SIX-MONTH REPORT as of 30 June 2006

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

www.adr.it

Corporate Officers

Aeroporti di Roma SpA

Board of Directors
(after the General Meeting of April 21, 2006 and the Board Meetings of April 21, 2006, June 15,2006 and July 17, 2006)

Chairman	Ernesto Stajano
Managing Director	Maurizio Basile
Directors	Marcus Charles Balmforth *(until July 14, 2006)* Martyn Booth *(until July 14, 2006)* Remy Cohen *(from July 17, 2006)* Christopher Timothy Frost Vito Alfonso Gamberale *(until June 12, 2006)* Alessandro Grimaldi Kerrie Patricia Mather *(from July 17, 2006)* Andrea Monorchio John Stuart Hugh Roberts Cesare Romiti Pier Giorgio Romiti Paolo Roverato *(from June 15, 2006)* Claudio Sposito
Secretary	Antonio Abbate

Board of Statutory Auditors
(after the General Meetings of June 4, 2004 and of April 21, 2006)

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

General Manager	Maurizio Basile

Independent Auditors	Deloitte & Touche SpA

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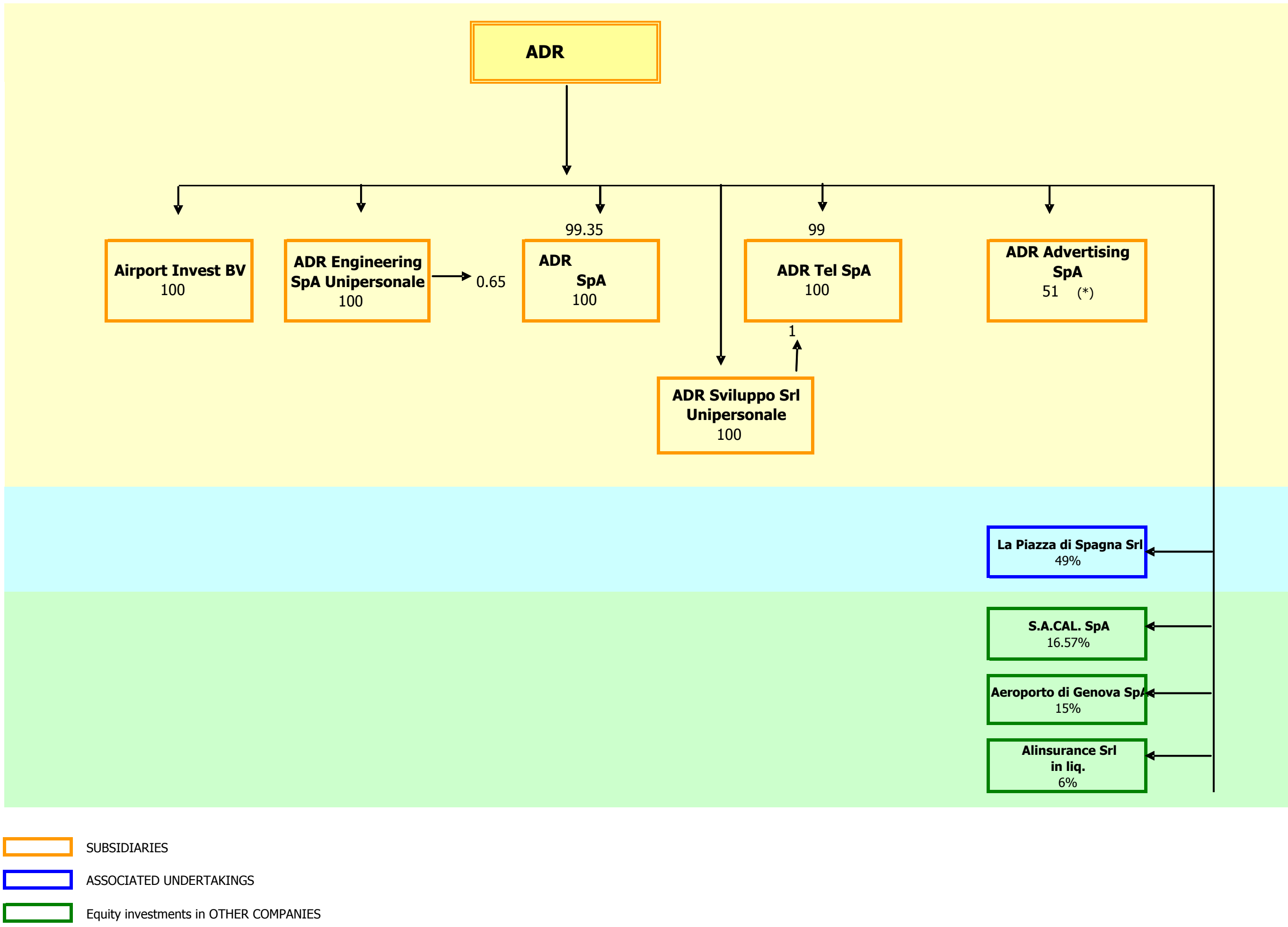
THE ADR GROUP



(*) 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 2005.

TRAFFIC PERFORMANCE

Traffic component	SYSTEM (°)	% CHANGE
Movements (no.)	184,493	+2.4%
Aircraft tonnage /tons)	12,852,534	+2.0%
Total passengers (no)	16,620,124	+6.6%
Total freight (tons)	72,415,219	(2.0%)

(°) Fiumicino + Ciampino

The following table summarizes key economic, financial and operational data for the ADR Group for the first half of 2006.

ADR GROUP

Key consolidated economic, financial and operational data (€000)	*H1 2006*		*H1 2005*	*H1 2004*	*H1 2003*
Revenues	276,505		276,601	262,246	240,614
EBITDA[1]	120,953		120,236	110,512	91,363
EBIT	65,389		67,585	55,397	39,301
Net income for the period:					
minority interest	518		1,227	1,412	2,977
Group share	3,961		8,168	(4,525)	(14,901)
Investment (€000)	23,946		43,410	26,652	30,551
	Jun 30, 2006	***Dec 31, 2005***	***Jun 30, 2005***	***Jun 30, 2004***	***Jun 30, 2003***
Invested capital	2,138,527	2,125,824	2,283,923	2,352,874	2,370,995
Shareholders' equity (including minority interest)	709,050	776,065	715,689	716,250	728,742
Group shareholders' equity	707,623	774,072	693,795	694,147	675,301
Net debt	1,429,477	1,349,759	1,568,234	1,636,624	1,642,253
Headcount at end of period	3,962	3,583	4,004	4,018	3,664
Ratios	***H1 2006***		***H1 2005***	***H1 2004***	***H1 2003***
Revenues/Average headcount (€000)	84		81	77	73
No. of passengers/Average headcount	5,023		4,545	4,174	3,891

[1] For purposes of comparison, EBITDA for the first half of 2005-2003 has been restated following reclassification of certain income statement items. For details of these reclassifications, see the section on the Group's financial position and operating results.

ADR SpA

The same information with reference to the Parent Company, ADR S.p.A., is provided below:

Key economic, financial and operational data *(€000)*	***H1 2006***		***H1 2005***	***H1 2004***	***H1 2003***
Revenues	242,939		242,038	228,586	217,441
EBITDA[2]	116,179		114,209	104,900	89,777
EBIT	62,182		62,181	52,071	39,575
Net income for the period	3,356		1,355	(1,091)	(16,415)
Investment (€000)	22,240		41,032	25,486	30,970
	Jun 30, 2006	***Dec 31, 2005***	***Jun 30, 2005***	***Jun 30, 2004***	***Jun 30, 2003***
Invested capital	2,274,011	2,324,078	2,325,314	2,387,751	2,377,085
Shareholders' equity	765,311	832,365	748,192	744,718	728,325
Net debt	1,508,700	1,491,713	1,577,022	1,643,033	1,648,760
Headcount at the end of the period	2,262	2,193	2,343	2,303	2,326
Ratios	***H1 2006***		***H1 2005***	***H1 2004***	***H1 2003***
Revenues/Average headcount (€000)	116		110	105	98
No. of passengers/Average headcount	7,964		7,089	6,527	5,748

[2] For purposes of comparison, EBITDA for the first half of 2005-2003 has been restated following reclassification of certain income statement items. For details of these reclassifications, see the section on the Group's financial position and operating results.

ADR GROUP: CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET
as of June 30, 2006

(in thousands of euros)

(Translation from the original issued in Italian)

	06/30/2006			12/31/2005		
ASSETS						
UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS			0			0
FIXED ASSETS						
INTANGIBLE FIXED ASSETS						
▪ Incorporation and development costs		427			549	
▪ Industrial patents and intellectual property rights		785			1,017	
▪ Concessions, licenses,trademarks and similar rights		1,876,189			1,900,971	
▪ Goodwill arising from consolidation		922			1,006	
▪ Leasehold improvements in process and advances		31,512			29,415	
▪ Others		161,638			163,943	
			2,071,473			2,096,901
TANGIBLE FIXED ASSETS						
▪ Land and buildings		3,292			2,887	
▪ Plant and machinery		32,868			30,028	
▪ Industrial and commercial equipment		2,665			2,976	
▪ Fixed assets to be relinquished		83,115			85,336	
▪ Other assets		4,603			4,732	
▪ Work in progress and advances		5,135			4,691	
			131,678			130,650
NON-CURRENT FINANCIAL ASSETS						
▪ Equity investments in:						
- unconsolidated subsidiary undertakings	100			100		
- associated undertakings	49			49		
- other companies	2,242			1,814		
		2,391			1,963	
▪ Receivables due from others:						
. within 12 months	3			3		
. beyond 12 months	1,781			2,687		
		1,784			2,690	
			4,175			4,653
Total fixed assets			**2,207,326**			**2,232,204**
CURRENT ASSETS						
INVENTORY						
▪ Raw, ancillary and consumable materials		2,790			2,591	
▪ Contract work in progress		7,456			8,124	
▪ Finished goods and goods for resale						
- goods for resale	8,129			8,027		
		8,129			8,027	
▪ Advances		0			117	
			18,375			18,859
RECEIVABLES						
▪ Due from clients						
. within 12 months	145,687			131,114		
. beyond 12 months	0	145,687		0	131,114	
▪ Due from associated undertakings		530			530	
▪ Due from tax authorities		787			1,600	
▪ Defered Tax assets		25,560			27,375	
▪ Due from others:						
- various						
. within 12 months	68,438			47,748		
. beyond 12 months	0			2,248		
- advances to suppliers for services to be rended	3			14		
		68,441			50,010	
			241,005			210,629
MARKETABLE SECURITIES			0			13
CASH ON HAND AND IN BANKS						
▪ Bank and post office deposits		149,983			261,865	
▪ Checks		2			0	
▪ Cash and notes in hand		1,001			716	
			150,986			262,581
Total current assets			**410,366**			**492,082**
ACCRUED INCOME AND PREPAID EXPENSES						
▪ Accrued income and other prepaid expenses			**7,806**			**4,084**
TOTAL ASSETS			**2,625,498**			**2,728,370**

CONSOLIDATED BALANCE SHEET
as of June 30, 2006

(in thousands of euros)

(Translation from the original issued in Italian)

LIABILITIES AND SHAREHOLDERS' EQUITY	06/30/2006			12/31/2005		
SHAREHOLDERS' EQUITY						
SHARE CAPITAL:						
ordinary shares		62,310			62,310	
SHARE PREMIUM RESERVE		667,389			667,389	
REVALUATION RESERVES		0			0	
LEGAL RESERVE		12,462			12,462	
STATUTORY RESERVES		0			0	
RESERVE FOR OWN SHARES		0			0	
OTHER RESERVES		0			0	
RESERVE FOR FOREIGN CURRENCY TRANSLATION ADJUSTMENTS		0			0	
RETAINED EARNINGS (ACCUMULATED LOSSES)		(38,499)			(47,780)	
GROUP NET INCOME (LOSS) FOR THE PERIOD		3,961			79,691	
			707,623			774,072
MINORITY INTEREST						
▪ Share capital, reserves and net income (loss) for the period		1,427			1,993	
			1,427			1,993
GROUP AND MINORITY INTEREST IN CONSOLIDATED SHAREHOLDERS' EQUITY			**709,050**			**776,065**
ALLOWANCES FOR RISKS AND CHARGES						
▪ For Taxes		1,948			1,948	
▪ Other		38,087			40,438	
Total allowances for risks and charges			**40,035**			**42,386**
EMPLOYEE SEVERANCE INDEMNITIES			**60,924**			**62,033**
PAYABLES						
▪ *Due to banks*						
. within 12 months	2,949			3,427		
. beyond 12 months	375,000			375,000		
		377,949			378,427	
▪ Due to other financial institutions:						
. within 12 months	1,655			14,066		
. beyond 12 months	1,265,019			1,265,019		
		1,266,674			1,279,085	
▪ Advances:						
- from clients						
. from the Ministry of Transport:						
. within 12 months	278			278		
. beyond 12 months	4,770			4,770		
. other	6,835			4,553		
- prepayment of invoices to be paid in installments						
. from clients	0			54		
		11,883			9,655	
▪ Due to suppliers:						
. within 12 months	94,423			97,627		
. beyond 12 months	5,880			5,531		
		100,303			103,158	
▪ Due to associated undertakings		1,003			1,003	
▪ Taxes due:						
.within 12 months	12,025			21,218		
		12,025			21,218	
▪ Due to social security agencies		8,713			8,251	
▪ Other payables: various creditors						
. within 12 months	28,028			40,736		
. beyond 12 months	928			847		
		28,956			41,583	
Total payables			**1,807,506**			**1,842,380**
ACCRUED EXPENSES AND DEFERRED INCOME						
▪ Accrued expenses and other deferred income			**7,983**			**5,506**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**2,625,498**			**2,728,370**

MEMORANDUM ACCOUNTS
as of June 30, 2006
(in thousands of euros)
(Translation from the original issued in Italian)

	06/30/2006		12/31/2005	
General guarantees				
▪ Sureties	111		111	
▪ Other	346		444	
		457		555
▪ Collateral guarantees		0		0
▪ Commitments on purchases and sales		10,690		18,985
▪ Other		905,841		902,913
		916,988		**922,453**

CONSOLIDATED INCOME STATEMENT
for the First Half 2006
(in thousands of euros)
(Translation from the original issued in Italian)

	First Half 2006			First Half 2005		
TOTAL REVENUES						
▪ Revenues from sales and services:						
- revenues from sales	29,778			26,413		
- revenues from services	247,395			249,920		
- revenues from contract work	0	277,173		1,348	277,681	
▪ Changes in contract work in progress		(668)			(1,080)	
▪ Capitalized costs and expenses		2,260			1,911	
▪ Other income and revenues:						
- revenue grants	0			0		
- profits on disposals	87			92		
- other	940			2,936		
		1,027			3,028	
			279,792			**281,540**
OPERATING COSTS						
▪ raw, ancillary and consumable materials and goods for resale		28,715			24,482	
▪ services		45,351			43,025	
▪ leases		4,980			11,696	
▪ payroll:						
- wages and salaries	57,453			57,112		
- social security	16,659			16,504		
- employee severance indemnities	4,535			4,527		
- other	568			721		
		79,215			78,864	
▪ Depreciation, amortization and write-downs:						
- amortization of intangible fixed assets	40,286			40,133		
- depreciation of tangible fixed assets	8,057			6,792		
	0			0		
- provisions for doubtful accounts	962			2,019		
		49,305			48,944	
▪ Changes in inventories of raw, ancillary and consumable materials and goods for resale		(301)			560	
▪ Provisions for risks		3,111			4,224	
▪ Other provisions		99			245	
▪ Sundry operating costs:						
- losses on disposals	0			0		
- license fees	29			30		
- other	3,899			1,885		
		3,928			1,915	
			(214,403)			**(213,955)**
Operating income			**65,389**			**67,585**
FINANCIAL INCOME AND EXPENSE						
▪ Other financial income:						
- from long-term receivables						
. other	26			49		
- other						
. interest and commissions from others and sundry revenues	5,326			4,668		
		5,352			4,717	
▪ Interest expense and other financial charges:						
- interest and commissions to others and sundry charges	47,200			49,961		
		(47,200)			(49,961)	
▪ Profits and losses on Exchange						
- Profits	132			31		
- Losses	24			18		
		108			13	
Total financial income (expense), net			**(41,740)**			**(45,231)**

CONSOLIDATED INCOME STATEMENT
for the First Half 2006
(in thousands of euros)
(Translation from the original issued in Italian)

	First Half 2006			First Half 2005		
ADJUSTMENTS TO FINANCIAL ASSETS						
▪ Revaluations						
- of equity investments		0			6,288	
▪ Write-downs:						
- of equity investments		0			0	
Total adjustments			**0**			**6,288**
EXTRAORDINARY INCOME AND EXPENSE						
▪ Income:			0			
- gains on disposal	0			0		
- other	349			168		
		349			168	
▪ Expense:						
- taxes relating to previous period	110			219		
- other	741			1,750		
		(851)			(1,969)	
Total extraordinary income (expense), net			**(502)**			**(1,801)**
Income before taxes			**23,147**			**26,841**
Income taxes of the period, current, defferred assets (liabilities) :						
- current		(16,853)			(15,631)	
- deferred tax assets (liabilities)		(1,815)			(1,815)	
			(18,668)			**(17,446)**
Net income (loss) for the period			4,479			9,395
of which:						
▪ minority interest			518			1,227
▪ Parent Company's share			**3,961**			**8,168**

MANAGEMENT REPORT AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT REPORT ON OPERATIONS

GROUP OPERATING REVIEW

Before embarking on a review of the ADR Group's operations during the first half of 2006, it should be pointed out that an important event took place at ADR SpA's General Meeting of April 21, 2006, entailing a change in the Company's leadership with the appointment of Ernesto Stajano as Chairman and Maurizio Basile as Managing Director.

Passenger traffic through the Roman airport system rose by 6.6% in the first half of 2006 compared with the same period of the previous year, with a slightly higher contribution from the international component (up 7%) with respect to the domestic component (up 5.9%).
This growth partly derives from considerable expansion at Fiumicino airport (passengers up 3.9%), as well as from the performance of Ciampino airport (passengers up 26.4%) on the back of the significant activities developed by low-cost carriers.
Consequently, taking into account the above factors, overall traffic figures once again rank the Roman airport system among Europe's top-performing airports.

On the other hand, for the first time, the operating results for the first half of 2006 reflect the substantial repercussions deriving from further tariff penalizations imposed on airport operators by the legislative measures launched at the end of last year. As of January 1, 2006, in accordance with Law 248/05, regarding the so-called "System requirements", and subsequent related administrative measures, the night-time surcharge applied to landing and take-off rights was abolished, thereby entailing revision of the methods used for calculating fees charged to oil companies for supplying aviation fuel, with a consequent penalization of Group revenues in prospect.
This impact is confirmed by the fact that positive traffic performance was not reflected in growth in turnover, which stood at 276.5 million euros, in line with the first half of 2005.

Only the robust performance of operating costs, which fell by a total of 0.3% despite growth in the volumes of managed activities, enabled the Aeroporti di Roma Group to achieve net income of 4.0 million euros, compared with net income of 8.2 million euros at the end of the first half of 2005.

The Parent Company, ADR SpA, closed the period with net income of 3.4 million euros, against net income of 1.3 million euros in 2005.

Nevertheless, the Group's net financial expense for the period was down on the first half of 2005, thanks to a reduction in average net debt in the first half of 2006, compared with the same period of the previous year, and transactions that have resulted in an improvement in the debt structure and in the hedging of interest rate risk. As a result, net financial expense fell by 3.5 million euros (down 7.7%) compared with the first half of 2005.

The Group's net debt increased by 79.7 million euros during the first half of the previous year, rising from 1,349.8 million euros at the end of 2005 to 1,429.5 million euros at June 30, 2006, after payment of dividends amounting to 71.5 million euros.

During the first half of 2006 the ADR Group carried out investment amounting to 23.9 million euros, compared with 43.4 million euros in the first six months of 2005.

BACKGROUND

Principal macro-economic indicators[3]

International economic recovery is still healthy and is playing out against a generally positive backdrop. However, interest rate hikes and, in Europe, a persistently strong euro, could start eroding consumer and business confidence.

Oil prices are most likely to remain high during the second half of the year, due to concern regarding refining capacity and therefore the capacity to keep supply in step with projected growth in demand and, not least, international tensions arising from the uncertain geopolitical situation in the Middle East.

In the United States GDP growth estimates were revised up to 1.4%. Growth has accelerated compared with 2005 due to an upturn in consumer durables as well as the good performance of investments and federal expenditure. These signs of expansion were largely confirmed in the second of the year, despite the slight easing in industrial production registered in May.

In Europe (euro area), after the substantial slowdown registered in the last quarter of 2005, GDP rallied strongly in the first quarter (up 0.6%), primarily due to a sharp recovery in household consumption compared with the last quarter of 2005 when it stood at a virtual standstill. Investments, which were particularly sluggish in the construction sector, made a more modest contribution.

Growth extended across all the major euro area economies, and was particularly robust in Germany (up 0.4%) and in Italy (up 0.6%) – the two countries most affected by slowdown at the end of 2005 – and also in France (up 0.5%).

Strong growth in world trade was undoubtedly one of the most important contributory factors to the improvement in business confidence, which began in the second half of 2005. The appreciation of the euro against the dollar in no way dampened such confidence, and companies are still highly optimistic, especially regarding external demand which is still on the rise.

In May inflation in the euro area climbed a further tenth of a point to reach 2.5%, primarily due to the energy component (the oil price). Nonetheless, the overall price trend remained above the ECB target, which consequently set about normalizing economic policy in June with a quarter-point rise in the official interest rate from 2.5% to 2.75%. A further rise to 3% is expected at the Bank’s meeting on August 3, 2006, thereby confirming analysts’ forecasts of a year-end rate as high as 3.5%.

With publication of economic data for the first quarter of 2006, Italy registered GDP growth of 0.6% compared with the last quarter of 2005. The most relevant aspect derives from the fact that growth is fuelled by both demand components, with domestic demand (up 0.8%) outstripping export demand (up 0.2%).

Domestic demand reports a perfect balance between the contributions of domestic consumption (up 0.5%) and investment (up 0.4%). In terms of domestic consumption, GDP grew largely on the back of consumer spending (up 0.8%), whilst public expenditure contributed very little.

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3 *Source: Macro-economic forecasts - Confindustria – June 2006*

Italy's industrial output is growing moderately, despite a sharp fall in historical data, as for example in April which registered a downturn of 8.3%. This was mainly due to the fact that in 2006 April had two fewer working days than in the previous year, and was also negatively influenced by the Easter holiday period and national elections.

Preliminary ISTAT (National Statistics Institute) inflation rate data show a slight increase in June (2.3%). Prices in the food and services (transport and leisure) sectors have risen. High energy commodity prices have only been partially passed on to final prices, which shows that corporate margins have largely absorbed commodity price hikes.

Legal and regulatory context

- Planning Agreement as per the Ministerial Decree dated November 14, 2000 and CIPE (Interdepartmental Committee for Economic Planning) Resolution 86/2000

In March 2006 the Ministry of Infrastructure and Transport activated a public consultation procedure in order to start preparatory work on necessary additions to CIPE (Interdepartmental Committee for Economic Planning) Resolution 86/2000, which is to be issued ahead of finalization of the Planning Agreement.
Within the scope of this procedure, ADR SpA made a formal and timely contribution towards redefining the key principles of the regulatory system.

- Legislation regarding the determination of airport fees and other airport revenues

Legislative Decree no. 211 of October 17, 2005 regarding "Urgent measures to reach public finance targets and regulations concerning airports" was published in the Official Gazette of October 18, 2005. The measures regarding air transportation it contained were extracted and included in Decree no. 203/2005, which became Law no. 248 on December 2, 2005.

The main regulations applying to operators (art. 11.9 of said law) are as follows:
- determination of fees. By repealing and replacing art. 10, paragraph 10 of Law no. 537 of December 24, 1993, Legislative Decree no. 211/2005 alters the criteria for establishing airport fees by including in the calculation of the "initial level" of such fees a share of "not less than 50% of the operator's margin" in the case of unregulated activities. This regulation, which profoundly alters the regulatory framework as set forth in CIPE resolution 86/2000, will be applied in determining new fees, taking effect *ex nunc*, subsequent to the issuing of relative decrees by the Ministry of Infrastructure and Transport;
- revocation of the provision stating that pending the ministerial decree required by art. 10, paragraph 10 of Law no. 537/93, airport fees would, in any case, be raised annually by means of another Ministerial Decree, in line with the inflation target stipulated in the government's finance bill;
- abolition of the 50% night-time surtax on landing and take-off fees as established in Law no. 324/1976;
- definition, via a subsequent Ministerial Decree, of baggage and passenger security checks to be assigned to carriers and the related division of fees with the airport operator.

Furthermore, art. 11.13 of Law no. 248/2005 provides for a block, on the basis of EC Directive 96/67 regarding access to the ground handling services market, on surcharges, in particular royalties, on fuel supplies, where these are not linked to costs incurred in the provision of the service.

Finally, art. 11.10, provides for a 75% reduction in state license fees until the date of introduction of the system for determining airport fees. At the same time, current airport fees were reduced by an amount proportionate to the reduction in the license fee.

On January 3, 2006, ADR received the Ministry of Infrastructure and Transport's formal guidelines specifically drawn up "in order to standardize the procedures followed by airport operators in applying the measures set out in articles 11.9 and 11.10 of Law no. 248/05" in determining airport fees, both initially and during the transition phase.

On January 20, 2006 the Civil Aviation Authority issued a circular defining transitional guidelines for airport fees pursuant to art. 11.10 of Law no. 248/2006.

- Reform of the aviation part of the Navigation Code

On April 14, 2006 Legislative Decree no. 151 entitled "Amendments and additions to Legislative Decree no. 96 of May 9, 2005 regarding revision of the aviation section of the Navigation Code" was published.

In particular, the amendments regarded:

- Art. 704 (issue of airport management concessions): issuing of the airport concession is no longer subject to the signing of a planning agreement between the operator and the Civil Aviation Authority. However, the operator is obliged to sign a planning agreement with the Civil Aviation Authority within six months of the end of the financial year subsequent to award of the concession;
- Art. 705 (duties of the airport operator): the definition of the operator has been modified so as to reaffirm that the operator's activities are carried out under the supervision and control of the Civil Aviation Authority and should be based by transparent and non-discriminatory criteria. Moreover, pursuant to Civil Aviation Authority Regulations, the operator must be authorized to build and operate airports in implementation of ICAO Annex 14.
  The operator is made responsible for proposing disciplinary measures to the Civil Aviation Authority, which shall then apply them to private operators who do not comply with Airport Regulations. Furthermore, the operator may apply prohibitive measures to non-compliant private operators, which must be subsequently ratified by the Civil Aviation Authority;
- Art. 802 (departure prevention): under the current wording the Civil Aviation Authority has the power (including in response to a report from the airport operator or the National Air Traffic Service) to prevent aircraft from leaving if airport taxes, fees and tariffs have not been paid (the previous wording mentioned fees, taxes and payments).

The further amendments came into force on May 29, 2006.

- Annual license fee

The Decree of the State Property Agency entitled "Determination of airport licensing fees for 2006" was published in the Official Gazette on June 14, 2006, thereby confirming application of the methods for determining license fees pursuant to the inter-management decree of June 30, 2003.

- Ciampino Airport - limited liberalization of ramp handling services

On February 25, 2006 the Civil Aviation Authority published – in both the Italian and EU Official Gazettes – the European tender for the selection of two suppliers to provide the "limited" handling services described in article 4 of Legislative Decree no. 18/99, at Ciampino (runway services, baggage, freight and mail handling, where the latter involves the physical handling of incoming and outgoing freight and mail or mail in transit between the terminal and the aircraft).
ADR Handling SpA will also bid for the tender, which is expected to be concluded at the beginning of the second half of the year.

- Role of Airport Directors

On January 16, 2006 the Civil Aviation Authority published Memorandum APT-20 relating to "*Changes to the functions and role of the Civil Aviation Authority's Airport Directors in the light of new legislation and regulations"*. In this Memorandum, several functions which were previously attributed to the Airport Director are transferred to the airport operator.

- Airport safety

On March 17, 2006 the Civil Aviation Authority published Memorandum APT-22 relating to "*The airport Safety Management System - SMS*" (a compulsory system pursuant to "Civil Aviation Authority regulations for airport construction and management" for the purposes of maintaining airport certification). The memorandum establishes the criteria to be followed to ensure the correct implementation of the Safety Management System by the airport operator.

- Emissions trading

ADR SpA has set up all the monitoring activities regarding greenhouse gas emissions produced in 2005 (first year of application) in compliance with the authorizing decrees and subsequent Italian regulations which implement the EU guidelines. Moreover, the Company has submitted data on emissions from authorized plants to the relevant authorities and provided for "return" of the relative quotas (regarding 2005).

- Public tenders

Legislative Decree no. 163/2006 entitled "Public contracts code governing works, services and supplies in implementation of Directives 2004/17/CE and 2004/18/CE" (published in the Ordinary Supplement to the Official Gazette of May 2, 2006, no. 100, in force as of July 1, 2006 with certain exceptions) implements an historic reorganization of the body of legislation that governs public tenders.

Indeed, as well as incorporating certain new regulations indicated in the EU Directives (competitive dialogue; framework agreement; sub-contracting; tender management) and radically changing others (private negotiations; time-and-materials contracts; contract awards without tender; maximum reductions; anomalous bids; integrated tenders; private tendering; sample checks; substantial connections; etc.), it brings together works with services and supplies, repealing the entire body of existing legislation, with the exception of a few previously used laws.

ACTIVITIES

Aviation activities

Air traffic

During the first five months of 2006 the upturn in world air traffic continued with an increase in passengers of 4.4%.

Europe registered a higher rate of growth in the passenger component, amounting to 5.8%. In Italy the first six months of 2006 reported an 8.5% increase in passengers and a 3.6% rise in movements compared with the first half of the previous year.

Passenger traffic - monthly percentage increases compared with 2005

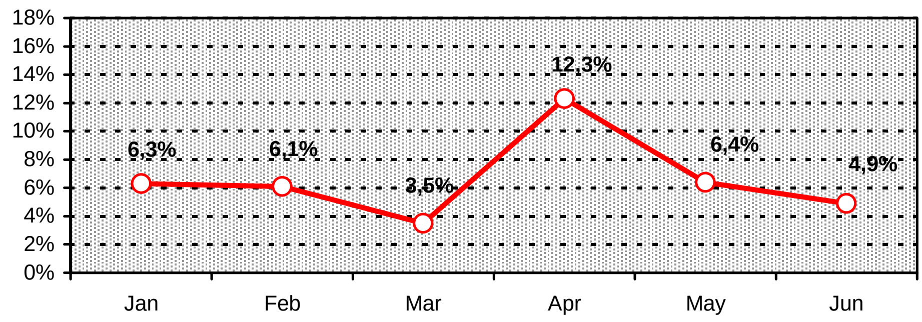
	Jan 2006	Feb 2006	Mar 2006	Apr 2006	May 2006	Jun 2006
WORLD (a)	+6.1%	+4.4%	+3.3%	+6.5%*	+4.3%*	
Europe (a)	+6.2%	+6.0%	+4.3%	+10.2%*	+6.4%*	
Italy (b)	+6.2%	+9.8%	+3.3%	+14.5%	+9.1%	+7.4%
FCO + CIA (°)	**+6.3%**	**+6.1%**	**+3.5%**	**+12.3%**	**+6.4%**	**+4.9%**

SOURCE: (a) ACI World Traffic Monthly Report (*) ACI Pax Flash Report
(b) ASSAEROPORTI
(°) = Roman Airport System (Fiumicino and Ciampino)

The Roman airport system

During the first five months of 2006 the main European airports[4], against which the Group's performance is measured, achieved the following passenger traffic results: Madrid (up 8.3%), London (up 2.8%), Paris (up 4.4%), Amsterdam (up 3.5%) and Frankfurt (up 0.6%). During the same period the Roman airport system rose by 7.0%, confirming its position as Europe's fastest growing airport, although this result was above all highly influenced by the expansion of low-cost carriers.
Monthly performances are shown in the following graph:

THE ROMAN AIRPORT SYSTEM
Total Passengers – Monthly percentage changes compared with 2005



Information regarding trends in traffic components is provided below:

Data up to June 30, 2006:

	ROME SYSTEM	Ciampino	Fiumicino	Domestic	International
Movements	184.493	31.051	153.442	87.161	97.332
D% vs PY	+2,4%	+13,0%	+0,5%	+4,2%	+0,8%
Mtow	12.852.534	1.455.905	11.396.629	4.900.786	7.951.748
D% vs PY	+2,0%	+17,9%	+0,2%	+4,3%	+0,6%
Total Pax	16.620.124	2.340.957	14.279.167	6.480.665	10.139.459
D% vs PY	+6,6%	+26,4%	+3,9%	+5,9%	+7,0%
Freight (Kg)	72.415.219	11.710.448	60.704.771	4.431.087	67.984.132
D% vs PY	-2,0%	+2,4%	-2,9%	-17,2%	-0,9%
Mail (Kg)	20.780.835	20.213	20.760.622	16.492.193	4.288.642
D% vs PY	+2,1%	+112,1%	+2,1%	+2,4%	+1,0%

4 *Source: Airport Council International; Rapid Data Exchange Program.*

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

	International	Intl' EU	Intl' Extra EU
Movements	97.332	69.603	27.729
D% vs PY	+0,8%	+3,5%	-5,3%
Mtow	7.951.748	4.640.661	3.311.087
D% vs PY	+0,6%	+2,9%	-2,5%
Total Pax	10.139.459	7.022.497	3.116.962
D% vs PY	+7,0%	+8,9%	+2,9%
Freight (Kg)	67.984.132	19.811.223	48.172.909
D% vs PY	-0,9%	-6,6%	+1,7%
Mail (Kg)	4.288.642	2.477.591	1.811.051
D% vs PY	+1,0%	+11,4%	-10,3%

At Fiumicino traffic performance resulted in an increase in capacity (total movements up 0.5% and aircraft tonnage up 0.2%), accompanied by a greater increase in passenger traffic (up 3.9%) resulting in an improved load factor (up from 67.1% in 2005 to 67.7% in 2006).

Breakdowns for the different areas are as follows:

Domestic traffic: This sector, representing 43.8% of total passenger traffic, reported the following:
- Domestic, Alitalia (59.7% of passenger market share): the carrier reported a reduction in passengers (down 5.1%) and a decrease in capacity (movements down 6.6% and aircraft tonnage down 8.4%);
- Domestic, other carriers (40.3% of passenger market share): other carriers, on the other hand, reported growth in passengers (up 20.8%) and capacity (movements up 17.6% and aircraft tonnage up 20.9%).

International European Union traffic: This sector, representing 35.7% of total passenger traffic, reported the following:
- European Union, Alitalia (30.2% of passenger market share): the carrier reported an increase in passenger levels (passengers up 2.4%) and a reduction in capacity (movements down 7.5% and aircraft tonnage down 5.5%);
- European Union, other carriers (69.8% of passenger market share): the other carriers also reported increases in passenger traffic, amounting to 7.6%, due to a rise in capacity (movements up 4.5% and aircraft tonnage up 3.0%).

International traffic outside the European Union: This sector, representing 20.5% of total passenger traffic, reported the following:
- Traffic outside the European Union, Alitalia (22.5% of passenger market share): the carrier reported a reduction in passengers (down 9.8%) and a decrease in capacity (movements down 17.4% and aircraft tonnage down 12.2%);
- Traffic outside the European Union, other carriers (77.5% of passenger market share): other carriers, however, registered an increase of 4.0% in passengers, and decreases in movements (down 3.6%) and aircraft tonnage (down 1.3%).

In terms of network development, at Fiumicino a series of new routes were introduced.

The domestic sector saw Air One begin operating nine daily flights to Bari in March and, as of May, to Trieste/Gorizia. Direct flights to Reggio Calabria were also launched by the new company, Interstate, in March.

Within the European Union new flights were started up by Air France to Bordeaux, by Skyeurope to Prague and by AirOne to Athens and Copenhagen. New routes were also opened up by airlines that were not previously present at Fiumicino; including: Blue1 to Helsinki, Air Madrid to Madrid, Nordic to Stockholm, Jet2 to Manchester and Leeds, and Condor to Munich. Air Malta and Transavia also stepped up the frequency of their flights to Malta and to Rotterdam, respectively.

Regarding non-European traffic new flights were launched by Eurofly to New York, by SAS to Bergen and Slavange, by Adria to Lubiana, by Air Berlin to Zurich and by Blu Express to Tripoli; flights by new companies include BelleAir to Tirana, FlyLal to Vilnius and Afriqiyah to Tripoli.
This sector also the stepping up of the frequency of existing flights including Air China to Shanghai and Beijing, Cathay to Hong Kong and Delta to New York.

At Ciampino airport the increase in passengers (up 26.4%) compared with the first half of 2005 is still due to the expansion of low-cost traffic. Ryanair started new flights to Shannon and Bergamo, easyJet opened a new route to Paris Orly, and Centralwings and Sterling increased the frequency of their flights, the first to Warsaw and Cracow, and the second to Copenhagen, Stockholm, Oslo and Billund.
New carriers also launched new direct flights to Gotheborg (Flyme), Bucarest (Myair), Billund (Atlantic) and Copenhagen (Malmoe Aviation).
Freight traffic performance at the airport, mainly arising from the activities of the express couriers, DHL, TNT and UPS, registered an increase of 2.4% compared with the first half of 2005.

Airport fees

In the first half of 2006 revenues from airport fees, amounting to 69.2 million euros, registered a reduction of 7.6% compared with the same period in 2005.

The two principal components, landing and take-off fees and passenger boarding fees, registered the following performances:

- landing and take-off fees: the reduction of 17.8% is primarily due to the introduction of new tariffs on January 1 that are lower than those charged in 2005 and elimination of the "night-time surcharge", pursuant to the provisions of Law 248/05, which were only slightly offset by a small increase in aircraft tonnage;
- passenger boarding fees: total revenues decreased by 1.6%, also as a result of the introduction of the new tariffs (Law 248/05). The lower reduction with respect to landing and take-off fees is due to the greater increase in passenger traffic compared with the aircraft tonnage component.

Management of centralized infrastructures

The management of centralized infrastructures and terminal services, which is carried out directly by the Parent Company, ADR, reported revenues of 16.2 million euros, down by around 5.4% compared with the first half of 2005.

This decrease is primarily to a reduction in loading bridge revenues (down 1.2 million euros), whilst the baggage handling system and other centralized infrastructures registered increased revenues of around 0.2 million euros.

Revenues from the loading bridge infrastructure amount to 8.7 million euros, a decrease of 11.7% compared with the first half of 2005, due a different aircraft mix and tariff changes.

The automated baggage handling system (BHS) processed around 2,746,000 pieces of baggage (up 2% on the first half of 2005), with the number of misdirected pieces of baggage totaling 1.090% (up 1.2% on the first half of 2005).

Airport handling

For details of the performance of passenger and ramp services and baggage handling, which registered a decrease of 3.4%, please refer to the section on ADR Handling SpA (ADRH).

Security

The security activities carried out by the Parent Company, ADR SpA, consist of security checks on passengers and carry-on baggage, 100% screening of checked luggage, explosive detection checks, other security services requested and surveillance of the airport system. These activities generated revenues of 28.3 million euros, up 8.8% on the first half of 2005, essentially due to traffic expansion.

During the first half of 2006 Fiumicino airport saw a substantial increase in passengers departing on "sensitive flights", deriving from cruise liner passengers in transit at the airport. In addition to normal security services, such passengers also have their documents checked, which was previously carried out by police officers.

Control activities were stepped up at Ciampino airport, due in part to the substantial increase in traffic and also in connection with additional services provided under agreements reached with DHL Aviation, Mistral Air, Miniliner and TNT.

The volume of entry permits issued also increased during the period as requests from airline companies were processed by ADR systems.

Operational safety

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

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

A proposal regarding implementation of a Safety Management System, as required by the Airport Construction and Operation Manual, was presented to the Civil Aviation Authority during the period. Finally, collaboration with Assaeroporti and the IFSC (Italian Flight Safety Committee) continued, with the aim of providing the Civil Aviation Authority with suggestions on eventual changes and improvements to existing and future regulations.

Real estate management

Sub-concessions

Revenues from sub-concessions, deriving from fees and utilities at Fiumicino and Ciampino airports, amounted to 13.8 million euros in the first half of 2006, up slightly on the first half of 2005 (up 2.5%).

Revenues from other fees charged at Fiumicino and Ciampino airports amounted to 5.1 million euros, down 29.2% on the first half of 2005, due to a reduction in fees charged to oil companies for the supply of jet fuel. The catering segment was substantially in line with the previous year, whilst the hotel business rose by 10.8%.

In particular, regarding the fees charged to oil companies for the supply of jet fuel, it should be borne in mind that art. 11.13 of Law no. 248/2005 provides for a block on airport operators applying surcharges, in particular royalties on fuel supplies, where these are not linked to costs incurred in providing the service.
In order to apply this legal provision regarding royalties, in its Memorandum no. 39549 sent to all airport operators on June 16, 2006, the Civil Aviation Authority set out "criteria for evaluating the appropriateness of fees charged by airport operators to fuel and oil suppliers".
This memorandum points out that application of surcharges "is not precluded by the legislation but conditional upon the existence of linkage between... the surcharge to be applied... and the costs actually incurred". The criteria set out by the Civil Aviation Authority to determine "service provision costs" may be summarized as follows: the cost of areas and premises established on airport grounds allocated for the exclusive use of service operators; the cost of facilities in common use by several airport operators; the cost of services provided by the airport operator regarding the functioning of facilities for exclusive and common use; and other costs for services provided by the operator.

With reference to said criteria, in letter no. A0005670 dated July 19, 2006, the Parent Company, ADR SpA, notified the Civil Aviation Authority of the assets used by oil companies at Rome's airports and their relative costs.

Based on the documentation thus acquired and having heard the opinions of the parties involved, on September 4, 2006, in Memorandum no. 057773/DIRGEN/EAN, the Civil Aviation Authority notified ADR SpA of its intention to ratify "on a provisional basis, and until the outcome of... further investigations" the linkage of costs to a fee that is approximately 35% less than the one previously applied.

Non-aviation activities

Direct sales

Revenues from direct sales grew by 12.6% with respect to the first half of 2005, compared with an increase of 6.8% in outgoing passenger traffic. The average passenger spend rose by 5.4% compared with 2005.

This result was achieved thanks to the effectiveness of such programs as the introduction of gourmet food in retail outlets (sales of food items rose by 34.4% compared with 2005) and fine jewelry (gift items were up 140% compared with 2005), as well as communications, merchandising and promotional activities that also aimed to eliminate slow-moving stock.

Results also benefited – by around two percentage points - from the strategic acquisition in early April of the Spirit of Italy shop (formerly Dufry, and before that The Nuance), as part of the project to restructure the direct retail services offered in the B11-B21 area.
First half results were negatively impacted, however, by works on the Satellite shop (completed in July) and the shop at Ciampino, as well as a poorer traffic mix, amounting to around 0.8 percentage points in terms of growth.

Ciampino registered revenue growth of 21.6% compared with the first half of 2005, slightly less than traffic growth (boarded passengers up 27%), primarily due to the above-mentioned restructuring works and saturation at the airport, which is close to its maximum capacity.

Outlets managed by sub-concessionaires

Revenues from outlets managed by sub-concessionaires totaled 18.4 million euros, up 24.9% on the first half of 2005, registering substantially higher growth than passenger traffic which stood at 6.6%.

The retail segment posted the best performance with growth of 37.4% (up 2.9 million euros), primarily due to:

- the entry into service of the sub-concessionaires Alpha and Dufry, which replaced The Nuance, with revenues amounting to 1.8 million euros compared with just 0.3 million euros registered by The Nuance in the previous year;
- the sharp increase in the number of retail outlets with the opening of 11 new shops in the second half of 2005 (including Etro, Nike, Ferrari and Furla) and a further 12 outlets in the first half of 2006 (second Nike and Ferrari outlets, Calvin Klein, Guru, Carpisa, Liu-Jo, etc.) which generated revenues of 1.2 million euros.

The "Food and Beverage" segment (up 9.2%) and "Other Royalties" (up 14.6%) also performed well, partly due in the latter case to the opening of four new currency exchange points, three at Fiumicino and one at Ciampino.

The plan to develop non-aviation activities will continue during the second half of 2006 with the opening of new shops, including an outlet for the prestigious Prada brand in the satellite area.

Revenues from sub-concessions at Ciampino airport rose by 41.4% – amounting to 0.35 million euros – compared with traffic growth of 26.4%. This increase was also due to the new Alpha outlet (opened in August 2005) and the second currency exchange point.

Advertising

Revenues from advertising, totaling 12.7 million euros, up 5% on the first half of 2005, derived mainly from the sale of advertising space at Pier A and in the airport grounds.

Management of car parks

Management of the parking systems registered earnings of 13.7 million euros, up 0.7% on the first six months of 2005. A decrease of 2.8% at Fiumicino (primarily due to reduced revenues in the leisure segment) was offset by a sharp rise at Ciampino (up 52.6%) due to the traffic growth registered at the airport (up 10.4%) and increased parking capacity (412 new parking spaces).

Initiatives are underway to develop the leisure segment, including revision of tariff policies, special tariffs for online booking and communications activities and agreements with tour operators.

Technical and IT services

Maintenance of plants and facilities

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

The most important initiatives included the awarding of the "Global Service" contract after a public tender regarding the operation and maintenance (routine and extraordinary) of all the heating, air conditioning, water and sprinkler systems at Fiumicino airport.

In addition, investment in facilities was carried out, as described in detail in the section "Group investment".

Information Technology

A number of important works were completed, continued and launched during the first half of 2006. Such works are designed to upgrade the technology and practical use of certain corporate applications. In particular:

- outsourcing EDP: work continued on the disaster recovery system to be designed by the outsourcer, T-Systems, at its head office in Via Bona, located in the Tiburtina district of Rome. This EDP centre will be connected to the existing centre at Fiumicino by two high-speed transmission lines that will follow different routes and be served by different providers. The disaster recovery system, which will guarantee the continuity of ADR's applications, with the loss of only the last five seconds of data processed in the event of a disaster, is expected to be implemented in the second half of 2006;
- consolidation of corporate applications on new platforms: work went ahead on the transfer of corporate applications from the old to the new technology platforms, according to the plans established during contract negotiations. Specifically, the migration of data warehouse environments and all management and administrative applications was completed. The migration of airport systems was begun and will be completed by the end of the second half of 2006;
- new airport operations management system (UFIS): all practical checks were carried out on the module for its use on the wireless system (Grams), which will make it possible to collect operational data in real time. Development of data entry was launched which will enable use of the module via portable terminals connected to the system via the telecommunications infrastructure (Wi-Fi) that ADR Tel has finished preparing. The system is expected to be released during the second half of 2006;
- new sales management system: work was completed on the implementation and personalization of the new ADR SHOP system, which entered service at the end of 2004. A data warehouse environment was built that will enable prompt, flexible monitoring of direct sales activities;
- SAP system upgrade: precautionary upgrading of SAP modules to the new ECC5 version is currently under way. The necessary hardware resources have been made available and all the consultants' contracts for the single product modules have been finalized. The training of users in the ADR Group (about 500 people) began in May 2006. The upgrading procedure and the new SAP version will become operational in July 2006;
- new clothing management system: the new clothing management system, which is integrated into the SAP environment and will allow for significant operating and management benefits, entered service;
- digital signature and electronic filing of invoices due for payment: development of a system designed to enable the legally required electronic filing of invoices due for payment using a digital signature was launched. The system is expected to enter service by the end of 2006;
- centralization of corporate control processes: important activities aimed at developing centralization of all corporate processes under SAP, thereby enabling their comprehensive control, were launched. In particular, activities began to acquire and customize SEM SAP EBW modules for analytic accounting and management accounting, the TR SAP for treasury operations and the SRM SAP module for revising management of relations with suppliers. These activities will be completed by the end of the second half of 2006.

Environmental protection

Environmental impact

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

Within the scope of training activities, courses were planned for 2006 and those scheduled for the first half of the year were given by ADR's specialist environmental department.

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

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

The ADR Environmental Report was updated with 2005 data regarding Fiumicino and Ciampino.

Noise abatement

Efforts to improve the compatibility of airport activities with the environment and the surrounding area continued during the first half of 2006.

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

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

Quality

Monitoring of perceived quality

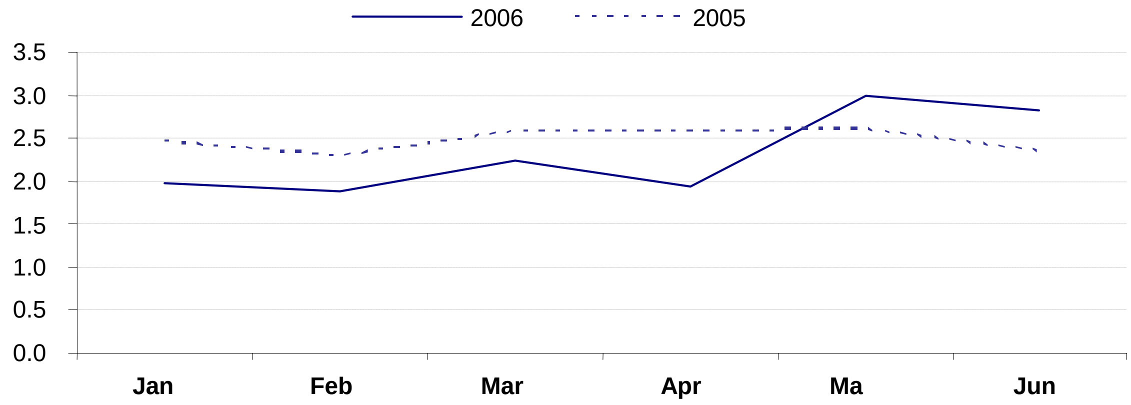
As part of the quality plan, daily surveys of customer satisfaction regarding services used at Fiumicino airport were launched in January 2006. Preparation and analysis of the results of the first sample of interviews conducted are underway and will be published shortly.

Monitoring of quality provided

During the first half of 2006, 8,000 objective checks, equivalent to around 100,000 reports, were carried out. These checks were based on daily surveys of the quality levels of the most important passenger services.

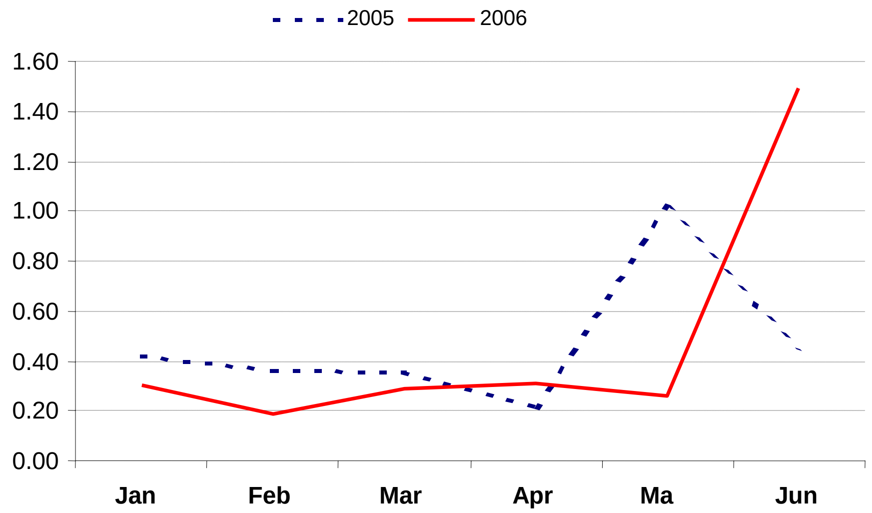
In the period from January to June 2006, 93.1% of passengers underwent waiting times for carry-on baggage security checks that fell within less than 6 minutes, the service standard published in the Service Charter (6 minutes in 90% of cases).

The level of service provided also registered an improvement on the same period of 2005 (90.4%). Specifically, except for the last two months, average waiting times improved: 2 minutes and 20 seconds compared with 2 minutes and 29 seconds in the first half of 2005 and 2 minutes and 41 second for the full year.



Graph 1: average waiting times at carry-on baggage security check points. Comparison between 2006 and 2005 (times expressed in minutes).

In general, the trend for the baggage handling system and 100% x-ray machines was also positive: the percentage of misdirected bags stood at 0.5‰ in compliance with the defined standard (0.5 bags for every 1,000 passengers boarded).



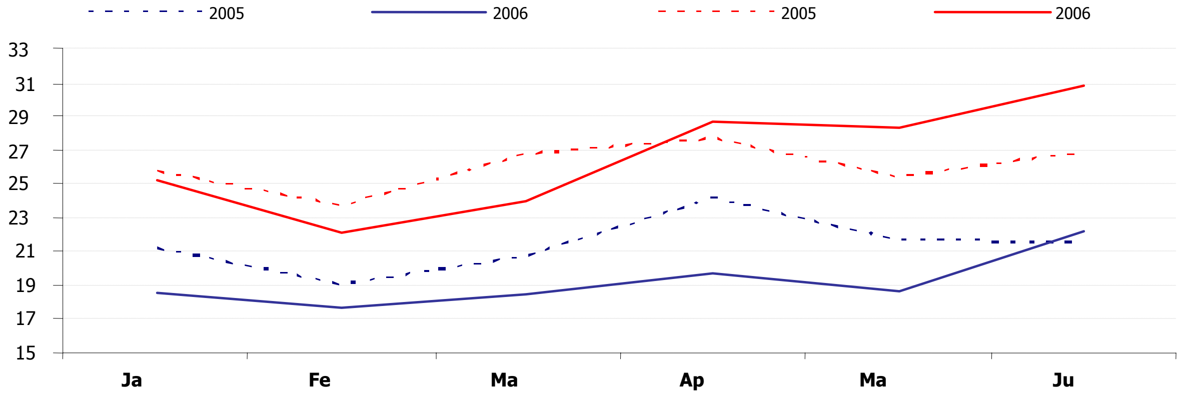
Graph 2: number of bags mishandled by the BHS system and 100% x-ray machines (‰ values) Comparison between 2006 and 2005.

In contrast, some of the main aviation area indicators have yet to reach performance levels in line with established standards, although levels of service provided improved compared with the first half of 2005.

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

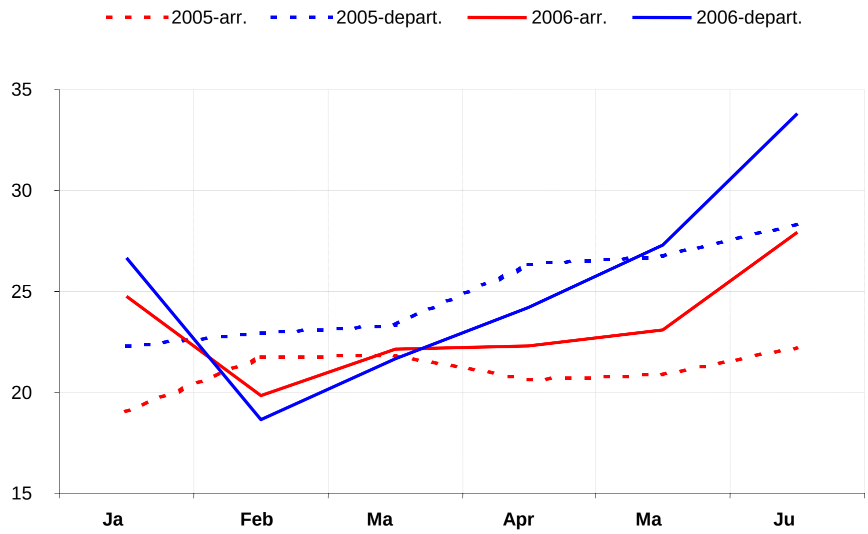
- the percentage of flights with baggage reclaim times within the set Service Charter standards was 86% for the first piece of luggage and 89% for the last (the standard is 90%).

The service improved by 2 and 3 percentage points, respectively, compared with the first six months of the previous year. This trend is due to a decrease in average service times registered during the first quarter of 2006.



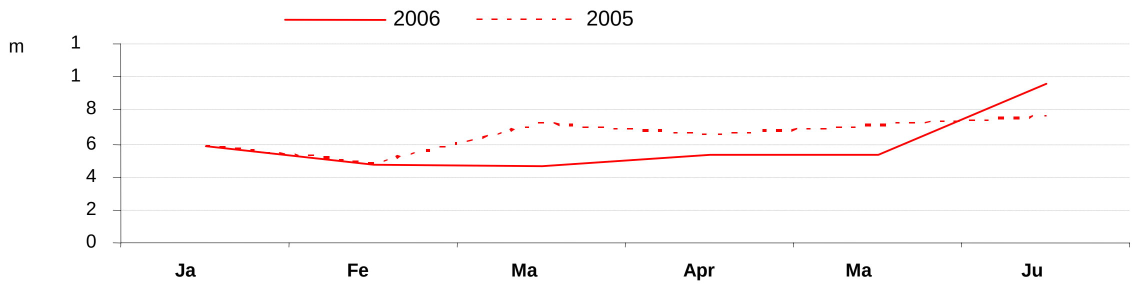
Graph 3: trend in average times for delivery of the last bag. Comparison between 2006 and 2005 (times expressed in minutes).

- the percentage of outgoing flights with delays of more than 15 minutes was 25%, stable with respect to the previous year's figure and in line with the published standard, whilst the percentage of incoming flights with delays of more than 15 minutes worsened (23% compared with 21%).
  Therefore, Fiumicino, whilst confirming the positive punctuality trend of the first quarter, was unable to recover delays generated by incoming flights. Consequently, the indicator "recovery of airport transit time" (difference between delays to incoming and outgoing flights with respect to scheduled times) was negative compared with the set value (+1%).



Graph 4: comparison between the percentage of delays of more than 15 minutes for incoming and outgoing flights. Comparison between 2006 and 2005.

- the average waiting time for check-in operations was 5 minutes and 7 seconds, shorter than in the first half 2005 (6 minutes 29 seconds). Consequently, the percentage of check-ins carried out within 6 minutes improved, rising from 61% in the first half of 2005 to 75% in 2006, whilst remaining below the defined standard (6 minutes in 90% of cases).



Graph 5: *trend in average waiting times in lines at check-in desks. Comparison between 2006 and 2005 (times expressed in minutes).*

To sum up, analysis of the service provision times monitored reveals the following performance across all services: performance was good during the early months, but gradually deteriorated subsequently, although it should be stressed once again that the overall level was better than in the first half of 2006.

GROUP INVESTMENT

During the period under consideration, the ADR Group carried out investment totaling 23.9 million euros (43.4 million euros in the first half of 2005).

Regarding infrastructure development, the following works were completed:

- *Terminals:* Terminal A – extension of mezzanine retail areas;
- *Infrastructure:* road works - extraordinary maintenance; Cargo City – mortuary; implementation of noise monitoring system; building for baggage originating from domestic flights and baggage system;
- *Runways:* repairs to perimeter road network and runway access;
- *Plant:* complete replacement of carousel for baggage originating from Alitalia; replacement of all first level security checking equipment and upgrading works on HBS systems in Terminals B and C;
- *Ciampino:* tent structure to enlarge departure terminal; upgrading works on roads and car parks.

The following works are in progress:

- *Terminals:* modifications to passport check point for arrivals and transits; parking area - club car battery recharger; new terminal signs; improvement of B11-B21 image; Satellite – new duty free shop at quota 11;
- *Infrastructure:* study for new noise abatement procedures; new signs system at Fiumicino; building for baggage originating from domestic flights and baggage system; construction of new EPUA 2 building;
- *Runways:* widening of Bravo taxiway at Pier C in the Northern sector; aircraft aprons South-eastern area (first phase);
- *Plant:* upgrading of UV water treatment plant for industrial use; works to upgrade the airport perimeter fence to guarantee compliance with ICAO requirements and the national security plan;
- *Ciampino:* expansion of terminal and baggage system; construction of luminous signs on taxiways; installation of automatic passport checking system; upgrading of perimeter fence; renovation of terminal toilets; extension and upgrading of DFS system.

Future works soon to be started include:

- *Terminals:* Terminal A quota 11 – new shop; Terminal C – realignment of retail units; Terminal B – Area B11/B21 - reconstruction of DFS system; Terminals A, B and C - various works in non-aviation areas;
- *Runways:* renovation of South draining area of Runway 3; upgrading of FCO/CIA signage to comply with regulations; Runway 2 – renovation of Bravo/Alfa connecting road; supply of wind barriers; South-east ramp area aprons; construction of roadways and upgrading of runway 3 strip; renovation of apron pavements and airside road network (phase one); awarding of contract for upgrading works on AVL equipment (and relative monitoring software) for use on runway 3 (16L) in cat. III;
- *Infrastructure:* road works Alitalia technical area - replacement of guardrails; implementation of noise monitoring system; a hydro geological survey; works on car parks and top cars;
- *Plant:* replacement of the oil transformers in the airport's electricity sub-stations in accordance with legislation regarding the disposal of equipment containing PCB (phase two); replacement of 400 Hz rotating generator sets at Terminal C with static sets, with consequent reduction in electricity consumption and improved noise abatement; installation of a photovoltaic plant at the West Canteen in order to access Energy Budget funding (a project was presented to the National Grid Operator);
- *Ciampino:* Sector 100 aprons and SB/SA taxiway – upgrading and joints; Alfa taxiway – upgrading and adaptation of shoulders; study on constructing an acoustic barrier; noise abatement works; implementation of noise monitoring system.

RESEARCH AND DEVELOPMENT

The ADR Group did not carry out any research and development activities during the first half of 2006.

MAIN GROUP COMPANIES

ADR Handling SpA

Air traffic served by ADR Handling SpA (ADRH) at Fiumicino airport during the first half of 2006 breaks down as follows:

	H1 2006		H1 2005		*Change*	
Traffic component	**Handling at Fiumicino**	***% of total Fiumicino***	**Handling at Fiumicino**	***% of total Fiumicino***	**Handling at Fiumicino**	***% of total Fiumicino***
No. of aircraft movements	45,431	29.6%	48,033	31.5%	(5.5%)	(1.9%)
Aircraft tonnage	4,165,081	36.5%	4,357,217	38.3%	(4.4%)	(1.8%)
No. of passengers	4,502,610	31.5%	4,453,492	32.4%	+1.1%	(0.9%)
Traffic unit	4,751,324	31.9%	4,645,748	32.4%	+2.3%	(0.5%)

Compared with the same period of 2005, a decrease in the volumes of traffic handled by ADRH SpA was reported across all components, and consequently a reduction in the company's market share.

The above table shows a considerable decrease in the movements and aircraft tonnage component. This is due to the combined effect of customer portfolio trends, and especially the following factors:

- Darwin, Blue Panorama, China International Airlines, Luxair, Tap Air Portugal, Croatia Airline and Belavia Airline transferred to other handlers;

- Helvetic and Air Gabon ceased operations at the airport, whilst American Airlines postponed starting up operations for a few weeks;
- Interstate Airlines, Blue One, LTU Flug., Air Madrid, SN Brussels Airline, Carpatair, Belle Air, Lithuanian Airlines and Afriqiyah were added to ADR Handling's customer portfolio;
- certain charter airlines operating out of Ciampino airport transferred to Fiumicino.

Nonetheless, an increase in the total volume of passengers benefiting from handling services was reported, up on the first half of 2005 and with a consequent improvement in the traffic unit component.

Ciampino airport reported a significant increase in movements for traffic handled by ADRH compared with the previous year, as shown in the table below.

In particular, sharp rises were registered in movements regarding the scheduled traffic segment (Ryanair up 17.1%; others up 44.4%).

The charter and general aviation segments both reported decreases. Regarding general aviation, other competitors have captured part of the market share, whilst charter flights have been partially transferred to Fiumicino airport.

Traffic component	H1 2006	H1 2005	Change %
No. of aircraft movements	27,185	26,632	+2.1%
Scheduled	16,991	13,447	+26.4%
of which: Ryanair	10,413	8,890	+17.1%
of which: other airlines	6,578	4,557	+44.4%
Charter	509	975	(47.6%)
Express couriers	2,721	2,490	+9.2%
General aviation	6,964	9,720	(28.4%)
Aircraft tonnage	1,453,538	1,233,917	+18.4%
No. of passengers	2,340,914	1,852,374	+26.4%

Service quality indicators[5] during the period under consideration are shown below:

	H1 2006	H1 2005	Target for 2006
Left-behind*	0.39	0.37	0.50
Airport punctuality **	99.92%	99.90%	99.50 %

Finally, in relation to the zero minute airport punctuality standard with a target of 98%, the result achieved during the first half of 2006 stood at 99.51%.

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

[5] ***Key:***
LEFT-BEHIND: the figure indicates every 1,000 passengers boarded, the number of pieces of baggage not loaded together with their "owner", the responsibility for which can be attributed to the handler.
AIRPORT PUNCTUALITY: indicates the percentage of departing flights which did not experience a delay of more than 15 minutes, the responsibility of which can be attributed to the handler.
BAGGAGE RECLAIM: the figure shows the percentage of flights for which the time standards for baggage reclaim were respected, exclusively taking account of the responsibilities held by the handler. The standards of reference call for the last bag to be placed on the belt within a certain number of minutes of ATA (Actual Time of Arrival).

	H1 2006	H1 2005	Target for 2006
Baggage reclaim domestic flights - Service Charter first bag*	99.07%	98.57%	90.0%
Baggage reclaim domestic flights - Service Charter last bag*	99.27%	99.34%	90.0%
Baggage reclaim international flights - Service Charter first bag**	98.48%	97.75%	90.0%
Baggage reclaim international flights - Service Charter last bag**	96.62%	95.35%	90.0%

The figure shows the percentage of flights for which the time standards for baggage reclaim were respected, exclusively taking account of the responsibilities held by the handler.

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

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

Service quality levels at Ciampino airport are not yet recorded using a pre-established schedule and scheme. Internal checks carried out on ADHR operations at Ciampino confirm that Service Charter indicators are substantially complied with. The insufficient number of operational aircraft aprons and the limited baggage handling system severely penalized baggage reclaim and outgoing flight operations, leading to critical – and in some cases almost emergency – situations.

ADR Handling reported a loss of 2.4 million euros for the period, compared with net income for the same period of the previous year.

The total revenues, amounting to 40.2 million euros, was down by around 3% (down 1.2 million euros) on the first half of 2005, due to a reduction in the amount of traffic handled arising from the above-mentioned customer portfolio trends.
Approximately 86% of the revenues mix derives from "basic handling", around 12% from "supplementary services" and around 2% from other "non-aviation" revenues (hiring of ramp equipment and provision of sundry services).

Costs and consumption of materials and services were in line with the previous years, whilst payroll costs, despite a reduction in full-time equivalent staff (down 12), reported an increase of around 0.4 million euros, primarily due to the effects of renewal of the national collective labor contract. Consequently, EBITDA, totaling 2.9 million euros, was down 1.6 million euros on the same period of the previous year.

Negative EBIT of 0.5 million euros, is down 3.3 million euros on the previous year due to increased amortization and depreciation (0.4 million euros) deriving from the entry into service of investments acquired in 2005 and 2006 and net sundry expense of 0.1 million euros, compared with net income of 1.1 million euros registered in the first half of 2005.

ADR Engineering SpA

This Group company, which provides design, works supervision and technical consultancy services, reported net income of 76 thousand euros in the first half of 2006, down 360 thousand euros on the same period of the previous year.

This result derives from a decrease in revenues of 693 thousand euros (down 20%), both from ADR SpA (531 thousand euros) and third parties (162 thousand euros).

Decreased earnings were reflected in a reduction in EBITDA, which stood at 207 thousand euros, compared with the 791 thousand euros of the first half of 2005.

ADR Tel SpA

This company, which builds and manages telecommunications systems at the Roman airport system, reported net income of 229 thousand euros, up 24 thousand euros on the same period in the previous year.

Revenues totaled 3,742 thousand euros, up 551 thousand euros, or 17%, on the first half of 2005. Specifically, revenues deriving from standard services (retail and wholesale) rose by 275 thousand euros, essentially due to development of the adr_net service (internet and intranet connections), whilst revenues from specific activities for ADR SpA, deriving from infrastructure investments by the latter, increased by 276 thousand euros.

EBITDA amounted to 1,006 thousand euros, up 202 thousand euros on the same period of the previous year, whilst EBIT stood at 453 thousand euros, up 47 thousand euros on the first half of 2005, primarily due to and increase in amortization and depreciation for the period (up 155 thousand euros).

ADR Advertising SpA

This company, which manages advertising space at Rome's airports, reported net income of 669 thousand euros, substantially in line with the same period of the previous year (up 37 thousand euros).

Revenues, totaling 11,875 thousand euros, grew by 5.9%, whilst EBITDA increased by 8.9%, representing an EBITA margin of 10.0% compared with the 9.7% registered in the first half of 2005.

GROUP PERSONNEL

The headcount as of June 30, 2006, including staff on temporary contracts, was 3,962 broken down as follows:

Category	June 30, 2006	June 30, 2005	Dec 31, 2005	Change on June 2005	Change on Dec 2005
Managers	58	59	53	(1)	5
Supervisors	236	255	247	(19)	(11)
White-collar	2,118	2,136	1,968	(18)	150
Blue-collar	1,550	1,554	1,315	(4)	235
Group total	**3,962**	**4,004**	**3,583**	**(42)**	**379**
including:					
on permanent contracts	*2,629*	*2,913*	*2,724*	*(284)*	*(95)*
on temporary contracts	*1,333*	*1,091*	*859*	*242*	*474*

and broken down by company as follows:

Company	June 30, 2006	June 30, 2005	Dec 31, 2005	Change on June 2005	Change on Dec 2005
ADR SpA	2,262	2,343	2,193	(81)	69
ADR Handling SpA	1,639	1,605	1,333	34	306
ADR Engineering SpA Unipersonale	29	29	29	0	0
ADR Tel SpA	20	17	17	3	3
ADR Advertising SpA	12	10	11	2	1
Group total	**3,962**	**4,004**	**3,583**	**(42)**	**379**

and broken down by type of contract as follows:

Company	perm. contract	temp. contract	TOTAL
ADR SpA	1,696	566	2,262
ADR Handling SpA	874	765	1,639
ADR Engineering SpA Unipersonale	28	1	29
ADR Tel SpA	20	0	20
ADR Advertising SpA	11	1	12
Group total	**2,629**	**1,333**	**3,962**

Group personnel rose from 3,583 at December 31, 2005 to 3,962 at June 30, 2006, an overall increase of 379 (up 306 at ADRH, up 69 at ADR SpA). The number of staff on permanent contracts decreased by 95, mainly due to early retirement schemes following layoffs, whilst the number of staff on temporary contracts increased by 474, due to growth in air traffic and increased activities regarding the summer period.

Compared with June 30, 2005, Group personnel decreased by a total of 42 (down 1.1%). Specifically, the number of staff on permanent contracts fell by 284 (down 9.8%) and those on temporary contracts increased by 242 (up 22.2%).
The substantial reduction in the number of staff on permanent contracts compared to the same period in the previous year is due to the layoffs implemented via the early retirement scheme (down 228 at ADR SpA including 85 during the first half of 2006, and down 41 at ADRH including 15 during the first half of 2006) and normal turnover (resignations, inter-Group relocation, etc.).
The rise in the number of staff on temporary contracts (up 123 at ADR SpA and up 119 at ADRH) partly derives from a series of new initiatives involving various operating units, partly from growth in air traffic compared with the previous year and partly from the policy to replace outgoing staff on permanent contracts with staff on temporary contracts in certain strictly operational areas (security, airport and duty-free).

As regards industrial relations, the agreement signed with the labor union representatives in February 2006 concluded the talks entered into following initiation of the procedure to lay off 448 ADR Group staff in accordance with Law 223/91.
This agreement provided for two implementation phases of the reorganization plan, the first of which was concluded in at the end of June and second to be implemented by December 2006.
An agreement was reached with labor union representatives regarding the program to stabilize the position of 175 Group personnel on temporary contracts in three successive phases, the first in July 2006, when they will be engaged on permanent contracts.

This agreement also provides for modification of the calculation criteria for determining the annual results bonus as well as a plan to improve the efficiency of the staff transport system, thereby allowing the related costs to be further reduced.
Talks also continued on wider organizational issues, especially regarding flexibility, work schedules and the review of union rights.
Finally, a new round of airport sector pay negotiations is in progress with a view to renewing the two-year agreement that expired on December 31, 2005.

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

During the same period, the new positions relating to the EN UNI ISO 14001 Environmental Management System were formalized.
Moreover, the Central Strategic Planning and Business Development unit, which reports directly to the Managing Director, was established, and the Institutional Relations department began reporting to the Chairman.
A Management Committee and a Steering Committee were also established to ensure coordination and monitoring of managerial issues and oversight of key corporate events.
Development, updating and formalization of the procedures regarding "management of the model pursuant to Legislative Decree 231/2001", which has been adopted by the Company, continued throughout the period.

With regard to organizational aspects, the professional mix of the Cargo segment was reviewed, giving priority to the use of external staff, in full compliance with budget targets. The progressive number of full-time equivalent staff through to June was 5.04 down compared with the budget. This was achieved through targeted relocation of staff within the Company, thus enabling optimization of overall use of resources.

As of May 2006 the Security segment has carried out certain additional services, including the x-raying of goods for delivery to retail outlets in the airside area and partial control of air crew check points. These activities, which were not budgeted for as they were required by subsequent orders and notifications from the Civil Aviation Authority, did not entail any specific staff increases.
With the aim of rationalizing management of the various ADR activities within the scope of specific operating structures, in order to take full advantage of different professional skills, responsibility for operating the Baggage Handling System (BHS/HBS) was transferred from the Aviation to the Systems Automation segment during the second quarter of 2006.

Training involved 13,544 hours and 14 courses for 246 ADR SpA staff, and 408 courses for 1,153 ADR Handling staff totaling 11,320 hours (5,700 for operational and safety training; 2,150 for on-the-job training for new airport employees; 1,050 for security training; 670 courses for external organizations, etc.).
During the same period ADR SpA Training sold and conducted 23 courses at other airports, involving 135 staff for a total of 3,032 hours. The airports concerned were Genoa, Lamezia Terme, Catania and Palermo.
100 courses on safety in the workplace and involving 4,870 hours of training and 1,200 participants were provided, with a per capita average of 4 hours.

In terms of recruitment and selection, selection activities were conducted in April 2006 in order to maintain the pool of temporary staff for ADR SpA and ADRH SpA, entailing the recruitment of around 588 handlers, 240 airport staff and 90 security staff.
The Group hired approximately 930 staff on temporary contracts during the period.
In addition, 23 staff were hired on permanent contracts. Finally, 17 staff were hired on training contracts in the Maintenance department.

In line with Group personnel management and development policy, drawn up in 2005, the new performance assessment process – the annual evaluation review – was implemented. This review involved around 250 staff in managerial and professional positions via a preliminary self-assessment phase regarding targets, skills and technical expertise, and subsequent feedback from the head of department to the member of staff concerned.
Subsequently, in line with the integrated approach personnel management and development model, managerial training areas were identified, broken down by working categories and roles, and the overall structure of 2006 training courses was designed. Specifically, in the first half of 2006, after an initial "group assessment" course, activities were focused on planning and conducting three in-house courses for Group managers and supervisors. Based on residential courses and active, hands-on training methods, these courses regarded issues relating to priority management, teamwork and change management.

Specialized training courses were conducted on the new Tenders Code and employment legislation issues.
In June 2006 a reward policy was drawn up and implemented aimed at rewarding the value of individual contribution in terms of professional expertise and results achieved.
On the internal communications front, the new 2006 plan was drawn up with guidelines that provide for reactivation of the Communicators Group, and reorganization of the intranet portal and the company newsletter. This plan was shared with the network of communicators at a specific presentation in order to stress the importance of communication in processes of cultural, business and organizational change.

CORPORATE TRANSACTIONS

On March 27, 2006 a Special General Meeting of the shareholders of ADR Handling SpA authorized an increase in the company's share capital from 18,060,000 euros to 19,800,003.60 euros, via a scrip issue of 337,210 new shares with a par value of 5.16 euros each. The shares were to be offered to shareholders in proportion to their existing holdings, subject to prior coverage of the accumulated losses reported in the financial statements for the year ended December 31, 2005, amounting to 4,206 thousand euros.
These losses were subsequently covered via the use of retained earnings, totaling 380 thousand euros, and "Other reserves" recognized in the company's financial statements, amounting to 1,388 thousand euros, and via a capital contribution of 2,438 thousand euros, out of a total capital contribution of 4,178 thousand euros paid in by the shareholder, Aeroporti di Roma SpA, on March 27, 2006.

Given that the shareholder, ADR Engineering SpA, waived its right to the new shares, the capital increase was effected via the use of a corresponding portion of the residual amount, totaling 1,740 thousand euros, of the above capital contribution of 4,178 thousand euros paid in by the shareholder, ADR SpA.
As a result of this transaction, ADR SpA's stake in ADR Handling SpA has increased from 99.29% to 99.35%, whilst the interest held by ADR Engineering SpA has been reduced from 0.71% to 0.65%.

On March 30, 2006 a General Meeting of the shareholders of the Dutch subsidiary, Airport Invest BV (100% owned by ADR SpA), approved a reduction of the capital from 70,538,319 euros (including the legal reserve deriving from conversion of the capital into euros amounting to 121,281 thousand euros) to 101,040 euros via a reduction in the par value of the company's shares from 453 euros to 0.65 euros, and the distribution of the share premium reserve, amounting to 57,099,419 euros, to ADR SpA.
In accordance with this resolution, on April 20 2006 Airport Invest BV reimbursed the share premium reserve. Moreover, in order to implement the reduction of capital, a procedure was launched under Dutch law which concluded on July 4, 2006 with the drawing up of a Deed of Amendment to the Company By-laws (for further information see the section "Subsequent events").

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

On June 9, 2006 a Special General Meeting of the shareholders of Società Aeroportuale Calabrese SpA authorized a capital increase in the form of a rights issue without a share premium. The company's share capital was to be increased from 5,170,000 euros to 7,755,000 euros, via the issue of 5,000 new shares with a par value of 517 euros each. The shares were to be offered to shareholders in proportion to their existing holdings.
The Special General Meeting set July 31, 2006 as the final date for exercising pre-emption rights and effecting full payment for the shares. ADR SpA exercised its pre-emption right on 828 new shares attributed to it, for an amount of 428,076 euros, with a value date of July 31, 2006 for the payee.

GROUP FINANCIAL POSITION AND OPERATING RESULTS

Reclassified consolidated income statement[6]

(€000)

2005		First Half 2006	First Half 2005	Change
580,702	A.- REVENUES	276,505	276,601	(96)
6,264	Capitalized costs and expenses	2,260	1,911	349
586,966	B.- REVENUES FROM ORDINARY ACTIVITIES	278,765	278,512	253
(168,562)	Cost of materials and external services	(78,597)	(79,491)	894
418,404	C.- GROSS MARGIN	200,168	199,021	1,147
(157,322)	Payroll costs	(79,215)	(78,785)	(430)
261,082	D.- GROSS OPERATING INCOME	120,953	120,236	717
(97,930)	Amortization and depreciation	(48,343)	(46,925)	(1,418)
(11,306)	Other provisions	(962)	(2,019)	1,057
(6,122)	Provisions for risks and charges	(3,210)	(4,469)	1,259
1,321	Other income (expense), net	(3,049)	762	(3,811)
147,045	E.- OPERATING INCOME	65,389	67,585	(2,196)
(89,998)	Financial income (expense), net	(41,740)	(45,231)	3,491
11,471	Adjustments to financial assests	0	6,288	(6,288)
68,518	F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	23,649	28,642	(4,993)
46,897	Extraordinary income (expense), net	(502)	(1,801)	1,299
115,415	G.- INCOME BEFORE TAXES	23,147	26,841	(3,694)
(37,028)	Income taxes for the period	(16,853)	(15,631)	(1,222)
2,452	Deferred tax assets	(1,815)	(1,815)	0
80,839	H.- NET INCOME FOR THE PERIOD	4,479	9,395	(4,916)
	including:			
1,148	- Minority interest	518	1,227	(709)
79,691	**- Group interest**	**3,961**	**8,168**	(4,207)

An analysis of the ADR Group's results during the period under consideration shows the substantial impact of regulations pertaining to "system requirements" introduced at the end of the previous year, the full effects of which are being felt in 2006.

Despite the upturn in traffic at the Roman airport system (passengers up 6.6%; movements up 2.4%), total Group revenues are in line with the first half of 2005 (up 0.6%), with a decrease of 3.5% in the "aviation" component and a 6.0% rise in "non-aviation" earnings.

Of the downturn in aviation activities, 5.7 million euros were lost in relation to revenues from fees (down 7.6%), which were negatively affected by the elimination of the "night-time surcharge" on landing and take-off fees, as well as the introduction of new passenger boarding, landing, take-off and aircraft parking charges following application of the above regulations.

[6] Compared with the data published in the financial statements as of June 30, 2005, revenues deriving from recovery of expenses and payroll costs, which in the previous period were deducted from the respective cost items ("Cost of materials and external services" and "Payroll costs"), have been classified under "Other income (expense), net". The overall effect on EBITDA of such reclassifications amounts to 0.4 million euros.

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

The "aviation" component was also penalized by activities relating to "handling" (down 3.4%) and "centralized infrastructures" (down 5.4%), owing to a decline in the traffic served by the subsidiary, ADR Handling SpA, and less use of loading bridges. By contrast, revenues from the provision of security services were up 5.8%, a reflection of traffic growth.

The growth in revenues from "non-aviation" activities was partly due to "direct sales" (up 12.6%) which reaped the benefits of both the upturn in traffic passing through the Roman airports and the 5.4% rise in the average passenger spend. Revenues from "sub-concessions and utilities" also rose considerably (up 24.9%), thanks to the effects of the previous year's restructuring plan involving the opening of new spaces and the replacement of the main "retail" sub-concessionaire, whose performance had penalized the "retail" component in the first part of the previous year. The growth of these components was partly neutralized by the steady decrease in revenues relating to charges made to jet fuel suppliers, deriving from the revision of the calculation methods used for the fees applied, as required by art. 11.13 of Law 248/2005.

Due to the previously-mentioned effect of the reduction in license fees, consumption of materials and external services decreased by 1.1%, whilst payroll costs rose slightly (up 0.5%) compared with the first half of 2005.

EBITDA amounted to 120.9 million euros, in line with the first half of 2005 (up 0.6%), whilst EBIT decreased by 3.2% to 65.4 million euros compared with 67.6 million euros in the first half of 2005, due to an increase in net operating expense.

The decrease in pre-tax income compared with the first half of 2005 was influenced by elimination of the adjustment to financial assets which in the previous year included the results of the ACSA, the subsidiary company that was sold off the end of 2005. This factor was partly offset a reduction by of 3.5 million euros in financial expense due to a reduction average net debt and the improved conditions obtained thanks to the refinancing operation carried out in September 2005.

After taxes amounting to 18.7 million euros, the Group reports net income of 4.0 million euros, compared with net income of 8.2 million euros in the first half of 2005.

Reclassified consolidated balance sheet
(€000)

06-30-2005		06-30-2006	12-31-2005	Change
	A. - NET FIXED ASSETS			
2,120,769	Intangible fixed assets *	2,071,473	2,096,901	(25,428)
126,156	Tangible fixed assets	131,678	130,650	1,028
138,762	Non - current financial assets	4,175	4,653	(478)
2,385,687		2,207,326	2,232,204	(24,878)
	B. - WORKING CAPITAL			
20,920	Inventory	18,375	18,859	(484)
146,011	Trade receivables	145,687	131,114	14,573
38,006	Other assets	38,964	38,440	524
(122,075)	Trade payables	(113,155)	(113,782)	627
(31,012)	Allowances for risks and charges	(40,035)	(42,386)	2,351
(87,209)	Other liabilities	(57,711)	(76,592)	18,881
(35,359)		(7,875)	(44,347)	36,472
	C. - INVESTED CAPITAL, minus			
2,350,328	short-term liabilities (A+B)	2,199,451	2,187,857	11,594
66,405	D. - EMPLOYEE SEVERANCE INDEMNITIES	60,924	62,033	(1,109)
	E. - INVESTED CAPITAL, minus short-term			
2,283,923	**liabilities and E.S.I. (C-D)**	**2,138,527**	**2,125,824**	**12,703**
	financed by:			
	F. - SHAREHOLDERS' EQUITY			
693,795	- Group interest	707,623	774,072	(66,449)
21,894	- Minority interest	1,427	1,993	(566)
715,689		709,050	776,065	(67,015)
1,745,019	G. - MEDIUM/LONG-TERM BORROWING	1,640,019	1,640,019	0
	H. - NET SHORT-TERM BORROWING			
	(NET CASH AND CASH EQUIVALENTS)			
3,842	.Short-term borrowing	4,604	17,493	(12,889)
(180,627)	.Cash and current receivables	(215,146)	(307,753)	92,607
(176,785)		(210,542)	(290,260)	79,718
1,568,234	(G+H)	1,429,477	1,349,759	79,718
2,283,923	**I. - TOTALE AS IN "E" (F+G+H)**	**2,138,527**	**2,125,824**	**12,703**
1,922,063	*(*) including the value of the concession totaling*	*1,872,779*	*1,897,421*	*(24,642)*

At June 30, 2006 the ADR Group's invested capital amounted to 2,138.5 million euros, showing an upturn of 12.7 million euros for the period. This was due to working capital, and was only partly offset by the reduction in net fixed assets primarily deriving from amortization of intangible fixed assets which exceeded investments carried out during the period.

The increase in working capital, amounting to 36.5 million euros, is partly due to trade receivables (up 14.6 million euros) which were affected by an increase in average collection times that is connected to some extent to the seasonal component, typical of the first part of the year. Nonetheless, trade receivables are substantially in line with the first six months of 2005.
The increase in working capital was also affected by the reduction in "Other liabilities" deriving from various elements, including: payment of 2005 income taxes (7.6 million euros); reduction in payables due to the Civil Aviation Authority for the license fee (8.4 million euros) deriving, in addition to payment of the adjustment for 2004, to the effects of art. 11.10 of Law 248/2005 which, as previously mentioned, provided for a 75% reduction in license fees; and, finally, a reduction in severance indemnities payable to former employees staff whose employment ended in the last part of the period compared with the payables due at December 31, 2005 (down 4.0 million euros).

In terms of funding, compared with a reduction of 66.4 million euros in shareholders' equity deriving from payment of dividends amounting to 71.5 million euros, the Group reported an increase of 79.7 million euros in net debt, entirely due to a reduction in net liquidity.
The Group's net debt at June 30, 2006 stood at 1,429.5 million euros compared with the 1,349.8 million euros registered at the end of the previous year.

Consolidated statement of cash flows

(€000)

2005		First Half 2006	First Half 2005
162,742	**A.- NET CASH AND CASH EQUIVALENTS - opening balance**	**290,260**	**162,742**
	B.- CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
80,839	Net income (loss) for the period	4,479	9,395
97,930	Amortization and depreciation	48,343	46,925
(73,420)	(Gains) losses on disposal of fixed assets	(87)	(92)
(11,539)	(Revaluations) write-downs of fixed assets	(26)	(6,337)
27,575	Net change in working capital	(36,472)	18,587
(5,084)	Net change in employee severance indemnities	(1,109)	(712)
116,301		15,128	67,766
	C.- CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
	Investment in fixed assets:		
(42,073)	.intagible	(14,859)	(21,188)
(35,695)	.tangible	(9,086)	(22,135)
(12)	.financial	(428)	0
224,598	Proceeds from disposal, or redemption value of fixed assets	1,021	1,511
(2,098)	Other changes (*)	0	5,524
144,720		(23,352)	(36,288)
	D.- CASH FLOW FROM (FOR) FINANCING ACTIVITIES		
290,000	New loans	0	0
0	Shareholders' contributions	0	0
(395,000)	Repayments of loans	0	0
0	Buy-back of shares	0	0
(18,982)	Other changes	0	0
(123,982)		0	0
(12,240)	E.- DIVIDENDS PAID	(71,494)	(11,857)
	F.- ALLOWANCE FOR EXCHANGE RATE VARIATIONS		
2,719	Change in allowance for exchange rate variations	0	(5,578)
127,518	G.- CASH FLOW FOR THE PERIOD (B+C+D+E+F)	(79,718)	14,043
290,260	**H.- NET CASH AND CASH EQUIVALENTS - closing balance (A+G)**	**210,542**	**176,785**

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

The Group's operating cash flow amounted to 15.1 million euros in the first half of 2006, after servicing of debt falling due.

Investment during the period amounting to 23.4 million, was financed from liquid resources generated during the first half, , and partly by net liquidity available at the beginning of the period.

The payment of dividends, totaling 71.5 million euros, also absorbed the opening balance of net liquidity which therefore decreased to 210.5 million euros at the end of the period.

Analysis of net debt

(€000)

2005		First Half 2006	First Half 2005
(1,582,277)	**A.- NET FINANCIAL BORROWING - opening balance**	**(1,349,759)**	**(1,582,277)**
261,082	EBITDA	120,953	120,236
(2,271)	Net change in operating working capital	(15,678)	(1,649)
(5,084)	Net change in employee severance indemnities	(1,109)	(712)
956	Other income (exp.), net	(3,136)	670
(11,379)	Extraordinary income (exp.), net	(579)	(1,582)
(42,055)	Current taxes paid	(24,374)	(1,636)
5,135	Other assets/liabilities (included allowances for risks and charges)	(17,466)	(527)
206,384	**B.- OPERATING CASH-FLOW**	**58,611**	**114,799**
(77,780)	Capex (tangibles, intangibles and financial)	(24,373)	(43,323)
224,598	Proceeds from disposal, or redemption value of fixed asset	1,021	1,511
(2,098)	Net currency conversion differences	0	5,524
0	Dividends received	0	0
351,104	**C.- FREE CASH-FLOW**	**35,259**	**78,511**
(90,083)	Financial income (exp.), net	(43,483)	(47,033)
0	Shareholders' contributions	0	0
0	Buy-back of shares	0	0
(18,982)	Other changes	0	0
(12,240)	Dividends paid	(71,494)	(11,857)
229,799	**D.- NET CASH-FLOW**	**(79,718)**	**19,621**
2,719	Exchange rate effect on reserves	0	(5,578)
232,518	**E.- NET CASH-FLOW OF THE PERIOD**	**(79,718)**	**14,043**
(1,349,759)	**F.- NET BORROWING - closing balance (A+E)**	**(1,429,477)**	**(1,568,234)**

NOTICE REGARDING MANAGEMENT AND COORDINATION

With reference to the company law reform introduced by article 2497 and subsequent articles of the Italian Civil Code, the Parent Company, ADR SpA, is not subject to "management and coordination" by its shareholder Leonardo Srl, which, despite holding a controlling interest pursuant to art. 2359 of the Italian Civil Code, does not exercise influence over the subsidiary undertaking's management strategies and operations.

On the other hand, ADR SpA exercises "management and coordination" of its subsidiary undertakings, ADR Handling SpA, ADR Engineering SpA and ADR Tel SpA.

RELATIONS WITH PARENT COMPANIES AND OTHER RELATED PARTIES

As of June 30, 2006, financial, trade and other receivables and payables due to and from the ADR Group in relation to the parent company and associated undertakings were as follows (in thousands of euros):

	RECEIVABLES			PAYABLES		
	financial	trade	other	financial	trade	other
PARENT COMPANY						
Leonardo Srl	0	0	0	0	0	0
	0	**0**	**0**	**0**	**0**	**0**
ASSOCIATED UNDERTAKINGS						
Ligabue Gate Gourmet Roma SpA (insolvent)	0	0	530	0	969	0
La Piazza di Spagna Srl	0	0	0	0	0	34
	0	**0**	**530**	**0**	**969**	**34**
TOTAL	**0**	**0**	**530**	**0**	**969**	**34**

No trading relations were entered into with Ligabue Gate Gourmet Roma SpA (insolvent) and La Piazza di Spagna Srl. The balances of financial, trade and other receivables and payables are in line with the amounts posted at December 31, 2005.

Relations with other related parties break down as follows (in thousands of euros):

	Balance as of 06.30.2006		H1	
	Receivables	*Payables*	*Revenues*	*Costs*
Other related parties				
Gemina SpA	0	129	0	109
Impregil	9	0	6	0
Macquarie Airport Luxembourg SA	0	17	0	17
Sistemi di Energia SpA	0	0	1	0
	9	**146**	**7**	**126**

The expenses paid to Gemina SpA include the fees paid to directors of ADR SpA, as well as reimbursement of expenses. The expenses paid to Macquarie Airport Luxembourg SA exclusively regard the fees paid to directors of ADR SpA.

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 2006 or at the end of 2005. 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 2006.

FINANCIAL RISK MANAGEMENT

The Group uses interest rate swaps and interest rate caps to hedge interest rate risks.

The hedging policy, drawn up as part of ADR SpA's loan agreements, calls for at least 51% of debt to be protected from interest rate risk.

In line with this policy, the interest rate swaps entered into by ADR SpA in 2001 are still in effect. These contracts – whose counterparties as of February 2003 are Mediobanca, Barclays, UBM, Royal Bank of Scotland and Deutsche Bank – are based on notional capital of 864 million euros and mature on October 2, 2009.

Moreover, on October 1, 2004 the Parent Company, ADR SpA, entered into interest rate swaps with a number of the above counterparties (Mediobanca, Barclays and Royal Bank of Scotland). The swaps are based on total notional capital of 468 million euros up to March 2008 and 495 million euros up to October 2, 2009. On the basis of the agreements, ADR receives a fixed rate of 3.3% and pays a floating 3-month Euribor rate capped at 6.0%. This transaction enables ADR SpA to balance its exposure to fixed and floating rates (reducing its fixed rate debt from 78% to 55% of the total), bringing it more into line with expected short- to medium-term movements in interest rates and fixing the maximum risk that may be incurred.

Finally, on May 16, 2006 ADR SpA signed two interest rate collar forward start contracts with Barclays and Royal Bank of Scotland, involving notional capital of 120 million euros each, on the basis of which 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.
With the signing of these contracts protection of interest risk has been extended by an additional three years.

The fixed interest rate swaps involve notional capital of 864 million euros and payment of an average of 5.075%, whilst the floating rate contracts involve notional capital of 468 million euros and payment of 3-month Euribor plus 7 basis points.

On 23 June 2006 the rating agency Standard & Poor's lowered ADR SpA's rating from BBB+/Negative to BBB/Stable. This change of rating is primarily due, as reported in the notice issued by the agency, to the growing uncertainty regarding tariff adjustments following publication of the "system requirements" regulations at the end of 2005.

SUBSEQUENT EVENTS

Information regarding trends for traffic components for the Roman airport system during the period January-July 2006, broken down into segments for Fiumicino and Ciampino, and domestic and international traffic, is provided below:

Data as of July 31, 2006

	SYSTEM	Ciampino	Fiumicino	Domestic	International
Movements	219,269	37,037	182,232	103,143	116,126
D% vs PY	(+2.6%)	(+11.0%)	(+1.0%)	(+4.1%)	(+1.3%)
Mtow	15,337,459	1,723,050	13,614,409	5,772,460	9,564,999
D% vs PY	(+2.4%)	(+15.5%)	(+0.9%)	(+4.2%)	(+1.3%)
Total Pax	20,074,801	2,797,745	17,277,056	7,712,382	12,362,419
D% vs PY	(+6.5%)	(+22.8%)	(+4.2%)	(+5.6%)	(+7.0%)
Freight	85,951,922	13,764,392	72,187,530	5,076,160	80,875,762
D% vs PY	(-2.7%)	(+2.7%)	(-3.7%)	(-17.9%)	(-1.6%)
Mail	24,231,564	20,213	24,211,351	19,257,361	4,974,203
D% vs PY	(+2.4%)	(96.2%)	(+2.4%)	(+2.4%)	(+2,5%)

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

	International	E.U	Non-E.U.
Movements	116,126	82,760	33,366
D% vs PY	(+1.3%)	(+4.1%)	(-4.8%)
Mtow	9,564,999	5,533,126	4,031,873
D% vs PY	(+1.3%)	(+3.5%)	(-1.5%)
Total Pax	12,362,419	8,511,928	3,850,491
D% vs PY	(+7.0%)	(+8.9%)	(+2.9%)
Freight	80,875,762	23,278,389	57,597,373
D% vs PY	(-1.6%)	(-7.7%)	(+1.1%)
Mail	4,974,203	2,843,391	2,130,812
D% vs PY	(+2.5%)	(+11.6%)	(-7.6%)

July, with a total of 28,790 movements and 3,454,367 passengers, was the Roman Airport System's busiest month ever since its two airports at (Fiumicino and Ciampino) opened, with an increase of just under 200,000 passengers on the previous peak (July 2005). On July 30 the System also registered its highest ever peak for daily traffic (a total of 125,380 passengers).

During the first seven months of 2006 Fiumicino airport reported a 4.2% increase in passenger traffic compared with the same period in the previous year, due to increases in capacity (movements up 1.0% and aircraft tonnage up 0.9%) and the load factor.

In July, with a total of 2,997,889 passengers, Fiumicino reported its busiest ever month since the airport opened.

Ciampino airport continued its good performance on the back of low-cost activities, which resulted in a rise in passengers (up 22.8%) and movements (up 11.0%) compared with the same period in the previous year.
In July, with a total of 456,788 passengers, Ciampino also reported its busiest ever month since the airport opened.

In accordance with resolution of the General Meeting of Shareholders of Airport Invest BV on March 30, 2006 and on conclusion of the procedure provided for under Dutch law, a Deed of Amendment to the Company By-laws was signed on July 4, 2006 thereby ratifying a reduction of capital by 70,538,319 euros (including the legal reserve deriving from conversion of the capital into euros amounting to 121,281 thousand euros) to 101,040 euros by reducing the par value of shares from 453 euros to 0.65 euros. Consequently, on July 17, 2006, Airport Invest BV, reimbursed a sum of 70,437 thousand euros to ADR SpA.

At a meeting on July 17, 2006 the Board of Directors of ADR SpA approved allocation of a portion of the proceeds from the sale of the South African airport management company, which took place at the end of December 2005, for debt repayment. The sum allocated to debt reduction, amounting to 127.5 million euros, is greater than budget estimate, reflecting the management's firm resolve to pursue a strategy aimed at reducing the short- and medium-term burden of servicing the Company's debt.

In implementation of a resolution of the Board of Directors of the Parent Company, ADR SpA, and of a sales procedure lasting over a year, on August 4, 2006 an agreement was signed regarding the sale of the entire equity investment (100%) held, directly or indirectly, by ADR SpA in the capital of ADR Handling SpA to the Spanish Group, FCC, which operates in Europe in many industrial and service sectors and has a total turnover of more than 7 billion euros.

The operation is expected to be completed by the end of October 2006, once anti-trust authorizations have been obtained and other delaying clauses have been contractually defined.

OUTLOOK

The upturn in traffic was confirmed during the summer period, pointing towards substantial growth levels at year end. However, the new security measures adopted at international level in the face of an upsurge in the threat of terrorism, uncertainties regarding the timeframes for introducing new tariffs and the prospects of recovery for Alitalia, have led Group management to revise initiatives aimed at improving operating results.

To this end, the relations established with the Ministry of Economy and Finance, the Ministry of Infrastructure and Transport and the Civil Aviation Authority are being actively managed in order to identify the investigations and indispensable actions that are required to arrive at a swift consensus on signing the Planning Agreement, once the regulatory aspects, including those relating to Law no. 248/2005, have been defined.

Efforts will continue to be focused on gradual reduction of debt. This objective will be pursued through new initiatives aimed a cutting the cost of debt and developing cash flow from ordinary operations, as well as by giving priority to repayment of debt generated by extraordinary operations.

THE BOARD OF DIRECTORS

BASIS OF PRESENTATION

GENERAL PRINCIPLES

The report and accounts for the six months ended June 30, 2006, have been prepared in accordance with the accounting standards issued by the Italian Accounting Profession and the Italian Accounting Standards Setter (collectively referred to as Italian GAAP), as applicable to interim financial statements.

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, the notes to the consolidated accounts and the accounts of the Parent Company.

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, 2006, 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 S.p.A. The accounts of subsidiary undertakings used for consolidation purposes refer to the period ended June 30, 2006, as approved by the respective boards of directors.

The reconciliation of shareholders' equity and net income as of and for the six months ended June 30, 2006, 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 2006 is compared with the amounts for the same period of the previous year. Balance Sheet data as of June 30, 2006 is compared with the corresponding amounts as of December 31, 2005.

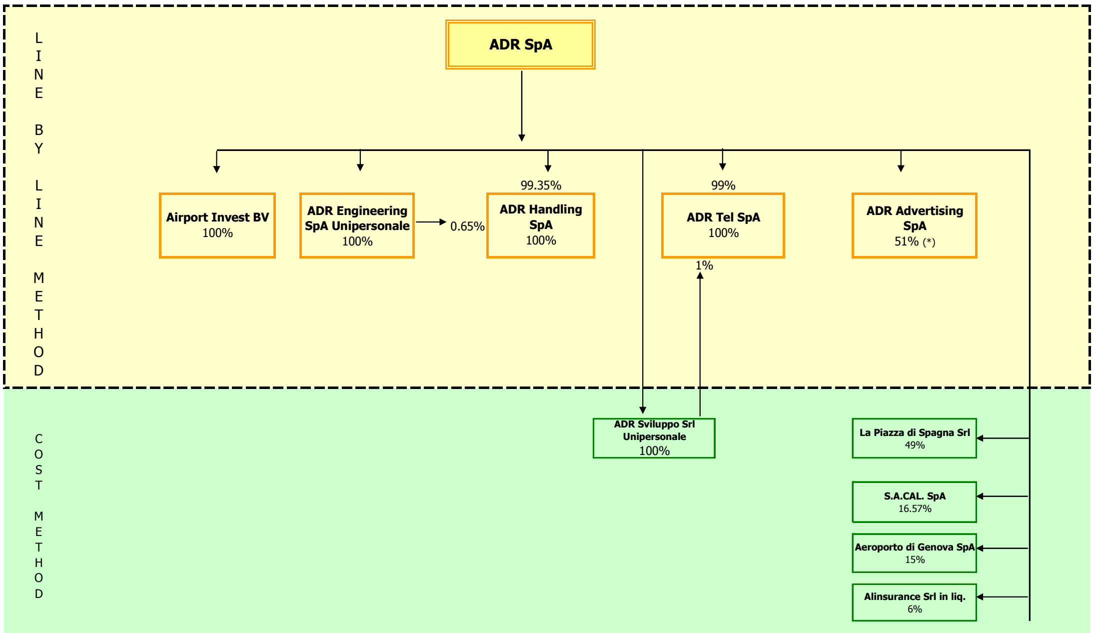
Amounts shown in the consolidated accounts are expressed in thousands of euros.

The Income Statement and Balance Sheet items, preceded by Arabic numerals, showing zero balances across the periods used for comparison are not shown.

BASIS OF CONSOLIDATION

The consolidated accounts as of and for the six months ended June 30, 2006 include the accounts for the same period, consolidated on a line-by-line basis, of the Parent Company, Aeroporti di Roma S.p.A., and the Italian and overseas subsidiary undertakings in which the Parent Company holds, either directly or indirectly, the majority of the voting rights.

BASIS OF CONSOLIDATION as of June 30, 2006



(*) of ordinary share capital

As of June 30, 2006, 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	%
Aeroporti di Roma SpA	Fiumicino (Rome)	EUR	62,309,801	Parent Company		
Airport Invest BV	Amsterdam (Holland)	EUR	70,417,038	100%	Aeroporti di Roma	100%
ADR Handling SpA	Fiumicino (Rome)	EUR	19,800,003.60	100%	Aeroporti di Roma ADR Engineering	99.35% 0.65%
ADR Engineering SpA Unipersonale	Fiumicino (Rome)	EUR	774,690	100%	Aeroporti di Roma	100%
ADR Tel SpA	Fiumicino (Rome)	EUR	600,000	99%	Aeroporti di Roma	99%[7]
ADR Advertising SpA	Fiumicino (Rome)	EUR	1,000,000	25.5%[8]	Aeroporti di Roma	25.5%

With respest to December 31, 2005, ADR IASA Ltd has been excluded from the Basis of Consolidation. In 2005 only the income statement of the South African subsidiary undertaking, ADR IASA Ltd, for the period of 2005 prior to disposal of the related investment on December 21, 2005 was consolidated.

[7] The remaining 1% stake is held by ADR Sviluppo Srl Unipersonale
[8] 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%).

The following equity investments are valued at cost:

COMPANIES valued at cost	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	Group's %	Via:	
					Company	%
ADR Sviluppo Srl Unipersonale	Fiumicino (Rome)	EUR	100,000	100%	Aeroporti di Roma	100%
La Piazza di Spagna Srl	Fiumicino (Rome)	EUR	100,000	49%	Aeroporti di Roma	49%
Ligabue Gate Gourmet Roma SpA in liquidation	Tessera (Venice)	EUR	103,200	20%	Aeroporti di Roma	20%
S.A.CAL. SpA	Lamezia Terme (Catanzaro)	EUR	5,170,000[9]	16.57%	Aeroporti di Roma	16.57%
Aeroporto di Genova SpA	Genova Sestri	EUR	4,648,140	15%	Aeroporti di Roma	15%
Alinsurance Srl in liquidation	Rome	EUR	104,000	6%	Aeroporti di Roma	6%

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 holding in the associated undertaking, La Piazza di Spagna Srl, has been valued at cost and not according to the equity method, as the company, which was incorporated on December 17, 2003, is not yet operational. The holding in the associated undertaking, Ligabue Gate Gourmet Roma S.p.A., has also been valued at cost, due to the fact that the company is in liquidation.

CONSOLIDATION PRINCIPLES

The main consolidation principles are described below:

- the book value 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. Any positive differences arising are included among fixed assets under the item "Goodwill arising from consolidation", which is amortized on a straight-line basis in relation to the estimated possibility of recovery. Any negative differences are posted to the "Reserve for consolidation adjustments" under shareholders' equity, or to the "Consolidation allowance for risks and charges" should such negative goodwill be due to forecast losses;
- 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;
- 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;
- financial statements denominated in foreign currency have been translated into euros using current exchange rates. Balance Sheet items, with the exception of those forming shareholders' equity, have been translated using period-end exchange rates, whilst average exchange rates for the period were applied to Income Statement items. Any exchange rate differences arising have been recorded among consolidated shareholders' equity at a specific item, "Reserve for foreign currency translation adjustments".

[9] On June 9, 2006 a Special Meeting of the Shareholders of the associated undertaking, Società Aeroportuale Calabrese SpA, approved a capital increase from 5,170,000 euros to 7,755,000 euros, which at June 30, 2006 was still in process.

- 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 net income or loss reported for the months prior to the disposal), plus any residual carrying amount of "Goodwill arising from consolidation".

The following exchange rates were used to convert the income statement of ADR IASA Ltd, which was consolidated in the first half 2005 at the transaction date:

Exchange rates	*average H1 2005*	*June 30, 2005*
euro/rand (ZAR)	8.055	8.025

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 Group that conform with 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 six-month accounts as of June 30, 2006 are those required by the relevant legislation, interpreted and integrated by the accounting principles established by the Italian Accounting Professionand the Italian Accounting Standards Setter (collectively referred to as Italian GAAP), 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 accumulate 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.

- *Goodwill arising on consolidation*

The goodwill represented by the difference between the cost of investments and the current value of shareholders' equity is amortized on a straight-line basis over a period of ten years for the subsidiary undertaking, ADR Handling.

- *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 sustained 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 a limited service life and their cost is depreciated on a straight-line basis during each financial period according to their residual service life. 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 on expiry of the concession (in 2044) when the assets are to be transferred to the Ministry 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.

Equity in the associated undertaking, La Piazza di Spagna Srl, which is not operative, is valued at cost.

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.

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 sustained 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 Ministry of Transport, 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.

Accruals and deferrals

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 the Company's employees and in accordance with governing legislation. This amount was calculated for indemnities matured up to June 30, 2006 and is shown net of any advance payments.

Payables

Payables are recorded at their nominal value.

Receivables and payables recorded in foreign currency

In line with the new provisions introduced by company law reform (article 2426 - c.8 bis of the Italian Civil Code), 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".

Finance leases

Finance leases are recorded in the financial statements in accordance with the "operating lease method", which means that the lease rental is charged to the income statement. The notes report the effects, if significant, on shareholders' equity and the income statement that would have been produced had finance leases been recorded according to the "finance lease method".

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.
In accordance with the "operating lease method" used to record finance leases in the financial statements, this item also includes the value of future commitments for leases rentals to be paid at the balance sheet date, in addition to the price to be paid in order to redeem the asset.

- 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 Ministry of Infrastructure and Transport, 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".

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 Swaps entered into for hedging purposes, accrued at the end of the period are recorded on an 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

	12/31/2005			Changes of the period			06-30-2006		
	Cost	Amortization	Book value	Purchases/ Capitalization	Reclass.	Amortization	Cost	Amortization	Book value
- Incorporation and development costs	1,905	(1,356)	549	0	0	(122)	1,905	(1,478)	427
	1,905	(1,356)	549	0	0	(122)	1,905	(1,478)	427
- Industrial and intellectual property rights	3,466	(2,449)	1,017	38	15	(285)	3,519	(2,734)	785
	3,466	(2,449)	1,017	38	15	(285)	3,519	(2,734)	785
- Concessions, licenses, trademarks and similar r	2,181,806	(280,835)	1,900,971	490	359	(25,631)	2,182,655	(306,466)	1,876,189
	2,181,806	(280,835)	1,900,971	490	359	(25,631)	2,182,655	(306,466)	1,876,189
- Goodwill arising from consolidation	1,676	(670)	1,006	0	0	(84)	1,676	(754)	922
	1,676	(670)	1,006	0	0	(84)	1,676	(754)	922
- Leasehold improvements in process and advances:									
. Leasehold improvements in process	29,415	0	29,415	8,714	(6,617)	0	31,512	0	31,512
. Advances to suppliers	0	0	0	0	0	0	0	0	0
	29,415	0	29,415	8,714	(6,617)	0	31,512	0	31,512
- Others:									
. Leasehold improvements	376,062	(246,967)	129,095	5,545	6,314	(12,293)	387,897	(259,236)	128,661
. Ancillary charges for loans	50,007	(15,159)	34,848	0	0	(1,871)	50,007	(17,030)	32,977
	426,069	(262,126)	163,943	5,545	6,314	(14,164)	437,905	(276,266)	161,638
Total	2,644,337	(547,436)	2,096,901	14,787	72	(40,286)	2,659,172	(587,698)	2,071,473

An analysis of the most important changes during the period reveals the following:

- "Concessions, licenses, trademarks and similar rights" include the value of the airport concession, amounting to 1,872,779 thousand euros as of June 30, 2006. The decrease of 24,782 thousand euros is due to amortization for the period (25,631 thousand euros), partly offset by investment (490 thousand euros) and transfers from work in process and reclassifications (359 thousand euros);

- "Goodwill arising from consolidation", regarding the subsidiary undertaking, ADR Handling SpA, has been reduced as a result of amortization for the period (84 thousand euros);

- "Leasehold improvements in process" increased by 2,097 thousand euros in the first half of 2006 due to investment during the period, totaling 8,714 thousand euros, which was partly offset by improvements entering service during the period and accounted for in "leasehold improvements", "concessions, licenses, trademarks and similar rights" and "industrial patents";

- "Other" intangible fixed assets decreased by 2,305 thousand euros. "Leasehold improvements" decreased by 434 thousand euros due to amortization for the period (12,293 thousand euros), which was partly offset by purchases during the period (5,545 thousand euros) and transfers from work in process and reclassifications (up 6,314 thousand euros);

"Transaction costs incurred on loans" decreased due to amortization for the period amounting to 1,871 thousand euros.

The principal leasehold improvements in process (equal to 8,714 thousand euros) include:

- aircraft aprons South-eastern "ECHO" area - first phase (1,431 thousand euros);
- widening of the Bravo taxiway (1,466 thousand euros);
- extension of check-in and baggage reclaim areas at the passenger terminal at Ciampino (405 thousand euros);
- renewal of traffic signs at Terminal A (180 thousand euros);
- new duty-free shop no. 13 at Satellite West (618 thousand euros);
- upgrading works on arrivals/transit passport check points at Terminal C (188 thousand euros);
- extension and upgrading of duty-free shop at Ciampino (100 thousand euros);
- extension of telephone and LAN network (650 thousand euros).

The main leasehold improvements completed during the period (equal to 5,545 thousand euros) include:

- extraordinary maintenance and implementation of BHS and HBS system, including new diagnostic system (1,035 thousand euros);
- lengthening of baggage handling system (500 thousand euros);
- upgrading of commercial areas, quota 11, Terminal A (229 thousand euros);
- expansion of sensitive flights area, Terminal C (174 thousand euros);
- reconfiguration of cityside road network at Ciampino (396 thousand euros);
- upgrading and implementation of BHS system (255 thousand euros);
- extraordinary maintenance of escalators and moving walkways at terminals (272 thousand euros);
- extension of various premises (mortuary, veterinary center, hazardous goods) at Cargo City (169 thousand euros).

Once again the first half of 2006, investment in airport infrastructure development was funded from increased boarding fees received during the period (in accordance with paragraphs 9 and 10 of art. 10, Law 537/93).

Tangible fixed assets

	12/31/2005				changes of the period			06/30/2006			
	Cost	Revaluations Law 72/1983	Allowances for amortization	Book value	Purchases/ Capitalization	Reclass.	Amortization	Cost	Revaluations Law 72/1983	Allowances for amortization	Book value
Land and buildings	19,433	465	(17,011)	2,887	650	18	(263)	20,101	465	(17,274)	3,292
Plant and machinery	115,678	0	(85,650)	30,028	4,685	1,285	(3,130)	121,648	0	(88,780)	32,868
Industrial and commercial equipment	15,247	0	(12,271)	2,976	13	0	(324)	15,260	0	(12,595)	2,665
Fixed assets to be relinquished	159,253	1,908	(75,825)	85,336	204	1,113	(3,538)	160,570	1,908	(79,363)	83,115
Other assets	38,870	0	(34,138)	4,732	434	240	(802)	39,528	0	(34,925)	4,603
Work in progress and advances	4,691	0	0	4,691	3,018	(2,574)	0	5,135	0	0	5,135
Total	353,172	2,373	(224,895)	130,650	9,004	82	(8,057)	362,242	2,373	(232,937)	131,678

Net tangible fixed assets rose by 1,028 thousand euros, due to investment totaling 9,004 thousand euros and positive adjustments amounting to 82 thousand euros, which was partly offset by depreciation of 8,057 thousand euros.

The most significant capitalizations during the period include:

- within the category "plant and machinery" (4,685 thousand euros), the acquisition of motor vehicles for ADR Handling SpA (538 thousand euros), electrical equipment (506 thousand euros), air conditioning and heating equipment (886 thousand euros), special airport equipment (144 thousand euros), advertising equipment for ADR Advertising SpA (133 thousand euros), car park systems (583 thousand euros) and baggage screening and security equipment (1,208 thousand euros);
- within the category "tangible fixed assets in progress and advances" (3,018 thousand euros), purchase of a system for identifying burnt out bulbs and a stop bar control system (486 thousand euros), of a baggage reclaim carousel at Ciampino (247 thousand euros), of an emergency power generator in the Eastern Area (305 thousand euros), of new equipment for handling baggage originating from the Domestic Terminal (221 thousand euros) and of inter-runway equipment (716 thousand euros).

In 2003, the subsidiary undertaking, ADR Tel SpA, entered into a finance lease agreement. The effects on shareholders' equity and the net result of the period, deriving from the treatment of the transaction in accordance with the "finance lease method" as opposed to the "operating lease method" actually used, are not reported in that they are not significant at Group level.

As security for the loans governed by agreements with Romulus Finance Srl, a syndicate of banks and Banca OPI – described in detail in the notes to "Payables" – the Parent Company has granted the lenders 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

	12-31-2005	changes during the period	06-30-2006
Equity investments in:			
▪ unconsolidated subsidiary undertakings:			
ADR Sviluppo S.r.l. Unipersonale	100	0	100
	100	0	100
▪ associated undertakings:			
La Piazza di Spagna Srl	49	0	49
Ligabue Gate Gourmet Roma SpA (insolvent)	0	0	0
	49	0	49
▪ other companies:			
Alinsurance Srl in liquidation	6	0	6
Aeroporto di Genova SpA	930	0	930
S.A.CAL. SpA	878	428	1,306
	1,814	428	2,242
	1,963	**428**	**2,391**

With regard to equity investments in other companies, the interest in S.A.Cal. SpA was increased via subscription on June 28, 2006 of ADR's portion of the capital increase of the associated undertaking, as approved by an Extraordinary General Meeting of its Shareholders on June 9, 2006.

For further information regarding the performance of the Group's principal equity investments during the first half of 2006, 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 and Banca OPI, ADR SpA has granted the lenders a lien on the Company's shareholdings in the subsidiary undertakings, ADR Tel SpA and ADR Advertising SpA. Such a guarantee is valid until the above loans have been fully repaid.

Receivables due and other items under non-current financial assets

	12-31-2005	changes during the period	06-30-2006
Receivables:			
▪ due from others:			
Public bodies for licenses	24	0	24
Other	2,666	(906)	1,760
	2,690	**(906)**	**1,784**

The reduction in such receivables, classified among non-current financial assets, amounting to 906 thousand euros, is due to payments of 932 thousand euros, net of revaluation of the amount due from the tax authorities in relation to the payment of withholding tax on employee severance indemnities as required by Law no. 662/96. This item is classified under "Other" and totals 26 thousand euros.

There are no receivables falling due beyond five years.

CURRENT ASSETS

Inventories

	12-31-2005	Changes during the period	06-30-2006
▪ Raw, ancillary and consumable materials	2,591	199	2,790
▪ Finished goods and goods for resale:			
goods for resale	8,027	102	8,129
▪ Contract work in progress	8,124	(668)	7,456
less accumulated write-downs	0	0	0
	8,124	(668)	7,456
▪ Advances	117	(117)	0
	18,859	**(484)**	**18,375**

Compared with December 31, 2005, inventories are down 484 thousand euros. This is substantially due to a reduction in "Contract work in progress" carried out towards external companies of the subsidiary undertaking, ADR Engineering SpA.

As security for the loans governed by agreements with Romulus Finance Srl, a syndicate of banks and 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

	12-31-2005	changes during the period		06-30-2006
		Increases (+) Repayments (-)	provisions (-) value recoveries (+)	
▪ Due from clients	170,337	14,666	0	185,003
Less				
allowance for doubtful accounts	(31,423)	961	(962)	(31,424)
allowance for overdue interest	(7,800)	71	(163)	(7,892)
	131,114	15,698	(1,125)	145,687
▪ Due from associated undertakings	530	0	0	530
▪ Due from tax authorities	1,600	(813)	0	787
▪ Deferred tax assets	27,375	(1,815)	0	25,560
▪ Due from others:				
sundry	49,996	18,442	0	68,438
advances to suppliers for services	14	(11)	0	3
	50,010	18,431	0	68,441
	210,629	**31,501**	**(1,125)**	**241,005**

"Due from clients", net of allowances for doubtful accounts, amount to 145,687 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 approximately 14.7 million euros, compared with December 31, 2005, essentially derives from increased average collection times typical of the first half of the year, which is partially offset by greater provisions for doubtful accounts, as a result of an updated assessment of the recoverability of receivables.

At June 30, 2006, receivables sold without recourse totaled 5.1 million euros.

"Due from associated undertakings", totaling 530 thousand euros, includes amounts due to ADR SpA from the insolvent Ligabue Gate Gourmet Roma SpA, classified among preferential liabilities. No movements of such receivables were reported during the period.

"Deferred tax assets", totaling 25,560 thousand euros as of June 30, 2006, decreased by 1,815 thousand euros compared with end of the previous year.

The composition of deferred tax assets and changes during the period are shown in the following table.

Balance sheet item

	Balance at 12.31.2005 (A)		Increase (B)		Decrease (C)		Balance at 06.30.2006 (A)	
	Tax base	Tax	Tax base	Tax	Tax base	Tax	Tax base	Tax
DEFFERED TAX ASSETS								
Allowances for risks and charges	32,301	11,205	3,079	1,077	5,562	1,868	29,818	10,414
Accumulated inventiry write-downs	694	259	458	171	82	31	1,070	399
Allowance for doubtful accounts	30,556	10,083	23	8	50	17	30,529	10,074
Provision for personnel	3,492	1,152	1,361	449	278	92	4,575	1,509
Accelerated depreciation	2,364	880	745	278	399	149	2,710	1,009
Consolidated adjustment	15,937	5,936	0	0	1,779	663	14,158	5,273
Other	8,564	3,165	852	311	3,590	1,314	5,826	2,162
Total deffered tax assets	**93,908**	**32,680**	**6,518**	**2,294**	**11,740**	**4,134**	**88,686**	**30,840**
Valuation of contracts	(125)	(47)	0	0	(125)	(47)	0	0
Dividends	(16)	(5)	0	0	(16)	(5)	0	0
Gain	(134)	(50)	(2)	(1)	(53)	(20)	(83)	(31)
Advance depreciation	(15,115)	(5,203)	(300)	(112)	(1,324)	(66)	(14,091)	(5,249)
Total deffered tax liabilities	**(15,390)**	**(5,305)**	**(302)**	**(113)**	**(1,518)**	**(138)**	**(14,174)**	**(5,280)**
TOTAL	**78,518**	**27,375**	**6,216**	**2,181**	**10,222**	**3,996**	**74,512**	**25,560**
NET DEFERRED TAX (ASSETS) LIABILITIES TO INCOME STATEMENT			**(1,815)**					

"Amounts due from others: sundry" rose by 18,431 thousand euros, mainly due to the increased liquidity deposited in the term current account denominated the "Debt Service Reserve Account" (up 19,031 thousand euros) in accordance with obligations set out in current loan agreements.
The balance of the term current account in the name of the Security Agent for ADR SpA's loans, denominated the "Debt Service Reserve Account", amounted to 63,164 thousand euros as of June 30, 2006. In accordance with the procedures established in the relevant agreement, ADR SpA has deposited a sum in this account to guarantee repayment of the loans.

As security for the loans taken out via contracts entered into with Romulus Finance Srl, and a syndicate of banks and Banca OPI, the Parent Company, ADR, 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, and with ADR Tel and ADR Advertising and insurance policies.

Amounts due as of June 30, 2006 (241,005 thousand euros) comprise 145,687 thousand euros of trade receivables, 64,161 thousand euros in the form of financial receivables and 31,157 thousand euros of other receivables. 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	TOTAL
Clients	139,131	5,311	818	282	145	145,687
	139,131	5,311	818	282	145	145,687

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

Current financial assets

	12-31-2005	Changes during the period	06-30-2006
▪ Equity investments in other companies	13	(13)	0
	13	**(13)**	**0**

The reduction to zero of this item, which at December 31, 2005 included the Parent Company's 9% equity investment in Edindustria SpA, derives from disposal of the investment on February 16, 2006.

Cash on hand and in banks

	12-31-2005	changes during the period	06-30-2006
▪ Bank and post office deposits	261,865	(111,882)	149,983
▪ Checks	0	2	2
▪ Cash and notes in hand	716	285	1,001
	262,581	(111,595)	**150,986**

The Group's cash on hand and in banks decreased by 111,595 thousand euros during the period. This was primarily due to payment of dividends (71.5 million euros), the increased liquidity deposited in the term current account denominated the "Debt Service Reserve Account" (see the note on "Amounts due from others: sundry") and payment of financial charges in June 2006.

As security for the loans governed by agreements with Romulus Finance Srl, a syndicate of banks and Banca OPI, the Parent Company, ADR, has granted the lenders a lien on all ADR's current accounts governed by a specific agreement. Such a guarantee is valid until the above loans have been fully repaid.

ACCRUED INCOME AND PREPAID EXPENSES

	12-31-2005	changes during the period	06-30-2006
▪ **Accrued income**	29	561	590
▪ **Prepaid expenses**			
Service costs	896	1,125	2,021
Leased assets	9	65	74
Payroll costs	31	105	136
Sundry operating costs	0	149	149
Financial charges	3,119	1,717	4,836
	4,084	**3,722**	**7,806**

The increase of 3,722 thousand euros is primarily due to "financial charges", which include prepayment of the installment due for the period for the monoline insurance premium paid to AMBAC Assurance UK, which has secured the bonds issued by Romulus Finance Srl that correspond to Facility A.

SHAREHOLDERS' EQUITY

	Share Capital	Share premium reserve	Legal reserve	Other reserve	Reserve for foreign currency translation adjustments	Retained earnings	Net income for the period	Consolidated shareholders' equity	Minority interest	Group and minority interest in shareholders' equity
Balance as of 12.31.2004	**62,310**	**667,389**	**12,445**	**0**	**(4,039)**	**(40,489)**	**3,942**	**701,558**	**22,171**	**723,729**
Allocation of net income 2004			17			(4,176)	(3,942)	(8,101)	(641)	**(8,742)**
distribution of reserve						(3,115)		(3,115)	(383)	**(3,498)**
Reduction in minority interest acquired by Group (United Towers)								0	(18,982)	**(18,982)**
Foreign currency traslation adjustments on conversion of accounts denominated in foreign currency					4,039			4,039	(1,320)	**2,719**
Net income for the Year							79,691	*79,691*	1,148	***80,839***
Net income for the Year										
Balance as of 12.31.2005	**62,310**	**667,389**	**12,462**	**0**	**0**	**(47,780)**	**79,691**	**774,072**	**1,993**	**776,065**
Allocation of net income 2005						9,281	(79,691)	(70,410)	(1,084)	(71,494)
Net income for the period							3,961	3,961	518	4,479
Balance as of 06.30.2006	**62,310**	**667,389**	**12,462**	**0**	**0**	**(38,499)**	**3,961**	**707,623**	**1,427**	**709,050**

The Parent Company's "share capital" amounts to 62,309,801 euros represented by 62,309,801 shares with a par value of 1 euro each.
On May 7, 2004, pursuant to article 5 of the Parent Company's By-laws, the Board of Directors approved a capital increase in the form of a scrip issue, raising the share capital from 62,224,743 to 62,309,801 euros. Such increase was carried out via the issue of 85,058 ordinary shares with a par value of 1 euro each, 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".
The shares corresponding to this increase in share capital have yet to be issued and allocated.

The "Group shareholders' equity" decreased by 66,449 thousand euros compared with December 31, 2005, primarily due to payment of dividends by the Parent Company, ADR SpA, totaling 70,410 thousand euros. Net income for the period, amounting to 3,961 thousand euros, only partly offsets this reduction.

"Minority interest in shareholders' equity" decreased by 566 thousand euros during the period due to payment of dividends to shareholder amounting to 1,084 thousand euros, partly offset by net income for the period of 518 thousand euros.

The reconciliation of shareholders' equity and net income for the period, as reported in the accounts 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 for the period		Shareholders' equity	
	H1 2006	H1 2005	06-30-2006	12-31-2005
Balances in ADR SpA's accounts	**3,356**	**1,355**	**765,310**	**832,365**
Effect of consolidation of subsidiary undertakings	(955)	6,760	(7,119)	(5,516)
Elimination of inter-company profits and other adjustments	1,817	246	(24,985)	(26,802)
Effect of deferred tax assets	(663)	(599)	5,275	5,938
Merger effect[10]	406	406	(30,858)	(31,264)
Currency adjustments due to translation of financial statements denominated in foreign currency			0	(649)
Balances in consolidated accounts	**3,961**	**8,168**	**707,623**	**774,072**

ALLOWANCES FOR RISKS AND CHARGES

	12-31-2005	changes during the period			06-30-2006
		Provisions	Reversal to income statement	Releases	
▪ **Taxes, including deferred:**	**1,948**	**0**	**0**	**0**	**1,948**
▪ **Other:**					
current and potential disputes	19,501	2,676	0	(1,277)	20,900
insurance deductibles	1,978	456	0	(76)	2,358
restructuring	14,328	0	0	(4,209)	10,119
fixed assets to be relinquished	4,631	79	0	0	4,710
	40,438	**3,211**	**0**	**(5,562)**	**38,087**
	42,386	**3,211**	**0**	**(5,562)**	**40,035**

Allowances for risks and charges, totaling 40,035 thousand euros, decreased 2,351 thousand euros compared with December 31, 2005. The provisions include:

- the "allowance for current and potential disputes" reports a net decrease of 1,399 thousand euros, due to the combined effect of provisions of 2,676 thousand euros made in order to provide cover for likely potential liabilities during the period, and releases carried out in order to settle disputes with customers and personnel;
- releases from the "allowance for restructuring" amounting to 4,209 thousand euros were made for personnel leaving the Companies of the Group during the period in implementation of the Group's reorganization program launched in 2005.

10 merger data different from first-time consolidation.

EMPLOYEE SEVERANCE INDEMNITIES

BALANCE AS OF 12-31-2005	**62,033**
changes during the period	
Provisions	4,535
Releases to pay indemnities	(4,489)
Releases to pay advances	(819)
Transfers of personnel	46
Other	(382)
BALANCE AS OF 06-30-2006	**60,924**

Employee severance indemnities report a net decrease of 1,109 thousand euros. This primarily reflects releases to pay indemnities and advances totaling 5,308 thousand euros, partly offset by provisions for the period of 4,535 thousand euros.

The item "transfers of personnel" includes an amount of 46 thousand euros regarding increased employee severance indemnities relating to the business unit, Spirit of Italy, acquired by Dufry.

PAYABLES

	12-31-2005	**changes during the period**	**06-30-2006**
▪ Due to banks	378,427	(478)	377,949
▪ Due to other financial institutions	1,279,085	(12,411)	1,266,674
▪ Advances:			
- from clients:			
. from the Ministry of Transport	5,048	0	5,048
. other	4,553	2,282	6,835
- on invoices paid in installments:			
. from clients	54	(54)	0
	9,655	2,228	11,883
▪ Due to suppliers	103,158	(2,855)	100,303
▪ Due to associated undertakings	1,003	0	1,003
▪ Taxes due	21,218	(9,193)	12,025
▪ Due to social security agencies	8,251	462	8,713
▪ Other payables: sundry creditors	41,583	(12,627)	28,956
	1,842,380	(34,874)	**1,807,506**

The Group's payables rose by 34,874 thousand euros during the period. The principal reasons for such a change are analyzed below.

"Amounts due to banks" total 377,949 thousand euros, of which 375,000 thousand euros represents the principal on long-term lines of credit denominated "Term Loan Facility" and "BOPI Facility". The remaining represents amounts due for interest, commissions and swap differentials accrued during the period but not yet settled. The reduction of 478 thousand euros compared with December 31, 2005 derives from the interest and swap differentials component.

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

Lender	*Facility Loan*	*Amount (millions of EUR)*	*Interest rate*	*Repayment*	*Life*	*Maturity date*
Syndacate of banks	**Term Loan Facility**	290	floating rate linked EURIBOR + margin	bullet	6 years	feb. 2012
	Revolving Facility	200	floating rate linked EURIBOR + margin	revolving	6 years	feb. 2012
		490				
Banca OPI	**BOPI Facility**	**85**	floating rate linked EURIBOR + margin	after 5 years in six-monthly installments	15 years	mar. 2018
	TOTAL	**575**				

As of June 30, 2006, all the long-term lines of credit (the "Term Facility" granted by a syndicate of banks on September 20, 2005 and the "BOPI Facility" granted on February 19, 2003 by Banca OPI and secured by CDC IXIS Financial Guaranty Europe), totaling 375,000 thousand euros, have been used; the "Revolving Facility", however, has not been used.

"Amounts due to other financial institutions" total 1,266,674 thousand euros. The item includes the principal of 1,265,019 thousand euros due from the Parent Company to Romulus Finance Srl and 1,655 thousand euros consisting of interest accrued on the above-mentioned loan and not yet paid.
The decrease of 12,411 thousand euros compared with December 31, 2005 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.

The loan from Romulus Finance Srl breaks down into five 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 EUR)	Interest rate	Repayment	Life	Maturity date
Romulus Finance Srl	**A1**	500	fixed	bullet	10 years	feb. 2013
	A2	200	floating rate linked EURIBOR + margin	bullet	12 years	feb. 2015
	A3	175	floating rate linked EURIBOR + margin	bullet	12 years	feb. 2015
	A4	325	floating rate linked to EURIBOR + margin up to 12/20/2009 and after fixed rate	bullet	20 years	feb. 2023
	B	65	floating rate linked EURIBOR + margin	bullet	7 years	feb. 2010
	TOTAL	**1,265**				

The hedging policy established within the framework of loan agreements with the banks and with Romulus Finance Srl requires that at least 51% of the debt is fixed rate. In accordance with this policy, the following interest rate swap agreements were entered into by ADR SpA in 2001, with the aim of hedging the interest rate risk associated with a portion of the loan. Such interest rate swaps – the counterparties for which in February 2003 are Mediobanca – Banca di Credito Finanziario SpA, Barclays, UBM, Royal Bank of Scotland and Deutsche Bank – are based on a notional capital of 864 million euros and mature on October 2, 2009.

On October 1, 2004, the Parent Company, ADR SpA, entered into interest rate swap agreements with a number of the above counterparties (Mediobanca – Banca di Credito Finanziario SpA, Barclays and Royal Bank of Scotland). The swaps are based on a total notional capital of 468 million euros up to 2007 and 495 million euros up to 2009. On the basis of the agreements, ADR SpA receives a fixed rate of 3.3% and pays a floating rate capped at 6.0%. This transaction enables ADR SpA to balance its exposure to fixed and floating rates, bringing it more into line with expected short- to medium-term movements in interest rates and fixing the maximum risk that may be incurred.

Finally, on May 16, 2006, ADR SpA signed two interest rate collar forward start contracts with Barclays and Royal Bank of Scotland, with a notional capital of 120 million euros each, on the basis of which ADR SpA will receive a floating 3 months Euribor rate and pay a floating 3 months Euribor rate with a cap of 5% and a floor of 3.64% from October 2, 2009 until February 20, 2012.

As of June 30, 2006, the fair value of the swap agreements entered into in 2001 is negative at 33,787 million euros, whilst the fair value of the swaps entered into in 2004 is a negative 8,522 million euros. The fair value of the above-mentioned collar contracts entered into in 2006 is 195 thousand euros. The characteristics of outstanding swaps are listed below:

(€'000)	*NOTIONAL*	*FAIR VALUE DERIVATES as of June, 30 2006*	*PURPOSE OF THE DERIVATES*	*FINANCIAL RISK*	*FINANCIAL DEBT HEDGED*
IRS of 2001 (CASH FLOW HEDGE)	864,000	(33,787)	Hedging	Interest Rate	864,000
IRS of 2004 (FAIR VALUE HEDGE)	468,000	(8,522)	Hedging	Interest Rate	468,000
COLLAR FWD of 2006 (FAIR VALUE HEDGE)	240,000	195	Hedging	Interest Rate	240,000
Totale derivates for the interest rate hedging		**(42,114)**			

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

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.

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's inventory, as well as any receivables deriving from the sale of such assets;
- a lien on all receivables and contracts with clients, and with ADR Tel and ADR Advertising and insurance policies;
- a lien on all of ADR SpA's current bank accounts;
- a lien on ADR's shareholdings in ADR Tel SpA and ADR Advertising SpA;
- "ADR Deed of Charge" (a British lien on loans subject to British legislation, hedging agreements and insurance policies governed by British law).

In addition, ADR SpA has undertaken to periodically meet specific covenants. Breach of the covenants will activate certain measures designed to protect the lenders. These measures are graduated according to the degree to which the Company has breached the covenants. As of June 30, 2006 all the covenants had been complied with.

"Amounts due to suppliers" decreased by 2,855 thousand euros, partly due to the lower volume of investment carried out during the period.

The decrease in "taxes due", totaling 9,193 thousand euros, is primarily due to income taxes for 2005 (7,590 thousand euros) and the smaller amount due to the tax authorities (1,881 thousand euros) as municipal surtax on passenger fees. The amount due to the tax authorities as municipal surtax on passenger fees totaled 8,163 thousand euros at June 30, 2006.

"Other payables: sundry creditors" fell by 12,627 thousand euros, mainly due to a decrease in the amount due for the license fee (down 8,351 thousand euros) deriving from, in addition to payment of the adjustment for 2004, from the effects of article 11.10 of Law no. 248/2005 which provided for a 75% in the license fee and a similar reduction in airport fees.
The reduction in the item "Other payables" was also affected by a decrease in employee severance indemnities (down 3,986 thousand euros) due to personnel leaving the Group at the end of the period compared with December 31, 2005.

As of June 30, 2006, total payables of 1,807,506 thousand euros, include 1,644,623 thousand euros of a financial nature, 113,155 thousand euros of trade payables and 49,728 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 1,644,623 thousand euros (as described in the paragraph regarding amounts due to banks and other financial institutions).

Payables falling due beyond five years amount to 1,549,519 thousand euros and regard amounts due to banks totaling 349,500 thousand euros (of which 290,000 thousand euros regards the Term Loan Facility and 59,500 thousand euros the loan from Banca OPI) and amounts due to other financial institutions of 1,200,019 thousand euros.

Payables in currency exposed to exchange rate risks total 1,083 thousand euros and refer to services supplied.

ACCRUED EXPENSES AND DEFERRED INCOME

	12-31-2005	changes during the period	06-30-2006
▪ Accrued expenses	17	(17)	0
▪ Deferred income			
. Sub-concessions and license fees	3,108	2,287	5,395
. Other services	2,381	207	2,588
	5,506	**2,477**	**7,983**

NOTES TO THE CONSOLIDATED MEMORANDUM ACCOUNTS

GENERAL GUARANTEES

	06-30-2006			12-31-2005		
	Secured credits	Unsecured credits	Total	Secured credits	Unsecured credits	Total
Sureties						
. in the interests of third parties	0	111	111	0	111	111
Other:						
. in favor of clients	0	346	346	0	444	444
	0	**457**	**457**	**0**	**555**	**555**

COMMITMENTS ON PURCHASES AND SALES

	06-30-2006	12-31-2005
COMMITMENTS ON PURCHASES		
Investments:		
. information systems, other	130	343
. electronic equipment	1,902	1,719
. maintenance and services	811	0
. vehicles and equipment	2,823	253
. self-financed works	5,024	16,670
	10,690	**18,985**

On February 28, 2003 the Parent Company, ADR SpA, granted IGPDecaux SpA a put option on its holding in ordinary and preference shares in ADR Advertising SpA. Such option is exercisable from the date of approval of the financial statements of ADR Advertising SpA as of December 31, 2004 until December 31, 2011, given the occurrence of specific conditions. As the exercise price is equal to the pro rata book value of shareholders' equity, it may not be quantified.

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. 447/1995) and the Ministerial Decree of November 29, 2000.
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 balance sheet date, judges its overall commitment to be no more than approximately 18 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.
In the Group's Management Report on Operations, the measures that the Parent Company, ADR SpA, has implemented - or intends to implement in the near future – with a view to alleviating the acoustic impact generated by aircraft in the vicinity of the airport, are listed in the section on "Environmental protection".

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

	06-30-2006	12-31-2005
GENERAL GUARANTEES RECEIVED		
Sureties:		
. received from suppliers	35,804	32,674
. received from clients	52,938	53,124
	88,742	85,798
THIRD PARTY ASSETS ON FREE LOAN DEPOSITED IN CUSTODY, LEASED OR SIMILAR		
. leased assets	11	27
. 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	667,983	667,983
	817,099	817,115
	905,841	**902,913**

"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.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

TOTAL REVENUES

Revenues

	H1 2006	H1 2005	change
▪ ***Revenues from sales:***			
. Non-aviation activities:			
Duty Free and Duty Paid	29,160	25,899	3,261
Other	618	514	104
	29,778	**26,413**	**3,365**
▪ ***Revenues from services:***			
. Aviation activities:			
Fees	69,168	74,879	(5,711)
Handling	49,267	50,999	(1,732)
Centralized infrastructures	16,184	17,115	(931)
Security	28,310	26,770	1,540
Other	5,955	5,301	654
	168,884	175,064	(6,180)
. Non-aviation activities:			
Sub-concessions and utilities	40,872	38,390	2,482
Car parks	13,660	13,568	92
Advertising	12,705	12,106	599
Refreshments	3,724	3,869	(145)
Other	7,550	6,923	627
	78,511	74,856	3,655
	247,395	**249,920**	**(2,525)**
▪ ***Revenues from contract work***	**0**	**1,348**	**(1,348)**
Total revenues from sales and services	**277,173**	**277,681**	**(508)**
▪ ***Changes in contract work in progress***	**(668)**	**(1,080)**	**412**
TOTAL REVENUES	**276,505**	**276,601**	**(96)**

61.1% of revenues, which total 276,505 thousand euros, derived from "aviation activities" carried out by the Group (63.3% in the first half of 2005), whilst 38.9% were generated by "non-aviation activities" (36.7% in the first half of 2005).

"Revenues from sales", deriving from the sale of goods through directly managed shops and consumables, amounted to 29,778 thousand euros, an increase of 3.4 million euros (up 12.6%) on the first half of 2005. This was due to the increased turnover of directly managed shops, linked to increases in traffic growth and the average passenger spend.

"Revenues from services" totaled 247,395 thousand euros, down 1% in the same period of 2005.
In particular, the item "sub-concessions and utilities" includes revenues deriving from charges to oil companies for the supply of jet fuel, which were increased in compliance with the criteria set out in Civil Aviation Authority Memorandum no. 39549 of June 16, 2006. For further information, see the section of the Management Report on Operations regarding "Real Estate Management".

A detailed analysis is provided in the section of the Management Report on Operations dedicated to the Group's financial position and operating performance.

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;
- **Handling:** including handling contracts and supplementary services;
- **Centralized infrastructures;**
- **Non-aviation 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/or 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, 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 (€000)	**Fees**	**Handling**	**Centralized infrastructures**	**Non-aviation activities**		**Other activities**	**Total**
				Sub-concessions	**Direct sales**		
H1 2006	69,168	49,267	16,184	40,872	29,778	71,236	**276,505**
H1 2005	74,879	50,999	17,115	38,390	26,413	68,805	**276,601**
change	*(5,711)*	*(1,732)*	*(931)*	*2,482*	*3,365*	*2,431*	*(96)*
% change	*(7.6%)*	*(3.4%)*	*(5.4%)*	*6.5%*	*12.7%*	*3.5%*	*0.0%*

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

- "Aviation" (including fees, handling, management of centralized infrastructure, security services and left luggage) amounting to 168,883 thousand euros, compared with 175,064 thousand euros in 2005 (down 3.5%);
- "Non-aviation" (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 107,622 thousand euros, compared with 101,537 thousand euros in 2005 (up 6.0%).

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: other

	H1 2006	H1 2005
▪ **Gains on disposals**	87	92
▪ **Other:**		
. Releases:		
release from allowance for overdue interest	23	26
release from other allowances	1	480
. Expense recoveries	69	151
. Recoveries of personnel expenses	108	151
. Other revenues	739	2,128
	940	2,936
	1,027	**3,028**

"Other revenues", amounting to 0.7 million euros, 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 2006 amounted to 48,343 thousand euros (46,925 thousand euros in the first half of 2005), including amortization of intangible fixed assets of 40,286 thousand euros (40,133 thousand euros in the first half of 2005) and depreciation of tangible fixed assets of 8,057 thousand euros (6,792 thousand euros in the same period of 2005). 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 962 thousand euros (2,019 thousand euros in the first half of 2005) and reflect an updated assessment of the recoverability of the Group's receivables.

Provisions for risks and other charges

"Provisions for risks" break down as follows:

	H1 2006	H1 2005
. current and potential disputes	2,656	3,709
. insurance deductibles	455	515
	3,111	**4,224**

"Other provisions", totaling 99 thousand euros, include 79 thousand euros regarding provisions for fixed assets to be relinquished.

Further information is provided in the notes 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 2006	H1 2005
▪ concession fees	29	30
▪ other	3,899	1,885
	3,928	**1,915**

The item "Other", amounting to 3,899 thousand euros, primarily regards membership dues (443 thousand euros) indirect taxes and duties (735 thousand euros) and updated valuations of over-estimated costs and under-estimated revenues recognized in the 2005 financial statements (713 thousand euros).

FINANCIAL INCOME AND EXPENSE

Other financial income

	H1 2006	H1 2005
▪ **Interest and commissions on long-term receivables:**		
Other	26	49
▪ **Other:**		
Interest on overdue current receivables:		
. Clients	164	223
Interest and commissions received from other companies and sundry income:		
. Interest from banks	3,717	1,835
. Interest from clients	0	15
. Other	1,445	2,595
	5,326	4,668
	5,352	**4,717**

"Interest from banks", totaling 3,717 thousand euros, increased by 1,882 thousand euros on the first half of 2005, as a result of greater average liquidity held at banks, as well as improved conditions applied by banks.

The item "Other" includes an amount of 1,426 thousand euros (2,537 thousand euros in the same period of 2005) regarding accrued positive differentials on interest rate swaps entered into in October 2004 in accordance with the loan agreement, as described in the note to "Payables". The decrease compared with the firs half of 2005 relates to the raising of variable interest rates.

Interest expense and other financial charges

	H1 2006	H1 2005
▪ Interest and commissions due to others and sundry charges:		
. Interest and commissions paid to banks	6,359	8,679
. Interest and commissions paid to other financial institutions	29,925	28,124
. Provisions for overdue interest on doubtful accounts	164	215
. Other	10,752	12,943
	47,200	**49,961**

The reduction of 2,320 thousand euros in "interest and commissions paid to banks" is due to the refinancing transaction carried out in September 2005, which enabled the Group to reduce bank debt by 105 million euros and obtain improved conditions on the new line of credit denominated the "Term Loan Facility".

The increase in "interest and commissions paid to other financial institutions", amounting to 1,801 thousand euros, derives from application of higher variable rates corresponding to lower expense for swap differentials.

The item "Other" includes a sum of 10,637 thousand euros, compared with 12,687 thousand euros registered in the first half of 2005, regarding negative interest differentials accruing on interest rate swaps entered into in 2001 in accordance with the loan agreement, as described in the note to "Payables".

Foreign exchange gains/(losses)

	H1 2006	H1 2005
. Foreign exchange gains	132	31
. Foreign exchange losses	24	18
	108	**13**

ADJUSTMENTS TO FINANCIAL ASSETS

	H1 2006	H1 2005
▪ Revaluations:		
- of equity investments:		
. ACSA Ltd	0	6,288
	0	**6,288**

In the first half 2005,this item regarded revaluation of the associated undertaking, ACSA Ltd., deriving from application of the equity method. It should be borne in mind that ADR IASA Ltd, the special purpose entity through which the ADR Group held its investment in ACSA Ltd, was disposed of on December 21, 2005.

EXTRAORDINARY INCOME AND EXPENSE

Income

Extraordinary income for the period totaled 349 thousand euros and breaks down as follows:

	H1 2006	H1 2005
▪ Other:		
Income and recovery of expenses relating to previous years deriving from:		
. Total revenues	22	1
. Operating costs	89	8
. Financial income and expense	0	33
. Reversal of liabilities	51	74
. Damages and compensation received	0	52
. Taxation from previous years	187	0
	349	**168**

Expense

Extraordinary expense for the period totaled 851 thousand euros and breaks down as follows:

	H1 2006	H1 2005
▪ Taxes relating to previous years	**110**	**219**
▪ Other:		
Extraordinary expense:		
Total revenues	115	48
Operating costs	449	330
Restructuring costs	0	1,176
Contingent liabilities	101	12
	665	**1,566**
Other extraordinary expense:		
Payments due for lost freight	0	112
Fines	45	22
Damages and compensation paid to third parties	31	50
	76	**184**
	741	**1,750**
	851	**1,969**

In the first half 2005 "Restructuring costs" included charges relating to the restructuring and reorganization carried out by the Group, involving the Parent Company, ADR SpA, and the subsidiary undertaking, ADR Handling SpA.

INCOME TAXES

This item reports the estimated expense for current taxes for the period totaling 16,853 thousand euros. Deferred tax assets of 1,815 thousand euros have also been recognized.

	H1 2006	H1 2005
▪ Current taxes		
. IRES	8,947	9,130
. IRAP	7,906	6,496
. income taxes of overseas companies	0	5
	16,853	**15,631**
▪ Deferred tax (assets) liabilities		
. Deferred tax assets	1,840	1,821
. deferred tax liabilities	(25)	(6)
	1,815	**1,815**
	18,668	**17,446**

In particular, IRES, accounting for 38.7% of income before taxes, is higher than the expected rate of 33% due to that fact that non-taxable gains are included in income.

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

OTHER INFORMATION

HEADCOUNT

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

Average	H1 2006	H1 2005	change
Management	54	61	(7)
Administrative staff	2,045	2,113	(68)
Ground staff and other	1,210	1,257	(47)
Total	**3,309**	**3,431**	**(122)**

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

Average	H1 2006	H1 2005	change
ADR SpA	2,087	2,200	(113)
ADR Handling SpA	1,161	1,174	(13)
ADR Engineering SpA	29	29	0
ADR Tel SpA	20	17	3
ADR Advertising SpA	12	11	1
ADR Group	**3,309**	**3,431**	**(122)**

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	353
Directors with positions required by Legislative Decree no. 231/2001	8
Statutory Auditors	146
Total	**507**

Remuneration of 7 thousand euros was also established (by the Board of Directors' resolution of March 9, 2005) for the Chairman of the Supervisory Board set up by ADR SpA pursuant to Legislative Decree no. 231/2001. This role has been assigned to a person who is not a member of the Company's Board of Directors.

LITIGATION

Tax litigation

In 1987, a general tax audit of the Parent Company'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 Parent Company responded by depositing its counter-evidence with the Court. The judgment is still pending.

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.

In December 2004 the Rome 7 Revenue Office notified the subsidiary undertaking, ADR Handling SpA, of a claim for back taxes and fines regarding IRPEG and IRAP for 2002.
In February 2005 the Company submitted a request for modification of such findings, which was partially granted in May 2005.
Indeed, in their assessment of said request the Rome 7 Revenue Office lifted application of the penalties imposed.

On February 3, 2005 the Special Audit Team from the Regional Tax Police Headquarters for the Lazio Region instigated a general tax audit of the Parent Company, ADR SpA, with respect to direct, indirect and other taxation due for the tax years 2003 and 2004.
The audit was subsequently extended to include VAT for the tax years 2001 and 2002, limited to certain specific operations carried out by the Company.
The tax inspectors then contested the applicability of IRPEG, IRAP and VAT deductions for so-called "Ancillary financial costs" incurred between 2001 and 2003.
In particular, for the tax year 2003, the inspectors deemed that amortization of "ancillary financial costs", amounting to 4,098 euros, was inapplicable with regard to IRPEG and IRAP.
With regard to VAT, the inspectors claim that VAT, totaling approximately 1.3 million euros, paid on the transaction costs incurred during the tax years 2001, 2002 and 2003, in relation to the assumption and restructuring of the above loans, is not deductible for tax purposes.
As a result of the audit, on December 29, 2005 the Rome 7 Revenue Office notified Aeroporti di Roma of two claims for back taxes and fines regarding VAT for the tax years 2001 and 2002.
Backed up by the opinions of its tax experts, and deeming that recognition of the legitimacy of its actions is highly likely, on March 15, 2006 the Company lodged an appeal with the Provincial Tax Commission against said claims.

Administrative, civil and labor 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, 2006, 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.

Significant disputes are summarized below:

- With regard to relations with public bodies, subsequent to Supreme Court sentence no. 15023/01, which, on the one hand, established that public bodies should have rent-free access to the premises necessary in order to carry out their legally required duties regarding aircraft, passengers and freight movements, whilst, on the other, requiring such bodies to pay for the services and utilities relating to said premises, ADR applied to the Ordinary Court for injunctions allowing it to recover receivables due from the various ministries. The latter have opposed such injunctions, not questioning that payment is due for use of services, but challenging the determination of amounts and the methods of calculation. The related judgments are pending, for some of which handing down of sentence is awaited.
- On May 26, 1999, ADR appealed Ministry of Finance Decree 86, dated March 5, 1999, before the Lazio Administrative Court. The Decree establishes the license 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 license fees for the years prior to 1997 in application of the Convention of June 26, 1974.
- In a resolution of September 20, 2000, the Antitrust Authority closed the investigation of ADR SpA, launched with the resolution of 1999, finding that the Company had not abused its dominant position either with respect to the fees charged for ground handling services, or with regard to self-handling. The Authority did, however, find anti-competitive practices in relation to Aviation Services (Meridiana Group), although no fine was inflicted. The Company has appealed the latter finding before the Lazio Administrative Court, but the date for the hearing has yet to be set.
- Alitalia and Alitalia Airport have appealed to the Lazio Regional Administrative Court against the Italian Civil Aviation Authority and the Director of Fiumicino Airport and against ADR SpA and ADR Handling SpA as interest parties. The appellants have requested the cancellation, subject to suspension, of both the Aviation Authority's provisions of September 26, 2000, by which the Authority defined the centralized infrastructure at Fiumicino Airport, including the cargo storage plant, and the act of March 29, 2001, by which the Director of Rome Fiumicino Airport ordered the appellants to "cease, with immediate effect, all activities regarding cargo handling, in relation to both services subject to limits and those for which it might have been necessary to use Alitalia's cargo plant". An announcement of the date of the relevant hearing is awaited, given that the appellants have withdrawn their request for a suspension.
- On March 3, 2003 ADR SpA, together with Assaeroporti and leading Italian airport operators, submitted an extraordinary appeal to the President of the Republic for annulment, with prior suspension, of the Civil Aviation Authority Regulations dated September 30, 2002 regarding "the construction and operation of airports", with which the Authority intends to apply ICAO Annex 14.

- The Ministerial Decree of November 29, 2000 requires the operators of public transport services and relative 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 consequences of this judgment are summarized below.

  The Appeal Judge, citing grounds that are partially different from those on which the appealed sentence was based, 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 (see the section of the Management Report on Operations dealing with Environmental protection: Noise abatement);
  - 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 19, 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".
- In July 2003 ADR lodged an appeal with the Lazio Regional Administrative Court in which it contested the request by the Antitrust Authority of May 12, 2003 to pay a sum of 1.2 million euros, equivalent to thirteen six-monthly "surcharges" on penalties of 0.9 million euros, imposed on ADR in 1993 following a dispute about handling.

  The appealed letter follows payment by ADR of an amount corresponding to only five six-monthly surcharges (0.5 million euros, as well as the original penalty) rather than the total of eighteen six-monthly surcharges requested by the Authority.

  In ADR's opinion, the surcharges are not due for the period in which the Antitrust Authority's penalty was "suspended" following acceptance by the Lazio Regional Administrative Court of ADR's request for a suspension in 1993 (as part of the appeal in which ADR contested the Antitrust Authority ruling), and until the sentence handed down by the court in July 2000.

  With sentence no. 198/2004, handed down on May 6, 2004, the Lazio Regional Administrative Court accepted ADR's appeal and, in particular: 1) annulled the disputed act (the letter from the Antitrust Authority dated May 12, 2003 in which the Authority laid claim to a sum of 1.7 million euros rather than 0.5 million euros; 2) ruled that ADR was not liable for payment of the surcharge stipulated in said act; and 3) ordered payment of legal interest to ADR for the period of the dispute (thirteen six-month periods, unless a different interpretation of the letter containing the grounds for the sentence emerges).

  In October 2004 the Antitrust Authority appealed the Lazio Regional Administrative Court sentence before the Council of State. The date of the hearing has yet to be announced.

- 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. In fact, pursuant to local airport authority ordinance 14/2002, as interpreted by the local airport authority's letter of January 9, 2003, ADR SpA was obliged, as of February 1, 2003, to carry out 100% screening of hold baggage with no possibility of charging fees for the service. Such fees were belatedly determined by the Ministerial Decree published in the Official Gazette on June 3, 2003. 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).
- In September 2003 ADR SpA lodged an appeal with Lazio Regional Administrative Court against the Executive Decree of June 30, 2003 (definition of airport license 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 applied until the end of , for calculating annual fees due from, among others, global airport operators pursuant to special laws. Such methods of calculation are deemed to be illegitimate as they introduce an element of "adjustment" to the resulting figures regarding the "earnings" that passengers produce in relation to the airport.
- On December 12, 2003 four sentences were published relating to four respective judgments regarding opposition to injunctions proposed by ADR SpA to recover payables due from Air Sicilia, which is in liquidation, pending before the eighth section of the Civil Court of Rome. The outcome of these judgments is favorable to ADR SpA as the Court ordered Air Sicilia to pay 0.6 million euros, a sum that will be added to the statement of account presenting proof of the debts due from the bankruptcy of Air Sicilia (declared on January 21, 2003 by the Bankruptcy Court of Caltagirone) together with amounts accrued subsequent to the above-mentioned judgments. The proofs of the debts due from Air Sicilia have been rejected. ADR SpA intends to appeal the decision, which it holds to be illegitimate. On June 23, 2004, an action was instituted for damages, with ADR as plaintiff, in judicial proceedings brought before the Attorney's Office of Caltagirone against seven members of the Board of Directors and the Board of Statutory Auditors of the bankrupt Air Sicilia SpA, with accusation of fraudulent bankruptcy. A date has yet to be fixed for a hearing to discuss this action.
- 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 Aeroporti di Roma 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. The date of the related hearing has yet to be announced.
- On October 28, 2005, ADR SpA submitted a complaint to the European Commission asking it to examine the provisions of Legislative Decree no. 211/2005 regarding so-called "system requirements", which was subsequently included in Legislative Decree no. 203/2005, converted into Law no. 248/2005. ADR's complaint aims to bring to the Commission's attention the fact that the above legislation violates EU law, with particular regard to the rules governing state aid.

  This complaint was followed on February 20, 2006 by a further communication to the European Commission from ADR, reinforcing and expanding on the previous complaint, in response to the guidelines issued by the Ministry of Infrastructure and Transport.

- Actions brought by the Parent Company, including those contesting certain provisions regarding the implementation of regulations introduced by Law no. 248/2005 (so-called "system requirements"), include the proceedings held before the civil court in February 2006 against the Ministry of Infrastructure and Transport. This regards a claim for damages, estimated at 27.6 million euros, caused to ADR SpA as a result of the failure to bring airport fees into line with the target inflation rate until December 2005, in compliance with article 2, paragraph 190 of Law no. 248/2005, which was repealed by Law no. 248/2005. A hearing was held on May 23, 2006. The proceedings have been adjourned until December 1, 2006.
  A further action relating to "system requirements" regards the appeal filed by ADR SpA at the Administrative Court in February 2006, with a view to revoking the guidelines issued by the Ministry of Infrastructure and Transport on December 30, 2005, regarding the entry into effect of Law no. 248/2005. Specifically, this regards a request for annulment of both the regulations concerning the reduction of airport fees and the Civil Aviation Authority's memorandum of January 20, 2006, fixing the level of temporary airport fees. At the hearing on May 11, 2006 the request for revocation was combined with a request for a judgment on the merit, due to be heard on October 26, 2006.
  Moreover, in March 2006 ADR SpA appealed to the Lazio Administrative Court, without a request for revocation, 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.
  Finally, ADR SpA lent its support to the appeals brought before the Constitutional Court by the Campania, Emilia Romagna, Piedmont, Tuscany and Sicily regional authorities in order to have Law no. 248/2005 declared unconstitutional.
  A hearing to discuss the appeal brought by Piedmont Regional Authority has been fixed for January 9, 2007.

The following claims with regard to contract work, services and supplies are pending before the Civil Court of Rome:

- ATI Alpine Bau has lodged an appeal against sentence no. 1347/06 handed down on January 16, 2006 by Rome's Civil Court (which ordered ADR to pay 1.2 million euros, plus legal interest accrued from the time of the claim totaling 0.2 million euros) in relation to the upgrading of runway 16/34L (runway 3) to be carried out by said company at Leonardo da Vinci Airport in Fiumicino. ADR SpA has been summoned to attend the hearing on January 10, 2007.
  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 (a hearing is to be held on October 2, 2007 for final judgment).
- A lawsuit was taken out by ATI Elsag SpA - CML Handling Technology SpA regarding payment of sums posted to accounts relating to the contract to construct the new baggage handling system at Fiumicino airport, amounting to 7.4 million euros, plus interest. At a hearing on June 16, 2004 the judge, taking into account the plaintiffs' request for an enquiry and ADR SpA's response, adjourned the case until a hearing on November 18, 2004. At this hearing judgment was withheld regarding admission of the evidence presented. The appointed judge has rejected the requests for an investigation from the parties and adjourned the case until the final hearing to be held on September 21, 2006. This stage of the legal process is expected to be concluded in 2007.
- ADR SpA has appealed the sentence handed down by the Civil Court of Rome regarding the claim filed by Consorzio Cooperative Costruzioni to obtain compensation for damages purportedly incurred by the plaintiff while work was under way to enlarge the central area of the international terminal. This sentence partially accepted the demands made by CCC and ordered ADR SpA to pay a sum of 1.2 million euros as well as legal costs and interest. At the first hearing held on January 21, 2005, the court discussed the request for an injunction halting implementation of the appealed sentence. The court decided to reject such request and adjourned the case until a hearing on September 21, 2007 for final judgment. In 2005 ADR SpA paid the sum of 1.6 million euros in order to avoid unnecessary charges that would derive from the action for execution.

- 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. A hearing has been scheduled for May 20, 2008 for final judgment.
- A civil lawsuit brought by Finprest 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 (Terminal A) at Leonardo da Vinci airport in Fiumicino. At the hearing for admission of evidence held on June 6, 2006, the judge adjourned the proceedings to a hearing on October 16, 2007 for final judgment.
- On May 22, 2003, the Civil Court of Rome, in sentence no. 17134/2003, partially accepted the request made by Garboli Rep (plaintiff) and ordered ADR to pay damages to the former on the grounds that claims 5 and 7 were justified. Damages were set at 0.4 milion euros, plus legal interest and overdue interest. The above-mentioned dispute refers to 7 claims (totaling 0.8 million euros) posted in the accounts relating to the contract for work on the road network, sub-service networks and transit tunnels within the scope of the so-called "Lot Opposite International Terminal" at Fiumicino. ADR SpA has decided to appeal this sentence.
  Regarding the overdue interest in this judgment, ADR SpA was first issued with an injunction and subsequently a distraint to obtain payment of the amount laid down in sentence no. 17134/2003. Therefore, in response to Garboli's decision to abandon the above execution, ADR opted to pay the total amount of 0.4 million euros in 2005, without prejudice to the right of recourse. The appeal judgment was adjourned to a hearing on April 10, 2007 for pronouncement of sentence.
- 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 at a hearing on March 30, 2005. 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. In view of the positive outcome of the initial hearing, the Group believes the likelihood of a negative outcome to be remote. The case was adjourned until November 27, 2007.
- On January 17, 2003 an appeal, with relative injunction, was lodged against the injunction submitted on December 9, 2002 by the special managers of Federici Stirling amounting to 1.5 million euros (which was subsequently reduced to 0.8 million euros after payments of overdue interest by ADR).
  This dispute arose from a contract for works regarding the first module to extend the Domestic Terminal at Fiumicino airport. Such works were entrusted to ATI, with Federici Stirling acting as agent.
  The next hearing for this action will be held on February 15, 2007, when the judge will pronounce sentence, although this dispute may be settled beforehand as a result of negotiations in progress.
- 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. Such 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. At a preliminary hearing on May 3, 2005 before the second section of the Appeal Court of Rome, the judge adjourned the hearing until February 5, 2008 for pronouncement of sentence.

- ADR SpA took out a civil action against ATI Consorzio Impromed SpA and Mr. Pietro Ciardiello, engineer, to claim damages arising from cancellation of a contract (amounting to 8 million euros) regarding failure to comply with contractual conditions relating to the doubling of the Bravo taxiway in the northern sector of the future Pier C. The claim for damages amounted to 1.4 million euros. The works in question were reassigned to the bidder ranked second in the competition. The preliminary hearing was took place on July 6, 2006, and the hearing has been adjourned until February 28, 2007.
- On March 31, 2006 a summons was issued in which ATI Opere Pubbliche SpA - Opere Idriche SpA, the company contracted to carry out works on the multistory car park (fifth module)at Leonardo da Vinci airport in Fiumicino, requests that ADR be ordered to pay the 17 reserves recorded in the accounts regarding said works, for a total of 2.0 million euros, plus legal interest, as well as legal costs and fees.

  The request submitted from the alleged design error which obliged the contractor, ATI, to use greater quantities of material than those provided for in the project and, above all, the increase in the prices of materials used for the work in question, primarily metals (iron, steel, copper, etc.). The initial hearing will take place on September 16, 2006.

The following claims with regard to contract work, services and supplies have been brought before the Administrative Court of Lazio:

- On July 25, 2006 ATI Siram SpA - Sarma Srl notified submission of an extraordinary appeal to the President of the Republic requesting cancellation of the exclusion **clause** of the "global service heating" tender, as well as any other related measure including the provision regarding awarding of the contract to CCC. Investigations are underway to assess the degree of risk entailed by this appeal.

The following claims with regard to contract work, services and supplies were settled before the Civil Court of Rome:

- With sentence no. 9328/2006, issued on April 24, 2006, the Civil Court of Rome fully rejected the claim made by Astaldi SpA (which took over APL contract no. 450/95 from Italstrade SpA). With this sentence Astaldi SpA was also ordered to pay all the legal expenses. This claim was made by Astaldi SpA regarding works for the construction of aprons and road links at Satellite West, Leonardo da Vinci Airport in Fiumicino, in which the plaintiff requested that ADR SpA be ordered to pay the reserves posted in the accounts in relation to said works, for a total of 7.3 million euros, plus legal interest, as well as legal costs and fees.
- Il Tribunale Regionale delle Acque Pubbliche, With sentence no. 14/06 handed down on April 10, 2006, the Regional Public Water Court ordered ADR and the Ministry of Infrastructure and Transport, jointly, to pay damages of 75 thousand euros, plus legal interest, as well as legal costs and fees, to SAICOM. This dispute arose from reorganization of the drainage network for meteoric water from the Ostia Maccarese reclamation district following construction of runway 16L/34R (runway 3) at Fiumicino airport in 1973 which, according to SAICOM, caused flooding of its land adjacent to runway 3, with consequent damage to crops, estimated at 1.2 million euros by the court-appointed expert.
- With sentence no. 122/2006 handed down on April 24, 2006, the Lazio Administrative Court definitively rejected the claims made by ATI SOMECA.

  On November 22, 2004 ATI SOMECA – Ditta Ing. Pietro Ciardiello appealed the memorandum in which ADR SpA informed said company of its exclusion from the tender regarding construction of ECHO aircraft aprons in the Southeastern Area of Leonardo da Vinci Airport in Fiumicino (with a starting price of around 7.9 million euros), requesting injunctive relief in the meantime. The company had been excluded because after verification the company's bid was deemed unsuitable. The appeal and request for injunction also regard award of the contract to ATI Pavimental SpA – Leonardo Costruzioni Srl; all the bid documents including appraisals of suitability; and any other prior related and subsequent documents.

- With sentence no. 14365/2006, published on June 19-22, 2006, the Civil Court of Rome partially accepted claim made by ATI COMER Costruzioni Meridionali Srl - F.lli Panci Srl - Marino Appalti Srl and ordered ADR to pay a sum of 0.1 million euros, as well as legal interest and reimbursement of legal costs.
  This judgment follows on from the injunction, notified on February 22, 2002, in which ATI claimed damages and interest amounting to 0.7 million euros, regarding upgrading works on runway 16R/34L, on the section of the Alfa taxiway north of the AB link road and the AA and AB link roads at Fiumicino airport.

In the Parent Company's judgment, current litigation and other potential disputes should not give rise to liabilities greater than the amount that has already been provided for.

* * *

In conclusion, we declare that the Six-Month Report presents a true and fair picture of the Group's financial position and results of operations for the period.

THE BOARD OF DIRECTORS

ADR GROUP: COMPARATIVE FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET
as of June 30, 2006

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

	06/30/2006			12/31/2005			06/30/2005		
ASSETS									
UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS			0			0			0
FIXED ASSETS									
INTANGIBLE FIXED ASSETS									
▪ Incorporation and development costs		427			549			736	
▪ Industrial patents and intellectual property rights		785			1,017			753	
▪ Concessions, licenses,trademarks and similar rights		1,876,189			1,900,971			1,924,582	
▪ Goodwill arising from consolidation		922			1,006			3,831	
▪ Leasehold improvements in process and advances		31,512			29,415			30,502	
▪ Others		161,638			163,943			160,365	
			2,071,473			2,096,901			2,120,769
TANGIBLE FIXED ASSETS									
▪ Land and buildings		3,292			2,887			2,944	
▪ Plant and machinery		32,868			30,028			23,623	
▪ Industrial and commercial equipment		2,665			2,976			1,150	
▪ Fixed assets to be relinquished		83,115			85,336			67,170	
▪ Other assets		4,603			4,732			4,004	
▪ Work in progress and advances		5,135			4,691			27,265	
			131,678			130,650			126,156
NON-CURRENT FINANCIAL ASSETS									
▪ Equity investments in:									
- unconsolidated subsidiary undertakings	100			100			100		
- associated undertakings	49			49			133,410		
- other companies	2,242			1,814			1,895		
		2,391			1,963			135,405	
▪ Receivables due from others:									
. within 12 months	3			3			3		
. beyond 12 months	1,781			2,687			3,354		
		1,784			2,690			3,357	
			4,175			4,653			138,762
Total fixed assets			**2,207,326**			**2,232,204**			**2,385,687**
CURRENT ASSETS									
INVENTORY									
▪ Raw, ancillary and consumable materials		2,790			2,591			2,821	
▪ Contract work in progress		7,456			8,124			9,719	
▪ Finished goods and goods for resale									
- goods for resale	8,129			8,027			8,284		
		8,129			8,027			8,284	
▪ Advances		0			117			96	
			18,375			18,859			20,920
RECEIVABLES									
▪ Due from clients									
. within 12 months	145,687			131,114			145,597		
. beyond 12 months	0	145,687		0	131,114		279	145,876	
▪ Due from associated undertakings		530			530			665	
▪ Due from tax authorities		787			1,600			2,141	
▪ Defered Tax assets		25,560			27,375			23,108	
▪ Due from others:									
- various									
. within 12 months	68,438			47,748			66,213		
. beyond 12 months	0			2,248			2,248		
- advances to suppliers for services to be rended	3			14			3		
		68,441			50,010			68,464	
			241,005			210,629			240,254
MARKETABLE SECURITIES			0			13			0
CASH ON HAND AND IN BANKS									
▪ Bank and post office deposits		149,983			261,865			117,098	
▪ Checks		2			0			0	
▪ Cash and notes in hand		1,001			716			897	
			150,986			262,581			117,995
Total current assets			**410,366**			**492,082**			**379,169**
ACCRUED INCOME AND PREPAID EXPENSES									
▪ Accrued income and other prepaid expenses			**7,806**			**4,084**			**6,395**
TOTAL ASSETS			**2,625,498**			**2,728,370**			**2,771,251**

CONSOLIDATED BALANCE SHEET
as of June 30, 2006

(in thousands of euros)

(Translation from the original issued in Italian)

		06/30/2006			**12/31/2005**			**30-06-2005**	
LIABILITIES AND SHAREHOLDERS' EQUITY									
SHAREHOLDERS' EQUITY									
SHARE CAPITAL:									
ordinary shares		62,310			62,310			62,310	
SHARE PREMIUM RESERVE		667,389			667,389			667,389	
REVALUATION RESERVES		0			0			0	
LEGAL RESERVE		12,462			12,462			12,462	
STATUTORY RESERVES		0			0			0	
RESERVE FOR OWN SHARES		0			0			0	
OTHER RESERVES		0			0			0	
RESERVE FOR FOREIGN CURRENCY TRANSLATION ADJUSTMENTS		0			0			(8,754)	
RETAINED EARNINGS (ACCUMULATED LOSSES)		(38,499)			(47,780)			(47,780)	
GROUP NET INCOME (LOSS) FOR THE PERIOD		3,961			79,691			8,168	
			707,623			774,072			693,795
MINORITY INTEREST									
• Share capital, reserves and net income (loss) for the period		1,427			1,993			21,894	
			1,427			1,993			21,894
GROUP AND MINORITY INTEREST IN CONSOLIDATED SHAREHOLDERS' EQUITY			**709,050**			**776,065**			**715,689**
ALLOWANCES FOR RISKS AND CHARGES									
• For Taxes		1,948			1,948			1,731	
• Other		38,087			40,438			29,281	
Total allowances for risks and charges			**40,035**			**42,386**			**31,012**
EMPLOYEE SEVERANCE INDEMNITIES			**60,924**			**62,033**			**66,405**
PAYABLES									
• *Due to banks*									
. within 12 months	2,949			3,427			2,386		
. beyond 12 months	375,000			375,000			480,000		
		377,949			378,427			482,386	
• Due to other financial institutions:									
. within 12 months	1,655			14,066			1,456		
. beyond 12 months	1,265,019			1,265,019			1,265,019		
		1,266,674			1,279,085			1,266,475	
• Advances:									
- from clients									
. from the Ministry of Transport:									
. within 12 months	278			278			382		
. beyond 12 months	4,770			4,770			4,770		
. other	6,835			4,553			6,063		
- prepayment of invoices to be paid in installments									
. from clients	0			54			54		
		11,883			9,655			11,269	
• Due to suppliers:									
. within 12 months	94,423			97,627			104,172		
. beyond 12 months	5,880			5,531			5,665		
		100,303			103,158			109,837	
• Due to associated undertakings		1,003			1,003			1,003	
• Taxes due:									
.within 12 months	12,025			21,218			36,126		
		12,025			21,218			36,126	
• Due to social security agencies		8,713			8,251			8,275	
• Other payables: various creditors									
. within 12 months	28,028			40,736			34,850		
. beyond 12 months	928			847			827		
		28,956			41,583			35,677	
Total payables			**1,807,506**			**1,842,380**			**1,951,048**
ACCRUED EXPENSES AND DEFERRED INCOME									
• Accrued expenses and other deferred income			**7,983**			**5,506**			**7,097**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**2,625,498**			**2,728,370**			**2,771,251**

MEMORANDUM ACCOUNTS
as of June 30, 2006
(in thousands of euros)
(Translation from the original issued in Italian)

	06/30/2006		12/31/2005		06/30/2005	
General guarantees						
▪ Sureties	111		111		111	
▪ Other	346		444		459	
		457		555		570
▪ Collateral guarantees		0		0		0
▪ Commitments on purchases and sales		10,690		18,985		41,996
▪ Other		905,841		902,913		894,401
		916,988		**922,453**		**936,967**

CONSOLIDATED INCOME STATEMENT
for the First Half 2006
(in thousands of euros)
(Translation from the original issued in Italian)

	First Half 2006			First Half 2005			2005		
TOTAL REVENUES									
• Revenues from sales and services:									
- revenues from sales	29,778			26,413			58,928		
- revenues from services	247,395			249,920			522,066		
- revenues from contract work	0	277,173		1,348	277,681		2,348	583,342	
• Changes in contract work in progress		(668)			(1,080)			(2,675)	
• Capitalized costs and expenses		2,260			1,911			6,264	
• Other income and revenues:									
- revenue grants	0			0			35		
- profits on disposals	87			92			369		
- other	940			2,936			6,542		
		1,027			3,028			6,946	
			279,792			281,540			593,877
OPERATING COSTS									
• raw, ancillary and consumable materials and goods for resale		28,715			24,482			54,260	
• services		45,351			43,025			89,059	
• leases		4,980			11,696			24,690	
• payroll:									
- wages and salaries	57,453			57,112			113,590		
- social security	16,659			16,504			33,250		
- employee severance indemnities	4,535			4,527			9,023		
- other	568			721			1,547		
		79,215			78,864			157,410	
• Depreciation, amortization and write-downs:									
- amortization of intangible fixed assets	40,286			40,133			82,976		
- depreciation of tangible fixed assets	8,057			6,792			14,954		
	0			0			0		
- provisions for doubtful accounts	962			2,019			11,306		
		49,305			48,944			109,236	
• Changes in inventories of raw, ancillary and consumable materials and goods for resale		(301)			560			1,045	
• Provisions for risks		3,111			4,224			5,892	
• Other provisions		99			245			230	
• Sundry operating costs:									
- losses on disposals	0			0			4		
- license fees	29			30			41		
- other	3,899			1,885			4,965		
		3,928			1,915			5,010	
			(214,403)			(213,955)			(446,832)
Operating income			65,389			67,585			147,045
FINANCIAL INCOME AND EXPENSE									
• Other financial income:									
- from long-term receivables									
. other	26			49			68		
- other									
. interest and commissions from others and sundry revenues	5,326			4,668			10,887		
		5,352			4,717			10,955	
• Interest expense and other financial charges:									
- interest and commissions to others and sundry charges	47,200			49,961			100,882		
		(47,200)			(49,961)			(100,882)	
• Profits and losses on Exchange									
- Profits	132			31			70		
- Losses	24			18			141		
		108			13			(71)	
Total financial income (expense), net			(41,740)			(45,231)			(89,998)

CONSOLIDATED INCOME STATEMENT
for the First Half 2006
(in thousands of euros)
(Translation from the original issued in Italian)

	First Half 2006			First Half 2005			2005		
ADJUSTMENTS TO FINANCIAL ASSETS									
▪ Revaluations									
- of equity investments		0			6,288			11,539	
▪ Write-downs:									
- of equity investments		0			0			(68)	
Total adjustments			**0**			**6,288**			**11,471**
EXTRAORDINARY INCOME AND EXPENSE									
▪ Income:			0						
- gains on disposal	0			0			73,055		
- other	349			168			434		
		349			168			73,489	
▪ Expense:									
- taxes relating to previous period	110			219			451		
- other	741			1,750			26,141		
		(851)			(1,969)			(26,592)	
Total extraordinary income (expense), net			**(502)**			**(1,801)**			**46,897**
Income before taxes			**23,147**			**26,841**			**115,415**
Income taxes of the period, current, defferred assets (liabilities) :									
- current		(16,853)			(15,631)			(37,028)	
- deferred tax assets (liabilities)		(1,815)			(1,815)			2,452	
			(18,668)			**(17,446)**			**(34,576)**
Net income (loss) for the period			4,479			9,395			80,839
of which:									
▪ minority interest			518			1,227			1,148
▪ **Parent Company's share**			**3,961**			**8,168**			**79,691**

AEROPORTI DI ROMA SPA:
FINANCIAL STATEMENTS

BALANCE SHEET
as of June 30, 2006
(in euros)
(Translation from the original issued in Italian)

ASSETS

	06/30/2006			12/31/2005		
UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS			0			0
FIXED ASSETS						
INTANGIBLE FIXED ASSETS:						
▪ Incorporation and development costs		0			0	
▪ Industrial patents and intellectual property rights		784,709			1,016,916	
▪ Concessions, licenses,trademarks and similar rights		1,906,835,158			1,931,969,852	
▪ Leasehold improvements in process and advances		35,668,158			33,734,851	
▪ Leasehold improvements		161,219,230			163,632,746	
			2,104,507,255			2,130,354,365
TANGIBLE FIXED ASSETS:						
▪ Land and buildings		3,291,642			2,887,100	
▪ Plant and machinery		22,967,189			20,771,292	
▪ Industrial and commercial equipment		1,733,211			1,929,902	
▪ Fixed assets to be relinquished		84,889,600			87,138,143	
▪ Other assets		4,529,817			4,639,797	
▪ Work in progress and advances		4,665,955			4,125,032	
			122,077,414			121,491,266
NON-CURRENT FINANCIAL ASSETS:						
▪ Equity investments in:						
- subsidiary undertakings	104,923,563			157,845,155		
- associated undertakings	49,001			49,001		
- other companies	2,242,389			1,814,313		
		107,214,953			159,708,469	
▪ Receivables due from others:						
. within 12 months	3,099			3,099		
. beyond 12 months	1,760,567			2,655,689		
		1,763,666			2,658,788	
			108,978,619			162,367,257
Total fixed assets			**2,335,563,288**			**2,414,212,888**
CURRENT ASSETS						
INVENTORY						
▪ Raw, ancillary and consumable materials		2,790,257			2,591,472	
▪ Contract work in progress		6,662,805			6,660,671	
▪ Finished goods and goods for resale						
- goods for resale	8,129,315			8,027,206		
		8,129,315			8,027,206	
▪ Advances		0			39,763	
			17,582,377			17,319,112
RECEIVABLES						
▪ Due from clients		115,006,386			103,084,810	
▪ Due from subsidiary undertakings		15,394,011			18,451,633	
▪ Due from associated undertakings		529,543			529,543	
▪ Due from tax authorities		521,569			990,572	
▪ Deferred tax assets		17,494,846			18,060,846	
▪ Due from others:						
- various						
. within 12 months	67,566,436			48,745,651		
. beyond 12 months	0			764,867		
- advances to suppliers for services to be rendered	0			35,694		
		67,566,436			49,546,212	
			216,512,791			190,663,616
MARKETABLE SECURITIES						
		0			12,709	
			0			12,709
CASH ON HAND AND IN BANKS						
▪ Bank and post office deposits		144,379,781			256,505,985	
▪ Checks		1,500			0	
▪ Cash and notes in hand		795,565			631,708	
			145,176,846			257,137,693
Total current assets			**379,272,014**			**465,133,130**
ACCRUED INCOME AND PREPAID EXPENSES						
▪ Accrued income and other prepaid expenses			**7,224,476**			**3,947,649**
TOTAL ASSETS			**2,722,059,778**			**2,883,293,667**

BALANCE SHEET
as of June 30, 2006
(in euros)
(Translation from the original issued in Italian)

	06/30/2006			12/31/2005		
LIABILITIES AND SHAREHOLDERS' EQUITY						
SHAREHOLDERS' EQUITY						
▪ SHARE CAPITAL						
ordinary shares			62,309,801			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			416,300			416,300
▪ RETAINED EARNINGS (ACCUMULATED LOSSES)			19,377,394			4,259,073
▪ NET INCOME (LOSS) FOR THE PERIOD			3,355,549			85,528,397
Total shareholders' equity			**765,310,499**			**832,365,026**
ALLOWANCES FOR RISKS AND CHARGES						
▪ Other		36,562,327			38,974,895	
Total allowances for risks and charges			**36,562,327**			**38,974,895**
EMPLOYEE SEVERANCE INDEMNITIES			**41,936,299**			**43,455,797**
PAYABLES						
▪ Due to banks						
. within 12 months	2,041,569			3,427,180		
. beyond 12 months	375,000,000			375,000,000		
		377,041,569			378,427,180	
▪ Due to other financial institutions:						
. within 12 months	1,655,012			14,065,547		
. beyond 12 months	1,265,018,896			1,265,018,896		
		1,266,673,908			1,279,084,443	
▪ Advances:						
- from clients						
. from the Ministry of Transport:						
. within 12 months	278,106			278,106		
. beyond 12 months	4,770,000			4,770,000		
. other	5,933,213			3,721,889		
		10,981,319			8,769,995	
▪ Due to suppliers:						
. within 12 months	84,763,135			86,197,268		
. beyond 12 months	5,880,176			5,529,814		
		90,643,311			91,727,082	
▪ Due to subsidiary undertakings:						
. within 12 months	84,459,990			144,108,834		
		84,459,990			144,108,834	
▪ Due to associated undertakings:						
. within 12 months	1,002,980			1,002,980		
		1,002,980			1,002,980	
▪ Taxes due:						
. within 12 months	10,636,844			19,923,477		
		10,636,844			19,923,477	
▪ Due to social security agencies		5,438,960			5,128,773	
▪ Other payables: various creditors						
. within 12 months	22,424,117			33,728,213		
. beyond 12 months	928,084			847,477		
		23,352,201			34,575,690	
Total payables			**1,870,231,082**			**1,962,748,454**
ACCRUED EXPENSES AND DEFERRED INCOME						
▪ Accrued expenses and other deferred income			**8,019,571**			**5,749,495**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**2,722,059,778**			**2,883,293,667**

MEMORANDUM ACCOUNTS
as of June 30, 2006
(in euros)
(Translation from the original issued in Italian)

	06/30/2006		12/31/2005	
General guarantees				
▪ Sureties	110,522		110,522	
▪ Other	675,231		688,176	
		785,753		798,698
▪ Collateral guarantees		0		0
▪ Commitments on purchases and sales		24,893,071		30,914,746
▪ Other		901,440,419		898,894,571
		927,119,243		**930,608,015**

INCOME STATEMENT
for the First Half 2006
(in euros)
(Translation from the original issued in Italian)

	First Half 2006			First Half 2005		
TOTAL REVENUES						
▪ Revenues from sales and services:						
- revenues from sales	30,644,226			27,139,450		
- revenues from services	212,291,170			214,810,654		
- revenues from contract work	0			1,347,827		
		242,935,396			243,297,931	
▪ Changes in contract work in progress		2,134			(1,260,827)	
▪ Other income and revenues:						
- profits on disposals	86,852			91,749		
- other	855,959			1,917,609		
		942,811			2,009,358	
			243,880,341			**244,046,462**
OPERATING COSTS						
▪ raw, ancillary and consumable materials and goods for resale		28,044,841			24,127,182	
▪ services		43,467,250			41,023,161	
▪ leases		4,252,904			10,820,706	
▪ payroll:						
- wages and salaries	37,328,177			37,301,265		
- social security	10,671,892			10,623,225		
- employee severance indemnities	3,035,032			3,079,256		
- other	396,457			530,312		
		51,431,558			51,534,058	
▪ Depreciation, amortization and write-downs:						
- amortization of intangible fixed assets	40,212,715			39,992,540		
- depreciation of tangible fixed assets	7,284,850			6,270,349		
- provisions for doubtful accounts	798,361			1,772,215		
		48,295,926			48,035,104	
▪ Changes in inventories of raw, ancillary and consumable materials and goods for resale		(300,894)			559,346	
▪ Provisions for risks		2,518,419			3,856,959	
▪ Other provisions		80,000			120,000	
▪ Sundry operating costs:						
- license fees	28,534			29,410		
- other	3,880,745			1,759,944		
		3,909,279			1,789,354	
			(181,699,283)			**(181,865,870)**
Operating income			**62,181,058**			**62,180,592**
FINANCIAL INCOME AND EXPENSE						
▪ Other financial income:						
- from long-term receivables						
. other	25,920			45,521		
- other						
. Interest and commissions from subsidiary undertakings	10,875			3,178		
. Interest and commissions from banks	3,703,091			1,790,884		
. Interest and commissions from clients	163,357			229,834		
. Interest and commissions from others	1,445,177			2,588,673		
		5,348,420			4,658,090	
▪ Interest expense and other financial charges:						
- interest and commissions due to subsidiary undertakings	1,262,544			61,191		
- interest and commissions due to banks	6,359,091			8,678,584		
- interest and commissions due to other financial institutions	29,925,274			28,124,023		
- interest and commissions due to others	10,748,586			12,937,042		
- provisions for overdue interest on written down receivables	163,389			214,626		
		(48,458,884)			(50,015,466)	
	130,147			26,310		
	23,938			16,212		
		106,209			10,098	
Total financial income (expense), net			**(43,004,255)**			**(45,347,278)**

INCOME STATEMENT
for the First Half 2006
(in euros)
(Translation from the original issued in Italian)

	First Half 2006			First Half 2005		
ADJUSTMENTS TO FINANCIAL ASSETS						
			0			**0**
EXTRAORDINARY INCOME AND EXPENSE						
• Income:						
- other	235,194			165,822		
		235,194			165,822	
• Expense:						
- taxes relating to previous years	0			218,953		
- other	506,786			1,595,882		
		(506,786)			(1,814,835)	
Total extraordinary income (expense), net			**(271,592)**			**(1,649,013)**
Income before taxes			**18,905,211**			**15,184,301**
Income taxes of the period, current, deferred assets (liabilities):						
- current		(14,983,662)			(13,232,745)	
- deferred tax assets (liabilities)		(566,000)			(597,000)	
			(15,549,662)			**(13,829,745)**
Net income (loss) for the period			**3,355,549**			**1,354,556**

REPORT OF THE INDEPENDENT AUDITORS

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REPORT OF THE INDEPENDENT AUDITORS
ON THE REVIEW OF THE SIX-MONTH REPORT AS OF JUNE 30, 2006

To the Shareholders
of Aeroporti di Roma S.p.A.

1. We have performed a review of the consolidated accounting schedules and related explanatory notes included in the six-month report as of June 30, 2006 of Aeroporti di Roma S.p.A. The six-month report is the responsibility of the Company's Directors. Our responsibility is to issue this report based on our review of the six-month report. We have also checked the part of the report related to the information on operations with the sole purpose of verifying the consistency thereof with the rest of the six-month report.

2. Our review was made in accordance with the criteria for reviews recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("CONSOB") under Resolution No. 10867 of July 31, 1997. Our review consisted principally of obtaining the information regarding the items reported in the accounting schedules and the consistency of the valuation criteria through discussion with company management and of applying analytical procedures to the data contained in the accounting schedules. Our review did not include those audit procedures such as compliance tests and substantive tests of assets and liabilities and was significantly less in scope than an audit conducted in accordance with generally accepted auditing standards. As a consequence, unlike the auditors' report accompanying the annual consolidated financial statements, we do not express an opinion on the six-month report.

3. With regard to the comparative information related to the annual consolidated financial statements as of December 31, 2005 and to the six-month report as of June 20, 2005, reference should be made to our reports issued on April 4, 2006 and September 16, 2005, respectively.

4. Based on our review, we are not aware of any material modifications or additions that should be made to the consolidated accounting schedules and related explanatory notes identified in paragraph 1. of this report, for them to be in conformity with the accounting standards set out by the Italian law, integrated and interpreted by the accounting principles established by the Italian Accounting Profession (*Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri* and *Organismo Italiano di Contabilità*), as far as applicable to interim accounts.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Falcone
Partner

Rome, Italy
September 25, 2006

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