SIX-MONTH REPORT OF THE ADR GROUP as of June 30, 2003

Aeroporti di Roma Società per Azioni
Registered office in Fiumicino (Rome) - Via dell'Aeroporto di Fiumicino, 320
Fully paid-in capital stock €62,224,743

www.adr.it

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CORPORATE OFFICERS

Aeroporti di Roma S.p.A.

Board of Directors
(after the Shareholders' and Board of Directors' meetings of March 24, 2003)

Chairman	Achille Colombo
Deputy Chairman	Paolo Savona
Managing Director	Pier Giorgio Romiti
Directors	Marcus Charles Balmforth Martyn Booth Andrea Ciffo Vittorio De Stasio Federico Falck Christopher Timothy Frost Cesare Pambianchi John Stuart Hugh Roberts Francesco Sensi Alessandro Triscornia
Secretary	Massimo Faccioli Pintozzi

Board of Statutory Auditors

Chairman	Fabrizio Rimassa
Statutory Auditors	Francesco Ricco Giancarlo Russo Corvace Emanuele Torrani Luigi Tripodo
Alternate Auditors	Roberto Ascoli Franco Fontana

General Manager	Enrico Casini

Independent Auditors	Reconta Ernst & Young S.p.A.

ADR GROUP: CONSOLIDATED SIX-MONTH ACCOUNTS

CONSOLIDATED BALANCE SHEET
as of June 30, 2003

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

ASSETS

	06-30-2003			12-31-2002		
UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS			0			0
FIXED ASSETS						
INTANGIBLE FIXED ASSETS						
▪ Incorporation and development costs		1,110			406	
▪ Industrial patents and intellectual property rights		161			123	
▪ Concessions, licenses,trademarks and similar rights		2,022,301			2,046,765	
▪ Goodwill arising on consolidation		1,789			1,885	
▪ Leasehold improvements in process and advances		38,206			19,924	
▪ Others		152,863			147,571	
			2,216,430			2,216,674
TANGIBLE FIXED ASSETS						
▪ Land and buildings		1,205			1,366	
▪ Plant and machinery		16,256			17,275	
▪ Industrial and commercial equipment		1,215			1,351	
▪ Fixed assets to be relinquished		77,043			79,662	
▪ Other assets		3,830			4,786	
▪ Work in progress and advances		1,812			1,688	
			101,361			106,128
FINANCIAL FIXED ASSETS						
▪ Equity investments in:						
- unconsolidated subsidiary undertakings	100			694		
- associated undertakings	119,143			105,752		
- other companies	1,895			1,895		
		121,138			108,341	
▪ Receivables due from others:						
. within 12 months	3			3		
. beyond 12 months	5,861			6,373		
		5,864			6,376	
			127,002			114,717
Total fixed assets			**2,444,793**			**2,437,519**
CURRENT ASSETS						
INVENTORY						
▪ Raw, ancillary and consumable materials		2,874			2,986	
▪ Contract work in progress		10,297			14,962	
▪ Finished goods and goods for resale						
- goods for resale	8,988			8,195		
		8,988			8,195	
▪ Advances		105			120	
			22,264			26,263
RECEIVABLES						
▪ Due from clients		153,153			139,248	
▪ Due from unconsolidated subsidiary undertakings		0			815	
▪ Due from associated undertakings		744			1,146	
▪ Due from others:						
- various						
. within 12 months	54,488			78,337		
. beyond 12 months	2,378			2,321		
- tax authorities	3,789			5,094		
- advances to suppliers for services to be rended	12			112		
		60,667			85,864	
▪ Deferred tax assets		19,937			20,276	
			234,501			247,349
MARKETABLE SECURITIES			0			0
CASH ON HAND AND IN BANKS						
▪ Bank and post office deposits		80,580			50,563	
▪ Checks		1			0	
▪ Cash and notes in hand		650			675	
			81,231			51,238
Total current assets			**337,996**			**324,850**
ACCRUED INCOME AND PREPAID EXPENSES						
▪ Accrued income and other prepaid expenses			**6,595**			**552**
TOTAL ASSETS			**2,789,384**			**2,762,921**

CONSOLIDATED BALANCE SHEET
as of June 30, 2003

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

LIABILITIES AND SHAREHOLDERS' EQUITY	06-30-2003			12-31-2002		
SHAREHOLDERS' EQUITY						
SHARE CAPITAL:						
ordinary shares		62,225			62,225	
SHARE PREMIUM RESERVE		667,389			667,389	
REVALUATION RESERVES		0			0	
LEGAL RESERVE		12,445			12,445	
RESERVE FOR OWN SHARES		0			0	
STATUTORY RESERVES		0			0	
OTHER RESERVES		85			85	
RESERVE FOR FOREIGN CURRENCY TRANSLATION ADJUSTMENTS		(13,480)			(17,285)	
RETAINED EARNINGS (ACCUMULATED LOSSES)		(38,462)			(11,292)	
GROUP NET INCOME (LOSS) FOR THE PERIOD		(14,901)			5,187	
			675,301			718,754
MINORITY INTEREST						
▪ Share capital, reserves and net income (loss) for the period		53,441			47,431	
			53,441			47,431
GROUP AND MINORITY INTEREST IN CONSOLIDATED SHAREHOLDERS' EQUITY			**728,742**			**766,185**
ALLOWANCES FOR RISKS AND CHARGES						
▪ Other		25,198			28,236	
Total allowances for risks and charges			**25,198**			**28,236**
EMPLOYEE SEVERANCE INDEMNITIES			**65,241**			**68,648**
PAYABLES						
▪ Due to banks						
. within 12 months	27,486			44,479		
. beyond 12 months	480,000			1,626,738		
		507,486			1,671,217	
▪ Due to other financial institutions:						
. within 12 months	1,462			0		
. beyond 12 months	1,265,019			0		
		1,266,481			0	
▪ Advances:						
- from clients						
. from the Ministry of Transport:						
. within 12 months	4,991			5,868		
. beyond 12 months	652			653		
. other	1,503			1,280		
- prepayment of invoices to be paid in installments						
. from clients	58			58		
		7,204			7,859	
▪ Due to suppliers:						
. within 12 months	110,300			113,702		
. beyond 12 months	6,820			7,374		
		117,120			121,076	
▪ Due to associated undertakings		986			969	
▪ Due to parent companies:						
. within 12 months	4			24,873		
		4			24,873	
▪ Taxes due:						
.within 12 months	12,385			6,590		
. beyond 12 months	0			413		
		12,385			7,003	
▪ Due to social security agencies		8,614			8,851	
▪ Other payables: various creditors						
. within 12 months	43,454			51,991		
. beyond 12 months	532			375		
		43,986			52,366	
Total payables			**1,964,266**			**1,894,214**
ACCRUED EXPENSES AND DEFERRED INCOME						
▪ Accrued expenses and other deferred income			**5,937**			**5,938**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**2,789,384**			**2,763,221**

MEMORANDUM ACCOUNTS
as of June 30, 2003
(in thousands of euros)
(Translation from the original issued in Italian)

	06-30-2003		12-31-2002	
General guarantees				
• Sureties	111		111	
• Other	1,239		1,237	
		1,350		1,348
Collateral guarantees		0		0
Commitments on purchases and sales		69,409		82,803
Other		897,205		891,962
		967,964		**976,113**

CONSOLIDATED INCOME STATEMENT
for the six months to June 30, 2003
(in thousands of euros)
(Translation from the original issued in Italian)

	1st half 2003			1st half 2002		
TOTAL REVENUES						
▪ Revenues from sales and services:						
- revenues from sales	20,576			22,593		
- revenues from services	215,344			211,580		
- revenues from contract work	9,289	245,209		15,148	249,321	
▪ Changes in contract work in progress		(4,665)			(4,714)	
▪ Capitalized costs and expenses		1,578			1,167	
▪ Other income and revenues:						
- revenue grants	71			0		
- profits on disposals	15			62		
- other	2,078			12,793		
		2,164			12,855	
			244,286			258,629
OPERATING COSTS						
▪ raw, ancillary and consumable materials and goods for resale		20,913			19,980	
▪ services		43,726			45,004	
▪ leases		10,350			9,130	
▪ payroll:						
- wages and salaries	55,104			56,747		
- social security	16,375			16,447		
- employee severance indemnities	4,548			4,783		
- other	730			653		
		76,757			78,630	
▪ Depreciation, amortization and write-downs:						
- amortization of intangible fixed assets	40,246			39,219		
- depreciation of tangible fixed assets	7,712			8,751		
- provisions for risks	117			165		
		48,075			48,135	
▪ Changes in inventories of raw, ancillary and consumable materials and goods for resale		(681)			184	
▪ Provisions for risks		988			1,605	
▪ Other operating costs:						
- losses on disposals	0			89		
- license fees	81			84		
- other	4,776			2,755		
		4,857			2,928	
			(204,985)			(205,596)
Operating income			39,301			53,033
FINANCIAL INCOME AND EXPENSE						
▪ Income from equity investments:						
- dividends from other companies	0			37		
- other income from equity investments	0			21		
		0			58	
▪ Other financial income:						
- from long-term receivables						
. other	93			127		
- other						
. interest and commissions from others and sundry revenues	2,242			7,136		
		2,335			7,263	
▪ Interest expense and other financial charges:						
- interest and commissions to parent companies	191			0		
- interest and commissions to others and sundry charges	49,769			50,681		
		(49,960)			(50,681)	
Total financial income (expense), net			(47,625)			(43,360)

CONSOLIDATED INCOME STATEMENT
for the six months to June 30, 2003
(in thousands of euros)
(Translation from the original issued in Italian)

	1st half 2003			1st half 2002		
ADJUSTMENTS TO FINANCIAL ASSETS						
▪ Revaluations						
- of equity investments		7,315			3,308	
▪ Write-downs:						
- of equity investments		0			0	
Total adjustments			**7,315**			**3,308**
EXTRAORDINARY INCOME AND EXPENSE						
▪ Income:						
- gains on disposal	0			0		
- other	287			2,628		
		287			2,628	
▪ Expense:						
- taxes relating to previous years	2,007			1,887		
- other	2,962			1,629		
		(4,969)			(3,516)	
Total extraordinary income (expense), net			**(4,682)**			**(888)**
Income before taxes			**(5,691)**			**12,093**
Income taxes:						
- current		(5,938)			(8,266)	
- deferred tax assets		(295)			(2,694)	
			(6,233)			**(10,960)**
Net income (loss) for the period			**(11,924)**			**1,133**
of which:						
▪ minority interest			2,977			275
▪ **Parent Company's share**			**(14,901)**			**858**

MANAGEMENT REPORT AND NOTES TO THE CONSOLIDATED ACCOUNTS

OPERATING REVIEW

GROUP OPERATIONS

INTRODUCTION

In the first half of 2003, the ADR Group reported a loss of 11.9 million euros having substantially broken even in the first half of 2002. The Parent Company, ADR, also ended the six-month period with a loss of 16.4 million euros.

These results indicate that 2003 will be a difficult and demanding year for the Group.

Signs of recovery within the Roman airport system were weaker than anticipated, with traffic first affected by the war in Iraq, and subsequently hit even harder by the outbreak of the SARS epidemic in the Far East, against a backdrop of still sluggish world economic growth.

Traffic saw a rise of 11.3% in aircraft tonnage, which was greater than movements (up 9.3%), while passengers increased by only 3.5%, performing less well than expected. These negative events also prompted a shift towards lower spending passengers, as demonstrated by the exceptional increase in passengers at Ciampino Airport (up 143.9%) on the back of expanding low-cost traffic, compared with the slight drop in the number of passengers using Fiumicino (down 0.3%).

This impact of such a trend was mainly felt by non-aviation activities, which experienced a downturn in direct sales and in royalties from retail outlets operated under sub-concession.

Aviation revenues were also penalized by the delay in approving payment for the 100% screening of checked baggage. The Parent Company started providing this service in February, but it could only charge passengers as of June.

The increased costs of war-risk insurance cover, entirely shouldered by the Group since January 1, and the new method of calculating the concession fee introduced in 2003, have entailed additional expense for the Parent Company.
Moreover, 100% screening of checked baggage, which became mandatory as of February 1, 2003, resulted in personnel and equipment costs that were borne by the Parent Company, ADR, until June 3, 2003, when legislation came into effect allowing the Company to charge carriers for the service.

To meet this greater expense, the Group stepped up cost rationalization and cutting initiatives, mainly by reducing external services and adapting services to the changes in traffic and passengers, especially regarding direct retail sales and those carried out via concessionaires.

Ongoing uncertainty and deficiencies on the regulatory and institutional front obviously continue to penalize the operating performance of the Group, which is nevertheless called upon to guarantee high-quality services for its customers. In this respect, the new airport concession agreement for the period to 2044 has yet to be ratified by the competent Ministry. The planned decree that will establish airport fees, calculated on a provisional basis since March 2002, also failed to be passed.

Investment continued in accordance with the scheduled program, with a view to making the airport a hub for industrial activities and a provider of an increasingly diversified range of services. Plans were drawn up to construct airfield infrastructure to cater for such activities.

It should be noted that the Group is also involved in cultural activities. The "Play on" initiative, together with others planned for the coming months, confirm the Group's interest in such matters.

In the early part of the year, the crucial transaction designed to restructure the Parent Company's debt was concluded at a time of great financial market uncertainty ahead of the war in Iraq. In addition to affirming investors' confidence in ADR, this transaction has also brought economic benefits and alleviates the pre-existing, complex system of operating and financial restrictions.

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 2002.

Traffic component	**SYSTEM**	**% CHANGE**
Movements	163,150	+9.3%
Aircraft tonnage	11,695,387	+11.3%
Total passengers	12,788,410	+3.5%
Total freight (tons)	73,522	+1.6%

A table summarizing key economic and financial data for the Group for the first half of 2003 is provided below.

Key economic, financial and operational data (Thousands of euros)		
	1st half 2003	**1st half 2002**
Total revenues	240,614	244,607
Gross operating income	91,363	93,154[1]
Operating income	39,301	53,033
Net income	(11,924)	1,133
	June 30, 2003	**Dec 31, 2002**
Invested capital	2,370,995	2,336,183
Shareholders' equity	728,742	766,185
Net debt	1,642,253	1,569,998
Short-term cash and cash equivalents	102,766	81,340
Medium-/long-term debt	1,745,019	1,651,338
Ratios		
	1st half 2003	**1st half 2002**
Total revenues/average headcount (€000)	73	71
No. of passengers/average headcount	3,891	3,569

[1] For purposes of comparison, gross operating income for the first half of 2002 has been changed following reclassification of some income statement items. For details of these reclassifications, see the section on the Group's financial position and operating results

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

Key economic, financial and operational data (Thousands of euros)		
	1st half 2003	**1st half 2002**
Total revenues	217,441	218,291
Gross operating income	89,777	93,102[1]
Operating income	39,575	54,676
Net income	(16,415)	832
	June 30, 2003	**Dec 31, 2002**
Invested capital	2,377,085	2,360,265
Shareholders' equity	728,325	777,097
Net debt	1,648,760	1,583,168
Short-term cash and cash equivalents	96,259	68,170
Medium-/long-term debt	1,745,019	1,651,338

Ratios		
	1st half 2003	**1st half 2002**
Total revenues/average headcount (€000)	98	98
No. of passengers/average headcount	5,748	5,523

BACKGROUND

Principal macro-economic indicators

The performance of leading industrialized countries, primarily represented by the figures for GDP growth, are a leading external factor affecting future air traffic trends. The following is a concise analysis of the world macroeconomic situation[2].

During the first five months of the year, strong tensions on the international geopolitical scene and the protracted volatility of financial markets hampered global economic growth. The leading advanced economies saw limited expansion.
The removal of uncertainty relating to the war in Iraq has not produced an immediate rally either in the United States or Europe. The problems that existed before September 2001, such as the surplus production capacity built up over recent years,have not disappeared and constitute a real obstacle to world growth.

Moreover, the international situation remains highly uncertain due to the risk of new terrorist attacks and the SARS epidemic, which appears, however, to have been completely overcome. While remaining very cautious, experts believe that the global economy should return to a normal footing: the fall in oil prices, low inflation, the overall expansionary macro-economic policies of leading economies and more realistic expectations for equity prices, after three years of uninterrupted decline, point to a modest upturn that should become more evident in 2004.

The US is expected to see rapid economic recovery due to a highly expansionary policy characterized by approval of a substantial package of tax cuts. GDP is expected to grow by 2.2% this year.

After a year of growth that helped to fuel some optimism regarding an economic rally, Japan witnessed flat GDP during the early part of the year (up 0.1%), raising fears of a new period of stagnation.

After the sharpest fall in economic activity for twenty years, the economies of Latin America, overall, show no clear signs of recovery. Nevertheless, the situation varies from country to country, with Venezuela on the brink of economic and political collapse and Argentina going though a phase of slow consolidation ahead of upcoming presidential elections.

In Europe (the euro area), growth during the first quarter of 2003 was generally sluggish, remaining at the levels achieved at the end of 2002. This trend stemmed from reduced exports and a significant decrease in investment, offset by a rise in household consumption and public spending. At the year-end, GDP growth is expected to stand at 0.8%.

In South Africa, after the slowdown of 1998 and 1999, the economy enjoyed a period of sustained growth, resulting in a rise in GDP of 3.2% in 2002. Also during the early part of 2003, the South African economy demonstrated remarkable flexibility and above all a notable capacity to react positively (thanks to the rand's exchange rate against strong currencies) to certain factors, including the downturn in the global economy.

As in other industrialized countries, economic activity in Italy during the first quarter of 2003 maintained a decidedly slow pace due to contraction of the industrial sector resulting from both external and internal factors. On the international front, the climate of uncertainty arising from the Iraq crisis, as well as penalizing production and exports of goods and services, also scaled backed the expectations of companies with obvious negative repercussions on their investment decisions. On the home front, the Italian economy reflected the lack of expected tax incentives and eco-incentives that did not materialize. A slight recovery should set in during the second half of the year with year-end GDP growth expected to reach 0.8%.

[2] *Source: Macroeconomic Forecasts – Confindustria – June 2003*

Legal and regulatory context

With regard to airport fees, the Ministry of Transport and Infrastructure did not issue a decree defining the new fees by the end of 2002, as called for by the Ministry's own decree of November 14, 2000 which set the deadline for a provisional decision regarding the said amounts at and not beyond March 1, 2002.

The Parent Company continued to record revenues in accordance with the most recently established amounts.

Following the coming into force of EU Regulation No. 2320/2002 of December 16, 2002 and Civil Aviation Authority regulations 14/2002 and 7/2002 of December 31, 2002, as of February 1, 2003 100% control of checked baggage is mandatory.

On June 3, 2003, a Ministerial Decree dated March 14, 2003 was published in No. 126 of the Official Gazette. The decree provisionally set the amounts due for such services at 2.05 euros per outgoing passenger from both Fiumicino and Ciampino airports.
Carriers are directly responsible for the application and collection of such amounts, as well as full payment to the airport operator (art. 2 of the Ministerial Decree).

The Ministerial Decree provides that the Civil Aviation Authority shall apply such amounts as of the date of notification to the Ministry of Transport and Infrastructure and the operator,, which is responsible for verifying compliance of the service offered with the requirements of the related legislation. The Civil Aviation Authority has recognized such compliance, at both Fiumicino and Ciampino, and submitted the required notification to the Ministry and ADR on June 3, 2003.

The said amounts consist of a fixed and a variable component and will remain in force until a review, to be carried out by Ministerial Decree, or in any case until no later than March 30, 2004.

The Ministry's review will be carried out on the basis of results for the financial year and of analytic and audited accounts submitted to the Ministry of Transport and Infrastructure, the Civil Aviation Authority and the airport operator, pursuant to CIPE (Ministerial Economic Planning Committee) Resolution No. 86/2000. The review will also consider quality parameters laid down by the Civil Aviation Authority and established by the same decree (art. 3, Ministerial Decree of March 14, 2003).

In compliance with the above-mentioned legislation, the Parent Company, ADR, launched a 100% control of checked baggage service on February 1, 2003, bearing the related costs until June 3, 2003. As already mentioned, as of this date payment for such service became collectable. ADR intends to take the necessary actions to recover such costs.

The same issue of the Official Gazette contained the text of a Ministerial Decree dated March 14, 2003 regarding the amount due for passenger and carry-on baggage security checks. The amount remained at 1.81 euros (as provided for by the prior Ministerial Decree of December 21, 2001), which is added to the boarding fee.

This amount will remain in force until a review is carried out by a decree from the Ministry of Transport and Infrastructure on the basis of calculation criteria pursuant to CIPE (Ministerial Economic Planning Committee) Resolution No. 86/2000, by March 30, 2004.

Meetings are in progress at the Civil Aviation Authority between the Authority and Assaeroporti regarding implementation of the Airport Construction and Operation Regulations in application of ICAO Annex 14, including additions to the text adopted by the Civil Aviation Authority on September 30, 2002 and contested by the leading airport operators.

The Agreement between the Civil Aviation Authority and ADR, which governs the concession, the draft of which was signed in July 2002 and approved by the Board of Directors on July 8, 2002, is still awaiting ratification by the Ministry of Transport and Infrastructure and, therefore, has not yet been applied.

On June 30, 2003 a decree was issued defining the license fees for 2003 (published in the Official Gazette of July 7, 2003). Pursuant to art. 1 of this decree. As of 2003, the fees due from airport operators is determined in relation to the WLU (Work Load Unit, corresponding to one passenger or 100 kilograms of freight or mail) in accordance with the procedures indicated in the technical annex to the decree.

Preparation continues of various corporate documents forming an integral part of the Organization, Management and Control Model, with a view to preventing the commission of offences pursuant to Legislative Decree 231 of June 8, 2001 (Administrative liability of companies).

ACTIVITIES

Aviation activities

Air traffic

World air traffic continued to recover during the first few months of the year compared with the losses made in the wake of September 11, 2001, but the war that began in Iraq in March 2003 and the SARS epidemic stalled the upturn with new traffic losses compared to the same period in the previous year. The longest crisis ever faced by the air transport industry was thus prolonged.

At a global level, during the first three months of 2003 annual figures showed a rise in passengers (3.1%) and movements (0.2%) compared with the same period of the previous year.

Europe was also affected by the international downturn. Compared with the corresponding period in 2002, the first three months of 2003 reported an increase in passengers (4.9%) and movements (3.6%), while the trend as of the beginning of the year clearly indicates the above-mentioned phenomenon:

Total Passengers[3]	WORLD	January	+9.0%	EUROPE	January	+10.9%
		February	+3.9%		February	+ 6.5%
		March	-2.3%		March	- 1.1%

In Italy, compared with the previous year, the first five months of 2003 posted an increase in passengers and movements of 7.8% and 7.0%, respectively.

The slowdown, while not representing a reduction, can also be seen in Italy:

Total Passengers[4]	ITALY	January	+20.2%	April	+ 2.6%
		February	+12.1%	May	+ 3.9%
		March	+ 5.0%		

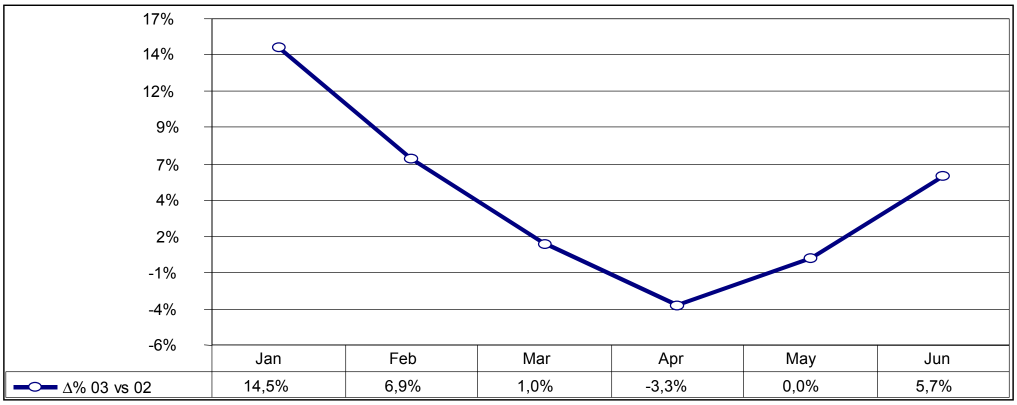
[3] *Source: ACI World – March 2003*
[4] *Source: Assaeroporti*

The airport system

During the first five months of 2003, the following main European airports, against which the Group's performance is measured, achieved the best passenger traffic results: London (up 5.0%), Amsterdam (up 2.2%), Madrid (up 1.9%), Paris (up 1.8%) and Frankfurt (up 0.7%)[5].

The Rome airport system reported an increase of 3.5% with monthly performances which, as already experienced at global and European levels, were affected by the war in Iraq and the SARS epidemic as shown in the following graph:

THE ROME AIRPORT SYSTEM
Total Passengers – Monthly percentage changes compared with 2002



Information regarding trends in traffic components is provided below:

Data up to June 30, 2003 (The figures in brackets indicate the percentage change with respect to the previous year)

Traffic component	SYSTEM	Fiumicino	Ciampino	Domestic	International
Movements	163,150	145,355	17,795	84,747	78,403
	(+9.3%)	*(+6.7%)*	*(+35.5%)*	*(+0.1%)*	*(+21.3%)*
Aircraft tonnage	11,695,387	10,976,342	719,045	4,855,331	6,840,056
	(+11.3%)	*(+9.0%)*	*(+66.9%)*	*(-0.3%)*	*(+21.4%)*
Total passengers	12,788,410	11,991,245	797,165	5,969,220	6,819,190
	(+3.5%)	*(-0.3%)*	*(+143.9%)*	*(-0.5%)*	*(+7.4%)*
Total freight (tons)	73,522	63,555	9,967	10,208	63,314
	(+1.6%)	*(-0.1%)*	*(+13.7%)*	*(-8.1%)*	*(+3.3%)*

[5] *Source: Airport Council International; Rapid data Exchange Programme*

International traffic breaks down into European Union and non-European Union as follows.

Traffic component	International	EU	Non EU
Movements	78,403	50,967	27,436
	(+21.3%)	(+23.2%)	(+17.8%)
Aircraft tonnage	6,840,056	3,437,129	3,402,927
	(+21.4%)	(+20.1%)	(+22.7%)
Total passengers	6,819,190	4,385,886	2,433,304
	(+7.4%)	(+13.2%)	(-1.7%)
Total freight (tons)	63,314	14,500	48,814
	(+3.3%)	(+5.9%)	(+2.6%)

At Fiumicino, the above-mentioned events resulted in an increase in capacity (total movements up 6.7% and aircraft tonnage up 9.0%) that was not accompanied by a similar increase in passenger traffic, which was substantially in line with the same period in the previous year (down 0.3%) and the freight component, which did not experience significant variations (down 0.1%).

Breakdowns for the different areas are as follows:

Domestic traffic: This sector, representing 49.7% of total passenger traffic, reported the following:

- *Domestic, Alitalia* (69.6% of passenger market share): the carrier reported decreased passenger traffic (down 5.8%), due to a reduction in the load factor and in capacity (movements were down 4.5%, aircraft tonnage was down 4.1%);
- *Domestic, other carriers* (30.4% of passenger market share): the increase in passenger traffic (passengers up 14.1%; movements up 7.7%; aircraft tonnage up 8.2%) derived from increased capacity on the part of some domestic carriers, including AirOne, Meridiana and Volare Airlines;

International European Union traffic: This sector, representing 30.4% of total passenger traffic, reported the following:

- *European Union, Alitalia* (35.2% of passenger market share): the carrier reported a decrease in passenger levels (passengers down 5.0%) despite an increase in capacity (movements up 9.0%) and aircraft tonnage (up 2.4%);
- *European Union, other carriers* (64.8% of passenger market share): all the other carriers reported a 4.6% increase due to a sharp rise in capacity (movements up 17.0%; aircraft tonnage up 14.4%);

International traffic outside the European Union: This sector, representing 19.9% of total passenger traffic, was most seriously affected by the current crisis and reported the following:

- *Traffic outside the European Union, Alitalia* (26.1% of passenger market share): the carrier saw a rise in passenger levels (up 11.1%) due to an increase in capacity (movements up 23.2% and aircraft tonnage up 24.6%);
- *Traffic outside the European Union, other carriers* (73.9% of passenger market share): other airlines reported a fall of 5.4% in the number of passengers despite an increase in capacity.

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

Regarding domestic traffic Volare began operating three daily flights to Bergamo.

Within the European Union Alitalia inaugurated a daily flight to Stuttgart, German Wings added a daily flight to Cologne, Virgin began a daily route to Amsterdam and SAS, via its new brand Snowflake, stepped up operations by opening a new route to Stockholm.

Regarding non-European traffic, despite the negative events that led to cancellations (Delta to Cincinnati, Northwest to Detroit, Qantas to Sydney) and to various operational cutbacks (China Airlines to Taipei, Delta to New York, Cathay to Hong Kong, Thai to Bangkok), other companies inaugurated new direct flights (American to New York, Eritrean to Asmara, Qatar Airways to Doha and Braathens to Oslo).

At Ciampino airport the increase in passengers (up 143.9%) with respect to the same period in 2002 is primarily due to the development of low-cost traffic. Ryanair, which started operating in April 2002 and had seven daily flights out of Ciampino at the end of 2002, stepped up its operations with the addition of three more daily flights to London Stansted in May 2003.

Other low-cost carriers, developed new routes at the airport, including Air Berlin (with flights to Munster, Berlin and Hamburg) and Hapag Lloyd Express with two daily flights to Cologne and one to Hanover.

Freight traffic performance at the airport, mainly arising from the activities of the express couriers, DHL, TNT and UPS, registered an increase of 13.7% compared with the first half of 2002.

Airport fees

During the first six months of 2003, revenues from airport fees, which are directly correlated with airport traffic, rose by 7.6% due to traffic trends and the related mix.

As was true of other airport operators, the Parent Company, ADR SpA, continued to apply the amount of fees in effect in 2001, as established by the decree dated November 14, 2000, even if the established period for their application expired at the end of February 2002.

Handling

For details of the performance of handling activities, please refer to the section on ADR Handling SpA (ADRH).

Management of centralized infrastructures

In the aviation segment, following liberalization of airport handling, as ratified in a memorandum from the Civil Aviation Authority dated September 26, 2000, the management of centralized infrastructures and terminal services continued to be carried out directly by the Parent Company, ADR.

Total revenues during the first half of 2003 amounted to 16.5 million euros (up 8.1%) and particularly benefited from increased use of loading bridges.

During the first half of 2003 the automated baggage handling system processed around 2,100,000 pieces of baggage (down 4.5% compared with the first half of 2002), with the number of misdirected pieces of luggage totaling 0.035% (down 0.011% with respect to the first half of 2002), of which 0.019% were caused by equipment and 0.016% were due to multi-level equipment and security checks.

Security

During the first half of 2003, security activities carried out by the Parent Company, ADR, broke down as follows:

- Security checks on passengers and carry-on baggage, operated under concession;
- 100% screening of checked luggage, which became mandatory as of February 1, 2003 following Civil Aviation Authority and Ministry of Interior regulations, carried under the authorization of the Civil Aviation Authority until June 3, 2003, and as of that date in concession following approval of the Ministerial Decree of March 14, 2003 and related publication in the Official Gazette No. 126;
- Other security services requested by operators/carriers, also in compliance with instructions from the airport authorities and the requirements of the National Security Program;
- Training of ADR and ADRH personnel from other areas who have been assigned to security duties. External training courses, although still limited, have expanded considerably. The ASY Training Center has carried out training courses on x-ray checks for Rome's municipal police, for Italian Post Office staff at Fiumicino airport and for other leading companies.

Operational safety

In 2002 the Civil Aviation Authority issued Airport Construction and Operation Regulations regarding the design, building and running of airport infrastructure, including application of the instructions contained in Annex 14 of the ICAO Regulations.

For airports with high traffic volumes, such as Fiumicino and Ciampino, airport certification must be obtained by November 27, 2003, subject to the carrying out of infrastructure works (or a commitment to do so within deadlines established by the Civil Aviation Authority), as well as submission of organized procedures.

Currently, the Civil Aviation Authority has yet to announce whether or not it accepts a series of modifications requested via Assaeroporti. In any case, preparations are underway to meet the above-mentioned deadline of November 27, 2003.

With regard to Ciampino airport, which has the status of "a military airport open to civil air traffic", ADR has taken steps to carry out work designed to upgrade the airport's runways and taxiways, and ensure their compliance with regulations, as requested by the Civil Aviation Authority after an inspection.

Real estate management

Sub-concessions

Revenues from sub-concessions, deriving from fees and utilities at Fiumicino airport, amounted to 11.1 million euros, substantially in line with the first half of 2002 (up 1.5%).

In particular, the increase in sub-concessions during the period included:

- Opening of a new Poste Italiane S.p.A. office, with a view to extending the range of services offered to the public in the Terminal A arrivals hall;
- An increase in sub-concessions to the AirOne Group (space in the Office Tower, changing rooms, rest areas and storage areas in the operational buildings);
- A new contract with mobile telephone operators (H3G and Wind).

These positive developments allowed for decreases in sub-concessions to be offset:

- The relinquishment of storage and office premises by Weitnauer-Duty Free Italia due to termination of activities, which was only partially absorbed by the requirements of the company (The Nuance) that took over the space;
- The relinquishment of space by freight operators (Wilson Logistic).

Revenues from royalties at Fiumicino totaled 7.3 million euros, up by around 13.8% on the same period of the previous year, due to greater earnings from aviation fuel.

During the first half of 2003, real estate management at Ciampino airport generated revenues from fees and utilities of 1.7 million euros and from royalties of 0.4 million euros.

Management of car parks

Management of the parking systems at Fiumicino and Ciampino airports rose by 4.6% compared with the first six months of 2002, alongside passenger traffic that registered an increase of 3.5% during the same period.

Infrastructure maintenance

Maintenance activities to guarantee the reliability of airport infrastructure continued during the first half of 2003.

In June, renewal of the two-year maintenance contracts for electrical systems was put out to public tender.

Bids are scheduled in July for renewal of the two-year maintenance contracts for civil works and water and sewage networks.

Commercial activities

Revenues from direct sales slowed down during the period (down 9.3% on 2002) due to a contraction in international traffic, which especially affected higher spenders (intercontinental tourists).

This was compounded by a further weakening of the dollar against the euro, which contributed to reducing spending by international, non-Schengen passengers.

Actions aimed at redefining the product range continued, which during the year will see concentration solely on the most profitable duty-free goods (perfumes, tobacco, wines/spirits, chocolate). Management of all other goods will be entrusted to the new concessionaire, the Nuance Group.

Revenues from retail sub-concessions (12.2 million euros) fell with respect to the same period in the previous year (down 13.0%). Such activities have suffered from the reduction in the quantity and quality of "high spender" traffic, and above all from the changeover from Weitnauer to Nuance, which had a significant negative impact at the outset due to the initial phase involving the restructuring of all the 12 shops.

The reduction in revenues is even more obvious in the currency exchange business, which is directly related to changes in international non-Schengen traffic and in earnings from luxury retail products.

On the other hand, food and beverage revenues remain buoyant as they are less affected by the impact of changes in the kind of traffic.

These negative effects were offset by the opening of four new retail outlets during the first quarter: the wellness center, Beauty Club Tonic; the clothing stores, Loro Piana and Ferragamo; and the electronics outlet, Take Off Multitronic. This was followed by the opening of another five retail outlets in the second quarter: the clothing stores, Tacchini and Play Life; Nuance's Time Box watch retailer; Nuance's lingerie store; and the Valleverde shoe store.

With regard to the situation of customers to whom the Group is particularly exposed, Cisim Food SpA, a Cirio Group company that is the airport's main refreshment operator, was placed in liquidation in April. In the meantime, normal activities are continuing and ADR is furthering initiatives aimed at recovering accounts due and drawing up proposals aimed at ensuring continuity.

Revenues from the sale of advertising space totaled 11.3 million euros, up 8.2% compared with the first half of 2002. This increase derives from improved market penetration, the use of new media and a different pricing policy.

The sale of advertising space at Fiumicino and Ciampino airports (10.4 million euros) will be carried out as of March 1, 2003 by the subsidiary undertaking, ADR Advertising SpA, on the basis of an agreement with the Parent Company regarding the lease of the advertising division. Advertising activities relating to products marketed at retail outlets managed by ADR (0.9 million euros) continue to be carried out by ADR.

Technical and IT services

Maintenance of plants and facilities

During the period under consideration, management and maintenance activities of existing infrastructures and facilities were carried out to guarantee reliability and provide quality services in line with customer expectations and leading European airports.

ADR's Technical Services sell services to all airport operators and are therefore service providers and sources of income.

The most important initiatives carried out during the period are described below:

- Signing of a contract for works to upgrade the manual coding area of the baggage handling system;
- Installation of stop bars and red bars (ICAO 9476) at all intersections with a view to prevent planes veering onto runways under visibility 2 conditions;
- Launch of a project regarding upgrading of the BHS (Baggage Handling System) to meet capacity requirements until 2008 when a second BHS will enter service at Pier "C";
- Design and installation of a remote management system for heating and air conditioning equipment at Fiumicino airport, which will enable monitoring and running of such equipment from a single remote workstation by the end of 2003/early 2004. This system will be subsequently extended to monitor other facilities at Fiumicino, as well as for remote operation of those at Ciampino airport.

Information Technology

During the first half of 2003, some important works were completed, continued and launched. Such works are designed to upgrade the technology and practical use of certain applications. In particular:

- New "Active Cycle" Management System: This system is designed to extend the use of the SAP system to include invoicing. Development of the system was completed during the first half of 2003. The release is scheduled in July for both ADR and ADRH.

- New sales management system: This system is designed to manage ADR's direct sales. Development of the system was completed during the period and operating tests launched. The new application is expected to be released during the early months of the second half of 2003.
- New technologies for the development of applications: The purpose of this project is to introduce new technological standards (operating systems, languages, support modules) for the development of applications. During the period the hardware and software technical environment was prepared to enable development of the pilot application. During the second half of 2003, the pilot application will be developed and a detailed study launched to enable application of the new technology to the reengineering of airport systems.
- New airport operations management system: Following the entry into service of the UFIS modules for managing apron activities, other corporate bodies and external companies have expressed an interest in the product. Implementation of the system will be completed during the second half of the year to enable autocoverage and also to carry out necessary personalization to allow it to be used in handling (ADRH), cargo operations (ADR) and safety management and emergencies (ADR).
- New system of information diffusion: Activities relating to code-sharing management were completed during the period. Development and testing of the new system were also concluded to enable its subsequent migration from the Alitalia platform to ADR's EDP center. The migration will take place progressively during the second half of the year in parallel with the upgrading of terminals.
- IT security at ADR: A study was carried out during the period which, starting from an organizational, methodological and technological assessment of the actual situation, identified risk factors in various departments and drew up a preliminary plan for upgrading IT security infrastructures. During the second half of the year priorities will be identified, together with planning of the individual initiatives to be implemented.
- Start-up of operations of ADR Tel: On April 1, 2003 the new company started up operations with the transfer of the relevant personnel.
- Centralized system for passenger and baggage check-in procedures (CUTE): Following a public tender during the first half of the year, the contract for the supply, running and maintenance of the system, expiring on May 31, 2003, was renegotiated, providing for technical and infrastructure upgrading of the system. In collaboration with SITA, the company that won the contract, during the second half of the year the system's hardware will be upgraded and then migrated from the OS2 to the Windows operating system. In addition, the system will be extended to fully cover all existing workstations.

Environmental protection

During the first half of the year, maintenance and development of the ISO 14001 Environmental Management System (EMS) was carried out at both airports via implementation of scheduled activities.

The certifying body, Dasa - Rägister, carried out periodic maintenance checks, at Fiumicino in January and at Ciampino in June, and confirmed full compliance with EMS standards.

Within the scope of training initiatives, ADR's specialized environmental department gave scheduled courses to managers in the EMS sector, vehicle maintenance personnel, and infrastructure, equipment and IT systems maintenance technicians.

EMS monitoring, carried out by ADR's internal environmental auditors, was carried out in accordance with plans for the period under consideration, and contributed to highlighting areas where systems may be improved.

At Fiumicino, following installation of switchboards, ongoing monitoring of electromagnetic fields was begun.

Air quality monitoring continued at Ciampino, using ADR's mobile laboratory.

Technical works are in progress on both systems aimed at further improvement of specific environmental aspects, which are included among objectives for 2003.

Quality

The first phase of customer satisfaction surveys at Fiumicino, carried out between April 15 and May 11, 2003 and involving 2,800 interviews with passengers, reported a fall in the average score from passengers: 4.85 compared with 4.91 during the same phase in 2002 and with the average score of 4.88 for last year (with possible scores ranging from 1-terrible to 6-excellent).

The decrease in customer satisfaction particularly concerned Terminal A (4.83) and the arrivals area (4.80). Passengers only expressed complete satisfaction with the Satellite pier (5.01).

Fiumicino is still reckoned to be the best Italian airport, while with respect to other leading airports it dropped from eighth (first phase of 2002) to ninth position.

As of January the program of objective checks was implemented with daily surveys of the quality levels of the check-in service, carry-on baggage checks and the cleanliness of toilets.

Analysis of the results revealed a good-to-average level of services at Fiumicino, although some data registered for indicators regarding the aviation area were down on the previous year. In particular:

- The percentage of incoming flights arriving more than 15 minutes late was 32.1% against 24.2% in 2002. However, this indicator steadily improved during the current six-month period, falling from 41.5% in January to 30% in June. A similar performance was reported for delays of more than 15 minutes for outgoing flights with a figure of 30.4% against 27.1% in the previous year and a January figure of 36.3% against 30% in June. Consequently, the "recovery of airport transit time" indicator (the difference between delays to incoming and outgoing flights with respect to scheduled times) shows a significant improvement, up 4.7% compared with the figure for 2002.
- Handlers' baggage reclaim times did not comply with those provided for in the ADR Service Charter. During the first half of 2003, compared with the baggage reclaim time of 26 minutes to be respected in 90% of cases as stipulated in the Service Charter, a figure of 86.53% was reported. Reclaim times for the last piece of baggage (34 minutes after arrival of the aircraft in 90% of cases) reported a figure of 87.57%, which was also less than the provisions of the Service Charter.

To deal with the situation, specific monthly meetings are held with the bodies responsible for this phenomenon – handlers and carriers, on the one hand, and the Civil Aviation Authority and the Air Traffic Control Authority, on the other – to raise their awareness of the need for incisive action.

OTHER SIGNIFICANT EVENTS DURING THE PERIOD

Restructuring of the Parent Company's debt

In February, the complex operation of restructuring the Parent Company's debt was concluded with a view to obtaining economic benefits and alleviating the complex system of existing operating and financial obligations.

On February 14, 2003, with regard to a loan totaling 1,725 million euros granted on August 2, 2001, ADR's creditor banks signed a contract for transfer without recourse of a part of the said loan due from ADR to Romulus Finance Srl.

On the same date, in accordance with loan security legislation (Law 130 dated April 30, 1999), Romulus Finance issued asset-backed bonds amounting to 1,265 million euros, to be listed on the Luxembourg Stock Exchange and subscribed by institutional investors.

On February 20, 2003, the aforementioned agreement between the creditor banks and ADR was modified by an agreement between Romulus Finance and ADR, which provided for amendments that included adjustment of the amount financed to 1,265 million euros.

This loan was broken down into five lines of credit, which reflect the characteristics of the bonds issued by Romulus Finance:
- "A1" of 500 million euros, subject to a fixed rate and falling due on February 20, 2013;
- "A2" of 200 million euros, subject to a fixed rate and falling due in February 2015;
- "A3" of 175 million euros, subject to a fixed rate and falling due in February 2015;
- "A4" of 325 million euros, subject to a fixed rate until December 20, 2009 and subsequently to a floating rate and falling due on February 20, 2023;
- "B" of 65 million euros, subject to a fixed rate and falling due in February 2010.

The bonds issued by Romulus Finance, which correspond to "Facility A", were secured by AMBAC Assurance UK with monoline insurance and have an AAA/Aaa rating; the bonds corresponding to "Facility B" have the same rating as ADR.

At the same time, ADR negotiated further loans with the banking system, totaling 575 million euros, which break down as follows:

- Two long-term facilities and a revolving line of credit granted by a syndicate of banks, headed by Mediobanca – Banca di Credito Finanziario SpA, Barclays, WestLB and UBM, consisting of:
  - A 5-year line of credit of 245 million euros called "B Term Facility";
  - A 6-year line of credit of 150 million euros called "C Term Facility";
  - A revolving line of credit of 95 million euros called "Revolving Facility";

- A 15-year line of credit of 85 million euros granted by Banca OPI, called "BOPI Facility", secured by CDC IXIS Financial Guaranty Europe.

As of February 20, 2003, these lines of credit had been fully drawn down, except for the Revolving Facility, in order to finance repayment of a part of the original loan and payment of the up-front fees.

On March 24, 2003, in compliance with the commitments undertaken within the scope of the above-mentioned operation, ADR repaid the loan received from the Parent Company, Leonardo Holding SA, totaling 24.6 million euros.

GROUP INVESTMENT

During the period under consideration the ADR Group carried out investments totaling 30.5 million euros (26.1 million euros in the first half of 2002).

Regarding infrastructure development, within the framework of the implementation program, the following works are underway:

- Eastern area - Cargo City, freight movement system;
- Eastern area – road junction at ground level.
- Upgrading of Bravo/Delta/November taxiways;
- New horizontal airside road signs;
- Runway 1 – upgrading of ducts to allow laying of electric cables;
- East area – industrial waste water collector;
- Ciampino – restructuring of departure areas;
- Ciampino – restructuring of non-aviation areas.

During the first half of the year, the following works were completed:

- Heating plant and 2nd phase network – electro-mechanical works.
- Eastern area – Cargo building and related works;
- Upgrading of PR5 car park area;
- Runways 1 and 2 – RESA areas for compliance with ICAO standards;
- Upgrading of MV electricity network and transformers.

Future works soon to be started include:

- Premises for processing domestic baggage;
- Cargo City – reorganization of cargo warehouse layout;
- Multi-story car park – 5th module;
- Doubling of "BRAVO" taxiway, Northern sector, Pier "C";
- Ciampino – upgrading of airside road network and aprons;
- Ciampino – extension of DHL express courier area;
- Upgrading of DFS system, transit hall shops 1-4.

GROUP PERSONNEL

The headcount as of June 30, 2003, including staff on temporary contracts, was **3,664** broken down as follows:

Period end	**06.30.2003**	**12.31.2002**	**Change**
Managers	65	71	(6)
Supervisors	241	252	(11)
White-collar	1,917	1,869	48
Blue-collar	1,441	1,415	26
Total	**3,664**	**3,607**	**57**
Including:			
On permanent contracts	*2,919*	*3,047*	*(128)*
On temporary contracts	*745*	*560*	*185*

Period end	30.06.2003	31.12.2002	Change
ADR SpA	2,326	2,327	(1)
ADR Handling SpA	1,282	1,253	29
ADR Engineering SpA	31	27	4
ADR Advertising SpA	11	0	11
ADR Tel SpA	14	0	14
Total	**3,664**	**3,607**	**57**

Compared with December 31, 2002, Group personnel increased by a total of 57 (up 1.6%). Staff on permanent contracts decreased by 128 (down 4.2%), while those on temporary contracts increased by 185 (up 33%).

The decrease in the numbers of staff on permanent contracts (down 27 at ADR, down 130 at ADR Handling, up 4 at ADR Engineering, up 11 at ADR Advertising, up 14 at ADR Tel) derives from the transfer of personnel from ADR Handling to other ground handling companies, staff turnover, as well as early retirement schemes.

The number of staff on temporary contracts rose by 185 (26 at ADR, 159 at ADR Handling).

Organizational initiatives during the period consisted of adapting corporate structures to business developments in order to complete the business unit model begun in 2002. This action, aimed at making the various units responsible for their operating results, required a review of the micro-structures of the Aviation, Infrastructures and Real Estate, and Commercial and Technical Services Business Units. Moreover, the functions of Strategic Planning, Investor Relations and Business Development and Information and Communication Technology were repositioned so as to report directly to the General Manager.

Re-engineering and process improvement activities continued. In particular, support was given to the Supervisory Body in mapping out processes and activities that might risk the commission of offences under the provisions of Legislative Decree 231/2001. A specific management and control model was prepared to prevent such offences.

On January 1, 2003, due to transfer of the personnel administration division, 27 ADR staff were transferred to FIS Fiduciaria Generale S.p.A., which since that date manages personnel administration for ADR Group companies, in accordance with an agreement signed on December 24, 2002,

On March 1, 2003, 9 ADR SpA employees on permanent contracts were transferred to ADR Advertising, subsequent to an agreement signed with the trade unions on February 27, 2003, while on April 1, 2003 13 employees (11 from ADR S.p.A. and 2 from ADR Handling plus 1 transferred from ADR in May), were transferred to ADR Tel, following an agreement with the trade unions on January 22, 2003.

On March 25 an agreement was signed with trade union representatives to activate EU funds for training, which was accepted at regional level by the employers' association. The related training may be given, at no extra cost to the Company, to around 150 Group employees during 2004.

During the first half of 2003 - as well as guaranteeing the spread of information to all levels by means of the in-house publication "Aeroporto" - an action plan for the Parent Company ADR's integrated internal and external communication was launched. Thanks to the results of a communications needs analysis, a communication process was prepared which, starting from top-down and bottom-up requirements, carries out initiatives and activities in a crosscutting and segmented way.

Moreover, support to other corporate bodies that carry out communication activities continues via continuous updating of the intranet and the Company website.

Absenteeism due to strikes stood at 1,493 days (down 9.4% with respect to the previous year), while absenteeism due to illness (5.34%) and accidents (0.91%) remained substantially unchanged.

MAIN GROUP COMPANIES

ADR Handling SpA

During the first half of 2003, the main components of the traffic served at Fiumicino by ADR Handling SpA (ADRH), the Group company that provides passenger and ramp services, are analyzed in the following tables:

Traffic component	1st half 2003		1st half 2002		*Change*	
	Handling at Fiumicino	***% of total Fiumicino***	**Handling at Fiumicino**	***% of total Fiumicino***	**Handling at Fiumicino**	***% of total Fiumicino***
No. of aircraft movements	40,612	27.9%	41,909	30.8%	(3.1%)	(2.9%)
Aircraft tonnage	4,223,811	38.5%	3,926,978	39.0%	7.6%	(0.5%)
No. of passengers	3,469,018	28.9%	3,881,984	32.3%	(10.6%)	(3.4%)
Traffic unit	3,728,488	29.5%	4,175,366	32.8%	(10.7%)	(3.3%)

Compared with the same period of 2002, there was a decrease in the volumes of traffic handled by ADRH, resulting in reduced market share, following transfer of the following carriers to other handlers: Austrian Airlines (passenger services as of September 15, 2002 and ramp services as of February 15, 2003), Czech Airlines (as of April 1, 2003) and Air Europa (ramp services as of April 1, 2003). It should be pointed out that, during the first half of 2003, the transfer of passenger and ramp services by the carriers Air Europa, Austrian Airlines and Czech Airlines to other handlers gave rise to the transfer of 16 personnel on permanent contracts (8 to EAS and 8 to Alitalia Airport), on the basis of application of art. 14 of Law 14/99.

Compared with 2002, final air traffic figures for the first two quarters of 2003 registered contrasting performances. During the period January-March 2003 the progressive value of movements was down 9.5% on 2002, while from April to June the trend was reversed with an increase of 3.5% compared with the previous year.

During the period under consideration, with respect to forecasts, the traffic components "aircraft movements" and "aircraft tonnage" increased, while the "passenger traffic" and "traffic unit" components decreased. This was due to the combined effect of the crisis in the Gulf and the SARS epidemic.

In particular, during the second quarter of 2003, flights served by ADRH increased by 5% which, in addition to making up for the downturn of the previous quarter, reported an increase in aircraft movements 1.9% greater than budget forecasts for the first half of 2003.

Indicators of levels of service[6] during the period under consideration are shown below:

	1st half 2003	1st 2002	Target for 2003
Left-behind	0.35	0.26	0.60
Airport punctuality	99.91%	99.31%	99.50%

6 ***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).

Finally, in relation to the zero minute airport punctuality standard with a target of 98%, the result achieved during the first half of 2003 stood at **99.46%**.

"Baggage reclaim" performance for the first half of 2003 was up compared with the first half of 2002, as shown below:

	1st half 2003	1st half 2002	% change	Target for 2003
Baggage reclaim (*)	91.65%	82.00%	9.65%	
Baggage reclaim (**)	98.58%	98.17%	0.41%	
Baggage reclaim - ADR Service Charter first bag (***)	98.10%	Not recorded	-	90.0%
Baggage reclaim - ADR Service Charter last bag (***)	98.77%	Not recorded	-	90.0%

Note:
(*) Within 20 minutes for domestic and "Schengen" area flights, and within 30 minutes for international flights – to be respected for 80% of flights;
(**) Within 25 minutes for domestic and "Schengen" area flights, and within 35 minutes for international flights – to be respected for 98% of flights;
(***) Baggage reclaim starts within 26 minutes and finishes within 34 minutes of flight arrival – to be respected for 90% of flights.

During the period under examination, against total revenues of 35.8 million euros, the company posted gross operating income of 1.5 million euros, an improvement on the same period in the previous year (up 1.0 million euros). The company still reports an operating loss of 0.6 million euros (compared with a loss of 1.0 million euros in the first half of 2002).

The net loss for the period of 2.2 million euros was affected by extraordinary items (1.1 million euros) including costs sustained in agreeing to the "definitive tax amnesty" and charges arising from agreed settlements.

On March 10, 2003, the Parent Company reacquired the interest held by Menzies in ADR Handling (49%), as conditions occurred that rendered previously signed agreements ineffective.

ADR Engineering SpA

The company reported net income of 139 thousand euros at the end of the first half of 2003, compared with a loss of 38 thousand euros in the same period of 2002.

The increase in revenues, which rose from 2,732 thousand euros to 3,127 thousand euros, is primarily due to acquisition of new contracts for infrastructure work to be carried out by ADR.

ADR Tel SpA

During the first quarter of 2003, the company, which was incorporated on July 31, 2002, consolidated start-up activities relating to equipment, organization and procedures, ahead of the start-up, which took place on April 1.

Since then, ADR Tel has taken charge of all of ADR's telecommunications assets, by signing sub-concession and lease contracts, thereby assuming responsibility for developing business within the Group's telecommunications sector.

During the second quarter of 2003, the company began offering telecommunications services to companies operating at Fiumicino and Ciampino airports, and took over operations with installation of the public telephone exchange and assumption of responsibility for all network maintenance contracts.

The company substantially broke even during the period (a loss of 22 thousand euros).

ADR Advertising SpA

Following prior notification to the Antitrust Authority, pursuant to art. 8 of Law 287/90, Aeroporti di Roma Advertising S.p.A. was incorporated on January 10, 2003. The company has ordinary share capital of 500,000 euros, and is 51% owned by ADR SpA and 49% owned by IGPDecaux SpA. The preference shares, totaling 500,000 euros, were wholly subscribed by IGPDecaux SpA.

The company was set up to operate, promote, develop, organize and manage promotional and advertising activities, including related activities throughout Italy.

On March 1, 2003, in implementation of the Framework Agreement between ADR and IGPDecaux, a contract was drawn up regarding ADR's lease of its advertising unit to ADR Advertising. The unit consists of advertising facilities, current contracts and human resources.

This contract, which came into effect on March 1, 2003 and lasts until December 31, 2011, provides for monthly payments to ADR proportional to ADR Advertising's revenues, subject to a guaranteed minimum.

The company reported net income of 361 thousand euros at the end of the first half of 2003, after taxes of 245 thousand euros.

ACSA Ltd

At the end of the period, the company, which is 20% owned by ADR IASA Ltd, posted net income of 394.8 million rand (44.4 million euros, at average exchange rates).

This result includes the capital gains made during the first quarter from the sale by the company of a plot of land located at Durban airport (115 million rand).

GROUP FINANCIAL POSITION AND OPERATING RESULTS

Reclassified Consolidated Income Statement[7]

RECLASSIFIED CONSOLIDATED INCOME STATEMENT
(Euros/thousand)

	1st half 2003	1st half 2002	Change
Revenues from sales and services	235,991	234,173	1,818
Contract work in progress	4,623	10,434	(5,811)
A.- REVENUES	240,614	244,607	(3,993)
Capitalized costs and expenses	1,578	1,167	411
B.- REVENUES FROM ORDINARY ACTIVITIES	242,192	245,774	(3,582)
Cost of materials and external services	(74,208)	(74,161)	(47)
C.- GROSS MARGIN	167,984	171,613	(3,629)
Payroll costs	(76,621)	(78,459)	1,838
D.- GROSS OPERATING INCOME	91,363	93,154	(1,791)
Amortization and depreciation	(47,958)	(47,970)	12
Other provisions	(117)	(165)	48
Provisions for risks and charges	(988)	(1,605)	617
Other income (expense), net	(2,999)	9,619	(12,618)
E.- OPERATING INCOME	39,301	53,033	(13,732)
Financial income (expense), net	(47,625)	(43,360)	(4,265)
Adjustments to financial assests	7,315	3,308	4,007
F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	(1,009)	12,981	(13,990)
Extraordinary income (expense), net	(4,682)	(888)	(3,794)
G.- INCOME BEFORE TAXES	(5,691)	12,093	(17,784)
Income taxes for the period	(5,938)	(8,266)	2,328
Deferred tax assets	(295)	(2,694)	2,399
H.- NET INCOME FOR THE PERIOD	**(11,924)**	**1,133**	**(13,057)**
including:			
- Parent Company's Interest	**(14,901)**	**858**	**(15,759)**
- Minority interest	2,977	275	2,702

Group revenues during the first half of 2003 decreased, due entirely to contract work carried out on behalf of the state, which are nearing completion.

Ordinary revenues, however, report an increase with respect to the same period of the previous year, although less than traffic volumes (up 3.5%).

[7] Compared with the data published in the Six-Month Accounts as of June 30, 2002, the following reclassifications have been carried out:

- Income deriving from the recovery of expenses and of labor cost, classified in 2002 under "Other income and expense", were posted as a reduction to the respective cost items (cost of materials and external services and payroll costs);
- The portion of amortization of the ancillary charges borne by the Parent Company, ADR, in relation to its loans was reclassified from the cost of materials and external services to amortization and depreciation. For further details of these reclassifications, see the Explanatory Notes.

Negative events during this difficult six-month period (the war in Iraq and the SARS epidemic) penalized the recovery in traffic volumes, which grew less than expected and were characterized by low-spending passengers.

This trend was mainly felt by non-aviation activities, which experienced a downturn in direct sales and in royalties from retail outlets in sub-concession. Both sectors underwent operating difficulties in connection with renovation of the main concessionaire's retail outlets and of those under direct management. With a recovery in traffic volumes, passengers will be able to benefit from improved services in terms of both quality and quantity.

However, sub-concessions (up 7.6%), car parks (up 4.6%) and the sale of advertising space (up 8.2%) performed well.

Overall, operating costs decreased, although some of them increased considerably, which significantly penalized the Group's income statement.

The launch of the 100% control of checked baggage, which became mandatory for ADR in February, incurred additional costs for personnel and equipment. Such costs have not so far been recoverable due to the Civil Aviation Authority's delay in setting the related fee, which occurred only on June 3, 2003.

As of January 1, the Group wholly assumed the cost of insurance cover regarding the risk of war and acts of terrorism. The Italian government in 2002 covered such insurance, the cost of which has risen exponentially since the tragic events of September 11, 2001, whereas the income statement for the period under consideration was burdened by increased costs of around 2 million euros.

The concession fee for the first quarter of 2003 was determined using the new calculation method provided for by the decree of June 30, 2003, which entailed additional expense for the Parent Company.

Consequently, the Group's gross margin stood at 91.4 million euros, down 1.9% compared with the first half of 2002, while the reduction in operating income is due to a reduction in other income.

The subsidiary undertaking, ADR Handling, reported a gradual recovery in profit margins, in terms of both the gross margin and operating income.

The outstanding result of the South African associated undertaking, ACSA, is reflected in adjustments to financial assets of 7.3 million euros.

Extraordinary items relating to the efficiency drive and participation in the tax amnesty also affected the net loss of 11.9 million euros posted by the Group.

Reclassified Consolidated Balance Sheet[8]

RECLASSIFIED CONSOLIDATED BALANCE SHEET
(Euros/thousand)

	06-30-2003	12-31-2002	Change
A. - NET FIXED ASSETS			
Intangible fixed assets *	2,216,430	2,216,674	(244)
Tangible fixed assets	101,361	106,128	(4,767)
Financial fixed assets	127,002	114,717	12,285
	2,444,793	2,437,519	7,274
B. - WORKING CAPITAL			
Inventory	22,264	26,263	(3,999)
Trade receivables	153,367	140,457	12,910
Other assets	36,351	32,198	4,153
Trade payables	(125,310)	(129,904)	4,594
Allowances for risks and charges	(25,198)	(28,236)	3,038
Other liabilities	(70,031)	(73,466)	3,435
	(8,557)	(32,688)	24,131
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	2,436,236	2,404,831	31,405
D. - EMPLOYEE SEVERANCE INDEMNITIES	65,241	68,648	(3,407)
E. - INVESTED CAPITAL, minus short-term liabilities and E.S.I. (C-D)	**2,370,995**	**2,336,183**	**34,812**
financed by:			
F. - SHAREHOLDERS' EQUITY			
- Parent Company's interest	675,301	718,754	(43,453)
- minority interest	53,441	47,431	6,010
	728,742	766,185	(37,443)
G. - MEDIUM/LONG-TERM BORROWING	1,745,019	1,651,338	93,681
H. - SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)			
.Short-term debt	29,843	45,144	(15,301)
.Cash and current receivables	(132,609)	(126,484)	(6,125)
	(102,766)	(81,340)	(21,426)
(G+H)	1,642,253	1,569,998	72,255
I. - TOTALE AS IN "E" (F+G+H)	**2,370,995**	**2,336,183**	**34,812**
(*) including the value of the concession totaling	*2,020,630*	*2,045,272*	*(24,642)*

Invested capital rose by 34.8 million euros with respect to the previous year, primarily due to an increase in working capital.

Half of the above increase was due to the performance of trade receivables, which rose by 12.9 million euros, and the combined contribution of other components of working capital, with the exception of inventory, which declined by approximately 4 million euros during the period.

Fixed assets rose slightly with respect to December 31, 2002 (up 7.2 million euros), mainly due to the increase in non-current financial assets. This was thanks to the good results achieved by the South African subsidiary undertaking, ACSA, valued in accordance with the equity method, and the favorable exchange rate with the South African rand.

8 Compared with the data published in the financial statements as of December 31, 2002 the ancillary charges relating to the loan granted to the Parent Company, ADR, originally classified under "Other assets", were included in the item "Intangible fixed assets". For further details of these reclassifications, see the Explanatory Notes.

Net debt as of June 30, 2003 stood at 1,642.3 million euros, registering an overall increase of 72.3 million euros compared with the end of the previous year. Increased medium- and long-term debt, partially held under contractual obligations in the form of liquidity, financed the remainder of the increase in invested capital and the payment of dividends to shareholders, which reduced share capital.

Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS
(Euros/thousand)

	1st half 2003	1st half 2002
A.- CASH AND CASH EQUIVALENTS-OPENING BALANCE	**81,340**	**82,608**
B.- CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Net income (loss) for the period	(11,924)	1,133
Amortization and depreciation	47,958	47,970
(Gains) losses on disposal of fixed assets	(15)	27
(Revaluations) write-downs of fixed assets	(7,408)	(3,435)
Net change in working capital	(24,131)	(6,920)
Net change in employee severance indemnities	(3,407)	(220)
	1,073	38,555
C.- CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
Investment in fixed assets:		
.intagible	(39,713)	(9,796)
.tangible	(2,972)	(6,103)
.financial	(45)	(33)
Proceeds from disposal, or redemption value of fixed assets	1,187	1,218
Other changes	(6,266)	(948)
	(47,809)	(15,662)
D.- CASH FLOW FROM (FOR) FINANCING ACTIVITIES		
New loans	480,000	0
Shareholders' contributions	0	0
Repayments of loans	(386,319)	(11,025)
Buy-back of shares	0	0
Other changes	751	0
	94,432	(11,025)
E.- DIVIDENDS PAID	(32,357)	(893)
F.- ALLOWANCE FOR EXCHANGE RATE VARIATIONS		
Change in allowance for exchange rate variations	6,087	1,100
G.- CASH FLOW FOR THE PERIOD (B+C+D+E+F)	21,426	12,075
H.- CASH AND CASH EQUIVALENTS (NET BORROWING) - CLOSING BALANCE (A+G)	**102,766**	**94,683**

Operating cash flow was sufficient to cover the Group's financial expenses and dividends. The use of medium- and long-term lines of credit enabled the Group to finance investment, its working capital requirements and an increase in net cash and cash equivalents of 21.4 million euros.

RELATIONS WITH PARENT COMPANIES AND OTHER RELATED PARTIES

As of June 30, 2003, 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 (thousands of euros):

	RECEIVABLES			PAYABLES		
	Financial	**Trade**	**Other**	**Financial**	**Trade**	**Other**
PARENT COMPANY						
Leonardo Holding SA	0	0	0	0	0	4
Total parent company	**0**	**0**	**0**	**0**	**0**	**4**
ASSOCIATED UNDERTAKINGS						
ACSA Ltd	0	214	0	0	17	0
Ligabue Gate Gourmet Roma S.p.A. (bankrupt)	0	0	530	0	969	0
Total associated undertakings	**0**	**214**	**530**	**0**	**986**	**0**

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 2003 or at the end of 2002. 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 2003.

SUBSEQUENT EVENTS

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

Data as of July 31, 2003 (the figures in brackets indicate the percentage change with respect to the same period in 2002)

Traffic component	**SYSTEM**	**Fiumicino**	**Ciampino**	**Domestic**	**International**
Movements	194,568	173,072	21,496	101,106	93,462
	(+9.1%)	*(+6.9%)*	*(+30.5%)*	*(0.0%)*	*(+21.0%)*
Aircraft tonnage	13,919,041	13,054,236	864,805	5,783,553	8,135,488
	(+10.9%)	*(+8.7%)*	*(+62.6%)*	*(+0.1%)*	*(+20.2%)*
Total passengers	15,477,887	14,513,415	964,472	7,164,946	8,312,941
	(+4.4%)	*(+0.8%)*	*(+122.4%)*	*(+0.6%)*	*(+7.9%)*
Total freight (tons)	86,607	74,809	11,798	12,129	74,478
	(+0.2%)	*(-1.5%)*	*(+12.5%)*	*(-7.8%)*	*(+1.6%)*

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

Traffic component	International	EU	Non-EU
Movements	93,462	60,700	32,762
	(+21.0%)	*(+23.1%)*	*(+17.5%)*
Aircraft tonnage	8,135,488	4,086,357	4,049,131
	(+20.2%)	*(+19.4%)*	*(+20.9%)*
Total passengers	8,312,941	5,305,375	3,007,566
	(+7.9%)	*(+13.2%)*	*(-0.4%)*
Total freight (tons)	74,478	16,876	57,602
	(+1.6%)	*(+5.0%)*	*(+0.7%)*

The figures for July confirmed the trend witnessed in June. Passenger numbers were well up in all areas, with the total rising by 8.5% on the same period of 2002. The progressive increase thus rose from 3.5% to 4.4%. This improvement was primarily due to increased load factors compared with previous months. The economic benefits are therefore limited.

On July 30, ADR Engineering SpA acquired a 1% stake in ADR Handling SpA from ADR SpA, equal to 25,000 shares, at a price of 7.02 euros per share, equivalent to the price paid to Menzies for the recent acquisition of 49% of the share capital.

On July 2, 2003, with reference to the signing of Rome's airport system management agreement, ADR submitted an access application to the Civil Aviation Authority under the provisions of Law No. 241/90 requesting permission to view and make related photocopies of all the documents regarding execution of the said agreement. ADR is waiting to be called to a meeting by the Civil Aviation Authority.

Regarding litigation in which the Group is involved, ADR has started the procedure in order to recover accrued receivables due from the various ministries, by non-executive injunctions.

With sentence No. 15679/03, the Court rejected ADR's petition to recover receivables of 792 thousand euros, regarding the supply of diesel and heating services for Air Force premises at Ciampino airport. This is considered in the present accounts for the six-months ended June 30, 2003.

On July 14, 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 around 1.2 million euros equivalent to thirteen six-month periods, prior to five already paid, for "additional charges" on penalties of 926 thousand euros, imposed on ADR in 1993 after the proceedings regarding handling. Indeed, during this period the Antitrust penalty remained "suspended" following acceptance by the Lazio Regional Administrative Court of ADR's request for suspension.

OUTLOOK

In the second half of the year, conditions of uncertainty and instability in the world economic situation, especially in the air traffic sector, are expected to continue due to the effects of the conflict in the Middle East and the SARS epidemic.

The Group's capacity to tackle situations of international crisis, which has been demonstrated on several occasions, will in any event enable it to honor its commitments, without excluding recourse – should it prove necessary – to extraordinary measures.

BASIS OF PRESENTATION

GENERAL PRINCIPLES

The report and accounts for the six months ended June 30, 2003, published in accordance with art. 2428, paragraph 3 of the Italian Civil Code; have been prepared in accordance with CONSOB Ruling 11971 of May 14, 1999 and subsequent amendments, as reflected in Accounting Principle No. 30.

In view of the fact that the Parent Company is required to prepare consolidated accounts, the six-month report has been prepared on a consolidated basis and consists of the consolidated accounts, 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, prepared on the basis of accounting updated to June 30, 2003 and adjusting entries usually recorded as of December 31, closing date of the financial year when the annual report is prepared.

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, 2003, as approved by the respective boards of directors.

The accounts have been adjusted, where necessary, eliminating adjustments applied in order to take advantage of tax benefits, involving provisions for the related deferred taxation. The accounting policies adopted are those required by the relevant legislation, interpreted and integrated by the accounting principles established by the Italian Accounting Profession, and are those applied throughout the Group.

The reconciliation of shareholders' equity and net income as of and for the six months ended June 30, 2003, as reported in the financial statements of Aeroporti di Roma S.p.A., 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 2003 is compared with the amounts for the same period of the previous year. Balance Sheet data as of June 30, 2003 is compared with the corresponding amounts as of December 31, 2002.

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

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

SCOPE OF CONSOLIDATION

The consolidated accounts as of and for the six months ended June 30, 2003 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.

As of June 30, 2003, the scope 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 S.p.A.	Fiumicino (Rome)	EUR	62,224,743	Parent Company		
ADR Engineering SpA	Fiumicino (Rome)	EUR	774,690	100%	Aeroporti di Roma	100%
ADR Handling S.p.A.	Fiumicino (Rome)	EUR	12,900,000	100%	Aeroporti di Roma	100%
Airport Invest B.V.	Amsterdam (Holland)	EUR	70,417,038	100%	Aeroporti di Roma	100%
ADR International Airports South Africa (Proprietary) Limited	Johannesburg (South Africa)	ZAR	819,000,000	55.85%[9]	Airport Invest	55.85%
ADR Tel S.p.A.	Fiumicino (Rome)	EUR	600,000	99%	Aeroporti di Roma	99%
ADR Advertising SpA	Fiumicino (Rome)	EUR	1,000,000	25.5%[10]	Aeroporti di Roma	25.5%

Compared with December 31, 2002, the following subsidiary undertakings have been consolidated:

- ADR Tel SpA: the company, which was incorporated on July 31, 2002, started operating on April 1, 2003. The Group owns 99% of the share capital with the remaining 1% held by the subsidiary undertaking, ADR Sviluppo Srl, which is valued at cost as shown below;
- ADR Advertising SpA: the company, which was incorporated on January 10, 2003, started operations on March 1, 2003. The company is consolidated on a line-by-line basis as the Parent Company, ADR, has majority voting rights at General Meeting (51%).

The Group's holding in the associated undertaking, ACSA, is valued at equity:

COMPANIES valued at equity	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	Group's %	Via:	
					Company	%
Airports Company South Africa Limited	Bedfordview (South Africa)	ZAR	500,000,000	11.2%[11]	ADR International Airports South Africa	20%

[9] Equity investment in the company's total share capital (including preference shares). The interest in the ordinary stock amounts to 69%.
[10] 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%).
[11] Calculated on the basis of the percentage interest in the total share capital of ADR IASA (55.85%)

The following equity investments are valued at cost:

COMPANIES valued at cost	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	Group's %	Via:	
					Company	%
ADR Sviluppo S.r.l. Unipersonale	Fiumicino (Rome)	EUR	100,000	100%	Aeroporti di Roma	100%
Ligabue Gate Gourmet Roma S.p.A. in liquidation	Tessera (Venice)	EUR	103,200	20%	Aeroporti di Roma	20%
S.A.CAL. S.p.A.	Lamezia Terme (Catanzaro)	EUR	5,170,000	16.57%	Aeroporti di Roma	16.57%
Aeroporto di Genova S.p.A.	Genova Sestri	EUR	4,648,140	15%	Aeroporti di Roma	15%
Edindustria S.p.A.	Rome	EUR	624,000	9%	Aeroporti di Roma	9%
Alinsurance S.r.l.	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, Ligabue Gate Gourmet Roma S.p.A., has been valued at cost and not according to the equity method, 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;
- Adjustments made to eliminate items of a purely fiscal nature, as well as other consolidation adjustments, take account, where applicable, of the related deferred taxation. Furthermore, the statements show deferred tax assets relating to items which will be recoverable in future years;
- Dividends received by subsidiary undertakings during the period and recorded in the Parent Company's Income Statement as income from equity investments are eliminated against the item retained earnings;
- Dividends paid by subsidiary undertakings, posted on an accruals basis in the Parent Company's accounts, are eliminated;
- The 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 as a specific item, "Reserve for foreign currency translation adjustments".

The following table shows the exchange rates applied:

Exchange rates	*Average 1st half 2003*	*06.30.2003*	*Average 2002*	*12.31.2002*	*Average 1st half 2002*	*06.30.2002*
Euros/South African rand (ZAR)	8.884	8.542	9.939	9.009	9.936	10.304

NOTICE

To better represent them in the financial statements, ancillary charges on loans have been reclassified from the item "Prepaid expenses" to the item "Other" under Intangible Fixed Assets. Such requirement arose from the restructuring of the debt of the Parent Company, ADR, which, as well as additional charges, also entailed extension of the duration of the debt.

As the method for amortizing such charges (the financial method) has not altered, the change in the accounting method does not affect the results for the period or retained earnings.

To facilitate comparison of Balance Sheet items with those of the previous year, the following reclassifications were made:

- In the Balance Sheet as of December 31, 2002 an amount of 31,178 thousand euros was reclassified from the item "Accrued income and prepaid expenses" to the item "Intangible fixed assets – other";
- In the Income Statement as of June 30, 2002 an amount of 1,692 thousand euros was reclassified from the item "Service costs" to the item "Amortization of intangible fixed assets".

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the six-month accounts as of June 30, 2003 are those required by the relevant legislation, interpreted and integrated by the accounting principles established by the Italian Accounting Profession, and are those applied throughout the Group.

The principal accounting policies are summarized below. A more detailed explanation of certain policies can be found under the single classes of item.

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 additional costs are included in the purchase cost. Should there be a permanent impairment of value of such fixed assets, the relevant fixed asset is written down accordingly. The appropriate value of such fixed assets, adjusted solely to take account of accumulated amortization or depreciation, is reinstated if the reasons for any write-downs subsequently cease to apply.

- Intangible fixed assets

Intangible fixed assets have limited use in time so their cost is amortized on a straight-line basis during each financial period in relation to their residual useful life. 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 rights*

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 rights*

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 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 twenty years (with effect from 1998) for the subsidiary undertaking, ADR IASA, and 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 for loans:* the charges sustained to obtain medium- and long-term loans (such as assessment fees, 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 reflect the estimated useful life of the asset and fall within the limits established by tax regulations.

A summary of the rates used is provided 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 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 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 S.r.l.) has been valued at cost; this method of valuation, given that the company is a start-up, is any event representative of the Group's interest in shareholders' equity.

Equity in associated undertaking is valued in accordance with the equity method. The unrealized gain, recorded at the date of acquisition, represented by the difference between the book value of the holding in the associated undertaking, ACSA, and the related quota of shareholders' equity is amortized on a straight-line basis over a period of 20 years (with effect from 1998), in view of the long-term nature of the company's activities.

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

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.

- 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 06.30.2003 and is shown net of any advance payments. Such liabilities are subject to revaluation according to appropriate indices.

Payables

Payables are recorded at their nominal value.

Receivables and payables recorded in foreign currency

Items denominated in the currencies of countries outside EMU are translated using the average exchange rate for the month in which the transaction was 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.

If the translation of short-term receivables and payables denominated in foreign currency, at period-end rates, results in a net gain or loss, such an amount is recorded in the Income Statement.

Should a net loss result from the translation, at period-end rates, of medium- and long-term receivables and payables denominated in the currencies of countries not belonging to EMU, the loss is charged to the Income Statement as a provision for foreign currency translation adjustments. Any resulting net gain is, however, deferred.

Memorandum accounts

- General/secured guarantees given

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

- Commitments on purchases and sales

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

- Other

- *Secured/general guarantees received*

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

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

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

Taxation

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, accrued at the end of the period are recorded on the accruals basis in the Income Statement among financial income and expense.

NOTES TO THE CONSOLIDATED BALANCE SHEET

FIXED ASSETS

Intangible fixed assets

	12-31-2002			Changes during the period				06-30-2003		
	Cost	Amortization	Book value	Purchases/ Capitalization	Reclassifications (1)	Changes basis of consolidation	Amortization	Cost	Amortization	Book value
- Incorporation and development costs	700	(294)	406	27	0	786	(109)	1,513	(403)	1,110
	700	(294)	406	27	0	786	(109)	1,513	(403)	1,110
- Industrial patents and intellectual property rights	1,731	(1,608)	123	91	3	0	(56)	1,825	(1,664)	161
	1,731	(1,608)	123	91	3	0	(56)	1,825	(1,664)	161
- Concessions, licenses, trademarks and similar rights	2,176,192	(129,427)	2,046,765	502	211	0	(25,177)	2,176,905	(154,604)	2,022,301
	2,176,192	(129,427)	2,046,765	502	211	0	(25,177)	2,176,905	(154,604)	2,022,301
- Goodwill arising on consolidation	2,168	(283)	1,885	0	0	0	(96)	2,168	(379)	1,789
	2,168	(283)	1,885	0	0	0	(96)	2,168	(379)	1,789
- Leasehold improvements in process and advances:										
. Leasehold improvements in process	19,924	0	19,924	15,944	2,338	0	0	38,206	0	38,206
. Advances to suppliers	0	0	0	4,296	(4,296)	0	0	0	0	0
	19,924	0	19,924	20,240	(1,958)	0	0	38,206	0	38,206
- Others										
. Leasehold improvements	287,892	(171,499)	116,393	2,178	1,247	0	(12,836)	291,315	(184,333)	106,982
. Ancillary charges for loans	31,178	0	31,178	16,675	0	0	(1,972)	47,853	(1,972)	45,881
	319,070	(171,499)	147,571	18,853	1,247	0	(14,808)	339,168	(186,305)	152,863
	2,519,785	(303,111)	2,216,674	39,713	(497)	786	(40,246)	2,559,785	(343,355)	2,216,430

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

- Incorporation and development costs rose significantly as a result of the consolidation of ADR Tel and the related costs incurred, as of the previous year, to start-up its activities;

- Concessions, licenses, trademarks and similar rights include the value of the airport concession, amounting to 2,020,630 thousand euros as of June 30, 2003. The decrease of 24,464 thousand euros is due to the combined effect of amortization for the period (25,177 thousand euros) and investment (502 thousand euros), transfers from work in process (160 thousand euros) and reclassifications amounting to 51 thousand euros;
- The increase in Leasehold improvements in process of 18,282 thousand euros derives from work carried out during the period, amounting to 20,240 thousand euros, net of transfers of assets entering service to "Leasehold improvements" and "Concessions, licenses, trademarks and similar" (1,194 thousand euros), and negative reclassifications of 764 thousand euros;
- Other intangible fixed assets rose by a total of 5,292 thousand euros due to ancillary charges for loans. Leasehold improvements decreased by 9,411 thousand euros due to amortization for the period, totaling 12,836 thousand euros, partly offset by work carried out during the period (2,178 thousand euros), and transfers from work in progress amounting to 1,034 thousand euros and reclassifications totaling 213 thousand euros. Ancillary charges for loans rose by 14,703 thousand euros due to the costs incurred in order to restructure ADR's debt (16,675 thousand euros), net of amortization of 1,972 thousand euros.

The principal leasehold improvements in process (equal to 20,240 thousand euros) include:
- Work relating to the Eastern Area – Cargo City (9,721 thousand euros);
- The structural upgrading of the Bravo/Delta/November taxiways (535 thousand euros);
- Work on the West Catering building (656 thousand euros);

- Aircraft aprons project – restructuring layout of traffic signals (297 thousand euros);
- Replacement of MV and LV panels and protection of landside electricity transformers (830 thousand euros).

The main leasehold improvements completed during the period (totaling 2,178 thousand euros) include:
- Runways – works to comply with ICAO standards and remote operation and monitoring of lights (656 thousand euros);
- BHS – upgrading of electrical system (179 thousand euros);
- Heating plant and networks phase I (150 thousand euros);
- Sundry works at Ciampino airport (160 thousand euros).

Funds deriving from increased boarding fees received during the period were again invested in airport infrastructure development (in accordance with paragraphs 9 and 10 of art. 10, Law 537/93).

Tangible fixed assets

	12-31-2002					Changes during the period				06-30-2003				
	Cost	Reval. (Law 72/1983)	Write-downs	Allowances for depreciation	Book value	Purch./ Capital.	Reclass.	Disposals/ Retirements	Depreciation	Cost	Reval. (Law 72/1983)	Write-downs	Allowances for depreciation	Book value
- Land and buildings	16,809	465	0	(15,908)	1,366	3	0	0	(164)	16,812	465	0	(16,072)	1,205
- Plant and machinery	91,335	0	0	(74,060)	17,275	1,786	154	(4)	(2,955)	92,964	0	0	(76,708)	16,256
- Industrial and commercial equipment	12,659	0	0	(11,308)	1,351	270	0	0	(406)	12,929	0	0	(11,714)	1,215
- Fixed assets to be relinquished	135,627	1,908	0	(57,873)	79,662	110	158	0	(2,887)	135,895	1,908	0	(60,760)	77,043
- Other assets	39,787	0	0	(35,001)	4,786	367	0	(23)	(1,300)	40,072	0	0	(36,242)	3,830
- Work in progress and advances	1,688	0	0	0	1,688	434	(310)	0	0	1,812	0	0	0	1,812
	297,905	2,373	0	(194,150)	106,128	2,970	2	(27)	(7,712)	300,484	2,373	0	(201,496)	101,361

Tangible fixed assets decreased by 4,767 thousand euros, due to depreciation totaling 7,712 thousand euros, disposals amounting to 27 thousand euros. This was partially compensated for by investment amounting to 2,972 thousand euros.

The most significant capitalization during the period, within the category plant and machinery (1,940 thousand euros), regarded the acquisition of motor vehicles with a value of 490 thousand euros, specific airport equipment totaling 607 thousand euros, and telephone equipment with a value of 393 thousand euros. Other assets (which increased by 367 thousand euro) regarded electronic systems totaling 138 thousand euros and furniture, fittings and equipment with a value of 194 thousand euros.

As security for the loans taken out via contracts entered into with Romulus Finance Srl, a syndicate of banks and Banca OPI – described in detail in the notes to "Payables" - the Parent Company, ADR, 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's inventory. Such a guarantee is valid until the above loans have been fully repaid.

Equity investments held as non-current financial assets

	12-31-2002	Changes during the period	06-30-2003
Equity investments in:			
▪ Unconsolidated subsidiary undertakings:			
ADR Sviluppo S.r.l.	100	0	100
ADR Tel S.p.A.	594	(594)	0
	694	(594)	100
▪ Associated undertakings:			
ACSA Ltd	105,752	13,391	119,143
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	0	0	0
	105,752	13,391	119,143
▪ Other companies:			
Alinsurance Srl	6	0	6
Aeroporto di Genova SpA	930	0	930
S.A.CAL. SpA	878	0	878
Edindustria SpA	81	0	81
	1,895	0	1,895
	108,341	**12,797**	**121,138**

The change during the period, consisting of an increase of 12,797 thousand euros, derives from the positive effects of valuation at equity of the associated undertaking, ACSA, partially compensated for by the change in the scope of consolidation. In detail:

- ACSA (Airports Company South Africa) Ltd.
  The company, in which the Parent Company has a 20% interest via ADR IASA, has produced specially prepared accounts as of June 30, 2003, which show shareholders' equity of 354.6 million rand (70.9 million euros pro rata, including the minority interest), calculated at the exchange rate of June 30, 2003, and net income for the period of 44.4 million rand (8.9 million euros pro rata, including the minority interest) calculated on the basis of the average exchange rate.

  The valuation of the associated undertaking at equity as of June 30, 2003, reflects both the positive effect of net income for the period, amounting to 8,886 thousand euros, and the impact of the increase in the value of the South African rand, totaling 6,076 thousand euros (with a corresponding positive impact on the reserve for foreign currency translation adjustments), and the negative effect of the Group's interest in the amortization of goodwill, amounting to 1,571 thousand euros (applied at an annual rate of 5%). Given that the residual value of goodwill as of June 30, 2003 is 48,217 thousand euros, the book value of the equity investment amounts to the addition of the above sum to the interest (20%) in the shareholders' equity of the associated undertaking (70,926 thousand euros).

- ADR Tel
  The decrease of 594 thousand euros with respect to December 31, 2002 derives from inclusion in this six-month report of the subsidiary undertaking, ADR Tel SpA, within the scope of consolidation (consolidation on a line-by-line basis).

For further information regarding such equity investments during the first half of 2003, reference should be made to the section "Equity investments" in the Management Report on Operations.

As security for the loans taken out via contracts entered into with Romulus Finance Srl, a syndicate of banks and Banca OPI – described in detail in the notes to "Payables" - the Parent Company, ADR, has granted the lenders a lien on the Parent Company ADR'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

	12-31-2002	Changes during the period	06-30-2003
Receivables:			
▪ Due from others:			
Public bodies for licenses	26	(2)	24
Other	6,350	(510)	5,840
	6,376	**(512)**	**5,864**

The reduction in such receivables, amounting to 512 thousand euros, was due to rebates of 650 thousand euros, disbursements of 45 thousand euros and the 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 662/96. Such item is classified under "Other", and totals 93 thousand euros.

There are no receivables falling due beyond five years.

CURRENT ASSETS

Inventory

	12-31-2002	Changes during the period	06-30-2003
▪ Raw, ancillary and Consumable materials	2,986	(112)	2,874
▪ Finished goods and goods for resale:			
Goods for resale	8,195	793	8,988
▪ Contract work in progress	14,962	(4,665)	10,297
less accumulated write-downs (art. Decree 917/86)	0	0	0
	14,962	(4,665)	10,297
▪ Advances	120	(15)	105
	26,263	**(3,999)**	**22,264**

Inventory has decreased by 3,999 thousand euros with respect to December 31, 2002, primarily due to a decline in contract work in progress (down 4,665 thousand euros). This was due to the fact that the invoices issued to the Civil Aviation Authority were in excess of the works carried out during the period.

As security for the loans taken out via contracts entered into with Romulus Finance Srl, a syndicate of banks and Banca OPI – described in detail in the notes to "Payables" - the Parent Company, ADR, 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's inventory. Such a guarantee is valid until the above loans have been fully repaid.

Current receivables

	12-31-2002	changes during the period Contracted (+) Repayments (-)	provisions (-) value recoveries (+)	06-30-2003
▪ Due from clients	162,342	14,272	0	176,614
Less				
allowance for doubtful accounts	(18,446)	232	(117)	(18,331)
allowance for overdue interest	(4,648)	35	(517)	(5,130)
	139,248	14,539	(634)	153,153
▪ Due from unconsolidated subsidiary undertakings:	815	(815)	0	0
▪ Due from associated undertakings:	3,073	(402)	0	2,671
Less				
allowance for doubtful accounts	(1,927)	0	0	(1,927)
	1,146	(402)	0	744
▪ Due from others:				
sundry	80,658	(23,792)	0	56,866
tax authorities	5,094	(1,305)	0	3,789
advances to suppliers for services to be rendered	112	(100)	0	12
	85,864	(25,197)	0	60,667
▪ Deferred tax assets	20,276	(339)	0	19,937
	247,349	**(12,214)**	**(634)**	**234,501**

Due from clients, net of allowances for doubtful accounts, amount to 153,153 thousand euros and include trade receivables due from client and amounts due from public bodies for financed works and the supply of utilities and services. The increase in receivables (gross of allowances for doubtful accounts) amounting to 14,272 thousand euros, was affected, in addition to seasonal factors, by continuing high levels of financial tension throughout the air transport sector.

Due from unconsolidated subsidiary undertakings amounted to zero as of June 30, 2003, compared with a balance of 815 thousand euros at the end of 2002, following inclusion of the subsidiary undertaking, ADR Tel SpA, within the scope of consolidation.

Due from associated undertakings, totaling 744 thousand euros, regard amounts due to the Parent Company, ADR, from Ligabue Gate Gourmet Roma SpA in liquidation (530 thousand euros) and ACSA Ltd (214 thousand euros).
The reduction of 402 thousand euros is partly due to collection of a receivable of 222 thousand euros from the bankruptcy of Ligabue following a partial distribution, which provided for payments of 29.6% of the payables deemed as preferential. The outstanding amount due at June 30, 2003 of 530 thousand euros following the bankruptcy of Ligabue Gate Gourmet Roma was classified among preferential liabilities.

Amounts due from others: sundry decreased by 25,197 thousand euros mainly due to the reduced liquidity (down 16,920 thousand euros) deposited in the term current accounts denominated the "Debt Service Reserve Account" (down 13,667 thousand euros) and the "Revenues Account" (down 3,253 thousand euros), as well as to a decrease in receivables resulting from factoring without recourse (down 6,948 thousand euros).

Amounts due from others include the balance of the term current account in the name of the Security Agent of the ADR loans denominated "Debt Service Reserve Account", amounting to 46,904 thousand euros as of 06.30.03. In accordance with means established by contract, ADR has deposited a sum in this account to guarantee repayment of the said loans.

The "Revenues Account", which served the same purpose in the previous ADR loan structure, has been substantially reduced to zero in compliance with amendments to contract conditions.

As security for the loans taken out via contracts entered into with Romulus Finance Srl, 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's inventory, as well as other goods and rights subject to liens;
- a lien on all receivables and contracts with clients regarding ADR Tel and ADR Advertising and insurance policies.

Amounts due as of June 30, 2003 comprise 153,367 thousand euros of trade receivables, 51,378 thousand due in the form of financial receivables, and 29,756 thousand euros of other categories. Those represented by promissory notes or similar bills amounted to 4 thousand euros.

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

Cash on hand and in banks

	12-31-2002	changes during the period	06-30-2003
▪ Banks and post office deposits	50,563	30,017	80,580
▪ Checks	0	1	1
▪ Cash and notes in hand	675	(25)	650
	51,238	**29,993**	**81,231**

The Group's available cash, which increased by 29,993 thousand euros over the first half, in addition to temporary liquidity held in banks, consists of the balance of the "Option Reserve", in which, on the basis of the terms of ADR's loan agreements, the necessary sum (55,000 thousand euros) to exercise options falling due regarding the share capital of the South African subsidiary undertaking, ADR IASA, has been deposited.

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 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

	12-31-2002	changes during the period	06-30-2003
▪ **Prepaid expenses**			
service costs	536	1,405	1,941
leased assets	3	192	195
payroll costs	13	82	95
sundry operating costs	0	88	88
interest expenses and other financial charges	0	4,276	4,276
	552	**6,043**	**6,595**

The change of 6,043 thousand euros is mainly due to Prepaid expenses – interest expense and other financial charges, which includes prepayment of the installment due for the six-month period for the monoline insurance premium paid to AMBAC Assurance UK, which secured the bonds issued by Romulus Finance Srl corresponding to Facilitiy A.

SHAREHOLDERS' EQUITY

	Share capital	Share premium reserve	Legal reserve	Other reserves	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
Balances as of 12-31-2002	**62,225**	**667,389**	**12,445**	**85**	**(17,285)**	**(11,292)**	**5,187**	**718,754**	**47,431**	**766,185**
Allocation of net income 2002						(27,170)	(5,187)	**(32,357)**	0	**(32,357)**
Effect of change in scope of consolidation									751	**751**
Foreign currency translation adjustments on conversion of accounts denominated in foreign currency					3,805			**3,805**	2,282	**6,087**
Net income for the period							(14,901)	(14,901)	2,977	**(11,924)**
Balances as of 06-30-2003	**62,225**	**667,389**	**12,445**	**85**	**(13,480)**	**(38,462)**	**(14,901)**	**675,301**	**53,441**	**728,742**

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

Other reserves include the reserve for share issues established in accordance with art. 2349 of the Italian Civil Code, amounting to 85 thousand euros. Such reserve was reconstituted in the accounts of Leonardo SpA (now ADR SpA) following the merger with ADR SpA on May 21, 2001.

The reserve for foreign currency translation adjustments covers differences arising on conversion of the accounts of the overseas subsidiary undertaking, ADR IASA, at current exchange rates as opposed to historical rates.

The reduction of shareholders' equity with respect to December 31, 2002 is primarily due to the distribution of dividends by the Parent Company, ADR, amounting to 32,357 thousand euros.

The reconciliation of shareholders' equity and net income for the year, 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	
	1st half 2003	1st half 2002	06-30-2003	12-31-2002
Balance in ADR's accounts	**(16,415)**	**832**	**728,324**	**777,096**
Elimination of accelerated depreciation	(296)	(723)	7,238	7,534
Effect of consolidation of subsidiary undertakings	2,446	372	26,142	23,696
Effect of valuation of associated undertakings at equity	0	0	0	0
Elimination of inter-company net income and other adjustments	(416)	(264)	(18,573)	(18,157)
Effect of deferred tax assets	(626)	235	2,217	2,843
Merger effect	406	406	(56,567)	(56,973)
Exchange rate adjustments arising from the translation of accounts denominated in foreign currency	0	0	(13,480)	(17,285)
Balance in consolidated accounts	**(14,901)**	**858**	**675,301**	**718,754**

ALLOWANCES FOR RISKS AND CHARGES

	12-31-2002	changes during the period			06-30-2003
		Reclassificat ions	Provisions (Reversal to Income Statement)	Releases	
▪ Other:					
disputes in progress	14,223	0	744	(252)	14,715
insurance deductibles	1,338	0	231	(150)	1,419
maintenance of leased assets	0	0	13	0	13
restructuring	3,674	0	50	(3,674)	50
transferred charges	9,001	0	0	0	9,001
	28,236	0	**1,038**	**(4,076)**	**25,198**

Allowances for risks and charges, totaling 25,198 thousand euros, decreased by 3,038 thousand euros overall. In detail:

- The allowance for disputes in progress increased by 492 thousand euros, primarily due to the impact of disputes with employees. The allowance as of June 30, 2003 covers potential liabilities arising from legal disputes involving the Group and the prudent valuation of the outcomes of current disputes with clients;
- The allowance for restructuring, which covers the expected expenses to be incurred by the Group to meet the cost of streamlining and reorganizing the Group's operations, aimed at improving efficiency in order to ensure that profit targets are met, reports releases of 3,674 thousand euros, in line with the redundancy plan in the process of implementation.

EMPLOYEE SEVERANCE INDEMNITIES

BALANCE AS OF 12-31-2002	**68,648**
Changes during the period	
Provisions	4,548
Releases to pay indemnities	(5,116)
Releases to pay advances	(1,416)
Transfers of employees	(1,217)
Other	(206)
BALANCE AS OF 06-30-2003	**65,241**

Employee severance indemnities decreased by 3,407 thousand euros over the period due to the indemnities and advances of 6,738 thousand euros paid, and transfers of employees of 1,217 thousand euros which were partly offset by provisions for the period totaling 4,548 thousand euros.

PAYABLES

	12-31-2002	changes during the period	06-30-2003
▪ Due to banks	1,671,217	(1,163,731)	507,486
▪ Due to other financial institutions	0	1,266,481	1,266,481
▪ Advances:			
- from clients:			
. from the Ministry of Transport	6,521	(878)	5,643
. other	1,280	223	1,503
- on invoices paid in installments:			
. from clients	58	0	58
	7,859	(655)	7,204
▪ Due to suppliers	121,076	(3,956)	117,120
▪ Due to associated undertakings	969	17	986
▪ Due to parent companies	24,873	(24,869)	4
▪ Taxes due	7,003	5,382	12,385
▪ Due to social security agencies	8,851	(237)	8,614
▪ Other payables: sundry creditors	52,366	(8,380)	43,986
	1,894,214	**70,052**	**1,964,266**

The Group’s payables rose by 70,052 thousand euros during the period. The principal reasons for such a change are analyzed below. For further information on changes to amounts due to banks and other lenders, see the section on “Restructuring the Parent Company’s debt” in the Operating Review.

Amounts due to banks, totaling 507,486 thousand euros, report a reduction of 1,163,731 thousand euros with respect to December 31, 2002, deriving from the combined effect of the following operations:

- Repayment to ADR’s original lenders of part of “Facility A” amounting to 361,719 thousand euros, and of “Facility C” totaling 40,000 thousand euros, and payment of related interest of 4,479 thousand euros accrued as of December 31, 2002;
- Reclassification of a loan of 1,265,019 thousand euros (the remainder of “Facility A”) within the framework of loans granted by other lenders following transfer without recourse of an amount due from ADR’s lending banks to Romulus Finance Srl;
- Taking out of new bank loans utilized for a total amount of 505,000 thousand euros;
- Accrued interest, commissions and swap differentials for the period totaling 2,486 thousand euros.

On February 19, 2003, ADR negotiated further loans with the banking system totaling 575 million euros, which break down as follows:

- Two long-term facilities and a revolving line of credit granted by a syndicate of banks, headed by Mediobanca – Banca di Credito Finanziario SpA, Barclays, WestLB and UBM, totaling 490,000 thousand euros:
- A long-term line of credit of 85,000 thousand euros granted by Banca OPI, called “BOPI Facility”, secured by CDC IXIS Financial Guaranty Europe.

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	**B Term Facility**	245	floating rate linked to EURIBOR + margin	bullet	5 years	Feb. 2008
	C Term Facility	150	floating rate linked to EURIBOR + margin	bullet	6 years	Feb. 2009
	Revolving Facility	95	floating rate linked to EURIBOR + margin	revolving	5 years	Feb. 2008
		490				
Banca OPI	**BOPI Facility**	**85**	floating rate linked to EURIBOR + margin	after 5 years in six-monthly installments	15 years	Mar. 2018
	TOTAL	**575**				

As of June 30, 2003, all the long-term lines of credit (“B Term Facility”, “C Term Facility” and “BOPI Facility”), totaling 480,000 thousand euros, and the “Revolving Facility”, amounting to 25,000 thousand euros with respect to the loan granted of 95,000 thousand euros, have been drawn down.

Amounts due to other financial institutions amount to 1,266,481 thousand euros compared with a balance of zero as of December 31, 2002. The item includes the 1,265,019 thousand euros due to Romulus Finance Srl following the transfer without recourse of the amount due to ADR's original lenders to Romulus Finance Srl. For further information on this transaction, see the section on "Restructuring the Parent Company's debt" in the Operating Review. The outstanding amount due of 1,462 thousand euros consists of interest accrued on the above-mentioned loan and not yet paid.

The loan from Romulus Finance Srl breaks down into five lines of credit, summarized in the table below, which reflect the loans granted by Romulus Finance to finance acquisition of the amounts due to 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 to EURIBOR + margin	bullet	12 years	Feb. 2015
	A3	175	floating rate linked to EURIBOR + margin	bullet	12 years	Feb. 2015
	A4	325	fixed rate up to 12/20/2009 and after floating rate linked to EURIBOR + margin	bullet	20 years	Feb. 2023
	B	65	floating rate linked to EURIBOR + margin	bullet	7 years	Feb. 2010
	TOTAL	**1,265**				

In accordance with the hedging policy established within the framework of loan contracts taken out with banks and with Romulus Finance, the following interest rate swap agreements drawn up by ADR in 2001 designed to hedge the interest rate risk associated with a portion of a loan (864 million euros) are in force. Such interest rate swap agreements mature on October 2, 2009.

The effects of the interest rate swap agreements on the Income Statement for the period are shown in the notes on financial charges.

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's bank current accounts;
- A lien on ADR's shareholdings in ADR Tel SpA and ADR Advertising SpA;
- "ADR Deed of Charge" (a British lien on receivables subject to British legislation, hedging agreements and insurance policies regulated by British law).

Due to parent companies decreased by 24,869 thousand euros because, in compliance with commitments undertaken with lending banks, on March 24, 2003 ADR discharged the loan of 24,600 thousand euros granted by Leonardo Holding SA on September 10, 2002. On the same date, the interest accrued on the loan, from the date of its granting to the date of its discharge, was settled.

Other payables: sundry creditors decreased by 8,380 thousand euros overall, mainly due to payment of license fees in arrears to the Civil Aviation Authority (7,258 thousand euros) and settlement of a portion of the payable due to the Menzies Aviation Group for acquisition of 49% of ADRH (3,350 thousand euros).

As of June 30, 2003, total payables of 1,964,266 thousand euros include 1,774,862 thousand euros of a financial nature, 125,310 thousand euros of trade payables and 64,094 thousand euros of sundry items.

Payables secured by collateral on the Group's assets amount to 1,773,967 thousand euros (as described in the paragraph regarding amounts due to banks and other financial institutions).

Payables falling due beyond five years amount to 1,745,019 thousand euros and regard amounts due to banks totaling 480,000 thousand euros and amounts due to other financial institutions of 1,265,019 thousand euros.

Payables in currency exposed to exchange rate risk total 610 thousand euros and refer to services supplied.

ACCRUED EXPENSES AND DEFERRED INCOME

	12-31-2002	changes during the period	06-30-2003
▪ **Deferred income**			
. Sub-concessions and license fees	2,746	(53)	2,693
. Other services	2,892	352	3,244
	5,638	**299**	**5,937**

NOTES TO THE CONSOLIDATED MEMORANDUM ACCOUNTS

GENERAL GUARANTEES

	06-30-2003			12-31-2002		
	Secured credits	Unsecured credits	Total	Secured credits	Unsecured credits	Total
Sureties						
. in favor of third parties	0	111	111	0	111	111
Other:						
. in favor of clients	0	1,239	1,239	0	1,237	1,237
	0	**1,350**	**1,350**	**0**	**1,348**	**1,348**

COMMITMENTS ON PURCHASES AND SALES

	06-30-2003	12-31-2002
COMMITMENTS ON PURCHASES		
Investment:		
. electronic equipment	1,115	6,023
. maintenance and services	1,898	2,083
. vehicles and equipment	763	6,540
. self-financed works	1,781	2,482
. contract work	4,541	7,514
.financial investments	59,311	58,161
	69,409	**82,803**

The sub-item Investment: financial investments under commitments on purchases refers to the following commitments:

- An irrevocable commitment to purchase the shareholding currently held by Simest S.p.A. in the subsidiary undertaking, ADR IASA (equal to 6.2% of the share capital). This commitment, guaranteed by a surety issued in favor of Simest SpA, by the Banca di Roma, must be honored by June 30, 2005 or before such deadline, via payment of a minimum amount of 7,747 thousand euros, on the occurrence of certain events;

- A commitment given by the Group (worth 22,184 thousand euros) to purchase the preference shares held by the South African financial institution, United Towers Ltd, in the associated undertaking, ADR IASA on April 9, 2004 – or before such deadline on the occurrence of certain events – at their issue price of 156 million rand. United Towers will also receive all the unpaid dividends accrued to that date, which are prudently estimated at 06.30.2003 to total 34 million rands. The equivalent amount in euros was computed by applying the rand/euro exchange rate of 8.542 at the end of the period. The put option granted to United Towers is exercisable until April 30, 2005;

- a commitment to purchase the shares in ADR IASA (24.8% of the ordinary share capital) held by the JP Morgan Chase Group at a price of 29,380 thousand euros, should such Group exercise, during the period 08.16.2004-09.14.2004, the put option granted to it by Airport Invest in January 2001;

Regarding purchase commitments, on February 28, 2003 the Parent Company, ADR, 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 4477/95) and the Ministerial Decree of November 29, 2000.

Such commitments are difficult to quantify given the general nature of the regulations regarding the basis for calculation. In any event such costs, given that they would extend the useful lives of the Company-owned and leased assets to which they refer, would be capitalized.

OTHER MEMORANDUM ACCOUNTS

	06-30-2003	12-31-2002
GENERAL GUARANTEES RECEIVED		
Sureties:		
. received from suppliers	51,350	55,282
. received from clients	33,944	34,059
. received from associated undertakings	0	0
	85,294	89,341
THIRD PARTY ASSETS ON FREE LOAN DEPOSITED IN CUSTODY, LEASED OR SIMILAR		
. leased assets	104	104
. goods in process deposited with third parties	430	430
. 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	662,272	652,982
	811,911	802,621
	897,205	**891,962**

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

	1st half 2003	1st half 2002[12]
▪ ***Revenues from sales:***		
. Non-aviation activities:		
Duty Free and Duty Paid	20,255	22,328
Other	321	265
	20,576	**22,593**
▪ ***Revenues from services:***		
. Aviation activities:		
Fees	63,500	59,003
Handling	49,893	51,416
Centralized infrastructures	16,517	15,283
Security	14,664	14,577
Other	4,785	5,202
	149,359	145,481
. Non-aviation activities:		
Sub-concessions and utilities	33,300	34,085
Car parks	10,108	9,664
Advertising	11,282	10,422
Refreshments	3,891	3,752
Other	7,404	8,176
	65,985	66,099
	215,344	**211,580**
▪ ***Revenues from contract work***	**9,289**	**15,148**
Total revenues from sales and services	**245,209**	**249,321**
▪ ***Changes in contract work in progress***	**(4,665)**	**(4,714)**
▪ ***Revenue grants***	**71**	**0**
TOTAL REVENUES	**240,615**	**244,607**

62.1 % of revenues, which total 240,615 thousand euros, derived from "aviation activities" carried out by the Group, whilst 37.9% were generated by "non-aviation" activities. In the first half of 2002 aviation activities accounted for 59% of revenues and non-aviation for 41%.

Revenues from sales, amounting to 20,576 thousand euro, fell by 8.9% with respect to the first half of 2002, due to the reduced turnover of directly managed shops, deriving above all from the contraction in international traffic.

Revenues from services totaled 215,344 thousand euros, up 1.8 % on the same period of 2002. A detailed analysis is provided in the section of the Management Report on Operations dedicated to the Group's financial position and operating performance.

[12] The revenues earned by the subsidiary undertaking, ADR Handling, as charges for centralized infrastructures, were spun off from handling revenues and classified, in line with the Parent Company, under revenues from centralized infrastructures.

Revenues from contract work (9,289 thousand euros) fell 38.7% compared with the first half of 2002, reflecting the greater amount invoiced to the Civil Aviation Authority.

Contract work in progress decreased by 4,665 thousand euros with respect to the 4,714 thousand euros of the same period of 2002, due to the volume of works invoiced, as mentioned above.

Segment information

As required by CONSOB ruling 98084143 dated October 27, 1998, the following section provides segment information on the Group's business. 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 three 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	**Fees**	**Handling**	**Centralized infrastructures**	**Non-aviation activities**		**Other activities**	**Total**
				Sub-concessions	**Direct sales**		
1st half 2003	63,500	49,893	16,517	33,300	20,576	56,829	**240,615**
1st half 2002	59,003	51,416	15,283	34,085	22,593	62,227	**244,607**

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 149,359 thousand euros, compared with the 145,481 thousand euros of the first half of 2002;
- 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 91,256 thousand euros, compared with the 99,126 of the first half of 2002.

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

	1st half 2003	1st half 2002
▪ **Other:**		
. Releases:		
release from allowance for overdue interest	11	126
release from consolidation allowance for risks and charges		2
. Expense recoveries	68	120
. Recoveries of personnel expenses	113	101
. Other revenues	1,886	12,444
	2,078	**12,793**

Other revenues, amounting to 1.9 million euros, includes the effects of updated valuations of costs and revenues, formerly estimated at the end of the previous year. Such items, defined during the first half of the year, refer to amounts due from clients relating to previous years (1.4 million euros).

OPERATING COSTS

Depreciation, amortization and write-downs

Amortization and depreciation for the period amounted to 47,958 thousand euros, including amortization of intangible fixed assets of 40,246 thousand euros and depreciation of tangible fixed assets of 7,712 thousand euros. 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 notes to fixed assets.

Provisions for doubtful accounts totaled 117 thousand euros and reflect an updated assessment of the creditworthiness of the Group's clients.

Provisions for risks

Provisions for risks break down as follows:

	1st half 2003	1st half 2002
. disputes in progress	744	1,295
. leases of company divisions	13	0
. insurance deductibles	231	310
	988	**1,605**

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 assessment of potential liabilities not absorbed by any surplus funds deriving from updating of the risk positions in which the Group is involved.

Other operating costs

	1st half 2003	1st half 2002
▪ Losses on disposals	0	89
▪ Concession fees	81	84
▪ Other	4,776	2,755
	4,857	**2,928**

The item Other, amounting to 4,776, thousand euros, increased with respect to the first half of 2002. Such costs regard membership dues (419 thousand euros) and indirect taxes and duties (382 thousand euros), in addition to updated valuations of costs and revenues recognized in the 2002 financial statements (3,890 thousand euros) referring to the settlement of disputes with clients.

FINANCIAL INCOME AND EXPENSE

Other financial income

	1st half 2003	1st half 2002
▪ **Interest and commissions on long-term receivables:**		
Other	93	127
▪ **Other:**		
Interest on overdue current receivables:		
. Clients	517	2,959
Interest and commissions from other companies and sundry income:		
. Interest from other financial institutions	0	0
. Interest from banks	1,583	1,078
. Interest from clients	10	32
. Gains on foreign exchange transactions	125	29
. Other	7	3,038
	2,242	7,136
	2,335	**7,263**

Interest from banks, amounting to 1,583 thousand euro, rose with respect to the first half of 2002 mainly due to the interest accrued on the "Option Reserve" current account established in February 2003 under the provisions of the new loan contracts entered into by ADR, as described in the notes to "Cash on hand and in banks".

The item Other, totaling 7 thousand euros, decreased considerably with respect to the first half of 2002, which included the positive effects (3 million euros) resulting from the early sale of foreign currency options held by ADR.

Interest expense and other financial charges

	1st half 2003	1st half 2002
▪ **Interest and commissions due to parent companies**	191	0
▪ **Interest and commissions due to others and sundry charges:**		
. Interest and commissions paid to banks	16,846	38,482
. Interest and commissions paid to other financial institutions	21,277	1,423
. Provisions for overdue interest on doubtful accounts	517	2,959
. Other	11,129	7,817
	49,769	50,681
	49,960	**50,681**

The reduction of interest and commissions paid to banks and the increase in those paid to other financial institutions reflect the effects of the operation to restructure the Parent Company's debt which involved taking out a loan from Romulus Finance to replace amounts due to banks.

The item Other includes the sum of 9,719 thousand euros regarding negative interest differentials accruing on interest rate swaps during the period. Such swaps have been entered into in compliance with the loan agreement, as described in the notes to payables.

ADJUSTMENTS TO FINANCIAL ASSETS

	1st half 2003	1st half 2002
▪ **Revaluations:**		
- of equity investments:		
. ACSA Ltd.	7,315	3,308
	7,315	**3,308**

The revaluation of the associated undertaking, ACSA Ltd., derives from application of the equity method. The increase with respect to the first half of 2002 is due to an improvement in the company's operating results.

EXTRAORDINARY INCOME AND EXPENSE

Income

Extraordinary income for the period totaled 287 thousand euros and breaks down as follows:

	1st half 2003	1st half 2002
▪ Other		
Income relating to previous years and other deriving from:		
. Total revenues	233	431
. Operating costs	45	421
. Financial income and expense	0	21
. Taxes relating to previous years	0	48
. Contingent liabilities	9	1,707
	287	**2,628**

Expense

Extraordinary expense for the period totaled 4,969 thousand euros and breaks down as follows:

	1st half 2003	1st half 2002
▪ Taxes relating to previous years	2,007	1,887
▪ Other:		
Extraordinary expense:		
Total revenues	42	85
Operating costs	717	534
Financial income and expense	4	0
Agreed settlements	1,175	639
Contingent liabilities	430	278
	2,368	1,536
Other extraordinary expense:		
Payments due for lost freight	36	64
Fines	53	28
Antitrust penalty	463	0
Damages and compensation paid to third parties	42	1
	594	93
	2,962	1,629
	4,969	**3,516**

The item Taxes relating to previous years mainly includes expense deriving from Group companies' participation in the amnesty pursuant to Law 289/2002. The most significant amounts regard automatic definition under the provisions of art. 9 of the law:

- the Parent Company, ADR, applied for automatic definition for the purposes of direct taxation for the fiscal years 2000 and 2001, with a charge of 1,413 thousand euros;

- the subsidiary undertaking, ADRH, applied for automatic definition, for the purposes of direct taxation and VAT, for the fiscal years 1999, 2000 and 2001, with a charge of 515 thousand euros.

Among the smaller amounts is one relating to integration of taxable amounts (for the purposes of direct taxation, VAT and withholding taxes) pursuant to art. 8 of the above-mentioned law incurred by ADR, totaling 2 thousand euros.

As part of the current efficiency drive, incentive payments were brought forward with regard to the Parent Company, ADR, and the subsidiary undertaking, ADR Handling. This gave rise to expense of 1,175 thousand euros.

INCOME TAXES

This item reports the estimated expense for current taxes for the period totaling 5,938 thousand euros. Deferred tax liabilities of 295 thousand euros have also been recognized.

	1st half 2003	**1st half 2002**
▪ Current taxes		
. IRPEG	(208)	(2,455)
. IRAP	(5,730)	(5,811)
	(5,938)	**(8,266)**
▪ Net deferred tax assets (liabilities)	**(295)**	**(2,694)**
	(6,233)	**(10,960)**

OTHER INFORMATION

HEADCOUNT

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

Average	1st half 2003	1st half 2002	Difference	2002
Management	68	70	(2)	70
Administrative staff	1,957	2,004	(47)	2,008
Ground staff and other	1,262	1,387	(125)	1,388
Total	**3,287**	**3,461**	**(174)**	**3,466**

REMUNERATION OF DIRECTORS AND STATUTORY AUDITORS

The remuneration of Directors and Statutory Auditors is shown in the table below (cumulatively for each category):

Category	**Fees** (€000)
Directors	477
Statutory Auditors	150
Total	**627**

INFORMATION REGARDING CURRENT DISPUTES

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.

On May 21, 2003, regarding the notice of assessment of IRPEG/ILOR for 1995, a request was submitted for settlement of the pending fiscal lawsuit pursuant to art. 16 of Law No. 289/2002.

At the same time, under the provisions of the said art. 16., a payment of 74 thousand euros was made, corresponding to 50% of the value of the lawsuit, as settlement of the amount due confirmed by the sentence of the Tax Commission for the Province of Rome of March 26, 2002, which rejected ADR's appeal. The above sum also included 10% of the value of the lawsuit relating to the amount for which the company's appeal was accepted.

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, 2003, 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, primarily relating to labor litigation, 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, Supreme Court sentence 15023/01 regarding the appeal against the arbitrator's award of June 12, 1996 and the subsequent sentence issued by the Court of Appeal on May 18, 1999, turned down both ADR's appeal and the counter-appeal presented by the government. The sentence thus confirmed the validity of the Court of Appeal's judgment passed in 1999. This, 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 (the arrangement already applied in ADR's financial statements). In the meantime the Parent Company has proceeded to apply to the Ordinary Court for injunctions allowing it to recover accrued receivables due from the various ministries.

- 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. The appeal, which has been prepared by the appointed legal counsel, highlights the absence of grounds for application of the above fees to ADR, and the absence of any legal basis for demanding backdated payments in accordance with former legislation (Law 755/73). Judgment is still pending.
- Following a complaint by Alitalia, A.G.I.S.A. (Association of Independent Airport Services Operators), Aviation Services, Cimair Blu and ARE, the Antitrust Authority launched an investigation of ADR to ascertain whether the company had abused its dominant position regarding fees charged for ground handling services, or whether it had put obstacles in the way of self-handling operations. In a resolution of September 20, 2000, the Authority closed the investigation of ADR, launched with the resolution of November 4, 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 a 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 (E.N.A.C.) and the Director of Fiumicino Airport and against ADR and ADRH as interested 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 18, 2003, the Council of State accepted the suspension requested by ADR, the Civil Aviation Authority, Alitalia Airport and EAS against the sentences of the Lazio Regional Administrative Court of July 2002 in which the appeals lodged by A.T.I. were accepted. Globeground Italia S.r.l. – ITR, requested an injunction annulling the minutes of the meeting of the Authority's Bid Committee that awarded the relevant contracts to two handlers for ground assistance, which is subject to restrictions at Fiumicino Airport. At a hearing on June 10, 2003 the Council of State judged in favor of the appeals lodged by Alitalia Airport, EAS, ADR and the Civil Aviation Authority, and consequently revised the contested sentences and rejected the initial appeals submitted by Globeground.
- On January 2, 2002 ADR was notified of an appeal brought before the Lazio Regional Administrative Court by Aviapartner Belgium N.V., requesting an injunction annulling the decision of December 18, 2001 by which ADR did not grant the appellant (which ranked third in the European tender process to select the providers of ground handling services subject to limitations at Fiumicino Airport) the right to participate in the inspection of the "additional means" offered by E.A.S. Aviapartner has also appealed against the decisions of the Civil Aviation Authority's Bid Committee contained in the minutes dated July 30, 2001, which awarded the relevant contract to E.A.S. The resulting contract was signed by E.A.S. and ADR on October 5, 2001. The Lazio Regional Administrative Court sentence of February 11, 2003 declared the appeal brought by Aviapartner Belgium N.V. to be inadmissible.

- Lazio Regional Administrative Court sentence of March 25, 2003 rejected ATA Handling's appeal, which contested the non-acceptance of the submission of its bid in the European tender process to select the providers of ground handling services subject to limitations at Fiumicino Airport.
- On March 3, 2003 ADR, together with Assaeroporti and the 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.
- Regarding the Ministerial Decree of November 29, 2000 concerning the drawing up by companies and operators that provide public transport services and related infrastructure of action plans for the curbing and abatement of noise together with provisions to appropriate funds commensurate with forecast percentages if such limits should be exceeded, it should be noted that all airport operators independently appealed to the Council of State to obtain annulment of the Lazio Regional Administrative Court's sentence no. 3382/2002. A date has yet to be fixed for a hearing to deal with the matter. The accounting treatment is described in the notes to the "Memorandum accounts".
- With sentence no. 2003/01559 deposited on February 26, 2003, Lazio Regional Administrative Court rejected, the two appeals submitted by the CNA against the Ministerial Decree of August 13, 1998 and the Ministerial Decree of November 14, 2000, respectively, regarding increases in airport fees for 1998 and 2001.

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

A claim for damages, in relation to the contract for the extension and restructuring of the international terminal, Satellite West, brought by Necso Entrecanales Cubiertas S.A. The claim amounts to approximately 9.8 million euros plus VAT, interest and revaluation. The judge at the hearing of 10.19.02 turned down Nesco's claim, adjourning the hearing until 03.13.2003 when the court will announce its sentence. At this hearing the judge delayed passing sentence, granting the parties the legally permitted time to deposit their final statements of the case and their counter-arguments. The hearings so far point to a favorable outcome for ADR.

- A 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. Given a demand for 8.3 million euros, plus VAT, interest and monetary revaluation, the dispute currently involves approximately 4 million euros, plus VAT, interest and revaluation. ADR has filed a counterclaim for 1.9 million euros, demanding that the responsibilities of Consorzio Cooperative Costruzioni be ascertained, with reference to damages suffered on related projects. An expert appraisal has been requested. At the hearing of February 25, 2003, the judge delayed passing sentence, granting the parties the legally permitted time to deposit their final statements of the case and their counter-arguments.

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 brought by Consorzio AEREST (in liquidation). The claim amounts to approximately 2.2 million euros plus VAT, interest and revaluation. The appointed judge held that it was necessary to first decide on issues relating to *an debeatur*, by which the case is ready to be decided on without the need for a preliminary inquiry, adjourning the hearing until May 11, 2004.

- A claim brought by ASTALDI S.p.A. (which took over APL contract no. 704/95 from Italstrade S.p.A.) regarding the construction of the road link between runways 07/25 and 16L/34R at Leonardo da Vinci Airport in Fiumicino, in which the plaintiff requests that ADR be ordered to pay eleven reserves posted in the accounts in relation to said works, for a total of 3.0 million euros plus legal interest, as well as all legal costs and fees.

- A claim brought by ASTALDI S.p.A. (which took over APL contract no. 450/95 from Italstrade S.p.A.) regarding the construction of the Satellite West aprons and road network at Leonardo da Vinci Airport in Fiumicino, in which the plaintiff requests that ADR be ordered to pay twenty-one reserves posted in the accounts in relation to said works, for a total of 7.3 million euros, as well as all legal costs and fees.
  The initial hearing will take place on September 22, 2003.

The following claims with regard to contract work, services and supplies have been concluded:

- With partial judgment No. 15154/2003 of May 8, 2003 the judge in the lawsuit taken out by A.T.I. Alpine Bau, disregarding the expectations of a positive outcome to the proceedings based on the results of the expert appraisal and the previous ruling handed down by the said judge, declared the contract relating to the aforesaid works rescinded due to non-fulfillment of its terms by ADR. Consequently, the judge ordered ADR to pay the legal expenses of A.T.I. Alpine, totaling 28 thousand euros, and ordered ADR to pay overall damages sustained by A.T.I. arising from non-fulfillment of the contract, postponing the assessment of the amount of such damages until the outcome of the ongoing proceedings, provided for under a separate ruling. ADR is evaluating whether or not to appeal this partial judgment.
- On May 22, 2003, with sentence no. 17134/2003, the Civil Court of Rome, in partial acceptance of the request made by Garbolirep (plaintiff), ordered ADR to pay damages to the former on the grounds that reserves 5 and 7 were justified. Damages were set at 347 thousand euros, plus legal interest and interest on arrears. The above-mentioned dispute refers to 7 reserves (totaling 797 thousand euros) posted in the accounts relating to the bid to carry out works regarding the road network, sub-service networks and transit tunnels within the scope of the so-called "Lot facing International Terminal" at Fiumicino. ADR is considering whether or not to appeal this decision.

- On June 17, 2003, the Civil Court of Rome rejected the claims put forward by Daimler Chrysler Rail System (North America) Inc. for damages in relation to the supply of the automated transport system (the people mover). The claim amounted to approximately 2.4 million euros plus VAT, interest and revaluation. The related expenses were recovered.

* * *

In conclusion, we declare that these accounts, accompanied by the Management Report on Operations, present a true and fair picture of the Group's financial position and results of operations for the period.

THE BOARD OF DIRECTORS

AEROPORTI DI ROMA SPA: SIX-MONTH ACCOUNTS

BALANCE SHEET
as of June 30, 2003
(in euros)
(Translation from the original issued in Italian)

ASSETS

	06-30-2003			12-31-2002		
UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS			0			0
FIXED ASSETS						
INTANGIBLE FIXED ASSETS:						
• Incorporation and development costs		334,572			401,487	
• Industrial patents and intellectual property rights		160,971			122,565	
• Concessions, licenses,trademarks and similar rights		2,055,558,822			2,080,448,186	
• Leasehold improvements in process and advances		44,525,691			25,505,180	
• Other		153,667,882			148,123,728	
			2,254,247,938			2,254,601,146
TANGIBLE FIXED ASSETS:						
• Land and buildings		1,148,302			1,283,119	
• Plant and machinery		13,678,159			13,759,045	
• Industrial and commercial equipment		833,782			722,757	
• Fixed assets to be relinquished		70,187,297			72,701,320	
• Other assets		3,725,419			4,694,275	
• Work in progress and advances		2,588,685			2,307,375	
			92,161,644			95,467,891
FINANCIAL FIXED ASSETS:						
• Equity investments in:						
- subsidiary undertakings	91,310,797			91,055,797		
- associated undertakings	1			1		
- other companies	1,895,376			1,895,376		
		93,206,174			92,951,174	
• Receivables due from others:						
. within 12 months	3,099			3,099		
. beyond 12 months	5,157,276			5,432,543		
		5,160,375			5,435,642	
			98,366,549			98,386,816
Total fixed assets			**2,444,776,131**			**2,448,455,853**
CURRENT ASSETS						
INVENTORY						
• Raw, ancillary and consumable materials		2,873,518			2,985,600	
• Contract work in progress		9,163,154			13,911,397	
• Finished goods and goods for resale						
- goods for resale	8,988,048			8,194,600		
		8,988,048			8,194,600	
• Advances		37,576			89,582	
			21,062,296			25,181,179
RECEIVABLES						
• Due from clients		125,543,450			120,358,282	
• Due from subsidiary undertakings		15,303,909			15,812,596	
• Due from associated undertakings		529,543			752,500	
• Due from others:						
- various						
. within 12 months	53,642,889			77,622,749		
. beyond 12 months	2,377,660			2,320,886		
- tax authorities	16,287,778			17,234,905		
- advances to suppliers for services to be rended	41,354			115,588		
		72,349,681			97,294,128	
			213,726,583			234,217,506
MARKETABLE SECURITIES			0			0
CASH ON HAND AND IN BANKS						
• Bank and post office deposits		75,364,139			46,475,107	
• Checks		1,188			174	
• Cash and notes in hand		604,235			563,928	
			75,969,562			47,039,209
Total current assets			**310,758,441**			**306,437,894**
ACCRUED INCOME AND PREPAID EXPENSES						
• Accrued income and other prepaid expenses			**6,473,700**			**407,491**
TOTAL ASSETS			**2,762,008,272**			**2,755,301,238**

BALANCE SHEET
as of June 30, 2003
(in euros)
(Translation from the original issued in Italian)

		06-30-2003			31-12-2002	
LIABILITIES AND SHAREHOLDERS' EQUITY						
SHAREHOLDERS' EQUITY						
· SHARE CAPITAL						
ordinary shares			62,224,743			62,224,743
· SHARE PREMIUM RESERVE			667,389,496			667,389,496
· REVALUATION RESERVES			0			0
· LEGAL RESERVE			12,444,949			12,444,949
· RESERVE FOR OWN SHARES			0			0
· STATUTORY RESERVES			0			0
· OTHER RESERVES			1,747,553			11,081,264
· RETAINED EARNINGS (ACCUMULATED LOSSES)			932,531			19,892,693
· NET INCOME (LOSS) FOR THE PERIOD			(16,414,974)			4,062,993
Total shareholders' equity			**728,324,298**			**777,096,138**
ALLOWANCES FOR RISKS AND CHARGES						
· Other		24,945,119			27,725,081	
Total allowances for risks and charges			**24,945,119**			**27,725,081**
EMPLOYEE SEVERANCE INDEMNITIES			**48,384,917**			**50,801,005**
PAYABLES						
· Due to banks						
. within 12 months	27,486,106			44,479,085		
. beyond 12 months	480,000,000			1,626,737,860		
		507,486,106			1,671,216,945	
· Due to other financial institutions:						
. within 12 months	1,462,186			0		
. beyond 12 months	1,265,018,896			0		
		1,266,481,082			0	
· Advances:						
- from clients						
. from the Ministry of Transport:						
. within 12 months	4,990,484			5,868,429		
. beyond 12 months	652,048			652,048		
. other	1,241,548			810,242		
		6,884,080			7,330,719	
· Due to suppliers:						
. within 12 months	106,171,557			110,024,353		
. beyond 12 months	6,746,849			7,298,975		
		112,918,406			117,323,328	
· Due to subsidiary undertakings:						
. within 12 months	10,932,797			14,377,876		
		10,932,797			14,377,876	
· Due to associated undertakings:						
. within 12 months	968,680			968,680		
		968,680			968,680	
· Due to parent companies:						
. within 12 months	4,120			24,873,058		
		4,120			24,873,058	
· Taxes due:						
. within 12 months	9,013,991			5,557,469		
. beyond 12 months	0			413,389		
		9,013,991			5,970,858	
· Due to social security agencies		5,735,381			6,110,701	
· Other payables: various creditors						
. within 12 months	36,260,808			45,491,133		
. beyond 12 months	532,323			374,846		
		36,793,131			45,865,979	
Total payables			**1,957,217,774**			**1,894,038,144**
ACCRUED EXPENSES AND DEFERRED INCOME						
· Accrued expenses and other deferred income			**3,136,164**			**5,640,870**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**2,762,008,272**			**2,755,301,238**

MEMORANDUM ACCOUNTS
as of June 30, 2003
(in euros)

	06-30-2003		31-12-2002	
General guarantee:				
· Sureties	51,674,579		50,524,174	
· Other	1,305,175		1,303,143	
		52,979,754		51,827,317
Collateral guarantees		0		0
Commitments on purchase and sales		20,852,971		33,591,402
Other		896,302,716		891,068,534
		970,135,441		**976,487,253**

INCOME STATEMENT
for the six months to June 30, 2003
(in euros)
(Translation from the original issued in Italian)

	1st half 2003			1st half 2002		
TOTAL REVENUES						
Revenues from sales and services:						
- revenues from sales	21,121,256			23,152,343		
- revenues from services	191,707,613			184,914,380		
- revenues from contract work	9,289,370			15,147,943		
		222,118,239			223,214,666	
Changes in contract work in progress		(4,748,243)			(4,924,095)	
Other income and revenues:						
- revenue grants	70,510			0		
- profits on disposals	15,261			60,784		
- other	2,507,634			12,040,601		
		2,593,405			12,101,385	
			219,963,401			**230,391,956**
OPERATING COSTS						
raw, ancillary and consumable materials and goods for resale		20,893,020			19,951,393	
services		41,216,232			42,868,515	
leases		13,460,294			8,961,407	
payroll:						
- wages and salaries	38,266,112			38,583,476		
- social security	11,285,355			11,114,113		
- employee severance indemnities	3,269,442			3,381,419		
- other	489,401			575,272		
		53,310,310			53,654,280	
Depreciation, amortization and write-downs:						
- amortization of intangible fixed assets	40,421,534			39,579,042		
- depreciation of tangible fixed assets	5,982,113			6,542,550		
		46,403,647			46,121,592	
Changes in inventories of raw, ancillary and consumable materials and goods for resale		(681,366)			183,550	
Provisions for risks		814,903			1,392,937	
Sundry operating costs:						
- losses on disposals	0			89,036		
- license fees	81,240			83,615		
- other	4,890,385			2,410,426		
		4,971,625			2,583,077	
			(180,388,665)			**(175,716,751)**
Operating income			**39,574,736**			**54,675,205**
FINANCIAL INCOME AND EXPENSE						
Income from equity investments:						
- dividends from other companies	0			37,185		
- other income from equity investments	0			20,917		
		0			58,102	
Other financial income:						
- from long-term receivables						
. other	80,527			104,795		
- other						
. interest and commissions from subsidiary undertakings	8,963			10,862		
. interest and commissions from banks	1,534,603			1,056,339		
. interest and commissions from clients	517,070			2,959,255		
. interest and commissions from others	30,635			3,034,051		
		2,171,798			7,165,302	
Interest expense and other financial charges:						
- interest and commissions due to parent company	191,142			0		
- interest and commissions due to subsidiary undertakings	63,578			147,648		
- interest and commissions due to banks	16,845,931			38,481,976		
- interest and commissions due to other financial institutions	21,277,371			1,422,657		
- interest and commissions due to others	11,063,501			7,816,140		
- provisions for overdue interest on written down receivables	517,072			2,959,255		
		(49,958,595)			(50,827,676)	
Total financial income (expense), net			**(47,786,797)**			**(43,604,272)**

INCOME STATEMENT
for the six months to June 30, 2003
(in euros)
(Translation from the original issued in Italian)

	1st half 2003			1st half 2002		
ADJUSTMENTS TO FINANCIAL ASSETS						
Write-downs:						
- of equity investments		0			0	
Total adjustments			**0**			**0**
EXTRAORDINARY INCOME AND EXPENSE						
Income:						
- other	275,090			2,566,931		
		275,090			2,566,931	
Expense:						
- taxes relating to previous years	1,489,345			1,886,662		
- other	2,288,248			881,797		
		(3,777,593)			(2,768,459)	
Total extraordinary income (expense), net			**(3,502,503)**			**(201,528)**
Income before taxes			**(11,714,564)**			**10,869,405**
Income taxes:						
- current		(4,740,410)			(7,293,615)	
- deferred tax assets (liabilities)		40,000			(2,744,000)	
			(4,700,410)			**(10,037,615)**
Net income (loss) for the period			**(16,414,974)**			**831,790**

REPORT OF THE INDEPENDENT AUDITORS

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**AUDITORS' REPORT ON THE REVIEW
OF THE MANAGEMENT REPORT
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2003 OF
AEROPORTI DI ROMA S.p.A.**
(Translation from the original Italian version)

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

1. We have performed a review of the Management Report of Aeroporti di Roma S.p.A. as of and for the six month period ended June 30, 2003 (Interim Consolidated Balance Sheet, Interim Consolidated Statement of Income and related Notes). We have also reviewed that part of the financial information presented by the Board of Directors in the Management Report with respect to their discussions and analyses of the consolidated operations of Aeroporti di Roma S.p.A., solely for the purpose of evaluating its consistency with the above-mentioned statements and related Notes.

2. Our review was conducted in accordance with auditing standards governing reviews of interim financial statements recommended by CONSOB (the Italian Stock Exchange Regulatory Agency) in its resolution No. 10867 of July 31, 1997. A review consists mainly of obtaining relevant information with respect to the data included in the statements identified in paragraph 1 of this report and of evaluating the consistency of the accounting principles applied through discussions with appropriate members of management, and performing analytical reviews of the financial data presented in such statements. A review does not include performing auditing procedures such as tests of compliance with internal controls and substantive procedures for the verification of account balances of assets and liabilities. Consequently, the scope of work for a review engagement provides significantly less assurance than a full scope audit performed in accordance with generally accepted auditing standards. We do not, therefore, express an audit opinion on the statements identified in paragraph 1 of this report and related Notes of Aeroporti di Roma S.p.A. as of and for the six month period ended June 30, 2003.

Reconta Ernst & Young S.p.A.
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Capitale Sociale € 1.111.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
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P.I. 00891231003
vecchio numero R.I. 6697/89 - numero R.E.A. 250904

3. With respect to the consolidated comparative data as of and for the year ended December 31, 2002 and for the six months period ended June 30, 2002, reference should be made to our audit and review reports issued on March 31, 2003 and on September 10, 2002 respectively.

4. As a result of our review, we did not become aware of any significant modifications that should be made to the statements and related Notes identified in paragraph 1 of this report, in order for them to be in conformity with the criteria for the presentation of the semi-annual interim Management Report, stated by art. 81 of CONSOB regulations as approved in its resolution No. 11971 of May 14, 1999 and subsequent modifications.

Rome, September 9, 2003

Reconta Ernst & Young S.p.A.
Signed by: Bruno Vanni