# Six-month report as of June 30, 2011

www.adr.it

**Aeroporti di Roma Società per Azioni**
Registered office in Fiumicino (Rome) - Via dell'Aeroporto di Fiumicino, 320
Fully paid-in share capital € 62,224,743.00
Company managed and coordinated by Gemina SpA

www.adr.it

## Aeroporti di Roma SpA

*after the General Meeting and the Board meeting of April 15, 2010, the General Meeting of April 13, 2011, the Board meeting of May 9, 2011 and the General Meeting of June 8, 2011*

| **Board of Directors** *(2010-2012)* | |
|---|---|
| *Chairman* | Fabrizio Palenzona |
| *Managing Director* | Giulio Maleci |
| *Directors* | Guido Angiolini *(until April 19, 2011)*<br>Giuseppe Angiolini *(from May 9, 2011)*<br>Carlo Bertazzo *(from May 9, 2011)*<br>Mario Canapini *(from May 5, 2011)*<br>Stefano Cao<br>Beng Huat Ho<br>Enzo Mei<br>Gianni Mion<br>Aldo Minucci *(until April 28, 2011)*<br>Piergiorgio Peluso *(until April 14, 2011)*<br>Clemente Rebecchini<br>Paolo Roverato<br>Marco Troncone *(until April 20, 2011)* |
| *Secretary* | Antonio Sanna |

| **Board of Statutory Auditors** *(2010-2012)* | |
|---|---|
| *Chairman* | Maria Laura Prislei |
| *Statutory Auditors* | Luca Aurelio Guarna<br>Silvano Montaldo<br>Enrico Proia<br>Mario Tonucci |
| *Alternate Auditors* | Piero Alonzo<br>Cristiano Proserpio |

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

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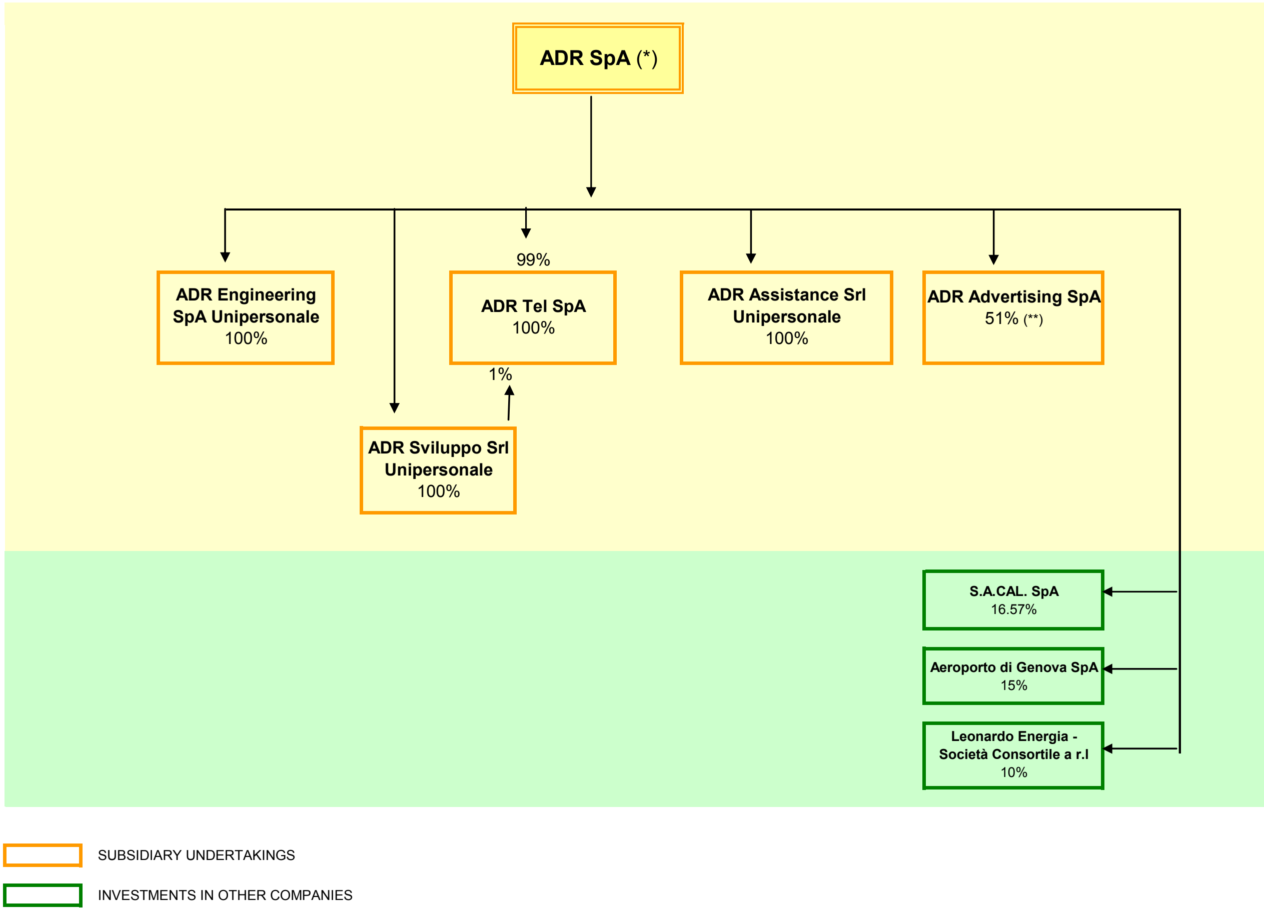
# THE ADR GROUP AS OF JUNE 30, 2011




(*) ADR SpA also a 25% holding in the E.T.L. - European Transport Law Consortium
(**) of ordinary share capital

# HIGHLIGHTS

The following table summarizes main traffic data for the first half of the year for Rome's airport system and shows changes with respect to the first half of 2010.

## TRAFFIC PERFORMANCE

| *Traffic component* | SYSTEM (°) | % change |
|---|---|---|
| *Movements (no.)* | 186,852 | +1.1% |
| *Aircraft tonnage (tons)* | 14,519,644 | +1.2% |
| *Total passengers (no.)* | 19,875,247 | +5.4% |
| *Total cargo (kg)* | 80,602,377 | (3.8%) |

*(°) Fiumicino + Ciampino*

The following table summarizes key economic, financial and operational data for the ADR Group for the first half of 2011.

## ADR GROUP

| *Key consolidated economic, financial and operational data (€000)* | | | |
|---|---|---|---|
| | *H1 2011* | *2010* | *H1 2010* |
| *Revenues* | 290,930 | 599,733 | 281,607 |
| *EBITDA* | 132,844 | 279,807 | 127,076 |
| *EBIT* | 63,480 | 149,588 | 65,469 |
| *Net income (loss):* | | | |
| *minority interest* | 308 | (637) | (103) |
| *Group share* | 10,213 | 22,313 | *610* |
| | | | |
| *Investments (including the portion charged to the Civil Aviation Authority)* | 33,325 | 106,702 | 61,049 |
| | *June 30, 2011* | *Dec 31, 2010* | *June 30, 2010* |
| *Invested capital* | 1,956,372 | 1,990,116 | 2,007,334 |
| *Shareholders' equity (including minority interest)* | 761,153 | 750,452 | 729,284 |
| *Group shareholders' equity* | 760,666 | 750,273 | 728,571 |
| *Net debt* | 1,195,219 | 1,239,664 | 1,278,050 |
| | | | |
| *Headcount at end of period* | 2,701 | 2,646 | 2,752 |

| *Ratios* | *H1 2011* | 2010 | *H1 2010* |
|---|---|---|---|
| EBITDA/Revenues | 45.8% | 46.7% | 45.1% |
| ROS | 21.8% | 24.9% | 23.2% |
| ROI | 3.2% | 7.4% | 3.2% |
| ROE | 1.4% | 3.0% | 0.1% |
| Net earnings per share (€) | 0.2 | 0.4 | 0.0 |
| | | | |
| Group shareholders' equity per share (€) | 12.2 | 12.0 | 11.7 |
| Net borrowing/Shareholders' equity | 1.6 | 1.7 | 1.8 |
| Net borrowing/EBITDA[1] | 4.2 | 4.4 | 4.7 |
| Net finance expense/Revenues | 12.3% | 12.1% | 12.8% |
| Equity/Fixed assets | 37% | 36% | 34% |

[1] The ratio is calculated on an annual basis by adding together EBITDA from the second half of the previous year and EBITDA from the first half of the year.

| Ratios | H1 2011 | 2010 | H1 2010 |
|---|---|---|---|
| | | | |
| Investment per passenger (€) | 1.7 | 2.6 | 3.2 |
| | | | |
| Accounts receivable turnover (accounts receivable at end of period/revenues *365 days) | 110 | 108 | 126 |
| Accounts payable turnover (accounts payable at end of period/costs and investments *365 days) | 197 | 185 | 195 |
| | | | |
| Average revenue per passenger (€) | 15 | 15 | 15 |
| Average revenues per employee (€000) | 124 | 254 | 123 |
| No. of passengers/ Average headcount | 8,459 | 17,358 | 8,249 |

The following table summarizes key economic, financial and operational data for the first half of 2011 for ADR SpA.

## ADR SpA

| *Key economic, financial and operational data* *(€000)* | | | |
|---|---|---|---|
| | *H1 2011* | *2010* | *H1 2010* |
| *Revenues* | 288,780 | 596,340 | 280,014 |
| *EBITDA* | 131,028 | 276,535 | 125,780 |
| *EBIT* | 61,695 | 147,670 | 65,081 |
| *Net income (loss)* | 9,533 | 21,267 | 419 |
| | | | |
| *Investments (including the portion charged to the Civil Aviation Authority)* | 33,626 | 108,063 | 62,270 |
| | | | |
| | *June 30, 2011* | *Dec 31, 2010* | *June 30, 2010* |
| *Invested capital* | 1,990,622 | 2,029,644 | 2,046,117 |
| *Shareholders' equity* | 795,418 | 785,705 | 764,857 |
| *Net debt* | 1,195,204 | 1,243,939 | 1,281,260 |
| | | | |
| *Headcount at end of period* | 2,312 | 2,308 | 2,379 |

| Ratios | H1 2011 | 2010 | H1 2010 |
|---|---|---|---|
| | | | |
| EBITDA/Revenues | 45.4% | 46.4% | 44.9% |
| ROS | 21.4% | 24.8% | 23.2% |
| ROI | 3.1% | 7.2% | 3.1% |
| ROE | 1.2% | 2.7% | 0.1% |
| Net earnings per share (€) | 0.2 | 0.3 | 0.0 |
| | | | |
| Shareholders' equity per share (€) | 12.8 | 12.6 | 12.3 |
| Net borrowing/Shareholders' equity | 1.5 | 1.6 | 1.7 |
| Net borrowing/EBITDA[2] | 4.2 | 4.5 | 4.8 |
| Net finance expense/Revenues | 12.4% | 12.1% | 12.9% |
| Equity/Fixed assets | 37% | 37% | 35% |
| | | | |
| Investment per passenger (€) | 1.7 | 2.6 | 3.3 |
| | | | |
| Accounts receivable turnover (accounts receivable at end of period/revenues *365 days) | 110 | 108 | 126 |
| Accounts payable turnover (accounts payable at end of period/costs and investments *365 days) | 199 | 179 | 196 |
| | | | |
| Average revenue per passenger (€) | 15 | 15 | 15 |
| Average revenues per employee (€000) | 141 | 291 | 140 |
| No. of passengers/ Average headcount | 9,674 | 19,966 | 9,407 |

[2] The ratio is calculated on an annual basis by adding together EBITDA from the second half of the previous year and EBITDA from the first half of the year.

# MANAGEMENT REPORT ON OPERATIONS

# GROUP OPERATING REVIEW

## INTRODUCTION

In the first six months of 2011 passenger traffic registered growth slightly above projections, rising 5.4%. Without taking into account the effects of the volcanic ash cloud that penalized, albeit marginally, the performance registered in the first half of 2010, the above result is nevertheless encouraging, given that the impact of the negative factors (political upheaval in North Africa and the earthquake in Japan) that had repercussions on the traffic performance registered in the first quarter of 2011 continued in the second quarter of the year.
The passenger traffic performance, which was below the national average (up 9.2%[3] in the first five months of the year), was accompanied by increases in movements (up 1.1%) and aircraft tonnage (up 1.2%), and also benefited from an improvement in the load factor (up 2.4%) compared with the same period of 2010.

Revenues of 290.9 million euros are up 3.3%, thanks to the contribution from the aeronautical segment (up 5.3%), and to a lesser extent (up 1.2%) from sales of non-aeronautical products and services.

Operating costs were slightly up on the first half of 2010 (up 0.4%), despite pressure on payroll costs and operating costs deriving from the entry into service of new equipment essential to improving service quality.

The favorable relationship between revenue performance and operating costs is reflected in EBITDA, which has improved both in absolute terms (up 4.5%) and as a margin (rising from 45.1% to 45.7%). However, the increase in amortization and depreciation and provisions for risks and charges led to a downturn in EBIT, which amounts to 63.5 million euros, representing a decrease of 3.0%.

Investment of 33.3 million euros was carried out during the first half of the year, primarily concentrated on extraordinary maintenance activities and renovation of plant and infrastructure. The decrease of 27.7 million euros compared with the first half of 2010 is due to the execution of important works in the first part of the previous year, aimed at improving the baggage handling service and completing work on the new departure area F (formerly Pier C), which proceeded ahead of schedule.

The decrease in capital investment and careful management of working capital enabled a substantial reduction in net debt (down 44.4 million euros) compared with the end of 2010. Operating cash flow for the first half amounts to around 80 million euros, following early repayment, in March, of 90.3 million euros of the outstanding Term Loan Facility. The remaining amount of 68.0 million euros falls due in February 2012.

On the tariff and concession front, after intense negotiations that were conducted throughout the first half of the year, supported by Gemina SpA, in early July ADR SpA submitted a further proposed agreement to the Civil Aviation Authority covering all the main legal, financial and infrastructural aspects.

At a meeting of the Board of Directors of the Civil Aviation Authority on July 18, 2011 the main points contained in the above document were approved, thus enabling continuation of the dialogue in order to achieve final approval by the Civil Aviation Authority.
The procedure also provides for consultation with airport users, approval of the new agreement by the relevant ministries and final approval with a Prime Ministerial Decree.

[3] Source: Assaeroporti

## BACKGROUND

# Analysis of economic trends

According to estimates[4] made by the International Monetary Fund (IMF), global GDP grew 4.3% in the first quarter of the year, substantially in line with forecasts for 2011 as a whole. However, unexpected weakness in the US economy, coupled with renewed volatility in financial markets arising from concerns about the financial situation in peripheral euro zone countries, suggest that additional growth will continue to be jeopardized. Therefore, the global economic recovery might slow down compared with the previous year.

In the first quarter of 2011 (latest available data), the US economy grew 1.9%. US GDP growth should reach 2.5% in 2011, down on previous estimates primarily due to the sluggish real estate market, lower than expected tax revenues and the additional shock deriving from commodity price hikes against a backdrop of tighter credit conditions. A great deal of attention is still focused on the US deficit and the solutions put forward to balance public finances with a view to averting the danger of default, which would have catastrophic consequences for the world economy.

The World Bank forecasts growth of 6.3% for developing economies this year, compared with 7.3% in 2010. The impact of the earthquake in Japan on March 11 and political unrest in the Arab world have significantly undermined growth in the countries concerned. The IMF has radically revised down its 2011 growth forecast for Japan from a positive 1.4% to a negative 0.7%, due to the repercussions of the earthquake on the Japanese economy. However, growth in the world's third largest economy should pick up in the second half the year when the positive effects of reconstruction expenditure will start to be felt.

The International Energy Agency has once again raised its projections regarding world oil consumption (up 1.4%), with an expected average consumption of 89.3 million barrels per day. According to the agency, which reports to the OECD, demand is set to rise by an average 1.3% per year through 2016, despite a higher than forecast average price which will remain above 100 dollars per barrel.

In the first quarter of 2011 GDP growth in the euro area was led by France (up 0.9%) and above all Germany (up 1.5%), which had returned to pre-crisis levels.

In 2011 Italy will register 1% growth according to the World Economic Outlook of the IMF, which slightly revised down (by 0.1%) the previous estimate published in April. First-quarter GDP was up 0.1% on the fourth quarter of 2010 (compared with Germany's 1.5% and 0.8% for the euro zone as a whole), with industrial output largely at a standstill (down 0.1%).

# Legal and regulatory context

- Extension of terms and airport fees (alignment with inflation)

On February 26, 2011, Law no. 10/2011, which converts with amendments Legislative Decree no. 225/2010 regarding extension of terms provided for under urgent legislative and financial measures regarding taxation and support to companies and households (*Ordinary Supplement no. 53 of Official Gazette no. 47 of February 26, 2011),* was published. With respect to airport fees and the planning agreement, Law no. 10/2011 confirms extension of the terms to March 31, 2011 – pursuant to art. 21 *bis* of Legislative Decree no. 248/2007 and subsequent amendments and additions – established by Legislative Decree no. 225/2010 regarding alignment of airport fees 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.

[4] Source: Centro Studi Confindustria; BCE (European Central Bank); IMF (International Monetary Fund); Bank of Italy.

The Prime Ministerial Decree of March 25, 2011 relating to "Further extension of terms regarding the Ministry of Infrastructure and Transport" was published in Official Gazette no. 74 of March 31, 2011. This Decree extends until December 31, 2011 all legal provisions regarding airport fees expiring on March 31, 2011 (Legislative Decree no. 225/10 – Law no. 10/2011), including:

1) the deadline for issuing Ministerial Decrees regarding definition of airport fees pursuant to Law no. 248/05, and consequently the period within which the Minister intervenes to align fees with the target inflation rate (art. 21 *bis* of Legislative Decree no. 248/07 and subsequent amendments and additions);
2) the period after which revision of fees is forfeited if the airport operator fails to submit a complete application regarding the drawing up of a planning agreement (art. 21 *bis* of Legislative Decree 248/07 and subsequent amendments and additions);
3) the period of application of the so-called "tariff freeze" regulation, with exclusion at the same time of its application to the tariff regulation of regulated airport services (art. 3, paragraph 1, of Legislative Decree 185/08 and subsequent amendments and additions).

- Special planning agreement

Following a meeting with the Civil Aviation Authority subsequent to the proposals submitted in 2010 (in August, October and December) regarding all the aspects regulated by the new draft agreement (infrastructural, financial and legal), a further proposal was sent to the concession provider on July 8, 2011, supplemented by an additional communication sent on July 15, 2011, which formalizes the recommendations that arose from these investigations.
On conclusion of a meeting of its Board of Directors on July 18, 2011, the Civil Aviation Authority issued a statement approving these principles. This opens a delicate phase of checking the financial and operating data provided by ADR SpA in the documentation submitted with a view to sharing the Business and Financial Plan for the period up to expiry of the concession and the amount of tariff increases.

- New edition of Civil Aviation Authority Regulations regarding the certification of handlers

On January 19, 2011, with an urgent measure from the Director General, the Civil Aviation Authority issued the fourth edition of the Certification Regulations regarding airport handling service providers.
The main innovation in the new edition of the Regulations regards the possibility – subsequent to liberalization of handling services at an airport – to restrict the maximum number of handlers for reasons relating to safety and availability of space at the airport.
Subsequently, and also in the light of amendments proposed by Assaeroporti and other air transport industry associations, the Civil Aviation Authority adopted revised version 1 of the fourth edition of the Regulations at a meeting of its Board of Directors on March 23, 2011. This revised version removes the airport operator's obligation to check self-handlers' compliance with service provider certification requirements.
The issue of a Civil Aviation Authority Memorandum that will replace Memorandum APT-02A and set out detailed certification regulations for handlers is awaited.
Consequently, the certification of handlers operating at Fiumicino and Ciampino airports, and their current number, could be reviewed by the respective Civil Aviation Authority airport managements.

- Application of the new legislative framework regarding civil aviation security

Following implementation of Regulation (EU) no.185/2010, the Fiumicino and Ciampino offices of the Civil Aviation Authority have approved the new airport badge procedures, which came into force on January 15 and February 3, 2011, respectively.

- Waiver of application of Regulation (EU) no. 297/2010 regarding liquids

On March 23, 2011 the Civil Aviation Authority announced the waiver of Regulation (EU) no. 297/2010 which, as of April 29, 2011, allows liquids, aerosols and gels (LAG) obtained or purchased at an airport or on board an aircraft from a third country to be carried in sterile areas or on board transit passengers' aircraft, as long as such items are wrapped in approved plastic bags and proof of purchase within the previous 36 hours is provided. However, this regulation still provides for the screening of a percentage of these items for the purposes of explosive detection. Therefore, the Civil Aviation Authority will continue to maintain the current restrictions on liquids via application of the provisions of art. 6 of Regulation (EC) no. 300/2008 (stricter measures than the common basic standards).

# ACTIVITIES

In the first six months of 2011 Group turnover amounts to 290.9 million euros, and breaks down as follows:

| (in millions of euros) | | First Half 2011 | | First Half 2010 | change % |
|---|---|---|---|---|---|
| Airport Charges | | 85.2 | | 81.4 | 4.6% |
| Centralized Infrastructures | | 18.5 | | 16.7 | 10.7% |
| Security | | 32.9 | | 31.4 | 5.0% |
| other (PRM services, check in desks, etc) | | 14.3 | | 13.8 | 3.6% |
| **AERONAUTICAL REVENUES** | | **150.9** | | **143.3** | **5.3%** |
| "Duty free" and "duty paid" | | 41.0 | | 38.8 | 5.7% |
| Sub-concessions and utilities | | | | | |
| - sub-concession and utilities | 29.1 | | 28.3 | | 2.8% |
| - commercial activities in sub-concession | 27.2 | | 24.7 | | 9.8% |
| | | 56.3 | | 53.1 | 6.0% |
| Parking | | 15.2 | | 14.8 | 3.1% |
| Advertising | | 9.9 | | 10.8 | (8.7%) |
| Catering activities | | 3.8 | | 3.4 | 10.2% |
| State-financed works | | 2.7 | | 4.7 | (42.4%) |
| Other (maintenance, other revenues form sales, cleaning, IT services, etc) | | 11.1 | | 12.8 | (13.4%) |
| **NON AERONAUTICAL REVENUES** | | **140.0** | | **138.3** | **1.2%** |
| **TOTAL REVENUES (*)** | | **290.9** | | **281.6** | **3.3%** |

(*)
Revenues net of state -financed works 288.2 276.9 4.1%

# Aeronautical activities

## Air traffic

At global level, in the first five months of 2011 (latest available data), the air transport industry reported an improvement in passenger traffic of 6.5%. In the same period, the European market reported a 10.2% rise in the number of passengers, partly benefiting from the recovery from the effects of the volcanic eruption in Iceland that negatively impacted volumes in April 2010.

In Italy, in the same period, a 9.2% increase in traffic was reported, which is better than the overall global performance.

**Passenger traffic - monthly percentage increases compared with the previous year**

| | Jan 2011 | Feb 2011 | Mar 2011 | Apr 2011* | May 2011* | Jan–May 2011 | June 2011* |
|---|---|---|---|---|---|---|---|
| WORLD (a) | 6.5% | 3.9% | 2.5% | 11.0% | 6.6% | 6.5% | n. a. |
| Europe (a) | 7.3% | 4.9% | 3.4% | 27.3% | 8.0% | 10.2% | n. a. |
| Italy (b) | 10.7% | 4.7% | 5.7% | 19.6% | 5.6% | 9.2% | n. a. |
| **FCO + CIA** | **6.3%** | **2.8%** | **1.6%** | **9.9%** | **4.9%** | **5.2%** | **6.5%** |

SOURCE: (a) ACI World Traffic Monthly Report (*) ACI Pax Flash Report
(b) ASSAEROPORTI

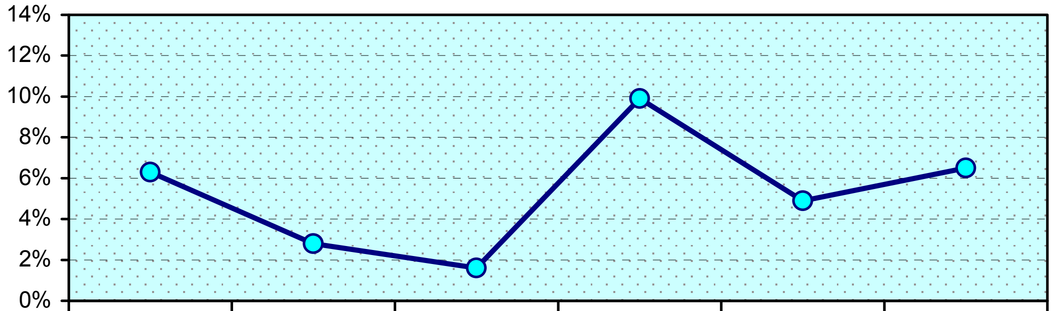
## The Roman airport system

During the first six months of 2011 the main European airports[5] achieved the following passenger traffic results: Amsterdam (up 13.4%), London (up 9.5%), Frankfurt (up 9.2%), Paris (up 7.0%) and Madrid (up 1.3%). During the same period the Roman airport system, which was less affected than Europe's other main airports by the volcanic eruption in 2010, registered an increase of 5.2%.

Monthly performances are shown in the following graph:

**THE ROMAN AIRPORT SYSTEM**

**Total Passengers – Monthly percentage changes compared with the previous year**




| | JAN | FEB | MAR | APR | MAY | JUNE |
|---|---|---|---|---|---|---|
| D% vs. AP | 6,3% | 2,8% | 1,6% | 9,9% | 4,9% | 6,5% |

The traffic performance of the Roman airport system in the first half of 2011, especially regarding the non-EU segment, was affected by two international events.

The social and political instability that affected several North African countries from the end of January led to a decrease in traffic in the Mediterranean area, while the earthquake in Japan in March, and the consequent nuclear emergency, impacted routes to the Middle East.
These two events that occurred in the early months of the year are still having an impact on non-EU traffic at Fiumicino: total losses thus incurred at the airport are estimated at around 340,000 passengers and more than 2,000 movements in the first half of the year.

Despite these events, passenger traffic at Rome's two airports rose 5.4% compared with the first half of 2010, which it should be recalled in April was penalized by the effects of the volcanic ash cloud with substantial repercussions on European traffic and losses at the Roman airport system estimated at around 300,000 passengers and more than 2,000 movements.
It should be pointed out that growth at the Roman airport system in the first five months of the year – even excluding the "ash cloud" effect – was lower than the increases registered at other Italian airports (a rise of 4.9% compared with total growth of 9.2% at all Italian airports), bearing witness, after several years of leadership at national level, to the emergence of the first effects arising from the problem of capacity saturation.

Information regarding trends in traffic components is provided below.

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[5] Source: *Airport Council International; Rapid Data Exchange Program*.

***Data up to June 30, 2011***

| | ROME SYSTEM | Fiumicino | Ciampino | Domestic | International |
|---|---|---|---|---|---|
| **Movements** | 186.852 | 159.999 | 26.853 | 74.845 | 112.007 |
| D% vs PY | +1,1% | +1,2% | +0,8% | -2,5% | +3,7% |
| **Mtow** | 14.519.644 | 13.136.388 | 1.383.256 | 4.706.047 | 9.813.597 |
| D% vs PY | +1,2% | +0,6% | +6,9% | -1,0% | +2,3% |
| **Total Pax** | 19.875.247 | 17.560.191 | 2.315.056 | 6.698.736 | 13.176.511 |
| D% vs PY | +5,4% | +5,1% | +7,8% | +4,8% | +5,8% |
| **Freight (Kg)** | 80.602.377 | 71.001.619 | 9.600.758 | 3.365.614 | 77.236.763 |
| D% vs PY | -3,8% | -5,6% | +11,9% | +20,3% | -4,6% |

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

| | International | Intl' EU | Intl' Extra EU |
|---|---|---|---|
| **Movements** | 112.007 | 76.353 | 35.654 |
| D% vs PY | +3,7% | +5,6% | -0,2% |
| **Mtow** | 9.813.597 | 5.356.959 | 4.456.638 |
| D% vs PY | +2,3% | +5,7% | -1,6% |
| **Total Pax** | 13.176.511 | 8.660.506 | 4.516.005 |
| D% vs PY | +5,8% | +10,1% | -1,7% |
| **Freight (Kg)** | 77.236.763 | 16.438.226 | 60.798.537 |
| D% vs PY | -4,6% | +9,5% | -7,8% |

At **Fiumicino** traffic registered a 5.1% increase in passengers, together with a rise in capacity in terms of movements (up 1.2%) and aircraft tonnage (up 0.6%). The load factor stood at 67.9%, registering an increase of 2.6 percentage points on the first half of 2010.

Breakdowns for the different areas are as follows:

Domestic traffic: This segment saw an overall increase in passengers of 4.2%, whilst capacity registered decreases in movements (down 2.0%) and aircraft tonnage (down 1.5%). This segment, representing 35.6% of total passenger traffic, reported the following:

- Alitalia (73.8% of passenger market share): the carrier reported an increase in passengers (up 2.8%), while capacity fell in terms of movements (down 3.7%) and aircraft tonnage (down 3.2%);
- other carriers (26.2% of passenger market share): other carriers reported growth in passengers (up 8.3%), as well as in movements (up 2.2%) and aircraft tonnage (up 3.1%).

International European Union traffic: This segment registered increases in passengers (up 11.8%) and capacity (movements up 6.2% and aircraft tonnage up 6.0%). This segment, representing 39.0% of total passenger traffic, reported the following:

- Alitalia (26.0% of passenger market share): the carrier reported an increase in passengers (up 12.0%) and capacity in terms of both movements (up 2.0%) and aircraft tonnage (up 5.5%);
- other carriers (74.0% of passenger market share): the other carriers also reported increases in passenger traffic, amounting to 11.7%, and in capacity (movements up 7.8% and aircraft tonnage up 6.2%).

International traffic outside the European Union: This segment registered decreases in passengers (down 2.6%) and capacity (movements down 1.0% and aircraft tonnage down 2.2%). As already mentioned, this segment was negatively impacted by the events in North Africa and the earthquake in Japan. Discounting these effects, the number of passengers would have increased by around 4.8%.
This segment, representing 25.4% of total passenger traffic, reported the following:

- Alitalia (38.1% of passenger market share): the carrier registered a reduction in passenger traffic (down 2.1%), while movements fell (down 1.9%) and aircraft tonnage rose slightly (up 0.6%);
- other carriers (61.9% of passenger market share): other carriers registered a decrease in passengers (down 2.9%), as well as reductions in movements (down 0.5%) and aircraft tonnage (down 3.8%).

In the first half of 2011 Fiumicino continued to develop its network, with a series of new routes and destinations.

| *segment* | | *carrier* | *destination* |
|---|---|---|---|
| Domestic | new daily flights | Alitalia | Salerno |
| | | Blu-Express | Reggio Calabria |
| | increases in frequency | Blu-Express | Catania |
| EU | new routes | Alitalia | Toulouse |
| | | Wizz Air | Vilnius, Brno and Tirgu Mures |
| | | Meridiana | Lourdes |
| | | Norwegian | Helsinki |
| | | Carpatair | Iasi |
| | | Blu-Express | Granada |
| | | easyJet | Bristol |
| | | Czech Airlines | Bratislava |
| | | Vueling | Mahon, Menorca |
| | increases in the frequency of existing flights | Alitalia | Malaga |
| | | Malev | Budapest |
| | | easyJet | Amsterdam |
| | | LuxAir | Luxembourg |
| | | Blue Air | Bacau |
| | | Air Berlin | Berlin |
| | | Carpatair | Timisoara |
| Non-EU | new routes | Alitalia | Rio de Janeiro and Beijing |
| | | China Eastern | Shanghai |
| | | Swiss | Basle |
| | | Blu-Express | Bodrum |
| | | Ukraine Int.Airline | Ivano-Frankivsk |
| | increases in existing flights | Alitalia | Newark, Miami, Osaka, Los Angeles and Teheran |
| | | Royal Jordanian | Amman |
| | | Rossiya Airlines | St. Petersburg |
| | | Air Transat | Toronto |
| | | Turkish | Istanbul |

On the other hand, the problems connected with the North African crisis had negative impacts on traffic to and from the affected areas. In particular, the first half of the year saw termination of routes to Tripoli and Benghazi in Libya and Sana'a in Yemen, as well as cutbacks in flights to Egypt, Tunisia and Syria.
The long-haul segment registered a reduction in the frequency of Alitalia flights to Japan, in connection with the earthquake in March and the subsequent nuclear emergency.
The short- and medium-haul segment reported termination of certain routes from Fiumicino to European destinations (e.g. Air Baltic to Vilnius, Vueling to Seville), while at the same time Ryanair started flying these routes from Ciampino airport.

At **Ciampino**, as the limitation of 100 commercial movements per day regarding the airport's operating capacity remained in force, passenger traffic in the first six months of 2011 rose 7.8% compared with the same period of 2010, partly due to the launch of new flights by the airport's main operator, Ryanair (Porto, Volos, Vilnius, Salonika, Memmingen, Tampere, Riga), which was able to exploit some slots that were not used in the first half of 2010.

### Airport fees

In the first six months of 2011 revenues from airport fees amounted to 85.2 million euros, representing an increase of 4.6% with respect to the same period in 2010.

The two principal components, “landing, take-off and parking fees” and “passenger boarding fees”, reported the following performances:

- landing, take-off and parking fees: a 1.5% increase deriving from a 1.1% rise in the number of movements carried out by aircraft with higher average capacity/tonnage, and the fee adjustment applied on January 10, 2011 in line with the target inflation rate (up 1.5%)[6];
- passenger boarding fees: a 6.5% increase deriving from the greater number of passengers boarded (up 5.7%) and the above-mentioned fee adjustment (up 1.5%).

### Management of centralized infrastructures

The management of centralized infrastructures, which is carried out directly by the Parent Company, ADR SpA, reported revenues of 18.5 million euros, representing an increase of 10.7% on the first half of 2010, due to the combined effect of:

- a 34.4% increase in revenues from the baggage handling system primarily connected with the charging of a fee (as of June, but with retroactive effect from January 1, 2011), ratified by the Civil Aviation Authority in a memorandum of May 11, 2011, for use of the new “NET6000” transit baggage handling system, which was built and entered service in 2010.
  Revenues from the use of baggage handling systems were also affected by the greater number of passengers, partly offset by a different distribution of outbound passengers in the various airport areas, which are subject to different unit fees for baggage handling;
- a 4.7% decrease in loading bridge revenues, primarily due to a reduction in domestic aircraft movements and the penalization of certain facilities resulting from works.

### Security

The security activities carried out by the Parent Company, ADR SpA (security checks on passengers, carry-on baggage and checked baggage; explosive detection checks; and on-demand services) generated revenues of 32.9 million euros, an increase of 5.0% on the same period of 2010. This performances is due to passenger traffic growth, partly offset by a decrease in revenues from on-demand services provided at Fiumicino airport.

### Other aeronautical activities

Revenues from other aeronautical activities, totaling 14.3 million euros (up 3.6%), registered the following performances:

- assistance to passengers with reduced mobility (PRM): this activity, carried out by the Parent Company, ADR, via a service contract granted to the subsidiary undertaking, ADR Assistance Srl, registered revenues of 6.7 million euros, up 12.7% on the previous year, deriving from passenger traffic growth and the fee increase applied at Fiumicino airport as of December 2010;
- check-in counters: revenues, amounting to 5.5 million euros, are substantially in line with the same period of the previous year (up 0.3%).

### Operational safety

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 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.

[6] Pursuant to the Ministerial Decree of October 4, 2010 regarding "Revised airport fees for 2010", published in Official Gazette no. 289 of December 11, 2010.

## Real estate management

Revenues from retail sub-concessions, deriving from fees and utilities at Fiumicino and Ciampino airports, amount to 22.3 million euros, registering an increase of 4.9% compared with the first six months of 2010.

This increase is due to the effect of the availability of units under sub-concession agreements at Office Tower 2, which were delivered at various times during 2010, and also to the entry into service of the portion of the cargo building allocated to Flightcare Italia SpA in the capacity of cargo handler in the third quarter of 2010. Higher fees for rentals, utilities and services were also charged to car rental companies following their transfer to Office Tower 2, where the spaces used are almost double in size.

Revenues calculated for sub-concessions on the basis of the volume of activity carried out (oil companies, catering companies, hotels, etc.) amount to 6.8 million euros, down 3.8% on the same period of 2010, but marking a recovery with respect to the first quarter of the year.

This performance is due to:

- jet fuel revenues amounting to 3.2 million euros decreased by 3.5% due to the new unit fee applied which – in compliance with the Civil Aviation Authority criteria that ensure annual alignment with "cost connection" principles for the operator – fell from 3.91 euros to 3.62 euros per cubic meter as of March 1, 2011, as well as an overall decrease in the volumes of fuel supplied;
- an 18.4% decrease in revenues from catering companies, amounting to 0.6 million euros. The recent amicable settlements with the two catering companies operating at Rome's airports (LSG on November 26, 2010 and Servair Chef on June 6, 2011), which has enabled settlement of outstanding receivables and assessment of "flights actually served". Based on the volumes notified, and by applying the unit fee for the current surcharge, revenues obtained are less than the "cost connection" recognized by the Civil Aviation Authority. This gap will be recovered next year;
- a 9.1% reduction in total hotel revenues (amounting to 0.6 million euros) deriving from a lower average occupancy rate and a reduction in the average room rate;
- however, royalties from car rental companies rose 12.9%, equivalent to 1.7 million euros.

## Non-aeronautical activities

Revenues from direct sales and outlets managed by sub-concessionaires increased in the first half of 2011 (up 7.3% in absolute terms, up 1.5% per passenger).

The earthquake in Japan and the North African crisis may have a potential negative impact on non-aeronautical activities in the medium and long term.

Comparison of the average passenger spend takes into account that 2010 was affected by the volcanic ash cloud in April, which was followed by a peak in the average spend.

### Direct sales

Revenues from direct sales in the first half of 2011, amounting to 41.0 million euros, rose 5.7% on the same period of 2011, in line with the growth in outbound passenger traffic (up 5.7%), and compared with a stable average passenger spend of 4.18 euros.

Sales performance was affected by a sharp drop in non-EU passengers, who have a high propensity to spend, resulting in a reduced spend in this segment, primarily regarding sales of tobacco products which have already been hit at European level by anti-smoking campaigns.

In the second quarter of the year, the project to restructure the layout of shop 1 was completed and two shops were turned into duty free outlets (Area C and Pier D), which had a positive effect on sales margins.

The best revenue growth performances were registered by the “Confectionery” (up 14.4%), “Fine Food” (up 12.6%) and “Wine” (up 12.4%) segments. In addition to development programs, this was also due to an increase in the number of carry-on baggage trolleys available for passengers (as of November 2010), which are very useful for shopping.

Regarding marketing activities to support sales in directly managed outlets, the “Good Buy Roma events and promotions” project continued. The following events were organized: Easter egg promotions in April, Mother's Day linked to a soap promotion in May, and a summer promotion of colored watches.

**Outlets managed by sub-concessionaires**

Revenues from outlets managed by sub-concessionaires totaled 27.2 million euros in the first half of 2011, an increase of 9.8% (up 2.4 million euros) compared with 2010; the average passenger spend rose 3.9%.

In the Specialist Retail sector, which registered revenues of 14.4 million euros equivalent to an 11.0% increase (up 5.1% in terms of average passenger spend), the "Luxury" segment performed well with a 7.7% rise in average passenger spend, while the clothing and eyewear segments reported increases in average passenger spend of more than 10%. The "Fine Food" segment did not perform so well, essentially due to closure of two sales outlets in the non-Schengen area for restructuring/change of business.

At the beginning of the year, two changes of business took place at Satellite G: Bongustare in the "Fine Food" segment, and Ducati in the “Gift” segment. Two new retail outlets were opened: a “Solissimo” brand sunglasses shop in the arrivals area at Terminal T1, and “Gamenet”, a games center, on the mezzanine floor of the T1 departure area. Extensions to Prada at the Satellite and Feltrinelli in the air-side area of terminal T3 were completed; seven other outlets were also restructured, including two Nike shops, Swatch, Tie Rack and Furla in the Schengen area, Venchi at Terminal T3 and Vodafone at the T1 departures area.

The "Other Royalties" segment registered revenues of 2.7 million euros, up 10.9% on the same period of 2010, and above the passenger traffic trend.

“Refreshments” revenues amounted to 10.1 million euros, registering an increase of 7.7%; the good performance registered by the refreshment outlet “Antica Focacceria San Francesco”, which opened at the beginning of the year, continued in the second quarter.

Several outlets underwent restructuring and others were opened:
- restructuring of the Autogrill Spizzico outlet was completed at Pier D. After 45 days' closure the new concept Obikà-Mozzarella Bar was opened on April 21. Closure of the outlet undoubtedly led to a contraction in consumption, which was only partly clawed back by activation of a temporary bar and automatic rerouting of customers to other sales outlets in the area;
- on April 1 the Chef Express snack bar ceased operations. After 45 days' closure, the “Vacanze Romane” refreshment outlet was opened on May 20, which in addition to serving beverages and snacks offers a “quick restaurant” service. In this case too, the contraction in revenues was only partly made up for by a temporary kiosk and the automatic redirection of business to the Chef Express outlet located in the same area, which was requested to open round-the-clock, boost capacity and temporarily extend its surface area. These factors ensured continuity and service coverage;
- after around 30 days' closure for restructuring, “Rustichelli & Mangione” reopened at the T1 arrivals area, with a new display counter and a dedicated seating area. Rerouting to the Chef Express outlet, and the opening of a temporary bar enabled reduction of the contraction in consumption;
- the new Time Café in the Epua 2 building was opened near the car rental counters. As well as providing service in the relevant area, this outlet offers a refreshment service to all the operators present in the building;

- in May a Chef Express kiosk was opened at Pier H, quota 2, an area that previously had no refreshment outlets; revenues are on the increase.

As of May, a substantial improvement in performance was registered, both in terms of absolute value and unit revenue.

*Marketing* activities relating to the shopping arcade included setting up of the first phase of the “Frasi celebri” campaign regarding the food sector at the airports. Refreshment outlets featuring food innovation and excellence at the airports were selected and the campaign layout drawn up, highlighting the outlets' "main courses" in order to attract the attention of passengers and tickle their palates, thus persuading them to come to the airport and visit the refreshment outlets. Indeed, the layout includes directions to the outlets and the number of minutes it takes to reach them.
The Shop & Fly program came to an end on June 2, 2011, and June 30 was the deadline for redeeming points and claiming prizes.

### Management of car parks

Management of parking systems generated revenues of 15.2 million euros, up 3.1% on the same period of the previous year. The rise is lower than the increase in the potential market represented by outbound passengers (up 6.7%).

The performances registered break down as follows:
- passenger car parking: revenues of 12.9 million euros (up 1.6%), with a 3.4% decrease in the average outbound passenger spend;
- airport operator car parking: revenues of 2.3 million euros, marking a 12.4% increase.

A program to modify the road network in front of the Leonardo da Vinci Airport Terminal was launched in the first half of the year. The project breaks down into two phases: the first, which was completed at the end of June, radically changed the Arrivals road network, while the second, which will be completed in the first half of 2012, will regard the Departures road network.
The project is aimed at streamlining and significantly reducing vehicle traffic, thus enabling simple and rapid access to the terminal building. Infrastructure works and regulation of parking and access are planned, as well as more information for airport transport customers and operators (buses, chauffeur-driven hire cars, taxis, etc.).

In the second half of the year, infrastructure works will also be carried out on the multi-story car parks in order to improve their overall quality; regulated parking areas will be extended via deployment of parking meters and the airport road network at Ciampino will be modified. A Telepass system will also be introduced at Fiumicino airport.

Regarding marketing activities to promote the Easy Parking brand, in line with the 2011 media plan, web marketing will continue to support the online booking system (BOL) and activities relating to signing agreements with companies and building up the loyalty of travel agents and tour operators. Of particular interest was participation at the BMT Tourism Trade Fair in Naples, and in three roadshows with travel agencies (Rome, Naples and Salerno) to promote the BOL service. The project to upgrade automatic tills aimed at raising brand awareness and standardizing information provided to customers was completed.

### Advertising

In the first half of 2011 revenues from the sale of advertising fell 8.7% compared with the same period of 2010 and amounted to 9.9 million euros, including 1.4 million euros from the sale of advertising in directly managed outlets and 8.5 million euros from the sale of advertising at airports carried out by the subsidiary undertaking ADR Advertising SpA.

The downturn reported in previous years continued, due to the performance of the advertising market as a whole, keen competition from alternative means of communication and specific conditions at Fiumicino airport. Of particular significance were a change in the traffic mix that makes the purchase of advertising space less attractive, and the difficulties experienced by a sub-concessionaire, who went into arrears last year, which led to early termination of the relative contracts and seizure for protective purposes of certain advertising facilities that were therefore not exploited.

**Refreshment outlets and other activities**

Refreshment activities, comprising management of canteens for airport operators, registered revenues of 3.8 million euros, up 10.2% on the first half of 2010 thanks to an increase in the number of meals sold.

Revenues from repayment of state-financed works, net of changes in work in progress, amount to 2.7 million euros compared with 4.7 million euros in the first half of 2010.
"Other activities", with revenues totaling 11.1 million euros, reported the following performances with respect to the same period of the previous year:
- revenues from maintenance provided to third parties, amounting to 4.4 million euros, fell 23.0% (down 1.3 million euros);
- revenues from cleaning and biological wastewater treatment amounting to 1.8 million euros, up 4.8%;
- other sales revenues (fuel, consumable materials, etc.), amounting to 1.3 million euros, up 16.6%.

# Environmental protection

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

Training initiatives included scheduled courses aimed at company departments concerned by EMS. In particular, a training and refresher course for ADR SpA auditors was carried out in March.
Specialized company staff took part in training courses run by external organizations.

With a view to increasing the percentage of waste allocated for recycling, the program regarding development of the sorting of recyclable waste at Fiumicino and Ciampino airports, relating to the portion comprising paper, cardboard, wood and plastic – with collection areas set up near terminals, offices and company canteens – proceeded. During 2011, construction of five new collection areas to serve the terminals at Fiumicino is planned, with a view to increasing the sorting of recyclable waste and ensuring that it is correctly delivered.
In September, SISTRI (waste traceability monitoring system), which was established by a Ministerial Decree from the Ministry of the Environment and Protection of Land and Marine Resources, will start operating at Fiumicino and Ciampino airports.

Data gathering at Fiumicino and Ciampino airports regarding 2010 has been completed, and preparation of the new ADR Environmental Report is in progress.

The "Project regarding quantification of the $CO_2$ emissions deriving from activities at Leonardo da Vinci Airport in Fiumicino" has been completed. The project was checked in June by the certification body, TUV, which is preparing its audit report that will confirm full compliance. By the end of September, the project will have undergone a further check, in order to receive airport carbon accreditation, which has been developed on the basis of the ISO 14064 standard.

Monitoring of air quality at Fiumicino and Ciampino airports has been completed. Aimed at assessing the capacity of the atmosphere to remove pollutants (atmospheric stability), this included measurement of the mixing height to define the climatology of the area.

The National Research Council has produced its final report on the monitoring activities carried out in 2010. The report confirmed the airports' overall compliance with the relative regulations, and suggested continuation of monitoring activities in 2011, which are already underway.

Continuous monitoring of the performance of wastewater treatment plants proceeded at Fiumicino airport – revealing that they are working very well, especially the biological treatment – and reporting concentrations of the main pollutants substantially less than 50% of the legal limits.

Regarding the problem of noise abatement, it should be recalled that on July 1, 2010 the Service Conference set up by the Lazio region to define acoustic zoning for Ciampino airport completed its work. ADR SpA contested the Conference's report, in which it approved the acoustic zoning, before the Lazio Regional Administrative Court. In any case, preliminary activities were launched aimed at identifying buildings that come within the critical area and which might be subject to noise abatement works at ADR SpA's expense, in order to assess the amount and type of work needed to implement noise abatement plans.

## Quality

During the first half of 2011, monitoring of the level of service provided at Fiumicino and Ciampino airports was ensured, in accordance with the 2011 Quality Plan, by means of approximately 15,000 objective controls, based on daily monitoring of the level of quality provided for the main passenger services (check-in, carry-on baggage security checks, baggage claim, punctuality of outgoing flights).

An analysis of quality trends at Fiumicino reports overall compliance with Service Charter indicators, except for international flight check-in procedures. It should also be pointed out that, compared with 2010, great improvements in baggage claim and aircraft punctuality performances were registered. In particular:

- 94.5% of domestic passengers completed check-in procedures within the defined standard of 10 minutes (compared with 87.8% in the same period of 2010), while 84.0% of international passengers completed check-in procedures within 20 minutes (90.8% in the same period of 2010), compared with the set standard of 90%;
- 91.4% of passengers waited no more than 12 minutes for carry-on baggage security checks, 1 percentage point above the service standard published in the Service Charter (94.5% in the first half of 2010);
- the percentage of flights with baggage reclaim times within the set limits was 89.5% for the first and 92.6% for the last piece of baggage (81.4% and 87.2%, respectively, in 2010), compared with the set standard of 90%);
- the percentage of outgoing flights with delays of more than 15 minutes was 17.9% (the standard is 25%), marking an improvement of around 10 percent on the figure registered in 2010.

An analysis of quality trends at Ciampino shows overall compliance with the Service Charter indicators and an improvement across all the processes monitored:

- 93.5% of passengers completed check-in procedures within the defined standard of 20 minutes, marking a substantial improvement on the 60.5% registered in the same period of 2010;
- 99.1% of passengers waited no more than 14 minutes for carry-on baggage security checks, 9 percentage point above the service standard published in the Service Charter (93.9% in the first half of 2010);
- the percentage of flights with baggage reclaim times within the set limits was 96.7% for the first and 98.2% for the last piece of baggage (94.2% and 96.4%, respectively, in 2010);
- the percentage of outgoing flights with delays of more than 15 minutes was 16.1%; the airport thus respected the defined standard for outgoing flights (17%), registering a 6-point improvement with respect to 2010.

## GROUP INVESTMENT

During the period under review, the ADR Group carried out capital investment totaling 33,325 thousand euros (61,049 thousand euros in the same period of 2010) regarding:

| *(in millions of euros)* | Jan.-June 2011 | Jan.-June 2010 | Δ |
|---|---|---|---|
| Works on Luggage plants and new machinery RX | 6.7 | 4.6 | 2.1 |
| The boarding Area E/F (Pier C and 3° BHS) | 6.2 | 11.7 | (5.5) |
| Maintenance works and optimization of terminals | 2.4 | 4.4 | (2.0) |
| Fiumicino - Maintenance works on electrical network and air | 2.0 | 3.7 | (1.7) |
| Interventions on runways and aprons | 1.8 | 4.3 | (2.5) |
| Ciampino: infrastructural works | 1.8 | 0.1 | 1.7 |
| Fiumicino - Maintenance works on plant electromechanical | 1.5 | 3.6 | (2.1) |
| HBS/BHS ex Cargo Alitalia | 1.3 | 1.9 | (0.6) |
| Works on airport road network | 1.2 | 0.0 | 1.2 |
| North Fiumicino: plan for long-term development | 1.1 | 0.0 | 1.1 |
| Fiumicino: Maintenance works on civil works | 1.0 | 1.6 | (0.6) |
| Upgrade of "Satellite" for A380 | 0.6 | 0.9 | (0.3) |
| Fiumicino - Maintenance works on water supply and drainage | 0.5 | 0.7 | (0.2) |
| Acquisition of Plant and machinary | 0.5 | 0.2 | 0.3 |
| Maintenance works on building in subconcession | 0.4 | 0.0 | 0.4 |
| Purchase of plant and machinery | 0.3 | 1.4 | (1.1) |
| Urbanized area west / Aprons "W" 1st phase | 0.2 | 0.5 | (0.3) |
| New Airport (flights low-cost) | 0.1 | 0.0 | 0.1 |
| Baggage HBS transiting AZ | 0.0 | 16.6 | (16.6) |
| Others | 3.7 | 4.8 | (1.1) |
| **TOTAL INVESTMENTS** | **33.3** | **61.0** | **(27.7)** |
| *including:* | | | |
| *- autofinancing* | *30.6* | *56.0* | *(25.4)* |
| *- state-funded* | *2.7* | *5.0* | *(2.3)* |

### Terminals

Construction work continued on departure area F (formerly Pier C), albeit at a slower pace than in the previous year. The slowdown of works with respect to the schedule arose from the need to guarantee expense commitments – for the self-financed portion of works – that are compatible with the Group's upcoming financial commitments. This rebalancing was necessitated by the ongoing uncertainty regarding approval times relating to the planning agreement.

On June 30, 2011, reimbursement of expenses regarding the state-financed portion of works, amounting to 15.6 million euros, was requested from the Civil Aviation Authority, of which 11.9 million euros has already been collected.

The following works are in progress:
- placement of the metal framework comprising the structure above the new pier;
- works relating to the new service tunnel linking the new pier to the existing technical center. In particular, works will soon begin on the section of the service tunnel that crosses the air-side road network in front of Terminal E;
- construction of staircase blocks;
- placement of flooring slabs.

In May, work was resumed at departure area D (formerly Pier B) on building a new air traffic coordination and control room.

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

As part of work on improving the image and functionality of terminals, the group of rest rooms located in departure area D, next to gate D6, was restructured, while the group of rest rooms located in the land-side arrivals area of Terminal 1, next to the airline company offices, is undergoing reconstruction. At Terminal 3, work on extending the security checking area on the East side is nearing completion, while works are in progress on restructuring the adjacent group of rest rooms and handler/CNA offices.

Restructuring work on the new retail outlet managed by the Parent Company, ADR SpA, (shop 30) located in departure area B has been completed; the shop was inaugurated and opened to the public on March 28, 2011.

Regarding integration of the internal and external signage system at terminals, aimed at improving directional information for passengers, the installations connected with the new Polo Bus have been completed.
Infrastructure works have also been carried out to modify the road network in front of terminals (Arrivals) in order to improve traffic flow, rationalize parking and avoid congestion. In early 2012, the Departures road network will also be modified.

**Baggage handling**

In the second quarter of 2011 an important piece of equipment, which was previously used on free loan, was finally purchased for "sorting" baggage at Terminal 5.

Regarding the two baggage handling systems that serve Terminal 3 (formerly Terminals B and C):
- upgrading of the baggage handling system of the former Terminal C has been completed;
- construction of a fourth security check line for the baggage handling system of the former Terminal B has been completed.

Regarding the automated baggage handling system at Terminal 1, for which the executive design has been completed, the previously suspended restructuring works have been resumed in the area that will house the equipment (the former Alitalia cargo warehouse).

**Infrastructures and buildings**

Work at ADR's headquarters to restructure the former Data Processing Center premises, located on the ground floor of Building E, to be used for offices and meeting rooms, has been completed.

At the beginning of February work was completed on upgrading the third and fourth floors of the Epua II building, to which the front desks and back offices of car rental sub-concessionaires were respectively transferred in April, thereby freeing up the areas that were no longer suitable due to growth in business volumes.

Work is in progress at ADR SpA headquarters to install a scale model display, located in the new offices on the ground floor of Building E.

**Runways and aprons**

Preliminary works have been completed on apron 703 in departure area G to accommodate A380 aircraft; on June 6 the inaugural A380 flight was made by the airline Emirates.

Third-phase works to upgrade aprons have been completed.
Planning of extraordinary maintenance work on the northern section of runway 16L34R, and the replacement of steel storm drain grates with spheroidal cast iron ones for aircraft aprons at Fiumicino, have been completed. Extraordinary maintenance of the Delta taxiway, and upgrade of the taxiways in sector 700-800, are in the planning phase.
The project to upgrade runway 2 has been put out to tender.

The program to study and monitor airport pavements (pavement management system), in accordance with the provisions of the Airport Manual, is continuing.

At Ciampino airport, a radical upgrade of taxiway SB was completed in mid-March, ahead of schedule. Work is underway on aprons 400, 500 and 600, with completion expected by the end of the year.
Work has begun on reorganizing the road network in front of the terminal in terms of picking up and dropping off passengers; work is expected to be completed by September 2011.

**Airport Development Plan**

Regarding the call for tenders issued by ADR SpA relating to preparation of the Airport Development Plan through 2044, following the sentence of the Regional Administrative Court which rejected the appeals lodged by Arup and Parson – who came second and third, respectively – on January 25, 2011 ADR SpA signed a contract with Scott Wilson.

Preparation of the Airport Development Plan, which is organized into work packages, is in progress and will last for around 18 months. In February and March 2011, the first meetings were held with Scott Wilson aimed at delivering and discussing the collected data requested during the bid phase. The following work packages were then launched: WP0 Input review, WP1 Traffic forecast, WP8 Environmental Impact Study. At the end of June 2011, Scott Wilson delivered a preliminary report including two options for positioning the new runways. ADR is currently examining this report, including involvement of all the bodies concerned.
Meetings were also held with the Air Traffic Control Authority, Alitalia and the other major carriers operating at Fiumicino airport in order to gather necessary inputs for drawing up the Airport Development Plan.

**Information Technology**

During the first half of 2011 activities aimed at upgrading and ensuring the reliability of company application systems and ICT infrastructures were completed, continued and launched.

- makeover of Company websites: the first phase of the project was completed with the launch of the new website www.adr.it. During the second half of 2011 it is planned to roll out other ADR Group websites and implement “mobile” tools that can be used via cell phones;
- A-CDM (Airport Collaborative Decision Making): a project was launched, and is currently in the detailed analysis phase, regarding development of the IT platform to support the new airport operating process, defined at European level by Eurocontrol, which brings together under one overall vision all the specific procedures that come under the responsibility of the various airport actors (operator, air traffic control, handlers, airlines, etc.);
- review of ICT “operations”: the "operations" transformation program, 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, continued. Analysis and a feasibility study regarding the acquisition of a new computerized service desk tool, as a logical follow-on from the processes already implemented, were completed. Acquisition and configuration of the tool is planned in the second half of 2011;
- telecom network technical facilities: at the same time as the upgrade and environmental improvement activities already underway, a project was launched to eliminate SPOFs (single points of failure) with a view to ensuring extension of the existing level of redundancy to the network as a whole. This long-term project, which will enable significant improvement in the reliability of the airport telecom network, provides for completion of all activities regarding four of the nine existing primary technical facilities during 2011;
- technical upgrades: following completion of the upgrade projects regarding the new Oracle version of the company database and SAP (enhancement package 5), a technical upgrade project was launched relating to the IBM platform Websphere, which is used for the development and execution of the main airport applications and for all IT system real-time integration requirements. Completion of the activities is expected during the second half of 2011;
- car parks system: after completion of construction of the access system to the new airport operators car park (called PR12), work on parking systems relating to the project to modify the airport road network at the arrivals area (the curbside project) is nearing completion, and the technical and operating requirements relating to introduction of the Telepass system at pay car parks have been defined;
- management and monitoring of PRM transit passengers: the project enabling operational management of passengers with reduced mobility in transit at Fiumicino airport has been completed.

## RESEARCH AND DEVELOPMENT

The ADR Group did not carry out any research and development activities in the first half of 2011.

## GROUP PERSONNEL

### Group headcount at June 30, 2011

The change of headcount between December 31, 2010 and June 30, 2011 is broken down in the tables below[7].

| Headcount | 06.30.2011 (*) | 12.31.2010 (**) | Δ |
|---|---|---|---|
| Managers | 42 | 46 | (4) |
| Supervisors | 178 | 201 | (23) |
| White-collar | 1,817 | 1,771 | 46 |
| Blue-collar | 664 | 628 | 36 |
| **Total Group** | **2,701** | **2,646** | **55** |
| *including:* | | | |
| on permanent contracts | 1,888 | 1,940 | (52) |
| on temporary contracts | 813 | 706 | 107 |

(*) CIGS ended with the paasage of mobile n° 93 persons with effect from 15 April 2011

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

| | 06.30.2011 | | | 12.31.2010 (*) | | | Δ 2011 vs 2010 | | |
|---|---|---|---|---|---|---|---|---|---|
| **Headcount** | **Perm. Contract** | **Temp. Contract** | **Total** | **Perm. Contract** | **Temp. Contract** | **Total** | **Perm. Contract** | **Temp. Contract** | **Total** |
| ADR S.p.A. | 1,657 | 655 | 2,312 | 1,704 | 604 | 2,308 | (47) | 51 | 4 |
| ADR Engineering S.p.A. | 34 | | 34 | 36 | | 36 | (2) | | (2) |
| ADR Tel S.p.A. | 16 | | 16 | 16 | 1 | 17 | | (1) | (1) |
| ADR Advertising S.p.A. | 7 | 1 | 8 | 7 | 1 | 8 | | | |
| ADR Assistance S.r.l. | 174 | 157 | 331 | 177 | 100 | 277 | (3) | 57 | 54 |
| **Total Group** | **1,888** | **813** | **2,701** | **1,940** | **706** | **2,646** | **(52)** | **107** | **55** |

(*) CIGS ended with the paasage of mobile n° 93 persons with effect from 15 April 2011

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

At Group level the headcount rose by 55 in the first half of the year (- 52 permanent contracts, + 107 fixed-term contracts), due to growth in operations, which typically occurs during the summer at both ADR SpA and ADR Assistance Srl, and the related use of staff on fixed-term contracts.

Also at Group level, a decrease in permanent contracts was registered, which also occurred at ADR SpA for different reasons, primarily arising from the need to strengthen certain specialized areas of expertise that had been affected by implementation of staff reduction initiatives:
- application of contract legislation regarding conversion of fixed-term into permanent contracts (+ 52 staff)
- permanent employment of staff on permanent contracts (+ 2 staff)
- recruitment of staff with new expertise in the commercial, ICT, and internal audit departments (+ 6 staff)
- transfer within the Group from ADR Assistance (+1 member of staff)
- reincorporation of a member of staff in implementation of a court ruling (+1 member of staff)
- staff redundancies (-93 staff)
- termination of employment due to resignation, decease or dismissal (-16 staff).

At ADR Assistance Srl, the reduction in the number of staff on permanent contracts (- 3 staff) is connected with the termination of employment of two staff and the transfer of staff within the Group.

Changes at other Group companies come within the framework of the Restructuring Plan for 2009–2014.

[7] The breakdown does not include staff covered by redundancy schemes, but does include suspended staff who benefit from the Special Income Support Fund.

## Average Group headcount from January 1 to June 30, 2011

The average headcount in the first half of 2011 is 2,349.7 full-time equivalents, broken down by category and type of contract as follows:

| Average Group Headcount | First Half 2011 | First Half 2010 | Δ |
|---|---|---|---|
| Supervisors | 42.3 | 44.9 | (2.6) |
| White-collar | 178.8 | 165.3 | 13.5 |
| Blue-collar | 1,604.1 | 1,537.1 | 67.0 |
| **Total Group** | 524.5 | 538.1 | (13.6) |
| *including:* | **2,349.7** | **2,285.4** | **64.3** |
| on permanent contracts | 1,797.7 | 1,707.0 | 90.7 |
| on temporary contracts | 552.0 | 578.4 | (26.4) |

and broken down by Group company as follows:

| Average Group Hheadcount | First Half 2011 | | | First Half 2010 | | | Δ 2011 vs 2010 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Perm. Contract | Temp. Contract | Total | Perm. Contract | Temp. Contract | Total | Perm. Contract | Temp. Contract | Total |
| ADR S.p.A. | 1,571.5 | 482.9 | 2,054.4 | 1,484.3 | 519.9 | 2,004.2 | 87.2 | (37.0) | 50.2 |
| ADR Engineering S.p.A. | 34.0 | | 34.0 | 32.5 | 0.6 | 33.1 | 1.5 | (0.6) | 0.9 |
| ADR Tel S.p.A. | 15.2 | 0.8 | 16.0 | 13.9 | 2.6 | 16.5 | 1.3 | (1.8) | (0.5) |
| ADR Advertising S.p.A. | 7.0 | 1.0 | 8.0 | 5.0 | 2.0 | 7.0 | 2.0 | (1.0) | 1.0 |
| ADR Assistance S.r.l. | 170.0 | 67.3 | 237.3 | 171.3 | 53.3 | 224.6 | (1.3) | 14.0 | 12.7 |
| **Total Group** | **1,797.7** | **552.0** | **2,349.7** | **1,707.0** | **578.4** | **2,285.4** | **90.7** | **(26.4)** | **64.3** |

Comparison with the same period of the previous year shows an increase of 64.3 full-time equivalents in the Group's workforce, of which ADR SpA accounts for a large part. For the latter, the increase registered (up 50.2 full-time equivalents) derives from the effect of the programs launched in 2010 and continued in 2011 (up 31.4 full-time equivalents), as well as implementation of further initiatives during the first half of 2011 (up 18.8 full-time equivalents). Also at ADR SpA, the rise in the number of staff on permanent contracts (up 86.9 full-time equivalents) compared with the first half of the previous year is primarily due to general regulations and sectorial agreements regarding stabilization of employment. The higher number of permanent contracts was offset by a decrease in the number of staff recruited on fixed-term contracts.

Compared with the same period of the previous year, Group productivity rose 2.54% (indicator: no. of passengers/full-time equivalents) compared with passenger traffic growth of 5.4%.

## Organizational aspects

At a meeting on March 9, 2011 the Board of Directors of the Parent Company, ADR SpA, approved a new corporate organizational structure that is better suited to the multi-business nature of the Company. Two new departments were established: Relations with the Board of Directors and Strategic Planning and Real Estate. The organizational scope of the Human Resources department, which is now responsible for Quality and the Environment, was also changed.

After this reorganization, the structure of the Commercial Department was also revisited, entailing the establishment of the  Direct Sales Outlets and Category Management and Logistics units. The Real Estate department saw creation of the Real Estate Development and Asset Management units.

At a meeting on May 9, 2011 the Board of Directors of ADR SpA approved the new Regulations of the Investment Committee, thus confirming its investigative and consultative duties on behalf of the Board of Directors.

Moreover, in the first half of 2011 a project regarding the organizational and subsequently functional incorporation of Gemina SpA within ADR SpA was defined. Consequently, the company's administrative office was transferred to Fiumicino on June 1, 2011, while the registered office was transferred on August 1, 2011. As of this date, via a full-service contract, the subsidiary undertaking provides the holding company with all the necessary services to carry out its corporate functions.

**Industrial relations**

The first half of 2011 saw regular continuation of relations with the labor unions, including the signing of agreements regarding sectorial issues.

In this context, and particularly important in terms of increasing labor efficiency, is the union agreement signed on May 23, 2011, which – in the Airport Security sector at Fiumicino and at ADR Assistance Srl – has provided for the launch of fixed-term, part-time contracts during the summer, introducing shifts of four hours.
By using this type of part-time contract, these two organizational sectors, which are characterized by discontinuous and uneven activities throughout the working day, could guarantee more efficient use of staff that also fits in with the managerial requirements of their respective activities.

In May a negotiating table was launched with the regional structures to review current flexibility in the working hours of operational staff, to analyze the effects of the new conditions introduced by collective bargaining regarding the conversion of fixed-term to permanent contracts and to renegotiate previous agreements regarding the performance-related bonus.

**Health and safety at the workplace, emergency management, data protection and corporate social responsibility**

Regarding risk assessment activities, inspections were carried out to identify optical radiation light sources (Section V, Heading VIII of Legislative Decree no. 81/08).

Recording of the security costs to be reported in the Interference Risk Assessment Document (the *DUVRI* introduced by art. 26 of Legislative Decree no. 81/08) were completed.

The final draft of the Organization and Management Model (art. 30 of Legislative Decree no. 81/08) is being prepared.

Regarding management of emergencies, an update of emergency plans and training of 33 new firefighting team members are underway. Scheduled emergency plan drills took place at Fiumicino and Ciampino airports during the period, as well as drills regarding emergency plans for external buildings (Fiumicino site).
New emergency management layouts were also installed at workplaces.

Regarding staff training, the Sicurezza sul Lavoro organization provided 7,374 hours of training to 1,600 participants with an average of 4 hours per person.
Regarding the OHSAS 18001 certification that was awarded in December 2009, the second period check to be carried out by the external organization, Bureau Veritas, is scheduled for September 2011.

**Training and refresher courses**

Training activities during the first half of 2011 were provided to 170 staff, amounting to a total of approximately 432 hours.
Behavioral training included the following courses: *Gearing towards internal customers* and *Retail stories.* These events involved administrative and operational staff for whom internal and external customer relations are important. These programs are financed by Fondimpresa.

Refresher courses and specialized training were provided to 376 staff with a total of 8,582 hours of training financed via Fondimpresa training plans, which respond to operating needs connected with maintenance activities and use of runway and operating area structures, as well as IT requirements, including Excel, AutoCAD and Business Objects courses.

## GROUP FINANCIAL POSITION AND OPERATING RESULTS

### Reclassified consolidated income statement[8]

(in €/000)

| 2010 | | First Half 2011 | | First Half 2010 | | change | % |
|---|---|---|---|---|---|---|---|
| 591,848 | Revenues from sales and services | 288,246 | | 276,950 | | 11,296 | 4.1% |
| 7,885 | Contract work in progress | 2,684 | | 4,657 | | (1,973) | (42.4%) |
| 599,733 | A.- REVENUES | 290,930 | 100.0% | 281,607 | 100.0% | 9,323 | 3.3% |
| 7,713 | Capitalized costs and expenses | 1,550 | | 4,394 | | (2,844) | (64.7%) |
| 607,446 | B.- REVENUES FROM ORDINARY ACTIVITIES | 292,480 | | 286,001 | | 6,479 | 2.3% |
| (206,746) | Cost of materials and external services | (96,504) | (33.2%) | (98,106) | (34.8%) | 1,602 | (1.6%) |
| 400,700 | C.- GROSS MARGIN | 195,976 | 67.4% | 187,895 | 66.7% | 8,081 | 4.3% |
| (120,893) | Payroll costs | (63,132) | (21.7%) | (60,819) | (21.6%) | (2,313) | 3.8% |
| 279,807 | D.- GROSS OPERATING INCOME | 132,844 | 45.7% | 127,076 | 45.1% | 5,768 | 4.5% |
| (110,082) | Amortization and depreciation | (57,772) | | (54,245) | | (3,527) | 6.5% |
| (12,646) | Other provisions | (4,957) | | (699) | | (4,258) | 609.2% |
| (6,076) | Provisions for risks and charges | (6,598) | | (5,459) | | (1,139) | 20.9% |
| (1,415) | Other income (expense), net | (37) | | (1,204) | | 1,167 | (96.9%) |
| 149,588 | E.- OPERATING INCOME | 63,480 | 21.8% | 65,469 | 23.2% | (1,989) | (3.0%) |
| (72,650) | Financial income (expense), net | (35,805) | (12.3%) | (36,035) | (12.8%) | 230 | (0.6%) |
| (534) | Adjustments to financial assests | 0 | | (4) | | 4 | ns |
| 76,404 | F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES | 27,675 | | 29,430 | | (1,755) | (6.0%) |
| (17,582) | Extraordinary income (expense), net | 25 | | (14,728) | | 14,753 | (100.2%) |
| 58,822 | G.- INCOME BEFORE TAXES | 27,700 | | 14,702 | | 12,998 | 88.4% |
| (39,877) | Income taxes for the period | (19,311) | | (14,585) | | (4,726) | 32.4% |
| 2,731 | Deferred tax assets | 2,133 | | 390 | | 1,743 | 446.9% |
| 21,676 | H.- NET INCOME FOR THE PERIOD | 10,522 | | 507 | | 10,015 | 1975.3% |
| | including: | | | | | | |
| (637) | - Minority interest | 308 | | (103) | | 411 | (399.0%) |
| **22,313** | **- Group interest** | **10,213** | | **610** | | **9,603** | **1574.3%** |

During the first half of 2011 the growth trend registered by the Roman airport system (passengers up 5.4%) continued, despite being penalized by the socio-political crisis in North Africa and the earthquake in Japan.

Profit margins, while benefiting from this performance, were affected by cost increases deriving from initiatives undertaken last year and continued in 2011 aimed at improving the quality of airport services, such as baggage handling and security, as well as from the ever higher cost of provisions, primarily regarding the risks connected with customer relations.

In the first half of 2011 the ADR Group generated revenues of 290.9 million euros, up 3.3% on the same period of the previous year thanks to growth in the aeronautical segment (up 5.3%) and, to a lesser extent, in the non-aeronautical segment (up 1.2%).

[8] Reference should be made to the section entitled “Reconciliation between the reclassified statements used in the Management Report on Operations and those used in the statutory financial statements” for a reconciliation of the reclassified consolidated Income Statement with the statutory consolidated Income Statement.

Revenues from aeronautical activities benefited from the upturn in traffic, registering growth across all components. Fees rose by 4.6%, partly due to the regulatory effect of their alignment with inflation; security services registered revenue growth of 5.0%, while PRM services increased by 12.7% due to the higher number of passengers and an increase in the relevant fee. Centralized infrastructure revenues also rose (up 10.7%), due to earnings generated by the new transit baggage handling system.

The performance of the non-aeronautical segment was substantially affected by the reduction of around 2 million euros in the reimbursement of the cost of state-funded construction works in departure area F, relating to the portion funded by the Civil Aviation Authority. This reduction is connected with the decrease in work carried out during the period under consideration.
After stripping out this component, non-aeronautical revenues are up 2.7%, primarily due to increased sales through directly operated retail outlets (up 5.7%) and growth in income from retail sub-concessions. There were also positive contributions from the management of parking systems (up 3.1%) and of canteens (up 10.2%). Advertising revenues continued to fall (down 8.7%).

The contraction in Group capital investment is reflected in the decrease (down 2.8 million euros) in the item “capitalized costs and expenses”. Consequently, revenues from ordinary activities are up 2.3% with respect to the comparative period.

The total cost of materials and external services, which is down 1.6% (down 1.6 million euros) compared with the first half of 2010, in fact rose slightly (up 0.7%) if "costs relating to financed works", regarding the portion of state-funded works at departure area F, are stripped out. This performance is primarily due to a combination of:

- *raw materials and goods for resale*: an increase of 2.1 million euros in the cost of goods for resale and in the cost of purchasing electricity, due to the increase in the cost of oil, despite cutbacks in consumption;
- *service costs*: a reduction of 3.7 million euros due to a decrease – in addition to "costs relating to financed works" – in engineering costs incurred by the subsidiary undertaking, ADR Engineering SpA, deriving from the contraction in capital investment, partly offset by an increase in maintenance costs (including those relating to the new Net platform and the related baggage tracking system) and legal assistance, especially regarding tariffs and regulatory matters.

Payroll costs registered a sharper increase of 3.8%, due to a rise in the average workforce (up 64.3) involved in service improvement programs.

With the rise in operating costs[9] (up 0.4%) less than the increase in revenues from ordinary activities (up 2.3%), EBITDA is 132.8 million euros, registering an increase with respect to the same period of the previous year in both absolute terms (up 4.5%) and as a margin (rising from 45.1% to 45.7%).

Amortization and depreciation for the period amount to 3.5 million euros due to investments entering service at the end of the previous year. Provisions for doubtful accounts and for risks and charges totaling 5.4 million euros are also up, primarily due to unfavorable court sentences handed down following the legal actions brought by Volare in a.s. and Air Europe in a.s. in order to cancel payments previously made to the Parent Company. Consequently, EBIT of 63.5 million euros is down 3.0%

Net finance costs (down 0.6%) have improved slightly. The increase of 0.3 million euros deriving from the rise in the floating interest rates on loans was offset by the positive effect of reduced average bank borrowings and, to a greater extent, by an increase in finance income (up 0.5 million euros), which benefited from the above-mentioned rise in interest rates.

As a result of the above performance, the ADR Group reports a net profit of 10.2 million euros for the first half of 2011, compared with the substantial break-even (net profit of 0.6 million euros) registered in the same period of the previous year. The previous first half was affected by recognition of an additional 14.0 million euros under extraordinary expenses in connection with ongoing litigation with the Customs Office.

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

## Reclassified consolidated balance sheet[10]

(in €/000)

| 06-30-2010 | | 06-30-2011 | 12-31-2010 | Change |
|---|---|---|---|---|
| | A. - NET FIXED ASSETS | | | |
| 1,932,010 | Intangible fixed assets * | 1,887,081 | 1,916,360 | (29,279) |
| 186,288 | Tangible fixed assets | 191,892 | 188,689 | 3,203 |
| 3,431 | Non - current financial assets | 2,784 | 2,938 | (154) |
| 2,121,729 | | 2,081,757 | 2,107,987 | (26,230) |
| | B. - WORKING CAPITAL | | | |
| 22,580 | Inventory | 20,471 | 22,054 | (1,583) |
| 200,325 | Trade receivables | 183,439 | 177,246 | 6,193 |
| 56,330 | Other assets | 66,007 | 60,492 | 5,515 |
| (162,579) | Trade payables | (153,001) | (156,387) | 3,386 |
| (71,159) | Allowances for risks and charges | (71,386) | (71,796) | 410 |
| (131,434) | Other liabilities | (146,181) | (120,990) | (25,191) |
| (85,937) | | (100,651) | (89,381) | (11,270) |
| 2,035,792 | C. - INVESTED CAPITAL, minus short-term liabilities (A+B) | 1,981,106 | 2,018,606 | (37,500) |
| 28,458 | D. - EMPLOYEE SEVERANCE INDEMNITIES | 24,734 | 28,490 | (3,756) |
| **2,007,334** | **E. - INVESTED CAPITAL, minus short-term liabilities and E.S.I. (C-D)** | **1,956,372** | **1,990,116** | **(33,744)** |
| | financed by: | | | |
| | F. - SHAREHOLDERS' EQUITY | | | |
| 728,571 | - Group interest | 760,666 | 750,273 | 10,393 |
| 713 | - Minority interest | 487 | 179 | 308 |
| 729,284 | | 761,153 | 750,452 | 10,701 |
| 1,477,861 | G. - MEDIUM/LONG-TERM BORROWING | 1,299,361 | 1,461,899 | (162,538) |
| | H. - NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS) | | | |
| 11,509 | .Short-term borrowing | 79,850 | 23,856 | 55,994 |
| (211,320) | .Cash and current receivables | (183,992) | (246,091) | 62,099 |
| (199,811) | | (104,142) | (222,235) | 118,093 |
| 1,278,050 | (G+H) | 1,195,219 | 1,239,664 | (44,445) |
| **2,007,334** | **I. - TOTALE AS IN "E" (F+G+H)** | **1,956,372** | **1,990,116** | **(33,744)** |
| *1,675,643* | *(*) including the value of the concession totaling* | *1,626,359* | *1,651,001* | *(24,642)* |

As of June 30, 2011 the ADR Group's consolidated invested capital stands at 1,956.4 million euros, registering a reduction of 33.7 million euros compared with the end of the previous year. This reflects a contraction in fixed and working capital, which was partly offset by a decrease in employee severance indemnities arising from staff redundancies.

The reduction in infrastructure investment by the Parent Company, ADR SpA, has affected the net fixed assets component, which is down 26.2 million euros compared with the end of the previous year, due to the effect of amortization and depreciation being greater than capital investment.

The improvement in working capital, which fell by a total of 11.3 million euros, derived from an increase of 25.2 million euros in "other liabilities" primarily due to estimated taxation for the period, which also includes the effects of the 0.30% rise in the IRAP rate.
This effect was partly mitigated by:

- a 6.2 million euro increase in trade receivables connected with an increase in turnover and a slight deterioration in collection times, which occurs on a cyclical basis during the first part of the year. Overall, however, there was a reduction in collection times compared with the first half of 2010;

[10] Reference should be made to the section entitled “Reconciliation between the reclassified statements used in the Management Report on Operations and those used in the statutory financial statements” for a reconciliation of the reclassified consolidated Balance Sheet with the statutory consolidated Balance Sheet.

- an increase of 5.5 million euros in "other assets" due to the effect of higher deferred tax assets (up 2.1 million euros) and an increase in prepaid expenses (up 2.6 million euros) arising from advance payment in the first part of the year of costs to be recognized in future periods;
- a 3.4 million euro reduction in trade payables, due to the reduction in infrastructure investment during the period.

In terms of the financial structure, the reduction in invested capital was primarily reflected in net debt, which is down 44.4 million euros on the end of the previous year to 1,195.2 million euros as of June 30, 2011. Equity is up (an increase of 10.7 million euros) as a result of net profit for the period.

## Consolidated net debt

(in €/000)

| 06-30-2010 | | 06-30-2011 | 12-31-2010 | Change |
|---|---|---|---|---|
| (2,758) | Titles - Bonds | (2,758) | (2,758) | 0 |
| 280,600 | Due to banks | 102,100 | 264,638 | (162,538) |
| 1,200,019 | Due to other financial institutions: | 1,200,019 | 1,200,019 | 0 |
| **1,477,861** | **A- MEDIUM/LONG -TERM BORROWING** | **1,299,361** | **1,461,899** | **(162,538)** |
| 10,025 | Due to banks | 78,198 | 9,758 | 68,440 |
| 1,484 | Due to other financial institutions | 1,652 | 14,098 | (12,446) |
| **11,509** | **Short-Term Borrowing** | **79,850** | **23,856** | **55,994** |
| (56,330) | Receivables due from others | (56,034) | (55,905) | (129) |
| (154,990) | Cash on hand and in banks | (127,958) | (190,186) | 62,228 |
| **(211,320)** | **Cash and current receivables** | **(183,992)** | **(246,091)** | **62,099** |
| **(199,811)** | **B- NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)** | **(104,142)** | **(222,235)** | **118,093** |
| **1,278,050** | **NET DEBT (A+B)** | **1,195,219** | **1,239,664** | **(44,445)** |

The reduction in debt is entirely due to the medium/long-term component, which is down 162.5 million euros as a result of:
- repayment of 90.3 million euros of the Term Loan Facility on the March 2011 application date;
- reclassification, among short-term loans, of the remainder of the Term Loan Facility, amounting to 68.0 million euros and falling due in February 2012, and of the 4.2 million euro portion of the Banca BIIS falling due in March 2012.

The short-term component of debt is, in contrast, up 118.1 million euros as a result of:
- a 62.2 million euro reduction in cash and current receivables, primarily due to the above repayment of medium/long-term debt;
- an increase in bank borrowings of 68.4 million euros, including 68.0 million euros relating to the reclassification of the remainder of the Term Loan Facility and 0.4 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 payment of a portion of the BIIS loan, of an equal amount, falling due in March 2011;
- a reduction in amounts due to other financial institutions (down 12.4 million euros), following the payment of interest in June.

## Consolidated statement of cash flows

(in €/000)

| 2010 | | First Half 2011 | First Half 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 | 10,522 | 507 |
| 110,082 | Amortization and depreciation | 57,772 | 54,245 |
| (3) | (Gains) losses on disposal of fixed assets | 0 | (3) |
| 515 | (Revaluations) write-downs of fixed assets | 0 | (2) |
| 46,148 | Net change in working capital | 11,270 | 42,704 |
| (33) | Net change in employee severance indemnities | (3,756) | (65) |
| 178,385 | | 75,808 | 97,386 |
| | C.- CASH FLOWS FROM (FOR) INVESTING ACTIVITIES | | |
| | Investment in fixed assets: | | |
| (57,844) | .intagible | (17,703) | (27,948) |
| (40,615) | .tangible | (14,077) | (28,135) |
| (86) | .financial | (7) | (16) |
| 712 | Proceeds from disposal, or redemption value of fixed assets | 244 | 878 |
| (97,833) | | (31,543) | (55,221) |
| | 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 | (72,266) | (4,250) |
| 0 | Other changes | 180 | 0 |
| (20,213) | | (162,358) | (4,250) |
| 0 | E.- DIVIDENDS PAID | 0 | 0 |
| 60,339 | F.- CASH FLOW FOR THE PERIOD (B+C+D+E) | (118,093) | 37,915 |
| **222,235** | **G.- NET CASH AND CASH EQUIVALENTS - closing balance (A+F)** | **104,142** | **199,811** |

The Group’s operating cash flow amounts to 75.8 million euros, compared with the 97.4 million euros of the same period of the previous year, which benefited from an improved working capital performance.

These internally generated resources still enabled the Group to fully cover the cost of net capital investment during the period, which was reduced to 31.5 million euros in the first half of 2011, compared with the 55.2 million euros of the previous year.

The remaining cash of 44.3 million euros, together with cash at the beginning of the period, was used to repay 90.3 million euros of the Term Loan Facility.

Adjusted for the portion of medium-/long-term loans falling due in the short term, totaling 72.3 million euros, the Group recorded a net cash outflow of 118.1 million euros in the first half, reducing net cash and cash equivalents to 104.1 million euros as of June 30, 2011.

## Analysis of consolidated net debt

| 2,010 | (Euros/thousand) | First Half 2011 | First Half 2010 |
|---|---|---|---|
| (1,320,215) | **A.- NET FINANCIAL BORROWING - opening balance** | (1,239,664) | (1,320,215) |
| 279,807 | EBITDA | 132,844 | 127,076 |
| 28,611 | Net change in operating working capital | (12,953) | 23,140 |
| (33) | Net change in employee severance indemnities | (3,756) | (65) |
| (1,418) | Other income (exp.), net | (37) | (1,202) |
| (14,345) | Extraordinary income (exp.), net | 25 | (13,970) |
| (42,670) | Current taxes paid | (3,721) | (1,838) |
| 1,155 | Other assets/liabilities (included allowances for risks and charges) | 1,332 | 2,524 |
| 251,107 | **B.- OPERATING CASH-FLOW** | 113,734 | 135,665 |
| (98,545) | Capex (tangibles, intangibles and financial) | (31,787) | (56,099) |
| 712 | Proceeds from disposal, or redemption value of fixed asset | 244 | 878 |
| 153,274 | **C.- FREE CASH-FLOW** | 82,191 | 80,444 |
| (72,723) | Financial income (exp.), net | (37,926) | (38,279) |
| 0 | Other changes | 180 | 0 |
| 0 | Dividends paid | 0 | 0 |
| 80,551 | **D.- NET CASH-FLOW** | 44,445 | 42,165 |
| (1,239,664) | **E.- NET BORROWING - closing balance (A+D)** | (1,195,219) | (1,278,050) |

## Reconciliation of the reclassified statements used in the Management Report on Operations and the financial statements

- Reclassified consolidated income statement

The income statement was reclassified on a "value-added" basis, which shows the contribution of the various areas of operation: ordinary, financial and extraordinary.
Reclassified income statement items may be directly deduced from the mandatory schedules, except for the items and their relative sub-items shown below:

| ITEM RECLASSIFIED INCOME STATEMENT | ITEM INCOME STATEMENT |
|---|---|
| REVENUES | Revenues from sales and services<br>Changes in contract work in progress<br>Other income and revenues: revenue grants |
| COSTS OF MATERIALS AND EXTERNAL SERVICES | Operating costs: raw, ancillary and consumable materials and goods for resale<br>Operating costs: services<br>Operating costs: leases<br>Other income and revenues: other - expense recoveries (-)<br>Changes in inventories of raw, ancillary and consumable materials and goods for resale<br>Sundry operating costs: license fees |
| PAYROLL COSTS | Operating costs: payroll<br>Other income and revenues: other - recoveries of personnel expenses |
| AMORTIZATION | Depreciation, amortization and write-downs: amortization of intangible fixed assets<br>Depreciation, amortization and write-downs: depreciation of tangible fixed assets |
| OTHER PROVISIONS | Depreciation, amortization and write-downs: provisions for doubtful accounts |
| PROVISIONS FOR RISK AND CHARGES | Provisions for risks<br>Other provisions |
| OTHER INCOME (EXPENSE), NET | Other income and revenues: profits on disposals<br>Other income and revenues: others (except of expense recoveries and of recoveries of personnel expenses)<br>Sundry operating costs: losses on disposals<br>Sundry operating costs: other |

The reclassified income statement is also used in the calculation of the profit ratios presented in the section "Highlights" in this Management Report on Operations.

- Reclassified consolidated balance sheet

The balance sheet was reclassified in accordance with the "managerial relevance" criterion, which shows the division between invested capital and fixed capital ("Fixed assets") and working capital ("Working capital"), and also between the relative sources of funding, represented by self-financing ("Shareholders' equity") and borrowing ("Medium/long-term borrowing" and "Short-term net borrowing"). Reclassified balance sheet items may be directly deduced from the statutory financial statements, except for the items and their related sub-items shown below:

| ITEM RECLASSIFIED BALANCE SHEET | ITEM BALANCE SHEET |
|---|---|
| TRADE RECEIVABLES | Receivables: due from clients<br>Receivables: due from associated undertakings<br>Receivables: due from parent companies |
| OTHER ASSETS | Receivables due from Associated undertakings - other relations<br>Receivables due from parent companies - other relations<br>Receivables due from tax authorities<br>Receivables deferred tax assets<br>Receivables due from others - other relations<br>Accrued income and prepaid expenses |
| TRADE PAYABLES | Advances<br>Due to suppliers<br>Due to associated undertakings - trading relations<br>Due to parent companies - trading relations |
| OTHER LIABILITIES | Due to associated undertakings - other relations<br>Due to parent companies - other relations<br>Taxes due<br>Due to social security agencies<br>Other payables - other relations<br>Accrued expenses and deferred income |
| MEDIUM/LONG - TERM BORROWING | Payables due to banks - beyond 12 months<br>Payables due to other financial institutions - beyond 12 months |
| SHORT TERM BORROWING | Payables due to banks - within 12 months<br>Payables due to other financial institutions - within 12 months |
| CASH AND CURRENT RECEIVABLES | Receivables due from others - financial relations<br>Cash on hand and in banks |

The reclassified balance sheet is also used in the calculation of ratios regarding profitability, strength of assets, solvency and liquidity, which are presented under "Highlights" in this Management Report on Operations.

## MAIN GROUP COMPANIES

### ADR Engineering SpA

This Group company, which provides design, works supervision and technical consultancy services in the field of airport engineering, reported a net loss of 230 thousand euros in the first half of 2011, compared with the net profit of 1,021 thousand euros registered in the same period of the previous year.

The reduction in the volume of infrastructure investment carried out by the Parent Company, ADR SpA, led to a contraction in business (design and works supervision) commissioned from the company, which registered a decrease in revenues of 4,989 thousand euros (down 73.5%); in the period under consideration revenues amounted to 1,801 thousand euros.

The cost of materials and external services stood at 639 thousand euros (down 81.0%), while payroll costs decreased slightly (down 3.2%), amounting to 1,357 thousand euros.

Consequently, EBITDA is a negative 195 thousand euros, compared with the positive 2,031 thousand euros reported for the same period of the previous year. EBIT, registering a negative 235 thousand euros, also fell sharply compared with the first half of 2010 (down 1,792 thousand euros).

**ADR Tel SpA**

ADR Tel SpA, the company which builds and manages telecommunications systems at the Roman airport system, reports net profit of 378 thousand euros in the first half of 2011, up 207 thousand euros on the same period of the previous year.

The company posted revenues of 5,448 thousand euros, up 3.3% on the first half of 2010, primarily due to specific activities (works) commissioned by the Parent Company.

EBITDA, amounting to 1,272 thousand euros, is up 9.4%. EBIT, amounting to 614 thousand euros, registered a more marked improvement (up 374 thousand euros), thanks to the contribution of net sundry income totaling 308 thousand euros, which includes contractual penalties charged to an important supplier.

**ADR Assistance Srl**

This company, which provides airport ground assistance services to passengers with disabilities and reduced mobility, on the basis of a service contract with ADR SpA, reported a net loss of 106 thousand euros compared with net income of 86 thousand euros in the first half of 2010.

Revenues, deriving exclusively from the Parent Company ADR, amount to 6,826 thousand euros, up 4.6% on the first half of 2010, due to passenger growth (up 5.7%) which was partly offset by a reduction in the fee applied by ADR SpA for the activities carried out at Fiumicino airport.

Compared with the above-mentioned passenger traffic growth, PRM traffic – namely the assistance provided by the company – rose 7.8% with a consequent increase in operating costs (external costs up 11.1% and payroll costs up 9.1%).
EBITDA thus stood at 419 thousand euros, down 37.8% on 2010, while EBIT, amounting to 187 thousand euros, decreased by 234 thousand euros (down 55.6%).

**ADR Advertising SpA**

This company, which manages advertising space at Rome's airports, reports a net profit of 409 thousand euros for the first half of 2011, compared with the net loss of 141 thousand euros registered in the same period of the previous year.

Revenues of 8,666 thousand euros are down 9.9% in connection with the crisis in the advertising sector (for further information see the paragraph on Advertising in the section on Non-Aeronautical Activities).

This context of divergence from the original plan led ADR Advertising SpA and ADR SpA to negotiate a review of the fee paid to the Parent Company for lease of the advertising business unit once again for 2011, setting it at 80% of the company's revenues and eliminating the "guaranteed minimum".

This revision of the contract had a positive impact on external costs, which were thus reduced by 18.8%; payroll costs also fell 5.3%.

Consequently, EBITDA amounted to 994 thousand euros, registering a sharp increase of 228 thousand euros compared with the first half of 2010. EBIT stood at 644 thousand euros, compared with the negative 122 thousand euros registered in the first half of 2010.

# NOTICE REGARDING MANAGEMENT AND COORDINATION OF THE COMPANY PURSUANT TO ARTICLE 2497 AND SUBSEQUENT ARTICLES OF THE ITALIAN CIVIL CODE

With reference to the company law reform introduced by article 2497 and subsequent articles of the Italian Civil Code, from August 2, 2007, ADR SpA is subject to “management and coordination” by Gemina SpA, which wholly owned Leonardo Srl, subsequently merged into Gemina SpA.

In turn, ADR SpA “manages and coordinates” its subsidiary undertakings, ADR Engineering SpA, ADR Tel SpA, ADR Sviluppo Srl and ADR Assistance Srl.

# RELATIONS WITH PARENT COMPANIES AND OTHER RELATED PARTIES

All the transactions with parent companies, subsidiary undertakings and other related parties described below were carried out on an arm’s length basis (€000).

## Relations with parent companies

ADR Group companies' relations with the Parent Company, Gemina SpA in the first half of 2011 primarily refer to participation in the consolidated taxation regime:

**Sundry relations between the ADR Group and Gemina S.p.A.**

| | Balances at 06.30.2011 | | First Half 2011 | |
|---|---|---|---|---|
| | Receivables | Payables /(Receivable | Tax Consolidation | |
| | | | Income | Expense |
| ADR S.p.A. | 0 | 19,667 | 165 | 11,932 |
| | **0** | **19,667** | **165** | **11,932** |
| ***Subsidiary undertakings subject to management and coordination:*** | | | | |
| ADR Engineering S.p.A. | 0 | 61 | 157 | 0 |
| ADR Tel S.p.A. | 0 | 38 | 13 | 133 |
| ADR Assistance S.r.l. | 0 | (24) | 5 | 62 |
| | **0** | **75** | **175** | **195** |
| ***Unconsolidated subsidiary undertakings subject to management and coordination:*** | | | | |
| ADR Sviluppo S.r.l. | 0 | (1) | 0 | 0 |
| | **0** | **(1)** | **0** | **0** |
| **TOTAL** | **0** | **19,741** | **340** | **12,127** |

The effects on the income statement and balance sheet deriving from participation, from June 2010, in the tax consolidation regime, governed by art. 117 *et seq.* of the Consolidated Act, by ADR SpA and the Group companies, ADR Engineering SpA, ADR Tel SpA, ADR Assistance Srl and ADR Sviluppo Srl, as consolidated companies, and by the Parent Company, Gemina SpA, as the consolidating company, were classified under sundry relations for the three-year period 2010–2012.

On taxable income transferred to the consolidating company, Gemina SpA, by the consolidated companies, consolidated taxation (IRES) of 12,127 thousand euros has been recorded. Income from tax consolidation of 340 thousand euros has been recorded as a result of the application – in the form of remuneration - of the IRES rate to 50% of the positive difference between taxable operating income and interest expense, in accordance with the tax consolidation agreements in force.
As a result of accounts receivable and accounts payable relating to the previous year and tax credits transferred by the consolidated companies, in addition to the above income and expense, an amount of 19,741 thousand euros due to Gemina SpA has been recorded.

Trading relations with the Parent Company, Gemina SpA, break down as follows:

**Trading relations between the ADR Group and Gemina S.p.A.**

| | Balances at 06.30.2011 | | First Half 2011 | |
|---|---|---|---|---|
| | *Receivables* | *Payables* | *Revenues* | *Costs* |
| ADR S.p.A. | 19 | 284 | 19 | 371 |
| ADR Tel S.p.A. | 2 | 0 | 2 | 0 |
| **TOTAL** | **21** | **284** | **21** | **371** |

ADR SpA's revenues from Gemina SpA include the debiting of payroll costs, while amounts due to ADR Tel from the Parent Company relate to electronic mail services. In this regard, as of August 1, 2011 a full-service contract is in force between ADR SpA and Gemina SpA, via which the subsidiary undertaking provides the holding Parent Company all the necessary services for carrying out its corporate functions.

The costs incurred with regard to Gemina SpA include the debiting of payroll costs, insurance for Directors and rent payable.

## Relations with subsidiary undertakings

Transactions carried out by ADR SpA with subsidiary undertakings in the first half of 2011 refer primarily to the supply of goods, trade and centralized treasury services.

Trading, financial and other relations between ADR SpA and subsidiary undertakings subject to management and coordination, other subsidiary undertakings and associated undertakings are analyzed below.

**Trading relations between the ADR SpA and subsidiary and associated undertakings**

| | Balances at 06.30.2011 | | | | First Half 2011 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Crediti* | *Debiti* | *Garanzie* | *Impegni* | *Revenues* | | | *Costs* | | | |
| | | | | | *Goods* | *Services* | *Other* | *Goods* | *Services* | *Other* | *Investments* |
| ***Subsidiary undertakings subject to management and coordination:*** | | | | | | | | | | | |
| ADR Engineering S.p.A. | 143 | 7,742 | 250 | 7,924 | 2 | 161 | 67 | 0 | 268 | 0 | 1,968 |
| ADR Tel S.p.A. | 186 | 1,578 | 257 | 93 | 0 | 362 | 90 | 0 | 2,586 | 0 | 715 |
| ADR Assistance S.r.l. | 527 | 4,434 | 0 | 0 | 105 | 836 | 81 | 0 | 6,868 | 0 | 0 |
| | **856** | **13,754** | **507** | **8,017** | **107** | **1,359** | **238** | **0** | **9,722** | **0** | **2,683** |
| ***Other subsidiary undertakings*** | | | | | | | | | | | |
| ADR Advertising S.p.A. | 7,501 | 1,607 | 0 | 0 | 0 | 7,024 | 48 | 0 | 6 | 0 | 0 |
| | **7,501** | **1,607** | **0** | **0** | **0** | **7,024** | **48** | **0** | **6** | **0** | **0** |
| ***Associated undertakings*** | | | | | | | | | | | |
| Ligabue Gate Gourmet Roma S.p.A. (insolvent) | 0 | 968 | 0 | 0 | | | | | | | |
| | **0** | **968** | **0** | **0** | | | | | | | |

The subsidiary undertaking, ADR Engineering SpA, provides design and works supervision services for works included in the airport development plan and it was incorporated in 1997 for this reason. Revenues in the first half of 2011 for work commissioned by ADR SpA amounted to 2,236 thousand euros (5,832 thousand euros in the first half of 2010). ADR SpA charged the company 230 thousand euros (176 thousand euros in the first half of 2010) relating to sub-concessionaire fees, utilities, administrative services, etc.

Since April 2003 the subsidiary undertaking, ADR Tel SpA, has managed telecommunications at the airports of Fiumicino and Ciampino. In the first half of 2011 the company posted revenues from telephony services provided to ADR SpA of 2,586 thousand euros (2,563 thousand euros in the first half of 2010) and carried out upgrading works on the telephone network worth 715 thousand euros (602 thousand euros in the same period of 2010). ADR SpA charged the company an amount of 452 thousand euros (428 thousand euros in the first half of 2010) in royalties and rentals on the lease of telecommunications assets and premises, and for utilities and staff services.

ADR Assistance Srl started operating on July 16, 2008 and became responsible for providing assistance services to passengers with reduced mobility at Fiumicino and Ciampino airports, based on a service contract signed with the Parent Company, ADR SpA, on July 15, 2008.
Revenues, deriving exclusively from the Parent Company, ADR, amount to 6,868 thousand euros (6,570 thousand euros in the first half of 2010). ADR SpA charged the company 1,022 thousand euros for sub-concession fees, utilities, administrative services, etc. (908 thousand euros in the first half of 2010).

Since March 1, 2003, the subsidiary undertaking, ADR Advertising SpA, has managed advertising at Fiumicino airport on the basis of a contract entered into with ADR SpA and expiring on December 31, 2011. This contract specifies that a monthly payment based on ADR Advertising SpA's revenues is to be made to ADR SpA. The royalties accrued in the first half of 2011 amount to 6,819 thousand euros (8,500 thousand euros in the first half of 2010) following a review of the calculation method for royalties (for further information, see the section of the Management Report on Operations regarding "The main Group companies"). ADR SpA received additional revenues from the company, totaling 253 thousand euros (219 thousand euros in the first half of 2010), as lease rentals and as payment for utilities and various services, as well as sustaining costs of 6 thousand euros (also 6 thousand euros in the first half of 2010) for the corporate advertising campaign.

**Financial relations between ADR S.p.A. and subsidiary undertakings**

| | Balances at 06.30.2011 | | | First Half 2011 | |
|---|---|---|---|---|---|
| | *Receivables* | *Payables* | *Guarantees* | *Income* | *Expense* |
| ***Subsidiary undertakings subject to management and coordination:*** | | | | | |
| ADR Engineering S.p.A. | 1,599 | 0 | 0 | 9 | 0 |
| ADR Tel S.p.A. | 0 | 0 | 0 | 16 | 0 |
| ADR Assistance S.r.l. | 0 | 567 | 0 | 0 | 2 |
| **TOTAL** | **1,599** | **567** | **0** | **25** | **2** |

Financial relations with the subsidiary undertakings, ADR Engineering SpA, ADR Tel SpA and ADR Assistance Srl, regard the centralized treasury system, which is conducted on an arm's length basis. The system has been put into place in order to optimize the management of financial resources and facilitate the settlement of inter-company trading relations.

## Relations with other related parties

Trading relations with other related parties break down as follows:

**Trading relations between the ADR Group and related parties**

| | Balances at 06.30.2011 | | | First Half 2011 | | |
|---|---|---|---|---|---|---|
| | *Receivables* | *Payables* | *Guarantees* | *Revenues* | *Costs* | *Investments* |
| **Gemina S.p.A. subsidiaries (either directly or indirectly)** | | | | | | |
| Fiumicino Energia S.p.A. | 2 | 0 | 0 | 53 | 0 | 0 |
| Leonardo Energia S.c. a r.l. | 9 | 4,244 | 0 | 79 | 10,124 | 0 |
| **Companies that carry significant influence over Gemina S.p.A.** | | | | | | |
| Assicurazioni Generali S.p.A. | 0 | 0 | 0 | 0 | 1,403 | 0 |
| Mediobanca S.p.A. | 0 | 0 | 0 | 0 | 171 | 0 |
| Gruppo Unicredit | 18 | 7 | 0 | 592 | 27 | 0 |
| Autogrill S.p.A. | 0 | 85 | 4,855 | 3,944 | 0 | 0 |
| Alpha Retail Italia S.r.l. | 516 | 0 | 1,445 | 827 | 0 | 0 |
| Atahotels S.p.A. | 22 | 0 | 103 | 62 | 0 | 0 |
| Pavimental S.p.A. | 0 | 22 | 895 | 0 | 0 | 0 |
| Changi Airport Planners and Engineers Pte. Ltd | 0 | 405 | 0 | 0 | 0 | 600 |
| **TOTAL** | **567** | **4,763** | **7,298** | **5,557** | **11,725** | **600** |

Regarding these relations, the following should be noted:

- Fiumicino Energia Srl, a company 87.14% owned by Gemina SpA, is responsible for Fiumicino airport's natural gas-fired, co-generation electric power plant. Via a business unit lease contract, operation of the co-generation plant is entrusted to Leonardo Energia - Società consortile a r.l., which is owned by ADR SpA and Fiumicino Energia Srl, with respective shareholdings of 10% and 90%. The relevant agreements between ADR SpA and Fiumicino Energia Srl stipulate that the co-generation plant will be transferred free of charge to the Parent Company in 2023. The limited liability consortium also operates the thermal energy plant at Fiumicino, under a sub-concession from ADR SpA. In the first half of 2011, the Parent Company, ADR SpA, purchased electric and thermal energy from Leonardo Energia S.c.ar.l. amounting to 10.1 million euros. Since August 1, 2011, a full-service contract has been in force between ADR SpA and Fiumicino Energia Srl, via which the former provides the latter with, administrative, legal and corporate services;
- Assicurazioni Generali SpA (a company that holds a sufficient interest in Gemina SpA to have a significant influence on the latter): the ADR Group has taken out its principal insurance policies with this insurance group;
- Mediobanca SpA (a company that holds a sufficient interest in Gemina SpA to have a significant influence on the latter): the costs incurred regard bank commissions and reimbursement of expenses;
- Unicredit Group (Unicredit SpA holds a sufficient interest in Gemina SpA to have a significant influence on the latter): revenues derive from retail sub-concessions, whilst costs primarily regard bank account charges;
- Autogrill SpA (indirect subsidiary undertaking of Edizione Srl which, indirectly, holds a sufficient interest in Gemina SpA to have a significant influence on the latter): revenues derive from retail sub-concessions, royalties, utilities, car parks and sundry services;
- Alpha Retail Italia Srl (subsidiary undertaking of Autogrill SpA): revenues derive from retail sub-concessions, royalties, utilities, car parks and sundry services;
- Atahotels SpA (subsidiary undertaking of Fondiaria - SAI SpA which holds a sufficient interest in Gemina SpA to have a significant influence on the latter): revenues derive from retail sub-concessions, royalties, utilities, car parks and sundry services;
- Pavimental SpA (indirect subsidiary undertaking of Edizione Srl): payables relate to “investment” during the previous year regarding works on runways and aircraft aprons;
- Changi Airport Planners and Engineers Pte. Ltd. (subsidiary undertaking of Changi Airports International Pte. Ltd. which, indirectly, holds a sufficient interest in Gemina SpA to have a significant influence on the latter): “investment” regards provision of support in the preparation of the Fiumicino Airport Development Plan.

Financial relations with Mediobanca SpA and Unicredit SpA include the following:

**Financial relations between the ADR Group and related parties**

| | Balances at 06.30.2011 | | | First Half 2011 | |
|---|---|---|---|---|---|
| | *Cash and cash equivalents* | *Receivables* | *Payables* | *Financial Income* | *Financial expense* |
| Mediobanca S.p.A. | 57,504 | 55,731 | 0 | 545 | 0 |
| Gruppo Unicredit | 25,837 | 0 | 0 | 56 | 0 |
| **TOTAL** | **83,341** | **55,731** | **0** | **601** | **0** |

Several relations exist between ADR SpA and Mediobanca SpA in connection with the role played by the latter in current loan contracts:

- Mandated Lead Arranger of the long-term lines of credit Term Loan Facility (remaining 68,016 thousand euros) and Revolving Facility (100,000 thousand euros) provided by a syndicate of lending banks[11];
- Security Agent representing all of ADR SpA’s creditors;

[11] The total amount due to the syndicate of banks is reported in the financial statements of ADR SpA; the amounts contributed by each bank in the syndicate is not indicated.

- Facility Agent representing the banks within the Bank Facility Agreement;
- Administrative Agent and holding bank for certain ADR current accounts regulated by loan contracts, including the following: Debt Service Account, Interim Proceeds Account, Recoveries Account and Loan Collateral Account, of which the balances at June 30, 2011 are shown in the above table. Mediobanca SpA is also the holder of a time deposit called the Debt Service Reserve Account for which ADR reports a financial receivable in its financial statements. The related interest due is reported in the item "finance income" in the above table.

Several relations exist between the ADR Group and Unicredit SpA in connection with the role played by the latter in current loan contracts:

- Mandated Lead Arranger of the long-term lines of credit Term Loan Facility (remaining 68,016 thousand euros) and Revolving Facility (100,000 thousand euros) provided by a syndicate of lending banks[12];
- holding bank for certain ADR SpA current accounts, regulated by loan contracts, and for certain ADR Group companies.

For a description of the guarantees granted by ADR SpA, reference should be made to the section on “Payables” in the Notes.

# TREASURY STOCK OR PARENT COMPANY’S SHARES IN THE PORTFOLIO

The Group did not hold, directly, or indirectly, any of its own shares or any shares in the Parent Company, either at the end of the first half of 2011 or at the end of 2010. In addition, no purchase or sale of its own shares or shares in the Parent Company took place, either directly or indirectly, during the first half of 2011.

# FINANCIAL RISK MANAGEMENT

## Risks specific to the Company’s business

ADR SpA manages the two airports in the Roman airport system, Fiumicino and Ciampino, under Service Concession Agreement no. 2820 of June 26, 1974 signed with the Ministry of Transport. This agreement will expire on June 30, 2044.
The foregoing agreement lays down the obligations for the operator and the reasons for termination or cancellation of the concession, primarily because of breach.

The ADR Group operates in a sector that is highly regulated at domestic, EU and international level.

A long period of uncertainty related to the complexity of the procedure to establish satisfactory regulatory and tariff systems is a significant risk factor that may affect the ADR Group’s financial and operating outlook.

The ADR Group’s operating performance is also strongly affected by air traffic using the airports of Fiumicino and Ciampino, which in turn is affected by:

- economic conditions;
- the plans of the individual airlines, which are affected in turn by these companies’ own financial and operating circumstances; this risk is heightened by Fiumicino's status as the hub for the national flag carrier, which is undergoing a difficult reorganization phase;

[12] The total amount due to the syndicate of banks is reported in the financial statements of ADR SpA; the amounts contributed by each bank in the syndicate is not indicated.

- airline alliances;
- competition, on certain routes, from alternative transport (e.g. high-speed train between Rome and Milan);
- wars, acts of terrorism, natural disasters and airplane crashes, which undermine the public's propensity to travel, for business or pleasure.

The ADR Group is involved in a large number of civil, administrative, labor and tax disputes, both as a plaintiff and as a defendant. Given the risks related to such proceedings, provisions have been made and in-depth information is available in a specific section of the Notes.

### Credit risk

Credit risk is the risk that a customer or the counterparty in a financial instrument fails to meet its obligations, thereby causing a loss.

The ADR Group's maximum exposure to credit risk is equal to the carrying value of the financial assets shown in the consolidated financial statements, as well as the nominal value of the guarantees provided for third parties' debt or commitments.

Most of the ADR Group's credit risk is related to the receivables arising from its transactions with customers, which has however declined with respect to 2010.

The risk of customers' default is dealt with by making provisions in a specific allowance for bad debt, whose balance is reviewed from time to time. The ADR Group's policy in this respect involves the making of provisions for each position, depending on the age of the receivable, the creditworthiness of the individual customer, the progress in the receivable management and collection process.

The Group's commercial policies set out the procedure illustrated below for the creation of trade receivables:
- cash payment is required in transactions with consumers (sales in directly operated stores, multilevel and long-term parking lots, first aid, etc.) and with occasional counterparties (e.g. club memberships, luggage porters, taxi access management, etc.);
- cash payment or prepayment is required from occasional airlines without a satisfactory credit profile or collateral;
- credit terms are extended to loyal customers considered reliable (airlines with medium-term operational plans and sub-concessionaires). However, these customers' creditworthiness is monitored and, where necessary, collateral is required.

Receivables for which no provisions have been made and that are over 181 days past due primarily consist of amounts due from Alitalia Group companies under special administration and public bodies.

### Liquidity risk

Liquidity risk may arise with the inability to raise, on adequate terms, the cash necessary to fund the Group's operations.

The ADR Group's cash is mainly used for or generated by investing and operating activities.

The Group's financial structure is characterized by significant leverage, as financial debt is equal to over 4.2 times EBITDA. Consequently, a substantial portion of the cash generated from operating activities is used to pay loan interest and, in future, principal (the first installment of which falls due in 2012).

As indicated more specifically in the specific section of the Notes to the consolidated financial statements, in addition to the requirement to have Moody's and Standard & Poor's issue a rating, the medium/long-term loan agreements in place provide for a number of measures to ensure that the cash generated is used first of all to service debt. Such measures become stricter if, as is currently the case, the ratings or certain financial ratios fail to exceed certain agreed-upon minimum thresholds.

This complex contractual structure substantially mitigates liquidity risk. However, the Parent Company's current rating prevents it from borrowing without specific authorization from its lenders.
Consequently, any temporary financing requirements associated with working capital management or investing activities are met with the substantial cash on hand available and a €100 million revolving line of credit (which is currently unused) obtained for these purposes.

The revolving facility, subscribed to in 2005, is to date available to be drawn down, given that the conditions set out in the relative contract have been complied with, and above all because the waiver approved on March 21, 2011, in force until the application date of September 2011, means that with a few exceptions, the consequences of the trigger event condition will not take effect.

It is clear that the need to use the cash generated to service debt, and the above restrictions on the use of cash, limit the Group's operating and investment flexibility in situations of financial pressure.

Regarding the plan to extend the revolving facility, in the first half of 2011 seven Italian and overseas banks made a formal commitment to grant ADR SpA – in equal proportion – a revolving line of credit for a total amount of 100 million euros falling due on February 20, 2013. At the same time, a term sheet was agreed on, containing the principal terms and conditions on the basis of which the relative contracts have been prepared and are nearing completion. This loan contract is expected to be signed at the end of August.

The centralized cash management system, managed at arm's length by the Parent Company and including the subsidiaries ADR Engineering SpA, ADR Tel SpA and ADR Assistance Srl, makes it possible to optimize cash flows and to facilitate the settlement of intercompany transactions.

### **Interest rate risk**

The ADR Group borrows funds from third parties. Changes in interest rates affect the cost of the funds borrowed, with their effects on the amount of interest expense.

To cope with these risks the Group uses interest rate derivatives, with the objective to mitigate, at acceptable terms and conditions, the potential effects of changes in interest rates on its operating performance.
Specifically, the Group uses interest rate collars to manage its exposure to unfavorable fluctuations of interest rates.
Hedging is provided for by all loan agreements entered into by the Parent Company, ADR SpA, and Group policies in this area require that at least 51% of all debt be hedged against fluctuations in interest rates.
At June 30, 2011, 59.8% of ADR SpA's lines of credit have fixed interest rates (at December 31, 2010: 56.0%).
On October 2, 2009 the two interest rate collar forward start contracts, signed with Barclays and Royal Bank of Scotland, with a notional capital of 120 million euros each, became active. On the basis of these contracts ADR SpA will receive a floating 3-month Euribor rate and pay a floating 3-month Euribor rate with a cap of 5% and a floor of 3.64% from October 2, 2009 until February 20, 2012.

These contracts were signed to hedge interest rate risk for an additional three years regarding total notional capital of 240 million euros, thus increasing the proportion of total debt hedged against interest rate risk to 77.3% (71.3% at December 31, 2010).

## Exchange rate risk

The ADR Group has a negligible exposure to exchange rate risks as non-euro transactions are related to limited purchases of goods and services.

## Risks related to outstanding loan agreements

- Risk related to ADR's rating

ADR SpA is assessed by the rating agencies Standard & Poor's and Moody's.
The cost of debt and insurance guarantees provided by the monoline insurance company, AMBAC, are linked to the ratings assigned to ADR SpA by the two agencies. Moreover, should the Company's ratings fall below contractually defined minimums, the lenders are authorized to exercise stricter control over its cash flow, thereby constraining further the Company's operational flexibility (a so-called "Trigger Event").

ADR SpA's rating underwent the following changes in the first half of 2011.

- *Moody's*
  On January 12, 2011 the rating agency Moody's downgraded ADR's rating to Ba1 with "stable" outlook. According to the agency, this downgrade reflects the growing pressure arising from the approach of the main repayment deadlines for existing debt, given the continued absence of a new tariff agreement, which is vital for defining the Company's future development prospects.
  The downgrade of the rating by Moody's has entailed a slight increase in the margin applied to bank loans, with an impact on the Parent Company's finance expense on an annual basis amounting to around 0.3 million euros.
- *Standard & Poor's*
  Standard & Poor's BB with negative outlook rating, assigned on May 11, 2010, remained unchanged.

Therefore, regarding the rating assigned, ADR SpA 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).

Finally, in compliance with contractual conditions, on the application date of March 2011, ADR SpA allocated the entire amount of 90.3 million euros available for this purpose on this date to early repayment of a portion of the Term Loan Facility, of which the remaining amount stands at 68.0 million euros.

- Risks related to loan covenants

The agreements in place reflect not only the significant amount of credit provided but also the particular legal and financial structure of the original loans extended to ADR SpA.
In fact, it is a composite structure, whereby ADR SpA owes 1.2 billion euros to a vehicle – Romulus Finance Srl – which was established pursuant to Law 130/99 and is held by two Dutch-based foundations. This vehicle acquired in turn, following a securitization transaction, a pre-existing bank loan through a Luxembourg bond issue subscribed by institutional investors and guaranteed by a monoline insurance company. Moreover, ADR SpA owes the remaining amount of 178.6 million euros received from banks in term loans carrying the same covenants as those contained in the agreement between ADR SpA and Romulus Finance Srl.
The monoline insurance company's guarantee and the *pari passu* rank for all ADR's creditors involve a number of covenants intended to:
- ensure that adequate rating levels are maintained,
- prevent that the rights attributed to each creditor are determined in a manner other than in accordance with pre-established rules.

Some of the main covenants, set against this backdrop, are as follows:

- financial assets may only be acquired with the permission of creditors or via a “non-recourse vehicle”, and in any case only using authorized borrowing or liquidity;
- income from the sale of financial assets may be used for investment or, if not used within 12 months of collection, must be used to repay borrowings;
- dividends may only be distributed if specific financial ratios exceed contractually pre-established thresholds, and if no events of default or trigger events have occurred;
- further loans may only be undertaken if the above financial ratios exceed determined thresholds (higher than those required under normal lending conditions) and if the rating awarded to ADR is greater than pre-defined minimum levels;
- if a maturing line of credit is not repaid at least 12 months before the maturity date, any surplus cash flow generated during this period must be allocated on a priority basis (based on defined proportions) to the repayment of borrowing, which is known as a retention regime. Under certain conditions this period may be extended to 24 months;
- if the financial ratios are below certain predetermined minimum thresholds, or if the rating is below sub-investment grade levels, or if other specific contractually defined critical situations occur, further restrictive measures relating to cash flow management are set in motion in order to protect creditors from the risk of default by ADR SpA.

The foregoing financial ratios (defined on the basis of final and forecast data) include: (i) Debt service coverage ratio (DSCR), measuring the ratio between available cash flow and debt servicing; (ii) Concession life coverage ratio (CLCR), measuring the ratio between discounted future cash flows and net debt; and (iii) Leverage ratio, that is the ratio between net debt and gross operating income.

These ratios are checked twice per year, on the application dates of March 20 and September 20, by applying the calculation methods of the respective ratios to the relative data at December 31 and June 30.

If the above ratios are exceeded, dividends can be distributed (if any surplus cash is available) and if the ratios are exceeded by higher margins, further borrowing may be undertaken. On the other hand, if the ratios fall below specific thresholds, a trigger event or an event of default may occur.

With reference to the most sensitive ratio to short-term changes, represented by the DSCR, the table below summarizes the different DSCR levels and the related consequences laid down in the agreement.

| Level | Condition |
|---|---|
| >=1.7 | Additional debt |
| >=1.5 | Dividend distribution |
| <1.25 | Trigger Event |
| <1.1 | Default |

Closing data as of June 30, 2011 confirm – based on preliminary simulations – that the minimum thresholds for the financial ratios provided for in the loan agreements, which will be formally submitted to the Group’s creditors at the next application date in September 2011, have been exceeded.

Moreover, the loan agreements call for acceleration, termination and withdrawal conditions typical for loans with similar characteristics.

# EVENTS AFTER JUNE 30, 2011

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

***Data as of July 31, 2011 and changes with respect to the same period of 2010[13]***

| | ROME SYSTEM | Fiumicino | Ciampino | Domestic | International |
|---|---|---|---|---|---|
| Movements | 222.617 | 190.976 | 31.641 | 88.564 | 134.053 |
| D% vs PY | +0,9% | +1,1% | -0,2% | -2,9% | +3,6% |
| Mtow | 17.366.224 | 15.738.643 | 1.627.581 | 5.564.060 | 11.802.164 |
| D% vs PY | +1,3% | +0,7% | +7,1% | -1,1% | +2,4% |
| Total Pax | 24.194.516 | 21.442.618 | 2.751.898 | 8.049.130 | 16.145.386 |
| D% vs PY | +5,6% | +5,3% | +7,7% | +4,8% | +5,9% |
| Freight (Kg) | 95.932.792 | 84.653.664 | 11.279.128 | 3.854.406 | 92.078.386 |
| D% vs PY | -3,2% | -4,9% | +11,2% | +18,6% | -4,0% |

| | International | Intl' EU | Intl' Extra EU |
|---|---|---|---|
| Movements | 134.053 | 91.347 | 42.706 |
| D% vs PY | +3,6% | +5,6% | -0,5% |
| Mtow | 11.802.164 | 6.414.192 | 5.387.972 |
| D% vs PY | +2,4% | +5,9% | -1,4% |
| Total Pax | 16.145.386 | 10.549.206 | 5.596.180 |
| D% vs PY | +5,9% | +10,0% | -0,9% |
| Freight (Kg) | 92.078.386 | 19.217.072 | 72.861.314 |
| D% vs PY | -4,0% | +7,7% | -6,6% |

In line with the first half of the year, passenger traffic at Fiumicino airport registered a 5.6% increase in the first seven months of 2011, with movements up 0.9%.

Compared with the same period of 2010, passenger traffic at Fiumicino airport rose 5.3% in the first seven months of 2011, primarily driven by the international EU component (up 11.7%) and to a lesser extent the domestic segment (up 4.2%), while the non-EU component continued to decline (down 1.8%) on the back of the socio-political events that have taken place in the international arena; both movements and available seats registered increases of 1.1%.
On July 31, 2011, 144,263 passengers passed through Fiumicino airport, and 159,260 through the Roman airport system as whole; both of these figures constitute all-time records.
In July, new flights were launched by two new carriers to airports not yet served by Fiumicino: Eritrean Airlines to Asmara, and TACV-Cabo Verde Airlines to Isola del Sale (Cape Verde). Weekly flight frequencies were also stepped up by Qatar Airways to Doha (up 4), China Eastern Airlines to Shanghai (up 1), Alitalia to Los Angeles (up 1), Korean Air to Seoul (up 1) and Air Transat to Toronto (up 1). Finally, as in the earlier summer months, new short-haul routes were flown by Alitalia to Ibiza, and Blu Express to Samos and Skiathos.

Ciampino registered a 7.7% increase in passenger traffic. Capacity was substantially in line with the previous year (down 0.2%), while aircraft tonnage grew 7.1%, driven by new flights operated by Ryanair, which was able to exploit slots that were not used in the same period of 2010.

[13] Provisional data.

On July 7, 2011 the Council of Ministers granted preliminary approval to the draft legislative decree relating to implementation of Directive 2009/12/EC, regarding airport fees, prepared on the basis of the authority granted by “Community Law 2009”. The draft legislative decree was sent to the Presidency of the Chamber of Deputies and the Senate to obtain the prescribed opinions by the deadline of August 17, 2011. The text of the measure, including parliamentary proposals, should be returned to the Presidency of the Council of Ministers for final approval and subsequent publication in the Official Gazette.

Law no. 111 of July 15, 2011, in conversion with amendments of Legislative Decree no. 98/2011, published in Official Gazette no. 164 of July 16, 2011, in paragraph 5 of art. 23, provides for an increase of 0.30% in the IRAP base rate, which thus rises to 4.20%, to be charged to all concessionaire companies other than those engaged in toll highway and tunnel construction. This increase will be applied to the Parent Company, ADR SpA, as of 2011.

The Ministerial Decree of June 30, 2011 regarding new regulations to be complied with during refueling of aircraft, including those with passengers on board, was published in Official Gazette no. 169 of July 22, 2011. The Ministerial Decree came into force on July 23, 2011, the date marking the beginning of the two-year transitory period (until July 23, 2013) during which airports must come into line with the new regulations. During the transitory period "at airports, in order to keep safety standards unchanged, aircraft will continue to be refueled with passengers on board, pursuant to the Ministerial Decree of September 30, 1985, in the presence of the firefighting service” (article 9, paragraph 2).

Regulation (EU) no. 720/2011 of the European Commission of July 22, 2011, regarding amendment of Regulation (EC) no. 272/2009 which supplements the common basic standards on civil aviation security relating to the gradual introduction of the screening of liquids, aerosols and gels at European Union airports, was published in the Official Journal of the European Union on July 23, 2011.
The most important aspect of this regulation provides for a single launch date (April 29, 2013) for the screening of liquids carried by all passengers regardless of their point of origin. At the same time, it requires Member States and airports “to adopt all necessary preparatory measures, including operating trials, well before the 2013 deadline” and that “it is advisable to share the results of these trials in order to examine the situation of the new checks before July 2012”. In accordance with these new regulations and deadlines, ADR SpA should identify the most effective operating solutions and acquire the necessary equipment to carry out the prescribed checks.

# OUTLOOK FOR 2011

It is currently impossible to accurately predict the intensity and duration of the social and economic events in North Africa and the aftermath of the earthquake in Japan, although they will obviously continue to have negative impacts on traffic for the rest of the year.

Nevertheless, traffic is expected to grow at Fiumicino airport, albeit somewhat less than the trend registered at other Italian airports, due to the significant saturation of facilities which, given their age and despite substantial maintenance, increasingly give rise to operating problems and not only at peak periods.

The actions underway to improve managerial efficiency point towards EBITDA remaining substantially in line with 2010, as long as no difficulties arise with major clients.

After the recent submission to the Civil Aviation Authority of a further proposal regarding the Agreement, conclusion of the authorization procedure that will lead to its implementation is still a crucial objective. Indeed – also in the light of the above-mentioned operating problems – the launch of a modernization plan, as well as extension and development of airport infrastructure that would lead to tariff increases, are still urgently needed to ensure the long-term operational and financial balance of the Company.

THE BOARD OF DIRECTORS

# ADR GROUP: CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2011

# CONSOLIDATED FINANCIAL STATEMENTS

**CONSOLIDATED BALANCE SHEET**
**as of June 30, 2011**

**(in thousands of euros)**

**(Translation from the original issued in Italian)**

| | 06-30-2011 | | | 12-31-2010 | | |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| **UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS** | | | 0 | | | 0 |
| **FIXED ASSETS** | | | | | | |
| INTANGIBLE FIXED ASSETS: | | | | | | |
| ▪ Incorporation and development costs | | 5 | | | 7 | |
| ▪ Industrial patents and intellectual property rights | | 1,173 | | | 1,714 | |
| ▪ Concessions, licenses,trademarks and similar rights | | 1,629,580 | | | 1,655,086 | |
| ▪ Leasehold improvements in process and advances | | 24,501 | | | 25,696 | |
| ▪ Others | | 231,822 | | | 233,857 | |
| | | | 1,887,081 | | | 1,916,360 |
| TANGIBLE FIXED ASSETS: | | | | | | |
| ▪ Land and buildings | | 2,461 | | | 2,697 | |
| ▪ Plant and machinery | | 58,821 | | | 57,620 | |
| ▪ Industrial and commercial equipment | | 1,311 | | | 1,555 | |
| ▪ Fixed assets to be relinquished | | 84,904 | | | 86,681 | |
| ▪ Other assets | | 2,521 | | | 3,083 | |
| ▪ Work in progress and advances | | 41,873 | | | 37,053 | |
| | | | 191,891 | | | 188,689 |
| NON-CURRENT FINANCIAL ASSETS: | | | | | | |
| ▪ Equity investments in: | | | | | | |
| - unconsolidated subsidiary undertakings | 100 | | | 100 | | |
| - associated undertakings | 10 | | | 10 | | |
| - other companies | 2,203 | | | 2,203 | | |
| | | 2,313 | | | 2,313 | |
| ▪ Receivables due from others: | | | | | | |
| . within 12 months | 0 | | | 0 | | |
| . beyond 12 months | 471 | | | 626 | | |
| | | 471 | | | 626 | |
| ▪ Other securities: | | | | | | |
| - bonds | 2,758 | | | 2,758 | | |
| | | 2,758 | | | 2,758 | |
| | | | 5,542 | | | 5,697 |
| **Total fixed assets** | | | **2,084,514** | | | **2,110,746** |
| **CURRENT ASSETS** | | | | | | |
| INVENTORY | | | | | | |
| ▪ Raw, ancillary and consumable materials | | 2,573 | | | 2,661 | |
| ▪ Contract work in progress | | 7,852 | | | 11,872 | |
| ▪ Finished goods and goods for resale | | | | | | |
| - goods for resale | 10,046 | | | 7,521 | | |
| | | 10,046 | | | 7,521 | |
| | | | 20,471 | | | 22,054 |
| RECEIVABLES | | | | | | |
| ▪ Due from clients | | 183,418 | | | 177,222 | |
| ▪ Due from associated undertakings | | 482 | | | 482 | |
| ▪ Due from parent companies | | 21 | | | 24 | |
| ▪ Due from tax authorities | | | | | | |
| *. within 12 months* | 1,374 | | | 3,927 | | |
| *. beyond 12 months* | 19,395 | | | 16,321 | | |
| | | 20,769 | | | 20,248 | |
| ▪ Defered Tax assets | | 34,061 | | | 31,928 | |
| ▪ Due from others: | | | | | | |
| - various: | | | | | | |
| *. within 12 months* | 59,517 | | | 59,084 | | |
| - advances to suppliers for services to be rendedered | 70 | | | 112 | | |
| | | 59,587 | | | 59,196 | |
| | | | 298,338 | | | 289,100 |
| MARKETABLE SECURITIES | | | 0 | | | 0 |
| CASH ON HAND AND IN BANKS | | | | | | |
| ▪ Bank and post office deposits | | 127,127 | | | 189,561 | |
| ▪ Cash and notes in hand | | 830 | | | 625 | |
| | | | 127,957 | | | 190,186 |
| **Total current assets** | | | **446,766** | | | **501,340** |
| **ACCRUED INCOME AND PREPAID EXPENSES** | | | | | | |
| ▪ Accrued income and other prepaid expenses | | | **7,143** | | | **4,543** |
| **TOTAL ASSETS** | | | **2,538,424** | | | **2,616,629** |

**CONSOLIDATED BALANCE SHEET**
**as of June 30, 2011**

**(in thousands of euros)**
**(Translation from the original issued in Italian)**

| | 06-30-2011 | | | 12-31-2010 | | |
|---|---|---|---|---|---|---|
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | | | |
| **SHAREHOLDERS' EQUITY** | | | | | | |
| SHARE CAPITAL: | | | | | | |
| ordinary shares | | 62,225 | | | 62,310 | |
| REVALUATION RESERVES | | 667,389 | | | 667,389 | |
| LEGAL RESERVE | | 0 | | | 0 | |
| STATUTORY RESERVES | | 12,462 | | | 12,462 | |
| RESERVE FOR OWN SHARES | | 0 | | | 0 | |
| OTHER RESERVES | | 0 | | | 0 | |
| RETAINED EARNINGS (ACCUMULATED LOSSES) | | 85 | | | 0 | |
| **MINORITY INTEREST** | | 8,292 | | | (14,201) | |
| ▪ Share capital, reserves and net income (loss) for the period | | 10,213 | | | 22,313 | |
| | | | 760,666 | | | 750,273 |
| **GROUP AND MINORITY INTEREST IN CONSOLIDATED SHAREHOLDERS' EQUITY** | | 487 | | | 179 | |
| | | | 487 | | | 179 |
| | | | **761,153** | | | **750,452** |
| **ALLOWANCES FOR RISKS AND CHARGES** | | | | | | |
| ▪ For taxes, deferred taxes | | 26,093 | | | 26,093 | |
| ▪ Other | | 45,293 | | | 45,703 | |
| **Total allowances for risks and charges** | | | **71,386** | | | **71,796** |
| **EMPLOYEE SEVERANCE INDEMNITIES** | | | **24,734** | | | **28,490** |
| **PAYABLES** | | | | | | |
| ▪ Due to banks | | | | | | |
| . within 12 months | 78,198 | | | 9,758 | | |
| *. beyond 12 months* | 102,100 | | | 264,638 | | |
| | | 180,298 | | | 274,396 | |
| ▪ Due to other financial institutions: | | | | | | |
| . within 12 months | 1,652 | | | 14,098 | | |
| *. beyond 12 months* | 1,200,019 | | | 1,200,019 | | |
| ▪ Advances: | | 1,201,671 | | | 1,214,117 | |
| - from clients | | | | | | |
| . from the Ministry of Transport: | | | | | | |
| . within 12 months | 267 | | | 267 | | |
| *. beyond 12 months* | 3,158 | | | 3,687 | | |
| . other | 8,514 | | | 5,166 | | |
| | | 11,939 | | | 9,120 | |
| ▪ Due to suppliers: | | | | | | |
| . within 12 months | 136,422 | | | 142,529 | | |
| *. beyond 12 months* | 3,420 | | | 3,547 | | |
| | | 139,842 | | | 146,076 | |
| ▪ Due to associated undertakings: | | | | | | |
| .within 12 months | 969 | | | 969 | | |
| | | 969 | | | 969 | |
| ▪ Due to parent companies: | | | | | | |
| .within 12 months | 20,027 | | | 11,660 | | |
| | | 20,027 | | | 11,660 | |
| ▪ Taxes due: | | | | | | |
| .within 12 months | 43,788 | | | 43,190 | | |
| | | 43,788 | | | 43,190 | |
| ▪ Due to social security agencies | | 7,169 | | | 7,502 | |
| ▪ Other payables: various creditors | | | | | | |
| . within 12 months | 62,047 | | | 53,414 | | |
| *. beyond 12 months* | 2,634 | | | 2,415 | | |
| | | 64,681 | | | 55,829 | |
| **Total payables** | | | **1,670,384** | | | **1,762,859** |
| ▪ Accrued expenses and other deferred income | | | **10,767** | | | **3,032** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | | **2,538,424** | | | **2,616,629** |

**MEMORANDUM ACCOUNTS**
**as of June 30, 2011**
**(in thousands of euros)**
**(Translation from the original issued in Italian)**

| | 06-30-2011 | | 12-31-2010 | |
|---|---|---|---|---|
| **General guarantees** | | | | |
| ▪ Sureties | 111 | | 111 | |
| ▪ Other | 328 | | 328 | |
| | | 439 | | 439 |
| **Collateral guarantees** | | 0 | | 0 |
| **Commitments on purchases and sales** | | 83,096 | | 87,113 |
| **Other** | | 999,086 | | 998,913 |
| | | **1,082,621** | | **1,086,465** |

**CONSOLIDATED INCOME STATEMENT**
**for the First Half 2011**
**(in thousands of euros)**
**(Translation from the original issued in Italian)**

| | First Half 2011 | | | First Half 2010 | | |
|---|---|---|---|---|---|---|
| **TOTAL REVENUES** | | | | | | |
| ▪ Revenues from sales and services: | | | | | | |
| *- revenues from sales* | 42,339 | | | 39,941 | | |
| *- revenues from services* | 245,722 | | | 236,782 | | |
| *- revenues from contract work* | 5,571 | 293,632 | | 3,622 | 280,345 | |
| ▪ Changes in contract work in progress | | (2,887) | | | 1,035 | |
| ▪ Capitalized costs and expenses | | 1,550 | | | 4,394 | |
| ▪ Other income and revenues: | | | | | | |
| *- revenue grants* | 185 | | | 227 | | |
| *- profits on disposals* | 0 | | | 3 | | |
| *- other* | 3,893 | | | 3,127 | | |
| | | 4,078 | | | 3,357 | |
| | | | **296,373** | | | **289,131** |
| **OPERATING COSTS** | | | | | | |
| ▪ raw, ancillary and consumable materials and goods for resale | | 39,436 | | | 34,962 | |
| ▪ services | | 54,362 | | | 58,439 | |
| ▪ leases | | 5,650 | | | 5,235 | |
| ▪ payroll: | | | | | | |
| *- wages and salaries* | 45,854 | | | 44,348 | | |
| *- social security* | 13,214 | | | 12,805 | | |
| *- employee severance indemnities* | 3,614 | | | 3,203 | | |
| *- other* | 472 | | | 510 | | |
| | | 63,154 | | | 60,866 | |
| ▪ Depreciation, amortization and write-downs: | | | | | | |
| *- amortization of intangible fixed assets* | 46,898 | | | 44,362 | | |
| *- depreciation of tangible fixed assets* | 10,874 | | | 9,883 | | |
| *- provisions for doubtful accounts* | 4,957 | | | 699 | | |
| | | 62,729 | | | 54,944 | |
| ▪ Changes in inventories of raw, ancillary and consumable materials and goods for resale | | (2,437) | | | (82) | |
| ▪ Provisions for risks | | 6,478 | | | 5,308 | |
| ▪ Other provisions | | 120 | | | 151 | |
| ▪ Sundry operating costs: | | | | | | |
| *- license fees* | 11 | | | 8 | | |
| *- other* | 3,392 | | | 3,831 | | |
| | | 3,403 | | | 3,839 | |
| | | | **(232,895)** | | | **(223,662)** |
| **Operating income** | | | **63,478** | | | **65,469** |
| **FINANCIAL INCOME AND EXPENSE** | | | | | | |
| ▪ Other financial income: | | | | | | |
| *- from long-term receivables* | | | | | | |
| *. other* | 0 | | | 2 | | |
| *- securities included in fixed assets which are not equity* | 185 | | | 194 | | |
| *- other* | | | | | | |
| *. interest and commissions from others and sundry revenues* | 1,221 | | | 678 | | |
| | | 1,406 | | | 874 | |
| ▪ Interest expense and other financial charges: | | | | | | |
| *- interest and commissions to others and sundry charges* | 37,221 | | | 36,933 | | |
| | | (37,221) | | | (36,933) | |
| ▪ Profits and losses on Exchange | | | | | | |
| *- Profits* | 12 | | | 29 | | |
| *- Losses* | 2 | | | 5 | | |
| | | 10 | | | 24 | |
| **Total financial income (expense), net** | | | **(35,805)** | | | **(36,035)** |

**CONSOLIDATED INCOME STATEMENT**
**for the First Half 2011**
**(in thousands of euros)**
**(Translation from the original issued in Italian)**

| | First Half 2011 | | | First Half 2010 | | |
|---|---|---|---|---|---|---|
| **ADJUSTMENTS TO FINANCIAL ASSETS** | | | | | | |
| ▪ Depreciation: | | | | | | |
| *- non-current financial assets* | | 0 | | | (4) | |
| | | | **0** | | | **(4)** |
| **EXTRAORDINARY INCOME AND EXPENSE** | | | | | | |
| ▪ Income: | | | | | | |
| *- other* | 1,417 | | | 764 | | |
| | | 1,417 | | | 764 | |
| ▪ Expense: | | | | | | |
| *- taxes relating to previous period* | 0 | | | 13,974 | | |
| *- other* | 1,391 | | | 1,518 | | |
| | | (1,391) | | | (15,492) | |
| **Total extraordinary income (expense), net** | | | **26** | | | **(14,728)** |
| **Income before taxes** | | | **27,699** | | | **14,702** |
| **Income taxes of the period, current, defferred assets (liabilities) :** | | | | | | |
| *- current* | | (19,311) | | | (14,585) | |
| *- deferred tax assets (liabilities)* | | 2,133 | | | 390 | |
| | | | **(17,178)** | | | **(14,195)** |
| Net income (loss) for the period | | | 10,521 | | | 507 |
| of which: | | | | | | |
| ▪ minority interest | | | 308 | | | (103) |
| ▪ **Parent Company's share** | | | **10,213** | | | **610** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

# GENERAL PRINCIPLES

The condensed financial statements for the six months ended June 30, 2011, have been prepared in accordance with the accounting standards issued by the Italian Accounting Profession, as applicable to interim financial statements, with specific reference to accounting principle 30.

In view of the fact that the Parent Company is required to prepare consolidated accounts, the six-month report has been prepared on a consolidated basis and consists of the consolidated accounts and the notes to the consolidated accounts.
The consolidated accounts have been prepared in compliance with art. 25/43 of Decree 127 of April 9, 1991 and those of the Parent Company with the requirements of the Italian Civil Code with regard to statutory accounts. They are based on the underlying accounting records updated to June 30, 2011, integrated by extra-accounting information deriving from entries recorded at the end of the financial year on December 31, during preparation of the annual financial statements.

The date of reference for the consolidated accounts is that of the accounts of the Parent Company, Aeroporti di Roma SpA. The accounts of subsidiary undertakings used for consolidation purposes refer to the period ended June 30, 2011, as approved by the respective boards of directors.

The reconciliation of shareholders' equity and net income for the six months ended June 30, 2011, as reported in the financial statements of Aeroporti di Roma SpA, and the related consolidated amounts for the same period is shown in the note to consolidated shareholders' equity.

Income statement data for the first half of 2011 are compared with the amounts for the same period of the previous year. Balance sheet data as of June 30, 2011 are compared with the corresponding amounts as of December 31, 2010.

Amounts shown in the consolidated accounts are expressed in thousands of euros.

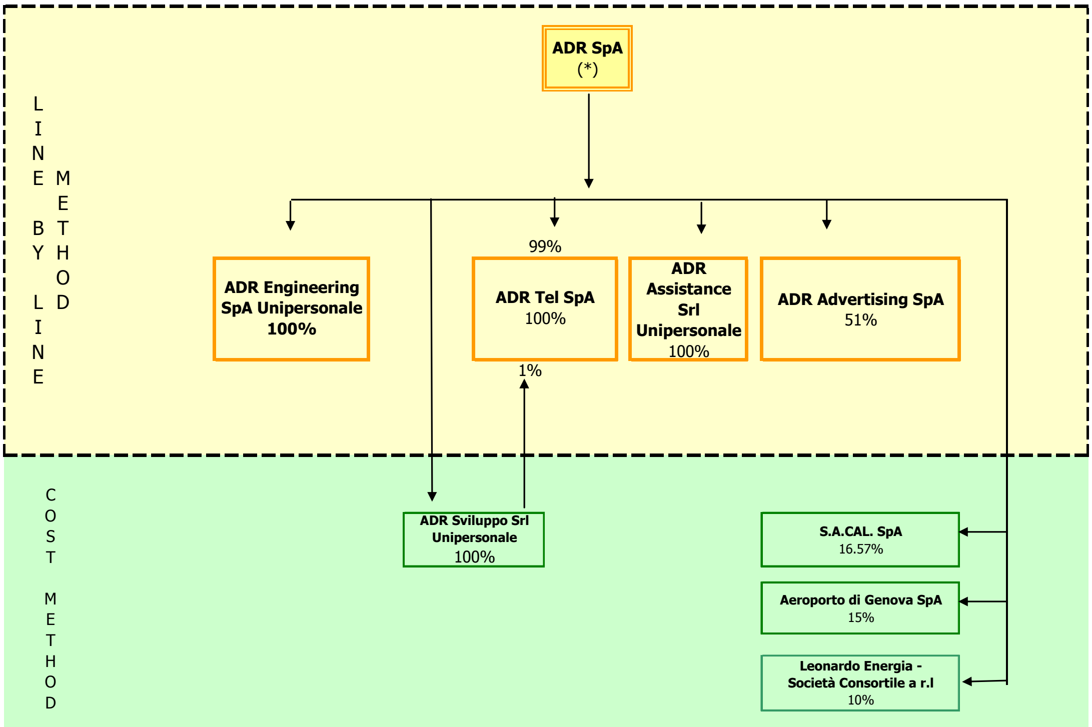
Income Statement and Balance Sheet items, preceded by Arabic numerals, showing zero balances for the periods under consideration are not shown.

A limited audit of the condensed financial statements for the six months ended June 30, 2011 was carried out by Deloitte & Touche SpA.

# BASIS OF CONSOLIDATION

The consolidated financial statements for the six months ended June 30, 2011 include the financial statements for the same period, consolidated on a line-by-line basis, of the Parent Company, Aeroporti di Roma SpA, and the Italian and overseas subsidiary undertakings in which the Parent Company holds, either directly or indirectly, the majority of the voting shares.

## BASIS OF CONSOLIDATION AS OF JUNE 30, 2011




(*) ADR SpA holds a 25% quote (evaluated at cost) in E.T.L. - European Transport Law.

As of June 30, 2011, the basis of consolidation includes the following companies:

| COMPANIES consolidated on a line-by-line basis | REGISTERED OFFICE | CURRENCY | SHARE CAPITAL | Group's % | Via: Company | % |
|---|---|---|---|---|---|---|
| ADR SpA | Fiumicino (Rome) | EUR | 62,224,743.00 | Parent Company | | |
| ADR Engineering SpA Unipersonale | Fiumicino (Rome) | EUR | 774,690.00 | 100% | ADR | 100% |
| ADR Assistance Srl Unipersonale | Fiumicino (Rome) | EUR | 6,000,000.00 | 100% | ADR | 100% |
| ADR Tel SpA | Fiumicino (Rome) | EUR | 600,000.00 | 99% | ADR | 99%[14] |
| ADR Advertising SpA | Fiumicino (Rome) | EUR | 1,000,000.00 | 25.5%[15] | ADR | 25.5% |

With respect to December 31, 2010, no changes have been made to the basis of consolidation.

The following equity investments are valued at cost:

[14] The remaining 1% stake is held by ADR Sviluppo Srl Unipersonale, which is not included in the basis of consolidation.
[15] Equity investment in the company's total share capital of 1,000,000 euros (including preference shares). The interest in the ordinary stock amounts to 500,000 euros (51%).

| EQUITY INVESTMENTS valued at cost | REGISTERED OFFICE | CURRENCY | SHARE CAPITAL | Group's % | Via: | |
|---|---|---|---|---|---|---|
| | | | | | Company | % |
| *unconsolidated subsidiary undertakings:* | | | | | | |
| ADR Sviluppo Srl Unipersonale | Fiumicino (Rome) | EUR | 100,000.00 | 100% | ADR | 100% |
| *associated undertakings:* | | | | | | |
| Consorzio E.T.L. – European Transport Law (in liquidation) | Rome | EUR | 82,633.11 | 25% | ADR | 25% |
| Ligabue Gate Gourmet Roma SpA (insolvent) | Tessera (Venice) | EUR | 103,200.00 | 20% | ADR | 20% |
| *other companies:* | | | | | | |
| S.A.CAL. SpA | Lamezia Terme (Catanzaro) | EUR | 7,755,000.00 | 16.57% | ADR | 16.57% |
| Aeroporto di Genova SpA | Genova Sestri | EUR | 7,746,900.00 | 15% | ADR | 15% |
| Leonardo Energia – Società Consortile a r.l. | Milan | EUR | 10,000.00 | 10% | ADR | 10% |

The holding in the subsidiary undertaking, ADR Sviluppo Srl, has not been consolidated as the company, which was incorporated on July 27, 2001, is not yet operational.

The holdings in the following associated undertakings have been valued at cost and not according to the equity method given that:

- Consorzio E.T.L. – European Transport Law (in liquidation) is a non-profit consortium dedicated to research, and therefore valuation according to the equity method would have no significant effects on the consolidated financial statements; the company was placed in liquidation as of December 31, 2010;
- Ligabue Gate Gourmet Roma SpA is insolvent.

## CONSOLIDATION PRINCIPLES

The main consolidation principles are described below:

- the carrying amount of consolidated equity items has been eliminated against the corresponding entry of individual asset and liability items, in accordance with the line-by-line method;
- the minority interest in net income and shareholders' equity are reported separately as appropriate items in the income statement and under shareholders' equity;
- inter-company profits and losses still to be realized, as well as significant sums relating to payables and receivables and costs and revenues relating to consolidated companies have been eliminated;
- adjustments made to eliminate items of a purely fiscal nature, as well as other consolidation adjustments, take account, where applicable, of the related deferred taxation. Furthermore, the statements show deferred tax assets relating to items which will be recoverable in future years;
- dividends received by subsidiary undertakings during the period and recorded in the Parent Company's income statement as income from equity investments are eliminated against the item retained earnings. Dividends paid by subsidiary undertakings, posted on an accruals basis in the Parent Company's accounts, are eliminated;
- in the event of the disposal of a controlling interest to third parties, the gain or loss on the transaction recognized in the consolidated financial statements represents the difference between the sale price and the subsidiary's shareholders' equity at the transaction date (thus including the net income or loss reported for the months prior to the disposal), plus any residual carrying amount of "Goodwill arising from consolidation".

# EXPLANATION ADDED FOR TRANSLATION INTO ENGLISH

The financial statements have been translated into English from the original version in Italian. They have been prepared in accordance with the Italian law related to financial statements, interpreted and integrated by the accounting principles established by the Italian Accounting Profession. Certain accounting practices applied by the Company that conform to generally accepted accounting principles in Italy do not conform with the generally accepted accounting principles in other countries.

# ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements for the six months ended June 30, 2011 are those required by the accounting principles established by the Italian Accounting Profession, with specific reference to accounting principle 30, and are those applied throughout the Group.

The principal accounting policies are summarized below. A more detailed explanation of certain policies can be found in the notes to the single classes of items.

**Fixed assets**

These are recorded at purchase cost and are revalued, where necessary, for single items in accordance with the laws applying to monetary revaluation. Directly connected incidental costs are included in the purchase cost. Should there be a permanent impairment of value of such fixed assets, the relevant fixed asset is written down accordingly. The appropriate value of such fixed assets, adjusted solely to take account of accumulated amortization or depreciation, is reinstated if the reasons for any write-downs subsequently cease to apply.

**- Intangible fixed assets**

Intangible fixed assets have limited useful lives and their cost is amortized on a straight-line basis during each financial year in relation to their residual useful lives. In particular:

- *Incorporation and development costs*

These are reported under assets at purchase cost, with the consent of the Board of Statutory Auditors, and amortized over a period of five years.

- *Industrial patents and intellectual property fees*

These are recorded at purchase cost. Amortization begins when the right is taken up or can be taken up, over what is usually established by tax legislation as being three years.

- *Concessions, licenses, trademarks and similar*

These are recorded at purchase cost. Amortization begins when the right is taken up or can be taken up, and is applied over a period of three years in the case of concessions and licenses and of not more than ten years for trademarks.
The value of the airport management concession, paid by the Parent Company, Leonardo SpA (now ADR SpA) on acquiring its holding in ADR, is amortized on the basis of the residual duration of the concession, which will expire on June 30, 2044.

- *Other*

This item essentially includes:

- *Leasehold improvements*: improvements (modernization, upgrades), having a service life of several years, carried out on assets belonging to third parties (held under concession or constructed on behalf of the State). These costs are amortized in relation to their residual service lives, usually less than the period of the concession;
- *Ancillary charges on loans*: the charges incurred to obtain medium- and long-term loans (such as investigative charges, legal fees, etc.) are capitalized and amortized on the basis of the duration of the loan, in accordance with the financial method.

**- Tangible fixed assets**

Tangible fixed assets have limited useful lives and their cost is depreciated on a straight-line basis during each financial year according to their residual useful lives. Rates of depreciation are applied that reflect the estimated useful lives of the assets.
The rates used are summarized below:

| | |
|---|---|
| Land and buildings………………………...10% | |
| Plant and machinery………………………from 10% to 25% | |
| Industrial and commercial equipment…...from 10% to 25% | |
| Fixed assets to be relinquished………… 4%, 10% | |
| Other assets……………………………….from 10% to 25% | |

- *Land and buildings*

These are recorded at purchase cost adjusted in accordance with art. 3 of Law no. 72/83.

- *Fixed assets to be relinquished*

Such assets are recorded at purchase cost adjusted in accordance with the above-mentioned art. 3 of Law no. 72/83, including any ancillary charges and subsequent development costs.
Such assets are depreciated in relation to their residual useful lives. In addition, provisions are made for transfer costs relating to the fixed assets to be relinquished, with the aim of covering the estimated costs which will be borne at the end of the concession term (in 2044) when the assets are to be transferred to the concession provider in good working condition.

**- Non-current financial assets**

The investment in the unconsolidated subsidiary undertaking (ADR Sviluppo Srl) has been valued at cost; this method of valuation, given that the company is a start-up, is in any event representative of the Group's interest in shareholders' equity.

Equity in associated undertakings is valued in accordance with the equity method. When they have no significant effects on the Group's results of operations and financial position, associated undertakings are recorded at purchase cost, adjusted to reflect any loss in value. The investments in the associated undertakings, La Piazza di Spagna Srl, Ligabue Gate Gourmet Roma SpA (insolvent) and Consorzio E.T.L. – European Transport Law (in liquidation), are valued at cost for the reasons given in the section regarding the "Basis of consolidation".

Other investments are recorded at purchase cost, adjusted to reflect any long-term loss in value.

Should the Company decide to dispose of an equity investment previously accounted for in non-current financial assets, the investment is reclassified to current financial assets.

Non-current receivables are recorded at their nominal value.

Securities in the Group's portfolio held as a long-term investment until their maturity are recorded under non-current financial assets.
These securities are recorded at purchase cost, including ancillary costs.
The premium, representing the difference between the purchase price of the security and the final redemption value, should be recorded in the results for each reporting period throughout ownership of the security. This income represents an additional constant rate of return on the capital invested compared with the return generated by explicit interest.
Should there be an impairment in value, which may derive from a reduction in the market price or a negative exchange rate difference – or a combination of both factors – the value of the investment is written down.

## Current assets

**- Inventories**

- *Inventories of raw, ancillary and consumable materials, finished goods and goods for resale*

These are recorded at the lower of the weighted average purchase cost and the estimated realizable value taking into account market price trends.

- *Contract work in progress*

These assets are recorded on the basis of the percentage-of-completion method (determined on the basis of the ratio of costs incurred to the total cost of the project). The value of the work so far completed and for which repayment is considered definite is recorded among revenues. Any additional costs borne by the Group in relation to changes in the original project, as requested by the concession provider, constitute, depending on the nature of the changes, either a write-down of the agreed value (in the case of assets which may not be operated autonomously) or, alternatively, intangible fixed assets (where such variations are considered improvements to and/or conversions of third party assets).

**- Receivables**

These are recorded at their estimated realizable value.

**- Current financial assets**

These assets are recorded at the lower of cost and realizable value.

**- Cash on hand and in banks**

These are recorded at their nominal value assuming the clearance of bank checks and the availability of bank deposits.

## Accrued income and prepaid expenses

Accruals and deferrals are valued in accordance with the matching concept, by means of dividing costs and revenues relating to two or more financial periods over the period to which they relate.

## Allowances for risks and charges

These are made up of provisions aimed at covering sundry losses of a determinate nature and of certain or probable occurrence. The evaluation of risks and charges also takes into account liabilities which have become known between the closure of the accounting period under consideration and the date of the preparation of these financial statements. Such allowances are held to be adequate to cover related losses and charges.

## Employee severance indemnities

Employee severance indemnities were calculated for all employees and in accordance with governing legislation. This amount was calculated for indemnities accrued up to June 30, 2011 and is shown net of any advance payments and amounts paid in the form of supplementary pension benefits or to the Treasury Fund  set up at the Italian Social Security Institute (INPS).

Following the entry into force of the reform of supplementary pensions on January 1, 2007, the personnel of private companies with more 50 employees may choose to have their employee severance indemnities allocated to a form of supplementary pension fund or leave them with their company. In the latter case, the company pays employee severance indemnities into a fund set up at INPS, in accordance with the implementing Decree of January 30, 2007, denominated “Allowance for employee severance indemnities” or “Treasury Fund”. Consequently, amounts for employee severance indemnities maturing as of January 1, 2007 are classified on a monthly basis under “Due to social security agencies”. The following month the indemnities are paid to the supplementary pension fund or the Treasury Fund.

## Payables

Payables are recorded at their nominal value.

## Receivables and payables recorded in foreign currency

Items expressed in foreign currency are posted at the historical exchange rate on the day a transaction is carried out. Any exchange rate differences, incurred on collection of receivables or on settlement of payables denominated in foreign currency, are recorded in the income statement under "foreign exchange gains and losses".
If the translation of receivables and payables denominated in foreign currency, at closing rates, results in a net gain or loss, such an amount is recorded in the income statement under "foreign exchange gains and losses".

## Memorandum accounts

**- General/secured guarantees given**

These are valued in accordance with the period-end residual value of the debt or securities guaranteed.

**- Commitments on purchases and sales**

This item reports the value of contracts to be fulfilled and which imply a commitment, on the part of the Group, to third parties. Non-quantifiable commitments are not recorded, but are described in a relevant note if of significant value.

**- Other**

- *Secured/general guarantees received*

These are recorded at an amount approximately equal to the residual value due at period end. These primarily consist of sureties granted by major banks and insurance companies.

- *Third parties' assets lodged with the Company (principally assets received under the concession)*

These are recorded at values based on the latest estimate made by UTE (Tax Technical Office) in 1979 or, in the case of works financed by the State and then subsequently received under the concession, at the value of the work completed and invoiced to the Civil Aviation Authority, in accordance with agreements.

- *Company-owned assets lodged with third parties*

These are recorded at their net book value.

## Revenues

Revenues are reported net of returns, discounts, reductions and premiums as follows:
- revenues from sales: upon delivery;
- revenues from services: upon supply of the service.

## Income taxes

Current taxes are calculated on the basis of taxable income. The related payable is posted to "Taxes due".
Regarding participation in the domestic tax consolidation regime by ADR SpA and the subsidiary undertakings, ADR Tel SpA, ADR Engineering SpA, ADR Assistance Srl and ADR Sviluppo Srl as consolidated companies, and the Parent Company, Gemina SpA, as the consolidating company, taxable income and tax losses transferred to the consolidating company are recorded under current tax "expense" and "income from tax consolidation", respectively, with contra-entries for amounts due to and from the parent companies.

Any excess taxable operating income transferred under the tax consolidation regime, and used to offset non-deductible interest expense transferred under the regime, is remunerated by applying the IRES rate to 50% of the positive difference between taxable operating income and interest expense, in accordance with contractual agreements.
The consolidated companies also transfer withholding taxes, tax credits and rebates from previous tax returns to the consolidating company.
Deferred tax assets and liabilities represent the temporary difference between taxable income and net income reported in the Income Statement for the period, applying the tax liability method. Deferred tax assets are recorded only when there is reasonable certainty of their recoverability. The balance of deferred tax assets and liabilities are reported under the "Allowance for deferred taxes" in the case of a liability and under "Deferred tax assets" in the case of an asset.

**Derivatives contracts**

The positive and negative interest rate differentials, deriving from Interest Rate Collar contracts, accrued at the end of the period are recorded on the accruals basis in the Income Statement among financial income and expense.
The Group's hedging policy, in accordance with obligations laid down in loan agreements, stipulates that at least 51% of the loan should be subject to a fixed rate of interest.

# NOTES TO THE CONSOLIDATED BALANCE SHEET

## FIXED ASSETS

### Intangible fixed assets

| | 12-31-2010 | | | Changes during the period | | | 06-30-2011 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Cost | Amortization | Book value | Purchases/ Capitalization | Reclassifications | Amortization | Cost | Amortization | Book value |
| - Incorporation and development costs | 1,892 | (1,885) | 7 | 0 | 0 | (2) | 1,892 | (1,887) | 5 |
| | 1,892 | (1,885) | 7 | 0 | 0 | (2) | 1,892 | (1,887) | 5 |
| - Industrial patents and intellectual property rights | 9,073 | (7,359) | 1,714 | 19 | 25 | (585) | 9,117 | (7,944) | 1,173 |
| | 9,073 | (7,359) | 1,714 | 19 | 25 | (585) | 9,117 | (7,944) | 1,173 |
| - Concessions, licenses, trademarks and similar rights | 2,192,974 | (537,888) | 1,655,086 | 202 | 158 | (25,866) | 2,193,334 | (563,754) | 1,629,580 |
| | 2,192,974 | (537,888) | 1,655,086 | 202 | 158 | (25,866) | 2,193,334 | (563,754) | 1,629,580 |
| - Leasehold improvements in process and advances: | | | | | | | | | |
| *. Leasehold improvements in process* | 25,690 | 0 | 25,690 | 6,766 | (7,960) | 0 | 24,495 | 0 | 24,495 |
| *. Advances to suppliers* | 6 | 0 | 6 | 0 | 0 | 0 | 6 | 0 | 6 |
| | 25,696 | 0 | 25,696 | 6,766 | (7,960) | 0 | 24,501 | 0 | 24,501 |
| - Others | | | | | | | | | |
| *. Leasehold improvements* | 610,751 | (392,962) | 217,789 | 10,717 | 7,694 | (18,637) | 629,162 | (411,599) | 217,563 |
| *. Ancillary charges for loans* | 53,822 | (37,754) | 16,068 | 0 | 0 | (1,809) | 53,822 | (39,563) | 14,259 |
| | 664,573 | (430,716) | 233,857 | 10,717 | 7,694 | (20,446) | 682,984 | (451,162) | 231,822 |
| | 2,894,209 | (977,848) | 1,916,360 | 17,703 | (83) | (46,898) | 2,911,828 | (1,024,747) | 1,887,081 |

An analysis of the most important changes during the first half reveals the following:

- "Concessions, licenses, trademarks and similar rights" include the value of the airport concession, amounting to 1,626,360 thousand euros as of June 30, 2011. The decrease of 25,506 thousand euros is primarily due to amortization for the period, amounting to 25,866 thousand euros;

- “Leasehold improvements in process” decreased by 1,194 thousand euros due to the combined effect of the following:
  - a decrease of 7,960 thousand euros deriving from improvements entering service during the period and reclassified under “industrial patent and intellectual property rights” “concessions, licenses, trademarks and similar rights” and “leasehold improvements”, as well as adjustments;
  - an increase of 6,766 thousand euros for new investments;

- "Other” intangible fixed assets decreased by 2,035 thousand euros. “Leasehold improvements” fell by 226 thousand euros due to amortization for the period (18,637 thousand euros) partly offset by purchases during the period (10,717 thousand euros), and transfers from work in process and reclassifications (up 7,694 thousand euros). "Transaction costs incurred on loans” fell by 1,809 thousand euros due to amortization for the period.

The principal leasehold improvements in process (equal to 6,766 thousand euros) include:
- “curbside” and road network works (916 thousand euros);
- restructuring of rest rooms at T3 (310 thousand euros);
- works on night flying facilities (542 thousand euros);
- upgrade of air conditioning equipment (785 thousand euros);
- upgrade of the BHS electricity network at the former Alitalia cargo warehouse (415 thousand euros);
- civil engineering upgrade works and waterproof surfaces (396 thousand euros);
- adaptation of sub-stations at Ciampino (224 thousand euros).

The main leasehold improvements completed during the first half of 2011 (equal to 10,717 thousand euros) include:
- adaptation of Satellite West for A380 aircraft (614 thousand euros);
- extraordinary maintenance on taxiways at Ciampino (950 thousand euros);
- runway and connecting runway renovation at Fiumicino (530 thousand euros);
- aircraft apron renovation – third phase (703 thousand euros);
- operational upgrade of BHS at T3 (420 thousand euros);
- restructuring of shops (348 thousand euros);
- works on stairways and moving walkways (725 thousand euros).

Once again in the first half of 2011, investment in airport infrastructure development was funded from increased boarding fees received during the year (in accordance with paragraphs 9 and 10 of art. 10, Law no. 537/93).

## Tangible fixed assets

| | 12-31-2010 | | | | Changes during the period | | | 06-30-2011 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Cost | Reval. Law (72/1983) | Allowances for depreciation | Book value | Purchases. /Capital. | Reclassi-fication | Amortization | Cost | Reval. Law (72/1983) | Allowances for depreciation | Book value |
| - Land and buildings | 21,716 | 465 | (19,484) | 2,697 | 28 | 0 | (264) | 21,744 | 465 | (19,748) | 2,461 |
| - Plant and machinery | 148,174 | 0 | (90,554) | 57,620 | 6,647 | 262 | (5,708) | 155,083 | 0 | (96,262) | 58,821 |
| - Industrial and commercial equipment | 9,483 | 0 | (7,928) | 1,555 | 5 | 6 | (255) | 9,494 | 0 | (8,183) | 1,311 |
| - Fixed assets to be relinquished | 195,877 | 1,908 | (111,104) | 86,681 | 1,526 | 496 | (3,799) | 197,898 | 1,908 | (114,902) | 84,904 |
| - Other assets | 31,500 | 0 | (28,417) | 3,083 | 251 | 35 | (848) | 31,786 | 0 | (29,265) | 2,521 |
| - Work in progress and advances | 37,053 | 0 | 0 | 37,053 | 4,479 | 342 | 0 | 41,874 | 0 | 0 | 41,874 |
| | 443,803 | 2,373 | (257,487) | 188,689 | 12,936 | 1,141 | (10,874) | 457,879 | 2,373 | (268,360) | 191,892 |

Net tangible fixed assets rose by 3,203 thousand euros primarily due to investment of 12,936 thousand euros, which was partially offset by depreciation for the period totaling 10,874 thousand euros.

The most significant capitalizations during the period include:

- within the category “plant and machinery” (6,647 thousand euros), baggage conveyor belts (5,767 thousand euros) and special communication equipment (356 thousand euros);
- within the category “assets to be relinquished” (1,526 thousand euros) civil engineering works and buildings (1,321 thousand euros) and plant and machinery (275 thousand euros);
- the category "tangible fixed assets in progress and advances” (4,479 thousand euros), includes departure area F (formerly Pier C – the portion financed by ADR) (2,678 thousand euros) and the new baggage handling system at the former Alitalia cargo warehouse (897 thousand euros).

As security for the loans governed by agreements with Romulus Finance Srl, a syndicate of banks, EIB and BIIS (formerly Banca OPI) – described in detail in the notes to “Payables” – has been granted a lien (in the form of a mortgage ranking *pari passu* with other claims) on the plant, machinery and capital goods recorded at any time in the book of depreciable assets and ADR SpA’s inventory. Such a guarantee is valid until the above loans have been fully repaid.

## Equity investments held as non-current financial assets

| | 12-31-2010 | changes during the period | 06-30-2011 |
|---|---|---|---|
| **Equity investments in:** | | | |
| ▪ unconsolidated subsidiary undertakings: | | | |
| *ADR Sviluppo Srl Unipersonale* | 100 | 0 | 100 |
| | 100 | 0 | 100 |
| ▪ associated undertakings: | | | |
| *Consorzio E.T.L. (in Liquidation)* | 10 | 0 | 10 |
| *Ligabue Gate Gourmet Roma S.p.A. (insolvent)* | 0 | 0 | 0 |
| | 10 | 0 | 10 |
| ▪ other companies: | | | |
| *Aeroporto di Genova SpA* | 895 | 0 | 895 |
| *S.A.CAL. SpA* | 1,307 | 0 | 1,307 |
| *Leonardo Energia – Società Consortile a r.l.* | 1 | 0 | 1 |
| | 2,203 | 0 | 2,203 |
| | **2,313** | **0** | **2,313** |

For further information regarding such equity investments during the first half of 2011, reference should be made to the section Equity investments in the Parent Company's Management Report on Operations.

As a security for the loans taken out via contracts entered into with Romulus Finance Srl, and a syndicate of banks, EIB and BIIS (formerly Banca OPI), ADR SpA has granted the lenders a lien on the Company's shareholdings in the subsidiary undertakings, ADR Tel SpA, ADR Advertising SpA and ADR Assistance Srl. Such guarantees are valid until the above loans have been fully repaid.

## Receivables due and other items under non-current financial assets

| | 12-31-2010 | changes during the period | 06-30-2011 |
|---|---|---|---|
| **Receivables:** | | | |
| ▪ due from others: | | | |
| *Public bodies for licenses* | 23 | 0 | 23 |
| *other* | 603 | (155) | 448 |
| | **626** | **(155)** | **471** |

The sub-item "other" primarily includes guarantee deposits issued by the Group in favor of third parties. There are no receivables falling due beyond five years.

| | 12-31-2010 | changes during the period | 06-30-2011 |
|---|---|---|---|
| **Other securities:** | | | |
| ▪ bonds | 2,758 | 0 | 2,758 |
| | **2,758** | **0** | **2,758** |

The item "bonds" includes a portion of the A4 bonds issued by the special purpose vehicle, Romulus Finance Srl, purchased in the market by the Parent Company on February 13, 2009. The bonds, which had a face value of 4 million pounds sterling, were purchased at a price of 2.8 million euros (equal to 2.4 million pounds). The A4 bonds, falling due in February 2023, accrue half-yearly interest at a fixed rate of 5.441%.

## CURRENT ASSETS

### Inventories

| | 12-31-2010 | changes during the period | 06-30-2011 |
|---|---|---|---|
| ▪ Raw, ancillary and consumable materials | 2,661 | (88) | 2,573 |
| ▪ Finished goods and goods for resale: | | | |
| *goods for resale* | 7,521 | 2,525 | 10,046 |
| ▪ Contract work in progress | 11,872 | (4,020) | 7,852 |
| | **22,054** | **(1,583)** | **20,471** |

"Inventories" registered an overall decrease of 1,583 thousand euros compared with December 31, 2010, primarily due to:

- a 4,020 thousand euro decrease in stocks of "contract work in progress", largely relating to the state-financed portion of construction works in departure area F (formerly Pier C);
- a 2,525 thousand euro increase in stocks of "goods" for resale (directly managed duty free and duty paid shops) due – in addition to a rise in sales volumes – to the seasonal nature of promotions, the launch and introduction of new high-end products, the new Chanel "shop in shop" (display area) and the closure of shops 3 and 5 for a few days for inventory at the end of the period in order to convert them from duty paid to duty free sales.

As security for the loans governed by agreements with Romulus Finance Srl, a syndicate of banks, EIB and BIIS (formerly) Banca OPI, the Parent Company, ADR SpA, has granted the lenders a lien (in the form of a mortgage ranking *pari passu* with other claims) on the raw materials, work in progress, stocks, finished goods, goods for resale and other goods forming part of ADR SpA's inventory. Such a guarantee is valid until the above loans have been fully repaid.

## Current receivables

| | 12-31-2010 | changes during the period | | 06-30-2011 |
|---|---|---|---|---|
| | | Increases (+) Repayments (-) | Provisions (-) Value recoveries (+) | |
| ▪ Due from clients | 224,228 | 11,085 | 0 | 235,313 |
| *less* | | | | |
| *allowance for doubtful accounts* | (38,941) | 154 | (4,957) | (43,744) |
| *allowance for overdue interest* | (8,065) | 9 | (95) | (8,151) |
| | 177,222 | 11,248 | (5,052) | 183,418 |
| ▪ Due from associated undertakings | 482 | 0 | 0 | 482 |
| ▪ Due from parent companies | 24 | (3) | 0 | 21 |
| ▪ Due from tax authorities | 20,248 | 521 | 0 | 20,769 |
| ▪ Deferred tax assets | 31,928 | 2,133 | 0 | 34,061 |
| ▪ Due from others: | | | | |
| *sundry* | 59,084 | 433 | 0 | 59,517 |
| *advances to suppliers for services* | 112 | (42) | 0 | 70 |
| | 59,196 | 391 | 0 | 59,587 |
| | **289,100** | **14,290** | **(5,052)** | **298,338** |

"Due from clients", net of allowances for doubtful accounts, amounts to 183,418 thousand euros and includes trade receivables due from clients and amounts due from public bodies deriving from financed works and the supply of utilities and services. The increase of 6.2 million euros is due to turnover growth and longer collection times, which typically occurs in the first half of the year, although a reduction in the number of days of delayed payment compared with the first half of 2010 was registered.
This item includes amounts due to the Group from Alitalia Group companies under special administration totaling 20.2 million euros.

"Due from associated undertakings", amounting to 482 thousand euros, includes amounts due to ADR SpA from the insolvent Ligabue Gate Gourmet Roma SpA, classified among preferential liabilities.

"Due from tax authorities", amounting to 20,769 thousand euros, includes 19.4 million euros corresponding to recognition of installments paid – in accordance with the installment plan agreed to by the Collection Agent – of sums provisionally due regarding the current litigation with the Customs Office. Indeed, these constitute advance payments as they have been provisionally recognized given that no definitive penalty has been imposed. For a more detailed overview of the accounting repercussions of this case, see the notes on "Allowances for risks and charges".
The 0.5 million euro rise in tax credits is due to payment of the above installments amounting to 3.1 million euros, partly offset by a 2.3 million euro reduction in the Parent Company ADR SpA's VAT credit.

"Deferred tax assets", amounting to 34,061 thousand euros, registered an increase of 2,133 thousand euros with respect to December 31, 2010. The composition of deferred tax assets and changes during the period are shown in the following table.

| Balance sheet item | Balance at 12.31.2010 (A) Tax base | Tax | Increase (B) Tax base | Tax | Decrease ( C ) Tax base | Tax | Tax adjustment PY (D) | Balance at 06.30.2011 (A+B-C+D) Tax base | Tax |
|---|---|---|---|---|---|---|---|---|---|
| **DEFFERED TAX ASSETS** | | | | | | | | | |
| Allowances for risks and charges | 34,826 | 10,597 | 6,432 | 2,078 | 7,007 | 1,942 | 81 | 34,251 | 10,814 |
| Accumulated inventiry write-downs | 351 | 97 | 494 | 136 | 253 | 70 | 0 | 592 | 163 |
| Allowance for doubtful accounts | 35,935 | 9,884 | 3,805 | 1,046 | 1 | 0 | 0 | 39,739 | 10,930 |
| Provision for personnel | 7,756 | 2,133 | 3,841 | 1,056 | 5,182 | 1,425 | 0 | 6,415 | 1,764 |
| Accelerated depreciation | 857 | 238 | 0 | 0 | 70 | 19 | 0 | 787 | 219 |
| Consolidated adjustment | 17,841 | 5,766 | 781 | 255 | 1,050 | 342 | 54 | 17,572 | 5,733 |
| Other | 11,701 | 3,218 | 4,863 | 1,337 | 423 | 117 | 0 | 16,141 | 4,438 |
| **Total deffered tax assets** | **109,267** | **31,933** | **20,216** | **5,908** | **13,986** | **3,915** | **135** | **115,497** | **34,061** |
| Gain | (17) | (5) | 0 | 0 | (17) | (5) | 0 | 0 | 0 |
| **Total deffered tax liabilities** | **(17)** | **(5)** | **0** | **0** | **(17)** | **(5)** | **0** | **0** | **0** |
| **TOTAL** | **109,250** | **31,928** | **20,216** | **5,908** | **13,969** | **3,910** | **135** | **115,497** | **34,061** |

**FOR THE PERIOD POSTED TO INCOME STATEMENT** **2,133**

"Amounts due from others: sundry" rose by 391 thousand euros, including 55,731 thousand euros deposited in the term current account denominated the "Debt Service Reserve Account" (55,649 thousand euros at December 31, 2010).
It should be borne in mind that, in accordance with ADR SpA's loan agreements, the "Debt Service Reserve Account" is a term current account in the name of the Security Agent in which the Company is obliged to keep a sum as security for debt servicing, to be adjusted every six months (periods March 20–September 19 and September 20–March 19). Debt servicing currently has different weighting in the above-mentioned six-month period, so the due dates on which the reserve is increased (in March) and decreased (in September) are constantly alternated.

As security for the loans governed by agreements with Romulus Finance Srl, a syndicate of banks, BEI and BIIS (formerly Banca OPI), the Parent Company, ADR SpA, has granted the lenders the following liens. Such guarantees are valid until the above loans have been fully repaid:

- a lien (in the form of a mortgage ranking *pari passu* with other claims) on all receivables deriving from the sale of plant, machinery and capital goods and rights constituting ADR SpA's inventory, as well as other goods and rights subject to liens;
- a lien on all receivables and contracts with clients regarding ADR Tel SpA and ADR Advertising SpA and insurance policies.

Amounts due as of June 30, 2011 (298,338 thousand euros) comprise trade receivables (183,439 thousand euros), financial receivables (56,035 thousand euros) and sundry receivables (58,864 thousand euros). There are no promissory notes or similar bills.

The following table shows a geographical breakdown of the Group's trade receivables:

| | Italy | Other EU countries | Rest of Europe | Africa | America | Asia | TOTAL |
|---|---|---|---|---|---|---|---|
| Clients | 172,449 | 9,547 | 1,127 | 0 | 151 | 144 | **183,418** |
| Parent companies | 21 | 0 | 0 | 0 | 0 | 0 | **21** |
| | 172,470 | 9,547 | 1,127 | 0 | 151 | 144 | **183,439** |

There are no receivables falling due beyond five years or receivables subject to exchange rate risk.

## Cash on hand and in banks

| | 12-31-2010 | changes during the period | 06-30-2011 |
|---|---|---|---|
| ▪ Bank and post office deposits | 189,561 | (62,434) | 127,127 |
| ▪ Cash and notes in hand | 625 | 205 | 830 |
| | **190,186** | (62,229) | **127,957** |

The Group's cash in hand and registered a decrease of 62,229 thousand euros compared with the end of the previous year, essentially due to the effect of repayment of loans amounting to 90.3 million euros.

Bank deposits include the balance of the account provided for under ADR SpA's loan agreements, denominated "Recoveries Account". Any liquidity deriving from extraordinary operations is required to be deposited in this account. In 2006 the amount collected from the sale of the equity investment in Flightcare Italia SpA (formerly ADR Handling SpA) was deposited in this account, net of related expenses. As of June 30, 2011, the balance in the account amounted to 11.1 million euros (also 11.1 million euros as of December 31, 2010), which is subject to the contractual condition regarding adjustment of the above-mentioned sale price (for further information, see the note to the memorandum accounts).

Moreover, it should be noted that in connection with continuation of the cash sweep/trigger event condition and in compliance with the waiver granted in the first quarter of 2010, at the application date of September 2010 ADR SpA deposited a sum of 35.1 million euros in the "loan collateral" account held at Mediobanca in order to "collateralize" Tranche A1 of the loan from Romulus Finance Srl.

As security for the loans governed by agreements with Romulus Finance Srl, ADR SpA has granted a syndicate of banks, the EIB and BIIS (formerly Banca OPI), a lien on all the Company's current accounts governed by a specific agreement ("Account Bank Agreement"). Such a guarantee is valid until the above loans have been fully repaid.

As of June 30, 2011, 43.0 million euros was held in an ADR SpA current account that is not subject to a lien (even in the event of a cash sweep). This amount derives from free cash flow and may therefore be used for the payment of dividends under ordinary circumstances.

## ACCRUED INCOME AND PREPAID EXPENSES

| | 12-31-2010 | changes during the period | 06-30-2011 |
|---|---|---|---|
| ▪ **Prepaid expenses** | | | |
| *Service costs* | 711 | 102 | 813 |
| *Leased assets* | 40 | (11) | 29 |
| *Payroll costs* | 11 | 155 | 166 |
| *Other operating costs* | 4 | 232 | 236 |
| *Financial charges* | 3,777 | 2,122 | 5,899 |
| | **4,543** | **2,600** | **7,143** |

One of the most significant items is represented by "financial charges" consisting of prepayment installments, not due for the period, of the following premiums:

- 5,775 thousand euros (3,657 at December 31, 2010) for the monoline insurance paid to AMBAC Assurance UK, which has secured the bonds issued by Romulus Finance Srl that correspond to Facility A;
– 124 thousand euros (120 thousand euros at December 31, 2010) paid to BIIS (Banca Infrastrutture Innovazione e Sviluppo), the bank that has guaranteed the loan granted to ADR SpA by the EIB.

## SHAREHOLDERS' EQUITY

| | Share Capital | Share premium reserve | Legal reserve | Other reserve | Retained earnings | Net income for the period | Consolidated shareholders' equity | Minority interest | Group and minority interest in shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance as of 12.31.2009** | **62,310** | **667,389** | **12,462** | **0** | **(19,364)** | **5,164** | **727,961** | **816** | **728,777** |
| Allocation of net income 2009 | | | | | 5,163 | (5,164) | 0 | 0 | 0 |
| Net (loss) income for the Year | | | | | | 22,313 | 22,313 | (637) | 21,676 |
| **Balance as of 12.31.2010** | **62,310** | **667,389** | **12,462** | **0** | **(14,201)** | **22,313** | **750,273** | **179** | **750,452** |
| Allocation of net income 2010 | | | | | 22,313 | (22,313) | 0 | 0 | 0 |
| Other change | (85) | | | 85 | 180 | | 180 | 0 | 180 |
| Net (loss) income for the period | | | | | | 10,213 | 10,213 | 308 | 10,521 |
| **Balance as of 06.30.2011** | **62,225** | **667,389** | **12,462** | **85** | **8,292** | **10,213** | **760,666** | **487** | **761,153** |

The Parent Company's "share capital" amounts to 62,224,743.00 euros, represented by 62,224,743 shares with a par value of 1 euro each.

On May 9, 2011 the Board of Directors of ADR SpA investigated the failure to implement the capital increase approved by the Board meeting of May 7, 2004, in execution of the authority granted by the General Meeting of Shareholders on July 9, 1999, and renewed by the General Meeting on April 27, 2001.
This increase, raising the share capital from 62,224,743 to 62,309,801 euros – to be carried out via the issue of 85,058 ordinary shares with a par value of 1 euro each to be allocated to the Directors of the Company, and the transfer to share capital of a corresponding sum of 85,058 euros from the "Reserve for share issues pursuant to art. 2349 of the Italian Civil Code" – was not implemented as no shares were subscribed or issued, as has also been confirmed by Monte Titoli SpA. Therefore, the capital increase procedure was not completed.
Shareholders' equity was restated at 62,224,743 euros and the "Reserve for share issues pursuant to art. 2349 of the Italian Civil Code" was re-established at 85,058.00 euros, included under "Other reserves".
Consequently, the amount of dividends relating to the above-mentioned 85,058 shares, totaling 180 thousand euros, of which payment was approved in previous years, was reclassified among "Other payables: sundry creditors" under the item "Retained earnings".

"Group shareholders' equity" increased with respect to December 31, 2010 due to the net profit of 10,213 thousand euros reported for the period as well as the above-mentioned reclassification of 180 thousand euros. "Minority interest in shareholders' equity" rose 308 thousand euros in connection with the net profit for the period.

The reconciliation of shareholders' equity and net income for the period, as reported in the financial statements of the Parent Company, and the related consolidated amounts, is shown in the following table:

### Reconciliation of net income for the period and shareholders' equity

| | Net income/(loss) for the period | | Shareholders' equity | |
|---|---|---|---|---|
| | H1 2011 | H1 2010 | 30-06-2011 | 12-31-2010 |
| **Balances in ADR SpA's accounts** | **9,533** | **419** | **795,418** | **785,705** |
| Effect of consolidation of subsidiary undertakings | 142 | 1,215 | 3,966 | 3,824 |
| Gain (elimination) of intercompany profits and other adjustments | 166 | (2,082) | (17,652) | (17,818) |
| Effect of deferred tax assets | (34) | 652 | 5,732 | 5,766 |
| Merger effect[16] | 406 | 406 | (26,798) | (27,204) |
| **Balances in consolidated accounts** | **10,213** | **610** | **760,666** | **750,273** |

## ALLOWANCES FOR RISKS AND CHARGES

| | 12-31-2010 | changes during the period | | 06-30-2011 |
|---|---|---|---|---|
| | | Provisions | Releases /Reabsorptions | |
| ▪ **Taxation, including deferred taxes** | **26,093** | **0** | **0** | **26,093** |
| ▪ **Other:** | | | | |
| *current and potential disputes* | 30,630 | 6,408 | (894) | 36,144 |
| *insurance deductibles* | 1,559 | 70 | 0 | 1,629 |
| *restructuring* | 7,515 | 0 | (6,114) | 1,401 |
| *allowance to cover Group company losses* | 15 | 0 | 0 | 15 |
| *fixed assets to be relinquished* | 5,980 | 120 | 0 | 6,100 |
| *allowance for option dealings* | 4 | 0 | 0 | 4 |
| | **45,703** | **6,598** | **(7,008)** | **45,293** |
| | **71,796** | **6,598** | **(7,008)** | **71,386** |

Allowances for risks and charges, totaling 71,386 thousand euros, decreased 410 thousand euros compared with December 31, 2010. The most important changes are analyzed below:

The "allowance for taxes, including deferred taxation" includes the entire charge (taxes, interest and ancillary charges) relating to the current dispute with the Customs Office.
The procedure is underway to collect the sum due, which the Company is paying in 36 installments following the application submitted to the Collection Agent, after paying an advance of 4 million euros. The installments already paid, totaling 19.4 million euros, have been recognized as tax credits; at June 30, 2011, 11 installments amounting to 6.8 million euros, including interest, were outstanding.
For further information reference should be made to the section on "Tax litigation".

[16] Merger data different from first consolidation.

Regarding the "allowance for current and potential disputes" provisions of 6,408 thousand euros were made in order to provide cover for likely potential liabilities during the period. In particular, provisions were made following the adverse ruling handed down arising from the legal actions brought by Volare in a.s. and Air Europe in a.s. which ordered ADR to repay 8.8 million euros (including interest). For further details please see the section on "Information regarding current disputes". Releases of 894 euros made to settle disputes with customers, contractors and personnel.

Releases totaling 6,114 thousand euros were made during the period from the "allowance for restructuring" to which provisions were made in 2009 and 2010 to cover the restructuring program launched by the ADR Group, entailing implementation of redundancy schemes regarding around 280 ADR SpA staff and 12 staff from subsidiary undertakings.

## EMPLOYEE SEVERANCE INDEMNITIES

| | |
|---|---|
| **BALANCE AS OF 12-31-2010** | **28,490** |
| **changes during the period** | |
| Provisions | 3,675 |
| Releases for restructuring | (61) |
| Releases to pay indemnities | (4,160) |
| Releases to pay advances | (529) |
| Other | 0 |
| Amounts allocated to pension funds or to the Treasury Fund | (2,681) |
| **BALANCE AS OF 06-30-2011** | **24,734** |

Employee severance indemnities report a net decrease of 3,756 thousand euros in the first half of 2011, compared with provisions of 3,675 thousand euros (including 237 thousand euros already allocated in 2009 for the restructuring program). This primarily reflects releases for indemnities paid, amounting to 4,160 thousand euros, primarily due to 93 staff on special income support being made redundant, and an amount of 2,681 thousand euros for indemnities accrued during the period paid into pension funds or to the Treasury Fund set up at INPS.

## PAYABLES

| | **12-31-2010** | **changes during the period** | **06-30-2011** |
|---|---|---|---|
| ▪ Due to banks | 274,396 | (94,098) | 180,298 |
| ▪ Due to other financial institutions | 1,214,117 | (12,446) | 1,201,671 |
| ▪ Advances: | | | |
| *- from clients:* | | | |
| *. from the Ministry of Transport* | 3,954 | (529) | 3,425 |
| *. other* | 5,166 | 3,348 | 8,514 |
| | 9,120 | 2,819 | 11,939 |
| ▪ Due to suppliers | 146,076 | (6,234) | 139,842 |
| ▪ Due to associated undertakings | 969 | 0 | 969 |
| ▪ Due to parent companies | 11,660 | 8,367 | 20,027 |
| ▪ Taxes due | 43,190 | 598 | 43,788 |
| ▪ Due to social security agencies | 7,502 | (333) | 7,169 |
| ▪ Other payables: sundry creditors | 55,829 | 8,852 | 64,681 |
| | **1,762,859** | **(92,475)** | **1,670,384** |

The Group's payables fell by 92,475 thousand euros during the period. The principal reasons for such a change are analyzed below.

“Amounts due to banks”, totaling 180,298 thousand euros, include:

- 178,616 thousand euros representing the principal on long-term lines of credit granted to ADR SpA denominated Term Loan Facility (68,016 thousand euros), BOPI Facility (30,600 thousand euros) and EIB Term Loan (80,000 thousand euros);
- 682 thousand euros of amounts due from ADR SpA for interest, commissions and swap differentials accrued during the period but not yet settled;
- 1,000 thousand euros for the short-term line of credit granted to the subsidiary undertaking, ADR Advertising SpA, by the Banca Popolare Commercio e Industria to meet temporary liquidity requirements.

The decrease of 94,098 thousand euros compared with December 31, 2010 derives from the combined effect of the following changes:

- repayment of 90,272 thousand euros of the Term Loan Facility on the March 2011 application date;
- repayment of 4,250 thousand euros of the BIIS loan in connection with payment of the installment falling due in March 2011;
- a reduction of 76 thousand euros in the amounts due for interest, commissions and swap differentials accrued during the period but not yet settled;
- an increase of 500 thousand euros in the lines of credit granted to ADR Advertising SpA.

The characteristics of these loans are listed in the following table:

| *Lender* | *Facility Loan* | *Amount (millions of euros)* oustanding at 06/30/2011 | used at 06/30/2011 | *Interest rate* | *Repayment* | *Life* | *Maturity date* |
|---|---|---|---|---|---|---|---|
| Syndacate of banks | **Term Loan Facility** | 68.0 | 68.0 | floating rate linked EURIBOR + margin | bullet | 6 years | feb. 2012 |
| | **Revolving Facility** | 100.0 | 0.0 | floating rate linked EURIBOR + margin | revolving | 6 years | feb. 2012 |
| | | **168.0** | **68.0** | | | | |
| Banca BIIS | **BOPI Facility** | **30.6** | **30.6** | floating rate linked EURIBOR + margin | after five years in six-monthly installments | 12 years | mar. 2015 |
| BEI | **EIB Term Loan** | **80.0** | **80.0** | floating rate linked EURIBOR + margin | bullet | 10 years | feb. 2018 |
| | **TOTAL** | **278.6** | **178.6** | | | | |

The long-term line of credit denominated the “Term Loan Facility” and the "Revolving Facility" were granted on September 20, 2005 by a syndicate of banks with the mandated lead arrangers comprising Barclays Capital, Calyon SA, (Crédit Agricole Corporate and Investment Bank since February 6, 2010), Mediobanca – Banca di Credito Finanziario SpA, Unicredit SpA (formerly Unicredit Banca Mobiliare SpA) and WestLB AG.
98,600 thousand euros of the "Term Loan Facility", initially worth 290,000 thousand euros, was repaid on September 20, 2006, with a further 21,400 thousand euros repaid on March 20, 2008, a further 11,712 thousand euros on September 20, 2010 and a further 90,272 thousand euros on March 20, 2011, thereby reducing the loan to 68,016 thousand euros.
On November 21, 2007, at the request of the Parent Company, ADR SpA, the line of credit denominated the "Revolving Facility" was reduced from the initial 200,000 thousand euros to 100,000 thousand euros, in line with projected cash flows, resulting in a reduction in the cost of borrowing. A project is underway to extend the revolving facility. In the first half of 2011 seven Italian and overseas banks made a formal commitment to grant ADR SpA – in equal proportion – a revolving line of credit for a total amount of 100 million euros falling due on February 20, 2013. At the same time, a term sheet was agreed on, containing the principal terms and conditions on the basis of which the relative contracts have been prepared and are nearing completion. This loan contract is expected to be signed at the end of August.

The line of credit denominated the “BOPI Facility” was granted on February 19, 2003 by BIIS – Banca Infrastrutture Innovazione e Sviluppo (formerly Banca OPI) and guaranteed by CDC IXIS Financial Guaranty Europe. This line of credit, which was initially granted for an amount of 85,000 thousand euros, was reduced to 30,600 thousand euros following advance repayment of an amount of 28,900 thousand euros on September 20, 2006, and of an amount of 12,750 thousand euros on March 20, 2008, corresponding to the installments falling due in September 2008, and in March and September 2009, and payment of installments falling due in March and September 2010 and in March 2011 for a total of 12,750 thousand euros.

The line of credit denominated "EIB Term Loan" was granted on May 27, 2008 for an amount of 80,000 thousand euros by EIB (European Investment Bank) and guaranteed by BIIS.

The interest rates applied to the “Term Loan Facility”, the “Revolving Facility” and the “OPI Facility” vary in terms of the level of ADR’s rating, whilst the loan granted by the EIB is not affected by the level of the rating.

"Amounts due to other financial institutions" total 1,201,671 thousand euros. The item includes the principal of 1,200,019 thousand euros due from the Company to Romulus Finance Srl (“Romulus Finance”) and 1,652 thousand euros consisting of interest accrued on the above-mentioned loans and not yet paid.

The decrease of 12,446 thousand euros compared with December 31, 2010 is exclusively due to the differing trend regarding payment of interest on the existing loans.

It should be recalled that the loan granted by Romulus Finance in February 2003 arose from the transfer without recourse to Romulus Finance Srl of the amount due to ADR’s original lenders for loans taken out in August 2001. Romulus Finance, a vehicle established pursuant to Law no. 130/99 on securitization and controlled by two Dutch foundations, financed acquisition of the pre-existing bank loan to ADR SpA via the issue of asset-backed bonds amounting to 1,265 million euros, to be listed on the Luxembourg Stock Exchange and subscribed by institutional investors.

After the advance repayment of “Loan B”, amounting to 65,000 thousand euros and carried out in March 2008, the loan from Romulus Finance Srl breaks down into four lines of credit, summarized in the table below. The conditions reflect those of the bonds issued by Romulus Finance to finance the purchase of amounts due to ADR’s creditor banks:

| *Lender* | *Facility Loan* | *Amount (millions of euros)* | *Interest rate* | *Repayment* | *Life* | *Maturity date* |
|---|---|---|---|---|---|---|
| Romulus Finance Srl | **A1** | 500.0 | fixed | bullet | 10 years | feb. 2013 |
| | **A2** | 200.0 | floating rate linked EURIBOR + margin | bullet | 12 years | feb. 2015 |
| | **A3** | 175.0 | floating rate linked EURIBOR + margin | bullet | 12 years | feb. 2015 |
| | **A4** | 325.0 | floating rate linked EURIBOR + margin up to 12/20/09 and after fixed rate | bullet | 20 years | feb. 2023 |
| | **TOTAL** | **1,200.0** | | | | |

The bonds issued by Romulus regarding Classes A1, A2, A3 and A4 are secured by the monoline insurance company, Ambac Assurance UK Limited; as of April 2011 the insurance is no longer subject to rating.

The level of ADR’s rating affects the amount of the premium paid to Ambac for the surety on the bonds, but not on the interest rate applied to each class of bond.

To guarantee repayment of Class A1, at the application date of September 2010 ADR SpA collateralized an amount of 35,138 thousand euros in the account denominated “loan collateral” held at Mediobanca.

## Hedging policy

Hedging is provided for by all loan agreements entered into by the Parent Company, ADR SpA, and Group policies in this area require that at least 51% of all debt be hedged against fluctuations in interest rates.

At June 30, 2011, 59.8% of ADR SpA's lines of credit have fixed interest rates (at December 31, 2010: 56.0%).
On October 2, 2009 the two interest rate collar forward start contracts, signed with Barclays and Royal Bank of Scotland, with a notional capital of 120 million euros each, became active. On the basis of these contracts ADR SpA will receive a floating 3-month Euribor rate and pay a floating 3-month Euribor rate with a cap of 5% and a floor of 3.64% from October 2, 2009 until February 20, 2012.

These contracts were signed to hedge interest rate risk for an additional three years regarding total notional capital of 240 million euros, thus increasing the proportion of total debt hedged against interest rate risk to 77.3% (72.3% at December 31, 2010).

As of June 30, 2011, the fair value of the swap agreements entered into is a negative 3.2 million euros. The characteristics of outstanding swaps are listed below:

| (€000) | NOTIONAL | FAIR VALUE DERIVATIVE at 06.30.2011 | DERIVATIVE PURPOSE | FINANCIAL RISK | FINANCIAL LIABILITY HEDGED |
|---|---|---|---|---|---|
| *COLLAR FORWARD START* of 2006 (*cash flow hedge*) | 240,000 | (3,187) | hedge | interest rate | 240,000 |
| **TOTAL** | | | | | |

The financial liability hedged refers to a portion of amounts due to other financial institutions.

The effects of the interest rate swap agreements on the income statement for the period are shown in the notes on financial income and expense.

## Guarantees

The bank loans and the loan from Romulus Finance are guaranteed, as described in detail in the individual balance sheet items, by:

- a lien (in the form of a mortgage) on the plant, machinery, capital goods and goods constituting ADR SpA's inventory, as well as any receivables deriving from the sale of such assets;
- a lien on all receivables, and more generally on any right deriving from contracts with clients and insurance policies;
- a lien on all of ADR SpA's bank current accounts;
- a lien on ADR's shareholdings in ADR Tel SpA, ADR Advertising SpA and ADR Assistance Srl;
- “ADR Deed of Charge” (a lien under British law on loans, hedging agreements and insurance policies governed by British law).

## Commitments and covenants

A large number of contractual regulations govern the management of ADR’s borrowings, partly due to their size, and also because of Ambac’s requirement to protect the risk of non-compliance and insolvency on the part of ADR, thereby seeking to minimize the actual difference between the maximum rating insured and the rating of the issuer/debtor. Such regulations include:

- financial assets may only be acquired with the permission of creditors or via a “non-recourse vehicle”, and in any case only using authorized borrowing or liquidity;
- income from the sale of financial assets may be used for investment or, if not used within 12 months of collection, must be used to repay borrowings;
- dividends may only be distributed if specific financial ratios exceed contractually pre-established thresholds, and if no events of default or trigger events have occurred;

- further loans may only be undertaken if the above financial ratios exceed determined thresholds (higher than those required under normal lending conditions) and if the rating awarded to ADR is greater than pre-defined minimum levels;
- if a maturing line of credit is not repaid at least 12 months before the maturity date, any surplus cash flow generated during this period must be allocated on a priority basis (based on defined proportions) to the repayment of borrowing, which is known as a retention regime. However, if determined financial ratios are not met 24 months ahead of maturity, a 24-month retention regime may come into force;
- if the financial ratios are below certain predetermined minimum thresholds, or if the rating is below sub-investment grade levels, or if other specific contractually defined critical situations occur, further restrictive measures relating to cash flow management are set in motion in order to protect creditors from the risk of default by ADR SpA.

The principal covenants included in the current loan agreements consist of ratios, defined on the basis of final and forecast data, which measure: (i) the ratio between available cash flow and debt servicing, (ii) the ratio between discounted future cash flows and net debt, and (iii) the ratio between net debt and gross operating income.
These ratios are checked twice per year, on the application dates of March 20 and September 20, by applying the calculation methods of the respective ratios to the relative data at December 31 and June 30.
If these ratios are above specific levels, dividends may be paid and further borrowing undertaken; if on the other hand, the ratios fall below specific thresholds, a trigger event or an event of default may occur.

A trigger event results in a series of operating restrictions for ADR, especially the following:

a) a cash sweep with an obligation to use all available cash flow on the application dates (March 20 and September 20) (i) to pay interest rate installments; (ii) to repay all ADR's creditors on a *pari passu* basis; and (iii) the Romulus bonds that may not be repaid in advance should be secured via the establishment of specific cash reserves held in specific current accounts serving as a lien for Ambac (so-called cash collateralization);
b) an embargo on the payment of dividends and prohibition of the use such funds to carry out authorized investments;
c) the right of creditors, via the security agent, to obtain any information deemed necessary and to take part in devising a recovery plan and the related implementation time frames by hiring an independent expert to take part in drawing up the business plan containing the measures and remedies designed to restore an acceptable rating. Failure to implement the recovery plan could give Ambac the right to increase the premium on the guarantee issued on the Romulus Finance bonds;
d) prohibition of the acquisition of financial assets and of taking out new loans, even if they are designed to repay existing borrowings; and
e) the transfer of all cash amounts due to ADR as guarantees to the creditors, with consequent notification of the debtors transferred.

Trigger event

Therefore, regarding the rating assigned, ADR SpA 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).
Finally, in compliance with contractual conditions, on the application date of March 2011, ADR SpA allocated the entire amount of 90.3 million euros available for this purpose on this date to early repayment of a portion of the Term Loan Facility, of which, as already mentioned, the remaining amount stands at 68.0 million euros.

"Amounts due to suppliers" fell by 6,234 thousand euros due to a contraction in the volume of investment carried out during the period.

"Amounts due to parent companies", totaling 20,027 thousand euros, includes trade payables amounting to 286 thousand euros and amounts due to Gemina SpA for tax consolidation, totaling 19,741 thousand euros. The increase of 8,367 thousand euros compared with the end of the previous year primarily derives from estimated IRES for the period, totaling 11.8 million euros, before payment of the balance of taxes due for 2009 an transfer of tax credits amounting to 3.4 million euros.
For more information, reference should be made to the section "Relations with parent companies and other related parties" in the Management Report on Operations.

"Taxes due", amounting to 43,788 thousand euros, were up 589 thousand euros on the previous year, essentially due to the combined effect of:

- an increase of 7.0 million euros in the estimated amount due for IRAP, net of payments made;
- a decrease of 6.1 million euros in the amount due to the tax authorities for the municipal surtax on passenger fees. In this regard, it should be remembered that ADR SpA began charging carriers this surtax from June 1, 2004 at the rate of 1 euro, which was subsequently increased to 2 euros from April 2005, pursuant to Law no. 43 of March 31, 2005. This rate was increased by an additional 50 cents from January 1, 2007, in compliance with the provisions of Law no. 296 of December 27, 2006 (the Finance Act for 2007), and by an additional 2 euros from November 2008, pursuant to Legislative Decree no. 134/08, making a total of 4.50 euros.
  The surtax of 1 euro provided for by Law no.43/2005 and the increase of 2 euros pursuant to Legislative Decree no. 134/08 are allocated to a special fund, managed by INPS, in support of the income, employment, reorganization and retraining of air transport sector personnel.
  With Law no. 122 of July 30, 2010, and its subsequent approval by the commissioner responsible for administrative management at the Municipality of Rome of November 12, 2010, an administrative surcharge on the boarding fees of passengers departing from Rome's airports – up to a maximum of 1 euro per passenger – was introduced, with effect as of January 1, 2011, in order to contribute to expenses deriving from the rescheduling of the Municipality of Rome's debt.
  The amount due as municipal surtax on passenger fees totaled 32,698 thousand euros as of June 30, 2011. This amount was paid the following month after collection of municipal surtax from carriers, while the outstanding amount due is recorded in a contra-entry under receivables.

"Other payables: sundry creditors" rose by a total of 8,852 thousand euros primarily due to the effect of:

- the greater amount due for the contribution towards the cost of the fire prevention and fire fighting service in the first half of 2011 (4.2 million euros). The amounts due recorded in the financial statements regarding the years from 2007 to 2010 total 34.4 million euros; these amounts due have yet to be settled awaiting the outcome of pending judgments relating to appeals lodged by some of the major airport operators;
- amounts due include 4.0 million euros collected by the Civil Aviation Authority in partial execution (50% of the capital and interest) of the sentence of the Lazio Regional Administrative Court which accepted ADR SpA's appeal regarding the collection date relating to the fee for 100% screening of hold baggage; the Civil Aviation Authority appealed against the sentence in October 2010. For further information, see the section on "Litigation".

Briefly, as of June 30, 2011 total payables of 1,670,384 thousand euros include 1,381,969 thousand euros of a financial nature, 153,001 thousand euros of trade payables and 135,414 thousand euros of sundry items.

A breakdown of the Group's trade payables by geographical area is not provided as it is not significant given the limited amount due to overseas creditors.

Payables secured by collateral on the Group's assets amount to 1,380,969 thousand euros (as described in the paragraph regarding amounts due to banks and other financial institutions).

Payables falling due beyond five years amount to 405,019 thousand euros and regard amounts due to banks totaling 80,000 thousand euros (EIB loan) and amounts due to other financial institutions of 325,019 thousand euros.

Payables in currency exposed to exchange rate risks total 49 thousand euros and refer to services supplied.

## ACCRUED EXPENSES AND DEFERRED INCOME

| | 12-31-2010 | changes during the period | 06-30-2011 |
|---|---|---|---|
| ▪ **Accrued expenses** | | | |
| *. Sub-concessions and license fees* | 564 | 7,262 | 7,826 |
| *. Other* | 2,468 | 473 | 2,941 |
| | **3,032** | **7,735** | **10,767** |

The sub-item "Other", totaling 2,941 thousand euros at June 30, 2011, includes 1,941 thousand euros for early billing of advertising and miscellaneous services, and 1,000 thousand euros regarding grants collected but not accruing during the period.

# NOTES TO THE CONSOLIDATED MEMORANDUM ACCOUNTS

## GENERAL GUARANTEES

| | 06-30-2011 | 12-31-2010 |
|---|---|---|
| Sureties | | |
| *. in the interest of third parties* | 111 | 111 |
| Other: | | |
| *. in favor of clients* | 328 | 328 |
| | **439** | **439** |

## COMMITMENTS ON PURCHASES AND SALES

| | 06-30-2011 | 12-31-2010 |
|---|---|---|
| **COMMITMENTS ON Investments:** | | |
| *. electronic equipment* | 327 | 310 |
| *. maintenance and services* | 3,099 | 2,205 |
| *. self-financed works* | 79,670 | 84,598 |
| | **83,096** | **87,113** |

It is to be noted that:

– on February 28, 2003 ADR SpA, granted IGPDecaux SpA a put option on its holding in ordinary and preference shares in ADR Advertising SpA. Such option is exercisable until December 31, 2011, on the occurrence of specific conditions. Partly due to agreements entered into between ADR SpA and ADR Advertising SpA regarding revision of the guaranteed minimum, the shareholder, IGPDecaux SpA, stated that it would not exercise any put option for 2011;

– commitments on purchases also include ADR's commitment, as an operator of airport infrastructures, to draw up and implement noise reduction and abatement plans, as required by noise pollution legislation (Law no. 477/95) and the Ministerial Decree of November 29, 2000, for Fiumicino and Ciampino airports.

To this end ADR SpA is currently assessing whether or not the relevant limits have been exceeded, and if so will proceed with preparation of the necessary noise reduction and abatement plans.
Such commitments are difficult to quantify and are, by necessity, be determined on the basis of interpretations, given that there are no specific indications of the activities to be considered as "maintenance " and "extension" of infrastructures, which form the basis for calculation pursuant to Law no. 447/1995 (the framework law on noise pollution).
In view of the above, ADR SpA, based on available estimates at the date of this Report, judges its overall commitment to be no more than approximately 36 million euros. This sum is thus conditional on subsequent events and on the effective program of works to be carried out. The Company believes that future works will qualify as capital expenditure;

– the agreements on the sale of the equity investment in Flightcare Italia SpA (formerly ADR Handling SpA), entered into on November 3, 2006, provide for a price adjustment of up to 12.5 million euros. Of this, the amount deemed most probable to arise was charged to the income statement in the years 2006–2009 under extraordinary items with a contra-entry in allowances for risks and charges totaling around 4.4 million euros as of June 30, 2011. The remaining amount, currently deemed unlikely to be incurred, will be re-assessed in future years;

– finally, a series of interest rate swap contracts aimed at hedging interest rate risk on current loans have been entered into. For further information reference should be made to the notes to "Payables".

## OTHER MEMORANDUM ACCOUNTS

| | 06-30-2011 | 12-31-2010 |
|---|---|---|
| **GENERAL GUARANTEES RECEIVED** | | |
| Sureties: | | |
| *. received from suppliers* | 66,515 | 69,783 |
| *. received from clients* | 97,575 | 94,695 |
| | 164,090 | 164,478 |
| **THIRD PARTY ASSETS ON FREE LOAN DEPOSITED IN CUSTODY, LEASED OR SIMILAR** | | |
| *. leased assets* | 11 | 5,021 |
| *. CAA - plant and equipment at Fiumicino* | 119,812 | 119,812 |
| *. CAA - plant and equipment at Ciampino* | 29,293 | 29,293 |
| *. works carried out on behalf of the State* | 685,880 | 680,309 |
| | 834,996 | 834,435 |
| | **999,086** | **998,913** |

"Third party assets in free loan, deposited in custody, leased or similar" include the value of assets received under concession at Fiumicino and Ciampino airports and the value of the work financed, completed and invoiced to the Civil Aviation Authority.

The increase in the item "works carried out on behalf of the State" is due to invoicing of the portion of state-financed works regarding departure area F to the Civil Aviation Authority in the first half of 2011.

# NOTES TO THE CONSOLIDATED INCOME STATEMENT

## TOTAL REVENUES

### Revenues

| | H1 2011 | H1 2010 | change |
|---|---|---|---|
| ▪ ***Revenues from sales:*** | | | |
| . "Non-aeronautical" activities: | | | |
| *Duty Free and Duty Paid* | 40,998 | 38,790 | 2,208 |
| *Other* | 1,341 | 1,151 | 190 |
| | **42,339** | **39,941** | **2,398** |
| ▪ ***Revenues from services:*** | | | |
| . "Aeronautical" activities: | | | |
| *Fees* | 85,199 | 81,429 | 3,770 |
| *Centralized infrastructures* | 18,495 | 16,702 | 1,793 |
| *Security* | 32,925 | 31,359 | 1,566 |
| *Other* | 14,353 | 13,831 | 522 |
| | 150,972 | 143,321 | 7,651 |
| . "Non-aeronautical" activities: | | | |
| *Sub-concessions and utilities* | 56,259 | 53,064 | 3,195 |
| *Car parks* | 15,231 | 14,772 | 459 |
| *Advertising* | 9,889 | 10,828 | (939) |
| *Refreshments* | 3,762 | 3,412 | 350 |
| *Other* | 9,609 | 11,385 | (1,776) |
| | 94,750 | 93,461 | 1,289 |
| | **245,722** | **236,782** | **8,940** |
| ▪ ***Revenues from contract work*** | **5,571** | **3,622** | **1,949** |
| **Total revenues from sales and services** | **293,632** | **280,345** | **13,287** |
| ▪ ***Changes in contract work in progress*** | **(2,887)** | **1,035** | **(3,922)** |
| ▪ ***Grants and subsidies*** | **185** | **227** | **(42)** |
| **TOTAL REVENUES** | **290,930** | **281,607** | **9,323** |

Revenues total 290,930 thousand euros. Of these, 51.9% derived from “aeronautical activities” carried out by the Group (50.9% in the first half of 2010) and 48.1% were generated by “non-aeronautical activities” (49.1% in the first half of 2010).

"Revenues from sales" amounted to 42,339 thousand euros, up 6.0% on the first half of 2010. This change was due to the increased turnover of directly managed shops, linked to the downturn in traffic.

“Revenues from services” totaled 245,722 thousand euros, up 3.8% on the same period of 2010.

“Revenues from contract work”, amounting to 5,571 thousand euros, primarily regard revenues deriving from the re-billing of the portion of works regarding the state-funded departure area F (formerly Pier C) to the Civil Aviation Authority.

## Segment information

It is important to note that the type of activity carried out by the Group does not permit a breakdown of the various areas of activity into fully independent segments in relation to markets and customers. The "traffic" element currently affects all the Group's activities.

However, it is possible to identify segments on the basis of the type of product or service offered and the production process involved. Information regarding the resulting segments has been extracted directly from the Group's accounts. The following table provides information relating to the principal areas of activity identified:

- **Airport fees**: paid in return for use of airport infrastructure;
- **Centralized infrastructures**;
- **Non-aeronautical activities,** consisting of**:**
  - ***Sub-concessions:*** including fees paid by sub-concessionaires operating on airport grounds, in addition to utilities;
  - ***Direct sales:*** including revenues from directly operated duty free and duty paid outlets.

Finally, the category, **"Other activities"**, includes the sale of advertising space, the management of car parks and refreshment facilities, design, security, left luggage, assistance to passengers with reduced mobility, contract work on behalf of the State, etc.

The following table shows a breakdown of revenues from the segments described. It should be noted, moreover, that the revenues earned by each segment relate entirely to third parties and do not include inter-segment transactions.

| REVENUES | Fees | Centralized infrastructures | Non-aeronautical activities | | Other activities | Total |
|---|---|---|---|---|---|---|
| | | | Sub-concessions | Direct sales | | |
| **H1 2011** | 85,199 | 18,495 | 56,259 | 42,339 | 88,638 | **290,930** |
| **H1 2010** | 81,429 | 16,701 | 53,064 | 39,941 | 90,472 | **281,607** |
| ***change*** | *3,770* | *1,794* | *3,195* | *2,398* | *(1,834)* | *9,323* |
| ***% change*** | *4.6%* | *10.7%* | *6.0%* | *6.0%* | *(2.0%)* | *3.3%* |

Total revenues can be broken down into two macro-areas:

- "Aeronautical" (including fees, handling, management of centralized infrastructure, security services, left luggage, assistance to passengers with reduced mobility, etc.) amounting to 150,972 thousand euros, compared with 143,321 thousand euros in the same period of 2010 (up 5.3%);
– "Non-aeronautical" (including sub-concessions, direct sales, the management of advertising space and car parks, refreshments, design and contract work on behalf of the state) amounting to 139,958 thousand euros, compared with 138,286 thousand euros in the same period of 2010 (up 1.2%).

A geographical breakdown of revenues would not be significant given that both airports managed by the Group are located within the same country.

## Other income and revenues

| | H1 2011 | H1 2010 |
|---|---|---|
| ▪ **Revenue grants** | 185 | 227 |
| ▪ **Gains on disposals** | 0 | 3 |
| ▪ **Other:** | | |
| *. Releases:* | | |
| *release from allowance for overdue interest* | 9 | 144 |
| *. Expense recoveries* | 843 | 394 |
| *. Recovery of personnel expenses* | 80 | 62 |
| *. Other revenues* | 2,961 | 2,527 |
| | 3,893 | 3,127 |
| | **4,078** | **3,357** |

"Contributions and grants for the period" include contributions of 65 thousand euros relating to management training programs, mainly funded by Fondimpresa, and grants of 120 thousand euros from the European Union regarding the feasibility study for the Integrated Multimodal Transport System.

"Other revenues", amounting to 3.0 million euros, primarily includes the effects of updated valuations of costs and revenues, formerly estimated at the end of the previous year.

# OPERATING COSTS

## Amortization, depreciation and write-downs

Amortization and depreciation in the first half of 2011 amounted to 57,772 thousand euros (54,245 thousand euros in the first half of 2010), including amortization of intangible fixed assets of 46,898 thousand euros (44,362 thousand euros in the first half of 2010) and depreciation of tangible fixed assets of 10,874 thousand euros (9,883 thousand euros in the same period of 2010). Amortization of intangible fixed assets includes the charge for amortization of the concession, amounting to 24,642 thousand euros.

Further details are provided in the note to fixed assets.

Provisions for doubtful accounts totaled 4,957 thousand euros (699 thousand euros in the first half of 2010) and reflect an updated assessment of the recoverability of the Group's receivables.

## Provisions for risks and other charges

The item "Provisions for risks" breaks down as follows:

| | H1 2011 | H1 2010 |
|---|---|---|
| *. current and potential disputes* | 6,408 | 5,211 |
| *. insurance deductibles* | 70 | 97 |
| | **6,478** | **5,308** |

Other provisions, totaling 120 thousand euros, regard provisions for fixed assets to be relinquished.
Further information is provided in the note to allowances for risks and charges.

It should be borne in mind that provisions to the Income Statement are made following determination of potential liabilities not absorbed by any surplus provisions deriving from updated assessments of the risks to which the Group is exposed.

## Other operating costs

| | H1 2011 | H1 2010 |
|---|---|---|
| ▪ concession fees | 11 | 8 |
| ▪ other | 3,392 | 3,831 |
| | **3,403** | **3,839** |

The item "Other" primarily comprises:
- 506 thousand euros for membership fees (542 thousand euros in the first half of 2010);
- 1,876 thousand euros for indirect taxes and duties (1,890 thousand euros in 2010), including 1,196 thousand euros for local property taxes;
- 835 thousand euros for updated valuations of costs and revenues recognized in the 2010 financial statements (1,240 thousand euros in the previous year).

# FINANCE INCOME AND EXPENSE

## Other finance income

| | H1 2011 | H1 2010 |
|---|---|---|
| ▪ **Interest and commissions on long-term receivables:** | | |
| Other | 0 | 2 |
| ▪ **Finance income on securities recorded in non-current financial assets that do not qualify as equity investments** | 185 | 194 |
| ▪ **Other:** | | |
| Interest on overdue current receivables: | | |
| *. Clients* | 95 | 206 |
| Interest and commissions received from other companies: | | |
| *. Interest from banks* | 1,113 | 445 |
| *. Interest from clients* | 12 | 25 |
| *. Other* | 1 | 2 |
| | 1,221 | 678 |
| | **1,406** | **874** |

"Finance income on securities recorded in non-current financial assets that do qualify as equity investments" includes finance income accrued during the period on the portion – with a face value of 4 million pounds sterling – of the A4 bonds issued by the special purpose vehicle Romulus Finance Srl, which ADR SpA purchased on February 13, 2009.

"Interest from banks", totaling 1,113 thousand euros, was up 668 thousand euros on the first half 2010 due to the effect of an increase in interest rates.

## Interest expense and other finance charges

| | H1 2011 | H1 2010 |
|---|---|---|
| ▪ **Interest and commissions due to others and sundry charges:** | | |
| *. Interest and commissions paid to banks* | 2,588 | 2,713 |
| *. Interest and commissions paid to other financial institutions* | 31,305 | 30,396 |
| *. Provisions for overdue interest on doubtful accounts* | 200 | 196 |
| *. Other* | 3,128 | 3,628 |
| | **37,221** | **36,933** |

"Interest and commissions paid to banks" fell by 125 thousand euros thanks to the reduction in average exposure deriving from repayment of the Term Loan Facility in September 2010 and March 2011 totaling 102.0 million euros, and payment of installments falling due regarding the OPI bank loan amounting to 8.5 million euros, party offset by the above-mentioned increase in interest rates.

"Interest and commissions paid to other financial institutions" rose by a total of 909 thousand euros, deriving from higher finance charges for Classes A2 and A3, charged at a floating interest rate, also due to the effect of increased rates.

The item "Other" primarily comprises (3,034 thousand euros) the negative differential paid by ADR SpA to counterparties with whom the Company has signed interest rate collar contracts that became active in October 2009; these differentials were also positively affected by the above-mentioned rise in interest rates (down 540 thousand euros compared with the same period of the previous year).

## Foreign exchange gains/(losses)

| | H1 2011 | H1 2010 |
|---|---|---|
| *. Foreign exchange gains* | 12 | 29 |
| *. Foreign exchange losses* | 2 | 5 |
| | **10** | **24** |

# EXTRAORDINARY INCOME AND EXPENSE

## Extraordinary income

| | H1 2011 | H1 2010 |
|---|---|---|
| ▪ **Other:** | | |
| **Income and recovery of expenses relating to previous years deriving from:** | | |
| *. Reversal of liabilities* | 1,416 | 2 |
| *. Other extraordinary income* | 0 | 507 |
| *. Taxes relating to previous years* | 1 | 255 |
| | **1,417** | **764** |

The item "Reversal of liabilities" includes 1.1 million euros regarding payables for invoices to be received transferred from costs of state-financed works relating to departure area F to tangible fixed assets in progress. This adjustment was necessary as, on application of the addendum to the financing agreement, it was not possible to include the expenses incurred for the executive design, which were therefore transferred to the self-financed component. The effect on the income statement was offset by the write-down of contract work in progress, registered as extraordinary expense under the item "Exceptional asset write-downs".

## Extraordinary expense

| | H1 2011 | H1 2010 |
|---|---|---|
| **▪ Taxes relating to previous years** | **0** | **13,974** |
| **▪ Other:** | | |
| **Extraordinary expense derived from:** | | |
| *Operating costs* | 155 | 351 |
| *Financial charges* | 0 | 43 |
| *Exceptional asset write-downs* | 1,166 | 2 |
| | **1,321** | **396** |
| **Other extraordinary expense:** | | |
| *Payments due for lost cargo* | 37 | 84 |
| *Fines* | 26 | 38 |
| *Restructuring charges* | 7 | 1,000 |
| | **70** | **1,122** |
| | **1,391** | **1,518** |
| | **1,391** | **15,492** |

It should be noted that in the first half of 2010 the item "Taxes relating to previous years" included further provisions regarding the current dispute with the Customs Office following the negative outcome of the appeal ADR SpA submitted to the Regional Tax Commission for Rome.
For further information reference should be made to the section on "Tax litigation".

## INCOME TAXES

| | H1 2011 | H1 2010 |
|---|---|---|
| **▪ Current taxes** | | |
| *. IRES* | 183 | 0 |
| *. tax consolidation income* | (340) | (355) |
| *. tax consolidation expense* | 12,127 | 8,146 |
| *. IRAP* | 7,341 | 6,794 |
| | **19,311** | **14,585** |
| **▪ Deferred tax (assets) liabilities** | | |
| *. deferred tax assets* | (2,128) | (385) |
| *. deferred tax liabilities* | (5) | (5) |
| | **(2,133)** | **(390)** |
| | **17,178** | **14,195** |

The item "Current taxes – IRES" refers exclusively to the subsidiary undertaking ADR Advertising SpA, which does not take part in the consolidated tax regime.

It should be recalled that, due to the existence of the related prerequisites, ADR SpA and the other Group companies (ADR Engineering SpA, ADR TEL SpA, ADR Assistance Srl and ADR Sviluppo Srl) along with the consolidating company, Gemina SpA, opted to adhere to the tax consolidation regime introduced by the Tremonti Reform for the three-year period 2010-2012.

As regards deferred taxation, current agreements stipulate continuation of the posting of the assets and allowances that generated temporary differences in the individual companies' financial statements.

Pursuant to the above tax legislation, against the taxable income transferred by the consolidated companies ADR SpA, ADR Tel SpA, ADR Engineering SpA and ADR Assistance Srl to the consolidating company, Gemina SpA, “expenses relating to tax consolidation” amounting to 12,127 thousand euros have been recorded, whilst rebates on operating income for tax purposes recognized under tax consolidation, remunerated at 50% under contractual agreements, totaling 340 thousand euros, have been recorded as income from consolidated taxation.

Regarding “Current taxes – IRAP”, the amount due from the Parent Company, ADR SpA, was calculated by applying a rate of 5.12%, which takes into account the 0.30% increase in the base rate, provided for by Law no. 111 of July 15, 2011 for all concessionaire companies other than those engaged in toll highway and tunnel construction, in effect as of 2011. This rate increase led to higher taxation of 0.4 million euros for the first half of 2011.

For further information on the calculation of deferred tax assets see the item “Deferred tax assets” in the section on “Receivables”.

Finally, it should be noted that, given the absence of clear indications on the availability of tax provisions, non-operating income of 1,610 thousand euros (including 1,565 thousand euros regarding ADR SpA, 22 thousand euros regarding ADR Tel SpA and 23 thousand euros regarding ADR Engineering SpA) has been prudently omitted from income statement data. This sum relates to an IRES rebate deriving from the 10% deduction of IRAP regarding the years from 2004 to 2007. Rebate applications were submitted by the consolidating company, ADR SpA, for the years from 2004 to 2006, and by the consolidating company, Gemina SpA, for 2007, on February 1, 2010 and February 24, 2010, respectively.

# OTHER INFORMATION

## HEADCOUNT

The following table shows the average number of employees of companies consolidated on a line-by-line basis by category:

| Category | H1 2011 | H1 2010 | change |
|---|---|---|---|
| Managers | 42.3 | 44.9 | (2.6) |
| Supervisors | 178.8 | 165.3 | 13.5 |
| White-collar | 1,604.1 | 1,537.1 | 67.0 |
| Blue-collar | 524.5 | 538.1 | (13.6) |
| **Total** | **2,349.7** | **2,285.4** | **64.3** |

The following table shows the average number of employees by company:

| Company | H1 2011 | H1 2010 | change |
|---|---|---|---|
| ADR SpA | 2,054.4 | 2,004.2 | 50.2 |
| ADR Engineering SpA | 34.0 | 33.1 | 0.9 |
| ADR Tel SpA | 16.0 | 16.5 | (0.5) |
| ADR Advertising SpA | 8.0 | 7.0 | 1.0 |
| ADR Assistance Srl | 237.3 | 224.6 | 12.7 |
| **Total** | **2,349.7** | **2,285.4** | **64.3** |

## REMUNERATION OF DIRECTORS AND STATUTORY AUDITORS

The following table shows the remuneration paid to Directors and Statutory Auditors (cumulatively for each category):

| Category | Remuneration (€000) |
|---|---|
| Directors | 127 |
| Statutory Auditors | 149 |
| **Total** | **276** |

## LITIGATION

Administrative, civil and labor litigation is followed by the Group through its internal legal department which has provided, for the preparation of the accounts as of and for the period ended June 30, 2011, a complete and exhaustive breakdown of the different civil, administrative and arbitration proceedings outstanding as of that date.
As regards litigation as a whole, the Group carried out a valuation of the risk of negative outcomes leading to the creation of a specific allowance under "Allowances for risks and charges" to cover the cost of litigation likely to result in a negative outcome and for which a reasonable estimate of the amount involved could be made. The disputes for which a negative outcome was merely possible, given the different legal interpretations, were not the object of provisions in accordance with the principles and procedures governing the preparation of financial statements. Furthermore, there are a limited number of civil proceedings underway, for which no provisions were made, as the impact of any negative outcome, while negligible, could not be measured.

### Tax litigation

Significant disputes involving ADR SpA are summarized below:

- In 1987 a general tax audit of ADR SpA's accounts from January 1, 1985 to February 18, 1987 was carried out, focusing in addition on certain aspects relating to previous years.
  Despite the fact that the auditors found no evidence of irregular accounting practices or violations of statutory regulations, including misdemeanors punishable by fine in compliance with Law 516 of August 7, 1982, ADR was notified of certain irregularities regarding both direct and sales tax for the years between 1982 and 1987. The Parent Company appealed the tax authorities' interpretation before the competent Tax Commissions.
  During 2002, the Revenue Office appealed the sentence issued by the Regional Tax Commission for Rome – section no. 43 – before the Supreme Court. Such sentence had turned down the appeal against the sentence of the Tax Commission for the Province of Rome, dated April 9, 1999, which had accepted the grounds for ADR's appeal against the allegations of income tax violations regarding the years 1985 and 1986.
  On July 10, 2002 the tax authorities appealed to the Supreme Court, and the Company responded by depositing its counter-evidence with the Court. At a hearing to discuss the matter on November 7, 2007, the Supreme Court accepted the appeal and referred the case to a different department of the Regional Tax Commission. By a decision, filed on July 7, 2011, the Regional Tax Authority rejected the appeal of the Office and confirmed the cancellation of the order of assessment on taxation IRPEG/ILOR for the fiscal years 1985 and 1986.
  On December 17, 2010, with Ruling no. 6625, the Central Tax Commission accepted the Company's appeal regarding the 1983 tax year, thereby cancelling the only findings that had been confirmed by the Tax Commission in second instance with Sentence no. 341/07/1992.
  Thus far the outcomes of the hearings conducted by the various tax commissions have been in ADR's favor, confirming the legal interpretation adopted and a positive outcome for the Company.
- On November 3, 2006 the Tax Office of Rome (UTF) initiated an audit of the Company's accounts regarding taxation of the consumption of electricity.
  In its report dated February 23, 2007, the Tax Office informed the Company that it intended to recover the amounts relating to the consumption tax and related local surtaxes on electricity sold to third parties for the years between 2002 and 2005.

The Tax Office formalized the request for data and information regarding the supply of electricity for the above period, and carried out additional audits aimed at carrying out technical checks on the equipment and on the means of distribution and consumption of electricity on the part of ADR, in order to identify and separate the consumption subject to the tax exemption in accordance with art. 52 of Consolidated Act no. 504/1995 for the tax period January 1, 2002 – May 31, 2007.
Following the audits, the Tax Office issued 15 demands for payment of a total of 4.4 million euros, regarding failure to pay the tax on electricity consumption and the related surtax for the period 2002-2006. This amount includes interest expense, penalties for late payment and notification expenses.
Generally speaking, the disputes relate to the alleged sale to third parties of electricity acquired by ADR, as well as the refusal to recognize the favorable terms applied in accordance with art. 52 of the Consolidated Customs Act to entities qualifying for inclusion in the category “industrial operators”.
Along with the demands for payment, there were 9 notifications of administrative irregularities, amounting to a total of 1.5 million euros for 2002, concerning the sanctions imposed in relation to the failure to pay the above taxes.
Backed up by the opinion of its tax experts, ADR SpA deems it highly likely that the legitimacy of its behavior will be recognized, and has therefore appealed the demands in question before the Provincial Tax Commission for Rome.
At hearings in 2008 and 2009, the Provincial Tax Commission for Rome granted all the appeals regarding payment of taxation and the imposition of sanctions.
The Custom Office then lodged an appeal against the sentences issued by the Provincial Tax Commission for Rome.
On October 21, 2009 the Regional Tax Commission issued and filed thirteen sentences confirming the decision of the Provincial Tax Commission and rejecting the appeal lodged by the Customs Office.
On July 7, 2010, four additional sentences were filed which, in confirmation of the Provincial Tax Commission's ruling, rejected the appeal lodged by the Customs Office.
On September 14, 2010 the Lazio Regional Tax Commission filed two sentences in the Company's favor regarding eight appeals put before the Attorney General's Office to revise the corresponding sentences in first instance.
On November 5, 2010 the Attorney General's Office contested 13 sentences issued by the Lazio Regional Tax Commission before the Supreme Court. On December 15, 2010 the Company took formal legal action.
On December 29, 2010 four appeals against the sentences handed down by the Provincial Tax Commission for Rome were notified, and filed on January 12, 2010.

- On March 1 2011, the Customs Agency–Office of Rome 2 filed with respect to ADR S.p.A. a verification in relation to the application of the laws in force on the consumption tax (*imposta di consumo*), which is an inland and additional duty on electricity due for the period from 2007 to 2010.
  The verification above is related to the activity carried out for the years from 2002 to 2006 by the UTF (as it was named at the time) of Rome and in relation to which a tax proceeding is still pending at the Supreme Court in relation to the claims filed against the Regional Tax Agency orders which ruled in favour of the Company.

- On December 27, 2006 the Municipality of Fiumicino notified ADR SpA of its failure to declare and pay local property tax for 2001 regarding Rome Airport’s Hilton Hotel. On December 28, 2007 the Municipality of Fiumicino notified ADR SpA of a tax assessment for 2002 regarding the same building.
  The Company, considering that there are valid arguments in favor of its non-liability to pay this tax, has appealed against these tax assessments to the Provincial Tax Commission for Rome.
  On December 20, 2010 the Provincial Tax Commission for Rome deposited sentence no. 503/59/10, which rejected ADR SpA's appeal and required the Company to pay costs.
  Due to the limited investigation of the legal issues at stake in this case, the Company intends to appeal against the sentence of the Provincial Tax Commission for Rome, deeming it highly likely that the legitimacy of its actions will be recognized.
  On May 5, 2011 the Municipality of Fiumicino notified ADR SpA of its failure to declare and pay local property tax for 2005 and 2006.
  The Company, considering that there are valid arguments in favor of its non-liability to pay this tax, is going to appeal against these tax assessments to the Provincial Tax Commission for Rome.

- On August 16, 2007, the Rome II Customs District Office notified ADR SpA of reported irregularities in the sales carried out at its duty free shops from January 1, 1993 to January 31, 1998. The findings

essentially regard sales made to passengers traveling within the EU that exceeded duty free allowances in terms of amount and value.
On December 18, 2007, the same Customs District Office ordered payment of sums regarding VAT, excise duties and tobacco duties, as a result of the findings set out in the assessment report. The total amount of taxes and interest charged adds up to around 22.3 million euros.
ADR SpA appealed this demand for payment before the Provincial Tax Commission. On April 6, 2009 the Provincial Tax Commission for Rome filed Sentence no. 149/39/00, which rejected the appeal lodged by the Company. Following the judgment, the Customs Office activated the procedure to collect the sum due, which the Company is paying in 36 installments subsequent to acceptance of the application submitted to the Collection Agent, after paying an advance of 4 million euros via an irrevocable payment order on April 27, 2009. The total assessment, including interest and ancillary charges, amounts to 26.1 million euros.
Moreover, on 24 April 2009 the Company filed an application with the Customs Office for administrative suspension, until the Lazio Regional Tax Commission files its sentence, of collection of the sum due. On May 19, 2009 the Customs Office notified that it did not accept the request for suspension.
On July 14, 2009 ADR SpA therefore lodged an appeal against the sentence handed down by the Provincial Tax Commission for Rome.
On May 26, 2010 the Provincial Tax Commission for Rome deposited sentence no. 105/35/10, which rejected ADR SpA's appeal and required the Company to pay costs.
This further adverse development has given additional weight to the risk of a negative outcome, regardless of the fact that the position of the Company and its tax experts expressed during the legal proceedings, which maintains that there are no grounds for the imposition of such taxation, is unchanged. Moreover, the Company is convinced of the substantial and formal legitimacy of its behavior.
Consequently, in preparing the financial statements for the year ended December 31, 2010, it was decided to allocate provisions based on the estimated amount of taxes assessed, thereby bringing the allowance for taxes into line with the tax payable, inclusive of interest and ancillary charges.
ADR SpA, which firmly maintains its position that there are no grounds for the imposition of such taxation and is convinced of the substantial and formal legitimacy of its behavior, appealed to the Supreme Court against the adverse sentence no. 105/35/10 handed down by the Regional Tax Commission.

- Within the scope of annual checks pursuant to art. 42 of Law no. 388/2000, on June 4, 2009 the Lazio Regional Tax Office initiated a general tax assessment of ADR SpA regarding IRAP and VAT for 2007.
  At the end of the audit, on October 29, 2009 the Company was notified of certain irregularities regarding direct taxation and VAT, entailing higher taxation of 1,195 thousand euros, and higher VAT of 2,416 thousand euros. In acknowledging the notice, the Company has reserved its right to defend itself before the competent authorities.

## Administrative, civil and labor litigation

### AIRPORT FEES AND REGULATED TARIFFS

- With regard to the preparatory phase for the Planning Agreement 2005-2009, in November 2005 ADR SpA appealed to Lazio Regional Administrative Court for an annulment of the decisions and considerations contained in the document issued by the Ministry of Infrastructure and Transport and the Ministry of the Economy on September 22, 2005, in which ADR is substantially denied the right to include any component of the purchase cost of the airport management concession for Fiumicino and Ciampino in the regulatory asset base, to be used in determining the airport fees it will charge. The appeal also includes a claim for damages from the ministries concerned, in view of the unwarranted delay the above document has caused in finalizing the Planning Agreement provided for in Point 5 of the regulatory framework annexed to CIPE (Interdepartmental Committee for Economic Planning) Resolution 86/2000 and art. 4 of the Ministerial Decree of November 14, 2000. The Agreement governs the determination of airport fees and the other regulated revenues earned by ADR. A date for the hearing on the merits is awaited.
- 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 brought 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. 248/2005, which was repealed by Law no. 248/2005. With sentence no. 19720/2010 the Court rejected ADR's requests, on the grounds that: a) the airport fee increases provided for until 2000 were above the rate of inflation; b) the obligation to bring airport fees into line with the target inflation rate was only applicable until Ministerial Decree of November 14, 2000 was issued; c) in any event, the matter was completely re-regulated by Legislative Decree no. 203/05, the so-called “system requirements” legislation. The Company has appealed the decision and the first hearing will be held on July 20, 2011.

- 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. With sentence no. 2289/2007 lodged on June 5, 2007 the Lazio Regional Administrative Court rejected the appeal. In November 2007 ADR appealed this sentence before the Council of State. Shortly before the may 10, 2011 hearing (so called “discussion hearing”), having considered the advanced status of the Contratto di Programma inquest, the Company has deposited, together with the counterpart, a request to postpone the date of the above mentioned hearing. The hearing will be held on November 22, 2011.
- On November 21, 2007, ADR lodged an appeal with the Lazio Regional Administrative Court (without a request for suspension) to obtain cancelation of CIPE Resolution no. 38/07 and the attached “Directive regarding tariff regulation of airport services offered on an exclusive basis”. Subsequently, ADR appealed (also without request for suspension) against the Guidelines issued by the Civil Aviation Authority in implementation of this Directive.

  The principal grounds for the appeal regard the remuneration of invested capital and, more generally speaking, the allocation of concessionary charges, application of the single till criterion (the contribution of a percentage of commercial margins towards the determination of airport fees) and regulated tariff trends. An announcement of the date of the relevant hearing is awaited.

  On March 25, 2009, ADR SpA presented additional arguments supporting its appeal before Lazio Regional Administrative Court against the Ministerial Decree of December 10, 2008, published in Official Gazette no. 42 of February 20, 2009, which approves the Civil Aviation Authority’s Guidelines and abolishes the previous Ministerial Decree, which was never published in the Official Gazette and was appealed by ADR SpA. An announcement of the date of the relevant hearing is awaited.
- On February 17, 2010, ADR lodged an appeal with the Lazio Regional Administrative Court against the decree of the Ministry of Infrastructure and Transport regarding “Revised airport fees for 2009”, published on December 22, 2009. This decree raised airport fees in line with the target inflation rate for 2009 which, in the Economic and Financial Planning Document, is expected to be at 1.5%. This appeal to the Lazio Regional Administrative Court is similar, in terms of reasoning and arguments, to the one in which ADR appealed against the previous decree that revised airport fees for 2008 in line with inflation.
- In February 2010, ADR SpA, as counterparty (*controinteressato*), was notified of separate appeals lodged before Lazio Regional Administrative Court by Codacons and the Air, Sea and Rail Transport Users' Association and other carriers aimed at obtaining cancellation, with prior suspension, of the Ministerial Decree of December 8, 2009 regarding "Revised airport fees for 2009". The principal grounds for appeal are: investigative shortcomings, including lack of correlation between airport operators' costs and revenues as a prerequisite for the increase, infringement and misapplication of Law no. 241/1990 and violation of the principle of due process. At a hearing on March 25, 2010 to discuss the suspension, the case was adjourned, at the plaintiffs' request, until May 19, 2011. At such hearing the Court held the case in decision.
- ADR has contested a letter from the Civil Aviation Authority dated April 13, 2010 and a memorandum from the Ministry of Transport of May 13, 2010 (and all other related memoranda) before the Lazio Regional Administrative Court. These notifications stipulate that EU fees should be applied to Swiss carriers, as well as all flights to and from the territory of the Swiss Confederation (conversely ADR SpA applies non-EU fees for these flights).

  The Civil Aviation Authority's assertion is based on the fact that the Agreement between the EU and Swiss Confederation of January 21,1999 (which came into force on June 1, 2002) placed Swiss carriers on an equal footing with EU ones, and therefore ADR SpA is discriminating against Swiss carriers.

  The Company, on the other hand, maintains that no discrimination is involved as the application of airport fees, and related amounts, is governed in Italy by the Ministerial Decree of November 14, 2000 which is based on the air space a flight passes through (within or beyond the European Union) rather than the carrier that operates it. Moreover, the above-mentioned Agreement is not referred to in any EU legislation, nor in the recently amended Annex.

At the hearing before the Regional Administrative Court, scheduled for July 12, 2010, regarding suspension of the contested communications, ADR requested, on the grounds of procedural expediency, that the case be directly referred for prompt discussion of its merits.

In the event of a negative outcome for ADR, the carriers operating the flights in question would most likely request reimbursement from ADR of the higher amounts paid for airport fees from June 2002 (the date on which the above-mentioned Agreement came into force) until now (the maximum total amount is estimated at around 8 million euros). Obviously, the fees claimed by carriers would in turn be verified in a court of law.

In this respect, on July 21, 2011, ADR S.p.A. received the writ of summons at the Court of Civitavecchia by Swiss International Airlines Ltd for the repayment of an amount equal to euro 5,200,000.00 (interests included). The first hearing is on December 21, 2011. In the company's opinion, the calculation of the amounts of the rights subject to the possible repayment, in the event of adverse ruling by the TAR, is difficult because such rights are not borne exclusively by the carrier.

- In September 2003 ADR SpA issued notice of appeal to Lazio Regional Administrative Court against Ministerial Decree 14/T of March 14, 2003 (published in the Official Gazette of June 3, 2003) containing provisions regarding the payment of fees for the 100% screening of hold baggage, as interpreted, in relation to the date from which such fees are to be applicable, in Civil Aviation Authority letters dated June 3, 2003 and June 11, 2003. The main reasons for the appeal are: (a) the contradictory nature of the two letters from the Civil Aviation Authority; and (b) the lack of any provision regarding collection of the fees prior to the implementation of the Ministerial Decree. The appeal aims, among other things, to recover the fees due for the period between the date the decree became valid (June 3, 2003) and the date authorized by the Civil Aviation Authority in a separate letter (June 26, 2003). With sentence no. 13847/2010 the Lazio Regional Administrative Court ordered the Civil Aviation and the Ministry of Infrastructure and Transport, jointly, to pay ADR SpA 6.7 million euros, plus legal interest accruing between the date the receivable arose to the date of payment. In October 2010 the authorities lodged an appeal against the above-mentioned sentence handed down by the Regional Administrative Court; the "discussion hearing" will be held on October 11,2011.
- On July 11, 2011 ADR SpA, as an interested party, was notified of the appeal brought before Lazio Regional Administrative Court by IBAR and ten carriers (Brussels Airlines, Qatar Airways, Kuwait Airways, Egypt Air, Cyprus Airways, Bulgaria Air, Malaysia Airlines, Iberia and Tunisair), requesting cancellation of the Civil Aviation Authority ruling of May 11, 2011. The Authority's ruling had declared that, with regard to the fee for use of the "NET6000" transit baggage handling system, the "limit on the cost-linked portion" is – for 2011 alone - "equal to 1.87 euros per item of baggage". The appellants have not filed for suspensive relief and the date for the hearing on the merits has yet to be set.

AIRPORT FUEL SUPPLY FEES

- In March 2006 ADR SpA appealed to the Lazio Administrative Court, without a request for suspensive relief, against the Civil Aviation Authority's memorandum of February 3, 2006 and subsequent memoranda in which the Authority deemed it appropriate to suspend payment of royalties on the sub-concession of airport fuel supply to third parties. The suspension is to remain in force until the submission by airport operators of data regarding the costs incurred in relation to the service provided by oil companies and until the completion of checks to be carried out on these companies by the Civil Aviation Authority. An announcement of the date of a hearing to discuss the matter is awaited.
- IBAR (Italian Board Airlines Representatives) and 6 carriers (Iberia, Tap, American Airlines, Delta Airlines, Ethiopian Airlines and Cyprus Airlines) lodged an appeal with the Lazio Administrative Court, with a request for suspensive relief, against the Civil Aviation Authority's memorandum of September 15, 2006 (protocol no. 60600) (in addition to other previous measures), with which the Civil Aviation Authority communicated the results of the controls carried out at airports managed by full-service operators "in order to analyze the correlation between costs and the flat rates charged by airport operators to oil companies". On February 27, 2008, Esso Italiana proposed taking measures to oppose the action. Subsequently, IBAR put forward additional grounds and requested the Regional Administrative Court to acknowledge the illegitimacy of the most recent rulings issued by the Civil Aviation Authority regarding the matter. An announcement of the date of a hearing to discuss the matter is awaited.
- ENI has brought a claim before the Rome civil court against its own client airlines (Air One, Alitalia, Eurofly, Livingston, Meridina and Neos) in order to ascertain the obligation to pay oil companies the amounts regarding the concession fee that the company owes to airport operators, and, consequently,

that the carriers are ordered to pay ENI the amounts accrued to this effect since October 2005 (with Legislative Decree no. 211/2005 regarding the so-called "system requirements").
In the same claim, ENI has also brought a secondary claim against airport operators, including ADR SpA (and the Civil Aviation Authority for the airports managed by the State) in order to ascertain that the concession fees paid by ENI to airport operators should not be calculated on the basis of the amount of fuel supplied to airlines. Moreover, as specifically regards ADR, on the one hand, ENI requests that the Company be ordered to pay an amount corresponding to the sum paid since October 2005, totaling 276 thousand euros, and, on the other, that it be determined that ENI does not owe ADR the amount of 1.1 million euros (as determined for the period up to May 31, 2006), which is as yet unpaid. At a hearing on November 19, 2008 Alitalia's attorney submitted a copy of sentence no. 287/08 of the Bankruptcy Division of the Court of Rome, declaring that the company was insolvent. The judge therefore suspended the trial. At a hearing on June 10, 2010 ENI deposited data regarding ENI's billing of carriers and airport operators' billing of ENI during the period 1997-2008. The judge deemed it necessary to consult an accounting expert, and stated his intention to appoint such a consultant. At a hearing held on December 22, 2010, Livingston's attorney stated that, via the Ministerial Decree of October 21, 2010 (published in the Official Gazette no. 272 of November 20 2010), the above-mentioned company was put into special administration and its insolvency affirmed by the Court of Busto Arsizio with sentence no. 29/2010. The judge cancelled the expert accountant's appointment and suspended the trial. On April 2011 has served a petition for the reinstatement of the case. The hearing of July 6, 2011 was adjourned until February 9, 2012 in order to serve notice to Alitalia in a.s. and resume proceedings against Livingston, which had in the meantime entered into special administration.

- Airone has taken out legal proceedings at the Civil Tribunal of Rome against Tamoil, its jet fuel supplier, as well as certain airport operators (SAB – Aeroporto di Bologna, ADR, SEA and SAVE), claiming the illegality of the fees charged to oil companies by operators in return for the use of airport infrastructure, which these companies subsequently "pass on" to carriers. Consequently, Airone also requests that Tamoil – together with the above airport operators, each according to their portion of responsibility – be ordered to repay the sum paid by Airone since 2003, amounting to 2.9 million euros. A hearing has been scheduled for December 21, 2011 for final judgment.

CATERING COMPANY FEES

- IBAR, together with 13 carriers, on the one hand, and Assaero and Volare, on the other hand, in separate requests, appealed to the Lazio Regional Administrative Court, with concomitant request for suspensive relief, for the cancellation of Civil Aviation Authority rulings no. A0035898 and no. 0035899 of June 5, 2007, regarding the setting of fees for the catering carried out at Rome and Milan airports, respectively. The plaintiffs have withdrawn their request for suspension. Subsequently, IBAR put forward additional grounds and requested the Regional Administrative Court to acknowledge the illegitimacy of the most recent rulings issued by the Civil Aviation Authority regarding the matter. A hearing to discuss the merits of the case has been scheduled for June 9, 2011. At such hearing the Court held the case in decision. With regard to the appeal filed by IBAR, the hearing has not been communicated yet.

CONCESSION FEES

- On May 26, 1999, ADR appealed Ministry of Finance Decree 86, dated March 5, 1999, before the Lazio Administrative Court. The Decree establishes the concession fees to be paid by airport operators for the years prior to 1997. Judgment is still pending.
  A similar action brought by ADR SpA before the Civil Court of Rome, with the aim of ascertaining that the Company is not required to pay any back-dated fees to the Ministry of Transport for the years prior to 1997, ended with the issue of sentence no. 5283/2004. This sentence, which upheld ADR SpA's position, declared that the Company has no obligation to pay the government concession fees for the years prior to 1997.
- In September 2003 ADR SpA lodged an appeal with Lazio Regional Administrative Court against the Executive Decree of June 30, 2003 (definition of airport concession fees for 2003) published in the Official Gazette on July 7, 2003, as amended in the notice published in the Official Gazette on September 6, 2003. This decree established methods different from those previously applied for calculating annual fees due from full-service airport operators pursuant to special laws. Such methods of calculation are deemed to be discriminatory and to distort competition between airports, as they

introduce an element of “adjustment” to the resulting figures regarding the “earnings” that passengers produce in relation to the airport.

In a parallel civil court judgment, on July 12, 2007 ADR SpA was notified of the purview of sentence no. 12189 of June 13, 2007 with which the Court of Rome, accepting ADR’s request, “following misapplication of the executive decree issued by the director of the state property office on June 30, 2003”, declared that “Aeroporti di Roma SpA did not owe the Italian Civil Aviation Authority any amounts greater than the concession fees due for the years 2003, 2004 and 2005 calculated in conformity with Law no. 662/1996, in application of the calculation criteria set forth in the Ministerial Decree dated December 12, 1998”.

On June 16, 2008 the State Property Office (Agenzia del Demanio) lodged an appeal against this sentence. A hearing to pronounce final judgment has been scheduled for October 12, 2011.

## FIRE PREVENTION FUND

- In November 2009 ADR SpA lodged an appeal before the Lazio Regional Administrative Court, without a request for suspensive relief, against the Civil Aviation Authority directive of July 31, 2009, protocol no. 0050644/DIRGEN/CEC, which included a table indicating the amounts of the contributions due from each operator for the fire prevention fund.

  In February 2010 additional grounds were provided against the subsequent Civil Aviation Authority directive of December 11, 2009, protocol 0087809/DIRGEN/DG which, referring to a table that had already been superseded with the previous directive of July 31, 2009, reiterated the request to airport operators to make the related payments as soon as possible in order to "rectify non-compliance with the provisions of Law no. 296 of December 27, 2006". The principal grounds for the appeals include lack of clarity regarding the charge levied on airport operators (tax or fee for provision of service), and therefore the impossibility of identifying the competent jurisdiction.

  An announcement of the date of the relevant hearing is awaited.

  With a sentence on October 26, 2010, the Tax Commission ruled on an appeal lodged by thirteen airport operators (not including ADR which, like other operators, opted to contest the directive before the above-mentioned Lazio Regional Administrative Court), declaring that the appellants were not obliged, from January 1, 2009, to pay “the contributions laid down by art. 1, paragraph 1328 of Law no. 296/2006, as amended by art. 4, paragraphs 3.2, 3.3 and 3.4, of Law no. 185/2008, into the so-called 'fire prevention fund', given that such contributions, as demonstrated, are to be allocated for purposes other than those laid down by law”.

  In fact, whilst initially admitting its competence regarding the assumption that this is a tax for a specific purpose rather than an airport fee as asserted by the Civil Aviation Authority, the Tax Commission recognized that, as of January 1, 2009, amendments had come into force identifying purposes that are completely alien to those originally provided for by the legislation regarding the provision of fire prevention services at airports.

## ANTITRUST

- In a resolution of September 20, 2000, the Antitrust Authority closed the investigation of ADR SpA, launched in 1999 following complaints by a number of airport operators. The Authority ruled that the Company had not abused its dominant position either with respect to the fees charged for ground handling services or with regard to relations with third-party handlers, whilst finding that the Company had engaged in anti-competitive practices in relation to Aviation Services (Meridiana Group). No fine was, however, imposed. The Company has appealed the latter finding before the Lazio Administrative Court, but the date for the hearing has yet to be set.

## NOISE ABATEMENT MEASURES

- The Ministerial Decree of November 29, 2000 requires the operators of public transport services and the related infrastructure to draw up action plans for the reduction and abatement of noise, and to make provisions in line with forecast penalties if such limits should be exceeded. The legislation has been independently appealed by all airport operators to the Council of State, with the aim of obtaining an annulment of Lazio Regional Administrative Court’s sentence no. 3382/2002. Sentence no. 5822/2004 of September 7, 2004 partially rejected the appeals brought by the airport operators.

  The Council of State has decided that airport operators have an obligation to reduce noise pollution and thus prepare noise abatement action plans under two conditions:

  - identification of the boundaries of the areas covered by the Ministerial Decree of October 31, 1997;

- verification, according to a precise schedule, of instances when noise pollution limits are exceeded outside the areas covered by the regulations, as established by the Prime Ministerial Decree of November 9, 1997, with reference to be made to the limits established in municipal zoning bylaws or, in their absence, by art. 6, paragraph 1, of the Prime Ministerial Decree of March 1, 1991.

Within the areas covered by the regulations, on the other hand, emission limits (as defined by art. 3, paragraph 3 of the Prime Ministerial Decree of November 14, 1997) are only applicable "for all noise sources other than airport infrastructures". The limits established by the Ministerial Decree of October 31, 1997 remain in force. These limits "provide for three areas (zones A, B and C) with various levels of LVA (the indicator used to measure airport noise emissions and different from the "Noise Equivalent level" used to establish the levels applied in the Prime Ministerial Decree of November 14, 1997).

The obligation to make financial provisions to cover the cost of adopting noise reduction and abatement measures, regardless of whether or not the above limits have been exceeded, derives from Framework Law no. 447/95 (art. 10, paragraph 5) and not the Ministerial Decree to which the appeal judge's sentence refers, as the latter is merely a repetition of the legal provisions referred to.

The Ministry of the Environment "assumes that the obligation to make provisions is valid regardless of whether or not the noise emission limits have been exceeded (thus as of the entry into force of Law no. 447/95)"; at the same time "all issues regarding the reasonableness of such obligation, even where limits have not been exceeded, are beyond the scope of this action, by which the appellants have appealed a regulation that merely requires communication of the provisions made".

The above sentence, moreover, does not exclude the possibility that the issue of "the reasonableness" (or otherwise) of the above regulation establishing the obligation to make provisions may be appealed by airport operators before the relevant courts. A description of the relevant accounting treatment is provided in the notes to the "Memorandum accounts".

- ADR appealed to the Lazio Regional Administrative Court requesting cancellation of the proceedings of July 1, 2010 by which the Services Conference, convened to define and approve acoustic zoning for "G.B Pastine" airport in Ciampino, approved acoustic zoning Proposal no. 2 for this airport. No request for suspensive relief was made and a date for the relevant hearing has yet to be fixed.

TRAFFIC RESTRICTIONS AT CIAMPINO AIRPORT

- Ryanair appealed to the Lazio Regional Administrative Court requesting cancellation – with prior suspension – of Ordinance no. 14/2007 of July 9, 2007 issued by the management of Ciampino airport, stipulating that no more than 100 commercial movements by the holders of slots could be effected in any one day, with slots to be allocated between 6am and 11.30pm during the winter of 2007/2008. At the hearing held on October 11, 2007 to discuss suspensive relief, the Administrative Court rejected Ryanair's appeal, thereby maintaining the restricted number of slots for the winter of 2007-2008. With Ordinance no. 5752/2007 the Council of State upheld Ryanair's appeal (and therefore the original application for suspensive relief submitted by the airline). On March 25, 2008 Ryanair notified ADR SpA of an appeal on additional grounds to the Lazio Regional Administrative Court, following the denial by Assoclerance of two slots that did not exceed the current daily of limit of 138 slots, and which the airline had not made use of during the summer of 2007. This denial was based on a contradictory interpretation by the Civil Aviation Authority, according to which the effects of the contested Civil Aviation Authority ordinance remained in force, even after the ruling by the Council of State, if Ryanair were to request slots different from those allocated to it in the summer of 2007, as only the loss of these slots would constitute the serious and irreparable harm that the ordinance intended to avoid. At a hearing held to discuss the matter on April 24, 2008, Ryanair requested that the case be adjourned until a hearing on the merits, a date for which is awaited. At the same time, regarding the carrier's request to execute Council of State Ruling no. 5752/2007, the same judge, with Ruling no. 2046/08, rejected Ryanair's demands on the following grounds: *"for the purposes of executing Ruling no. 5752 of November 6, the position taken by the appellant with regard to the present dispute, appears to be correct and satisfactory regarding maintenance of the same number of SO7 slots previously allocated to Ryanair by the Civil Aviation Authority and Assoclearance, including the S08 season, given that the damages claimed by Ryanair should be measured only on the basis of the number of slots allocated to the airline at the time when the number of total slots allocated to Ciampino airport were reduced from 138 to 100".*

BANKRUPTCY PROCEEDINGS INVOLVING CLIENTS

- A series of sentences passed by the Bankruptcy Court in Rome have declared the following companies bankrupt: Alitalia – Linee Aeree Italiane SpA subject to special administration, Volare SpA subject to special administration, Alitalia Express SpA in subject to special administration, Alitalia Servizi SpA in subject to special administration, Alitalia Airport in subject to special administration ADR lodged appeals regarding the relative bankruptcy claims. Regarding the proceedings relating to Alitalia – Linee Aeree Italiane SpA, ADR's claim was dealt with at a hearing on December 16, 2009. On this occasion, ADR was the only operator deemed to have adequately proved its claims, and the statement of affairs was duly filed. Regarding amounts due subsequent to commencement of the proceedings, the matter was adjourned until an as yet unscheduled hearing in order to complete checks on the data held by the Administrator, including the allocation of payments. In the meanwhile, the Judge has ordered a CTU (technical analysis) , still to be finished, of the ADR credit, as it has been done with the credits of the other handlers. With regard to the other companies of the AZ Group subject to special administration, AZ Airport SpA subject to special administration, Volare SpA subject to special administration, Alitalia Express subject to special administration in June 2011 were deposited states of liabilities.

Moreover, several legal initiatives have been undertaken at the Court of Civitavecchia, in support of ADR's claims for amounts due from Alitalia for navigation fees, secured by a lien on the aircraft, also in respect of their related owners, who are jointly liable under the law.

- In October 2009 Volare Airlines SpA, a company under special administration entered into civil proceedings before the Court of Busto Arsizio in order to obtain cancellation of payments made to ADR SpA during the year prior to the carrier's entry into bankruptcy on November 30, 2004, and an order requiring the Company to pay back a sum of 6.7 million euros.
  The plaintiff's request is essentially based on the premise that ADR SpA was aware of the insolvency of the carrier, and the entire group of which it formed part together with Air Europe and the Volare Group, at least since 2002. At a hearing for final judgment held on February 2, 2011, judgment was withheld. By decisions n. 492/2011, the Court of Busto Arsizio, completely disregarding the reasons of ADR – which omitted any explanation in relation to the peculiarity of the tasks carried out by the operator which could not suspend the execution of its tasks relying on the solvency tests to be carried out by ENAC – and in compliance with the reasons of the plaintiffs, resolved upon the ineffectiveness, pursuant to article 67, paragraph 2, of the Italian Bankruptcy Law, of the payments executed by Volare Group in favour to ADR and, therefore, sentenced the Company to pay 6.7 million euros, plus interests, in favour to Volare Airlines subject to special administration. It has been filed appeal against such judgments.
- In October 2009 Air Europa SpA, a company under special administration entered into civil proceedings before the Court of Busto Arsizio in order to obtain cancelation of payments made to ADR SpA during the year prior to the carrier's entry into bankruptcy on November 30, 2004, and an order requiring the Company to pay back a sum of 1.8 million euros. The plaintiff's request is essentially based on the premise that ADR SpA was aware of the insolvency of the carrier, and the entire group of which it formed part together with Volare Airlines and the Volare Group, at least since 2002. At a hearing for final judgment held on February 2, 2011, judgment was withheld. By decisions n. 486/2011, the Court of Busto Arsizio, completely disregarding the reasons of ADR – which omitted any explanation in relation to the peculiarity of the tasks carried out by the operator which could not suspend the execution of its tasks relying on the solvency tests to be carried out by ENAC – and in compliance with the reasons of the plaintiffs, resolved upon the ineffectiveness, pursuant to article 67, paragraph 2, of the Italian Bankruptcy Law, of the payments executed by Air Europe in favour to ADR and, therefore, sentenced the Company to pay 1.8 million euros, plus interests, in favour to Air Europe subject to special administration. It has been filed appeal against such judgments.
- On April 2011 Livingston S.p.A. in Special administration has filed a case before the Court of Busto Arsizio in order requesting the repeal of the payments made to ADR during the semester that preceded the admission of the carrier at the bankruptcy procedure dated October 21, 2010 – and, therefore – the condemnation of ADR to give back to the carrier the amount of € 960.000,00. The plaintiff, in order to support his request, states that ADR at the time of the payment, was fully aware of the critical economic status of the Carrier. The first hearing will be held on July 20, 2011.
- By means of the letters dated 25 March, 14 April and 6 June 2011, Alitalia Servizi, Alitalia Airport and Alitalia Express and Volare – companies belonging to Alitalia Group subject to special administration – severally requested ADR S.p.A. to pay back euro 816,700, euro 695,400 and euro 66,000 and euro 8,000 respectively, as amounts previously paid by them to ADR S.p.A. and claimed to be revocable pursuant to the applicable bankruptcy law. By means of a letter dated 14 July 2011 ADR declined the abovementioned requests on the basis of the application of the claw-back (revocatoria) to such payments. On July 22, 2011, a request for the restitution of euro 0,2 millions has been delivered by Alitalia S.p.A. subject to special administration.

## LABOR DISPUTES

- A judgment is pending before the Lazio Regional Administrative Court in a case brought by ADR against the Ministry of Labor and Social Policies regarding obligatory employment. The case derives from a request submitted by ADR to the Ministry of Labor regarding the possibility of excluding from the reserve quota of disabled workers ADR employees who carry out security, property surveillance and safety duties (472 staff at the time of the request), as such personnel are involved in activities that are included in or that are similar to those exempted under the relevant legislation (Law no. 68/1999). As the Ministry refused to grant this request, ADR appealed to the Regional Administrative Court with a request for preventive suspension. In a ruling on May 4, 2006, handed down with regard to the preventive suspension, the Regional Administrative Court accepted ADR's claim and consequently suspended the Ministry's refusal with immediate effect; judgment on the merits is still pending.
- A former employee, dismissed in 2004 on the basis of events occurred during work hours, for which he was later acquitted by the criminal Court, has brought a litigation before the Court of Civitavecchia. Even though the dismissal was not contested in accordance with the law, the plaintiff has claimed damages amounting to around 0.9 million Euros, on the grounds of false dismissal. With decision rendered on May 19th , 2011, ADR won the first grade of the trial, as all the claims brought by counterpart were rejected by the Court. Furthermore, the plaintiff was also condemned to restore the overall trial expenses to the Company. At the present stage, the terms are still pending for the plaintiff to appeal against the above said decision.
- A group of 16 parties summonsed ADR SpA and the bankrupt Ligabue Gourmet, thereby challenging the validity of ADR's sale of the West catering business unit to Ligabue, with a claim for damages totaling around 9.8 million euros until the end of 2006, including future damages and staff termination benefits. The dispute was settled in favor of ADR by a sentence on June 29, 2010 that rejected all the claims made by the counterparty, who was also ordered to reimburse ADR's legal costs. Out of the 16 plaintiffs of the first grade of jurisdiction, 14 have appealed the Court's decision; ADR has already appeared before the Court of Appeal, being the first relevant hearing scheduled on June 28th, 2011.
- With notification of a sentence of July 13, 2009, the level of appeal was concluded in the case brought by a group of 34 plaintiffs, all of whom are former ADR employees transferred to Ligabue after the sale of the West catering business unit by ADR to the latter company, which subsequently went bankrupt. Via said notification the Appeal Court of Rome declared the case to be closed regarding 5 plaintiffs, with whom a settlement was reached, and ordered ADR to pay a sum of 60 thousand euros to each of the remaining 29 plaintiffs, amounting to 1.7 million euros in compensation pursuant to art. 1381 of the Italian Civil Code (third-party obligation). The claim specifically regards a ruling that dealt with the issue of employment following the bankruptcy of Ligabue signed at the Ministry of Labor and Social Policies on August 2, 2002, and endorsed by ADR and other interested parties, and the relevant national and regional authorities and labor organizations. ADR appealed to the Supreme Court, which was met with two counter cross-appeals from a group of nine plaintiffs, who claim the right to be employed by ADR. A date for the hearing has yet to be fixed. Moreover, litigation is pending in second grade of jurisdiction with some of the above-mentioned 29 plaintiffs, currently numbering 17, regarding the withholding tax deducted at source by ADR on the sum claimed, which the group of 17 plaintiffs, that obtained a favorable decision in the first grade of jurisdiction, deem not liable for taxation.

## TENDERS

- ATI Alpine Bau, which was awarded the contract for works relating to the structural and operational upgrading of runway 3 at Fiumicino airport, appealed sentence no. 1347/06 handed down Rome's Civil Court. This sentence ordered ADR to pay 1.2 million euros, plus legal interest from the time of the claim, totaling 0.2 million euros. The appeal reiterates the claims for damages made in first instance (66 million euros, plus legal interest accrued from the time of the claim) and a request was made to combine the three proceedings. In addition, a further appeal is pending against the partial judgment in first instance (the hearing for final judgment has been adjourned until January 24, 2012).

  At the hearing on January 10, 2007 ATI Alpine's legal counsel made a request to combine the present proceeding with the preceding ongoing action, for which a partial judgment has been handed down (as above). ADR's legal experts opposed the combination of the proceedings and the judge, in accepting this opposition, rejected the request, but at the same time ordered that, merely for the purposes of reducing the number of court appearances, the present proceeding and that for which a partial judgment has been handed down should be dealt with at the same hearing. Therefore, final judgment in this case has also been adjourned until January 24, 2012.

- A claim for damages, in relation to the contract for the extension and restructuring of the international terminal at Rome's Fiumicino airport and related works, has been brought by Consorzio Aerest (in liquidation). The claim amounts to approximately 2.2 million euros plus VAT, interest and revaluation. On October 8, 2004 the Court of Rome partially upheld the Consorzio Aerest's claim, requiring ADR SpA to pay the consortium the sum of approximately 167 thousand euros, rejecting all other claims and apportioning the legal costs to both parties.
  On April 27, 2005 Consorzio Aerest appealed against the above-mentioned sentence, substantially reiterating the claim submitted in first instance. At a hearing on April 6, 2010 for final judgment, the case was further adjourned until October 4, 2011.
- Finprest has brought an action designed to obtain recognition of its right to a sum of 3.2 million euros pertaining to review of contract prices, revaluations and interest in relation to a contract (dating back to 1988) for restructuring and extension works at the "old" domestic terminal at Fiumicino airport. With partial judgment no. 6265/2008 the Court of Rome rejected the claims of the plaintiff, ATI Finprest, whilst accepting the plaintiff's claim for interest for alleged late payment of installments paid regarding revised prices during the term of the contract. In a separate ruling, the Court thus ordered the proceedings to continue with appointment of an expert to ascertain whether ADR had made delayed payments of the revised installments and, if so, to determine the related interest. In a report filed on May 5, 2009, the expert assessed the amount of interest for delayed payments and accounting to be paid by ADR at 174 thousand euros. At a hearing to question the expert on April 1, 2010, given the positions expressed by the parties regarding the report, the judge decided to recall the expert on December 9, 2010. On this occasion the case was adjourned until a hearing on April 28, 2011, after a further exchange of opinions with ADR's expert consultant. The next hearing ("*precisazione delle conclusioni*") will be held on march 20,2014.
- On December 30, 2004 ATI NECSO Entrecanales - Lamaro Appalti notified its decision to appeal sentence 35859/2003 issued by the Civil Court of Rome, summonsing ADR SpA to appear before the Appeal Court of Rome. In addition to rejecting ATI Necso's claims, the judge at the initial hearing also ordered the company to pay ADR SpA's costs. ATI NECSO is claiming damages of 9.8 million euros, plus VAT, interest, revaluation and costs, from ADR SpA in relation to 7 claims posted in the accounts relating to the contract for work on the extension and restructuring of the international terminal (Satellite West) at Fiumicino airport. Due to the favorable judgment handed down in first instance, the likelihood of a negative outcome for ADR SpA is deemed remote and in any case far less than the counterparty's claims. A hearing to pronounce final judgment was held on November 18, 2008. With an injunction in April 2009, the Court of Appeal decided that, in order to determine claims for damages regarding the longer duration of the contract works attributable to the purchaser, ADR, technical consultancy would be required. On June 18, 2010 an expert appraisal was deposited, deeming claims amounting to 3.3 million euros made by the company awarded the contract to be reasonable.. The ADR consultant's comments were deposited at a hearing on September 28, 2010. At a hearing for final judgment held on February 8, 2011, judgment was withheld.
- On February 1, 2005 Fondedile Costruzioni Srl lodged an appeal against sentence no. 23019/2004 of the Civil Court of Rome, which rejected all the requests made by Fondedile, and also ordered the company to reimburse ADR's legal costs. This appeal reiterates the claim submitted in first instance for a total of 3.6 million euros, as well as legal and overdue interest and revaluation, regarding higher charges and damages incurred during the execution of construction works on a service tunnel at Fiumicino airport. A hearing to pronounce final judgment scheduled for March 8, 2011 has been postponed to March 13, 2012.
- Although not classifiable under litigation, work on construction of departure area F (formerly Pier C), the contract for which was awarded to a Temporary Consortium led by Cimolai, is proceeding behind schedule with respect to the terms of the related contract. As of May 31, 2011 the Company has recorded reserves of 8.2 million euros in the construction records, substantially as a result of costs and expenses incurred due to construction delays. Despite this, work is expected to pick up significantly once the planning agreement has been signed and discussions are underway with the Consortium with a view to settling outstanding items.

OTHERS

- On June 22, 2011, ADR received formal request of compensation for damages by AXA Assicurazioni, in its capacity of insurance company of Ryanair, in relation to the damaged occurred to aircraft B737-800 E-IDYG during the emergency landing due to the "bird strike" happened on November 10, 2008, at the Ciampino Airport.

ADR declines any liability in relation to such event although the Authorities are still carrying on the required investigations. The compensation amount is equal to about USD 27 million as per direct damages (the indirect damages are still under definition) and such possible compensation should be covered by the RCT insurance policy of the Airport Operator, in case, as a result of the investigations, ADR would incur in liabilities in relation to the events.

* * *

In conclusion, we declare that these consolidated financial statements present a true and fair view of the Group's financial position and results of operations for the period.

**THE BOARD OF DIRECTORS**

# AEROPORTI DI ROMA SPA: SEPARATE FINANCIAL STATEMENTS

**(unaudited)**

**BALANCE SHEET**
**as of June 30, 2011**
**(in euros)**
**(Translation from the original issued in Italian)**

| **ASSETS** | **06/30/2011** | | | **12/31/2010** | | |
|---|---|---|---|---|---|---|
| **UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS** | | | 0 | | | 0 |
| **FIXED ASSETS** | | | | | | |
| INTANGIBLE FIXED ASSETS: | | | | | | |
| ▪ Industrial patents and intellectual property rights | | 1,160,085 | | | 1,691,034 | |
| ▪ Concessions, licenses,trademarks and similar rights | | 1,656,259,189 | | | 1,682,112,441 | |
| ▪ Leasehold improvements in process and advances | | 29,126,989 | | | 30,161,631 | |
| ▪ Leasehold improvements | | 233,502,806 | | | 235,307,652 | |
| | | | 1,920,049,069 | | | 1,949,272,758 |
| TANGIBLE FIXED ASSETS: | | | | | | |
| ▪ Land and buildings | | 2,461,300 | | | 2,697,373 | |
| ▪ Plant and machinery | | 56,565,813 | | | 55,041,017 | |
| ▪ Industrial and commercial equipment | | 1,311,442 | | | 1,555,476 | |
| ▪ Fixed assets to be relinquished | | 87,071,440 | | | 88,979,281 | |
| ▪ Other assets | | 2,479,554 | | | 3,036,406 | |
| ▪ Work in progress and advances | | 45,930,779 | | | 41,031,619 | |
| | | | 195,820,328 | | | 192,341,172 |
| NON-CURRENT FINANCIAL ASSETS: | | | | | | |
| ▪ Equity investments in: | | | | | | |
| - subsidiary undertakings | 7,338,324 | | | 7,338,324 | | |
| - associated undertakings | 10,330 | | | 10,330 | | |
| - other companies | 2,202,006 | | | 2,202,006 | | |
| | | 9,550,660 | | | 9,550,660 | |
| ▪ Receivables due from others: | | | | | | |
| *. beyond 12 months* | 471,660 | | | 625,628 | | |
| | | 471,660 | | | 625,628 | |
| ▪ Other securities: | | | | | | |
| - bonds | 2,758,309 | | | 2,758,309 | | |
| | | 2,758,309 | | | 2,758,309 | |
| | | | 12,780,629 | | | 12,934,597 |
| **Total fixed assets** | | | **2,128,650,026** | | | **2,154,548,527** |
| **CURRENT ASSETS** | | | | | | |
| INVENTORY | | | | | | |
| ▪ Raw, ancillary and consumable materials | | 2,573,160 | | | 2,661,184 | |
| ▪ Contract work in progress | | 7,753,606 | | | 11,779,398 | |
| ▪ Finished goods and goods for resale | | | | | | |
| - goods for resale | 10,045,981 | | | 7,520,893 | | |
| | | 10,045,981 | | | 7,520,893 | |
| | | | 20,372,747 | | | 21,961,475 |
| RECEIVABLES | | | | | | |
| ▪ Due from clients | | 173,484,146 | | | 167,595,282 | |
| ▪ Due from subsidiary undertakings | | 9,955,826 | | | 9,996,489 | |
| ▪ Due from associated undertakings | | 482,332 | | | 482,332 | |
| ▪ Due from associated undertakings | | 19,937 | | | 22,427 | |
| ▪ Due from tax authorities | | | | | | |
| *. within 12 months* | 1,335,640 | | | 3,603,512 | | |
| *. beyond 12 months* | 19,394,924 | | | 16,320,801 | | |
| | | 20,730,564 | | | 19,924,313 | |
| ▪ Deferred tax assets | | 27,780,345 | | | 25,490,345 | |
| ▪ Due from others: | | | | | | |
| - various | | | | | | |
| *. within 12 months* | 59,303,550 | | | 58,946,944 | | |
| - advances to suppliers for services to be rendered | 23,571 | | | 110,042 | | |
| | | 59,327,121 | | | 59,056,986 | |
| | | | 291,780,271 | | | 282,568,174 |
| MARKETABLE SECURITIES | | | 0 | | | 0 |
| CASH ON HAND AND IN BANKS | | | | | | |
| ▪ Bank and post office deposits | | 125,299,267 | | | 186,046,547 | |
| ▪ Cash and notes in hand | | 827,029 | | | 623,001 | |
| | | | 126,126,296 | | | 186,669,548 |
| **Total current assets** | | | **438,279,314** | | | **491,199,197** |
| **ACCRUED INCOME AND PREPAID EXPENSES** | | | | | | |
| ▪ Accrued income and other prepaid expenses | | | **6,926,566** | | | **4,381,338** |
| **TOTAL ASSETS** | | | **2,573,855,906** | | | **2,650,129,062** |

**BALANCE SHEET**
**as of June 30, 2011**
**(in euros)**
**(Translation from the original issued in Italian)**

| | 06/30/2011 | | | 12/31/2010 | | |
|---|---|---|---|---|---|---|
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | | | |
| **SHAREHOLDERS' EQUITY** | | | | | | |
| • SHARE CAPITAL | | | | | | |
| ordinary shares | | | 62,224,743 | | | 62,309,801 |
| • SHARE PREMIUM RESERVE | | | 667,389,495 | | | 667,389,495 |
| • REVALUATION RESERVES | | | 0 | | | 0 |
| • LEGAL RESERVE | | | 12,461,960 | | | 12,461,960 |
| • RESERVE FOR OWN SHARES | | | 0 | | | 0 |
| • STATUTORY RESERVES | | | 0 | | | 0 |
| • OTHER RESERVES | | | 501,357 | | | 416,300 |
| • RETAINED EARNINGS (ACCUMULATED LOSSES) | | | 43,307,323 | | | 21,859,955 |
| • NET INCOME (LOSS) FOR THE PERIOD | | | 9,532,685 | | | 21,267,045 |
| **Total shareholders' equity** | | | **795,417,563** | | | **785,704,556** |
| **ALLOWANCES FOR RISKS AND CHARGES** | | | | | | |
| • For Taxes, including deferred: | | 26,092,600 | | | 26,092,600 | |
| • Other | | 44,662,930 | | | 44,883,174 | |
| **Total allowances for risks and charges** | | | **70,755,530** | | | **70,975,774** |
| **EMPLOYEE SEVERANCE INDEMNITIES** | | | **23,493,206** | | | **27,237,028** |
| **PAYABLES** | | | | | | |
| • Due to banks | | | | | | |
| *. within 12 months* | 77,197,597 | | | 9,257,388 | | |
| *. beyond 12 months* | 102,100,000 | | | 264,637,500 | | |
| | | 179,297,597 | | | 273,894,888 | |
| • Due to other financial institutions: | | | | | | |
| *. within 12 months* | 1,652,344 | | | 14,097,989 | | |
| *. beyond 12 months* | 1,200,018,896 | | | 1,200,018,896 | | |
| | | 1,201,671,240 | | | 1,214,116,885 | |
| • Advances: | | | | | | |
| - from clients | | | | | | |
| . from the Ministry of Transport: | | | | | | |
| *. within 12 months* | 267,000 | | | 267,000 | | |
| *. beyond 12 months* | 3,158,466 | | | 3,687,284 | | |
| . other | 8,513,100 | | | 5,156,588 | | |
| | | 11,938,566 | | | 9,110,872 | |
| • Due to suppliers: | | | | | | |
| *. within 12 months* | 128,928,217 | | | 132,493,749 | | |
| *. beyond 12 months* | 3,420,279 | | | 3,547,325 | | |
| | | 132,348,496 | | | 136,041,074 | |
| • Due to subsidiary undertakings: | | | | | | |
| *. within 12 months* | 15,927,940 | | | 13,000,493 | | |
| | | 15,927,940 | | | 13,000,493 | |
| • Due to associated undertakings: | | | | | | |
| *. within 12 months* | 968,680 | | | 968,680 | | |
| | | 968,680 | | | 968,680 | |
| • Due to parent companies: | | | | | | |
| *. within 12 months* | 19,951,319 | | | 11,540,035 | | |
| | | 19,951,319 | | | 11,540,035 | |
| • Taxes due: | | | | | | |
| *. within 12 months* | 42,785,625 | | | 42,508,036 | | |
| | | 42,785,625 | | | 42,508,036 | |
| • Due to social security agencies | | 5,957,281 | | | 6,461,549 | |
| • Other payables: various creditors | | | | | | |
| *. within 12 months* | 60,622,500 | | | 52,023,847 | | |
| *. beyond 12 months* | 2,633,949 | | | 2,414,805 | | |
| | | 63,256,449 | | | 54,438,652 | |
| **Total payables** | | | **1,674,103,193** | | | **1,762,081,164** |
| **ACCRUED EXPENSES AND DEFERRED INCOME** | | | | | | |
| • Accrued expenses and other deferred income | | | **10,086,414** | | | **4,130,540** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | | **2,573,855,906** | | | **2,650,129,062** |

**MEMORANDUM ACCOUNTS**

as of June 30, 2011

(in euros)

| | 06/30/2011 | | 12/31/2010 | |
|---|---|---|---|---|
| **GENERAL GUARANTES** | | | | |
| ▪ Suretis | 110,522 | | 110,522 | |
| ▪ Other | 715,841 | | 715,841 | |
| | | 826,363 | | 826,363 |
| **COLLATERAL GUARANTEES** | | 0 | | 0 |
| **COMMITMENTS ON PURCHASES AND SALES** | | 91,112,190 | | 95,467,570 |
| **OTHER** | | 994,358,825 | | 995,987,264 |
| **TOTAL MEMORANDUM ACCOUNTS** | | **1,086,297,378** | | **1,092,281,197** |

**INCOME STATEMENT**
**for the First Half 2011**
**(in euros)**
**(Translation from the original issued in Italian)**

| | First Half 2011 | | | First Half 2010 | | |
|---|---|---|---|---|---|---|
| **TOTAL REVENUES** | | | | | | |
| • Revenues from sales and services: | | | | | | |
| *- revenues from sales* | 42,446,935 | | | 40,001,048 | | |
| *- revenues from services* | 243,469,671 | | | 234,830,871 | | |
| *- revenues from contract work* | 5,570,924 | | | 3,622,205 | | |
| | | 291,487,530 | | | 278,454,124 | |
| • Changes in contract work in progress | | (2,892,530) | | | 1,332,187 | |
| • Other income and revenues: | | | | | | |
| *- revenue grants* | 183,555 | | | 227,358 | | |
| *- profits on disposals* | 0 | | | 3,100 | | |
| *- other* | 3,689,837 | | | 3,164,004 | | |
| | | 3,873,392 | | | 3,394,462 | |
| | | | **292,468,392** | | | **283,180,773** |
| **OPERATING COSTS** | | | | | | |
| • raw, ancillary and consumable materials and goods for resale | | 38,541,752 | | | 34,226,348 | |
| • services | | 61,039,297 | | | 61,722,369 | |
| • leases | | 5,584,489 | | | 5,150,454 | |
| • payroll: | | | | | | |
| *- wages and salaries* | 40,340,769 | | | 39,241,534 | | |
| *- social security* | 11,628,576 | | | 11,259,983 | | |
| *- employee severance indemnities* | 3,241,661 | | | 2,868,181 | | |
| *- other* | 450,736 | | | 468,745 | | |
| | | 55,661,742 | | | 53,838,443 | |
| • Depreciation, amortization and write-downs: | | | | | | |
| *- amortization of intangible fixed assets* | 47,055,828 | | | 44,346,900 | | |
| *- depreciation of tangible fixed assets* | 10,686,729 | | | 9,654,089 | | |
| *- provisions for doubtful accounts* | 4,925,978 | | | 651,126 | | |
| | | 62,668,535 | | | 54,652,115 | |
| • Changes in inventories of raw, ancillary and consumable materials and goods for resale | | (2,437,064) | | | (81,942) | |
| • Provisions for risks | | 6,415,666 | | | 4,743,695 | |
| • Other provisions | | 120,012 | | | 150,714 | |
| • Sundry operating costs: | | | | | | |
| *- license fees* | 10,906 | | | 7,907 | | |
| *- other* | 3,169,134 | | | 3,690,942 | | |
| | | 3,180,040 | | | 3,698,849 | |
| | | | **(230,774,469)** | | | **(218,101,045)** |
| **Operating income** | | | **61,693,923** | | | **65,079,728** |
| **FINANCIAL INCOME AND EXPENSE** | | | | | | |
| • Other financial income: | | | | | | |
| *- from long-term receivables* | | | | | | |
| *. other* | 0 | | | 2,286 | | |
| *- securities included in fixed assets which are not equity investments* | 185,045 | | | 193,562 | | |
| *- other* | | | | | | |
| *. Interest and commissions from subsidiary undertakings* | 25,332 | | | 32,009 | | |
| *. Interest and commissions from other financial institutions* | 0 | | | 0 | | |
| *. Interest and commissions from banks* | 1,108,666 | | | 442,731 | | |
| *. Interest and commissions from clients* | 107,207 | | | 231,304 | | |
| *. Interest and commissions from others* | 883 | | | 1,634 | | |
| | | 1,427,133 | | | 903,526 | |
| • Interest expense and other financial charges: | | | | | | |
| *- interest and commissions due to subsidiary undertakings* | 2,361 | | | 3,641 | | |
| *- interest and commissions due to banks* | 2,576,533 | | | 2,700,385 | | |
| *- interest and commissions due to other financial institutions* | 31,306,354 | | | 30,396,077 | | |
| *- interest and commissions due to others* | 3,228,950 | | | 3,616,383 | | |
| *- provisions for overdue interest on written down receivables* | 94,902 | | | 196,463 | | |
| | | (37,209,100) | | | (36,912,949) | |
| • Profits and Losses on Exchange: | | | | | | |
| *- profits* | 12,275 | | | 28,500 | | |
| *- losses* | 2,108 | | | 5,231 | | |
| | | 10,167 | | | 23,269 | |
| **Total financial income (expense), net** | | | **(35,771,800)** | | | **(35,986,154)** |

**INCOME STATEMENT**
**for the First Half 2011**
**(in euros)**
**(Translation from the original issued in Italian)**

| | First Half 2011 | | | First Half 2010 | | |
|---|---|---|---|---|---|---|
| **ADJUSTMENTS TO FINANCIAL ASSETS** | | | | | | **0** |
| ▪ Write-downs: | | | | | | |
| *- of equity investments* | | 0 | | | 3,927 | |
| **Total adjustments** | | | **0** | | | **(3,927)** |
| **EXTRAORDINARY INCOME AND EXPENSE** | | | | | | |
| ▪ Income: | | | | | | |
| *- other* | 1,416,660 | | | 743,756 | | |
| | | 1,416,660 | | | 743,756 | |
| ▪ Expense: | | | | | | |
| *- taxes relating to previous years* | 0 | | | 13,974,114 | | |
| *- other* | 1,386,367 | | | 1,517,387 | | |
| | | (1,386,367) | | | (15,491,501) | |
| **Total extraordinary income (expense), net** | | | **30,293** | | | **(14,747,745)** |
| **Income before taxes** | | | **25,952,416** | | | **14,341,902** |
| **Income taxes of the period, current, deferred assets (liabilities):** | | | | | | |
| *- current* | | (18,709,731) | | | (13,631,066) | |
| *- deferred tax assets (liabilities)* | | 2,290,000 | | | (292,000) | |
| | | | **(16,419,731)** | | | **(13,923,066)** |
| **Net income (loss) for the period** | | | **9,532,685** | | | **418,836** |

# REPORT OF THE INDEPENDENT AUDITORS

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**AUDITORS' REVIEW REPORT ON THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**To the Shareholders of**
**AEROPORTI DI ROMA S.p.A.**

1. We have reviewed the half-yearly condensed consolidated financial statements of Aeroporti di Roma S.p.A. and subsidiaries ("Aeroporti di Roma Group"), which comprise the consolidated accounting schedules as of and for the six-month period ended June 30, 2011 and the related explanatory notes. The Company's directors are responsible for the preparation and presentation of this interim financial information in accordance with the accounting standards applicable to interim accounts set out by the accounting principle No. 30 established by OIC (*Organismo Italiano di Contabilità*). Our responsibility is to issue a report on these half-yearly condensed consolidated financial statements based on our review.

2. We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly interim financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end consolidated financial statements, we do not express an audit opinion on the half-yearly condensed consolidated financial statements.

   As far as comparative figures related to the year ended December 31, 2010 and the six-month period ended June 30, 2010 are concerned, reference should be made to our auditors' report dated March 22, 2011 and our auditors' review report dated August 4, 2010, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed consolidated financial statements of Aeroporti di Roma Group as of June 30, 2011 are not prepared, in all material respects, in accordance with the accounting standards applicable to interim accounts set out by the accounting principle No. 30 established by OIC (*Organismo Italiano di Contabilità*).

DELOITTE & TOUCHE S.p.A.

*Signed by*
Domenico Falcone
Partner

Rome, Italy
August 5, 2011

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