Company Report
and Financial Statements 2003

Contents

OPERATIONS

(Translation from the original issued in Italian)

Dear Shareholders,

Whilst the Company's results for 2003 do not signal a definitive end to the crisis in the airport sector provoked by the much cited terrorist attacks in September 2001, they do, however, provide a numbers of important pointers to a strengthening of the recovery in the near future.
In particular, despite the war in Iraq and the SARS epidemic, which hit Far Eastern routes that traditionally carry a large number of high-spending passengers, all components of the Roman airport system grew during the year, except for freight. Indeed, freight development was still held back ahead of the entry into service of the new Cargo City in 2004 and the considerable infrastructural limits that have always affected the Roman airport system.

Passenger traffic was up by 6.8%, aircraft movements by 8.3% and tonnage by 8.7% compared with 2002. A large part of this expansion was due to the development of activities at Ciampino airport which, on the back of increased low-cost traffic, posted substantial growth rates (passengers up 86.9%; movements up 26.9%), thereby making a significant contribution to the improvements seen across the whole airport system.
However, this traffic trend entailed a shift towards lower spending passengers that meant that traffic increases did not result in a corresponding rise in the Company's non-aviation earnings.

Despite swift implementation of programs designed to adapt the services provided, the results of which in any case will only be reflected in the medium term, revenues from directly managed outlets fell by 4.6% compared to 2002.

The regulatory context continues to be uncertain and fails to take account of changes in the terms and conditions of the concession agreement and in the market. Inevitably, this context continues to penalize the economic performance, in terms of both earnings and costs, given the Company's commitment to guaranteeing high-quality services for its customers.

The failure to increase airport fees, which have remained at the levels applied in 2000, resulted in a rise in revenues from fees in line with traffic growth. However, this was not enough to even keep pace with inflation over the last three years.

At the same time, the Company had to absorb a sharp (almost threefold) rise in insurance costs, of which the "war and terrorism" component, subject to a dramatic increase in the wake of the events of September 2001, was covered by the Italian state until the end of 2002.

The concession fee applied by the granting authority was raised (up 11.8% compared with 2002), while on the security front the 100% screening service for hold baggage, compulsorily provided since February 1, 2003, entailed additional staff and equipment costs that were borne by the Company until June 3, 2003, when legislation was introduced that finally allowed a charge to be levied for this service.
Nevertheless, ADR continued with its strategic program and concluded many projects that were aimed at maximizing results in all areas of activity where the use of dedicated structures and organizations increases efficiency.

In early 2003 the Company's telecommunications activities were spun off to the subsidiary undertaking, ADR Tel, whilst the advertising division has been leased to the subsidiary undertaking, ADR Advertising, which now manages advertising activities under the terms of a sub-concession agreement.

At the end of the year handling activities at Ciampino airport were transferred to the subsidiary undertaking, ADR Handling, which will again manage the services under the terms of a sub-concession agreement.

Thanks in part to the cost-cutting initiatives undertaken, EBITDA rose by 1.6% despite the strong cost pressures resulting from the above factors.

On the financial front, the crucial restructuring of the Company's debt was successfully concluded in February, despite the imminence of war in Iraq and great financial market uncertainty.
This transaction, which confirmed investors' confidence in ADR, has resulted in a more stable financial structure, and means that it will be easier to manage debt in relation to the Company's future plans.
It should also be emphasized that Aeroporti di Roma did not slow implementation of its investment program, which proceeded at the same rhythm seen in 2002.

Initiatives targeting more diversified sectors, some of which were launched in 2002, were continued. These included a cultural initiative called "Play on", which – based on an idea that also met the approval of the airport authorities –, sought to highlight the concept of the airport as an ideal venue for major activities unrelated to the main purpose for which the airport infrastructure was originally designed.

The following table summarizes key economic, financial and operational data for 2003.

Financial position and operating results

(in thousands of euros)	2003	2002
Revenues	463,979	456,061
EBITDA	208,320	205,085
EBIT	105,245	113,158
Net income	1,069	4,063
	12.31.2003	12.31.2002
Invested capital	2,392,980	2,360,265
Shareholders' equity	745,809	777,097
Net debt	1,647,171	1,583,168
Short-term cash and cash equivalents	97,848	68,170
Medium-/long-term debt	1,745,019	1,651,338
Ratios		
Total revenues/average headcount (in thousands of euros)	205	201

INVESTMENT

During 2003, the Company continued the development of infrastructure and facilities at Fiumicino and Ciampino airports, carrying out works totaling 49,238 thousand euros (53,275 thousand euros in 2002). Further details on the main works can be found in the Group's Management Report on Operations.

PERSONNEL

The headcount as of December 31, 2003, including staff on temporary contracts, was 2,256, broken down as follows:

Category	12.31.2003	12.31.2002	Change
Managers	49	63	(14)
Middle management	191	216	(25)
Office staff	1,410	1,326	84
Ground staff and others	606	722	(116)
Total	**2,256**	**2,327**	**(71)**
including:			
on permanent contracts	*1,945*	*2,038*	*(93)*
on temporary contracts	*311*	*289*	*22*

Compared with December 31, 2002, the Company's personnel decreased by 71: personnel on permanent contracts fell by 93 (down 4.6%), whilst personnel on temporary contracts rose by 22 (up 7.6%).

The decrease in personnel on permanent contracts occurred despite the fact that, in line with the strategic goal of achieving synergies within the Group, during 2003 the Company acquired 106 personnel from ADRH in order to staff new services. The main causes for the decrease in permanent staff included early retirement for 90 people, the outsourcing of the "personnel administration" division, the incorporation of new companies, inter-company mobility, the transfer of 61 personnel to ADRH following the spin-off of handling activities at Ciampino. The significant increase in temporary staff, on the other hand, is primarily due to increased traffic and the start-up of new security checks, and was positively influenced by the transfer of 78 handling personnel at Ciampino airport to ADRH.

Absenteeism due to illness (4.97%) was down on the figure for the previous year (5.18%), while the incidence of accidents (0.96%) was up with respect to 2002 (1.09%).
Absenteeism due to strikes stood at 0.06%.

The strategy for reducing payroll costs, via curbs on overtime and the use of rest days and vacation days to compensate for extra hours worked, produced significant results. Indeed, the percentages of uptake were 106% of annual vacation entitlements, including the use of outstanding vacation days, and 69% for rest days.

Vocational training was provided for 24 personnel from the various categories; 25 courses were organized, representing a total of 723 hours.

Other forms of training involved a total of 1,169 participants over 30,921 hours, equal to 3,865 days of training. The 130 courses run involved permanent and temporary personnel and staff about to be recruited.

In 2003 training courses were primarily sold to the companies that operate Catania, Genoa and Lamezia Terme airports, and involved the provision of 43 courses and the participation of 416 personnel over 15,400 hours, representing 1,925 days.

FINANCIAL POSITION AND OPERATING RESULTS

Given that ADR S.p.A.'s results have a substantial influence on those of the Group, the following commentary focuses primarily on a summary of the Parent Company's performance. For a better understanding reference should be made to the section dealing with the Group's financial position and operating results.

Reclassified Income Statement[1]

RECLASSIFIED INCOME STATEMENT (in thousands of euros)	2003	2002
Revenues from sales and services	457,483	437,636
Contract work in progress	6,496	18,425
A. – REVENUES FROM ORDINARY ACTIVITIES	**463,979**	**456,061**
Cost of materials and external services	(150,979)	(146,895)
B. – GROSS MARGIN	**313,000**	**309,166**
Payroll costs	(104,680)	(104,081)
C. – GROSS OPERATING INCOME	**208,320**	**205,085**
Amortization end depreciation	(93,244)	(94,162)
Other provisions	(2,593)	(7,024)
Provisions for risks and charges	(77)	0
Other income (expense), net	(7,161)	9,259
D. – OPERATING INCOME	**105,245**	**113,158**
Financial income (expense), net	(94,307)	(90,497)
Adjustments to financial assests	0	0
E. – INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	**10,938**	**22,661**
Extraordinary income (expense), net	3,214	1,646
F. – INCOME BEFORE TAXES	**14,152**	**24,307**
Income taxes for the year:		
– current taxes	(15,468)	(19,041)
– deferred tax assets (liabilities)	2,385	(1,203)
	(13,083)	**(20,244)**
G. – NET INCOME (LOSS) FOR THE YEAR	**1,069**	**4,063**

Revenues from ordinary activities rose 4.5% with respect to 2002. Total revenues, which include the contract work component, rose by only 1.7% due to the fact that, as noted in the section dealing with the Group's performance, the contract work being carried out on behalf of the Civil Aviation Authority is being progressively completed.

A breakdown based on the various revenue components shows that the increases in airport fees (up 8%) and revenues from car parks (up 8.9%) combined with a rise in income from sub-concessions (up 18.3%), which, despite the negative performance of retail sub-concessions, mentioned earlier in the Group's Management Report on Operations, benefited from revenues deriving from the

(1) Compared with the data published in the Financial Statements as of December 31, 2002, the portion of amortization of ancillary charges on ADR's loans was reclassified from the "Cost of materials and external services" to "Amortization and depreciation". For further details of these reclassifications, see the section entitled "Notice" in the Explanatory Notes.

spin-off of advertising activities. This line of business is, since March 2003, managed as a sub-concession by the subsidiary undertaking, ADR Advertising.

The subsequent fall in direct advertising revenues was accompanied by slight declines in revenues from centralized infrastructures (down 2.7%) and handling (down 1.5%). In particular the last two components were affected, in the case of centralized infrastructures, by a review of the method of applying certain fees agreed with carriers, and, in the case of handling, by the transfer of a portion of charter activities to Fiumicino from June, following the decision to further open up the airport to this type of traffic.

Despite the negative impact of the various factors discussed in the section dealing with the Group's performance, thanks to careful cost containment EBITDA rose 1.6%.

Whilst amortization and depreciation were in line with 2002 and despite a decrease in provisions, EBIT fell 7.0%. This was due to a deterioration in the balance of net sundry operating income and expenses, following the posting of losses on amounts due from carriers, as well as the settlement of outstanding disputes with clients.

The downturn in pre-tax income is even more marked, as the positive effect of extraordinary items (1.5 million euros) was more than offset by the increase in net interest expense resulting from the greater average amount of debt reported by the Company in 2003.

The net result was close to breakeven (net income of 1.1 million euros) after taxation of 13.1 million euros (20.2 million euros in 2002).

Reclassified Balance Sheet[2]

RECLASSIFIED BALANCE SHEET (in thousands of euros)	12.31.2003	12.31.2002	Change
A. – NET FIXED ASSETS			
Intangible fixed assets (*)	2,224,059	2,254,601	(30,542)
Tangible fixed assets	90,712	95,468	(4,756)
Financial fixed assets	145,455	98,387	47,068
	2,460,226	**2,448,456**	**11,770**
B. – WORKING CAPITAL			
Inventory	20,244	25,181	(4,937)
Trade receivables	118,722	130,632	(11,910)
Other assets	30,600	24,312	6,288
Trade payables	(120,387)	(130,457)	10,070
Allowances for risks and charges	(27,056)	(27,725)	669
Other liabilities	(41,919)	(59,334)	17,415
	(19,796)	**(37,391)**	**17,595**
C. – INVESTED CAPITAL, minus short-term liabilities (A+B)	**2,440,430**	**2,411,065**	**29,365**
D. – EMPLOYEE SEVERANCE INDEMNITIES	**47,450**	**50,800**	**(3,350)**
E. – INVESTED CAPITAL, minus short-term liabilities and E.S.I. (C-D)	**2,392,980**	**2,360,265**	**32,715**
financed by:			
F. – SHAREHOLDERS' EQUITY			
Paid-up share capital	62,225	62,225	0
Reserves and retained earnings (accumuled losses)	682,515	710,809	(28,294)
Net income (loss) for the year	1,069	4,063	(2,994)
	745,809	**777,097**	**(31,288)**
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	16,831	54,692	(37,861)
– cash and current receivables	(114,679)	(122,862)	8,183
	(97,848)	**(68,170)**	**(29,678)**
(G+H)	**1,647,171**	**1,583,168**	**64,003**
I. – TOTAL AS IN "E" (F+G+H)	**2,392,980**	**2,360,265**	**32,715**
* *including the value of the concession totaling*	*2,028,877*	*2,078,972*	*(50,095)*

(2) Compared with the data published in the Financial Statements as of December 31, 2002, the ancillary charges relating to the loan granted to ADR, originally classified under "Other assets", were included in the item "Intangible fixed assets". For further details of these reclassifications, see the section entitled "Notice" in the Explanatory Notes.

Invested capital, amounting to 2,393.0 million euros as of December 31, 2003, registered an increase compared with 2002 (up 32.7 million euros) due to increases in both fixed assets and working capital.

Non-current financial assets rose 47.0 million euros in 2003, following the transfer of handling activities at Ciampino to ADR Handling and the increase – via the Dutch subsidiary undertaking, Airport Invest – in the investment in the ordinary shares of ADR IASA (from 69% to 100%) resulting from the exercise of call options. Tangible fixed assets, on the other hand, fell by 35.2 million euros due to depreciation.

The growth in working capital (up 17.6 million euros) was primarily due to a reduction in other liabilities (down 17.5 million euros) and a decrease in trade receivables (down 10.1 million euros). In particular, the contraction of other liabilities was mainly due to payment of backdated license fees and settlement of a portion of the payable due to Menzies for acquisition of the interest in ADRH.

Working capital was positively affected by the greater volume of work invoiced to the Civil Aviation Authority, resulting in a decrease in inventories, and the reduction in trade receivables deriving from improved collection times.

An increase of 64.0 million euros in debt compensated for the reduction in shareholders' equity arising from the distribution of dividends.

ADR's net debt as of December 31, 2003 stood at 1,647.2 million euros, registering an increase compared with the end of the previous year, which was entirely due to the medium- and long-term component.
In fact, net cash and cash equivalents rose due to a decrease in short-term debt amounting to 29.7 million euros.

Statement of Cash Flows[3]

Operating cash flow amounted to 61.5 million euros during 2003, which guaranteed coverage of the Company's interest expense, dividends and part of its investment outlays.

The remaining portion of investment, as well as acquisition of the interests held by Simest and JP Morgan in the share capital of ADR IASA, were financed via medium- and long-term lines of credit that also enabled an increase of 29.7 million euros in net cash and cash equivalents at year end.

STATEMENT OF CASH FLOWS

(in thousands of euros)	2003	2002
A. – CASH AND CASH EQUIVALENTS - OPENING BALANCE	**68,170**	**75,513**
B. – CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Net income (loss) for the year	1,069	4,063
Amortization and depreciation	93,244	94,162
(Gains) losses on disposal of fixed assets	(11,682)	6
(Revaluations) write-downs of fixed assets	(134)	(171)
Net change in working capital	(17,595)	(10,104)
Net change in employee severance indemnities	(3,350)	2,098
	61,552	**90,054**
C. – CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
Investment in fixed assets:		
– intagible	(51,130)	(23,661)
– tangible	(8,035)	(12,784)
– financial	(48,081)	(9,212)
Proceeds from disposal, or redemption value of fixed assets	14,048	1,922
	(93,198)	**(43,735)**
D. – CASH FLOW FROM (FOR) FINANCING ACTIVITIES		
New loans	480,000	24,600
Shareholders' contributions	0	0
Capital grants	0	0
Repayments of loans	(386,319)	(78,262)
Buy-back of shares	0	0
Other changes	0	0
	93,681	**(53,662)**
E. – DIVIDENDS PAID	**(32,357)**	**0**
F. – CASH FLOW FOR THE YEAR (B+C+D+E)	**29,678**	**(7,343)**
G. – CASH AND CASH EQUIVALENTS (NET BORROWING) - CLOSING BALANCE (A+F)	**97,848**	**68,170**

(3) Compared with the data published in the Financial Statements as of December 31, 2002, the amounts relating to "Amortization and depreciation", "Net change in working capital" and "Investment in fixed assets: intangibles" have been modified to take account of reclassification of the ancillary charges for the loan taken out by ADR, as mentioned in the notes to the Reclassified Income Statement and the Reclassified Balance Sheet.

EQUITY INVESTMENTS

The characteristics and operating performances of the relevant Companies during 2003 are outlined below.

EQUITY INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

ADR Handling S.p.A.

Founded on June 10, 1999, ADR Handling began providing ramp and passenger handling services on March 13, 2000 after taking over the handling operations of the Parent Company, ADR, at Fiumicino.

On March 10, 2003, ADR bought back the interest held by Menzies in ADR Handling (49%). Finally, the company now operates ground handling services at Ciampino airport following the transfer of the relevant division from its parent company, ADR. The transfer took effect on December 31, 2003.

For information regarding the performance of the handling activities managed by the company during 2003, reference should be made to the section dealing with aviation activities in the Group's Management Report on Operations.

2003 closed near to breakeven (a net loss of 182 thousand euros) compared with a net loss 2,110 thousand euros in 2002.

Turnover totaled 73.5 million euros, whilst the company's EBITDA was positive at 7.4 million euros, substantially up on the 2.9 million euros of the previous year. EBIT was also positive at 4.1 million euros (compared with 1.0 million euros in 2002).

The headcount as of December 31, 2003, including staff on temporary contracts, stood at 1,381 (compared with 1,253 in 2002).

A summary of this Company's key financial data for 2003 is provided in the Annexes to the Financial Statements under "ADR Handling S.p.A.: reclassified Balance Sheet and Income Statement".

Airport Invest B.V.

Airport Invest B.V., a Dutch registered company wholly owned by ADR, was established in 1999 in order to hold equity interests in Group companies.

On December 29, 1999, ADR thus transferred ADR's 69% holding in ADR International Airports South Africa (Pty) Ltd. (ADR IASA) to Airport Invest (see below).

In December 2003 Airport Invest became the owner of the remaining 31% of the ordinary share capital of ADR IASA as a result of the following transactions.

On December 4, 2003, a General Meeting of the company's shareholders voted to pay in a capital contribution of 29,100 thousand euros in order to finance Airport Invest's purchase of the interest owned by JP Morgan in ADR IASA, equal to 24.8% of the ordinary share capital. On the same date, the company acquired the above shares from JP Morgan having agreed to the early exercise of a Put & Call Agreement regarding the share capital of ADR IASA signed by the parties on January 28, 2001. The price paid amounted to 29,001 thousand euros.

The General Meeting of December 4, 2003 also approved the transfer of the remaining 6.2% of the ordinary share capital of ADR IASA with a value of 7,707 thousand euros in return for an informal capital contribution. This contribution became effective on December 12 following the signature of the "Deed of contribution of equity interest in the share capital of ADR IASA" by Airport Invest and ADR.

Finally, on December 28, 2000, Airport Invest B.V. signed a "Put and Call Option Agreement" with the South African financial institution United Towers Ltd. (the holder of ADR IASA's preference shares) regarding the shares held by United in the latter company. Both the put option granted to United Towers and the call option granted to Airport Invest B.V. may be exercised between December 29, 2000 and April 30, 2005.

On December 19, 2003, a General Meeting of the company's shareholders voted, on the basis of a specially prepared balance sheet, to pay an interim dividend to ADR totaling 3,557 thousand euros.

The company closed 2003 with net income of 3,541 thousand euros, generated by dividends of 4,036 thousand euros received from the subsidiary undertaking, ADR IASA. As a result of the interim dividend paid during the year, the company's shareholders' equity, totaling 107,410 thousand euros as of December 31, 2003, includes a residual loss for the year of 15 thousand euros.

As of December 31, 2003 the Company had no employees.

A summary of this company's key financial data for 2003 is provided in the Annexes to the Financial Statements under "Airport Invest B.V.: reclassified Balance sheet and Income statement".

ADR International Airports South Africa (Pty) Ltd.

ADR International Airports South Africa (ADR IASA) is a company established under South African legislation. Its corporate purpose is to manage the 20% shareholding in Airports Company South Africa Ltd. (ACSA), the country's principal airport management company (see "Other equity investments-Equity investments in airports").

As a result of the transactions described in previous section, as of December 31, 2003 Airport Invest B.V, holds 100% of the company's ordinary share capital, representing 80.95% of the total share capital. The remaining share capital, equal to 19.05%, is owned by a local financial institution, United Towers Ltd. (a member of the ABSA Bank Group) in the form of "preference shares".

The company closed 2003 with net income of 115,287 thousand rands (equal to 13,514 thousand euros at the average exchange rate for the year). This was essentially due to the revaluation of its stake in the associated undertaking, ACSA (valued according to the equity method).

During the year ADR IASA paid interim dividends for 2003 totaling 53,290 thousand rands (equal to 6,247 thousand euros at the average exchange rate for the year), including 19,690 thousand rands to the preference shareholder, United Towers (representing dividends for the period January - November 2003) and 33,600 thousand rands to Airport Invest B.V.. The preference shareholder also received preference dividends for the period October-December 2003, totaling 5,247 thousand rands.

As of December 31, 2003 the Company had no employees.

A summary of this company's key financial data for 2003 is provided in the Annexes to the Financial Statements under "ADR International South Africa (Proprietary) Limited: reclassified Balance Sheet and Income Statement".

ADR Engineering S.p.A. Unipersonale

During 2003 ADR Engineering (wholly owned by ADR S.p.A.) again confirmed its role as a leading player in the airport engineering sector, exploiting the opportunities offered by the market.

Revenues totaled 7,301 thousand euros, including 1,598 thousand euros from works supervision and 5,703 thousand euros from design work. The increase of 1,435 thousand euros was in part due to ADR's investment in new airport infrastructure and in part to contracts with external customers, awarded either directly or via participation in public tenders.

EBIT of 395 thousand euros was up on the 324 thousand euros of 2002.

The company closed 2003 with net income of 286 thousand euros, after taxation of 64 thousand euros, compared with 214 thousand euros in 2002.

The headcount at year end stood at 31.

A summary of this company's key financial data for 2003 is provided in the Annexes to the Financial Statements under "ADR Engineering S.p.A. Unipersonale: reclassified Balance Sheet and Income Statement".

ADR Tel S.p.A.

The purpose of the Company, which was incorporated on July 31, 2002 with share capital of 600,000 euros, of which 99% was subscribed by ADR and 1% by ADR Sviluppo S.r.l., is to build, develop and install telecommunications and electronic communications networks and systems, as well as to provide telecommunications and electronic communications services.

On October 16, 2002, the Ministry of Communications granted ADR Tel licenses to install and provide telecommunications networks open to the public, including via the use of Digital European Cordless Telecommunications (DECT), and to provide voice telephony services limited to the municipalities of Fiumicino and Ciampino.

During its first year of operation, which began on April 1, ADR Tel achieved net income of 750 thousand euros.

The Company, which provides services to both the retail business market, represented by companies operating at the two airports, airlines, public bodies and all other non-aviation businesses present in the Roman airport system, and the wholesale market, represented by telecommunications companies operating at Rome's airports, earned revenues of 4,389 thousand euros from 256 customers.

Prudent management of operating costs, which amounted to 2,809 thousand euros, including 2,167 thousand euros for materials and external services and 642 thousand euros for labor costs, enabled the company to report EBITDA of 1,580 thousand euros and EBIT of 1,306 thousand euros.

Investment, which was substantially self-financed, was primarily aimed at developing and modernizing the technology used. Investment totaled 2,080 thousand euros.

The headcount as of December 31, 2003 stood at 15.

A summary of this company's key financial data for 2003 is provided in the Annexes to the Financial Statements under "ADR Tel S.p.A.: reclassified Balance Sheet and Income Statement".

ADR Advertising S.p.A.

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 S.p.A. and 49% owned by IGPDecaux S.p.A.. The preference shares, totaling 500,000 euros, were wholly subscribed by IGPDecaux S.p.A..

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 division to ADR Advertising. The division 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 772 thousand euros at the end of 2003, after taxation of 600 thousand euros.

Despite a declining market, the company earned revenues of 17,457 thousand euros, in line with expectations. EBIT totaled 1,327 thousand euros.

The headcount as of December 31, 2003 stood at 11.

A summary of this company's key financial data for 2003 is provided in the Annexes to the Financial Statements under "ADR Advertising S.p.A.: reclassified Balance Sheet and Income Statement".

ADR Sviluppo S.r.l. Unipersonale

ADR Sviluppo S.r.l. - Unipersonale, with share capital of 100,000 euros, was incorporated on July 27, 2001. The Company is wholly owned by ADR S.p.A..

The Company's purpose is to promote and develop real estate initiatives for Fiumicino and Ciampino airports, to be carried out directly or via third parties. To this end, the company may therefore carry out, or commission, real estate projects regarding the construction of hotels, parking lots, offices and other forms of property in general, where such projects have a role to play in the development of airport activities, and are designed to meet the demands of traffic growth at Fiumicino and Ciampino airports.

During 2003, ADR Sviluppo did not earn revenues, nor did it have employees, as it has yet to commence operations.

The company reported a net loss of 995 euros. Shareholders' equity as of December 31, 2003 amounted to 94,784 euros.

A summary of this company's key financial data for 2003 is provided in the Annexes to the Financial Statements under "ADR Sviluppo S.r.l.: reclassified Balance Sheet and Income Statement".

OTHER EQUITY INVESTMENTS

Equity investments in airports

– **ACSA - Airports Company South Africa Ltd.**: the Company manages South Africa's 10 principal airports (9 of which it owns), including the international airports of Johannesburg, Cape Town and Durban. During the 2002/03 financial year these airports reported outgoing passenger traffic in excess of 11 million and around 218,000 air traffic movements (ATM), representing over 90% of the nation's air traffic.
  The South African government holds 74.61% of ACSA's share capital, whilst the ADR Group, via ADR IASA, owns 20%. The remaining shares are owned by a consortium of local investors representing social groups (4.2%) and a fund managed by a group of managers and employees (1.19%). ADR IASA also holds an option to acquire a further 10% of ACSA's shares by April 8, 2004.
  The accounts for the year ended March 31, 2003 report revenues of 1,539.8 million rands (approximately 180.5 million euros at the average exchange rate for the year), an increase of 19% on the previous year. EBIT rose by 27% to 750.8 million rands, whilst net income was 658.8 million rands (approximately 77.2 million euros at the average exchange rate for the year), up 60% on the previous year.
  Despite the crisis in the international air transport sector, ACSA's results reveal a positive trend, which was confirmed during the first nine months of the 2003/04 financial year (with net income up by around 14% on the same period of the previous year).
  Under the Strategic Contribution Agreement, ADR has continued to collaborate in the management of the company's infrastructure development and provide personnel training via seconded ADR managers.
  The new international departure terminal at Cape Town airport and the new domestic

departure terminal at Johannesburg airport were opened in 2003. The latter, which is the biggest and most advanced in all of Africa, raises the capacity of South Africa's principal airport to approximately 18 million passengers a year.

– **Aeroporto di Genova S.p.A.**: Aeroporti di Roma holds a 15% holding in the Company that manages Genoa airport. In 2002 (to which the latest approved financial statements refer), Genoa airport registered a recovery in traffic volumes, with increases ahead of the Italian average for both passengers (up 3.9%) and movements (7.5%). The results achieved were made possible by the marketing initiatives undertaken and the ongoing infrastructure investment program. Revenues rose 11.2% compared with 2001, with the aviation segment reporting an improvement of 7.6% and the non-aviation segment seeing a rise of 22.7%. EBITDA was up 26.2% on 2001, whilst net income of 506 thousand euros was substantially in line with the previous year due to the absence of interest income and a reduced contribution from extraordinary items. The company's shareholders' equity as of December 31, 2002 stood at 6,541 thousand euros.

– **S.A.CAL. - Società Aeroportuale Calabrese S.p.A.**: Aeroporti di Roma owns a 16.57% stake in this Company (equal to 1,657 shares with a nominal value of 517 euros). In 2002 (to which the latest approved financial statements refer), the volume of traffic handled by the Company, which manages Lamezia Terme airport, registered significant increases in both passengers (up 16.3%), who numbered 901,503, and movements (up 23.4%). The increase in passenger numbers was due to scheduled flights (up 24.1%), whilst charter traffic fell 11.5%. Revenues of 10,112 thousand euros were up 14.6% on 2001 and, thanks to cost containment measures, EBIT amounted to 544 thousand euros (compared with a negative 404 thousand euros in 2001). Net income for 2002 amounted to 47 thousand euros and shareholders' equity as of December 31, 2002 stood at 5,302 thousand euros.

Equity investments in other companies

ADR also has minority shareholdings in other Companies:

– **La Piazza di Spagna S.r.l.**: this Company was incorporated on December 17, 2003 with share capital of 100,000 euros, which was 49% subscribed by ADR S.p.A. and 51% by Airport Elite S.r.l., a subsidiary of Save S.p.A.. The Company, which is responsible for refreshment outlets and the sale of newspapers and items regulated by state monopoly legislation, is not yet operative.

– **Ligabue Gate Gourmet Roma S.p.A. (bankrupt)**: the Court of Civitavecchia officially declared Ligabue Gate Gourmet Roma S.p.A. bankrupt on February 1, 2002. A sentence of October 10, 2002 ordered a partial distribution plan whereby 29.6% of preferential claims would be paid. No significant events took place during 2003. The second partial distribution plan is awaited.

– **Edindustria - Centro per le Comunicazioni d'Impresa S.p.A.**: Aeroporti di Roma owns 9% of this Company, which provides consultancy services and assistance in publishing and corporate image and communications. The latest approved Financial Statements for the year ended December 31, 2002 report revenues of 8,152 thousand euros, up 30% on 2001. EBIT is also substantially up at 12 thousand euros compared with a negative result of 259 thousand euros in 2001. The absence of interest income, due to the investment carried out, and extraordinary income meant that the company closed the year with a net loss of 87 thousand euros (25 thousand euros in 2001). The company's shareholders' equity as of December 31, 2002 amounted to 1,478 thousand euros.

– **Alinsurance S.r.l.**: since 1991, Aeroporti di Roma has held a 6% stake in this Company which operates as an insurance broker. The latest approved financial statements for 2002 report net income of 691 thousand euros, up 72 thousand euros on 2001. The increase was primarily due to the growth in commissions (up 12.3%). Shareholders' equity amounts to 1,116 thousand euros.

RELATIONS WITH PARENT COMPANIES AND OTHER RELATED PARTIES

ADR has significant trading relations with the subsidiary undertaking, ADR Handling S.p.A., which in March 2000 began providing handling services to carriers who have not opted for self-handling.

During 2003, ADR earned revenues of 19,251 thousand euros on transactions with ADR Handling involving the supply of consumable materials, vehicle maintenance, warehouse management, sub-concession fees, centralized infrastructures, administration, etc..

ADR Handling in turn, carried out some ancillary activities related to the services supplied by ADR, registering turnover of 652 thousand euros.

The subsidiary undertaking, ADR Engineering, was created in 1997 to provide design and works supervision services for works included in the airport development plan. Revenues from contract work carried out for ADR in 2003 amounted to 4,848 thousand euros. ADR charged the company 207 thousand euros for sub-concession fees, utilities, administration, etc..

As of April 2003, the subsidiary undertaking, ADR Tel, manages telecommunications services at Fiumicino and Ciampino airports. During 2003 the Company earned revenues of 1,896 thousand euros on services provided to ADR and carried out improvement work on the telephone network totaling 646 thousand euros. ADR charged the Company 667 thousand euros for sub-concession fees, the rental of telecommunications assets and real estate, utilities and staff services.

On March 1, 2003 the lease agreement between ADR and its subsidiary undertaking, ADR Advertising, came into effect. The lease regards the advertising division, which includes advertising facilities, current contracts and human resources. This agreement, which expires on December 31, 2011, provides for monthly payments to ADR proportional to ADR Advertising's revenues, subject to a guaranteed minimum. The royalties paid to ADR in 2003 amounted to 14,620 thousand euros.
ADR charged the company a further 232 thousand euros for the rental of real estate, utilities and various services.

During the year ADR Advertising charged ADR 3,590 thousand euros for the use of advertising space by customers who had been invoiced by ADR prior to the date the lease agreement took effect.

ADR also has financial relations with the subsidiary undertakings, ADR Handling, ADR Engineering, ADR Tel and Airport Invest via a centralized treasury management system. Transaction are conducted on an arm's length basis. This system is aimed at optimizing the management of financial resources and improving settlement procedures for trading relations within the Group.

As of December 31, 2003 financial and trade receivables and payables due to and from Aeroporti di Roma S.p.A. in relation to the Parent Company, subsidiary undertakings and associated undertakings were as follows (in thousands of euros):

	Financial receivables	Trade receivables	Other receivables	Financial payables	Trade payables	Other payables
Parent Company						
Leonardo S.r.l.	0	0	0	0	0	4
	0	0	0	0	0	4
Subsidiary undertakings						
ADR Handling S.p.A.	0	5,007	0	779	632	0
ADR Engineering S.p.A. Unipersonale	466	164	0	0	4,625	0
ADR Tel S.p.A.	249	912	0	0	1,871	0
ADR Advertising S.p.A.	0	6,264	0	0	24	0
Airport Invest B.V.	1	0	0	0	0	0
	716	12,347	0	779	7,152	0
Associated undertakings						
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	0	0	530	0	969	0
La Piazza di Spagna S.r.l.	0	0	0	0	0	34
	0	0	530	0	969	34
Total	**716**	**12,347**	**530**	**779**	**8,121**	**38**

TREASURY STOCK OR PARENT COMPANY'S SHARES IN THE PORTFOLIO

The Company did not hold, directly or indirectly, any of its own shares or any shares in the Parent Company, either at the end of 2003 or at the end of 2002. In addition, no purchases or sales of its own shares or shares in the parent company took place, either directly or indirectly, during 2003.

SUBSEQUENT EVENTS AND OUTLOOK

For information regarding subsequent events and outlook see the corresponding sections in the Group's Management Report on Operations.

PROPOSALS TO THE GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

The Financial Statements as of and for the year ended December 31, 2003, submitted to you together with the Report issued by the independent auditors, Reconta Ernst & Young S.p.A., report net income of 1,069,075.79 euros.

Thus we recommend you approve the Financial Statements as of and for the year ended December 31, 2003, consisting of the Balance Sheet, Income Statement and the Explanatory Notes, together with the Management Report on Operations, which reports net income of 1,069,075.79 euros to be taken to retained earnings.

Dear Shareholders,

Following the resignations of the Directors, Vittorio De Stasio and Christopher Timothy Frost, on December 23, 2003 Nicholas Moore and Cesare Romiti were appointed as Directors. Furthermore, following the resignation of Achille Colombo, on January 16, 2004 Massimo Scarpelli was appointed as a Director.
The terms of office of the above Directors expire at the end of the next General Meeting and you are therefore invited to elect new members of the Board of Directors.

Dear Shareholders,

The Board of Statutory Auditors' three-year term of office has come to an end and we therefore invite you to elect the Board of Statutory Auditors for the three-year period 2004/2006 and determine the related fees.

Dear Shareholders,

The corporate law reform introduced by art. 2409 *bis* of the Italian Civil Code requires that the Company's accounting controls be carried out by a firm of accountants.
In view of the fact that the three-year appointment of the current firm of accountants has expired, the Board of Directors has approved the proposal submitted by Deloitte & Touche S.p.A. to audit the statutory and consolidated financial statements and to carry out a review of the six-month report, including in consolidated form, and accounting controls.
The proposal provides for 1,000 hours for the statutory financial statements, 120 hours for the consolidated financial statements, 390 hours for the six-month report and 220 hours for accounting controls, amounting to a total of 1,730 hours in return for a total annual fee of 124,500 euros.
We therefore invite you, pursuant to art. 2409 *quater* of the Italian Civil Code, and having consulted the Board of Statutory Auditors, to appoint the firm of accountants, Deloitte & Touche S.p.A., for the three-year period 2004/2006, determining the related fees.

The Board of Directors

Company Financial Statements 2003

Balance Sheet and Income Statement

Balance Sheet

as of December 31, 2003
(compared with December 31, 2002)
(Translation from the original issued in Italian)

ASSETS

(in Euros)		**12.31.2003**			**12.31.2002**	
UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS			0			0
FIXED ASSETS						
Intangible fixed assets:						
– Incorporation and development costs		267,658			401,487	
– Industrial patents and intellectual property rights		552,685			122,565	
– Concessions, licenses,trademarks and similar rights		2,030,684,949			2,080,448,186	
– Leasehold improvements in process and advances		44,381,850			25,505,180	
– Others		148,172,325			148,123,728	
			2,224,059,467			2,254,601,146
Tangible fixed assets:						
– Land and buildings		1,041,215			1,283,119	
– Plant and machinery		13,177,320			13,759,045	
– Industrial and commercial equipment		1,069,940			722,757	
– Fixed assets to be relinquished		67,586,679			72,701,320	
– Other assets		3,565,854			4,694,275	
– Work in progress and advances		4,271,400			2,307,375	
			90,712,408			95,467,891
Non-current financial assets:						
– Equity investments in:						
• subsidiary undertakings	138,863,589			91,055,797		
• associated undertakings	49,001			1		
• other companies	1,895,376			1,895,376		
		140,807,966			92,951,174	
– Receivables due from others:						
• within 12 months	3,099			3,099		
• beyond 12 months	4,642,725			5,432,543		
		4,645,824			5,435,642	
			145,453,790			98,386,816
Total fixed assets			2,460,225,665			2,448,455,853
CURRENT ASSETS						
Inventory:						
– Raw, ancillary and consumable materials		2,812,616			2,985,600	
– Contract work in progress		8,952,365			13,911,397	
– Finished goods and goods for resale:						
• goods for resale	8,444,427			8,194,600		
		8,444,427			8,194,600	
– Advances		34,170			89,582	
			20,243,578			25,181,179
Receivables:						
– Due from clients		106,374,906			116,499,351	
– Due from subsidiary undertakings		13,062,655			15,812,596	
– Due from associated undertakings		529,543			752,500	
– Due from others:						
- various:						
• within 12 months	54,858,733			77,622,749		
• beyond 12 months	2,416,294			2,320,886		
- tax authorities	20,766,321			17,234,905		
- advances to suppliers for services to be rendered	100,434			115,588		
		78,141,782			97,294,128	
			198,108,886			230,358,575
Marketable securities			0			0
Cash on hand and in banks:						
– Bank and post office deposits		62,094,501			46,475,107	
– Checks		0			174	
– Cash and notes in hand		333,371			563,928	
			62,427,872			47,039,209
Total current assets			280,780,336			302,578,963
ACCRUED INCOME AND PREPAID EXPENSES						
Accrued income and other prepaid expenses			3,464,861			407,491
TOTAL ASSETS			2,744,470,862			2,751,442,307

as of December 31, 2003
(compared with December 31, 2002)
(Translation from the original issued in Italian)

LIABILITIES AND SHAREHOLDERS' EQUITY

(in Euros)		12.31.2003			12.31.2002	
SHAREHOLDERS' EQUITY						
Share capital:						
– ordinary shares			62,224,743			62,224,743
Share premium reserve			667,389,495			667,389,495
Revaluation reserves			0			0
Legal reserve			12,444,949			12,444,949
Reserve for own shares			0			0
Statutory reserves			0			0
Other reserves			1,747,554			11,081,266
Retained earnings (accumulated losses)			932,531			19,892,693
Net income (loss) for the year			1,069,076			4,062,993
Total shareholders' equity			745,808,348			777,096,139
ALLOWANCES FOR RISKS AND CHARGES						
For taxes		650,000			0	
Other		26,406,137			27,725,081	
Total allowances for risks and charges			27,056,137			27,725,081
EMPLOYEE SEVERANCE INDEMNITIES			47,450,385			50,801,005
PAYABLES						
Due to banks:						
• within 12 months	2,071,142			12,854,480		
• beyond 12 months	480,000,000			1,658,362,465		
		482,071,142			1,671,216,945	
Due to other financial institutions:						
• within 12 months	13,776,639			0		
• beyond 12 months	1,265,018,896			0		
		1,278,795,535			0	
Advances:						
– from clients:						
- from the Ministry of Transport:						
• within 12 months	651,971			5,868,429		
• beyond 12 months	4,770,000			652,048		
- other	2,004,556			810,242		
		7,426,527			7,330,719	
Due to suppliers:						
• within 12 months	98,287,325			110,024,353		
• beyond 12 months	6,549,021			7,298,975		
		104,836,346			117,323,328	
Due to subsidiary undertakings:						
• within 12 months	7,931,227			14,377,876		
		7,931,227			14,377,876	
Due to associated undertakings:						
• within 12 months	1,002,980			968,680		
		1,002,980			968,680	
Due to parent companies:						
• within 12 months	4,120			24,873,058		
		4,120			24,873,058	
Taxes due:						
• within 12 months	3,478,952			5,557,469		
• beyond 12 months	0			413,389		
		3,478,952			5,970,858	
Due to social security agencies		6,023,703			6,110,701	
Other payables: various creditors:						
• within 12 months	28,410,686			41,632,202		
• beyond 12 months	629,513			374,846		
		29,040,199			42,007,048	
Total payables			1,920,610,731			1,890,179,213
ACCRUED EXPENSES AND DEFERRED INCOME						
Accrued expenses and other deferred income			3,545,261			5,640,869
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			2,744,470,862			2,751,442,307

Memorandum Accounts

as of December 31, 2003
(compared with December 31, 2002)
(Translation from the original issued in Italian)

MEMORANDUM ACCOUNTS (in Euros)	12.31.2003		12.31.2002	
General guarantees:				
– Sureties	19,718,755		50,524,174	
– Other	672,000		1,303,143	
		20,390,755		51,827,317
Collateral guarantees		0		0
Commitments on purchases and sales		18,267,159		33,591,402
Other		893,297,236		891,068,534
TOTAL MEMORANDUM ACCOUNTS		931,955,150		976,487,253

for the year ended December 31, 2003
(compared with the year ended December 31, 2002)
(Translation from the original issued in Italian)

INCOME STATEMENT

(in Euros)		2003			2002	
TOTAL REVENUES						
Revenues from sales and services:						
– revenues from sales	47,411,450			49,665,648		
– revenues from services	410,001,012			387,969,800		
– revenues from contract work	11,454,602			31,050,674		
		468,867,064			468,686,122	
Changes in contract work in progress		(4,959,032)			(12,624,341)	
Other income and revenues:						
– revenue grants	70,511			0		
– profits on disposals	22,627			83,350		
– other	5,515,382			21,006,708		
		5,608,520			21,090,058	
			469,516,552			477,151,839
OPERATING COSTS						
Raw, ancillary and consumable materials and goods for resale		44,850,242			42,667,060	
Services		81,314,979			86,538,904	
Leases		25,153,013			19,036,574	
Payroll:						
– wages and salaries	75,664,591			75,332,305		
– social security	22,287,693			21,947,284		
– employee severance indemnities	6,366,706			6,503,731		
– other	1,081,714			1,276,838		
		105,400,704			105,060,158	
Depreciation, amortization and write-downs:						
– amortization of intangible fixed assets	81,321,252			81,866,308		
– depreciation of tangible fixed assets	11,922,827			12,295,704		
– provisions for doubtful accounts	2,592,654			7,024,275		
		95,836,733			101,186,287	
Changes in inventories of raw, ancillary and consumable materials and goods for resale		(76,843)			(304,442)	
Provisions for risks		77,469			0	
Sundry operating costs:						
– losses on disposals	0			89,036		
– license fees	161,291			161,013		
– other	11,553,178			9,559,220		
		11,714,469			9,809,269	
			(364,270,766)			(363,993,810)
Operating income			105,245,786			113,158,029
FINANCIAL INCOME AND EXPENSE						
Income from equity investments:						
– dividends from subsidiary undertakings	3,724,862			1,103,667		
– dividends from other companies	59,400			114,135		
– other income from equity investments	0			64,201		
		3,784,262			1,282,003	
Other financial income:						
– from long-term receivables:						
• other	134,465			170,640		
– other:						
• interest and commissions from subsidiary undertakings	16,492			21,858		
• interest and commissions from banks	2,641,900			2,598,907		
• interest and commissions from clients	506,846			4,141,169		
• interest and commissions from others	130,769			3,215,969		
		3,430,472			10,148,543	
Interest expense and other financial charges:						
– interest and commissions due to parent company	191,142			268,938		
– interest and commissions due to subsidiary undertakings	96,761			296,609		
– interest and commissions due to banks	25,781,510			78,352,586		
– interest and commissions due to other financial institutions	50,029,914			2,629,647		
– interest and commissions due to others	24,915,784			16,238,632		
– provisions for overdue interest on written down receivables	506,850			4,141,167		
		(101,521,961)			(101,927,579)	
Total financial income (expense), net			(94,307,227)			(90,497,033)

INCOME STATEMENT (in Euros)	2003			2002		
ADJUSTMENTS TO FINANCIAL ASSETS						
Write-downs:						
– of equity investments		0			0	
Total adjustments to financial assets			0			0
EXTRAORDINARY INCOME AND EXPENSE						
Income:						
– gains on disposals	11,691,092			0		
– other	3,130,840			4,603,012		
		14,821,932			4,603,012	
Expense:						
– losses on disposals	31,520			0		
– taxes relating to previous years	2,139,345			0		
– other	9,437,063			2,956,651		
		(11,607,928)			(2,956,651)	
Total extraordinary income (expense), net			3,214,004			1,646,361
Income before taxes			14,152,563			24,307,357
Income taxes:						
– current		(15,468,487)			(19,041,365)	
– deferred tax assets (liabilities)		2,385,000			(1,203,000)	
			(13,083,487)			(20,244,365)
Net income (loss) for the year			1,069,076			4,062,992

GENERAL PRINCIPLES

(Translation from the original issued in Italian)

The Explanatory Notes are an integral part of the Company Financial Statements as of December 31, 2003. The Financial Statements have been prepared in accordance with the Italian Civil Code, as interpreted and supplemented by the Accounting Standards of the Italian Accounting Standards Committee, and include such supplementary information on the Balance Sheet and the Income Statement as to guarantee a true and fair view of Aeroporti di Roma S.p.A.'s financial position and operating performance.
The Balance Sheet data as of December 31, 2003 and the Income Statement for the year then ended are compared with the data for 2002.
The Income Statement and Balance Sheet items, preceded by Arabic numerals, showing zero balances across the periods used for comparison are not shown.
The Financial Statements are expressed in euros.

ABOUT THE COMPANY

Leonardo S.p.A. (now ADR S.p.A.) was incorporated on January 25, 2000[4] for the purpose of acquiring holdings in airport management companies.
As a result of the privatization of ADR, on July 31, 2000 Leonardo acquired 51.148% of the share capital of ADR, an airport management Company founded on February 12, 1974, from IRI S.p.A. (now Fintecna S.p.A.).
This holding was increased to 95.860% following the public offerings (obligatory and residual) launched by Leonardo, in order to acquire the remaining shares of ADR, pursuant to art. 106 of Legislative Decree 58/98. The offerings were concluded on November 6, 2000 and March 23, 2001. Other shares in ADR were purchased on the open market. Therefore, with effect from March 29, 2001, in accordance with the action taken by the Italian Stock Exchange, ADR's shares, which had been quoted since July 24, 1997, were subsequently delisted.
The deed for the ensuing merger of ADR and Leonardo was drawn up on May 16, and came into effect on May 21, 2001, under the terms of art. 2503 of the Italian Civil Code. At the time of the merger of ADR with Leonardo S.p.A., the latter changed its name to Aeroporti di Roma S.p.A..
The merger adjustments were posted to the Financial Statements of the acquiring company, with effect from January 1, 2001, for both statutory and fiscal purposes.
The business purpose of the merged company, Aeroporti di Roma S.p.A., is the construction and management of airports, including the operation of any activity connected with or complementary to air traffic of any type or specification. The Company's principal activities include the management of Rome's two airports ("Leonardo da Vinci" at Fiumicino and "G.B. Pastine" at Ciampino) in accordance with financial and organizational criteria, as per Law no. 755 dated November 10, 1973 and subsequent amendments.

Such activity is carried out under a concession granted by the Italian Ministry of Infrastructure and Transport. The current concession is due to expire in 2044. The concession, regulated by specific contractual agreements with the Ministry, includes the management of the infrastructures and services (retail outlets, etc.) and the maintenance of plant, machinery and buildings. ADR also provides security screening services for passengers and carry-on and hold baggage.
Additionally, the Company is responsible for coordinating the airport infrastructure "Development Program" financed by both the government and by the Company, with funds generated from its own resources. The special laws governing the Company's activities require that the assets utilized be indicated in the balance sheet according to legal title to ownership.

(4) Leonardo was incorporated as a limited liability company with the name of Sysira S.r.l.. The Extraordinary General Meeting of July 4, 2000 resolved to convert the company into a joint-stock company with the name of Leonardo S.p.A..

As a result, the four different types utilized by the Company are analyzed below:

- "Company-owned fixed assets" consist of assets purchased outright by the Company using its own funds and which the Company considers will not be relinquished on expiry of the concession. This category includes temporary buildings, plant and machinery, industrial and commercial equipment and other items (principally furniture and fittings). Such assets are recorded under "Tangible fixed assets".
- "Fixed assets to be relinquished" consist of assets purchased by the Company using its own funds and which the Company will be obliged to transfer to the Ministry free of charge, in good working condition, on expiry of the concession. "Fixed assets to be relinquished" are defined as all permanent works and installations constructed on government land within the airport. This category includes industrial buildings and plant and machinery, which are recorded under "Tangible fixed assets".
- "Assets received under the concession" consist of assets purchased or constructed by the government and made available to the Company under the concession. This category primarily includes the infrastructure already present on the airport grounds before Aeroporti di Roma S.p.A. was formed in 1974. As the Company does not hold title to such assets, they are recorded in the Memorandum Accounts under "Other".
- "Assets completed on behalf of the State" consist of assets resulting from construction projects carried out by the Company pursuant to the Development Program on behalf of, and financed by the government. Such assets are recorded in two ways: either in the Memorandum Accounts under "Other", reflecting the completion of a pre-agreed portion of the relevant construction project and the issuance by the Company of an invoice to the Ministry therefore, or as an asset in the Company's Balance Sheet under "Inventory: contract work in progress", reflecting the value of the portion of the relevant construction project not yet invoiced to the Ministry at year end. In order to carry out such construction projects, the Company receives a cash advance from the Ministry. The advance provides funds for carrying out the relevant construction projects and is recorded in the Company's Balance Sheet as a payable, under "Advances". Thereafter, the costs actually incurred by the Company in relation to the relevant construction project are invoiced to the Ministry on the basis of the work completed leading to a reduction of the related payable under "Advances" during the construction period. In addition, the Ministry makes a lump-sum payment to the Company to cover general construction costs such as architects' and inspectors' fees, testing and construction management. Such lump-sum payment is equal to approximately 9% of the total amount allocated by the Ministry for the relevant project, including general construction costs.

Assets included in "Assets received under the concession" and "Assets completed on behalf of the State" (reflecting the portion invoiced to the Ministry as of the relevant date) are recorded in the Memorandum Accounts, since such assets are used by the Company for the entire period of the concession.

Furthermore, the costs of any improvements or conversions carried out in relation to assets included under "Assets received under the concession" and "Assets completed on behalf of the State" and financed independently by the Company, where such assets have a service life of several years, are recorded in the Company's Balance Sheet under "Intangible fixed assets", since such assets are comparable to leasehold improvements.

The value of the airport management concession, posted in the accounts at the time of ADR's merger with Leonardo, represents the goodwill purchased by Leonardo and reflecting the difference between the price paid for ADR's shares and the value of the relevant interest in shareholders' equity. The concession is posted among "Intangible fixed assets" under " Concessions, licenses, trademarks and similar".

The Company is controlled by Leonardo S.r.l., which owns 51.151% of the share capital.

EXCEPTIONS

The Financial Statements were prepared in accordance with the specifications laid down in the Italian Civil Code within the limits already specified in the introduction to the Notes. A true and fair account of the Company's financial position, operating results and cash flows was ensured without recourse to any departure from the principles mentioned above. No exceptional cases of incompatibility arose that required application of art. 2423 paragraph IV of the Italian Civil Code.

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 ADR's debt, which, as well as additional charges, also entailed extension of the duration of said 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 has been reclassified from the item "Accrued income and prepaid expenses" to the item "Intangible fixed assets - other";
– in the Income Statement for 2002 an amount of 3,376 thousand euros has been reclassified from the item "Operating costs - services" to the item "Amortization of intangible fixed assets".

To facilitate comparison of Balance Sheet items with those of the previous year, in the Balance Sheet as of December 31, 2002 an amount of 3,859 thousand euros regarding credit notes to be issued to clients has been reclassified from the item "Other payables: sundry creditors" to the item "Due from clients". In 2003 an information system that calculates amortization of intangible fixed assets entered service. Until December 31, 2002 amortization was calculated on an annual basis. The new system, on the other hand, enables calculation as of the month in which such assets are available for use or begin to produce economic benefits. The positive effect on the result for 2003 and on shareholders' equity as of December 31, 2003 amounts to approximately 1,600 thousand euros (1,228 thousand euros net of the tax effect).

EXPLANATION ADDED FOR TRANSLATION INTO ENGLISH

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

ACCOUNTING POLICIES

The accounting policies adopted to prepare the Financial Statements for the year ended December 31, 2003 are based on the prudence and going-concern principles and comply with the provisions of article 2426 of the Italian Civil Code. The accounting policies are consistent with those adopted in previous years. The principal accounting policies are summarized below. A more detailed explanation of certain policies can be found under the single classes of Financial Statement items.

Assets

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 in 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 are amortized over a period of five years. The Company may only distribute dividends if there are sufficient reserves available to cover the amount of the costs not yet amortized.

- ***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 (now ADR) on acquiring its holding in ADR, is amortized on the basis of the residual duration of the concession, which will expire on June 30, 2044.

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

– **Tangible fixed assets**

Tangible fixed assets have a limited service life and their cost is depreciated on a straight-line basis during each financial period according to their residual service life. Rates 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 on the following page:

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%

In accordance with articles 10 and 3 of Law no. 72 of March 19, 1983, the Company has revalued fixed assets still in its possession by 2,463,379 euros.
Such fixed assets are carried at 2,372,924 euros. The original revaluation reserve was utilized in previous years to absorb losses.

- ***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 accordance with the policies described above under "Tangible fixed assets", in that they are assets which form part of so-called "industrial property".
  In addition, provisions are made for transfer costs relating to fixed assets to be relinquished, with the aim of covering best estimates – carried out by technical experts – of the costs to 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**

Non-current financial assets include equity investments recorded at purchase cost in accordance with the previously explained criteria applied to fixed assets. Should there be a permanent impairment in the value of an asset, due to losses sustained or to other reasons, and revenues in the near future are not expected to cover such losses, the asset is written down accordingly. In future years, should the reason for the write-down cease to apply, the original value of the asset is reinstated.
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 payment is considered definite is recorded among revenues. Any additional costs borne by the Company in relation to changes to 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.

Liabilities

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 accrued up to December 31, 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 closing 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 closing 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 exchange rate variations. 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 Company, 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.
  This item also includes the value of the advertising division leased to ADR Advertising, as recorded in the inventory check carried out on start-up of activities.

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.

Dividends

Dividends from subsidiary undertakings are posted to the Income Statement on an accruals basis, that is in the year in which the relevant net income is generated by the subsidiary undertaking, based on the proposed dividend approved by the company's Board of Directors prior to the date of approval of ADR's Financial Statements.

Taxation

"Current taxes" are calculated on the basis of taxable income. The related payable is posted to "Taxes due". "Deferred tax assets" and "liabilities" are recorded on the basis of temporary differences between the amount recorded in the Financial Statements and the tax bases of the relevant assets and liabilities, applying the tax liability method. As of fiscal year 1999, deferred tax assets are only recorded where there is reasonable certainty regarding their recoverability. The reporting of such taxation in the Financial Statements is carried out in accordance with Accounting Standard no. 25, as established by the Italian Accounting Standards Committee.

Derivatives contracts

The positive and negative interest rate differentials, deriving from Interest Rate Swaps, accrued at the end of the period are recorded on an accruals basis in the Income Statement among "Financial income and expense".

NOTES TO THE BALANCE SHEET

FIXED ASSETS

Intangible fixed assets

An analysis if intangible fixed assets is provided on the following page.

Intangible fixed assets

	12.31.2002				
	Cost	Revaluations	Write-downs	Amortization	Book value
Incorporation and development costs	672,578	0	0	(271,091)	401,487
	672,578	0	0	(271,091)	401,487
Industrial patents and intellectual property rights	1,732,302	0	0	(1,609,737)	122,565
	1,732,302	0	0	(1,609,737)	122,565
Concessions, licenses, trademarks and similar rights	2,187,223,731	0	0	(106,775,545)	2,080,448,186
	2,187,223,731	0	0	(106,775,545)	2,080,448,186
Leasehold improvements in process and advances:					
a) Leasehold improvements in process	25,248,362	0	0	0	25,248,362
b) Advances	256,818	0	0	0	256,818
	25,505,180	0	0	0	25,505,180
Others:					
– Leasehold improvements	288,750,161	0	0	(171,804,909)	116,945,252
– Ancillary charges for loans	34,554,476			(3,376,000)	31,178,476
	323,304,637	0	0	(175,180,909)	148,123,728
Total	2,538,438,428	0	0	(283,837,282)	2,254,601,146

(1) *Including:*
Cost
Amortization
Transfer from/(to) cost items
Transfer from/(to) tangible fixed assets

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

– "concessions, licenses, trademarks and similar rights" include the value of the airport management concession, amounting to 2,028,877 thousand euros as of December 31, 2003. The decrease of 49,763 thousand euros is due to the combined effect of amortization for the period (51,096 thousand euros) and investment (1,143 thousand euros), transfers from work in process (160 thousand euros) and reclassifications amounting to 30 thousand euros;
– the increase of 18,876 thousand euros in "Leasehold improvements in process" derives from work carried out during the year, amounting to 23,197 thousand euros, net of transfers of assets entering service to "Leasehold improvements" and "Concessions, licenses, trademarks and similar" (3,525 thousand euros), and write-downs of 796 thousand euros;
– "other intangible fixed assets" rose by a total of 48 thousand euros due to "Ancillary charges for loans". "Leasehold improvements" decreased by 12,561 thousand euros due to amortization for the period, totaling 25,882 thousand euros, partly offset by work carried out during the period (9,494 thousand euros), transfers from work in process (3,365 thousand euros) and reclassifications totaling 462 thousand euros. "Ancillary charges for loans" rose by 12,610 thousand euros due to costs incurred in 2003 in order to restructure ADR's debt (16,708 thousand euros), net of amortization of 4,098 thousand euros.

The principal leasehold improvements in process (equal to 23,197 thousand euros) include:

– works relating to the Eastern Area - Cargo City (13,886 thousand euros);
– the structural upgrading of the Bravo/Delta/November taxiways (920 thousand euros);
– replacement of MV and LV panels and protection of landside electricity transformers (830

Changes during the period				12.31.2003				
Purchases/ Capitalization	Reclassifications [1]	Disposals/ Retirements	Amortization	Cost	Revaluations	Write-down	Amortization	Book value
0	0	0	(133,829)	672,578	0	0	(404,920)	267,658
0	0	0	(133,829)	672,578	0	0	(404,920)	267,658
587,606	(46,210)	0	(111,276)	2,273,698	0	0	(1,721,013)	552,685
587,606	(46,210)	0	(111,276)	2,273,698	0	0	(1,721,013)	552,685
1,142,864	190,000	0	(51,096,101)	2,188,556,595	0	0	(157,871,646)	2,030,684,949
1,142,864	190,000	0	(51,096,101)	2,188,556,595	0	0	(157,871,646)	2,030,684,949
18,898,326	19,235	0	0	44,165,923	0	0	0	44,165,923
4,298,865	(4,339,756)	0	0	215,927	0	0	0	215,927
23,197,191	(4,320,521)	0	0	44,381,850	0	0	0	44,381,850
9,494,152	3,826,681	0	(25,882,046)	302,055,484	0	0	(197,671,445)	104,384,039
16,707,810	0	0	(4,098,000)	51,262,286	0	0	(7,474,000)	43,788,286
26,201,962	3,826,681	0	(29,980,046)	353,317,770	0	0	(205,145,445)	148,172,325
51,129,623	(350,050)	0	(81,321,252)	2,589,202,491	0	0	(365,143,024)	2,224,059,467

	(350,261)
	15,511
	0
	(15,300)
	(350,050)

thousand euros);
– adaptation of system for upgrading of manual coding area (896 thousand euros).

The main leasehold improvements completed during the year (equal to 9,494 thousand euros) include:
– runways - works to comply with ICAO standards and remote operation and monitoring of lights (889 thousand euros);
– maintenance of landside airport road network (612 thousand euros);
– BHS - upgrading of electrical system (186 thousand euros);
– heating plant and networks phase I (150 thousand euros);
– work on the "Catering Ovest" building (1,024 thousand euros);
– aircraft aprons - reconfiguration of traffic signals (334 thousand euros);
– new asset cycle management system (543 thousand euros);
– re-waterproofing of various buildings and escalator underpass (457 thousand euros);
– sundry works at Ciampino airport (1,208 thousand euros).

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

Tangible fixed assets

An analysis of tangible fixed assets is provided on the following page.

Tangible fixed assets

	12.31.2002 Cost	Revaluations (Law 72/1983)	Write-downs	Allowances for depreciation	Book value	Purchases/ Capitalizat.
Land and buildings	16,809,572	465,128	0	(15,991,581)	1,283,119	19,665
	16,809,572	465,128	0	(15,991,581)	1,283,119	19,665
Plant and machinery	64,742,917	0	0	(50,983,872)	13,759,045	3,367,192
	64,742,917	0	0	(50,983,872)	13,759,045	3,367,192
Industrial and commercial equipment	6,134,833	0	0	(5,412,076)	722,757	760,384
	6,134,833	0	0	(5,412,076)	722,757	760,384
Fixed assets to be relinquished	135,793,215	1,907,796	0	(64,999,691)	72,701,320	281,730
	135,793,215	1,907,796	0	(64,999,691)	72,701,320	281,730
Other assets	39,462,840	0	0	(34,768,565)	4,694,275	1,314,720
	39,462,840	0	0	(34,768,565)	4,694,275	1,314,720
Work in progress and advances	2,307,375	0	0	0	2,307,375	2,224,169
	2,307,375	0	0	0	2,307,375	2,224,169
Total	265,250,752	2,372,924	0	(172,155,785)	95,467,891	7,967,860
(1) Allowance for accelerated depreciation				7,533,773		
(2) *Including:*						
Cost						
Transfer from/(to) intangible fixed assets						
Adjustments for depreciation						

"Tangible fixed assets" decreased by 4,756 thousand euros, due to depreciation totaling 11,923 thousand euros and disposals amounting to 868 thousand euros. This was partly compensated for by investment amounting to 8,035 thousand euros.

The most significant capitalization during the period, within the category "Plant and machinery" (3,367 thousand euros), regarded the acquisition of motor vehicles with a value of 1,323 thousand euros, specific airport equipment totaling 950 thousand euros, inspection and baggage transportation equipment amounting to 463 thousand euros. "Other assets" (which increased by 1,315 thousand euros) regarded electronic systems totaling 900 thousand euros and furniture, fittings and equipment with a value of 315 thousand euros.
Due to the accelerated depreciation carried out between 1990 and 1997, ordinary depreciation for 2003, totaling 422 thousand euros, was not recorded in the Income Statement. From 1998 accelerated depreciation – if charged – was deducted only on tax returns.

The following table summarizes the financial effect of accelerated depreciation and the related deferred taxes (in thousands of euros):

Changes during the period				12.31.2003				
Reclassifications [1] [2]	Disposals / Retirements [1] [2]	Write-downs (-) Value recoveries (+)	Amortization [1]	Cost	Revaluations (Law 72/1983)	Write-downs	Allowances for depreciation	Book value
0	0	0	(261,569)	16,829,237	465,128	0	(16,253,150)	1,041,215
0	0	0	(261,569)	16,829,237	465,128	0	(16,253,150)	1,041,215
153,356	(753,296)	0	(3,348,977)	62,622,283	0	0	(49,444,963)	13,177,320
153,356	(753,296)	0	(3,348,977)	62,622,283	0	0	(49,444,963)	13,177,320
0	(74,620)	0	(338,581)	6,228,957	0	0	(5,159,017)	1,069,940
0	(74,620)	0	(338,581)	6,228,957	0	0	(5,159,017)	1,069,940
173,831	0	0	(5,570,202)	136,248,745	1,907,796	0	(70,569,862)	67,586,679
173,831	0	0	(5,570,202)	136,248,745	1,907,796	0	(70,569,862)	67,586,679
0	(39,642)	0	(2,403,499)	39,749,598	0	0	(36,183,744)	3,565,854
0	(39,642)	0	(2,403,499)	39,749,598	0	0	(36,183,744)	3,565,854
(260,144)	0	0	0	4,271,400	0	0	0	4,271,400
(260,144)	0	0	0	4,271,400	0	0	0	4,271,400
67,043	(867,558)	0	(11,922,828)	265,950,220	2,372,924	0	(177,610,736)	90,712,408
422,497	0		0				7,111,276	
(6,322)	(7,333,176)							
71,106	0							
2,259	6,465,618							
67,043	(867,558)							

	Shareholders' equity as of 12.31.2002	Effect of accel. depreciation charged in prior years	Shareholders' equity as of 12.31.2003
Allowance for accelerated depreciation	7,534	(422)	7,112
Tax effect	(3,032)	98	(2,934)
Net effect	4,502	(324)	4,178

Therefore, in the absence of accelerated depreciation charged to the Income Statement in previous years, net income for the year would have been reduced by 324 thousand euros, whilst shareholders' equity as of December 31, 2003 would have been increased by 4,178 thousand euros, net of tax effects.

As security for the loans governed by agreements with Romulus Finance S.r.l., a syndicate of banks and Banca OPI – described in detail in the notes to "Payables" – the Company has granted the lenders a lien (in the form of a mortgage ranking *pari passu* with other claims) on the plant, machinery and capital goods recorded at any time in the book of depreciable assets and ADR'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				12.31.2003
		Aquisition	Disposals	Write-downs	Capital Reconstructions	
Subsidiary undertakings:						
– ADR Handling S.p.A.	15,184,825	10,921,000	(175,500)	0	0	25,930,325
– Airport Invest B.V.	74,583,046	36,807,292	0	0	0	111,390,338
– ADR Engineering S.p.A. Unipersonale	593,926	0	0	0	0	593,926
– ADR Tel S.p.A.	594,000	0	0	0	0	594,000
– ADR Advertising S.p.A.	0	255,000	0	0	0	255,000
– ADR Sviluppo S.p.A. Unipersonale	100,000	0	0	0	0	100,000
	91,055,797	47,983,292	(175,500)	0	0	138,863,589
Associated undertakings:						
– La Piazza di Spagna S.r.l.	0	49,000	0	0	0	49,000
– Ligabue Gate Gourmet Roma S.p.A. (bankrupt)	1	0	0	0	0	1
	1	49,000	0	0	0	49,001
Investments in other companies:						
– Alinsurance S.r.l.	6,198	0	0	0	0	6,198
– Aeroporto di Genova S.p.A.	929,622	0	0	0	0	929,622
– S.A.Cal. S.p.A.	878,493	0	0	0	0	878,493
– Edindustria S.p.A.	81,063	0	0	0	0	81,063
	1,895,376	0	0	0	0	1,895,376
Total	92,951,174	48,032,292	(175,500)	0	0	140,807,966

The increase in equity investments in subsidiary undertakings, totaling 48,032 thousand euros, derives from:

– the transfer of handling activities at Ciampino, valued at 10,921 thousand euros, to the subsidiary undertaking, ADR Handling S.p.A., with effect from December 31, 2003. Consequently, the General Meeting of ADR Handling's shareholders approved an increase of share capital of 5,160 thousand euros, via the issue of 1,000,000 new shares with a par value of 5.16 euros and a share premium of 5,761 thousand euros. Pursuant to art. 2343 of the Italian Civil Code, the shares issued in relation to the transfer are non-transferable and must remain deposited with the Company until the expert appraisal of the value of the division has been checked by the Directors and Statutory Auditors of ADRH;

– the investment in the subsidiary undertaking, Airport Invest B.V., totaling 36,807 thousand euros, as approved by a General Meeting of the company's shareholders, who, on December 4, 2003, approved the following transactions:
  - payment of a capital contribution of 29,100 thousand euros in order to finance Airport Invest's purchase of the interest owned by JP Morgan in ADR IASA, equal to 24.8% of the ordinary share capital;
  - the transfer of the remaining 6.2% of the ordinary share capital of ADR IASA with a value of 7,707 thousand euros in return for an informal capital contribution. On December 12, 2003 ADR exercised its option to acquire the interest held by Simest S.p.A. in ADR IASA and, on the same date, the contribution became effective following the signature of the "Deed of contribution of equity interest in the share capital of ADR IASA" by Airport Invest and ADR;

– the subscription of 51% of the ordinary share capital (255 thousand euros) of ADR Advertising S.p.A., at the time of the Company's incorporation on January 10, 2003.

The 175 thousand euros reduction in the equity investment in ADR Handling was due to the transfer of 1% of the company's share capital to ADR Engineering S.p.A. Unipersonale on July 30, 2003 for 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. ADR Engineering's interest decreased to 0.71% after the above transfer of handling activities at Ciampino.
The increase in equity investments in associated undertakings, amounting to 49 thousand euros, regards the interest in the share capital of La Piazza di Spagna S.r.l. (49%) subscribed by ADR at the time of the company's incorporation on December 17, 2003.
For further information regarding such equity investments during 2003, reference should be made to the section "Equity investments" in the Management Report on Operations.
A comparison between the book value and the value of shareholders' equity, determined on the basis of the equity method, is provided in the following table:

List of equity investments in subsidiary undertakings (in Euros)

	Registered office	Share Capital	Shareholders' equity at 12.31.2003	Net Income (Loss) 2003	% holding	Corresponding book value of equity (A)	Book value (B)	Valuation art. 2426, no. 4 C.C. (C)	Surplus B - C
Subsidiary undertakings:									
– ADR Handling S.p.A.	Fiumicino (Rome)	18,060,000	22,759,068	(181,690)	99.29%	22,597,479	25,930,325	23,929,049	2,001,276
– Airport Invest B.V. (*)	Amsterdam (Holland)	70,417,038	107,409,433	(15,641)	100%	107,409,433	111,390,338	105,640,022	5,750,316
– ADR Engineering S.p.A. Unipersonale	Fiumicino (Rome)	774,690	1,280,551	286,229	100%	1,280,551	593,926	1,280,551	
– ADR Tel S.p.A.	Fiumicino (Rome)	600,000	1,342,805	750,321	99.0%	1,329,377	594,000	1,329,377	
– ADR Advertising S.p.A. (**)	Fiumicino (Rome)	1,000,000	1,771,735	771,735	25.5%	433,097	255,000	433,097	
– ADR Sviluppo S.r.l. Unipersonale	Fiumicino (Rome)	100,000	94,784	(995)	100%	94,784	100,000	94,784	5,216
Associated undertakings:									
– La Piazza di Spagna S.r.l.	Fiumicino (Rome)	100,000	n.d.	n.d.	49.0%	n.d.	49,000	n.d.	n.d.
Total							138,912,589		

(*) The result of the balance is given at the net of tha account distributed during the budgetary year.

(**) Holding present in the stated capital (1,000,000) of the Company (including preference shares). The shareholding present in the capital (500,000 euros) is equal to 51%.

The book value of the equity investment in Airport Invest is greater than the amount resulting from the valuation under article 2426, paragraph 4 of the Italian Civil Code by approximately 5.7 million euros. This difference is entirely attributable to the exchange rate with the South African rand, the currency in which the accounts of Airport Invest's subsidiary, ADR IASA, are prepared. Given that the operating results of ACSA (the sole asset owned by ADR IASA) exceeded expectations (see the section regarding "Equity investments in airports"), it was held that the exchange rate difference alone did not represent a permanent loss in value meriting a write-down of the value of the equity investment in Airport Invest.
The book value of the equity investment in ADRH is greater than the amount resulting from the valuation under article 2426, paragraph 4 of the Italian Civil Code by approximately 2.0 million euros. Such difference is of a temporary nature in view of the company's plans, which foresee a return to profit as early as 2004.
The fact that the book value of the equity investment in ADR Sviluppo S.r.l. us greater than a valuation under the above article of the Italian Civil Code is due to the fact that the company is not yet operational.
As security for the loans governed by agreements with Romulus Finance S.r.l., a syndicate of banks and Banca OPI, ADR has granted the lenders a lien on the Company's shareholdings in the subsidiary undertakings, ADR Tel S.p.A. and ADR Advertising S.p.A.. 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	12.31.2003
Receivables:			
– due from others:			
• public bodies for licenses	25,042	(1,622)	23,420
• suppliers	3,099	0	3,099
• other	5,407,501	(788,196)	4,619,305
	5,435,642	(789,818)	4,645,824

The reduction in such "Receivables", amounting to 790 thousand euros, was due to payments of 973 thousand euros, disbursements of 49 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 134 thousand euros.
There are no receivables falling due beyond five years.

CURRENT ASSETS

Inventory

	12.31.2002	Changes during the period	12.31.2003
Raw, ancillary and consumable materials	2,985,600	(172,984)	2,812,616
Finished goods and goods for resale:			
– goods for resale	8,194,600	249,827	8,444,427
	11,180,200	76,843	11,257,043
Contract work in progress	13,911,397	(4,959,032)	8,952,365
less accumulated write-downs (art. 60 Decree 917/86)	0	0	0
	13,911,397	(4,959,032)	8,952,365
Advances	89,582	(55,412)	34,170
	25,181,179	(4,937,601)	20,243,578

The decrease in "Inventory" of 4,937 thousand euros compared to the previous year reflects the decline in "Contract work in progress" (down 4,959 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.

Stocks of "Finished goods and goods for resale" reflect the estimated portion, as of December 31, 2003, of the reductions resulting from the physical stock checks carried out during February and March 2004. The checks regarded all categories of merchandise held in five out of the six retail outlets managed by ADR at Fiumicino and Ciampino.

As security for the loans governed by agreements with Romulus Finance S.r.l., a syndicate of banks and Banca OPI, the Company 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 (-)	Changes during the period Provisions (-) Value recoveries (+)	12.31.2003
Due from clients	138,524,666	(7,325,415)	0	131,199,251
Less:				
– allowance for doubtful accounts	(17,378,538)	0	(2,592,654)	(19,971,192)
– allowance for overdue interest	(4,646,777)	300,474	(506,850)	(4,853,153)
	116,499,351	(7,024,941)	(3,099,504)	106,374,906
Due from subsidiary undertakings	15,812,596	(2,749,941)	0	13,062,655
Due from associated undertakings	2,679,499	(222,957)	0	2,456,542
Less:				
– allowance for doubtful accounts	(1,926,999)	0	0	(1,926,999)
	752,500	(222,957)	0	529,543
Due from others:				
– sundry	79,943,635	(22,668,608)	0	57,275,027
– tax authorities	17,234,905	3,531,416	0	20,766,321
– advances to suppliers for services to be rendered	115,588	(15,154)	0	100,434
	97,294,128	(19,152,346)	0	78,141,782
	230,358,575	(29,150,185)	(3,099,504)	198,108,886

"Current receivables", net of allowances for doubtful accounts, amounted to 198,109 thousand euros, a 32,250 thousand euros decrease on December 31, 2002. Principal changes are analyzed below:

– "Due from clients", net of allowances for doubtful accounts, amount to 106,375 thousand euros and include trade receivables due from clients and amounts due from public bodies, mainly deriving from financed works and the supply of utilities and services. The overall decrease of 10,125 thousand euros derives from the reduction in receivables (10,885 thousand euros), due to improved collection times, and the increase in provisions for doubtful accounts (3,100 thousand euros) deriving from an updated assessment of the creditworthiness of clients. As a result the Company is currently negotiating payment plans with a number of debtors owing a total of 6.1 million euros. ADR expects to collect all the related receivables recorded in the Financial Statements.
  In view of public bodies' continuing delay in effecting payments, as of December 31, 2003 the residual amount of receivables factored without recourse, in accordance with the relevant contracts and supplementary letters, amounts to 33.4 million euros.
– "Amounts due from subsidiary undertakings" total 13,063 thousand euros, representing a decrease of 2,750 thousand euros with respect to 2002, due primarily to the reduction in trade receivables due from the subsidiary undertaking, ADR Handling, in part compensated for by new receivables due from ADR Advertising, which began operating on March 1, 2003.
– "Due from associated undertakings", amounting to 530 thousand euros, regard amounts due from Ligabue Gate Gourmet Roma S.p.A. (bankrupt).
  The reduction with respect to December 31, 2002 is 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 of 530 thousand euros due at December 31, 2003, following the bankruptcy of Ligabue Gate Gourmet Roma, was classified among preferential liabilities.

– “Amounts due from others: sundry” decreased by 22,669 thousand euros mainly due to the reduced liquidity deposited in the term current accounts denominated the “Debt Service Reserve Account” (down 10,489 thousand euros) and the “Revenues Account” (down 3,939 thousand euros), as well as to a decrease in receivables resulting from factoring without recourse (down 9,282 thousand euros).

  “Amounts due from others” include the balance of the term current account in the name of the Security Agent for ADR’s loans denominated “Debt Service Reserve Account”, amounting to 50,082 thousand euros as of December 31, 2003. In accordance with the procedures established in the relevant agreement, ADR has deposited a sum in this account to guarantee repayment of the loans.

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

– “Amounts due from others: tax authorities”, amounting to 20,766 thousand euros, rose by 3,531 thousand euros due primarily to the recognition of deferred tax assets totaling 2,385 thousand euros, in addition to a 988 thousand euro increase in VAT credits.

As security for the loans governed by agreements with Romulus Finance S.r.l., 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 December 31, 2003 (198,109 thousand euros) comprise 52,252 thousand euros in the form of financial receivables, 118,722 thousand euros of trade receivables, and 27,135 thousand euros of other categories. There are no promissory notes or similar bills.

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	12.31.2003
Banks and post office deposits	46,475,107	15,619,394	62,094,501
Checks	174	(174)	0
Cash and notes in hand	563,928	(230,557)	333,371
	47,039,209	15,388,663	62,427,872

The Company’s available cash, which increased by 15,389 thousand euros over the year, 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 sum necessary to exercise existing options on the share capital of the South African subsidiary undertaking, ADR IASA, which ADR controls via Airport Invest, has been deposited.

A sum of 36,807 thousand euros was drawn from this account, which initially amounted to 55,000 thousand euros, to finance the exercise of call options regarding shares in ADR IASA owned by Simest and JP Morgan. The balance as of December 31, 2003, totaling 20,000 thousand euros, has been earmarked for exercise of the option relating to the preferential share capital owned by United Towers.

As security for the loans governed by agreements with Romulus Finance S.r.l., 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	12.31.2003
ACCRUED INCOME	0	0	0
PREPAID EXPENSE			
Service costs	394,800	267,272	662,072
Personnel costs	12,691	16,637	29,328
Sundry operating costs	0	2,773,461	2,773,461
	407,491	3,057,370	3,464,861

The change of 3,057 thousand euros is mainly due to "Prepaid expenses-financial charges", which includes prepayment of the installment due for the period for the monoline insurance premium paid to AMBAC Assurance UK, which secured the bonds issued by Romulus Finance S.r.l. that correspond to "Facility A".

SHAREHOLDERS' EQUITY

Shareholders' equity underwent the following movements during 2003:

	12.31.2002	Changes during the period					12.31.2003
		Subscript. by Shareholders	Reclassifications	Distribution of reserves	Allocation of net income	Net income for the year	
Share capital [1]	62,224,743						62,224,743
Share premium reserve	667,389,495						667,389,495
Revaluation reserves	0						0
Legal reserve	12,444,949						12,444,949
Reserve for own shares	0						0
Statutory reserves	0						0
Reserve for share issues (art. 2349 Italian Civil Code)	85,058						85,058
Reserve for accelerated depreciation	0						0
Distributable reserves	10,996,208			(9,333,712)			1,662,496
Retained earnings	19,892,693			(19,289,670)	329,508		932,531
Net income for the year	4,062,993				(4,062,993)	1,069,076	1,069,076
Total	777,096,139	0	0	(28,623,382)	(3,733,485)	1,069,076	745,808,348

[1] including: 62,224,743 ordinary shares (with a unit value of 1 euro).

Movements during the year reflect net income for 2003, amounting to 1,069 thousand euros, and the allocation of net income for 2002, as approved by the Ordinary General Meeting of May 9, 2003. This allocation is shown below:

	€/000
Payment of dividends	3,733
Retained earnings	330
Net income for 2002	4,063

The same Ordinary General Meeting also resolved to distribute 19,289 thousand euros from earnings retained from net income for 2001 and 9,334 thousand euros from the distributable reserve previously set up in accordance with art. 67 of the Consolidation Act (reserve for accelerated depreciation). This amounted to a total distribution of 28,623 thousand euros.
In order to carry out the distribution, the entire distributable reserve, which had previously been taxed for the purposes of IRPEG, was subject to IRAP.

ALLOWANCES FOR RISKS AND CHARGES

	12.31.2002	Changes during the period			12.31.2003
		Reclassifications	Provisions (Reversals to Income Statement)	Releases	
Income taxes	0	0	650,000	0	650,000
Other:					
– disputes in progress	14,183,655	3,725,551	0	(1,381,517)	16,527,689
– insurance deductibles	1,188,107	0	77,469	(122,328)	1,143,248
– restructuring	3,353,319	1,074,449	107,432	0	4,535,200
– fixed assets to be relinquished	9,000,000	(4,800,000)	0	0	4,200,000
	27,725,081	0	184,901	(1,503,845)	26,406,137
	27,725,081	0	834,901	(1,503,845)	27,056,137

"Allowances for risks and charges", totaling 27,056 thousand euros, decreased by 669 thousand euros overall. In detail:

– the "Allowance for income taxes" included an estimate of the amount due (650 thousand euros) in relation to the tax amnesty for 2002 (regarding direct taxation), which the Company intends to take advantage of;

– the "Allowance for disputes in progress" reports a net increase of 2,344 thousand euros. Direct releases amounting to 1,382 thousand euros are primarily due to the settlement of disputes with Company employees and civil lawsuits. The allowance as of December 31, 2003 covers potential liabilities arising from legal disputes the Company is involved in 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 Company to meet the cost of streamlining and reorganizing its operations, aimed at improving efficiency in order to ensure that profit targets are met, reports a net increase of 1,182 thousand euros, in line with the redundancy plan in the process of implementation;

– an updated estimate of the related costs (see Accounting policies) concluded that the "Allowance for fixed assets to be relinquished" was 4,800 thousand euros in surplus. This surplus was used via reclassifications to other allowances.

EMPLOYEE SEVERANCE INDEMNITIES

This item underwent the following changes during 2003:

Balance as of 12.31.2002	50,801,005
Changes during the period:	
– provisions	6,366,706
– releases to pay indemnities	(4,722,424)
– releases to pay advances	(1,515,881)
– increases (decreases) due to transfers of employees	(3,088,221)
– other	(390,800)
Balance as of 12.31.2003	47,450,385

"Employee severance indemnities" decreased by 3,350 thousand euros in 2003 due to the indemnities and advances of 6,238 thousand euros paid, transfers of employees accounting for 3,088 thousand euros and other negative changes of 391 thousand euros, which were partly offset by provisions for the period totaling 6,367 thousand euros.

The reduction due to transfers of employees primarily refers to:

- 2.2 million euros regarding personnel transferred to Group companies in relation to the lease of a division to ADR Advertising, the spin-off of telecommunications activities to ADR Tel and the transfer of handling activities at Ciampino to ADR Handling;
- 0.8 million euros regarding staff included in the "personnel management" division transferred to FIS - Fiduciaria Generale S.p.A..

PAYABLES

	12.31.2002	Changes during the period	12.31.2003
Due to banks	1,671,216,945	(1,189,145,803)	482,071,142
Due to other financial institutions	0	1,278,795,535	1,278,795,535
Advances:			
a) from the Ministry of Transport	6,520,477	(1,098,506)	5,421,971
b) from clients	810,242	1,194,314	2,004,556
Due to suppliers	117,323,328	(12,486,982)	104,836,346
Due to subsidiary undertakings	14,377,876	(6,446,649)	7,931,227
Due to associated undertakings	968,680	34,300	1,002,980
Due to parent companies	24,873,058	(24,868,938)	4,120
Taxes due	5,970,858	(2,491,906)	3,478,952
Due to social security agencies	6,110,701	(86,998)	6,023,703
Other payables: sundry creditors	42,007,048	(12,966,849)	29,040,199
	1,890,179,213	30,431,518	1,920,610,731

"Payables" rose by 30,431 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 of the Parent Company's debt" in the Group's Management Report on Operations.

– "Amounts due to banks", totaling 482,071 thousand euros, report a reduction of 1,189,146 thousand euros with respect to December 31, 2002, deriving from the combined effect of the following transactions:
    - 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 the related accrued interest of 4,479 thousand euros due 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 S.r.l.;
    - the receipt of new bank loans totaling 480,000 thousand euros;
    - accrued interest, commissions and swap differentials for the period, not yet settled, totaling 2,071 thousand euros.

  On February 19, 2003, ADR negotiated further bank loans 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 S.p.A., 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", guaranteed by CDC IXIS Financial Guaranty Europe.

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

Lender	Facility Loan	Amount (millions of euros)	Interest rate	Repayment	Life	Maturity Date
	B Term Facility	245	floating rate linked to EURIBOR + a spread	bullet	5 years	Feb. 2008
Syndacate of banks	C Term Facility	150	floating rate linked to EURIBOR + a spread	bullet	6 years	Feb. 2009
	Revolving Facility	95	floating rate linked to EURIBOR + a spread	revolving	5 years	Feb. 2008
		490				
Banca OPI	BOPI Facility	85	floating rate linked to EURIBOR + a spread	after 5 years in six-monthly installments	15 years	Mar. 2018
Total		575				

As of December 31, 2003, all the long-term lines of credit ("B Term Facility", "C Term Facility" and "BOPI Facility"), totaling 480,000 thousand euros, have been used; the "Revolving Facility", however, has not been used.

– "Amounts due to other financial institutions" amount to 1,278,796 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 S.r.l. following the transfer without recourse of the amount due to ADR's original lenders to Romulus Finance S.r.l.. For further information on this operation, see the section on "Restructuring of the Parent Company's debt" in the Group's Management Report on Operations. The outstanding amount due of 13,777 thousand euros consists of interest accrued on the above-mentioned loan and not yet paid.

The loan from Romulus Finance S.r.l. breaks down into five lines of credit, as summarized in the table below. The conditions reflect those of the bonds issued by Romulus Finance to finance the purchase of amounts due to ADR's creditor banks:

Lender	Facility Loan	Amount (millions of euros)	Interest rate	Repayment	Life	Maturity Date
	A1	500	fixed	bullet	10 years	Feb. 2013
	A2	200	floating rate linked to EURIBOR + a spread	bullet	12 years	Feb. 2015
Romulus Finance S.r.l.	A3	175	floating rate linked to EURIBOR + a spread	bullet	12 years	Feb. 2015
	A4	325	floating indexed to EURIBOR until 12.20.2009 and then fixed	bullet	20 years	Feb. 2023
	B	65	floating rate linked to EURIBOR + a spread	bullet	7 years	Feb. 2010
Total		1,265				

In accordance with the hedging policy established within the framework of loan agreements with the banks and with Romulus Finance, the following interest rate swap agreements drawn up by ADR in 2001, and designed to hedge the interest rate risk associated with a portion of the 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 S.p.A. and ADR Advertising S.p.A. and insurance policies;
- a lien on all of ADR's current bank accounts;
- a lien on ADR's shareholdings in ADR Tel S.p.A. and ADR Advertising S.p.A.;
- "ADR Deed of Charge" (a British lien on loans subject to British legislation, hedging agreements and insurance policies regulated by British law).

– "Amounts due to suppliers" decreased by 12,487 thousand euros due to shorter average payment periods.

– "Amounts due to subsidiary undertakings" decreased by 6,447 thousand euros primarily in relation to financial payables due to the subsidiary undertaking, ADR Handling S.p.A..

– "Due to Parent Companies" decreased by 24,869 thousand euros because, in compliance with commitments undertaken with the lending banks, on March 24, 2003 ADR discharged the loan of 24,600 thousand euros granted by Leonardo Holding S.A. 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 12,967 thousand euros overall, mainly due to payment of license fees in arrears to the Civil Aviation Authority (4,793 thousand euros), settlement of a portion of the payable due to the Menzies Aviation Group for acquisition of 49% of ADRH (6,850 thousand euros), a decrease in amounts due to personnel (696 thousand euros) and a reduction in suspended VAT payables (1,600 thousand euros).

As of December 31, 2003, total "Payables" of 1,920,610 thousand euros include 1,761,850 thousand euros of a financial nature, 120,387 thousand euros of trade payables and 38,373 thousand euros of sundry items.

"Payables secured by collateral on the Company's assets" amount to 1,760,867 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 risks" total 764 thousand euros and refer to services supplied.

ACCRUED EXPENSES AND DEFERRED INCOME

	12.31.2002	Changes during the period	12.31.2003
DEFERRED INCOME			
Sub-concessions and license fees	2,745,050	601,090	3,346,140
Other services	2,895,819	(2,696,698)	199,121
	5,640,869	(2,095,608)	3,545,261

NOTES TO THE MEMORANDUM ACCOUNTS

GENERAL GUARANTEES

	12.31.2003			12.31.2002		
	Secured credits	Unsecured credits	Total	Secured credits	Unsecured credits	Total
Sureties:						
– in favor of third parties	0	110,522	110,522	0	110,522	110,522
– in favor of subsidiary undertakings	0	19,608,233	19,608,233	0	50,413,652	50,413,652
Other:						
– in favor of clients	0	0	0	0	1,053,143	1,053,143
– on behalf of subsidiary undertakings	0	672,000	672,000	0	250,000	250,000
	0	20,390,755	20,390,755	0	51,827,317	51,827,317

"Sureties granted in favor of subsidiary undertakings" include a surety of 19,608 thousand euros was issued by ADR in favor of the South African financial institution United Towers Ltd., as a guarantee for commitments made by the subsidiary undertaking, Airport Invest, regarding a "Put and Call Option Agreement" stipulated on December 28, 2000. In particular ADR guaranteed exact payment by Airport Invest of the value of preferred shares of ADR IASA should United Towers exercise the "put" option. The option price for the period equals the issue price of the shares themselves (156 million rands) with the added preferred dividends accruing from the period and not paid, prudentially valued at December 31, 2003 at about 7.3 million rands. The equivalent value in euros was calculated using the closing euro/rand exchange rate of 8.328. The put option granted to United Towers is exercisable until April 30, 2005.
As mentioned in the section "Subsequent events", on April 8, 2004 an agreement was signed with United Towers extending the deadline for exercise of the put option on the preference shares, thereby extending the duration of ADR's commitment to April 11, 2005.
The reduction in the above-mentioned sureties compared with December 31, 2002 is due to release of the surety granted to the JP Morgan Group following the exercise, by the subsidiary undertaking, Airport Invest B.V., of its option to buy the 24.8% interest held by JP Morgan in the ordinary share capital of ADR IASA on December 4, 2003.
"Other guarantees" issued on behalf of subsidiary undertakings rose due to the letter of patronage issued in behalf of ADR Tel in favor of Banca di Roma.

COMMITMENTS ON PURCHASES AND SALES

	12.31.2003	12.31.2002
COMMITMENTS ON PURCHASES		
Investment:		
– in subsidiary undertakings	1,339,793	1,202,000
– electronic equipment	1,663,512	6,023,295
– maintenance and services	1,453,665	2,082,939
– vehicles and equipment	67,500	6,540,315
– self-financed works	11,870,689	2,482,000
– contract work	942,000	7,514,000
– financial investment	0	7,746,853
	17,337,159	33,591,402
COMMITMENTS ON SALES		
– electronic equipment	930,000	0
Total commitments on purchases and sales	18,267,159	33,591,402

The reduction in the sub-item “Financial investments” compared with December 31, 2002 is due to ADR’s exercise of its call option on the interest owned by Simest S.p.A. in ADR IASA (6.2% of the ordinary share capital) on December 12, 2003. At the same time, the interest was transferred to the Dutch subsidiary undertaking, Airport Invest B.V., against an informal capital contribution. The surety issued by Banca di Roma guaranteeing the purchase commitment given by ADR with regard to Simest was paid off at the beginning of January 2004.
On February 28, 2003 ADR granted IGPDecaux S.p.A. a put option on its holding in ordinary and preference shares in ADR Advertising S.p.A..
Such option is exercisable from the date of approval of the financial statements of ADR Advertising S.p.A. 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 447/95) 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.
In the Group’s Management Report on Operations, the measures that ADR has implemented – or intends to implement in the near future – with a view to alleviating the acoustic impact of aircraft in the vicinity of the airport, are listed in the section on “Environmental protection”.

OTHER MEMORANDUM ACCOUNTS

	12.31.2003	12.31.2002
General guarantees received:		
– sureties	79,230,961	88,462,285
	79,230,961	88,462,285
Third party assets on free loan deposited in custody, leased or similar:		
– leased assets	0	87,798
– employee savings books deposited with the company	0	0
– CAA – plant and equipment at Fiumicino	119,811,701	119,811,701
– CAA – plant and equipment at Ciampino	29,293,608	29,293,608
– works carried out on behalf of the State	664,438,125	652,983,524
	813,543,434	802,176,631
Assets leased to third parties in work in progress account	429,618	429,618
Other matters in question:		
– assets leased to third parties	0	0
– assets leased to subsidiary undertakings	93,223	0
	93,223	0
Total other memorandum accounts	893,297,236	891,068,534

“Third party assets on 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.
“Assets leased to subsidiary undertakings” include the value of the intangible and tangible fixed assets (93 thousand euros) that form part of the advertising division leased by ADR to the subsidiary undertaking, ADR Advertising, as reported in the division’s balance sheet prepared on February 28, 2003. The above division also includes net payables due to personnel (severance indemnities, vacation pay, etc.) and social security agencies (294 thousand euros), which were settled by the parties in cash.

NOTES TO THE INCOME STATEMENT

TOTAL REVENUES

Revenues

	2003	2002
REVENUES FROM SALES		
Non-aviation activities:		
• duty free and duty paid	45,568,280	47,740,884
• other	1,843,170	1,924,764
	47,411,450	49,665,648
REVENUES FROM SERVICES		
Aviation activities:		
• fees	137,203,824	127,093,282
• handling	32,692,840	33,196,619
• security services	41,413,744	32,619,363
• centralized infrastructure	34,204,597	35,145,359
• other	14,670,764	13,691,644
	260,185,769	241,746,267
Non-aviation activities:		
• sub-concessions and utilities	88,913,968	75,165,756
• car parks	22,210,516	20,388,291
• advertising	9,042,804	20,891,083
• refreshments	8,827,673	8,405,925
• other	20,820,282	21,372,478
	149,815,243	146,223,533
	410,001,012	387,969,800
REVENUES FROM CONTRACT WORK	11,454,602	31,050,674
Total revenues from sales and services	468,867,064	468,686,122
CHANGES IN CONTRACT WORK IN PROGRESS	(4,959,032)	(12,624,341)
REVENUE GRANTS	70,511	0
Total revenues	463,978,543	456,061,781

56.1% of “Revenues”, which total 463,979 thousand euros, derived from “aviation activities” carried out by the Company, whilst 43.9% were generated by “non-aviation” activities. In 2002 aviation activities accounted for 53.0% of revenues and non-aviation for 47.0%.

“Revenues from sales”, amounting to 47,411 thousand euros, fell by 4.5% with respect to 2002, due to the reduced turnover of directly managed shops, linked to traffic trends.

“Revenues from services” totaled 410,001 thousand euros, representing an increase of 5.7% on 2002. A detailed analysis is provided in the section of the Management Report on Operations dedicated to the financial position and results of operations.

“Revenues from contract work” (11,455 thousand euros) decreased 63.1% with respect to 2002, reflecting the reduced amount invoiced to the Civil Aviation Authority.

"Contract work in progress" decreased by 4,959 thousand euros with respect to the 12,624 thousand euros of 2002, due to the volume of works invoiced.

Segment information

As required by Consob ruling 98084143 dated October 27, 1998, the following section provides segment information on the Company's business. It is important to note that the type of activity carried out by the Company 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 Company'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 Company'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[5] 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[6], the management of car parks and refreshment facilities, 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.

	Fees	Handling	Centralized infrastructures	Non-aviation activities		Other activities	Total
REVENUES				Sub-concessions	Direct sales		
2003	137,204	32,693	34,205	88,914	47,411	123,552	463,979
2002	127,093	33,197	33,145	75,166	49,666	137,794	456,061

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 260,186 thousand euros, compared with the 241,746 thousand euros of 2002.
- "Non-aviation" (including sub-concessions, direct sales, the management of advertising space and car parks, refreshments and contract work on behalf of the State) amounting to 203,793 thousand euros, compared with the 214,315 thousand euros of 2002.

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

(5) Excluding passenger and ramp handling services, carried out at Fiumicino by the subsidiary undertaking, ADR Handling, as of March 2000.

(6) Until March 1 2003, the date on which the lease of the advertising division to the subsidiary undertaking, ADR Advertising, came into effect; the sale of advertising space in retail outlets, on the other hand, continues to be carried out by ADR.

Other income and revenues: other

	2003	2002
Revenue grants	70,511	0
Gains on disposals	22,627	83,350
Other:		
– releases:		
• release from allowance for overdue interest	250,737	131,270
• release from allowance for fixed assets to be relinquished	0	1,044,900
– expense recoveries	252,878	1,037,854
– recoveries of personnel expenses	171,653	166,087
– revaluations of prior years	3,945,952	17,269,948
– other revenues	894,162	1,356,649
	5,515,382	21,006,708
	5,608,520	21,090,058

"Revaluations of prior years", amounting to 3.9 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 year, refer to amounts due from clients relating to previous years (1.1 million euros).

OPERATING COSTS

Amortization, depreciation and write-downs

"Amortization and depreciation" for the period amounted to 93,244 thousand euros, including amortization of intangible fixed assets of 81,321 thousand euros and depreciation of tangible fixed assets of 11,923 thousand euros.
"Amortization of intangible fixed assets" includes the charge for amortization of the concession, amounting to 50,095 thousand euros.

Provisions for doubtful accounts totaled 2,593 thousand euros and reflect an updated assessment of the creditworthiness of ADR's clients.

Provisions for risks

	2003	2002
Insurance deductibles	77,469	0
	77,469	0

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 Company is involved.

Other operating costs

	2003	2002
Losses on disposals	0	89,036
Concession fees	161,291	161,013
Other	11,553,178	9,559,220
	11,714,469	9,809,269

The item "Other", amounting to 11,714 thousand euros, primarily regards membership dues (815 thousand euros) and indirect taxes and duties (769 thousand euros), in addition to updated valuations of over-estimated costs and under-estimated revenues recognized in the 2002 financial statements (7,613 thousand euros), as well as losses on receivables (2,129 thousand euros) mainly due to the settlement of transactions with clients.

FINANCIAL INCOME AND EXPENSE

Income from equity investments

	2003	2002
Dividends from subsidiary undertakings	3,724,862	1,103,667
Dividends from other companies	59,400	114,135
Other income from equity investments	0	64,201
	3,784,262	1,282,003

"Dividends from subsidiary undertakings" regard:

– 3,557 thousand euros in the form of interim dividends for 2003 paid by the subsidiary undertaking, Airport Invest B.V. (100% owned by ADR) in accordance with the resolution passed by the General Meeting of the company's shareholders held on December 19, 2003;
– 167 thousand euros in dividends, posted on an accruals basis, paid by the subsidiary undertaking, ADR Advertising S.p.A. (51% of the ordinary share capital) from net income for 2003, in accordance with the proposed allocation of net income approved by the company's Board of Directors on February 27, 2004.

Other financial income

	2003	2002
Interest and commissions on long-term receivables:		
– other	134,465	170,640
Other:		
– interest on overdue current receivables:		
• clients	506,846	4,141,169
– interest and commissions from other companies and sundry income:		
• interest from subsidiary undertakings	16,492	21,858
• interest from other financial institutions	0	0
• interest from banks	2,641,900	2,598,908
• interest from clients	0	0
• gains on foreign exchange transactions	114,686	58,643
• other	16,083	3,157,325
	3,430,472	10,148,543

"Interest from banks", amounting to 2,642 thousand euros, rose slightly with respect to 2002 mainly due to the interest accrued on the "Option Reserve" current account established in February 2003 under the provisions of the new loan agreements entered into by ADR, as described in the notes to "Cash on hand and in banks".
The item "Other", totaling 16 thousand euros, decreased considerably with respect to 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

	2003	2002
Interest and commissions due to parent companies	191,142	268,938
Interest and commissions due to subsidiary undertakings	96,761	296,609
Interest and commissions due to others and sundry charges:		
– interest and commissions paid to banks	25,781,510	78,352,586
– interest and commissions paid to other financial institutions	50,029,914	2,629,647
– provisions for overdue interest on doubtful accounts	506,850	4,141,167
– other	24,915,784	16,238,632
	101,521,961	101,927,579

The reduction in "Interest and commissions paid to banks" and the increase in those paid to other financial institutions reflect the effects of the restructuring of the Company's debt, which involved taking out a loan from Romulus Finance to replace amounts previously due to banks.
The item "Other" includes the sum of 22,645 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

No adjustments to financial assets have been made during the two years used as the basis of comparison.

EXTRAORDINARY INCOME AND EXPENSE

Income

Extraordinary income for the period totaled 14,822 thousand euros and breaks down as follows:

	2003	2002
Gains on disposals	11,691,092	0
Income relating to previous years and other deriving from:		
– total revenues	232,261	429,768
– operating costs	60,235	622,824
– financial income and expense	1,119	23,178
– adjusted tax credits for previous years	2,836,630	706,962
– non-recurring items	595	2,820,280
	3,130,840	4,603,012
	14,821,932	4,603,012

"Gains on disposals" regard gains realized on the transfer of handling activities at Ciampino to the subsidiary undertaking, ADR Handling.
The above gains were determined on the basis of the appraisal of the division's value carried out by an independent expert appointed by the Court of Civitavecchia pursuant to art. 2343 of the Italian Civil Code. Until the appraisal has been checked by the Directors and Statutory Auditors of ADRH, the shares issued in relation to the transfer are non-transferable and must remain deposited with the Company.
"Non-recurring items" are close to zero with respect to 2002, which included the positive effects (1.7 million euros) resulting from a review of the conditions relating to the put options granted to minority shareholders in the subsidiary undertaking, ADR IASA, compared with those in force at the end of 2001.

Expense

Extraordinary expense for the period totaled 11,608 thousand euros and breaks down as follows:

	2003	2002
Losses on disposals	31,520	0
Taxes relating to previous years	2,139,345	0
Extraordinary expense deriving from:		
– total revenues	33,677	6,638
– operating costs	1,346,563	720,810
– financial income and expense	3,622	4,833
– contingent liabilities	660,939	327,258
	2,044,801	1,059,539
Other extraordinary expense:		
– payments due for lost freight	40,813	96,293
– fines	52,452	49,856
– agreed settlements	5,566,035	321,754
– damages and compensation paid to third parties	66,234	1,429,209
– penalties	1,666,728	0
	7,392,262	1,897,112
	9,437,063	2,956,651
	11,607,928	2,956,651

The item "Taxes relating to previous years" includes expense, amounting to 1,415 thousand euros, deriving from the Company's decision to take advantage of the amnesty pursuant to Law 289/2002. ADR, applied for automatic settlement, for the purposes of direct taxation, for the fiscal years 2000 and 2001, with a charge of 1,413 thousand euros;
Among the smaller amounts is one relating to the top up of taxable amounts (for the purposes of direct taxation, VAT and withholding taxes) pursuant to art. 8 of the above-mentioned law incurred by OLD ADR (the merged company), totaling 2 thousand euros.
The estimated cost of the Company's intention to take advantage of the tax amnesty for 2002 (for the purposes of direct taxation), totaling 650 thousand euros, has been included in the item "Taxes relating to previous years".
Regarding "Other extraordinary expense", it is to be noted that, as part of the current efficiency drive, incentive payments were brought forward. This gave rise to expense of 5,566 thousand euros.
The item "Other extraordinary expense – penalties" includes surcharges on penalties imposed on ADR in 1993 subsequent to the handling dispute. For further information please see the section on "Information regarding current disputes".

INCOME TAXES

This item reports the estimated expense for current taxes for the period totaling 15,468 thousand euros. Deferred tax assets of 2,385 thousand euros have also been recognized.

	2003	2002
Current taxes:		
– IRPEG	5,577,263	8,745,459
– IRAP	9,891,224	10,295,906
	15,468,487	19,041,365
Net deferred tax (assets) liabilities	(2,385,000)	1,203,000
	13,083,487	20,244,365

Current taxes due in the form of IRPEG reflect application of the reduced rate (separate taxation) to the gain realized on the transfer of handling activities at Ciampino to the subsidiary undertaking, ADR Handling S.p.A..

OTHER INFORMATION

Headcount

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

Average	2003	2002	Difference
Management	52	61	(9)
Administrative staff	1,533	1,495	38
Ground staff and other	673	713	(40)
Total	2,258	2,269	(11)

Remuneration of Directors and Statutory Auditors

In accordance with art. 2427 of the Italian Civil Code, the remuneration of Directors and Statutory Auditors is shown in the table below (cumulatively for each category in euros):

Category	Fees	Severance indemnities	Total
Directors (a)	107,445	0	107,445
Executive Directors (b)	808,548	0	808,548
Statutory Auditors (c)	227,241	0	227,241
Total	1,143,234	0	1,143,234

(a) remuneration determined pursuant to art. 2389 paragraph I of the Italian Civil Code, approved by General Meeting of March 24, 2003.

(b) see resolutions of Board of Directors' Meeting of March 24, 2003, pursuant to art. 2389, paragraph II of the Italian Civil Code.

(c) see resolution of the Ordinary General Meeting of May 9, 2001.

Shareholdings of Directors and Statutory Auditors

None of the Directors or Statutory Auditors hold shares in the Company.

Number of shares

The share capital of 62,224,743 euros is represented by 62,224,743 shares with a par value of 1 euro each.

As of December 31, 2003, the holding of the majority shareholder, Leonardo S.r.l., amounts to 51.151% (31,828,895 shares).

Information regarding current disputes

Tax litigation
In 1987, a general tax audit of the 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 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 (IRPEG and ILOR) regarding the years 1985 and 1986.

On July 10, 2002 the tax authorities appealed to the Supreme Court, and the Company responded by depositing its counter-evidence with the Court. 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 Company through its internal legal department which has provided, for the preparation of the accounts as of and for the period ended December 31, 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 Company carried out a valuation of the risk of negative outcomes leading to the creation of a specific allowance under "allowances for risks and charges" to cover the cost of litigation likely to result in a negative outcome and for which a reasonable

estimate of the amount involved could be made. The disputes for which a negative outcome was merely possible, given the different legal interpretations, were not the object of provisions in accordance with the principles and procedures governing the preparation of financial statements. Furthermore, there are a limited number of civil proceedings underway, for which no provisions were made, as the impact of any negative outcome, while negligible, could not be measured.

Significant disputes are summarized below:

– With regard to relations with public bodies, Supreme Court sentence no. 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 Company has proceeded to apply to the Ordinary Court for injunctions allowing it to recover accrued receivables due from the various ministries. The latter have opposed such injunctions, not questioning that payment is due for use of the services, but challenging the determination of amounts and the methods of calculation. The related judgments are pending.
– 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 back-dated payments in accordance with former legislation (Law 755/73). Judgment is still pending.
– Following a complaint by Alitalia, AGISA (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 (ENAC) and the Director of Fiumicino Airport and against ADR and ADRH as interest parties. The appellants have requested the cancellation, subject to suspension, of both the Aviation Authority's provisions of September 26, 2000, by which the Authority defined the centralized infrastructure at Fiumicino Airport, including the cargo storage plant, and the act of March 29, 2001, by which the Director of Rome Fiumicino Airport ordered the appellants to "cease, with immediate effect, all activities regarding cargo handling, in relation to both services subject to limits and those for which it might have been necessary to use Alitalia's cargo plant". An announcement of the date of the relevant hearing is awaited, given that the appellants have withdrawn their request for a suspension.

- On March 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 ATI 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 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 Adminstrative 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 EAS. 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 EAS. The resulting contract was signed by EAS 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.
- The Ministerial Decree of November 29, 2000 requires the operators of public transport services and the related infrastructure to draw up action plans for the reduction and abatement of noise, and to make provisions in line with forecast penalties if such limits should be exceeded. The legislation has been independently appealed by all airport operators to the Council of State, with the aim of obtaining an annulment of Lazio Regional Adminstrative 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, the 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.
- In July 2003 ADR lodged an appeal with the Lazio Regional Administrative Court in which it contested the request by the Antitrust Authority of May 12, 2003 to pay a sum of 1.2 million euros, equivalent to thirteen six-monthly "surcharges" on penalties of 0.9 million euros imposed on ADR in 1993 following a dispute about handling.

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

  In ADR's opinion, the surcharges are not due for the period in which the Antitrust Authority's penalty was "suspended" following acceptance by the Lazio Regional Administrative Court of ADR's request for a suspension in 1993 (as part of the appeal in which ADR contested the

Antitrust Authority ruling), and until the sentence handed down by the court in July 2000.

- In September 2003, ADR issued notice of appeal to Lazio Regional Administrative Court against Ministerial Decree 14/T of March 14, 2003 (published in the Official Gazette of June 3, 2003) containing provisions regarding the payment of fees for the 100% screening of hold baggage, as interpreted, in relation to the date from which such fees are to be applicable, in Civil Aviation Authority letters dated June 3, 2003 and June 11, 2003. The main reasons for the appeal are: (a) the contradictory nature of the two letters from the Civil Aviation Authority; and (b) the lack of any provision regarding collection of the fees prior to the implementation of the Ministerial Decree. In fact, pursuant to local airport authority ordinance 14/2002, as interpreted by the local airport authority's letter of January 9, 2003, ADR was obliged, as of February 1, 2003, to carry out 100% screening of hold baggage with no possibility of charging fees for the service. Such fees were belatedly determined by the Ministerial Decree published in the Official Gazette on June 3, 2003. The appeal aims, among other things, to recover the fees due for the period between the date the decree became valid (June 3, 2003) and the date authorized by the Civil Aviation Authority in a separate letter (June 26, 2003).
- In September 2003, ADR lodged an appeal with Lazio Regional Administrative Court against the Executive Decree of June 30, 2003 (definition of airport license fees for 2003) published in the Official Gazette on July 7, 2003, as amended in the notice published in the Official Gazette on September 6, 2003. This Decree established methods different from those applied until the end of 2002, for calculating annual fees due from, among others, global airport operators pursuant to special laws. Such methods of calculation are deemed to be illegitimate as they introduce an element of "adjustment" to the resulting figures regarding the "earnings" that passengers produce in relation to the airport. In ADR's opinion, such an adjustment is not provided for in the related legislation, and is also discriminatory and detrimental to fair competition.
- On December 12, 2003, four sentences were published relating to four respective judgments regarding opposition to injunctions proposed by ADR to recover payables due from Air Sicilia, which is bankrupt, pending before the eighth section of the Civil Court of Rome. The outcome of these judgments is favorable to ADR as the Court ordered Air Sicilia to pay 0.6 million euros, a sum that will be added to the statement of account presenting proof of the debts due from the bankruptcy of Air Sicilia (declared on January 21, 2003 by the Bankruptcy Court of Caltagirone) together with amounts accrued subsequent to the above-mentioned judgments. The next hearing regarding the proofs of debts will be held on March 6, 2004.

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

- 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. On September 1, 2003, the judge passed sentence no. 27648/20 which partially accepted the demands made by CCC (amounting to around 4.6 million euros) and ordered ADR to pay a sum of 1.2 million euros as well as legal costs and interest. ADR has decided to lodge an appeal.
- 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 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 legal costs and fees. The preliminary hearing to examine evidence will take place on June 30, 2004.
– A claim brought by ASTALDI S.p.A. (which took over APM 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 legal costs and fees. The preliminary hearing to examine evidence will take place on May 21, 2004.
– A civil lawsuit brought by Finprest to obtain recognition of its right to a sum of 3.2 million euros pertaining to a review of contract prices, revaluations and interest in relation to a contract (dating back to 1988) for restructuring and extension works at the "old" domestic terminal (Terminal A) at "Leonardo da Vinci" Airport in Fiumicino. The relevant hearing will take place on October 19, 2004.
– On May 22, 2003, the Civil Court of Rome, in sentence no. 17134/2003, partially accepted the request made by Garboli Rep (the plaintiff) and ordered ADR to pay damages to the former on the grounds that claims 5 and 7 were justified. Damages were set at 0.4 million euros, plus legal and overdue interest.

  The above-mentioned dispute refers to 7 claims (totaling 0.8 million euros) posted in the accounts relating to the contract for work on the road network, sub-service networks and transit tunnels within the scope of the so-called "Lot Opposite the International Terminal" at Fiumicino. ADR has decided to lodge an appeal.
– With partial judgment no. 15154/2003 of May 8, 2003 the judge in the lawsuit taken out by ATI 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 ATI Alpine, totaling 28 thousand euros, and condemned ADR to payment of overall damages sustained by ATI 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.

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

– 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 October 19, 2002 turned down Necso's claim, adjourning the hearing until March 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. On November 11, 2003, the judge passed sentence no. 38859/03 by which all of Necso's claims were rejected and the said company was ordered to reimburse ADR's costs.

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

* * *

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

The Board of Directors

List of Significant Equity Investments

ADR Aeroporti di Roma

AEROPORTI DI ROMA GROUP

EQUITY INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

ADR ENGINEERING

ADR HANDLING

ADR TEL

ADR SVILUPPO

ADR ADVERTISING

EQUITY INVESTMENTS IN OTHER COMPANIES

SACAL LAMEZIA AIRPORT

AEROPORTO DI GENOVA

ACSA Airports Company South Africa

AEROPORTI DI ROMA HANDLING S.P.A.

Date of incorporation	June 10, 1999
Tax Code and Companies' Register	Rome 05799831002
R.E.A.	Rome 924991
Registered office	00050 Fiumicino – Office Tower, International Terminal – "Leonardo da Vinci" Airport
Share capital	18,060,000 euros represented by 3,500,000 shares with a par value of 5.16 euros each

Holding: 3,500,000 shares with voting rights at Ordinary General Meeting, amounting to 100% (including 0.71% held via ADR Engineering S.p.A. Unipersonale)

AIRPORT INVEST B.V.

Date of incorporation	April 7, 1999
Chamber of Commerce	Amsterdam 34113641
Registered office	Strawinskylaan 3105, 1077 ZX – Amsterdam (Netherlands)
Tax Code	97166530580
Share capital	70,417,038 euros represented by 155,446 shares with a par value of 453 euros each

Holding: 155,446 shares with voting rights at Ordinary General Meeting, amounting to 100%

ADR INTERNATIONAL AIRPORTS SOUTH AFRICA (PROPRIETARY) LTD.

Date of incorporation	March 4, 1998
Companies' Register	Johannesburg 98/04063/07
Registered office	85 Empire Road–Parktown–2193 Johannesburg (South Africa)
Share capital	1,660 rands represented by 10,000 ordinary shares (with voting rights) with a par value of 0.01 rands and 156,000 preference shares (without voting rights, with the exception of resolutions regarding the distribution of dividends) with a par value of 0.01 rands each

Holding: 10,000 shares with voting rights at Ordinary General Meeting held indirectly (via Airport Invest B.V.), amounting to 100%

ADR ENGINEERING S.P.A. UNIPERSONALE

Date of incorporation	February 21, 1997
Tax Code and Companies' Register	Rome 05256281006
R.E.A.	Rome 867594
Registered office	00054 Fiumicino – Via Lago di Traiano, 100
Share capital	774,690 euros represented by 1,500 shares with a par value of 516.46 euros each

Holding: 1,500 shares with voting rights at Ordinary General Meeting, amounting to 100%

ADR TEL S.P.A.

Date of incorporation	July 31, 2002
Tax Code and Companies' Register	Rome 07169231003
R.E.A.	Rome 1014944
Registered office	00050 Fiumicino – Via dell'Aeroporto di Fiumicino, 320
Share capital	600,000 euros represented by 600,000 shares with a par value of 1 euro each

Holding: 600,000 shares with voting rights at Ordinary General Meeting, amounting to 100% (of which 1% held via ADR Sviluppo S.r.l.)

ADR ADVERTISING S.P.A.

Date of incorporation	January 10, 2003
Tax Code and Companies' Register	Rome 07336861005
R.E.A.	Rome 1027780
Registered office	00050 Fiumicino – Office Tower, "Leonardo da Vinci" Airport
Share capital	1,000,000 euros represented by 500,000 ordinary shares and 500,000 preference shares both with a par value of 1 euro each

Holding: 255,000 shares with voting rights at Ordinary General Meeting, amounting to 51% of the ordinary share capital

ADR SVILUPPO S.R.L. UNIPERSONALE

Date of incorporation	July 27, 2001
Tax Code and Companies' Register	Rome 06708221004
R.E.A.	Rome 984688
Registered office	00050 Fiumicino – Via dell'Aeroporto di Fiumicino, 320
Share capital	100,000 euros represented by 100,000 shares with a par value of 1 euro each

Holding: 100,000 shares voting rights at Ordinary General Meeting, amounting to 100%

AIRPORTS COMPANY SOUTH AFRICA LTD.

Date of incorporation	1993
Companies' Register	Johannesburg 93/04149/06
Registered office	The Maples Riverwoods Office Park, 24 Johnson Road, Bedfordview, 2008 Johannesburg (South Africa)
Share capital	500,000,000 rands represented by 500,000,000 shares with a par value of 1 rand each

Holding: 100,000,000 shares with voting rights at Ordinary General Meeting held indirectly (via ADR International Airports South Africa), amounting to 20%

LA PIAZZA DI SPAGNA S.R.L.

Date of incorporation	December 17, 2003
Tax Code and Companies' Register	Rome 07754621006
R.E.A.	Rome 1053884
Registered office	00050 Fiumicino – Via dell'Aeroporto di Fiumicino, 320
Share capital	100,000 euros represented by shares with a par value of 1 euro each

Holding: 49,000 shares with voting rights at Ordinary General Meeting, amounting to 49%

LIGABUE GATE GOURMET ROMA S.P.A. (BANKRUPT)

Date of incorporation	November 20, 1997
Tax Code and Companies' Register	Venice 03016170270
Registered office	30030 Tessera (VE) – Marco Polo Airport
Share capital	103,200 euros represented by 20,000 shares with a par value of 5.16 euros each

Holding: 4,000 shares with voting rights at Ordinary General Meeting, amounting to 20%

SOCIETÀ AEROPORTUALE CALABRESE - S.A.CAL. S.P.A.

Date of incorporation	February 23, 1990
Tax Code and Companies' Register	Catanzaro 01764970792
Registered office	Lamezia Terme (CZ) – Lamezia Terme Civil Airport
Share capital	5,170,000 represented by 10,000 shares with a par value of 517 euros each

Holding: 1,657 shares with voting rights at Ordinary General Meeting, amounting to 16.57%

AEROPORTO DI GENOVA S.P.A.

Date of incorporation	February 12, 1985
Tax Code and Companies' Register	Genoa 02701420107
Registered office	Genova Sestri – Passenger Terminal
Share capital	4,648,140 euros represented by 9,000 shares with a par value of 516.46 euros each

Holding: 1,350 shares with voting rights at Ordinary General Meeting, amounting to 15%

ADR HANDLING S.p.A.: Reclassified Balance Sheet and Income Statement

COMPANY NAME	**ADR HANDLING S.P.A.**

BOARD OF DIRECTORS

(after the General Meeting and the Board of Directors' meeting of April 14, 2003)

Chairman	Federico Nucci
Directors	Emilio Corrado Giordano *(until February 29, 2004)* Simon Morris *(from July 23, 2003)*
Secretary	Riccardo Affinita

BOARD OF STATUTORY AUDITORS

(after the General Meeting of April 14, 2003)

Chairman	Roberto Ascoli
Statutory Auditors	Giancarlo Russo Corvace Paola Scillamà
Alternate Auditors	Antonio Ferraiuolo Francesco Mariani

INDEPENDENT AUDITORS	Reconta Ernst & Young S.p.A.

Information about the subsidiary undertaking, ADR Handling S.p.A., is provided in the section "Equity Investments" in the Management Report on Operations of Aeroporti di Roma S.p.A..

RECLASSIFIED BALANCE SHEET

(in thousands of euros)	Dec 31, 2003	Dec 31, 2002
Intangible fixed assets	14,840	5,143
Tangible fixed assets	10,550	10,014
Non-current financial assets	658	941
A. – FIXED ASSETS	**26,048**	**16,098**
Inventory	0	0
Trade receivables	23,822	20,141
Other assets	2,134	6,037
Trade payables	(6,403)	(13,931)
Allowances for risks and charges	(742)	(511)
Other liabilities	(7,257)	(9,820)
B. – WORKING CAPITAL	**11,554**	**1,916**
C. – INVESTED CAPITAL, minus short-term liabilities (A+B)	**37,602**	**18,014**
D. – EMPLOYEE SEVERANCE INDEMNITIES	**17,847**	**17,172**
E. – INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I.	**19,755**	**842**
financed by:		
Share capital	18,060	12,900
Reserves and retained earnings	4,881	1,230
Net income (loss) for the year	(182)	(2,110)
F. – SHAREHOLDERS' EQUITY	**22,759**	**12,020**
G. – MEDIUM/LONG-TERM BORROWING	**0**	**0**
H. – SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)		
Short-term debt	0	0
Cash and current receivables	(3,004)	(11,178)
(G+H)	**(3,004)**	**(11,178)**
I. – TOTAL AS IN "E" (F+G+H)	**19,755**	**842**

RECLASSIFIED INCOME STATEMENT

(in thousands of euros)	2003	2002
A. – REVENUES	**73,477**	**83,738**
B. – REVENUES FROM ORDINARY ACTIVITES	**73,477**	**83,738**
Cost of materials and external services	(23,790)	(33,233)
C. – GROSS MARGIN	**49,687**	**50,505**
Payroll costs	(42,242)	(45,953)
D. – EBITDA	**7,445**	**4,552**
Amortization and depreciation	(2,888)	(3,548)
Other provisions	(280)	(208)
Provisions for risks and charges	(723)	(166)
Other income (expense), net	566	412
E. – EBIT	**4,120**	**1,042**
Financial income (expense), net	181	479
Adjustments to financial assets	0	0
F. – INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	**4,301**	**1,521**
Extraordinary income (expense), net	(1,381)	(1,623)
G. – INCOME BEFORE TAXES	**2,920**	**(102)**
Current taxes for the year	(1,904)	(1,867)
Deferred tax assets (liabilities) for the year	(1,198)	(141)
	(3,102)	**(2,008)**
H. – NET INCOME (LOSS) FOR THE YEAR	**(182)**	**(2,110)**

AIRPORT INVEST B.V.: Reclassified Balance Sheet and Income Statement

COMPANY NAME	**AIRPORT INVEST B.V.**
BOARD OF DIRECTORS	
Chairman	Emilio Corrado Giordano *(until February 29, 2004)*
Directors	Luciano Acciari Natacha Buzalko Robertus G.M. Verhoef Steffan Galesloot *(until December 31, 2003)*
INDEPENDENT AUDITORS	Ernst & Young Accountants

Information about the subsidiary undertaking, Airport Invest B.V., is provided in the section "Equity Investments" in the Management Report on Operations of Aeroporti di Roma S.p.A..

RECLASSIFIED BALANCE SHEET

(in thousands of euros)	Dec 31, 2003	Dec 31, 2002
Intangible fixed assets	0	248
Non-current financial assets	107,310	70,520
A. – FIXED ASSETS	**107,310**	**70,768**
Trade receivables	0	0
Other assets	0	0
Trade payables	(21)	(9)
Allowances for risks and charges	0	0
Other liabilities	0	0
B. – WORKING CAPITAL	**(21)**	**(9)**
C. – INVESTED CAPITAL, minus short-term liabilities (A+B)	**107,289**	**70,759**
D. – EMPLOYEE SEVERANCE INDEMNITIES	**0**	**0**
E. – INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I.	**107,289**	**70,759**
financed by:		
Share capital	70,417	70,417
Reserves and retained earnings	37,008	(16)
Net income (loss) for the year (*)	(15)	1,321
F. – SHAREHOLDERS' EQUITY	**107,410**	**71,722**
G. – MEDIUM/LONG-TERM BORROWING	**0**	**0**
H. – SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)		
Short-term debt	1	576
Cash and current receivables	(122)	(1,539)
(G+H)	**(121)**	**(963)**
I. – TOTAL AS IN "E" (F+G+H)	**107,289**	**70,759**

(*) *net of interim dividend:*	**2003**
Net income for the year	3,541
Interim dividend	(3,556)
Residual net income for the year	(15)

RECLASSIFIED INCOME STATEMENT

(in thousands of euros)	2003	2002
A. – REVENUES	**0**	**0**
B. – REVENUES FROM ORDINARY ACTIVITIES	**0**	**0**
Cost of materials and external services	(87)	(31)
C. – GROSS MARGIN	**(87)**	**(31)**
Payroll costs	0	0
D. – EBITDA	**(87)**	**(31)**
Amortization and depreciation	(248)	(146)
Other income (expense), net	(160)	0
E. – EBIT	**(495)**	**(177)**
Financial income (expense), net	4,036	1,497
Adjustments to financial assets	0	0
F. – INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	**3,541**	**1,320**
Extraordinary income (expense), net	0	0
G. – INCOME BEFORE TAXES	**3,541**	**1,320**
Income taxes	0	0
H. – NET INCOME (LOSS) FOR THE YEAR	**3,541**	**1,320**

ADR INTERNATIONAL AIRPORTS SOUTH AFRICA (PROPRIETARY) Ltd.: Reclassified Balance Sheet and Income Statement

COMPANY NAME	**ADR INTERNATIONAL AIRPORTS SOUTH AFRICA (PTY) LTD.**
BOARD OF DIRECTORS	
Chairman	Emilio Corrado Giordano *(until February 29, 2004)*
Managing Director	Andrea Belardini
Directors	Carmine Bassetti Saverio Rennis Roberto Spingardi *(resigned as of December 18, 2003)*
INDEPENDENT AUDITORS	KPMG Inc.

Information about ADR International Airports South Africa (Proprietary) Limited, a subsidiary undertaking controlled indirectly through Airport Invest B.V., is provided in the section “Equity Investments” in the Management Report on Operations of Aeroporti di Roma S.p.A..

RECLASSIFIED BALANCE SHEET

(in thousands of rands)	Dec 31, 2003	Dec 31, 2002
Non-current financial assets	1,001,353	952,718
A. – FIXED ASSETS	**1,001,353**	**952,718**
Other assets	7	0
Trade payables	(139)	(120)
Other liabilities	0	(212)
B. – WORKING CAPITAL	**(132)**	**(332)**
C. – INVESTED CAPITAL, minus short-term liabilities (A+B)	**1,001,221**	**952,386**
financed by:		
Share capital	819,000	819,000
Reserves and retained earnings	130,124	99,138
Net income (loss) for the year (*)	61,997	36,233
D. – SHAREHOLDERS’ EQUITY	**1,011,121**	**954,371**
E. – SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)		
short-term debt	0	0
cash and current receivables	(9,900)	(1,985)
	(9,900)	**(1,985)**
F. – TOTAL AS IN "C" (D+E)	**1,001,221**	**952,386**

(*) *net of interim dividend:*	2003	2002
Net income for the year	115,287	71,205
Interim dividend	(53,290)	(34,972)
Residual net income for the year	**61,997**	**36,233**

RECLASSIFIED INCOME STATEMENT

(in thousands of rands)	2003	2002
A. – REVENUES	**0**	**0**
B. – REVENUES FROM ORDINARY ACTIVITIES	**0**	**0**
Cost of materials and external services	(308)	(197)
C. – GROSS MARGIN	**(308)**	**(197)**
D. – EBITDA	**(308)**	**(197)**
Other income (expenses), net	0	0
E. – EBIT	**(308)**	**(197)**
Financial income (expense), net	1,244	876
Adjustments to financial assets	114,635	70,740
F. – INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	**115,571**	**71,419**
Extraordinary income (expense), net	26	(2)
G. – INCOME BEFORE TAXES	**115,597**	**71,417**
Income taxes	(310)	(212)
H. – NET INCOME (LOSS) FOR THE YEAR	**115,287**	**71,205**

ADR ENGINEERING S.p.A. UNIPERSONALE:
Reclassified Balance Sheet and Income Statement

COMPANY NAME	**ADR ENGINEERING S.P.A. UNIPERSONALE**

BOARD OF DIRECTORS

(after the General Meeting and the Board of Directors' meeting of April 8, 2003)

Chairman	Enrico Casini
Managing Director	Giulio De Virgilio
Director	Fabio Missori
Secretary	Riccardo Affinita

BOARD OF STATUTORY AUDITORS

(after the General Meeting of April 8, 2003)

Chairman	Antonio Mastrapasqua
Statutory Auditors	Pietro Cerasoli Eugenio Lagomarsino
Alternate Auditors	Antonio Ferraiuolo Marina Martinelli

INDEPENDENT AUDITORS	Reconta Ernst & Young S.p.A.

Information about the subsidiary undertaking, ADR Engineering S.p.A. Unipersonale, is provided in the section "Equity Investments" in the Management Report on Operations of Aeroporti di Roma S.p.A..

RECLASSIFIED BALANCE SHEET

(in thousands of euros)	Dec 31, 2003	Dec 31, 2002
Intangible fixed assets	24	11
Tangible fixed assets	37	24
Non-current financial assets	176	0
A. – FIXED ASSETS	**237**	**35**
Inventory	4,910	3,702
Trade receivables	2,552	1,377
Other assets	64	147
Trade payables	(4,384)	(3,945)
Allowances for risks and charges	(7)	(12)
Other liabilities	(758)	(445)
B. – WORKING CAPITAL	**2,377**	**824**
C. – INVESTED CAPITAL, minus short-term liabilities (A+B)	**2,614**	**859**
D. – EMPLOYEE SEVERANCE INDEMNITIES	**885**	**674**
E. – INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I.	**1,729**	**185**
financed by:		
Share capital	775	775
Reserves and retained earnings	220	6
Net income (loss) for the year	286	214
F. – SHAREHOLDERS' EQUITY	**1,281**	**995**
G. – MEDIUM/LONG-TERM BORROWING	**0**	**0**
H. – SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)		
Short-term debt	466	0
Cash and current receivables	(18)	(810)
(G+H)	**448**	**(810)**
I. – TOTAL AS IN "E" (F+G+H)	**1,729**	**185**

RECLASSIFIED INCOME STATEMENT

(in thousands of euros)	2003	2002
A. – REVENUES	**7,301**	**5,866**
B. – REVENUES FROM ORDINARY ACTIVITES	**7,301**	**5,866**
Cost of materials and external services	(4,590)	(3,865)
C. – GROSS MARGIN	**2,711**	**2,001**
Payroll costs	(2,164)	(1,680)
D. – EBITDA	**547**	**321**
Amortization and depreciation	(33)	(27)
Other provisions	0	0
Provisions for risks and charges	(7)	0
Other income (expense), net	(112)	30
E. – EBIT	**395**	**324**
Financial income (expense), net	4	12
Adjustments to financial assets	0	0
F. – INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	**399**	**336**
Extraordinary income (expense), net	(49)	(34)
G. – INCOME BEFORE TAXES	**350**	**302**
Current taxes for the year	(118)	(88)
Deferred tax assets (liabilities) for the year	54	0
	(64)	**(88)**
H. – NET INCOME (LOSS) FOR THE YEAR	**286**	**214**

ADR TEL S.p.A.: Reclassified Balance Sheet and Income Statement

COMPANY NAME	**ADR TEL S.P.A.**

BOARD OF DIRECTORS

(after the General Meeting of July 31, 2002 and the Board of Directors' meeting of August 8, 2002)

Chairman	Enrico Casini *(from April 15, 2003)* Emilio Corrado Giordano *(until April 15, 2003)*
Managing Director	Roberto Piana
Director	Fabio Missori

BOARD OF STATUTORY AUDITORS

(after the General Meeting of July 31, 2002)

Chairman	Massimo Bigerna
Statutory Auditors	Roberto Ascoli Giancarlo Russo Corvace
Alternate Auditors	Valeria Continolo Lucio Marongiu

INDEPENDENT AUDITORS	Reconta Ernst & Young S.p.A.

Information about the subsidiary undertaking, ADR Tel S.p.A., is provided in the section "Equity Investments" in the Management Report on Operations of Aeroporti di Roma S.p.A..

RECLASSIFIED BALANCE SHEET

(in thousands of euros)	Dec 31, 2003	Dec 31, 2002
Intangible fixed assets	2,219	785
Tangible fixed assets	439	0
A. – FIXED ASSETS	**2,658**	**785**
Trade receivables	3,332	0
Other assets	106	188
Trade payables	(3,562)	(911)
Allowances for risks and charges	(7)	0
Other liabilities	(783)	(8)
B. – WORKING CAPITAL	**(914)**	**(731)**
C. – INVESTED CAPITAL, minus short-term liabilities (A+B)	**1,744**	**54**
D. – EMPLOYEE SEVERANCE INDEMNITIES	**224**	**0**
E. – INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I.	**1,520**	**54**
financed by:		
Share capital	600	600
Reserves and retained earnings	(8)	0
Net income (loss) for the year	750	(8)
F. – SHAREHOLDERS' EQUITY	**1,342**	**592**
G. – MEDIUM/LONG-TERM BORROWING	**0**	**0**
H. – SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)		
Short-term debt	249	0
Cash and current receivables	(71)	(538)
(G+H)	**178**	**(538)**
I. – TOTAL AS IN "E" (F+G+H)	**1,520**	**54**

RECLASSIFIED INCOME STATEMENT

(in thousands of euros)	**2003**	**July-Dec 2002**
A. – REVENUES	**4,389**	**0**
B. – REVENUES FROM ORDINARY ACTIVITIES	**4,389**	**0**
Cost of materials and external services	(2,167)	(13)
C. – GROSS MARGIN	**2,222**	**(13)**
Payroll costs	(642)	0
D. – EBITDA	**1,580**	**(13)**
Amortization and depreciation	(208)	0
Other provisions	(57)	0
Provisions for risks and charges	(7)	0
Other income (expense), net	(2)	0
E. – EBIT	**1,306**	**(13)**
Financial income (expense), net	(8)	6
F. – INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	**1,298**	**(7)**
G. – INCOME BEFORE TAXES	**1,298**	**(7)**
Income taxes	(548)	0
H. – NET INCOME (LOSS) FOR THE YEAR	**750**	**(7)**

ADR ADVERTISING S.p.A.: Reclassified Balance Sheet and Income Statement

COMPANY NAME	**ADR ADVERTISING S.P.A.**

BOARD OF DIRECTORS

(after incorporation on January 10, 2003)

Chairman	Guy Louis Ponzo
Managing Director	Fabrizio Du Chene De Vere
Directors	Andrea Ghisolfi Fabio Missori Saverio Rennis

BOARD OF STATUTORY AUDITORS

(after incorporation on January 10, 2003)

Chairman	Giancarlo Russo Corvace
Statutory Auditors	Angelo Casò Guido Croci
Alternate Auditors	Marco Baccani Antonio Ferraiuolo

INDEPENDENT AUDITORS	Reconta Ernst & Young S.p.A.

Information about the subsidiary undertaking, ADR Advertising S.p.A., is provided in the section "Equity Investments" in the Management Report on Operations of Aeroporti di Roma S.p.A..

RECLASSIFIED BALANCE SHEET (in thousands of euros)	**Dec 31, 2003**
Intangible fixed assets	41
Tangible fixed assets	12
Non-current financial assets	19
A. – FIXED ASSETS	**72**
Trade receivables	6,046
Other assets	2,018
Trade payables	(6,446)
Allowances for risks and charges	(31)
Other liabilities	(3,054)
B. – WORKING CAPITAL	**(1,467)**
C. – INVESTED CAPITAL, minus short-term liabilities (A+B)	**(1,395)**
D. – EMPLOYEE SEVERANCE INDEMNITIES	**168**
E. – INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I.	**(1,563)**
financed by:	
Share capital	1,000
Net income (loss) for the year	772
F. – SHAREHOLDERS' EQUITY	**1,772**
G. – MEDIUM/LONG-TERM BORROWING	**0**
H. – SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)	
Short-term debt	0
Cash and current receivables	(3,335)
(G+H)	**(3,335)**
I. – TOTAL AS IN "E" (F+G+H)	**(1,563)**

RECLASSIFIED INCOME STATEMENT (in thousands of euros)	Mar-Dec 2003
A. – REVENUES	**17,457**
B. – REVENUES FROM ORDINARY ACTIVITIES	**17,457**
Cost of materials and external services	(15,302)
C. – GROSS MARGIN	**2,155**
Payroll costs	(657)
D. – EBITDA	**1,498**
Amortization and depreciation	(8)
Other provisions	(131)
Provisions for risks and charges	(31)
Other income (expense), net	(1)
E. – EBIT	**1,327**
Financial income (expense), net	45
F. – INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	**1,372**
G. – INCOME BEFORE TAXES	**1,372**
Income taxes	(600)
H. – NET INCOME (LOSS) FOR THE YEAR	**772**

ADR SVILUPPO S.r.l. UNIPERSONALE: Reclassified Balance Sheet and Income Statement

COMPANY NAME	ADR SVILUPPO S.R.L. UNIPERSONALE
Managing Director	Giulio De Virgilio

Information about the subsidiary undertaking, ADR Sviluppo S.r.l., is provided in the section "Equity Investments" in the Management Report on Operations of Aeroporti di Roma S.p.A..

RECLASSIFIED BALANCE SHEET (in Euros)	**Dec 31, 2003**	**Dec 31, 2002**
Intangible fixed assets	4,141	4,141
Non-current financial assets	6,000	6,000
A. – FIXED ASSETS	**10,141**	**10,141**
Other assets	2,259	2,312
Other liabilities	0	0
B. – WORKING CAPITAL	**2,259**	**2,312**
C. – INVESTED CAPITAL, minus short-term liabilities (A+B)	**12,400**	**12,453**
D. – EMPLOYEE SEVERANCE INDEMNITIES	**0**	**0**
E. – INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I.	**12,400**	**12,453**
financed by:		
Share capital	100,000	100,000
Reserves and retained earnings	(4,221)	569
Net income (loss) for the year	(995)	(4,790)
F. – SHAREHOLDERS' EQUITY	**94,784**	**95,779**
G. – MEDIUM/LONG-TERM BORROWING	**0**	**0**
H. – SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)		
Short-term debt	0	0
Cash and current receivables	(82,384)	(83,326)
(G+H)	**(82,384)**	**(83,326)**
I. – TOTAL AS IN "E" (F+G+H)	**12,400**	**12,453**

RECLASSIFIED INCOME STATEMENT

(in Euros)	2003	2002
A. – REVENUES	**0**	**0**
B. – REVENUES FROM ORDINARY ACTIVITIES	**0**	**0**
Cost of materials and external services	(714)	(6,014)
C. – GROSS MARGIN	**(714)**	**(6,014)**
D. – EBITDA	**(714)**	**(6,014)**
Other income (expense), net	(841)	(940)
E. – EBIT	**(1,555)**	**(6,954)**
Financial income (expense), net	560	2,177
F. – INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	**(995)**	**(4,777)**
Extraordinary income (expense), net	0	(13)
G. – INCOME BEFORE TAXES	**(995)**	**(4,790)**
Income taxes	0	0
H. – NET INCOME (LOSS) FOR THE YEAR	**(995)**	**(4,790)**

AIRPORTS COMPANY SOUTH AFRICA Ltd. (ACSA): Reclassified Balance Sheet and Income Statement

RECLASSIFIED BALANCE SHEET (in thousands of rands)	March 31, 2003	March 31, 2002
Intangible fixed assets	0	0
Tangible fixed assets	3,484,887	2,796,837
Non-current financial assets	90,307	70,271
A. – FIXED ASSETS	**3,575,194**	**2,867,108**
Inventory	606	0
Trade receivables	206,935	170,627
Other assets	32,395	56,480
Trade payables	(396,684)	(302,388)
Allowances for risks and charges	0	0
Other liabilities	(20,528)	(38,848)
B. – WORKING CAPITAL	**(177,276)**	**(114,129)**
C. – INVESTED CAPITAL, minus short-term liabilities (A+B)	**3,397,918**	**2,752,979**
D. – EMPLOYEE SEVERANCE INDEMNITIES	**43,115**	**29,120**
E. – INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I.	**3,354,803**	**2,723,859**
financed by:		
Share capital	750,000	750,000
Reserves and retained earnings	1,491,893	1,241,435
Net income (loss) for the year	658,789	410,458
F. – SHAREHOLDERS' EQUITY	**2,900,682**	**2,401,893**
G. – MEDIUM/LONG-TERM BORROWING	**283,585**	**363,710**
H. – SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)		
Short-term debt	170,536	0
Cash and current receivables	0	(41,744)
	170,536	**(41,744)**
I. – TOTAL AS IN "E" (F+G+H)	**3,354,803**	**2,723,859**

RECLASSIFIED INCOME STATEMENT

(in thousands of rands)	Apr. 2002 Mar. 2003	Apr. 2001 Mar. 2002
A. – REVENUES	**1,539,842**	**1,297,473**
B. – REVENUES FROM ORDINARY ACTIVITIES	**1,539,842**	**1,297,473**
Cost of materials and external services	(350,752)	(311,563)
C. – GROSS MARGIN	**1,189,090**	**985,910**
Payroll costs	(285,918)	(259,748)
D. – EBITDA	**903,172**	**726,162**
Amortization and depreciation	(152,377)	(136,396)
Other provisions	0	0
Provisions for risks and charges	0	0
Other income (expense), net	0	0
E. – EBIT	**750,795**	**589,766**
Financial income (expense), net	5,240	664
F. – INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	**756,035**	**590,430**
Extraordinary income (expense), net	118,548	0
G. – INCOME BEFORE TAXES	**874,583**	**590,430**
Income taxes	(215,794)	(179,972)
H. – NET INCOME (LOSS) FOR THE YEAR	**658,789**	**410,458**

Report of the Board of Statutory Auditors

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2003 PURSUANT TO ARTICLE 2429 OF THE ITALIAN CIVIL CODE

(Translation from the original issued in Italian)

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

The Financial Statements as of and for the year ended December 31, 2003, hereby submitted for your approval by the Board of Directors, have been prepared in accordance with the requirements of the Italian Civil Code, interpreted and integrated by the principles established by the Italian Accounting Profession. The Financial Statements can be summarized as follows:

BALANCE SHEET (in Euros)

Assets	
Intangible fixed assets	2,224,059,467
Tangible fixed assets	90,712,408
Non-current financial assets	145,453,790
Total fixed assets	2,460,225,665
Inventory	20,243,578
Receivables	198,108,886
Current financial assets	0
Cash on hand and at banks	62,427,872
Current assets	280,780,336
Accrued income and prepaid expenses	3,464,861
Total Assets	2,744,470,862

Liabilities and Shareholders' Equity	
Shareholders' equity	745,808,348
Allowances for risks and charges	27,056,137
Employee severance indemnities	47,450,385
Payables	1,920,610,731
Accrued expenses and deferred income	3,545,261
Total Liabilities and Shareholders' Equity	2,744,470,862

The Memorandum accounts reported below the Balance Sheet amount to 931,955,150 euros.

INCOME STATEMENT (in Euros)

Total revenues	469,516,552
Operating costs	(364,270,766)
Operating income	105,245,786
Financial income (expense), net	(94,307,227)
Adjustments to financial assets	0
Extraordinary income (expense), net	3,214,004
Income before taxes	14,152,563
Current income taxes	(15,468,487)
Deferred tax assets (liabilities)	2,385,000
Net income for the year	1,069,076

We declare that the Financial Statements are made up of the documents as required by law as follows: the Balance Sheet, the Income Statement and the Explanatory Notes, which present a true and fair view of the Company's financial position, cash flows and results of operations.
The Financial Statements are also accompanied by the Management Report on Operations, in which the Board of Directors has amply described the important events of the year under examination and the Company's operating outlook.
Our examination of the Financial Statements was carried out in accordance with the principles of conduct established by the Italian Accounting Profession and, in conformity with those principles, we have referred to existing legislation regulating the preparation of financial statements, interpreted and integrated by established accounting principles.

With regard to the Balance Sheet and Income Statement we confirm that:
- the information given corresponds to the underlying accounting records submitted by the Company;
- preparation of the Financial Statements was carried out applying the accounting principles set out in article 2423 *bis* of the Italian Civil Code, in particular the prudence and going-concern principles;
- revenues posted to the Income Statement relate to the financial year under examination regardless of the collection date; as regards losses, the risks and charges relating to the year were taken into account, even if already known at the time of approval of the Financial Statements;
- only the income realized before December 31, 2003 is included;
- the provisions of articles 2424, 2424 *bis* and 2425 of the Italian Civil Code were observed. We would also like to note that there was no recourse to exceptions set forth by paragraph 4 of article 2423 *bis* of the Italian Civil Code;
- revenues, income, costs and charges were posted to the Income Statement in accordance with article 2425 *bis* of the Italian Civil Code;
- the dual-aspect concept was applied unless provided for by law;
- each item was compared with the corresponding item in the prior year Financial Statements.

In this regard, to facilitate comparison of the amounts reported in the financial statements with the prior year amounts, 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 ADR's debt.
As the method for amortizing such charges has not altered, the change in the accounting method does not affect the results for the period.
The Explanatory Notes were prepared in accordance with the requirements set out by article 2427 of the Italian Civil Code, and the information they contain corresponds to the underlying accounting records.
The document not only includes the information required by the above law but also, where necessary, the disclosures required by civil law or by tax legislation.

The supplementary schedules attached to the Financial Statements (regarding analysis of the Balance Sheet and the results of operations, in addition to the Statement of Cash Flows) permit a more in-depth understanding of the Company's financial position, cash flows and results of operations.

The accounting policies applied in the preparation of the Financial Statements and described in the Explanatory Notes comply with article 2426 of the Italian Civil Code and are consistent with those applied in the previous year.

In particular, we note that:

– incorporation and development costs are posted with the consent of the Board of Statutory Auditors and are amortized over five years;
– industrial patents and intellectual property rights are recorded at purchase cost and amortized over three years from the year that the right is first exercised or could be taken up;
– almost the entire value of concessions, licenses and trademarks is represented by the value of the airport management concession (2,028,877,000 euros as of December 31, 2003) paid by the Parent Company, Leonardo (now ADR), in order to acquire its equity investment in ADR. This cost is amortized on the basis of the residual duration of the concession, which expires on June 30, 2044;
– other fixed assets refer to leasehold improvements, which are amortized on the basis of the residual useful life of the improvement made, which is always inferior to the duration of the concession, and the ancillary charges on the loans that have financed the restructuring of ADR's debt, which are amortized over the duration of the loan (financial method);
– tangible fixed assets are recorded at purchase cost inclusive of directly chargeable incidental costs, and in some cases revalued on the basis of art. 3 of Law 72/1983; such assets are shown net of the allowance for depreciation;
– depreciation of tangible fixed assets is based on economic-technical rates representing the estimated residual useful life, which are in line with the maximum tax deductible rates permitted.
  Rates applied to assets entering service during the year are halved;
– non-current financial assets consisting of equity investments in subsidiary and associated undertakings and other companies are recorded at purchase cost. No permanent losses in value were reported during the year;
– the accounting principles used to value current assets, especially marketable securities and inventories, conform with the regulations set out in paragraph 9 of article 2426 of the Italian Civil Code;
– receivables are recorded at their nominal value directly adjusted to reflect any provisions for doubtful accounts, made in order to show their estimated realizable value;
– payables are entered at their nominal value and include any interest charges;
– accruals and deferrals effectively represent portions of costs and income, calculated on an accruals basis;
– employee severance indemnities were calculated in accordance with Law 297 of May 29, 1982 and current contract agreements to cover indemnities matured by employees as of December 31, 2003; the indemnities are shown net of any advances made;
– the allowance for accelerated depreciation as of December 31, 2003 amounted to 7,111,276 euros; no further provisions were made during the year. The allowance also complies with article 67 of Presidential Decree 917/1986;
– the Memorandum Accounts reflect commitments and possible and unlikely risks assumed by the Company;
– dividends from subsidiary undertakings are posted to the Income Statement on an accruals basis. This means posting dividends to the year in which the net income was generated by the subsidiary undertaking, prior to the date of approval of the Financial Statements of Aeroporti di Roma.

The Management Report on Operations, with which we concur, relieves us of the need to comment further on the operating performance and outlook for the current year. Additionally, the Report was prepared in accordance with article 2428 of the Italian Civil Code and corresponds to the information contained in the Financial Statements.

In addition to the above aspects, the Board considers that the following events and their impact on the financial statements should be noted:

- the transfer of handling activities at Ciampino to the subsidiary undertaking, ADR Handling S.p.A., with effect from December 31, 2003;
- the restructuring of Aeroporti di Roma's debt, involving the securitization of receivables and the consequent change in the Company's financial structure.

The above transfer generated a gain of 11 million euros, which has obviously not been used to fund the distribution of dividends.

With regard to the financial structure, there was an increase in the Company's medium- to long-term debt during 2003, accompanied by a reduction in short-term borrowing, as a result of the debt restructuring.

In this regard, the Board of Statutory Auditors wishes to highlight the negative effects deriving from the size of Aeroporti di Roma S.p.A.'s debt, the cost of which has significantly reduced the positive results generated by ordinary activities.

Finally, during 2003, in addition to our periodic checks and due controls of the Company's accounting records, the management of the Company and its compliance with the law and the articles of association required by article 2403 of the Italian Civil Code, we also attended meetings of the Board of Directors and the General Meetings of Shareholders. On the basis of such checks and controls, necessarily carried out on a random basis, we found no evidence of irregularities regarding civil, fiscal, social security or corporate requirements. Additionally, we received no complaints pursuant to article 2408 of the Italian Civil Code.

Based on the above information, we invite you to approve the Financial Statements as of and for the year ended December 31, 2003, as submitted by the Board of Directors, reporting net income of 1,069,076 euros, and to approve the proposed allocation of said income.

Dear Shareholders,

As mentioned by the Board of Directors, the terms of office of the Directors co-opted on to the Board expire at the end of the next General Meeting. We therefore invite you to elect new members of the Board of Directors.

Dear Shareholders,

The Board of Statutory Auditors' three-year term of office expires with the approval of these Financial Statements. We thank you for your confidence in us, and we invite you to elect the Board of Statutory Auditors for the three-year period 2004/2006 and determine the related fees.

Fiumicino, Italy - April 13, 2004

THE BOARD OF STATUTORY AUDITORS
Fabrizio Rimassa
Francesco Ricco
Giancarlo Russo Corvace
Emanuele Torrani
Luigi Tripodo

Report of the Independent Auditors

ERNST & YOUNG

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AUDITORS' REPORT
(Translation from the original Italian text)

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

1. We have audited the financial statements of Aeroporti di Roma S.p.A. as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Aeroporti di Roma S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures we planned and performed our audit to obtain the information necessary in order to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For our opinion on the financial statements of the prior year, which are presented for comparative purposes as required by the law, reference should be made to our report dated March 31, 2003.

3. In our opinion, the financial statements of Aeroporti di Roma S.p.A. comply with the Italian regulations governing financial statements; accordingly, they clearly present and give a true and fair view of the financial position of Aeroporti di Roma S.p.A. as of December 31, 2003, and the results of its operations for the year then ended.

Reconta Ernst & Young S.p.A.
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4. In the notes to the financial statements are disclosed the financial and economic effects arising from the spin off of the activities related to "Handling Ciampino", which have been transferred to the fully owned subsidiary Aeroporti di Roma Handling S.p.A. on December 31, 2003.

Rome, April 2, 2004

RECONTA ERNST & YOUNG S.p.A.
Signed by: Bruno Vanni (Partner)

Resolutions of the General Meetings of Shareholders

RESOLUTIONS OF THE ORDINARY AND SPECIAL GENERAL MEETINGS OF SHAREHOLDERS HELD ON APRIL 29, 2004

The Ordinary General Meeting resolved:

– to approve the Board of Directors' Management Report on Operations and the Financial Statements as of and for the year ended December 31, 2003, which report net income of 1,069,075.79 Euros to be taken to retained earnings;

– to elect Francesco Di Giovanni, Nicholas Moore, Cesare Romiti and Massimo Scarpelli as Directors, to serve until the expiry of the term of office of the existing Board of Directors;

– after consultation of the Board of Statutory Auditors, to appoint Deloitte & Touche S.p.A., for the three-year period 2004/2006, to audit the statutory and Consolidated Financial Statements and to carry out a review of the six-month report, including in consolidated form, and accounting controls.

The Special General Meeting resolved to amend articles 2, 3, 9, 10, 11 and 16 of the articles of association, with reference to corporate law reform.

RESOLUTIONS OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS HELD ON JUNE 4, 2004

The Odinary General Meeting resolved:

– to elect the Board of Statutory Auditors for the three-year period 2004/2006, to serve until the General Meeting called to approve the Financial Statements for the third year of their appointment.
  The following were elected:
  - Fabrizio Rimassa, Chairman;
  - Roberto Ascoli, Statutory Auditor;
  - Giuseppe Cappella, Statutory Auditor;
  - Giorgio Palasciano, Statutory Auditor;
  - Luigi Tripodo, Statutory Auditor;
  - Giorgio Bovi, Alternate Auditor;
  - Guido Zavadini, Alternate Auditor;

– to estabilish the fees to be paid to the Chairman as 62,100 Euros per year and to be paid to each Statutory Auditor as 41,400 Euros per year.

Foto:
Archivio ADR

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