



QUARTERLY REPORT as of September 30, 2006

(Translation into English from the original version in Italian)

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

www.adr.it

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CORPORATE OFFICERS

Aeroporti di Roma SpA

Board of Directors

(after the General Meeting of April 21, 2006 and the Board Meetings of April 21, 2006, June 15, 2006, July 17, 2006 and October 23, 2006)

Chairman

Ernesto Stajano

Managing Director

Maurizio Basile

Directors

Marcus Charles Balmforth *(until July 14, 2006)*

Martyn Booth *(until July 14, 2006)*

Remy Cohen *(from July 17, 2006)*

Christopher Timothy Frost

Vito Alfonso Gamberale *(until June 12, 2006)*

Alessandro Grimaldi

Kerrie Patricia Mather *(from July 17, 2006)*

Gianni Mion *(from October 23, 2006)*

Andrea Monorchio *(until September 25, 2006)*

John Stuart Hugh Roberts

Cesare Romiti

Pier Giorgio Romiti

Paolo Roverato *(from June 15, 2006)*

Claudio Sposito

Secretary

Antonio Abbate

Board of Statutory Auditors

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

Chairman

Fabrizio Rimassa

Statutory Auditors

Roberto Ascoli

Giuseppe Cappella

Alessandro Grange

Luigi Tripodo

Alternate Auditors

Nicola Lorito

Guido Zavadini

General Manager

Maurizio Basile

Independent Auditors

Deloitte & Touche SpA

HIGHLIGHTS

The following table summarizes main traffic data for the third quarter and the first nine months of the year for Rome's airport system and shows changes with respect to the same periods of 2005.

TRAFFIC PERFORMANCE

<i>Traffic component</i>	Q3 2006		9M 2006	
	SYSTEM (°)	% CHANGE (*)	SYSTEM (°)	% CHANGE (*)
<i>Movements (no.)</i>	100,726	+4.0%	285,219	+3.0%
<i>Aircraft tonnage</i>	7,225,095	+3.5%	20,077,629	+2.5%
<i>Total passengers</i>	10,113,337	+7.0%	26,733,461	+6.7%
<i>Total freight (kg)</i>	36,628,938	(7.0%)	109,044,157	(3.8%)

(°) Fiumicino + Ciampino

(*) compared with the same period of 2005

The following table summarizes key economic, financial and operational data for the third quarter of 2006 and for the nine months ended September 30, 2006.

ADR GROUP

<i>Key consolidated economic, financial and operational data (€000)</i>	Q3 2006		Q3 2005	Q3 2004	Q3 2003
<i>Revenues</i>	159,619		160,649	154,850	142,665
<i>EBITDA¹</i>	77,201		77,710	77,532	69,243
<i>EBIT</i>	50,884		51,234	48,204	40,544
<i>Net income for the period:</i>					
<i>minority interest</i>	242		(508)	651	1,120
<i>Group's share</i>	12,587		13,138	10,829	9,236
<i>Investment (€000)</i>	14,286		13,476	11,503	6,470
	9M 2006		9M 2005	9M 2004	9M 2003
<i>Revenues</i>	436,124		437,250	417,096	383,279
<i>EBITDA¹</i>	198,154		197,946	188,044	160,606
<i>EBIT</i>	116,273		118,819	103,601	79,845
<i>Net income for the period:</i>					
<i>minority interest</i>	760		719	2,063	4,097
<i>Group's share</i>	16,548		21,306	6,304	(5,665)
<i>Investment (€000)</i>	38,232		56,886	38,155	37,021
	Sep 30, 2006	Dec 31, 2005	Sep 30, 2005	Sep 30, 2004	Sep 30, 2003
<i>Invested capital</i>	2,123,348	2,125,824	2,290,679	2,328,104	2,397,970
<i>Shareholders' equity (including minority interest)</i>	721,879	776,065	715,111	721,636	744,966
<i>Group shareholders' equity</i>	720,210	774,072	713,547	699,843	688,188
<i>Net debt</i>	1,401,469	1,349,759	1,575,568	1,606,468	1,653,004
<i>Headcount at the end of the period</i>	3,959	3,583	4,078	4,128	3,869
	9M 2006		9M 2005	9M 2004	9M 2003
<i>Ratios</i>					
<i>Revenues/Average headcount (€000)</i>	127		125	120	115
<i>No. of passengers/Average headcount</i>	7,783		7,178	6,697	6,290

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

**ADR GROUP: CONSOLIDATED
ACCOUNTS**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€000)

2005		Third Quarter 2006	Third Quarter 2005	Jan.- Sept. 2006	Jan.- Sept. 2005
580,702	A.- REVENUES	159,619	160,649	436,124	437,250
6,264	Capitalized costs and expenses	1,272	1,485	3,532	3,396
586,966	B.- REVENUES FROM ORDINARY ACTIVITIES	160,891	162,134	439,656	440,646
(168,562)	Cost of materials and external services	(44,239)	(45,310)	(122,836)	(124,801)
418,404	C.- GROSS MARGIN	116,652	116,824	316,820	315,845
(157,322)	Payroll costs	(39,451)	(39,114)	(118,666)	(117,899)
261,082	D.- GROSS OPERATING INCOME	77,201	77,710	198,154	197,946
(97,930)	Amortization and depreciation	(26,441)	(24,394)	(74,784)	(71,319)
(11,306)	Other provisions	(1,298)	(429)	(2,260)	(2,448)
(6,122)	Provisions for risks and charges		(914)	(538)	(5,383)
1,321	Other income (expense), net	1,422	(739)	(4,299)	23
147,045	E.- OPERATING INCOME	50,884	51,234	116,273	118,819
(89,998)	Financial income (expense), net	(22,309)	(22,845)	(64,049)	(68,076)
11,471	Adjustments to financial assets	0	2,741	0	9,029
68,518	F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	28,575	31,130	52,224	59,772
46,897	Extraordinary income (expense), net	63	(4,405)	(439)	(6,206)
115,415	G.- INCOME BEFORE TAXES	28,638	26,725	51,785	53,566
(37,028)	Income taxes for the period	(13,037)	(14,226)	(29,890)	(29,857)
2,452	Deferred tax assets	(2,772)	131	(4,587)	(1,684)
80,839	H.- NET INCOME FOR THE PERIOD	12,829	12,630	17,308	22,025
1,148	including:				
	- Minority interest	242	(508)	760	719
79,691	- Group interest	12,587	13,138	16,548	21,306

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(€000)

09-30-2005		09-30-2006	06-30-2006	12-31-2005
	A. - NET FIXED ASSETS			
2,110,330	Intangible fixed assets *	2,059,358	2,071,473	2,096,901
127,962	Tangible fixed assets	131,489	131,678	130,650
139,797	Non - current financial assets	4,018	4,175	4,653
<u>2,378,089</u>		<u>2,194,865</u>	<u>2,207,326</u>	<u>2,232,204</u>
	B. - WORKING CAPITAL			
19,935	Inventory	21,654	18,375	18,859
154,870	Trade receivables	153,518	145,687	131,114
37,932	Other assets	35,523	38,964	38,440
(127,956)	Trade payables	(118,991)	(113,155)	(113,782)
(29,824)	Allowances for risks and charges	(33,561)	(40,035)	(42,386)
(75,389)	Other liabilities	(68,060)	(57,711)	(76,592)
<u>(20,432)</u>		<u>(9,917)</u>	<u>(7,875)</u>	<u>(44,347)</u>
2,357,657	C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	2,184,948	2,199,451	2,187,857
66,978	D. - EMPLOYEE SEVERANCE INDEMNITIES	61,600	60,924	62,033
<u>2,290,679</u>	E. - INVESTED CAPITAL, minus short-term liabilities and E.S.I. (C-D)	<u>2,123,348</u>	<u>2,138,527</u>	<u>2,125,824</u>
	financed by:			
	F. - SHAREHOLDERS' EQUITY			
713,547	- Group interest	720,210	707,623	774,072
1,564	- Minority interest	1,669	1,427	1,993
<u>715,111</u>		<u>721,879</u>	<u>709,050</u>	<u>776,065</u>
1,640,019	G. - MEDIUM/LONG-TERM BORROWING	1,512,519	1,640,019	1,640,019
	H. - NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)			
18,828	.Short-term borrowing	9,383	4,604	17,493
(83,279)	.Cash and current receivables	(120,433)	(215,146)	(307,753)
<u>(64,451)</u>		<u>(111,050)</u>	<u>(210,542)</u>	<u>(290,260)</u>
1,575,568	(G+H)	1,401,469	1,429,477	1,349,759
<u>2,290,679</u>	I. - TOTALE AS IN "E" (F+G+H)	<u>2,123,348</u>	<u>2,138,527</u>	<u>2,125,824</u>
<u>1,909,742</u>	<i>(*) including the value of the concession totaling</i>	<u>1,860,458</u>	<u>1,872,779</u>	<u>1,897,421</u>

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

MANAGEMENT REPORT

Group operating review

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

Aviation activities

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

Data for the period July-September 2006

	ROME SYSTEM	Ciampino	Fiumicino	Domestic	International
Movements	100.726	16.830	83.896	44.879	55.847
D% vs PY	+4,0%	+5,5%	+3,7%	+4,6%	+3,5%
Mtow	7.225.095	787.414	6.437.681	2.469.535	4.755.560
D% vs PY	+3,5%	+5,5%	+3,3%	+3,1%	+3,8%
Total Pax	10.113.337	1.357.761	8.755.576	3.426.465	6.686.872
D% vs PY	+7,0%	+8,3%	+6,8%	+6,3%	+7,3%
Freight (Kg)	36.628.938	5.689.833	30.939.105	1.995.484	34.633.454
D% vs PY	-7,0%	+6,0%	-9,0%	-17,2%	-6,3%

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

	International	Intl' EU	Intl' Extra EU
Movements	55.847	39.161	16.686
D% vs PY	+3,5%	+6,3%	-2,6%
Mtow	4.755.560	2.645.351	2.110.209
D% vs PY	+3,8%	+5,6%	+1,5%
Total Pax	6.686.872	4.503.052	2.183.820
D% vs PY	+7,3%	+9,4%	+3,2%
Freight (Kg)	34.633.454	9.515.968	25.117.486
D% vs PY	-6,3%	-13,9%	-3,1%

Monthly trends for passenger traffic using the Roman airport system during the period under review were as follows:

July up 6.0%
 August up 8.2%
 September up 6.8%

A rise in the number of passengers at Fiumicino airport was recorded during the third quarter (up 6.8%) compared with the same period of 2005, due to both increased capacity (movements up 3.7% and aircraft tonnage up 3.3%) and an improvement in load factor.

The increase in passengers at Ciampino airport (up 8.3%) was again driven by the low-cost segment during the period, which expanded further with the launch of another daily flight by Ryanair to Milan/Bergamo, and services to Bucharest, Goteborg and Valencia, operated respectively by MyWay, FlyMe and Flight Line.

Overall traffic volumes for the first nine months of 2006 and changes with respect to 2005 are broken down in the table below:

Data up to September 30, 2006

	ROME SYSTEM	Ciampino	Fiumicino	Domestic	International
Movements	285.219	47.881	237.338	132.040	153.179
D% vs PY	+3,0%	+10,2%	+1,6%	+4,4%	+1,8%
Mtow	20.077.629	2.243.319	17.834.310	7.370.321	12.707.308
D% vs PY	+2,5%	+13,3%	+1,3%	+3,9%	+1,7%
Total Pax	26.733.461	3.698.718	23.034.743	9.907.130	16.826.331
D% vs PY	+6,7%	+19,1%	+5,0%	+6,1%	+7,1%
Freight (Kg)	109.044.157	17.400.281	91.643.876	6.426.571	102.617.586
D% vs PY	-3,8%	+3,5%	-5,0%	-17,2%	-2,8%

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

	International	Intl' EU	Intl' Extra EU
Movements	153.179	108.764	44.415
D% vs PY	+1,8%	+4,5%	-4,3%
Mtow	12.707.308	7.286.012	5.421.296
D% vs PY	+1,7%	+3,9%	-1,0%
Total Pax	16.826.331	11.525.549	5.300.782
D% vs PY	+7,1%	+9,1%	+3,0%
Freight (Kg)	102.617.586	29.327.191	73.290.395
D% vs PY	-2,8%	-9,1%	+0,0%

A comparison of nine-monthly data for 2006 with that for 2005, at the level of the Roman airport system, shows upturns in passengers (up 6.7%) and capacity (movements up 3.0% and aircraft tonnage up 2.5%), as well as an increase in load factor.

The decrease in freight traffic at Fiumicino airport is primarily due to a reduction in freight carried by Alitalia as a result of the concentration of freight activities at Milan's Malpensa airport, a process that had already begun.

During the third quarter of 2006 revenues from airport fees decreased by 8.0%, bringing the overall reduction for the first nine months of 2006 to 7.8%.

In particular, a reduction of 17.1% in landing and take-off fees was registered, primarily due to the introduction of new tariffs on January 1, 2006 that are lower than those charged in 2005, and the elimination of the night-time surcharge, pursuant to the provisions of Law no. 248/05. These reductions were only slightly offset by a small increase in aircraft tonnage.

The decrease of 2.5% in passenger boarding fees also derived from the introduction of the new tariffs (Law no. 248/05). The lower reduction with respect to landing and take-off fees is due to the greater increase in passenger traffic compared with the aircraft tonnage component.

The management of centralized infrastructures earned revenues of 9.6 million euros in the third quarter of 2006, marking a downturn of 1.8%. Revenues for the first nine months of 2006 amounted to 25.8 million euros, down by a total of 4.1%.

This performance derives from loading bridge facilities, which registered a decrease in revenues of 1.7 million euros (down 11.3%) compared with the first nine months of 2005 due to the following factors: a decrease in the average turnaround time; a reduction in the number of aircraft that can be served with two pier fingers (subject to premium tariffs); more than 1,840 fewer Alitalia flights that were not allocated a loading bridge; strikes by Alitalia in January; and a review of the increase in night-time parking fees.

The decrease in loading bridge revenues was partly offset by an increase in revenues from the use of baggage handling systems, amounting to 0.4 million euros (up 4.6%).

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

Security activities generated revenues of 16.9 million euros during the third quarter and of 45.2 million euros during the first nine months of the year, up 5.5% and 5.7%, respectively, compared with the same periods of 2005.

Regarding operational safety, activities were carried out at Fiumicino and Ciampino airports based on existing procedures.

Monitoring of compliance with the requirements for Civil Aviation Authority certification and the correct use of airside infrastructure by handlers continued, with any infringements reported. In addition, the assessment phase regarding maintenance of certification at the two airports continued with the Civil Aviation Authority.

In compliance with provisions in the Airport Construction and Operation Manual regarding the Safety Management System (SMS) and in application of Civil Aviation Authority Circular APT-22, a Health and Safety Management System Board was established with responsibility for ensuring implementation, development and checking of the effectiveness of the safety management system.

As part of the implementation plan for the system, the Aeroporti di Roma SpA Safety Board was also established with a view to supporting the accountable manager in implementing safety policies and in checking compliance of the Safety Management System with regulatory requirements. The Safety Board met for the first time and shared and approved the SMS implementation plan for the first 12 months.

Real estate management

Revenues from sub-concessions, deriving from fees and utilities at Fiumicino and Ciampino airports, amounted to 20.9 million euros in the third quarter of 2006, substantially in line with the same period of 2005 (up 2.0%).

Revenues from other fees charged at Fiumicino and Ciampino airports amounted to 12.0 million euros, with a reduction of 2.7 million euros compared with the same period of the previous year. This was attributable to fees charged to oil companies for the supply of jet fuel, deriving from a review of the methods used to calculate the fees applied in accordance with art. 11.13 of Law no. 248/2005.

Non-aviation activities

Revenues from direct sales grew by 9.2% in the first nine months of 2006 compared with the same period of the previous year (up 4.1% in the third quarter), against an increase of 6.9% in outgoing passenger traffic. The average passenger spend rose by 2.2% compared with 2005, largely as a result of the expansion of gourmet food (sales of food items rose by 25.6% compared with 2005) and fine jewelry (gift items were up 89.5% compared with 2005). Sales of spirits (up 6%) and perfumes (up 4.3%) reported more modest rises, partly due to restrictions on the sale of liquid items introduced on August 10.

Ciampino airport registered an increase in revenues of 13.4% compared with the first nine months of 2005, which was less than the growth in traffic (boarded passengers up 19.1%), primarily due to construction work carried out on the shop and strong growth in domestic passengers, who are less inclined to spend money at the airport.

Revenues from outlets managed by sub-concessionaires totaled 29.6 million euros in the first nine months of 2006, up 24.4% on the same period of the previous year, registering substantially higher growth than passenger traffic, which grew by 6.7%.

This positive result was primarily influenced by the retail segment (up 35.0%) mainly consisting of:

- the entry into service of the sub-concessionaires Alpha and Dufry, which replaced The Nuance, with revenues amounting to 2.7 million euros compared with just 0.6 million euros registered by The Nuance in the previous year;
- the sharp increase in the number of retail outlets with the opening of six new shops in the fourth quarter of 2005 (including Etro, Alpha Sunglasses and a third Tie Rack outlet) and as many as 21 shops in the first nine months of 2006 (including a second Nike outlet, Ferrari, Pompea, Trussardi and Almaplena). Two high-class shops have been transferred to more visible positions – Bulgari in Area A and Ferragamo in Area C.

The "Food and Beverage" segment (up 11.8%) and "Other Royalties" (up 14.0%) also performed well, partly due to the upturn in currency exchange points.

Revenues from advertising, totaling 19.4 million in the first nine months of 2006, are up 6.4% on the same period of 2005, deriving mainly from the sale of advertising space at Pier A and in the airport grounds. Third quarter revenues were up by 9.4%.

Management of the parking systems registered earnings of 21.0 million euros, up 2.7% on the same period of the previous year (6.6% in the third quarter of 2006). A slight decrease of 1.0% at Fiumicino (primarily due to reduced revenues from the long-stay segment, which is affected by competition from car parks outside the airport grounds, and to a marginal extent due to lower earnings from the short-stay segment, deriving from closure of the facilities in front of the terminal) is offset by a sharp upturn at Ciampino (up 56.0%), due to traffic growth at the airport (up 19.7%) and greater parking space capacity (412 extra spaces).

Actions undertaken over recent months to develop the long-stay segment (advertising, online booking, etc.) have improved performance. Therefore, it is planned to pursue this drive by introducing new initiatives (for example, optimization of the booking process and agreements with tour operators). In addition, specific road signs are being installed to direct short-stay customers to the multi-story car park.

Technical and IT services

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

The most important initiatives included the start up of operation and maintenance (routine and extraordinary) of all the heating, air conditioning, water and sprinkler systems at Fiumicino airport by the company awarded the "Global Service" contract by public tender.

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

A number of important works were completed, continued and launched during the third quarter of 2006. Such works are designed to upgrade the technology and functions of certain corporate applications. In particular:

- disaster recovery: in September 2006, after completion of installation work, the links to the disaster recovery system connected to Fiumicino's current EDP center were activated via two high-speed landlines routed along alternative paths and with two different providers. The disaster recovery system will guarantee the continuity of ADR's applications, with the loss of only the last five seconds of data processed, in the event of a disaster;
- consolidation of corporate applications on new platforms: work continued on the migration of corporate applications from the old to the new technology platforms, launched subsequent to signature of the contract regarding outsourcing of the EDP center. The activities will be completed by the end of 2006;
- New airport operations management system (UFIS): all practical checks were carried out on the module for its use on the wireless system (Grams), which will make it possible to collect operational data in real time. In particular, development of data entry continued, which will enable use of the module via portable terminals connected to the system via the Wi-Fi telecommunications infrastructure that ADR Tel has finished preparing. The system is expected to be released by the end of 2006;
- SAP system upgrade: precautionary upgrading of SAP modules to the new ECC5 version and the training of users within the ADR Group (about 550 people) have been completed;
- digital signature and electronic filing of invoices due for payment: development of a system designed to enable legal electronic filing of invoices due from clients using a digital signature continued. The system is expected to enter service by the end of 2006;
- Centralization of business control processes: activities aimed at centralizing all business processes under SAP, thereby enabling their complete control, continued. In particular, work began on acquiring and customizing SEM SAP EBW modules for analytic accounting and management accounting, the TR SAP module for treasury operations and the SRM SAP module for reviewing the expenditure cycle. The activities will be completed by the end of 2006.

Environmental protection

Training and auditing initiatives regarding the Environmental Management Systems (EMS) at Fiumicino and Ciampino continued according to the annual plan. In December the certifying body will carry out joint assessment of these systems in order to confirm ISO 14001 certification.

Sorting of recyclable waste began at Fiumicino and Ciampino during the period and a new air quality monitoring campaign was launched at Ciampino airport.

The 2005 edition of ADR's Environmental Report was published and distributed at both airports.

Regarding noise abatement, initiatives to improve the compatibility of airport activities with the environment and the surrounding area continued during the third quarter of 2006.

In particular, with a view to lowering aircraft noise levels at Ciampino airport, work was completed on installation of a new aircraft noise monitoring system, financed by the Ministry of the Environment on the basis of the agreement dated May 23, 2001, with a radar interface to control aircraft flight paths. Testing of the system by the Ministry of the Environment and the Municipality of Ciampino is being completed.

Two additional control panels funded by ADR SpA are also being installed.

Activities aimed at upgrading and modernizing Fiumicino airport's monitoring system, using funds from ADR SpA, also continued, with the installation of three new control panels.

Quality

Checks on service quality at Fiumicino were carried out during the third quarter, including:

- over 9,000 objective checks, equivalent to around 120,000 reports. These checks were based on daily surveys of the quality levels of baggage reclaim, check-in, carry-on baggage checks, the cleanliness of toilets, the functioning of display screens, passport controls and refreshment services;
- around 500 customer satisfaction interviews, conducted in conjunction with objective checks of single services;
- a further 2,500 interviews to assess customer satisfaction regarding services other than the above, as well as overall perception of quality at Fiumicino.

The monitoring confirmed the results analyzed in the second quarter. Indeed, an increasingly pressing need to concentrate attention on service levels that failed to match the main Service Charter indicators was revealed.

Group investment

During the quarter under review the ADR Group carried out investment totaling 14.3 million euros, with a total of 38.2 million euros in the first nine months of 2006 (13.5 million euros and 56.9 million euros, respectively, in the same periods of 2005).

Regarding infrastructure development, during the period January-September 2006, the following works were completed:

- *Terminals*: Terminal A – extension of mezzanine retail areas; modifications to passport control point for arrivals and transits; parking area – club car battery recharger; Satellite – new duty free shop at quota 11; Terminal C – realignment of retail units;
- *Infrastructure*: road works – extraordinary maintenance; Cargo City – mortuary; implementation of noise monitoring system; building for baggage originating from domestic flights and baggage system;
- *Runways*: repairs to perimeter road network and runway access;

- *Plant*: complete replacement of carousel for baggage originating from Alitalia; replacement of all first level security checking equipment and upgrading works on HBS systems in Terminals B and C; upgrading of UV water treatment plant for industrial use; replacement of the oil transformers in the airport's electricity sub-stations in accordance with legislation regarding the disposal of equipment containing PCB (phase two); replacement of 400 Hz rotating generator sets at Terminal C with static sets, with consequent reduction in electricity consumption and improved noise abatement;
- *Ciampino*: upgrading works on roads and car parks; Sector 100 aprons and SB/SA taxiway – upgrading and joints; installation of automated passport control system; upgrading of perimeter fence (phase one); extension and upgrading of shops.

The following works are in progress:

- *Terminals*: executive design and validation of Pier C project; new terminal signs; restyling of B11-B21 Area; Terminal A – new shop at quota 11; Terminal B – renovation of B11/B21 Area shops; upgrading of Area B11-B21 rest rooms; Terminal C – construction of new rest room facilities to improve the service provided to customers;
- *Infrastructure*: study for new noise abatement procedures; new signs system at Fiumicino; baggage facility and completion works for building for baggage originating from domestic flights; construction of new EPUA 2 building; feasibility study for Cargo City-Terminals link (TEN.T); project to convert Alitalia cargo building into HBS/BHS for domestic flights;
- *Runways*: widening of Bravo taxiway at Pier C in the Northern sector; aircraft aprons in South-eastern area (first phase); surveys of runways, taxiways and PMS system;
- *Plant*: work on upgrading the airport perimeter fence to guarantee compliance with ICAO requirements and the national security plan;
- *Ciampino*: expansion of terminal via tent structure and new baggage system; construction of luminous signs on taxiways; renovation of terminal toilets.

Future works soon to be started include:

- *Terminals*: project for Pier AA and link with Terminal A, AA aprons and link between Terminals A and B; East Pier – restyling;
- *Runways*: upgrading of drainage for southern area of Runway 3; upgrading of FCO/CIA signage to comply with regulations; Runway 2 – renovation of Bravo/Alfa connecting runway; supply of wind barriers; South-east ramp area aprons; construction of roadways and upgrading of runway 3 strip; renovation of apron pavements and airside road network (phase one); suspension of upgrading works on AVL equipment (and related monitoring software) for use on runway 3 (16L) in cat. III, with resumption expected to coincide with upgrading of runway surface;
- *Infrastructure*: road works in Alitalia technical area - replacement of guardrails; implementation of noise monitoring system; a hydro geological survey; work on car parks and top cars; Eastern area – completion of second level offices; new road signs within and outside the airport; noise abatement works; development plan through 2044;
- *Plant*: installation of a photovoltaic plant at the West Canteen (the project was approved by the National Grid Operator, in expectation of receiving Energy Budget funding);
- *Ciampino*: Alfa taxiway – upgrading and adaptation of shoulders; study on constructing an acoustic barrier; noise abatement works; implementation of noise monitoring system; upgrading of Runway 15/33 and AVL equipment.

Group personnel

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

Average	9M 2006	9M 2005	change
Managers	55	60	(5)
White-collar	2,104	2,146	(42)
Blue-collar	1,276	1,284	(8)
Total	3,435	3,490	(55)

The headcount as of September 30, 2006, including staff on temporary contracts, was 3,959 broken down as follows:

Category	Sep 30, 2006	June 30, 2006	Dec 31, 2005	Change vs June 2006	Change vs Dec 2005
Managers	56	58	53	(2)	3
Supervisors	232	236	247	(4)	(15)
White-collar	2,141	2,118	1,968	23	173
Blue-collar	1,530	1,550	1,315	(20)	215
Total	3,959	3,962	3,583	(3)	376
<i>including:</i>					
<i>on permanent contracts</i>	<i>2,682</i>	<i>2,629</i>	<i>2,724</i>	<i>53</i>	<i>(42)</i>
<i>on temporary contracts</i>	<i>1,277</i>	<i>1,333</i>	<i>859</i>	<i>(56)</i>	<i>418</i>

and broken down by company as follows:

Company	Sep 30, 2006	June 30, 2005	Dec 31, 2005	Change vs June 2006	Change vs Dec 2005
ADR SpA	2,249	2,262	2,193	(13)	56
ADR Handling SpA	1,648	1,639	1,333	9	315
ADR Engineering SpA Unipersonale	29	29	29	0	0
ADR Tel SpA	21	20	17	1	4
ADR Advertising SpA	12	12	11	0	1
Total	3,959	3,962	3,583	(3)	376

and broken down by type of contract as follows:

Company	perm. contract	temp. contract	TOTAL
ADR SpA	1,711	538	2,249
ADR Handling SpA	910	738	1,648
ADR Engineering SpA Unipersonale	29	0	29
ADR Tel SpA	21	0	21
ADR Advertising SpA	11	1	12
Total	2,682	1,277	3,959

Group personnel rose from 3,583 at December 31, 2005 to 3,959 at September 30, 2006, an overall increase of 376 (up 315 at ADRH SpA, up 56 at ADR SpA, up 4 at ADR Tel SpA and up 1 at ADR Advertising SpA). The number of staff on permanent contracts decreased by 42, due to early retirement schemes following layoffs, whilst the number of staff on temporary contracts increased by 418, due to increased activity during the summer period and growth in air traffic.

Compared with June 30, 2006, Group personnel decreased by a total of 3. Specifically, the number of staff on permanent contracts increased by 53 and those on temporary contracts decreased by 56. The substantial reduction in the number of staff on permanent contracts at ADR SpA is entirely due to the layoffs implemented via the early retirement scheme (97 between the beginning of the year and September 2006).

The increase of 55 at ADRH SpA is due to the workforce on temporary contracts and is linked to a series of initiatives involving various operating units, as well as growth in air traffic compared with the previous year.

As regards industrial relations, the signing of a comprehensive agreement with labor union representatives paved the way for a stabilization program that has enabled 175 personnel from the Group's current pool of temporary labor to be engaged on permanent contracts. This will take place in three consecutive phases, the first of which was implemented in July.

The agreement signed with labor union representatives is also linked to a plan that will improve the staff transport system, thereby allowing for a reduction in the related costs, and modification of the criteria for calculating annual bonuses, due to come into effect next year.

Following analysis of the Company's results for 2005, which were presented to labor union representatives in July, an agreement was signed regarding the bonus to be paid to Group staff for 2005.

With regard to the organizational aspects of the Parent Company, ADR, the quarter saw the setting up of the Safety Management System and Health Prevention Board with a view to providing for occupational safety issues, as well as the implementation, development and checking of the effectiveness of the safety management system.

Moreover, with the establishment of the Board, responsibility for "government relations" has been assigned directly to the Chairman.

During the same period, new post holders were appointed, and the position of Deputy was established at Ciampino airport, with a view to overseeing and supervising the processes of the relevant post holder on the spot.

In addition, a new organizational plan was drawn up, under the guidance of the Managing Director and General Manager. This aims to redefine the Group's strategic objectives in connection with the role of coordination and control required by the new airport legislation.

Development, updating and issuance of the procedures regarding "management of the model pursuant to Legislative Decree 231/2001", which has been adopted by the Company, continued throughout the period.

Four in-house ADR SpA training and refresher courses (IFB, OUA) involved 2,128 hours and 45 participants during the third quarter of 2006. Sales training courses, involving 2,000 hours and 37 participants, were also held during the period. These courses concerned Ancona and Genoa airports and the airport operator, Aviapartner.

At ADR Handling SpA, 144 courses involved 361 participants and 4,040 hours (2,248 for operational and safety training; 1,233 for on-the-job training for new airport employees; 252 for security training, etc.).

Management and behavioral training continued during the third quarter with the planning, organization and in-house teaching of two seminars, for Group managers, supervisors and talented personnel. The seminars were entitled Talent Management and Time Management.

In terms of recruitment and selection, selection activities were conducted in the third quarter of 2006 in order to maintain the pool of temporary staff for ADR SpA and ADRH SpA, entailing the recruitment of around 161 handlers and 42 airport employees. The Group as a whole hired 384 staff on temporary contracts during the period. In addition, 25 staff were hired on permanent contracts.

Regarding accident prevention and protection, the period January-September 2006 saw steady improvement (as already seen over the previous four years) in the degree of seriousness of accidents and therefore in the number of hours lost through injury (down 5.3% in 2005).

In relation to emergency management, firefighting and anti-terrorism exercises were carried out in collaboration with the joint police and fire service force.

Compliance with data protection legislation was ensured via ongoing contact with all departments in order to update roles based on changes to the Group's business processes.

Particular attention was paid to training personnel regarding all the above matters (6,686 hours of training were provided to 1,737 participants, with an average of 4 hours per person).

Main Group companies

ADR Handling SpA

Air traffic served by ADR Handling SpA (ADRH), a Group company which provides passenger assistance and ramp services, at Fiumicino airport during the third quarter of 2006 breaks down as follows:

	Q3 2006	Q3 2005	% change
Traffic component	Handling at Fiumicino	Handling at Fiumicino	% vs. 2005
No. of aircraft movements	25,587	26,650	(4.0%)
Aircraft tonnage	2,492,254	2,509,010	(0.7%)
No. of passengers	2,934,115	2,829,659	+3.7%
Traffic unit	3,050,829	2,932,481	+4.0%

Traffic served by ADRH SpA during the period January-September 2006 breaks down as follows:

Traffic component	9M 2006		9M 2005		% change	
	Handling at Fiumicino	% of total Fiumicino	Handling at Fiumicino	% of total Fiumicino	Handling at Fiumicino	% of total Fiumicino
No. of aircraft movements	71,018	29.9%	74,683	32.0%	(4.9%)	(2.1%)
Aircraft tonnage	6,675,335	37.3%	6,866,227	39.0%	(2.8%)	(1.7%)
No. of passengers	7,436,725	32.3%	7,283,151	33.2%	+2.1%	(0.9%)
Traffic unit	7,802,153	32.6%	7,578,229	33.2%	+3.0%	(0.6%)

The aircraft movements data regarding “% of total Fiumicino” do not take into account 56 movements carried out at Pratica di Mare airport in 2005.

Compared with the same periods of 2005, the third quarter and the first nine months of 2006 registered a downturn in traffic served by ADRH SpA in terms of movements, aircraft tonnage and market share. Passengers and traffic units, on the other hand, reported an upturn, despite the reduced market share.

The traffic served by ADRH at Fiumicino airport consisted of aircraft with average tonnage and a greater number of movements, as the reduction in tonnage was less than the decrease in the number of movements, and above all the load factor was substantially greater compared with the first nine months of 2005.

Data as of September 30, 2006 at Ciampino airport, compared with the same period of 2005, registered a downturn in traffic in terms of movements, and an increase in the total number of passengers assisted and aircraft tonnage, as shown in the table below:

Traffic component	Q3 2006	Q3 2005	% change
No. of aircraft movements	14,397	14,918	-3.5%
Aircraft tonnage	786,122	738,959	+6.4%
No. of passengers	1,357,670	1,254,121	+8.3%

Traffic component	9M 2006	9M 2005	% change
No. of aircraft movements	41,582	41,550	0.1%
Aircraft tonnage	2,239,660	1,966,864	13.9%
No. of passengers	3,698,584	3,106,603	19.1%

A detailed analysis of the traffic reveals a substantial increase in scheduled movements due to the sharp upturn in the low-cost segment, whilst a reduction in charter and general aviation traffic was reported. Regarding the latter component, it should be pointed out that handling is also carried out by other operators as the market has been liberalized.

Overall, the “handled movements” component confirms the previous year’s volumes, as shown below:

Traffic component	9M 2006	9M 2005	% change
No. of aircraft movements	41,582	41,550	0.1%
Scheduled	26,177	22,509	16.3%
including: Ryanair	15,924	14,381	10.7%
including: airlines other	10,253	8,128	26.1%
Charter	845	1,324	-36.2%
Express Couriers	4,070	3,632	12.1%
General aviation	10,490	14,085	-25.5%

Service quality indicators² at Fiumicino airport during the third quarter of 2006 are shown below:

	Q3 2006	Q3 2005	Target for 2006
Left-behind*	0.58	0.39	0.60
Airport punctuality **	99.87%	99.79%	99.50 %

* 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.

** 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.

Finally, in relation to the zero minute airport punctuality standard with a target of 98%, the result achieved during the third quarter of 2006 stood at 99.30%.

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

	Q3 2006	Q3 2005	Target for 2006
Baggage reclaim domestic flights - Service Charter first bag*	96.41%	96.29%	90.0%
Baggage reclaim domestic flights - Service Charter last bag*	96.68%	98.35%	90.0%
Baggage reclaim international flights - Service Charter first bag**	97.95%	96.45%	90.0%
Baggage reclaim international flights - Service Charter last bag**	94.39%	92.50%	90.0%

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

* *NEW STANDARD 2004*: baggage reclaim starts within 22 minutes and finishes within 30 minutes of flight arrival; to be respected for 90% of flights.

** *NEW STANDARD 2004*: baggage reclaim starts within 30 minutes and finishes within 38 minutes of flight arrival; to be respected for 90% of flights.

Ciampino airport does not yet have a system of service quality indicators in place such as those at Fiumicino.

During the first nine months of 2006 ADR Handling reported a net loss of 2.4 million euros, compared with net income of 1.1 million euros for the same period of the previous year.

Total revenues amounted to 63.1 million euros, down 3.3% on the same period of 2005. This derives from a reduction in the traffic handled by the Company due to the transfer of certain carriers to other handlers (TAP, Luxair, Blue Panorama, Darwin, China International Airlines, Croatia, LTE and Malev), the interruption of operations by Air Gabon and Helvetic, a scaling down of operations by British Airways and Swiss, and postponement of the start of operations by the seasonal carrier, American Airlines. Moreover, the charter and general aviation component at Ciampino airport decreased. However, the reduction in traffic was partially offset by the acquisition of new carriers during the year, including Interstate Airlines (as of March 6), Blue One (as of March 5), Air Madrid (as of March 27), Belleair (as of March 18), Lithuanian (as of April 2), Afriqiyah (as of May 1), Germanwings (as of August 1), all of which are served in "full handling" format, and Smartwings which is served only in the ramp area (as of March 26). The first nine months of the year saw a sharp upturn in the number of passengers transported (up 7%).

² **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).

In terms of costs, consumption of materials and services grew by around 2% (up 0.4 million euros), whilst payroll costs, despite a reduction in full-time equivalent staff (down 19.4), reported an increase of around 2.8% (up 1.1 million euros), primarily due to greater use of part-time staff and the effects of renewal of the national collective labor contract. Consequently, EBITDA, totaling 5.2 million euros, was down 3.6 million euros on the same period of the previous year.

EBIT of 1.0 million euros, is down 4.2 million euros on the previous year due to increased amortization and depreciation (0.5 million euros), reflecting the entry into service of investments acquired in 2005 and 2006, and net sundry income of 0.2 million euros, compared with 1.1 million euros in 2005.

ADR Engineering SpA

This Group company, which provides design, works supervision and technical consultancy services, reported net income of 329 thousand euros for the first nine months of 2006, down 177 thousand euros on the same period of the previous year.

Revenues, totaling 4,879 thousand euros, decreased by 155 thousand euros (down 3.1%) compared with the first nine months of 2005, whilst the cost of materials and services rose by 218 thousand euros (up 9%).

Consequently, EBITDA decreased by 33.6% to 627 thousand euros.

ADR Tel SpA

This company, which builds and manages telecommunications systems used by the Roman airport system, reported net income of 448 thousand euros for the first nine months of 2006, down 83 thousand euros on the same period of the previous year.

Revenues totaled 5,762 thousand euros, an increase of 548 thousand euros (up 10.5%) on the same period of 2005, essentially due to standard retail and wholesale services (up 508 thousand euros). This largely derived from the expansion of the adr_net service (internet and intranet connections).

EBITDA amounted to 1,659 thousand euros, up 139 thousand euros on the same period of the previous year, whilst EBIT stood at 847 thousand euros, down 114 thousand euros on the first nine months of 2005. This was primarily due to an increase in amortization and depreciation for the period (up 230 thousand euros).

ADR Advertising SpA

This company, which manages advertising space in the Roman airport system, reported net income of 982 thousand euros in the first nine months of 2006, substantially in line with the same period of the previous year (up 53 thousand euros).

Revenues, totaling 18,104 thousand euros, grew 7.3%, whilst EBITDA increased by 11.4%, representing an EBITA margin of 10.6% compared with the 10.2% registered in 2005.

Other significant events during the third quarter

Legal and regulatory context

- Ciampino Airport - limited liberalization of ramp handling services

Regarding the European tender for the selection of two suppliers to provide the “limited” handling services described in ex article 4 of Legislative Decree no. 18/99 at Ciampino airport, which ADR Handling SpA also took part in, on September 14, 2006 the Civil Aviation Authority notified that the Temporary Consortium consisting of EAS and GH NAPOLI had come first, whilst ADR Handling SpA had taken second place.

The final award of the contract to the two handlers was subject to verification of the tender and satisfaction of the legal requirements by the Civil Aviation Authority.

- Airport regulations

On July 18, 2006, the Civil Aviation Authority – Airport Management for Rome, Fiumicino issued Ruling no. 11/2006, which has adopted the Airport Regulations for Fiumicino airport prepared by ADR SpA. As of August 1, 2006 all airport activities carried out by private operators at Fiumicino airport must comply with the provisions of the Airport Regulations.

- Ministerial Decree of July 19, 2006: “Provisional determination of tariffs for passenger and carry-on baggage security checks”

The Ministerial Decree prolongs the application of the fee of 1.81 euros, as determined by the Ministerial Decree of December 21, 2001. This fee “will apply until planning agreements are signed between individual operators and the Civil Aviation Authority, drawn up on the basis of the parameters set out in article 11.11 of Law no. 248 of December 2, 2005” (article 1.2).

- Ministerial Decree of July 19, 2006: “Provisional determination of tariffs for 100% checked baggage security screening at certain airports”

The Ministerial Decree prolongs the application of the fee of 2.05 euros, as determined by the Ministerial Decree of March 14, 2003. This fee “will apply until planning agreements are signed between individual operators and the Civil Aviation Authority, drawn up on the basis of the parameters set out in article 11.9 of Law no. 248 of December 2, 2005” (article 1.2).

- Assistance to disabled persons and persons with reduced mobility at airports

On July 26, 2006 Regulation (CE) no. 1107/2006 was published in the Official Gazette of the European Union concerning the rights of disabled persons and persons with reduced mobility when traveling by air. The Regulation makes the airport operator responsible for providing assistance to disabled persons at airports, carried out either directly or by contracting such assistance out to third parties. The Regulation came into force on August 15, 2006 and will be applied to airport operators as of July 26, 2008.

- Environmental protection

Legislative Decree no. 152/2006 concerning “Environmental regulations”, in implementation of Delegated Act no. 308/2004 regarding the reorganization, coordination and integration of environmental legislation, modified regulations regarding the following areas by repealing almost all of the previous legislation, subject to deferred application, and introducing significant new reforms regarding: strategic environmental assessment (SEA), environmental impact assessment (EIA) and integrated environmental authorization (IEA) procedures; soil protection and prevention of desertification; water pollution prevention and water resource management; waste management and reclamation of contaminated sites; air pollution prevention and reduction of emissions into the atmosphere; and compensation for environmental damage.

Corporate transactions

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

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

The transaction will be completed by the end of November 2006, after verification of the conditions precedent provided for in the contract.

On June 9, 2006 a Special General Meeting of the shareholders of the company, Società Aeroportuale Calabrese SpA, authorized a capital increase in the form of a rights issue without a share premium. The company's share capital was to be increased from 5,170,000 euros to 7,755,000 euros, via the issue of 5,000 new shares with a par value of 517 euros each. The shares were to be offered to shareholders in proportion to their existing holdings. ADR SpA exercise its pre-emption right on 828 new shares attributed to it, amounting to 428,076 euros. The transaction was concluded on August 31, 2006.

Financial transactions

On September 20, 2006 the Group proceeded to effect early repayment of debt totaling 127.5 million euros. The transaction breaks down as follows: 98.6 million euros to be deducted from the "Term Loan Facility", and 28.9 million euros from the "Term Facility" granted by Banca OPI.

This transaction was carried out in implementation of a resolution passed at a Board Meeting of the Parent Company, ADR SpA, held on July 17, 2006. The resolution approved the repayment of debt using a portion of the proceeds from the sale of the equity investment in the South African airport operator, which took place at the end of December 2005. The sum allocated to for debt repayment, amounting to 127.5 million euros, is greater than the figure shown in the budget, reflecting the management's firm resolve to pursue a strategy of reducing the cost of servicing the Parent Company's short- and medium-term debt.

GROUP FINANCIAL POSITION AND OPERATING RESULTS

Reclassified Consolidated Income Statement³ (€000)

2005		Third Quarter 2006	Third Quarter 2005	Jan.- Sept. 2006	Jan.- Sept. 2005
580,702	A.- REVENUES	159,619	160,649	436,124	437,250
6,264	Capitalized costs and expenses	1,272	1,485	3,532	3,396
586,966	B.- REVENUES FROM ORDINARY ACTIVITIES	160,891	162,134	439,656	440,646
(168,562)	Cost of materials and external services	(44,239)	(45,310)	(122,836)	(124,801)
418,404	C.- GROSS MARGIN	116,652	116,824	316,820	315,845
(157,322)	Payroll costs	(39,451)	(39,114)	(118,666)	(117,899)
261,082	D.- GROSS OPERATING INCOME	77,201	77,710	198,154	197,946
(97,930)	Amortization and depreciation	(26,441)	(24,394)	(74,784)	(71,319)
(11,306)	Other provisions	(1,298)	(429)	(2,260)	(2,448)
(6,122)	Provisions for risks and charges		(914)	(538)	(5,383)
1,321	Other income (expense), net	1,422	(739)	(4,299)	23
147,045	E.- OPERATING INCOME	50,884	51,234	116,273	118,819
(89,998)	Financial income (expense), net	(22,309)	(22,845)	(64,049)	(68,076)
11,471	Adjustments to financial assets	0	2,741	0	9,029
68,518	F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	28,575	31,130	52,224	59,772
46,897	Extraordinary income (expense), net	63	(4,405)	(439)	(6,206)
115,415	G.- INCOME BEFORE TAXES	28,638	26,725	51,785	53,566
(37,028)	Income taxes for the period	(13,037)	(14,226)	(29,890)	(29,857)
2,452	Deferred tax assets	(2,772)	131	(4,587)	(1,684)
80,839	H.- NET INCOME FOR THE PERIOD	12,829	12,630	17,308	22,025
1,148	including:	242	(508)	760	719
79,691	- Minority interest				
	- Group interest	12,587	13,138	16,548	21,306

The ADR Group's results for both the third quarter and the first nine months of 2006 were significantly impacted by the regulations pertaining to "system requirements" introduced at the end of 2005.

In the third quarter of 2006, which coincides with the high season in the airport sector, application of this legislation meant that traffic growth at the Roman airport system (movements up 4.0%; aircraft tonnage up 3.5%; passengers up 7.0%) was not reflected in the Group's earnings which, on the contrary, fell, although slightly, (down 0.6%), compared with the same period of the previous year.

Due to a reduction in operating costs, the impact on EBITDA, amounting to 77.2 million euros (down 0.7%), remained moderate. Indeed, the EBITDA margin in the third quarter of 2006 was similar to the figure for the same period of 2005 (48.4%). EBIT, totaling 50.9 million euros, registered a similar decrease (down 0.7%) as greater amortization and depreciation were offset by an improved balance between sundry income and expense.

³ Compared with the data published in the financial statements as of September 30, 2005, revenues deriving from the recovery of expenses and payroll costs, which in previous periods were deducted from the respective cost items ("Cost of materials and external services" and "Payroll costs"), were classified under "Other income (expense), net". The overall effect on EBITDA of such reclassifications amounts to 0.5 million euros.

The first nine months of 2006 also reported robust air traffic growth (movements up 3.0%, passengers up 6.7%), whilst total Group revenues decreased slightly (down 0.3%) compared with the same period in the previous year. The close link between these results and the above-mentioned regulations is borne out by the significantly differing trends registered by the "aviation" (down 3.7%) and "non-aviation" (up 5.5%) components.

Indeed, by eliminating the night-time surcharge for landing and take-off fees and introducing new tariffs for passenger boarding, landing, take-off and parking in the "aviation" component, the new legislation has led to a reduction of 9.3 million euros (down 7.8%) in earnings from fees. Handling revenues also decreased (down 4.3%), primarily due to a reduction in traffic served by the subsidiary undertaking, ADR Handling SpA, and also with regard to the use of centralized infrastructures, especially loading bridges. On the other hand, security activities rose by 5.7% on the back of strong air traffic performance.

As already mentioned, "non-aviation" activities posted a good performance (up 5.5%). Directly managed retail outlets fared well (up 9.2%), due, in addition to the growth in outgoing traffic, to an increase in the average passenger spend and revenues from sub-concessions and utilities which grew by a total of 6.4% thanks to expansion of retail space and as a result of replacement of the main retail sub-concessionaire which had penalized the component's performance in the first part of 2005. Nevertheless, even the "non-aviation" component was negatively affected by the system requirements legislation. In particular, a steady decrease was reported in revenues relating to fees charged to oil companies for the supply of jet fuel deriving from revision of the methods used to calculate the fees applied in accordance with art. 11.13 of Law no. 248/2005. Earnings from the management of car parks and advertising space rose by 2.7% and 6.4%, respectively.

The consumption of materials and external services registered an overall decrease of 1.6%, primarily due to the reduction in the concession fee introduced by the system requirements legislation in compensation for the reduction in tariffs, as mentioned above. Payroll costs, on the other hand, rose slightly (up 0.7%), partly as a result of renewal of the national collective labor contract.

Due to the above trends, EBITDA stood at 198.2 million euros, in line with the first nine months of 2005 (up 0.1%).

EBIT, amounting to 116.3 million euros, registered a decrease of 2.1%, due to greater amortization and depreciation and a deterioration in the balance between sundry income and expense, which was only partly offset by lower provisions for risks and charges.

Pre-tax income was also influenced by elimination of the adjustment to financial assets that in the previous year included the results of the subsidiary undertaking, ACSA, (9.0 million euros), which was sold off at the end of 2005.

This negative effect was partly offset by a reduction by of 4.0 million euros in financial expense (down 5.9%), primarily due to a reduction in average net debt. The balance between extraordinary income and expense also improved (up 5.8 million euros), which in 2005 included restructuring expenses of 4.3 million euros.

Group net income amounted to 16.5 million euros, compared with 21.3 million euros in the first nine months of 2005, after taxation totaling 34.5 million euros.

Reclassified Consolidated Balance Sheet (€000)

09-30-2005		09-30-2006	06-30-2006	12-31-2005
	A. - NET FIXED ASSETS			
2,110,330	Intangible fixed assets *	2,059,358	2,071,473	2,096,901
127,962	Tangible fixed assets	131,489	131,678	130,650
139,797	Non-current financial assets	4,018	4,175	4,653
<u>2,378,089</u>		<u>2,194,865</u>	<u>2,207,326</u>	<u>2,232,204</u>
	B. - WORKING CAPITAL			
19,935	Inventory	21,654	18,375	18,859
154,870	Trade receivables	153,518	145,687	131,114
37,932	Other assets	35,523	38,964	38,440
(127,956)	Trade payables	(118,991)	(113,155)	(113,782)
(29,824)	Allowances for risks and charges	(33,561)	(40,035)	(42,386)
(75,389)	Other liabilities	(68,060)	(57,711)	(76,592)
<u>(20,432)</u>		<u>(9,917)</u>	<u>(7,875)</u>	<u>(44,347)</u>
2,357,657	C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	2,184,948	2,199,451	2,187,857
66,978	D. - EMPLOYEE SEVERANCE INDEMNITIES	61,600	60,924	62,033
<u>2,290,679</u>	E. - INVESTED CAPITAL, minus short-term liabilities and E.S.I. (C-D) financed by:	<u>2,123,348</u>	<u>2,138,527</u>	<u>2,125,824</u>
	F. - SHAREHOLDERS' EQUITY			
713,547	- Group interest	720,210	707,623	774,072
1,564	- Minority interest	1,669	1,427	1,993
<u>715,111</u>		<u>721,879</u>	<u>709,050</u>	<u>776,065</u>
1,640,019	G. - MEDIUM/LONG-TERM BORROWING	1,512,519	1,640,019	1,640,019
	H. - NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)			
18,828	.Short-term borrowing	9,383	4,604	17,493
(83,279)	.Cash and current receivables	(120,433)	(215,146)	(307,753)
<u>(64,451)</u>		<u>(111,050)</u>	<u>(210,542)</u>	<u>(290,260)</u>
1,575,568	(G+H)	1,401,469	1,429,477	1,349,759
<u>2,290,679</u>	I. - TOTALE AS IN "E" (F+G+H)	<u>2,123,348</u>	<u>2,138,527</u>	<u>2,125,824</u>
<u>1,909,742</u>	<i>(*) including the value of the concession totaling</i>	<u>1,860,458</u>	<u>1,872,779</u>	<u>1,897,421</u>

At September 30, 2006 the ADR Group's invested capital amounted to 2,123.3 million euros, a decrease of 15.2 million euros compared with June 30, 2006. This primarily reflects depreciation of tangible fixed assets during the period.

The slight decrease in working capital, amounting to 2.0 million euros, was due to various elements, including: an increase in trade receivables (up 7.8 million euros), which is typical of this high season period, and a decrease in provisions for risks (6.5 million euros), primarily due to uses during the period, was offset by increases in trade payables (up 5.8 million euros) and "Other liabilities" (up 10.3 million euros) due, in the latter case, to taxation falling due in the third quarter.

The Group's net debt stood at 1,401.5 million euros, a decrease of 28.0 million euros compared with June 30, 2006, due to positive cash flow during the period.

Compared with December 31, 2005 the reduction in invested capital was more modest (down 2.5 million euros) as the decrease in fixed assets, once again deriving from amortization and depreciation for the period, was almost entirely offset by the increase in working capital.

In particular, the growth in working capital (up 34.4 million euros) is primarily due to the increase in trade receivables (up 22.4 million euros), which are in line with September 30, 2005. The increase in working capital was also affected by the reduction in provisions for risks (down 8.8 million euros) due to uses during the period regarding implementation of the restructuring plan launched at the end of the previous year and the settlement of certain disputes. "Other liabilities" also decreased (down 8.5 million euros), primarily as a result of the reduction in payables due to the Civil Aviation Authority for the license fee (down 9.2 million euros) deriving, in addition to payment of the adjustment for 2004, from the effects of art. 11.10 of Law no. 248/2005 which, as previously mentioned, provided for a 75% reduction in license fees. Finally, there was a reduction in severance indemnities payable to former employees whose employment ended in the last part of the period compared with the payables due at December 31, 2005 (down 5.0 million euros), partly offset by increased tax payables of 3.7 million euros regarding estimated taxation for the period.

In terms of funding, the Group reported a reduction of 54.2 million euros in shareholders' equity deriving from the payment of dividends of 71.5 million euros, partly offset by net income for the period.

The Group's net debt rose by a total of 51.7 million euros during the first nine months of 2006 due a reduction in net liquidity.

The Group's net debt was modified with respect to December 31, 2005 by the repayments carried out by the Parent Company, ADR, entailing a reduction of 127.5 million euros in long-term debt and a corresponding reduction in net liquidity.

Statement of Cash Flows (€000)

2005		Jan.-Sept. 2006	Jan.-Sept. 2005
162,742	A.- NET CASH AND CASH EQUIVALENTS - opening balance	290,260	162,742
	B.- CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
80,839	Net income (loss) for the period	17,308	22,025
97,930	Amortization and depreciation	74,784	71,319
(73,420)	(Gains) losses on disposal of fixed assets	(130)	(225)
(11,539)	(Revaluations) write-downs of fixed assets	(32)	(9,096)
27,575	Net change in working capital	(34,430)	3,660
(5,084)	Net change in employee severance indemnities	(433)	(139)
116,301		57,067	87,544
	C.- CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
	Investment in fixed assets:		
(42,073)	. intangible	(25,105)	(30,882)
(35,695)	. tangible	(12,976)	(27,895)
(12)	. financial	(428)	0
224,598	Proceeds from disposal, or redemption value of fixed assets	1,226	8,896
(2,098)	Other changes*	0	(310)
144,720		(37,283)	(50,191)
	D.- CASH FLOW FROM (FOR) FINANCING ACTIVITIES		
290,000	New loans	0	290,000
0	Shareholders' contributions	0	0
(395,000)	Repayments of loans	(127,500)	(395,000)
0	Buy-back of shares	0	0
(18,982)	Other changes	0	(18,982)
(123,982)		(127,500)	(123,982)
(12,240)	E.- DIVIDENDS PAID	(71,494)	(12,240)
	F.- ALLOWANCE FOR EXCHANGE RATE VARIATIONS		
2,719	Change in allowance for exchange rate variations	0	578
127,518	G.- CASH FLOW FOR THE PERIOD (B+C+D+E+F)	(179,210)	(98,291)
290,260	H.- NET CASH AND CASH EQUIVALENTS - closing balance (A+G)	111,050	64,451

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

During the first nine months of 2006, operating cash flow amounted to 57.1 million euros. This was sufficient to cover both the payment of financial expense falling due and the net cost of investment.

The payment of dividends and the repayment of loans was carried out by using the Group's net liquidity available at the beginning of the year.

Analysis of Net Debt

(€000)

2005		Jan.-Sept. 2006	Jan.-Sept. 2005
(1,582,277)	A.- NET FINANCIAL BORROWING - opening balance	(1,349,759)	(1,582,277)
261,082	EBITDA	198,154	197,946
(2,271)	Net change in operating working capital	(22,250)	(4,071)
(5,084)	Net change in employee severance indemnities	(433)	(139)
956	Other income (exp.), net	(4,429)	(202)
(11,379)	Extraordinary income (exp.), net	(516)	(5,987)
(42,055)	Current taxes paid	(24,881)	(24,452)
5,135	Other assets/liabilities (included allowances for risks and charges)	(24,170)	(7,054)
206,384	B.- OPERATING CASH-FLOW	121,475	156,041
(77,780)	Capex (tangibles, intangibles and financial)	(38,509)	(58,777)
224,598	Proceeds from disposal, or redemption value of fixed asset	1,226	8,896
(2,098)	Net currency conversion differences	0	(310)
0	Dividends received	0	0
351,104	C.- FREE CASH-FLOW	84,192	105,850
(90,083)	Financial income (exp.), net	(64,408)	(68,497)
0	Shareholders' contributions	0	0
0	Buy-back of shares	0	0
(18,982)		0	(18,982)
(12,240)	Dividends paid	(71,494)	(12,240)
229,799	D.- NET CASH-FLOW	(51,710)	6,131
2,719	Exchange rate effect on reserves	0	578
232,518	E.- NET CASH-FLOW OF THE PERIOD	(51,710)	6,709
(1,349,759)	F.- NET BORROWING - closing balance (A+E)	(1,401,469)	(1,575,568)

RELATIONS WITH PARENT COMPANIES AND OTHER RELATED PARTIES

As of September 30, 2006, financial, trade and other receivables and payables due to and from the ADR Group in relation to the parent company and associated undertakings were as follows (€000):

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

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

Relations with other related parties break down as follows (€000):

TRADING AND OTHER RELATIONS

	Balance as of 09.30.2006		9M 2006	
	<i>Receivables</i>	<i>Payables</i>	<i>Revenues</i>	<i>Costs</i>
Other related parties				
Gemina SpA	0	138	0	118
Impregil	13	0	10	0
Macquarie Airport Luxembourg SA	0	28	0	28
Sistemi di Energia SpA	0	0	1	0
	13	166	11	146

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

SUBSEQUENT EVENTS

Information regarding trends for traffic components for the Roman airport system during the first ten months of 2006 is provided below:

Data as of October 31, 2006

	ROME SYSTEM	Ciampino	Fiumicino	Domestic	International
Movements	318.941	53.765	265.176	147.818	171.123
D% vs PY	+3,4%	+9,7%	+2,2%	+4,8%	+2,2%
Mtow	22.435.273	2.511.849	19.923.424	8.239.159	14.196.114
D% vs PY	+2,9%	+12,3%	+1,8%	+4,1%	+2,1%
Total Pax	29.911.479	4.151.496	25.759.983	11.066.917	18.844.562
D% vs PY	+6,8%	+17,8%	+5,2%	+6,0%	+7,2%
Freight (Kg)	122.910.342	19.670.235	103.240.107	7.122.159	115.788.183
D% vs PY	-4,2%	+3,7%	-5,6%	-19,1%	-3,1%
Mail (Kg)	34.200.724	22.700	34.178.024	27.184.610	7.016.114
D% vs PY	+1,6%	+47,3%	+1,6%	+1,6%	+1,7%

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

	International	Intl' EU	Intl' Extra EU
Movements	171.123	121.479	49.644
D% vs PY	+2,2%	+4,7%	-3,5%
Mtow	14.196.114	8.142.529	6.053.585
D% vs PY	+2,1%	+4,1%	-0,3%
Total Pax	18.844.562	12.926.836	5.917.726
D% vs PY	+7,2%	+9,0%	+3,4%
Freight (Kg)	115.788.183	32.996.284	82.791.899
D% vs PY	-3,1%	-9,1%	-0,5%
Mail (Kg)	7.016.114	3.946.646	3.069.468
D% vs PY	+1,7%	+7,4%	-4,8%

An analysis of the data confirms the growth trend recorded during the first nine months of the year.

In particular, during the first ten months of 2006 the Airport System registered a 6.8% upturn in passenger traffic compared with the same period of 2005. This growth was due to an increase in capacity (movements up 3.4% and aircraft tonnage up 3.9%) and a consequent improvement in the load factor.

This performance derived particularly from growth in domestic traffic (up 6.0%) and EU traffic (up 9.0%), whilst the non-EU component registered a more modest rise of 3.4%.

On October 4, 2006 an agreement was signed to renew the national collective labor contract regarding pay for the period 2006-2007, which expired on December 31, 2005, providing for pay rises in line with the union agreement of July 23, 1993.

With regard to Ciampino airport, a meeting chaired by the Mayor of Rome was held at City Hall on October 16, 2006 concerning the compatibility of the growth in traffic using the airport in the light of growing inconvenience experienced by local residents. At the end of the meeting, which was attended by the various institutions and public representatives concerned by the issue, it was decided to set up a "technical roundtable" tasked with promptly defining an optimal and compatible scale for activities at the airport.

On October 18, 2006 the public tender procedure organized by the Civil Aviation Authority for the selection of two handling service providers exclusively for the ramp area at Ciampino airport (baggage handling, freight and mail transportation and runway operations with the exception of catering) was concluded. The contracts were awarded to ADR Handling SpA and ATI European Avia Service SpA/GH Napoli SpA.

On November 3, 2006 the procedure for the sale of ADR Handling SpA, agreed to via signature of a contract on August 4, 2006, was concluded with the transfer of ADR SpA's shareholding to Flightcare SLL, which belongs to the Spanish Group, FCC. The transaction was preceded on October 26 by ADR SpA's acquisition of the 0.65% stake in ADR Handling SpA owned by the Group company, ADR Engineering SpA.

Payment for the sale, amounting to 72.5 million euros and made on the same date, generated a gain of around 39 million euros for ADR SpA, after transaction costs. Subsequently, it will be decided whether to reinvest the proceeds of the sale or use the money to pay down debt.

OUTLOOK

Even though the good traffic performance might well be confirmed at year end, the negative repercussions of Law no. 248/05 (the so-called "System Requirements") and the ongoing difficulties experienced by the national carrier, Alitalia, continue to affect the results for the latter part of 2006, thereby canceling out the progress achieved by the non-aviation component.

In this context ongoing active management of the relations established with the Ministry of Economy and Finance, the Ministry of Infrastructure and Transport and the Civil Aviation Authority are even more vital in order to identify the aspects to be clarified and the actions to be taken in order to arrive at a swift conclusion of negotiations relating to the new Planning Agreement.

At the same time, partly due to a number of one-off transactions during the period, a further gradual reduction of debt is underway with the prospect of easing future interest expense, an issue of particular importance given the recent rises in interest rates.

**ADR SpA: ACCOUNTS FOR THE
NINE MONTHS ENDED
SEPTEMBER 30, 2006**

RECLASSIFIED INCOME STATEMENT

(€000)

2005		Third Quarter 2006	Third Quarter 2005	Jan.- Sept. 2006	Jan.- Sept. 2005
510,258	A.- REVENUES FROM ORDINARY ACTIVITIES	140,581	140,887	383,520	382,925
<u>(161,727)</u>	Cost of materials and external services	<u>(42,571)</u>	<u>(43,352)</u>	<u>(117,899)</u>	<u>(119,689)</u>
348,531	B.- GROSS MARGIN	98,010	97,535	265,621	263,236
<u>(101,718)</u>	Payroll costs	<u>(24,559)</u>	<u>(24,826)</u>	<u>(75,991)</u>	<u>(76,261)</u>
246,813	C.- GROSS OPERATING INCOME	73,451	72,709	189,630	186,975
(97,196)	Amortization and depreciation	(25,968)	(23,864)	(73,466)	(70,127)
(10,936)	Other provisions	(1,213)	(360)	(2,011)	(2,132)
(5,774)	Provisions for risks and charges		(569)	(319)	(4,546)
370	Other income (expense), net	935	(564)	(4,447)	(637)
133,277	D.- OPERATING INCOME	47,205	47,352	109,387	109,533
(899)	Financial income (expense), net	(22,451)	(22,907)	(65,455)	(68,254)
<u>(68)</u>	Adjustments to financial assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
132,310	E.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	24,754	24,445	43,932	41,279
<u>(19,889)</u>	Extraordinary income (expense), net	<u>395</u>	<u>(2,638)</u>	<u>123</u>	<u>(4,287)</u>
112,421	F.- INCOME BEFORE TAXES	25,149	21,807	44,055	36,992
	Income taxes for the period:				
(30,752)	current taxes	(11,413)	(11,816)	(26,397)	(25,049)
3,859	deferred tax assets (liabilities)	(2,187)	(47)	(2,753)	(644)
<u>(26,893)</u>		<u>(13,600)</u>	<u>(11,863)</u>	<u>(29,150)</u>	<u>(25,693)</u>
<u>85,528</u>	G.- NET INCOME (LOSS) FOR THE PERIOD	<u>11,549</u>	<u>9,944</u>	<u>14,905</u>	<u>11,299</u>

RECLASSIFIED BALANCE SHEET

(€000)

<u>09-30-2005</u>		<u>09-30-2006</u>	<u>06-30-2006</u>	<u>12-31-2005</u>
	A. - NET FIXED ASSETS			
2,144,245	Intangible fixed assets *	2,092,366	2,104,508	2,130,355
119,750	Tangible fixed assets	121,894	122,077	121,491
162,773	Non current - financial assets	38,385	108,979	162,367
<u>2,426,768</u>		<u>2,252,645</u>	<u>2,335,564</u>	<u>2,414,213</u>
	B. - WORKING CAPITAL			
18,808	Inventory	20,827	17,582	17,319
139,488	Trade receivables	139,005	128,884	117,371
28,308	Other assets	26,631	29,360	31,400
(123,898)	Trade payables	(117,390)	(110,378)	(108,382)
(26,122)	Allowances for risks and charges	(30,445)	(36,562)	(38,975)
(63,272)	Other liabilities	(56,106)	(48,503)	(65,412)
<u>(26,688)</u>		<u>(17,478)</u>	<u>(19,617)</u>	<u>(46,679)</u>
	C. - INVESTED CAPITAL, minus			
2,400,080	short-term liabilities (A+B)	2,235,167	2,315,947	2,367,534
47,031	D. - EMPLOYEE SEVERANCE INDEMNITIES	42,167	41,936	43,456
<u>2,353,049</u>	E. - INVESTED CAPITAL, minus short-term liabilities and E.S.I. (C-D)	<u>2,193,000</u>	<u>2,274,011</u>	<u>2,324,078</u>
	financed by:			
	F. - SHAREHOLDERS' EQUITY			
62,310	- Paid-up share capital	62,310	62,310	62,310
684,527	- Reserves and retained earnings (accumulated losses)	699,645	699,645	684,527
11,299	- Net income (loss) for the period	14,905	3,356	85,528
<u>758,136</u>		<u>776,860</u>	<u>765,311</u>	<u>832,365</u>
<u>1,640,019</u>	G. - MEDIUM/LONG-TERM BORROWING	<u>1,512,519</u>	<u>1,640,019</u>	<u>1,640,019</u>
	H. - NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)			
25,507	.Short-term borrowing	19,570	79,351	154,685
(70,613)	.Cash and current receivables	(115,949)	(210,670)	(302,991)
(45,106)		(96,379)	(131,319)	(148,306)
<u>1,594,913</u>		<u>1,416,140</u>	<u>1,508,700</u>	<u>1,491,713</u>
<u>2,353,049</u>	I. - TOTALE AS IN "E" (F+G+H)	<u>2,193,000</u>	<u>2,274,011</u>	<u>2,324,078</u>
1,941,209	(* including the value of the concession totaling	1,891,113	1,903,637	1,928,685