 2011	Jan-Mar 2010	Δ
Managers	42.7	44.0	(1.3)
Supervisors	178.8	161.7	17.1
White-collar	1,582.6	1,507.4	75.2
Blue-collar	496.1	514.6	(18.5)
Total Group	**2,300.2**	**2,227.7**	**72.5**
including:			
on permanent contracts	1,796.1	1,682.0	114.1
on temporary contracts	504.1	545.7	(41.6)

and broken down by company as follows:

	Jan-Mar 2011			Jan-Mar 2010			Δ 2011 vs 2010		
Average Group headcount	**Perm. Contract**	**Temp. Contract**	**Total**	**Perm. Contract**	**Temp. Contract**	**Total**	**Perm. Contract**	**Temp. Contract**	**Total**
ADR S.p.A.	1,569.9	461.4	2,031.3	1,458.9	506.0	1,964.9	111.0	(44.6)	66.4
ADR Engineering S.p.A.	34.0		34.0	31.4	0.6	32.0	2.6	(0.6)	2.0
ADR Tel S.p.A.	15.0	1.0	16.0	13.8	2.1	15.9	1.2	(1.1)	0.1
ADR Advertising S.p.A.	7.0	1.0	8.0	6.2	1.8	8.0	0.8	(0.8)	0.0
ADR Assistance S.r.l.	170.2	40.7	210.9	171.7	35.2	206.9	(1.5)	5.5	4.0
Total Group	**1,796.1**	**504.1**	**2,300.2**	**1,682.0**	**545.7**	**2,227.7**	**114.1**	**(41.6)**	**72.5**

The comparison with the same period of the previous year reveals an increase in the Group's average headcount of 72.5 full-time equivalents, largely due to ADR SpA.

The increase of 66.4 full-time equivalents recorded by the Parent Company reflects the combined effect of the following:

- initiatives launched in 2010 and continued in 2011 with a view to boosting and upgrading airport infrastructure (Net, BHS, Terminal 3) and increasing levels of airport security (addition of 50.8 full-time equivalents);
- further initiatives launched during the first quarter of the year with the aim of improving the level of service provided in terminals and maintenance of check-in islands, in addition to responding to the increase in traffic (addition of 23.2 full-time equivalents);
- operational initiatives designed to cut operating staff (a reduction of 7.6 full-time equivalents) adopted during the first quarter.

The increase in full-time equivalents at ADR SpA (up 111.0) compared with the first quarter of the previous year is linked primarily to the labor union agreement of August 10, 2010, which resulted in the conversion of fixed-term contracts into permanent ones in November 2010 and in January of this year, offset by a reduction in the number of fixed-term staff hired.

Productivity within the Group, measured in terms of the number of passengers per full-time equivalent, is up 0.17%, compared with a 3.4% increase in passenger traffic.

Organizational aspects

On March 9, 2011 the Board of Directors of the Parent Company, ADR SpA approved a new organizational structure for the Company, which is more aligned with the multi-business nature of its activities. Two new departments have been created: *Board Relations* and *Strategic Planning and Real Estate*. Human Resources has also taken over the responsibilities of Quality and Environment.

Industrial relations

The restructuring plan launched in 2009 continued during the first quarter of 2011. Ministerial Decree no. 56393 of January 14, 2011 regarding provision of redundancy payments for up to 99 ADR staff from December 1, 2010 to April 14, 2011, was published in Official Gazette no. 24 of January 31, 2011.
The Ministerial Decree of January 14, 2011, regarding provision of redundancy payments for the staff of ADR Tel SpA and ADR Engineering SpA (two people for each company between December 1, 2010 and April 14, 2011) was published in Official Gazette no. 26 of February 2, 2011.

Safety, data protection and corporate social responsibility

In compliance with Legislative Decree no. 196/03 (the Data Protection Code), the Security Planning Document was updated and signed by ADR SpA's Data Manager on March 31, 2011.

Other significant events during the first quarter

Legal and regulatory context

- Extension of terms and airport fees (inflation-linked increase)

Law no. 10/2011, which has converted with amendments Legislative Decree no. 225/2010 relating to the extension of terms provided for under urgent legislative and financial measures regarding taxation and support to companies and households (*Serial Number 53 of Official Gazette no. 47 of February 26, 2011*) into law was published on February 26, 2011. With respect to airport fees and planning agreements, Law no. 10/2011 has confirmed the extension to March 31, 2011 of the terms – pursuant to art. 21-*bis* of Law Decree no. 248/2007, as subsequently amended and added to – established in Law Decree no. 225/2010 regarding the revision of airport fees to bring them into line with the target inflation rate and forfeiture of the revision of fees if the airport operator fails to submit a complete application regarding the drawing up of a planning agreement.

The Prime Ministerial Decree of March 25, 2011, containing a "Further extension of the terms established by the Ministry of Infrastructure and Transport" was published in Official Gazette no. 74 of March 31, 2011. This has extended the term of all legislation regarding airport fees expiring on March 31, 2011 to December 31, 2011 (Law Decree no. 225/10 – Law no. 10/2011). The extension applies to:
1) the deadline for the issue of ministerial decrees fixing airport fees pursuant to Law no. 248/05 and consequently the term within which the Minister raises the fees to align them with the target inflation rate (art. 21-*bis* of Law Decree no. 248/2007, as subsequently amended and added to);
2) the term within which the airport operator forfeits the revision of fees if the operator fails to submit a complete application regarding the drawing up of a planning agreement (art. 21-*bis* of Law Decree no. 248/2007, as subsequently amended and added to);
3) the term of effectiveness of the so-called "tariff freeze", with the accompanying exclusion of its application to the fixing of tariffs for regulated airport services (art. 3.c.1 of Law Decree no. 185/08, as subsequently amended and added to).

- Special planning agreement

Detailed examination of the proposed planning agreement/contract as it relates to the three key aspects of construction services, the financial plan and the actual contractual/legal terms and conditions. At the moment there is no certainty as to when the negotiations will be concluded.

- New edition of Civil Aviation Authority regulations for the certification of handlers

On January 19, 2011 the General Manager of ENAC issued an urgent ruling, consisting of the fourth edition of the Regulations for the Certification of ground handlers.
The principal change introduced by the new edition of the Regulations regards the option, following the full liberalization of handling services at an airport, of capping the number of ground handlers operating at the airport for reasons linked to safety and the availability of space within the airport.

Partly in response to proposals for changes put forward by Assaeroporti and other air transport associations, ENAC's Management Board, at its meeting of March 23, 2011, subsequently approved Revision 1 to the fourth edition of the Regulations. The Revision means that airport management companies are no longer responsible for assessing the compliance of carriers who have opted for self-handling with the certification requirements applicable to ground handlers.

ENAC will now issue a Circular to replace Circular APT-02A, establishing detailed regulations governing the certification of handlers.
As a result, certification of the handlers operating at Fiumicino and Ciampino airports, and their number, may be reviewed by the Civil Aviation Authority offices at the respective airports.

- Application of the new legislative framework regarding civil aviation security

Following the entry into effect of Regulation (EU) no. 185/2010, ENAC's offices at Fiumicino and Ciampino have approved new procedures for the issue airport badges, which came into effect on January 15 and February 3, 2011.

- Decision not to implement Regulation (EU) no. 297/2010 regarding liquids

On March 23, 2011 ENAC announced its decision not to implement Regulation (EU) no. 297/2010, which, from April 29, 2011, has relaxed the restrictions on liquids, gels and aerosols (so-called LAGs) obtained or purchased at a third country airport or on board a third country aircraft being brought into sterile areas or on board aircraft by transit passengers, provided that they are contained in bags that conform to toe recommended security guidelines and the bag displays satisfactory proof of purchase within the preceding thirty-six hours. These regulations require, however, that a certain percentage of the LAGs should be screened for explosives. ENAC will therefore continue to apply the existing restrictions on liquids in accordance with art. 6 of Regulation (EC) no. 300/2008 (stricter measures than those required by the EU's fundamental regulations).

Litigation

On March 1, 2011 the Rome 2 Customs Office began an audit of ADR SpA designed to verify the correct application of regulations governing consumption tax, excise duty and surtax on electricity during the period between 2007 and 2010.
The inspection is linked to the previous audit carried out by the former Tax Office of Rome, which focused on the years between 2002 and 2006. This gave rise to a tax dispute that is still ongoing, with judgment pending before the Supreme Court following appeals filed against the sentences handed down by the Regional Tax Commission, which found in the Company's favor.

There were no other material developments during the first quarter. Details of litigation involving the Group are provided in the consolidated financial statements for the year ended December 31, 2010.

Financial risk update

ADR SpA is assessed by the rating agencies, Standard & Poor's and Moody's.

On January 12 the rating agency, Moody's, downgraded ADR's rating to Ba1 with a "stable" outlook. According to the agency, this downgrade reflects the growing pressures arising as a result of the approaching key deadlines for repayment of existing debt, in view of the continued absence of a new tariff agreement, which is key to the Company's future development.
The downgrade by Moody's has resulted in a light increase in the spread applied to bank borrowings, with an annual impact on the Parent Company's finance costs of approximately 0.3 million euros.

Standard & Poor's has, in contrast, maintained its BB rating with a "negative" outlook, as announced on May 11, 2010.

Regarding the ratings assigned, ADR SpA thus continues to be subject to the trigger event and cash sweep restrictions already activated following Standard & Poor's lowering of its rating on November 30, 2007 (from BBB stable to BBB- stable).

Due to continuation of the cash sweep and trigger event condition, on March 8, 2011 the Parent Company, ADR SpA, submitted a new waiver request to obtain an extension, until the Application Date of September 2011 (inclusive), of the exemption from the consequences of the Trigger Event, with the exception of: the dividend embargo, application of the Cash Sweep (the obligation to use all available cash to repay/collateralize debt), independent audit of the rating restoration plan and financial reporting obligations.
Approval of the waiver was announced on March 21, 2011.

On January 20, 2011 ADR SpA also submitted a waiver request to obtain final confirmation that the line of credit known as the Revolving Facility is also included in the authorization received in February 2010 for the refinancing of the bank loan of 170 million euros through to the application date of September 2011 (inclusive). On March 4, 2011 the Company was notified that the waiver had been approved on the requested terms.

With regard to the extension of availability of the revolving line of credit for a further year with respect to the expiry date of February 2012, a letter of invitation was drawn up on March 21, 2011 and sent to seven major international banks, together with an attached Term Sheet containing the principal terms and conditions of acceptance. At this time the Parent Company has received manifestations of interest sufficient to cover the amount of the requested financing.

Finally, in compliance with the related loan agreement, at the application date of March 2011 ADR SpA used all its available cash at that date, totaling 90.3 million euros to effect early repayment of a portion of the bank loan, which now amounts to a residual balance of 68.0 million euros.

GROUP FINANCIAL REVIEW

Reclassified income statement
(€000)

2010		First Quarter 2011		First Quarter 2010		Change	%
599,733	A.- REVENUES	129,813	100.0%	129,251	100.0%	562	0.4%
7,713	Capitalized costs and expenses	651		1,434		(783)	(54.6%)
607,446	B.- REVENUES FROM ORDINARY ACTIVITIES	130,464		130,685		(221)	(0.2%)
(206,746)	Cost of materials and external services	(46,076)	(35.5%)	(45,974)	(35.6%)	(102)	0.2%
400,700	C.- GROSS MARGIN	84,388	65.0%	84,711	65.5%	(323)	(0.4%)
(120,893)	Payroll costs	(30,732)	(23.7%)	(29,434)	(22.8%)	(1,298)	4.4%
279,807	D.- GROSS OPERATING INCOME	53,656	41.3%	55,277	42.8%	(1,621)	(2.9%)
(110,082)	Amortization and depreciation	(28,968)		(26,928)		(2,040)	7.6%
(12,646)	Other provisions	(609)		(23)		(586)	2547.8%
(6,076)	Provisions for risks and charges	(749)		(1,814)		1,065	(58.7%)
(1,415)	Other income (expense), net	(1,005)		(972)		(33)	3.4%
149,588	E.- OPERATING INCOME	22,325	17.2%	25,540	19.8%	(3,215)	(12.6%)
(72,650)	Financial income (expense), net	(17,851)	(13.8%)	(17,857)	(13.8%)	6	(0.0%)
(534)	Adjustments to financial assests	0		(4)		4	ns
76,404	F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	4,474		7,679		(3,205)	(41.7%)
(17,582)	Extraordinary income (expense), net	211		(143)		354	(247.6%)
58,822	G.- INCOME BEFORE TAXES	4,685		7,536		(2,851)	(37.8%)
(39,877)	Income taxes for the period	(6,070)		(6,992)		922	(13.2%)
2,731	Deferred tax assets	655		549		106	19.3%
21,676	H.- NET INCOME FOR THE PERIOD	(730)		1,093		(1,823)	(166.8%)
	including:						
(637)	- Minority interest	156		(353)		509	(144.2%)
22,313	**- Group interest**	**(886)**		**1,446**		**(2,332)**	**(161.3%)**

In spite of the negative impact of the socio-political crisis in North Africa and the earthquake in Japan, passenger traffic was up 3.4% in the first quarter of 2011.

Due to the continuing absence of a satisfactory tariff framework, the increase did not translate into margin improvements, which were negatively affected by the rising cost of initiatives undertaken during the previous year and continued into early 2011, with the aim of boosting the quality of airport services, such as baggage handling, security, etc..

Group revenues for the first quarter of 2011, amounting to 129.8 million euros, are substantially in line (up 0.4%) with the same period of the previous year, despite the varying performances of the aeronautical (up 1.8%) and non-aeronautical (down 0.9%) components.

Aeronautical revenues directly related to traffic trends performed well, with airport fees rising 3.0%, security service revenues up 2.1% and PRM revenues increasing 10.3%. In contrast, revenues from the centralized management of infrastructures is down 5.0%, reflecting work in progress at Fiumicino, which has reduced usage.

The performance of the non-aeronautical segment was significantly influenced by the reduction of approximately 2 million euros in income from state-funded works, reflecting a decline in investment during the first quarter. After stripping out this component, non-aeronautical revenues are up 1.9%, primarily due to increased sales through directly operated retail outlets (up 6.3%) and growth in income from retail sub-concessions. There were also positive contributions from the management of parking systems (up 2.0%) and of canteens (up 13%). Advertising revenue continued to fall, declining 9.1%.

The total cost of materials and external services, which was in line with the same period of the previous year (up 0.2%), is up 4.8% after stripping out "costs relating to financed works", regarding the portion of state-funded works at departure area F. This performance is primarily due to the following:

- in terms of *raw materials and goods for resale*, increases in the cost of goods for resale and in the cost of purchasing electricity due to rising oil prices;
- in terms of *service costs*, an increase in maintenance expenses (above all with regard to the new Net unit and the related baggage tracking system) and an increase in consultants' fees, linked above all to the issue of airport fees and the regulatory framework.

Payroll costs are up 4.4% due to an increase in the average headcount (up 72.5), partly offset by a reduction in the unit cost of labor.

As a result of the overall 1.9% increase in operating costs[2], compared with revenue growth of 0.4%, gross operating income, totaling 53.7 million euros at the end of the quarter, is down 2.9%.

The 2.0 million euro increase in amortization and depreciation, deriving from the entry into service of new plant and equipment at the end of the previous year, and provisions for doubtful accounts, only partly offset by reduced provisions for risks and charges, has resulted in a more accentuated reduction in operating income (down 12.6% on the same period of 2010) to 22.3 million euros.

Net finance costs of 17.9 million euros are unchanged with respect to the first quarter of 2010, as the slight increase (0.2 million euros) in finance costs resulting from the rise in interest rates was offset in full by an increase in finance income, linked to both the rise in interest rates and an increase in average liquidity.

As a result of the above performance, the ADR Group reports a net loss for the first quarter of 2011 of 0.9 million euros, compared with net income of 1.4 million euros for the same period of the previous year.

[2] Equal to the cost of materials and external services plus payroll costs.

Reclassified balance sheet
(€000)

31-03-2010		31-03-2011	31-12-2010	Change
	A. - NET FIXED ASSETS			
1,936,815	Intangible fixed assets *	1,898,039	1,916,360	(18,321)
174,581	Tangible fixed assets	191,912	188,689	3,223
3,416	Non - current financial assets	2,920	2,938	(18)
2,114,812		2,092,871	2,107,987	(15,116)
	B. - WORKING CAPITAL			
24,776	Inventory	21,449	22,054	(605)
194,593	Trade receivables	170,761	177,246	(6,485)
50,374	Other assets	60,927	60,492	435
(146,332)	Trade payables	(146,125)	(156,387)	10,262
(54,771)	Allowances for risks and charges	(70,567)	(71,796)	1,229
(120,601)	Other liabilities	(126,392)	(120,990)	(5,402)
(51,961)		(89,947)	(89,381)	(566)
	C. - INVESTED CAPITAL, minus			
2,062,851	short-term liabilities (A+B)	2,002,924	2,018,606	(15,682)
28,435	D. - EMPLOYEE SEVERANCE INDEMNITIES	28,516	28,490	26
	E. - INVESTED CAPITAL, minus short-term			
2,034,416	**liabilities and E.S.I. (C-D)**	**1,974,408**	**1,990,116**	**(15,708)**
	financed by:			
	F. - SHAREHOLDERS' EQUITY			
729,407	- Group interest	749,387	750,273	(886)
463	- Minority interest	335	179	156
729,870		749,722	750,452	(730)
1,477,861	G. - MEDIUM/LONG-TERM BORROWING	1,367,377	1,461,899	(94,522)
	H. - NET SHORT-TERM BORROWING			
	(NET CASH AND CASH EQUIVALENTS)			
30,331	.Short-term borrowing	30,745	23,856	6,889
(203,646)	.Cash and current receivables	(173,436)	(246,091)	72,655
(173,315)		(142,691)	(222,235)	79,544
1,304,546	(G+H)	1,224,686	1,239,664	(14,978)
2,034,416	**I. - TOTALE AS IN "E" (F+G+H)**	**1,974,408**	**1,990,116**	**(15,708)**
1,687,964	*(*) including the value of the concession totaling*	*1,638,680*	*1,651,001*	*(12,321)*

The containment of capital investment and a reduction in trade receivables are the main factors impacting on the level of consolidated invested capital, which is down 15.7 million euros compared with the end of the previous year.

Fixed assets are down 15.1 million euros, as amortization and depreciation for the period exceeded capital expenditure.

Working capital, which is 0.6 million euros lower than at December 31, 2010, also reflects the reduction in capital investment, which led to a decrease in trade payables of 10.3 million euros.
This was fully offset by:

- a reduction of 6.5 million euros in trade receivables, despite the low season, on the back of the collection of amounts due from the Civil Aviation Authority (ENAC) for state-funded works, totaling 11.2 million euros;
- an increase of 5.4 million euros in “other liabilities”, primarily reflecting estimated tax expense for the period.

In terms of the financial structure, the reduction in invested capital was primarily reflected in net debt, which is down 15.0 million euros on the end of the previous year to 1,224.7 million euros as of March 31, 2011. Equity is also slightly down (0.7 million euros) as a result of the net loss for the period.

Consolidated net debt
(€000)

31-03-2010		31-03-2011	31-12-2010	Change
(2,758)	Titles - Bonds	(2,758)	(2,758)	0
280,600	Due to banks	170,116	264,638	(94,522)
1,200,019	Due to other financial institutions	1,200,019	1,200,019	0
1,477,861	**A- MEDIUM/LONG -TERM BORROWING**	**1,367,377**	**1,461,899**	**(94,522)**
10,273	Due to banks	10,543	9,758	785
20,058	Due to other financial institutions	20,202	14,098	6,104
30,331	**Short-Term Borrowing**	**30,745**	**23,856**	**6,889**
(56,334)	Receivables due from others	(56,055)	(55,905)	(150)
(147,312)	Cash on hand and in banks	(117,381)	(190,186)	72,805
(203,646)	**Cash and current receivables**	**(173,436)**	**(246,091)**	**72,655**
(173,315)	**B- NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)**	**(142,691)**	**(222,235)**	**79,544**
1,304,546	**NET DEBT (A+B)**	**1,224,686**	**1,239,664**	**(14,978)**

The reduction in debt is entirely due to the medium/long-term component, which is down 94.5 million euros as a result of:

- repayment of 90.3 million euros of the bank loan on the application date of March 2011;
- reclassification to short-term debt of a 4.2 million euro portion of the Banca BIIS loan maturing in March 2012.

The short-term component of debt is, in contrast, up 79.5 million euros as a result of:

- an increase in bank borrowings of 0.8 million euros, deriving from the increased short-term exposure of the subsidiary undertaking, ADR Advertising SpA; the reclassification of the 4.2 million euro portion of the Banca BIIS loan falling due in March 2012 was offset by repayment of the portion of the BIIS loan, of an equal amount, falling due in March 2011;
- an increase in amounts payable to other lenders in the form of interest accrued during the period and yet to be paid;
- a 72.8 million euro reduction in cash and current receivables, following the above repayment of medium/long-term debt.

Statement of cash flows
(€000)

2010		First Quarter 2011	First Quarter 2010
161,896	**A.- NET CASH AND CASH EQUIVALENTS - opening balance**	**222,235**	**161,896**
	B.- CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
21,676	Net income (loss) for the period	(730)	1,093
110,082	Amortization and depreciation	28,968	26,928
(3)	(Gains) losses on disposal of fixed assets	0	0
515	(Revaluations) write-downs of fixed assets	0	0
46,148	Net change in working capital	566	8,728
(33)	Net change in employee severance indemnities	26	(88)
178,385		28,830	36,661
	C.- CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
	Investment in fixed assets:		
(57,844)	.intagible	(5,182)	(10,629)
(40,615)	.tangible	(8,690)	(11,443)
(86)	.financial	0	(2)
712	Proceeds from disposal, or redemption value of fixed assets	20	1,082
(97,833)		(13,852)	(20,992)
	D.- CASH FLOW FROM (FOR) FINANCING ACTIVITIES		
(11,713)	Repayments of loans	(90,272)	0
(8,500)	Current portion of m/l term financial debt	(4,250)	(4,250)
(20,213)		(94,522)	(4,250)
0	E.- DIVIDENDS PAID	0	0
60,339	F.- CASH FLOW FOR THE PERIOD (B+C+D+E)	(79,544)	11,419
222,235	**G.- NET CASH AND CASH EQUIVALENTS - closing balance (A+F)**	**142,691**	**173,315**

The Group's operating cash flow, after the servicing of debt falling due, amounts to 28.8 million euros compared with the 36.7 million euros of the same period of the previous year, which benefitted from an improved working capital performance.

These internally generated resources still enabled the Group to fully cover the cost of investment during the period, which amounted to 13.9 million euros compared with the 22.1 million euros of the previous year.

The remaining cash, totaling 15.0 million euros, together with cash at the beginning of the period, has permitted the repayment of 90.3 million euros of the bank loan.

Adjusted for the portion of medium-/long-term loans falling due in the short term, amounting to 4.2 million euros, the Group thus recorded a net cash outflow of 79.5 million euros, reducing net cash and cash equivalents to 142.7 million euros as of March 31, 2011.

Analysis of net debt
(€000)

2010		First Quarter 2011	First Quarter 2010
(1,320,215)	**A.- NET FINANCIAL BORROWING - opening balance**	**(1,239,664)**	**(1,320,215)**
279,807	EBITDA	53,656	55,277
28,611	Net change in operating working capital	(3,781)	11,110
(33)	Net change in employee severance indemnities	26	(88)
(1,418)	Other income (exp.), net	(1,005)	(972)
(14,345)	Extraordinary income (exp.), net (*)	211	8,455
(42,670)	Current taxes paid	(142)	(6)
1,155	Other assets/liabilities (included allowances for risks and charges)	(3,839)	(20,773)
251,107	**B.- OPERATING CASH-FLOW**	**45,127**	**53,004**
(98,545)	Capex (tangibles, intangibles and financial)	(13,872)	(22,074)
712	Proceeds from disposal, or redemption value of fixed asset	20	1,082
153,274	**C.- FREE CASH-FLOW**	**31,275**	**32,012**
(72,723)	Financial income (exp.), net	(16,297)	(16,343)
0	Dividends paid	0	0
80,551	**D.- NET CASH-FLOW**	**14,978**	**15,669**
(1,239,664)	**E.- NET BORROWING - closing balance (A+D)**	**(1,224,686)**	**(1,304,546)**

(*) Net, of provision restructuring costs

EVENTS AFTER MARCH 31, 2011

Compared with the same period of 2010, traffic using the Roman airport system during the period January-April 2011 registered the following performance, broken down into segments for Fiumicino and Ciampino, and domestic and international traffic:

Data as of April 30, 2011 and changes with respect to the same period of 2010

	ROME SYSTEM	Fiumicino	Ciampino	Domestic	International
Movements	118.355	101.761	16.594	47.634	70.721
D% vs PY	+0,8%	+1,4%	-2,5%	-3,8%	+4,2%
Mtow	9.201.588	8.321.916	879.672	3.016.270	6.185.318
D% vs PY	+1,0%	+0,7%	+3,9%	-2,5%	+2,9%
Total Pax	12.174.256	10.688.201	1.486.055	4.153.703	8.020.553
D% vs PY	+5,2%	+4,9%	+8,0%	+3,7%	+6,0%
Freight (Kg)	51.820.968	45.657.794	6.163.174	2.264.171	49.556.797
D% vs PY	-2,2%	-3,8%	+12,2%	+23,5%	-3,1%

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

	International	Intl' EU	Intl' Extra EU
Movements	70.721	47.895	22.826
D% vs PY	+4,2%	+5,6%	+1,5%
Mtow	6.185.318	3.366.283	2.819.035
D% vs PY	+2,9%	+6,3%	-1,0%
Total Pax	8.020.553	5.273.718	2.746.835
D% vs PY	+6,0%	+10,7%	-1,8%
Freight (Kg)	49.556.797	10.851.705	38.705.092
D% vs PY	-3,1%	+14,3%	-7,1%

In the first four months of the year the Roman airport system reported further traffic growth, with the number of passengers rising 5.2%. This performance was driven by the rise in international component (up 6.0%, with EU traffic rising 10.7% and non-EU traffic falling 1.8%) and to a lesser extent by the domestic component (up 3.7%).

Compared with the same period of the previous year, passenger traffic at Fiumicino airport during the first four months of 2011 is up 4.9%, with capacity registering a similar trend, resulting in a 1.4% increase in movements and a 0.7% rise in tonnage.
Despite the fact that it benefitted from comparison with the previous year, when traffic fell as a result of the volcanic ash cloud (estimated to have led to the loss of over 230,000 passengers), the April figures continued to reflect the social and political turbulence in North Africa and the ongoing fallout from the earthquake in Japan, which resulted in further cancellations of flights to the destinations involved. This has resulted in the loss of an estimated further 90,000 passengers, in addition to the approximately 100,000 lost in the first quarter.

In terms of network development at Fiumicino, with the start of the summer season and increases in the frequency of flights to certain existing destinations (including those operated by Air Transat to Toronto, easyJet to Amsterdam, Royal Jordanian to Amman, Rossiya Airlines to St. Petersburg, Blu Express to Catania, LuxAir to Luxembourg and Blue Air to Bacau), a number of new routes have been added: China Eastern to Shanghai, Alitalia to Tolouse, Wizz Air to Vilnius and Brno, Swiss to Basle, Meridiana to Lourdes and, finally, Ukraine International Airlines to Ivano-Frankivsk.

During April Ciampino airport recouped the traffic lost in 2010 due to the ash cloud, thanks to continuation of the growth recorded since the beginning of the year. Compared with the same period of the previous year, passenger traffic is up 8.0% over the first four months of 2011, accompanied by a reduction in capacity in terms of movements (down 2.5%), whilst tonnage is up 3.9%.

With regard to the extension of availability of ADR SpA's revolving line of credit, the discussions taking place lead ADR to believe that there are no particular obstacles to the conclusion of an agreement by August of this year.

OUTLOOK

It is not currently possible to predict with any certainty the impact or the duration of the socio-economic upheaval in North Africa or of the fallout from the natural disasters that have hit the Far East, but it is clear that all these events will have a negative effect on future traffic volumes.

Furthermore, the main carrier served by ADR SpA has reduced its market share at Fiumicino and is refusing to pay for certain services rendered by the Company.

Against this worsening backdrop, the Company is studying what measures to take in order to make up for the loss of earnings.

THE BOARD OF DIRECTORS