ANNUAL REPORT 2006

Aeroporti di Roma Società per Azioni

Registered office in Fiumicino (Rome) - Via dell'Aeroporto di Fiumicino, 320

Fully paid-in capital stock: € 62,309,801

www.adr.it

Aeroporti di Roma S.p.A.

Board of Directors

(after the General Meeting of April 21, 2006 and the Board of Directors of April 21, June 15, July 17 and October 23, 2006, and January 26, 2007)

Chairman	Ernesto Stajano
Managing Director	Maurizio Basile
Directors	Marcus Charles Balmforth *(until July 14, 2006)*
	Martyn Booth *(until July 14, 2006)*
	Remy Cohen *(from July 17, 2006)*
	Andrew Christian Cowley *(from January 26, 2007)*
	Christopher Timothy Frost
	Vito Alfonso Gamberale *(until June 12, 2006)*
	Alessandro Grimaldi
	Kerrie Patricia Mather *(from July 17, 2006)*
	Gianni Mion *(from October 23, 2006)*
	Andrea Monorchio *(until September 25, 2006)*
	John Stuart Hugh Roberts *(until January 19, 2007)*
	Cesare Romiti
	Pier Giorgio Romiti
	Paolo Roverato *(from June 15, 2006)*
	Claudio Sposito
Secretary	Antonio Abbate

Board of Statutory Auditors

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

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

General Manager

Maurizio Basile

Independent Auditors

Deloitte & Touche S.p.A.


ADR

Notice is hereby given to Shareholders of the Ordinary General Meeting to be held at the Company's registered office at Via Lago di Traiano 100 in Fiumicino at 10.00 am on April 16, 2007 in first call, and, if necessary, in second call on April 19, 2007 at the same time and place, to discuss the following:

Agenda

1. Annual Report as at December 31, 2006 and related and consequent resolutions.

2. Appointment of the Board of Directors for the three-year period 2007/2009 and determination of the related annual remuneration.

3. Appointment of the Statutory Auditors for the three-year period 2007/2009 and determination of the related annual remuneration.

4. Extension of the charge as Independent Auditors for 2006, in accordance with Legislative Decree no. 303 of December 29, 2006.

Notice of call has been published in the Official Gazette of the Italian Republic, no. 33, part II, dated March 20, 2007.


Imbarchi Gates

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malaysia

MANAGEMENT REPORT ON OPERATIONS

Aeroporti di Roma

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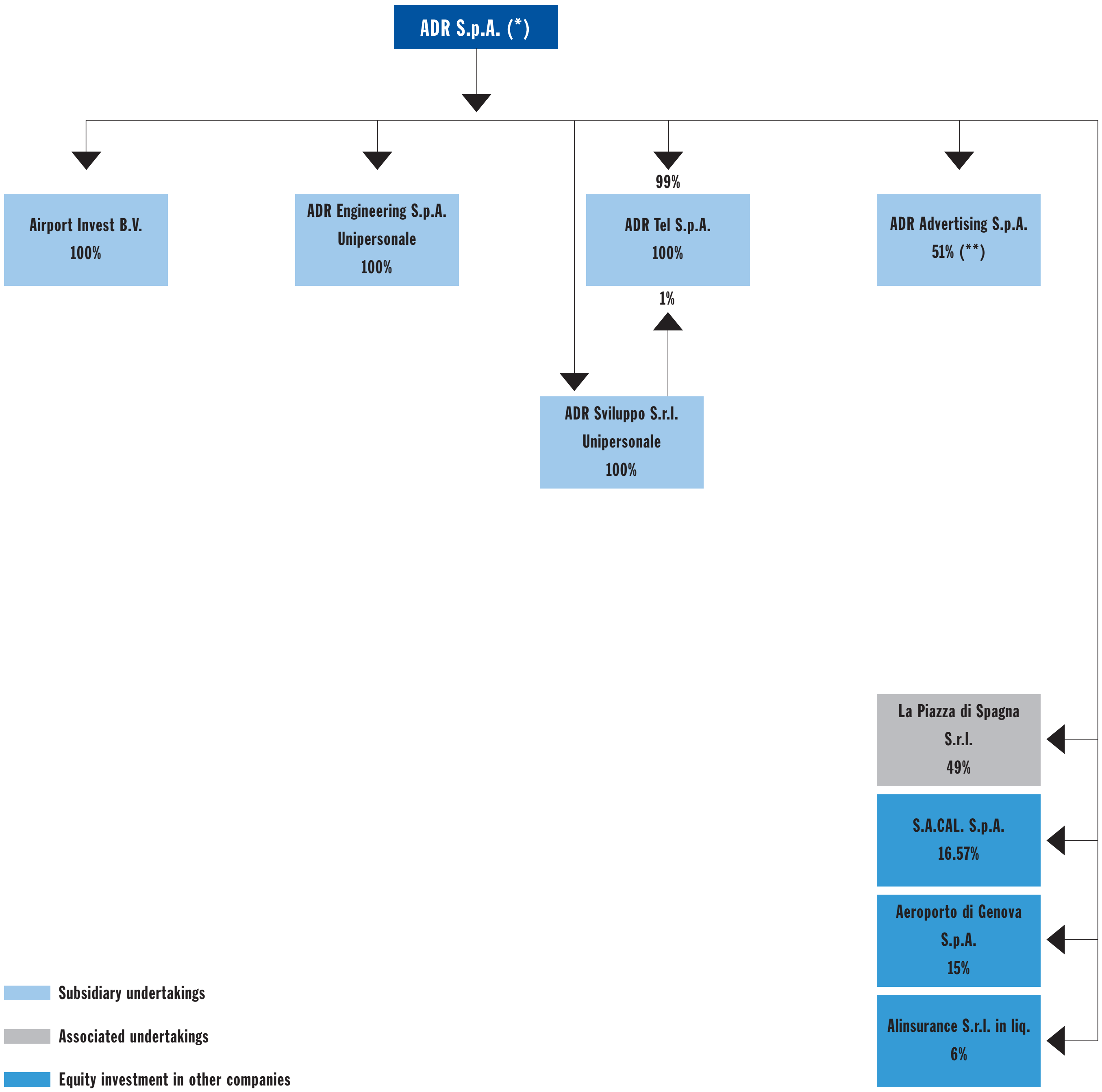
The ADR Group.



(*) ADR SpA holds, besides, a share of 12.5% in the Consorzio E.T.L. - European Transport Law.

(**) Of the ordinary capital.

Highlights.

The following table summarizes main traffic data for 2006 for Rome's airport system and shows changes with respect to 2005.

Overall volume trends.

Traffic component	System (°)	Change %
Movements (no.)	379,542	+3.4%
Aircraft tonnage (tons.)	26,616,923	+3.0%
Total passengers (no.)	35,134,383	+6.7%
Total freight (tons.)	147,409	(3.6%)

(°) Fiumicino + Ciampino.

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

ADR Group.[1]

[1] The comparison of data 2006 with data of the previous year is influenced by the consolidation of 2006 of the Income Statement ADR Handling S.p.A. for only 9 months.

Key consolidated economic, financial and operational data (in thousands of euros)	2006	2005
Revenues	567,279	580,702
EBITDA	256,655	261,082
EBIT	146,103	147,045
Net income:		
– Minority interest	1,058	1,148
– Group share	59,986	79,691
Investments	57,899	75,826

(in thousands of euros)	12.31.2006	12.31.2005
Invested capital	2,115,594	2,125,824
Shareholders' equity (included minority interest)	765,615	776,065
Group shareholders' equity	763,648	774,072
Net debt	1,349,979	1,349,759
Headcount at year end	2,275	3,583

Ratios	2006	2005
Revenues/Average headcount (in thousands of euros)	182	167
No. of passengers/Average headcount	11,262	9,487

The following table summarizes key economic, financial and operational data for the ADR S.p.A. for 2006.

ADR S.p.A.

Key economic, financial and operational data (in thousands of euros)	2006	2005
Revenues	512,571	510,258
EBITDA	247,453	246,814
EBIT	138,114	133,277
Net income	35,975	85,528
Investments	55,695	69,018

(in thousands of euros)	12.31.2006	12.31.2005
Invested capital	2,153,211	2,324,078
Shareholders' equity	797,930	832,365
Net debt	1,355,281	1,491,713
Headcount at year end	2,211	2,193

Ratios	2006	2005
Revenues/Average headcount (in thousands of euros)	244	231
No. of passengers/Average headcount	16,691	14,927

Group operating review.

(Translation from the original issued in Italian)

Introduction.

Dear Shareholders,

Year 2006 is characterized by a positive traffic volume in line with the growth trend had in the last three years (passengers up 6.7%), and supported by the relevant contribute of Fiumicino airport system (passengers up 5.2%) compared with 2005 (up 2.0%).

The economic results suffer the negative effects coming from the Law no. 248/05, the "Systems requirements", that, issued at the end of 2005, came into force fully in 2006 by deleting or reducing in a relevant way important income lines. Its effects influence both the EBITDA of the Group (down 1.7%) and the EBITDA of the Holding (up 0.3%).

The consolidated net income even if positive (60.0 million euros) is lower compared with 2005 (79.7 million euros) substantially due to the different incidence of the extraordinary items related, both in 2006 and in 2005, to the realization of key strategic programs of the company (disposal of its holding in the South African airports in 2005 and of the airport handling system in 2006).

The Group made investments for 57.9 million euros, with a decrease of 17.9 million euros against the previous year. The net debt of 1,350.0 million euros is evidently in line with the previous year.

The Holding closes the year with a net income equal to 36.0 million euros and with a negative net financial situation for 1,355.3 million euros.

The renewal of the Company's managers of ADR S.p.A. at the beginning of May is one of the most relevant events of 2006 of the ADR Group.

The new management organization had to face immediately some unsolved questions regarding in particular the instability of the air transport industry in Italy and the complexity of the approval *iter* of the "Planning Agreement", and the start of a series of initiatives aiming to drop the basis for a steady relaunching of the Roman airport system by underling the improving of the service level, the change of the relationships with the Bodies ruling directly or indirectly the concessionary relationship of the airport activity and therefore supporting of the value creation for “shareholders” and “stakeholders”.

Regarding the sector evolution, in Italy there is still a situation characterized by uncertainty anyway with some signals of appreciable economic improvement that reflected on the general review of the air transport industry.

The involution of the “Alitalia’s case” that, even if in crisis, it is always the national reference flag Company controlling the 50% of the national market and the debate, related always to the Alitalia’s case, opened by the Institutions on the subject of the “system requirements” and therefore in a general view on the factors supporting the industry “value chain”, have increased the situation of strong instability making difficult the adoption by the Group of some strategic lines.

In order to define a clear action line in this critical context continuously in evolution (in December the Italian Government decided to proceed with the privatisation of Alitalia), the new managing group, in June, immediately started a deep analysis aiming to define an Industrial plan able to face the relevant current problems.

This work focused on three initiative levels:
– the punctual verification of the airport efficiency level and the current system operating capacity in the different activity segments;
– a deep analysis of the industry aiming to define the medium-long strategic addresses to pursue;
– the development of the Industrial plan with a detailed evaluation of the plan economic impacts, taking into consideration also the existent financial obligations.

The commitment to revaluate the strategic lines was also accompanied by a series of important initiatives on the managing plan that involved all the different company’s units.

Among these, it is important to underline, also for the related appreciable economic returns, the disposal of ADR Handling S.p.A. and the definition of litigations with some carriers, among which Alitalia.

Regarding the air Company’s relations, continued by developing a line of great co-operation that also this year was awarded with a significant growth of the general business (up 5.2% at Fiumicino Airport), it should be underlined also the “Agreement treaty” undersigned in Rome between ADR S.p.A. and Alitalia S.p.A. aiming to revive some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INFLIGHT CATERING

flights of the Air Company at the main Roman airport already from 2007. Unfortunately, to the positive proposals shown through the subscription of the "treaty" did not follow concrete facts, notwithstanding the efforts made by ADR aiming to promote the best co-operation to solve all the problems related to development of the presence of the carrier in the airport. On the contrary, even year 2006 registered a further slowing of Alitalia's activities (down 450,000 passengers in the year) that reduced the carrier's share on the general activities of ADR's system, a little more than 40%.

This contrasting behaviour underlines a situation of great instability above-mentioned with regard to the sector in which the Group operates.

The management particularly focused on the constructive exchange of opinions with the bodies appointed to the definition of new rules, consequent to the introduction of the above-mentioned Law no. 248/05, for the determination of the new fixed fees.
The debate is in progress and the definition of the rule system for the following implementation of the new "Planning Agreement" is reasonably foreseen within the end of this year.

Year 2006 was a year of great changes concerning the organizing aspects, both for the entrance in ADR S.p.A. of new professionals with particular experience in the specific sector, and concerning the definition aspect of new models of operating asset mainly focusing on a performing organization of the activity (staff and operating roles) with particular attention to "Safety Management".

Some particular considerations should be made about Ciampino and its future development, also for the particular influence that the airport's problems have on the relations between the Parent Company ADR S.p.A. and the Institutions.
Ciampino has being monitored for a long time by the local and Government Institutions.

At the basis of this careful attention there is the extraordinary success registered by this airport in the last few years, a referring point for the "low cost" carriers interested in the Roman market.

The relevant growth of the airport activities, taking into consideration the particular characteristics of the airport in a very urbanized area, made increase the environmental attention level.

ADR S.p.A., in agreement with bodies appointed to the government of this sector (Civil Aviation Authority and National Organisation for the Safety of Air Navigation) and with the Institutions, started a technical co-operation aiming to identify a balanced solution for the problem able to defend legitimately the interests of the Company for a profitable use of the airport and on the other side, the requests made by the Institutions to grant an eco-compatible development.

It must be underlined that the positive co-operation situation set forth by the new management with the bodies appointed to the ruling of this sector and with the Institutions, are favouring a positive development of the dialogue between the "parties" aiming to revaluate the necessary synergies for the realization of a lasting and firm re-launch of the Roman airport system.

Background.

Principal macro-economic indicators.

The international macro-economic scenery[2] underlines a substantial growing of the positive trend seen in 2006; the world trade in 2006, pulled by a strong demand of the developed Countries, closed the year with a registered general growth of 10.0%.

[2] *Source:* Macro-economic Forecasts, *Confindustria, December 2006.*

The growth of the economy in USA slowed in the last few months, mainly due to the residential buildings decrease, the deficit of the balance of trade. The American GDP growth is foreseen to result in 2006 around 3.3%.

In Europe (euro area) the growth is still strong by registering a GDP equal to 2.6%, even if, in the last quarter of 2006, it was registered a slowing against the growth of the previous quarters, due to the decrease in gross fixed investment and to the acceleration of the imports. Year 2006 is confirmed to be the economic recovery year, for industry and in particular regarding the heavy industry: the orders grew, compared with the same period of last year, by 25% for the iron and steel industry and metallurgic industry and by 16.7% for the mechanic industry.

Italy, after a long difficult period, started again to grow by registering a GDP equal to 1.8%. In the whole, the growth of the domestic demand remains constant while it was registered a weakening of the net foreign demand, mainly due to the slowing of exportations towards the Extra European Union Countries.

The data confirm that Italy, during 2006, continued to globally grow less than the main European partners. In the third quarter 2006, indeed, compared with 1.7% growth trend of the Italian GDP, Germany grew by 2.8% and Spain by 3.8%; only France (1.8%) and at the same level of our Country.

The air transport industry.

Surely, also the air transport benefited of the growth trend of the world economy and trade that in 2006 grew, in terms of passengers, by 3.8% compared with the previous year, a growth pulled by the development of the Middle East traffic (up 11.8%), Far East (up 7.0%) and Europe (up 5.2%).

IATA (International Air Transport Association) showed as, in 2006, all the carriers adhering to the association, improved their economic performance through an increase of the aircraft filling up coefficient (76.0% compared with 75.1% of 2005) and through an accurate policy of cost reduction, by estimating in 2006 an operating profit of 10.2 billion USD and a reduction of the net losses of 0.5 billion USD (compared with down 3.2 of 2005).

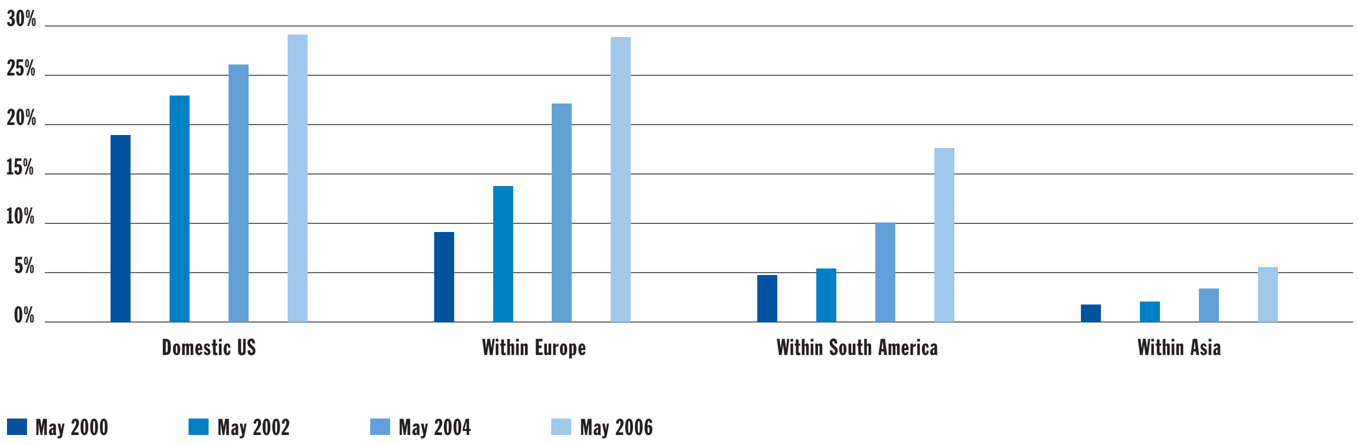
On the basis of the continuous operating efficiencies, cost reduction and careful management of the available capacity, IATA estimates that in 2007 it is possible a return on net profit equal to around 2.5 billion USD.

The "low fare/low cost" carrier segment continued its own growth with a ratio equal to 3 times the average ratio of industry, by reaching a "market share" at a world level of 18% on the total of the seats offered (data source OAG), actually doubling its own share market against 2002.

At a world level this growth is particularly significant and it does not seem to stop through a further expansion towards the older markets, for example the North American and European market, and towards the markets not completely explored such as the Asiatic area.

The following graph shows the ongoing of the penetration in the different markets of the "low fare/low cost" carriers.

% Share of Available Seats (°)



(°) *Source:* SRS Analyser.

It is interesting to note as the business model of some carriers of this segment is progressively changing through a "hybridisation" towards the model of the traditional carriers; indeed, many carriers start their activity as "low cost" even if reaching "frills" and services very similar to the traditional model with a consequent increase of managing complexity and related costs connected. At the moment only the most successfully "low cost" carriers, such as, for example, Southwest and Ryanair, seem to keep their own original "low cost" business model.

In Europe the traffic growth (up 5.2%) was supported more by the growth of the "low fare/low cost" carriers rather than by the main Network carriers, for this last AEA category, an association representing 31 European Network carriers, registered a 4.5% growth in passengers in the first 11 months of 2006 compared with the same period of 2005.

In Italy traffic grew a lot (up 8.8%) above all due to the development of the "low fare/low cost" traffic on the secondary airports against a substantial stability of the passengers transported by Alitalia (up 0.6% in the first 11 months 2006 – AEA data) and a significant development of the carrier Air One (up 9.8% in the first 11 months of 2006 – AEA data).
Anyway, the Italian air transport background is surely affected by the difficulties of the main national carrier and in general, we can note as our Country has cumulated a relevant gap against the comparable European Countries (for economic dimensions and market) from the point of view of the referring carriers and of the national system organization of the air transport.
The Italian Government took into consideration this anomalous situation and recently has prepared an "Addressing Act for the National Transport Reform" which aims to solve the crisis situation of Alitalia, and more generally, considering that this segment is a fundamental resource for the country even if it is in a condition of extreme fragility, wants to create the basis for its reorganization and revaluation through a series of actions amongst which a tidy and co-ordinated development of the domestic airport system, the strengthening of the control system of the air transport, the improving of the efficiency of the domestic air space management and an increase in quality of services offered to users, moving from the idea that this segment even if it is a fundamental resource for the Country, today it is in a fragility situation.

Legal and regulatory context.

Planning Agreement as per the Ministerial Decree dated November 14, 2000 and CIPE Resolution 86/2000.

In March the Ministry of Infrastructure and Transport approved a public consulting procedure aiming to start the preparatory works for the necessary integrations to the text of CIPE Resolution 86/2000, whose issue results to be preparatory to the finalization of the "Planning Agreement".

ADR S.p.A. has immediately contributed or formally contributed in the field of the above-mentioned procedure, to the redefinition of the fundamental principles of the regulatory system.

Determination of airport fees and other airport revenues.

Legislative Decree no. 211 of October 17, 2005 regarding "Urgent measures for the reaching of public finance targets and regulations concerning airports" was published in the Official Gazette of October 18, 2005. The part regarding dispositions on air transport contained in it was removed and inserted in the Legislative Decree no. 203/2005, which became Law no. 248 of December 2, 2005.

To sum up, the main prescriptions for the airport operators of the above-mentioned Law (art. 11-*nonies*) are:

- re-determination of the fees. In the abrogation and substitution of the pre-existent art. 10 paragraph 10 of the Law no. 537 of December 24, 1993, the Legislative Decree no. 211/2005 alters the criteria for establishing airport fees, by including in the calculation of the "initial level" of such fees a share of "not less than 50% of the operator's margin" in the case of unregulated activities. This directive deeply alters the regulatory framework as set forth in CIPE Resolution 86/2000 and will find its application in the determination of the new fees, with effect *ex nunc*, subsequent the issuing of the relative decrees by the Ministry of Infrastructure and Transport;
- revocation of the provision stating that pending the Ministerial Decree required by art. 10, paragraph 10 of Law no. 537/93, airport fees would, in any case, be raised annually by means of another Ministerial Decree, in line with the inflation target stipulated in the Government's Finance bill;
- abolition of the 50% night surtax on landing and take-off fees as established in Law no. 324/1976;
- definition, via a subsequent Ministerial Decree, of baggage and passenger security checks to be assigned to carriers and the related division of fees with the airport operator.

Art. 11-*terdecies* of Law no. 248/2005 set forth, besides, a block, on the basis of EC Directive 96/67 regarding access to the ground handling services market, on surcharges, in particular royalties on fuel supplies, where these are not linked to costs incurred in the provision of the service.

Art. 11-*decies*, set forth the reduction of the State property license rental by 75% until the date of introduction of the system for the determination of airport fees; regarding the current level of airport fees, it was decreased in an equal measure to the amount of the reduction of the license rental.

On January 3, 2006, ADR S.p.A. received the Ministry of Infrastructure and Transport's formal guidelines specifically drawn up "in order to standardize the procedures followed by airport operators in applying the measures set out in articles 11-*nonies* and 11-*decies* of Law no. 248/05" in the determination of airport fees, both initially and during the transition phase.

On January 20, 2006 Civil Aviation Authority issued a circular letter by which determined the transitory level of the airport fees as per art. 11-*decies* of Law no. 248/2005.

On September 15, 2006 Civil Aviation Authority broadcast a notice (Prot. no. 60600), by which communicated the results of the checks carried out in the total management airports "in order to analyse the connection to cost required in a forfeiting way by the service oil companies".

Reform of the aviation part of the Navigation Code.

On April 14, 2006 Legislative Decree no. 151 entitled "Revision of the aviation section of the Navigation Code, pursuant to Legislative Decree no. 96 of May 9, 2005" was published.

The principal innovations include:

– Art. 704 (granting of airport managing license): the granting of the airport license is not subordinated any more to the signature of the planning agreement between the airport operator and Civil Aviation Authority. But there is still the obligation for the airport operator to sign a Planning Agreement with Civil Aviation Authority within six months from since the end of the following financial year subsequent to the granting of the license;

– Art. 705 (which defines the duties of the airport operator): it was revised the definition of the airport operator in order to underline that his own activity is carried out under the strict control of the Civil Aviation Authority vigilance and must be set up with transparency criteria and not discriminating. Besides it is specified that the operator must be certified pursuant to Civil Aviation Authority Regulatory for the construction and managing of the airports in conformity with the Annex XIV ICAO. To the airport operator it is given the duty to propose to the Civil Aviation Authority the penal measures, which the Civil Aviation Authority will have to prepare, for the private operators which will fail to adhere to the provisions of the Handling Regulatory. The airport operator, besides, can apply some forbidding measures always for the private defaulting operators, which will have to be revised by the Civil Aviation Authority;

– Art. 802 (leaving prevention): the current formulation includes the possibility for the Civil Aviation Authority, also on notification of the airport operator or by the National Organisation for the Safety of Air Navigation, to prevent aircraft from leaving if airport fees and taxes have not been paid.

The further revisions are in force from May 29, 2006.

Annual license fees.

On the Official Gazette of June 14, 2006 the Decree of the State Property Agency was published "Determination of airport license fees for year 2006" by which it is confirmed for 2006 the deterring the airport fees method as per the Decree of June 30, 2003.

Ciampino Airport – limited liberalization of ramp handling services.

On February 25, 2006, Civil Aviation Authority published on the Italian Republic and the EU Official Gazette, the tender at European level for the selection of two service providers in "limited" access in accordance with art. 4 of

Legislative Decree no. 18/99 at Ciampino Airport (runway assistance operations, baggage, incoming, out coming and transit between the air terminal and the aircraft goods and mail).
On October 18, 2006 this public procedure was terminated and the companies ADR Handling S.p.A. and ATI European Avia Service S.p.A./GH Napoli S.p.A. won the tender.

Public tender – Cargo Building.

Following up the elaboration and updating of the tender deeds carried out with the Civil Aviation Authority, on the European Official Gazette and on the Italian Official Gazette respectively on 20th and 30th November 2006 – it was published the public tender for the selection of one operator to which sub-concede the part of the “Cargo Building” currently available (made up of about 11,500 share meters of warehouse, offices and dressing rooms).
The delay for the offer of bids by the competitors pre-qualified was fixed on January 30, 2007.

Role of the Airport Management.

The Civil Aviation Authority, on January 16, 2006, issued the Circular Letter APT-20 entitled “Change of the functions and the role of the Airport Management of the Civil Aviation Authority in accordance with the new legislative rules and provisions”. This Circular Letter transfers to the airport operator different functions previously pertaining to the Airport Management.

Certificate for the airport handling supplier.

On November 11, 2006 the Board of Directors of the Civil Aviation Authority, by Resolution no. 53/06, adopted the Regulation “Certificate for the airport handling supplier”, which was published on the web site of the Body on November 28, 2006.
The Regulatory introduces the certificate for the airport handling supplier through which the Civil Aviation Authority states that the certified supplier owns all the suitability requirements set forth by art. 13 of the Legislative Decree no. 18/99 aiming to grant suitable quality and safety standards.
Through this Regulatory it is introduced the possibility for the supplier or the operator to sub-concede some kinds of handling services listed on this Regulatory.
Besides, some sanctions in case of inobservance of the quality standards and of the procedures set forth in the Airport Regulatory and in the Chart of Services of the referring Airport.

Surveillance and renewal of the airport certificate.

On December 15, 2006 the Civil Aviation Authority published the Circular Letter APT-25 which describes the criteria and the procedures set forth by the Civil Aviation Authority for the surveillance of the airports certified in accordance with the Regulatory for the construction and the functioning of the Airports, included the activities for the change of the certification and the renewal of the airport certificate. In particular it is set forth that the certificate is renewed on request of the operator and on the basis of the positive results of the surveillance activity developed by the Civil Aviation Authority. For the renewal of the airport certificate the Airport Management proceeds on request of the surveillance team.

Airport safety.

Civil Aviation Authority, on March 17, 2006, issued the Circular Letter APT-22, having as a subject the "Safety Management System - SMS of the airport" (a compulsory system in conformity with the "Civil Aviation Authority Regulatory for the construction and the functioning of the airports" for the maintaining of the airport certificate). This Circular Letter sets forth the criteria for an efficient implementation of the SMS by the Airport Management. On November 7, 2006 the EC Directive no. 1546/2006 of October 4, 2006 came into force by including the "EU Directive change no. 622/2003 of the Commission setting forth some minimal criteria for the application of the common rules regarding the aviation safety" and consequently, it was issued the amendment no. 7 to Sheet 1 of the Safety National Program: this new rule, sets forth, in particular, a new discipline for the transport of liquid substances on board of the aircrafts, and starting from June 2007, the presence of a further operator at the check points for the safety of passengers and of their hand baggage.

Emission trading.

ADR S.p.A. started up all the monitoring activities of the gas greenhouse effect emissions produced in 2005 (1st year of reference), in accordance with the provisions of the authorisation decrees and the following national provisions of the Community guidelines by proceeding to send to the Authorities the data on the emissions of the plants authorized and through the "assignment" of the related quotas (always for 2005). The Company is proceeding with law fulfilments regarding the emission quotas for 2006.

Public tenders.

With Legislative Decree no. 163/2006 "Public contract code for works, services and supplies in accordance with EC Directives 17/2004 and 18/2004" (published on the Official Gazette of May 2, 2006, no. 100, S.O. and in force from July 1, 2006, with some exceptions), the Legislator reorganizes the body of rules for public tenders.

This rule, indeed, besides receiving some new institutes indicated in the European Directives (competitive dialogue, framework agreement, availement, procedure responsible) and radically changing others (private negotiation, time work, mandate offices without tender, maximum abatement of price, anomalous offers, tender integrated, private licitation, sample control, substantial connections, etc.) unifies the works to the services and supplies, by abrogating all the rules, excepted for few rules, previously used.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Per regalarle
un canto
mai sentito.

Airport Regulatory.

On July 18, 2006 the Aviation Authority – the Roman Fiumicino Airport Management adopted, by Decree no. 11/2006, the Airport Regulatory for Fiumicino Airport, prepared by ADR S.p.A.. Starting from August 1, 2006 all the airport activities managed by private operators at Fiumicino Airport must be carried out in conformity with the provisions of the Airport Regulatory.

Ministerial Decree of July 19, 2006: Temporary fixing of the license fees for passenger and carry on baggage security checks".

This Decree prolongs application of the license fee of 1.81 euros previously established in the Ministerial Decree of December 21, 2001. This fee "will be valid until the signature of the Planning Agreements between the single airport operators and the Civil Aviation Authority, drawn on the basis of the parameters indicated in art. 11-*nonies* of the Law no. 248 of December 2, 2005" (art. 1.2).

Ministerial Decree of July 19, 2006: Temporary fixing of the license fees for 100% screening of checked baggage.

The Ministerial Decree prolongs application of the license fee of 2.05 euros, previously established in the Ministerial Decree of March 14, 2003. This fee "will be valid until the signature of the Planning Agreements between the single airport operators and the Civil Aviation Authority, issued on the basis of the parameters indicated in art. 11-*nonies* of the Law no. 248 of December 2, 2005" (art. 1.2).

Assistance to people affected by disability and limited mobility in the airports.

On July 26, 2006 it was published on the Official Gazette of the European Union, the European Community Directive no. 1107/2006 related to the rights of people affected by disability and limited mobility in the air transport. The Directive entrusts to the airport operator the responsibility to grant assistance in the airports to disable passengers by supplying this assistance directly or through third parties. The Directive came into force on August 15, 2006 and will be applied by the airport operators starting from July 26, 2008.

Environment.

The Legislative Decree no. 152/2006 regarding "Environmental Directives", in conformity with Law no. 308/2004 for the reordering, the co-ordination and the integration of legislation regarding the environment, has re-disciplined, by abrogating most of the previous directives, and including relevant news, the following subjects: procedures for the strategic environmental evaluation for the evaluation of the environmental impact and for the environmental integrated authorisation; the defence of the ground and the fight against desertification, the water protection from pollution and the management of the water resources; the management of the waste and the drainage of the contaminated sites; the air protection and the abatement of emissions into the atmosphere; the indemnity protection policy against the damages to environment.

For what concerns Ciampino airport, we underline that on October 16, 2006 a meeting was held in Campidoglio under the presidency of the Mayor of Rome on compatibility of the airport activity in view of the increased inconveniences for the inhabitants in the surrounding areas. At the end of the meeting, in which all the institutional and civil representants interested in the matter took part, it was decided the opening of a "technical table" aiming to define in a short time the best and most compatible dimension of the airport activity.

On December 12, 2006 it was held the final meeting of the technical table chaired by the General Director of the Civil Aviation Authority and at the presence of all the parties involved. ADR S.p.A. and the Civil Aviation Authority committed in different matters.

In the same time the Body invited the carriers, in conformity with the current rules, to the contract committees previously taken and the technical possibilities, to try to reduce the inconveniences coming from the transport activity at Ciampino airport.

Surtax on boarding fees.

Law no. 296 of December 27, 2006 (Government's Finance bill Law 2007), art. 1 paragraph 1328, increased by 0.50 euros from 2007 the surtax on boarding fees previously established in Law no. 350/2003 "in order to reduce the charge on the State of the fire brigade service in the airports".

Therefore, the total surtax amounts to 2.50 euros.

The same comma has also set up a "specific fund alimented by the airport companies proportionally to the traffic generated", for 30 million euros each year and which is added to the surcharge of 50 cents per passenger.

License fee.

The Government's Finance bill Law 2007, art. 1 paragraph 258, established that by Decree of the Ministry of Transport jointly with the Ministry of Economy, the license fee due by the airport operators will be proportionally increased in the useful way to fix the treasury of 3 million euros in 2007, 9.5 million euros in 2008 and 10 million euros in 2009.

Activities.

Aviation activities.

Air traffic.

In 2006 world air traffic continued to post an upturn in passenger levels, which rose 3.8% compared with the previous year. Specifically, international traffic grew by 5.7%, whilst domestic traffic grew by 2.2%.

This positive trend also regarded Europe. A comparison between 2005 and 2006 shows a 5.2% increase in passenger traffic, with growth in the international segment (5.5%) once again outstripping that in the domestic segment (4.2%).

In Italy, a comparison between 2006 and the previous year shows an 8.8% increase in passenger traffic drawn by the international growth (+10.2% against the 6.8% domestic increase).

Source:
(a) ACI Pax Flash Report *(2006);*
(b) Assaeroporti *(2006).*
(°) Roman Airport System, Fiumicino and Ciampino (2006).

A comparison in the % change in passenger traffic between 2006 and 2005	2006 vs. 2005
World (a)	+3.8%
Europe (a)	+5.2%
Italy (b)	+8.8%
FCO + CIA (°)	+6.7%

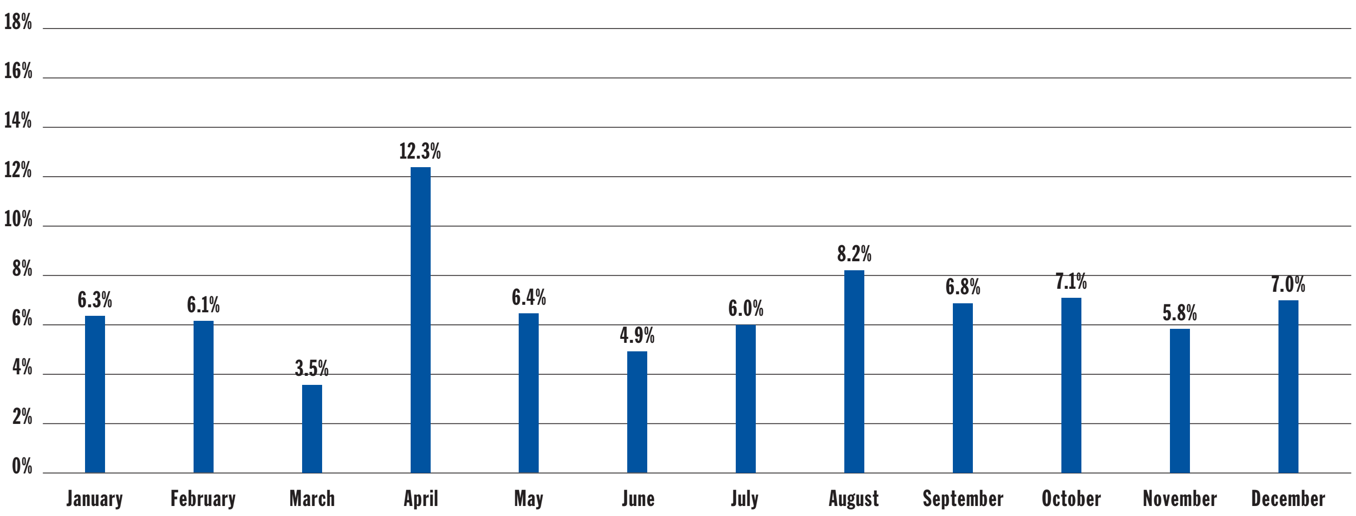
Roman airport system.

[3] *Source:* Airport Council International; Rapid Data Exchange Programme.

An analysis of the performances of Europe's leading airports and airport systems[3] in 2006 shows the following results: Milan up 9.6%, Madrid up 8.1%, Paris up 4.8%, Amsterdam up 4.4%, London up 2.2% and Frankfurt up 1.1%.

With overall growth of 6.7% of the Roman airport system in 2006. This growth is broken down by month in the graph below:

ROMAN AIRPORT SYSTEM: Total passengers - Monthly percentage changes compared with 2005



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

Data up to December 31, 2006.

Traffic component	System	Ciampino	Fiumicino	Domestic	International
Movements	379,542	63,915	315,627	176,420	203,122
Δ% vs AP	+3.4%	+8.7%	+2.4%	+4.1%	+2.8%
Aircraft tonnage	26,616,923	2,999,510	23,617,413	9,863,452	16,753,471
Δ% vs AP	+3.0%	+11.3%	+2.0%	+3.6%	+2.7%
Total passengers	35,134,383	4,945,158	30,189,225	13,150,924	21,983,459
Δ% vs AP	+6.7%	+16.7%	+5.2%	+5.2%	+7.6%
Total freight (Kg)	147,408,810	23,763,811	123,644,999	8,987,197	138,421.613
Δ% vs AP	-3.6%	+3.1%	-4.8%	-13.9%	-2.9%
Mail (Kg)	41,142,465	23,046	41,119,419	32,508,725	8,633,740
Δ% vs AP	-0.4%	+46.3%	-0.4%	-0.3%	-0.7%

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

Traffic component	International	EU	Non-EU
Movements	203,122	144,502	58,620
Δ% vs AP	+2.8%	+5.1%	-2.3%
Aircraft tonnage	16,753,471	9,669,538	7,083,933
Δ% vs AP	+2.7%	+4.5%	+0.3%
Total passengers	21,983,459	15,109,058	6,874,401
Δ% vs AP	+7.6%	+9.1%	+4.4%
Total freight (Kg)	138,421.613	39,559,881	98,861,732
Δ% vs AP	-2.9%	-8.5%	-0.5%
Mail (Kg)	8,633,740	4,863,702	3,770,038
Δ% vs AP	-0.7%	+3.9%	-6.2%

At **Fiumicino**, total movements in 2006 rose by 2.4% and the passenger traffic rose by 5.2 against 2005.

This performance was the product of an increase in passenger's traffic in the domestic sector (up 4.1%) and in the international sector (up 6.0%).

A breakdown of the trends in each segment is provided below:

Domestic Traffic: in this segment, representing 42.0% of total passenger traffic, reported the following:

- Domestic, AZ carrier (59.2% passenger market share): the carrier reported a slight drop in passenger traffic (down 5.6%), due to reduced capacity (movements down 6.3% and aircraft tonnage down 7.8%);
- Domestic, other carriers (40.8% passenger market share): there was a strong increase in passenger traffic (up 22.5%) due to an increased capacity (movements up 18.4% and aircraft tonnage up 19.2%).

International European Union Traffic: for this item, representing the 36,7% of the total passenger traffic, it was reported the following:

- European Union, AZ carrier (30.0% passenger market share): the carrier reported a sustained increase in passenger levels (up 0.6% passengers) against a decrease in capacity (down 5.6% movements and down 4.9% aircraft tonnage);
- European Union, other carriers (70.0% passenger market share): the other carriers reported a considerable increase passenger level (up 11.0%) due to an increase in capacity (movements up 7.4%, aircraft tonnage up 6.5%) and a load factor increase.

International Traffic Outside the European Union: this segment which represents 21.3% of total passenger traffic, reported the following:

- Traffic outside the European Union, AZ carrier (23.5% passenger market share): the carrier saw a decrease in passenger level (down 1.8%) due to a decrease in capacity (movements down 11.1% and aircraft tonnage down 6.9%);
- Traffic outside the European Union, other carriers (76.5% passenger market share): reported an increase in the numbers of passengers up 5.0%, a slight decrease in movements (down 0.4%) and an increase in aircraft tonnage (up 1.5%).

In terms of network development, Fiumicino airport, apart from the increase in frequencies made on routes already existent, has a series of new routes from/to cities that were not connected and/or the start of new routes of new carriers; among which:

in the Domestic segment:

- Air One introduced new daily flights to Bari starting in March,
- Interstate Airlines introduced new daily flights to Reggio Calabria starting in March;

in the European Union segment:

- the new route to Bordeaux operated by Air France,

– the new daily flight to Praga operated by SkyEurope,
– the new routes operated to Manchester and Leeds by Jet2,
– Blue1 introduced a new flight to Helsinki,
– Air One introduced new routes to Copenhagen and Athens,
– Clickair introduced a new daily flight to Valencia,
– Condor introduced a new daily flight to Munich,
– Iberia stepped up its service to Ibiza,
– FlyLal introduced a new route to Vilnius,
– Nordic Regional introduced a new flight to Stockholm,
– Vueling introduced a new flight to Seville;

in the international flights outside the European segment:
– Eurofly introduced the route to New York,
– SAS introduced new flights to Bergen and Slavanger,
– Air Berlin introduced a new route to Zurich,
– AeroFlot introduced the flight to Rostov,
– Afriqiyah Airways introduced a new route to Tripoli,
– BelleAir stepped up its service to Tirana.

At **Ciampino**, the increase of passengers traffic (up 16.7%) compared with 2005 regards also 2006 mainly due to the "low cost" traffic development:
– Ryanair increased its activity with the introduction of new routes in the Domestic segment (Bergam) and in the UE segment (Marseille and Shannon),
– EasyJet introduced new routes to Paris Orly,
– Norwegian introduced a route to Warsaw,
– Centralwings introduced a route to Wroclaw,
– Sterling introduced new routes to Helsinki and Billund,
– My Way Airlines introduced a route to Bucharest,
– Blue Air introduced a route to Bacău,
– FlyMe introduced a route to Göteborg.

Freight traffic performance at the airport, essentially arising from the activities of the express couriers Express Courier, DHL, TNT and UPS, registered an increase of 3.1% compared with 2005.

Airport fees.

Revenues from airport fees reported an 8.2% decreased to 145.5 million euros reduction compared with 2005.

The two main revenue components, "landing and take off fees" and "passengers boarding fees", reported the following trends:

- landing and take off fees: the decrease of 17.8% is mainly due to the introduction from 1st January of the new fees, inferior to the fees in force in 2005, and the elimination of the "night surcharge", consequent to Law no. 248/05, and only partially balanced by a slight increase of the aircraft tonnage;
- passengers boarding fees: the total revenues reported a decrease of 2.6% also in this case due to the introduction of new fees (Law no. 248/05); the inferior decrease in comparison with the decrease reported for the landing and take off fees is due to the strong rise in passenger traffic compared with the tonnage item.

Management of the centralized infrastructures.

The management of centralized airport infrastructures and terminal services carried out directly by the Parent Company ADR S.p.A., produced turnover of 34.4 million euros, representing a decrease of 2.2% compared with the previous year.

This decrease was essentially due to the minor revenues from "loading bridges" (down 1.7 million euros), whilst the baggage handling system and the centralized infrastructures reported an increase in revenue equal to 0.9 million euros.

Regarding the infrastructure "loading bridge" the turnover, equal to 17.8 millions euros, registered an 8.7% decrease compared with the previous year due to the following factors: reduction of the average turn-around times; reduction of the aircrafts serviced by two-armed loading bridge (high-priced); besides a decrease of 1,840 Alitalia's flights that utilized the loading bridges; strikes (January) of the carrier Alitalia; revision of the fees related to the surcharge for the night turn-around and to the charge method for aircraft A321 (from October).

In 2006, the automated baggage handling system (BHS) processed around 6,231,000 baggages (up 4.7% with respect to 2005), with the number of misdirected pieces of luggage totalling 0.12% (substantially unchanged with respect to 2005).

Landing Rules.

In August 2006 it was adopted by the Airport Direction of Fiumicino the Landing Rules for Leonardo da Vinci's Airport set forth by the Navigation Code.

During the third quarter of 2006 it was starter, under the control of the local Airport Direction, the elaboration activity of the Landing Rules for Ciampino's airport.

Handling activities.

The activities of passengers and ramp assistance, baggage were processed by the subsidiary undertaking ADR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NO PROBLEM

Handling S.p.A. in the field of ADR Group until the assignment date (November 3). The traffic reported the following trend until September 30, close to the assignment date; the comparison with the data of the previous year therefore do not result homogeneous.

In the first nine months of 2006 the traffic served by ADRH S.p.A. had the following trend:

Traffic component	January - September 2006		2005	
	Handling at Fiumicino	% of total Fiumicino	Handling at Fiumicino	% of total Fiumicino
No. of aircraft movements	71,018	29.9%	97,194	31.5%
Aircraft tonnage (tons.)	6,675,335	37.3%	8,934,046	38.6%
Passengers (no.)	7,436,725	32.3%	9,367,386	32.6%
Traffic unit	7,802,153	32.6%	9,798,137	32.7%

The movement data related to the "total % of Fiumicino" do not consider 56 movements processed at the Pratica di Mare's Airport in 2005.

The traffic served by ADRH S.p.A. at Fiumicino was characterized by aircrafts with an average tonnage with superior movement, being the decrease of the tonnage inferior to the decrease of the movements, and above all with a load factor considerably superior to the previous year.

The data related to the traffic served by ADR Handling S.p.A. at Ciampino in the first nine months are reported here under:

Traffic component	January - September 2006	2005
No. of aircraft movements	41,582	55,588
Aircraft tonnage (tons.)	2,239,660	2,675,209
Passengers (no.)	3,698,584	4,234,992

The analysis of the items of the traffic mix underlines a considerable growth of the scheduled movements due to the strong increase of the low cost carriers, while we underline the reduction of Charter traffic and General Aviation. For this last item we underline that other providers carry out the assistance also as the market is liberalized.

Generally, the item "no. of movements" confirms the volumes of the previous year as reported here under:

Traffic component	January - September 2006	2005
No. of aircraft movements:	41,582	55,588
– Scheduled	*26,177*	*30,834*
– Charter	*845*	*2,061*
– Express Couriers	*4,070*	*4,738*
– General Aviation	*10,490*	*17,955*

Security.

The security activities carried out by the Parent Company, ADR S.p.A., consist of security checks on passengers and carry-on baggage, 100% screening of checked luggage, explosive detection checks, other security services requested and surveillance of the airport system. These activities generated revenues totalling 60.1 million euros, representing an increase of 5.8% with respect to 2005, due essentially to an increase in traffic.

At Fiumicino, 2006 is characterized by the considerable increase in passengers on the "sensitive flights" deriving from the transit at the airport of passengers on a cruise; for this kind of customers, besides the normal security service, it is carried out also the personal document check, this activity was previously carried out by the Airport Authority.
At Ciampino, the security activity increased due to the considerable increase in traffic, and due to the appending services supplied following the agreements with DHL Aviation, Mistral Air, Miniliner and TNT.

Operational safety (SAFETY).

At the Roman airport system the institutional activities continued based on existing procedures (ISO 9001/2000 certificate), in order to deal with increase in traffic and the numbers of infrastructures to be checked.
In addition, monitoring of compliance with the requirements of Civil Aviation Authority Certification and the correct use of "airside" infrastructures by handlers continued, with notification of any infringements.

Real estate management.

Sub-concessions.

In 2006 revenues from sub-concessions, deriving from fees and utilities at Fiumicino and Ciampino airports amounted to 29.5 million euros, an increase of around 4.5% points on 2005.
The results posted by Fiumicino and Ciampino airports amount to 15.5 million euros and report a 18.7% decrease in comparison to 2005 by effect of the minor results posted by the fuel stations for the "aviation fuel" (down 34.4%), the minor results posted by the "catering" (down 18,9%), partially compensated by the bigger results posted by the hotels (up 20.6%).
In particular, with reference to the "aviation fuel" items we remind you that art. 11-*terdecies* of Law no. 248/2005 has set forth the inhibition for the airport fuel providers to apply surcharges, in particular royalties on the fuel supply, not actually related to the costs met for service.
In order to apply the above mentioned law provision regarding the "royalties", the Civil Aviation Authority, by notice no. 39549 of June 16, 2006 sent to all the operators of the sector, determined the "new criteria for the evaluation of the adequacy of the fees required by the managing bodies to the fuel and oil suppliers".
In this notice it is specified that the possibility to apply surcharges "is not therefore prevented by the rules but

conditioned by the existence of a connection relation between ... the surcharge that they would be apply ... and the costs actually met". The criteria defined by the Civil Aviation Authority fixing the "service offer costs" are the following: costs for the areas and the spaces at the airport assigned to the exclusive use to the service operator, cost for the plants used by more airport operators, costs for services and insured by the airport operator for the functioning at the exclusive use and common and other costs for services offered by the operator.

With reference to the above mentioned criteria, the Parent Company ADR S.p.A., by letter A0005670 dated July 19, 2006, communicated to the Civil Aviation Authority both the goods used by the oil operators at the Roman airports and their related costs.
Based on the documents thus acquired and heard the involved parties, the Civil Aviation Authority, by notice ref. no. 057773/DIRGEN/EAN dated September 4, 2006, to which follows the notice reference no. 60600 dated September 15, 2006, communicated to ADR S.p.A. to be able to confirm in a "temporary way, and until the result of further verifications", the connexion to the costs of a fee reduced of about 35% with respect to the one previously applied.
ADR S.p.A. consequently adjusted, from January 1, 2006, the amounts invoiced to the new unit price.

Non-aviation activities.

Direct sales.

Revenues from direct sales benefit of the deep restructuring program started in the last 24 months.
The 10.8% growth of the revenues from direct sales compared with 2005, corresponds to an increase in the average passenger spend of 3.7%. This performance was influenced by the negative influence caused by the introduction of drink restrictions from August 10, 2006 – a factor whose negative effects were valued by 1.5 million euros around by the end of the year – they were progressively limited thanks to the homogenisation of the European security standards and to a prompt and effective communication and information campaign at site. The performance was affected also by the carrying out of the modernization works of the shops in the International area at Fiumicino (shop at the Satellite area completed and shop in the area of the gates B11-B21, whose works still in progress will be terminated in April 2007) and a shop at Ciampino.
The restructuring of the mentioned sale points that involved the complete change of the layout according to the most modern international quality standards, started to produce beneficial effects from the fourth quarter and therefore will generate additional income for the first three quarters of 2007.
The further initiatives that contributed to the growth of the income were represented by the development of the "fine food and confectionery" categories (up 2.1 millions euros compared with 2005 in the food market), the perfumery (up 2.1 millions euros) and the wine segment, to which the promotional policies and the introduction of animation

activities in the sale points should be added such as wine tasting and promotional events with the suppliers' contribution.
At the end of August the new shop at the Mezzanino area of Terminal A was opened, aiming to satisfy the domestic passengers' needs and frequent fliers.
Regarding the two airports, the growth in turnover at Fiumicino was equal to 10% (up 4% passenger spend), whilst at Ciampino airport a 19.3% increase in the turnover was reported also in this case greater than the traffic growth (up 17.4% boarded passengers).
For 2007 a further growth in sales greater than the traffic is foreseen by effect of the programs made during 2006 and the new initiatives in progress.

Outlets managed by sub-concessionaries.

Revenues from royalties from outlets managed by sub-concessionaries increased by 21.3% (up 7.3 million euros) with an increase in passenger revenue of 13.5%.
The improving of the performance was due to the substantial revision of the offer made through the restructuring or substitution of existent shops for a total of about 1,100 square meters and the development of new spaces, still in areas with a lower profitability per square meter, for a total of 1,500 square meters.
The change of the offer, that saw the introduction, amongst the others, of standard formats in the airport retail segment and a greater corresponding to the results of the market researches, it was also leaded by the introduction of modernization and revaluation actions of whole areas such the Mezzanino in Terminal A and the boarding area B11-B21 (still in progress).
Among the 27 new shops introduced in the airport, it should be mentioned the prestigious brand such as "Prada" in the Satellite area to which we should mention also the brands Matì, Trussardi, Almaplena, Sermoneta, besides the second sale point Nike and Ferrari. To be mentioned also the introduction of new goods such as golf items, wooden handcraft items, home items etc.. During 2006 it was also made the transfer of two luxury shops such as Bulgari in area A and Ferragamo in area C, and Tie Rack in area B11-B21, in more visible and profitable places.
Also the item "food" reported an 11.3% increase in royalties and also the "other royalties" area, with a 10.1% increase. We underline the start of the restructuring works of the Autogrill restaurant at the Satellite area (finishing of works foreseen in February 2007) and the next restructuring works in the food court area in the Mezzanino area of Terminal A and of the Autogrill restaurant in area B11-B21.

Regarding the outlets managed by sub-concessionaries at Ciampino it was recorded a royalties increase of 33.2% (for a total of 0.7 million euros) against a strong increase of traffic by 16.7%. We underline the opening of new shops: Samsonite for the retail and Onama for the food segment and the opening of the money exchange point in the arrivals area during 2005.

For 2007 it is foreseen the consolidation of the growth reached during 2005 and 2006, and further 20 new shops it is foreseen and 8 substitutions.

Advertising.

The revenues from advertising in 2006, totalling 26.1 million euros, underline a 6.9% growth compared with 2005 mainly coming from the sale of advertising spaces on Pier A and inside the airport.

Management of car parks.

Management of the parking systems registered a turnover equal to 27.9 million euros with a 4.0% growth compared with the previous year essentially due to the strong increase on Ciampino (up 60.0%) due to the traffic growth registered at the airport (up 16.7%) and the increase of the available seat capacity (up 412 units). At Fiumicino a slight negative change was registered (down 0.1%) mainly due to the turnover reduction of the long-term parking affected by the competition outside the airport, and short-parking due to the closing of the infrastructure in front of the Terminal partially compensated by a growth of the Multi-levels parking.

In 2007 it is foreseen to continue the development actions (communication, on line booking, etc.) undertaken during the year and the introduction of new initiatives (yield management change, agreements with tour operators, agreements with the companies and the carriers) aiming to face the aggressiveness of the competitors and in the same time aiming to support the Multi-levels parking business.

Technical and IT services.

Maintenance of plant and facilities.

During 2006 upgrading and maintenance of infrastructure and facilities continued in order to ensure reliability and provide continuity of service.
The most important initiatives carried out included the signing of “Global Service” agreement for the managing and maintenance (ordinary and extraordinary) of the co-generation power plant of Fiumicino.
In addition investment in facilities was carried out, as described in detail in the section “Group investment”.

Information Technology.

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

– outsourcing of EDP: completed the installation works, the connections were activated between the “disaster recovery”, near Tiburtina area in Rome, and the EDP of Fiumicino. The connections were made through two


A13 a to A23
Uscite da Gates from A1 a to A3 da from A28 a to A34
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geographic high velocity lines directed on alternative routes and with two different providers. The “disaster recovery” must be submitted to test and definitive approval;

– consolidation of corporate applications onto new platforms: during 2006 work continued on the transfer of corporate applications from the old to the new technology platforms following stipulation of the EDP outsourcing contract. In particular, work was carried out for the transfer of the datawarehouse, of the management systems and started the transfer of the airport applications;
– new (HCS) Handling Cargo System: all practical checks were carried out on the modules on the wireless system (Grams) which will make it possible to collect operational data in real time and the development of the data entry which will make it possible to use the module through hand terminals connected to the system through the telecommunication infrastructure (WI.FI.) that ADR Tel S.p.A. terminated. The system is under check and final inspection;
– upgrade of SAP system: during 2006 all upgrading activities were carried out aiming to keep the SAP modules in the new ECC5 version and the formation activity of the ADR Group’s users. The implementing of this activity and the introduction of the new SAP version was in July 2006;
– centralisation of the corporate control processes: the analysis activities continued aiming to centralise all the corporate processes in SAP by allowing their complete control;
– new apparel system: was developed and its production started which integrated in SAP, will allow huge operational and managing benefits;
– digital signature and electronic archives of current invoices: the project must be started aiming to allow according to law the electronic archive of the current invoices by using the digital signature.

Environmental protection.

Environmental impact.

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

The certifying body, Dasa-Rägister, carried out a check in December and renewed the ISO 14001 certification at Fiumicino and Ciampino. In December the first integrated periodic maintenance check for the EMS was carried out, confirming the system’s compliance with related regulations.

Within the scope of training activities, scheduled courses were given by ADR’s specialist environmental department to area managers and to all departments concerned with EMS.

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

At Fiumicino the separate waste collection of some kinds of wastes (paper, cardboards, wood) produced at the central

warehouse and the Cargo City, by conferring the separate part to recovery and use plants.
For both airports of Fiumicino and Ciampino the ADR's Environmental Report was updated and distributed, with the data related to 2005.

Noise abatement.

With regard to the noise impact, the initiatives to improve compatibility of airport activities with the environment and the surrounding area continued.
In particular, with a view to lowering aircraft noise levels at Ciampino airport work was completed for the installation of a new aircraft noise monitoring system, financed by the Ministry of the Environment on the basis of the Agreement dated May 23, 2001, with a radar interface to control aircraft flight paths.

On December 19, 2006 the system was submitted to final check by the Ministry of the Environment and the Municipality of Ciampino. Three new systems are being installed through ADR S.p.A. funds.
The activities aiming to improve and upgrade the aircraft noise monitoring system for Fiumicino continued through ADR S.p.A. funds by installing three new systems.

Quality.

In 2006 checks on services at Fiumicino were carried out during the year via:

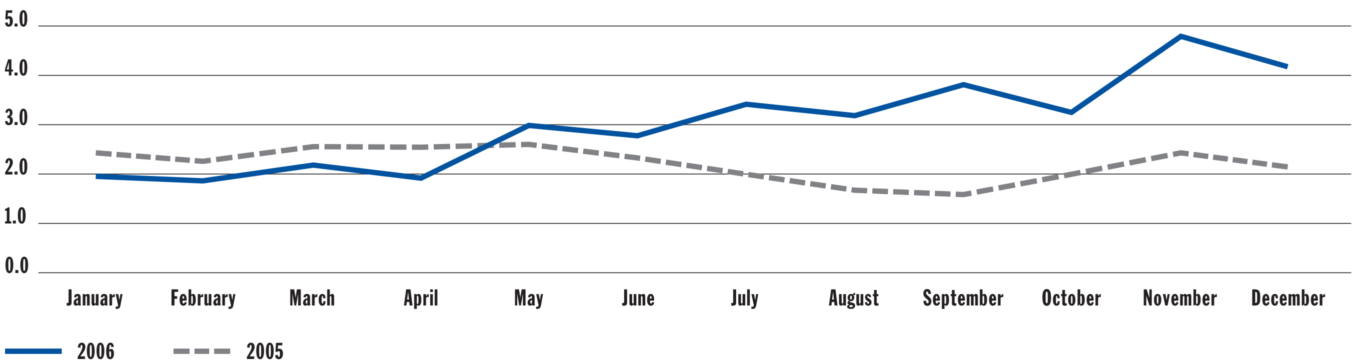
- more than 356,000 objective checks, the equivalent of around 26,000 reports; these checks were based on daily surveys of the quality levels of the most important passenger services (baggage reclaim, check-in, carry-on baggage checks, the cleanliness of restrooms and the functioning of display screens, passport control and refreshment services);
- the realization of a "customer satisfaction" program for the arrival and departure passengers carried out by the personnel of the Quality body of the Parent Company ADR S.p.A., through around 8,000 customer satisfaction interviews, regarding the airport structure in the whole and the single services provided;
- the participation at the program "Airport Service Quality" managed by the world association of the airport managers (ACI), which compare the passengers' evaluations at the biggest airports in the world;
- with particular regard to the Airport of Fiumicino, the implementing of a "customer satisfaction" research on the carrier customers in order to identify the business and management priorities.

Monitoring procedures revealed a general improvement of service provision by ADR S.p.A. during the year.
In 2006, 93.1% of passengers underwent waiting times for carry-on baggage security checks that fell to within 9'15'' minutes.

The service provided resulted better by 3 percentage points compared with the standard published in the Service Charter (90% of cases) and around 8 points compared with the data of the previous year for the same intervals (85.3%).

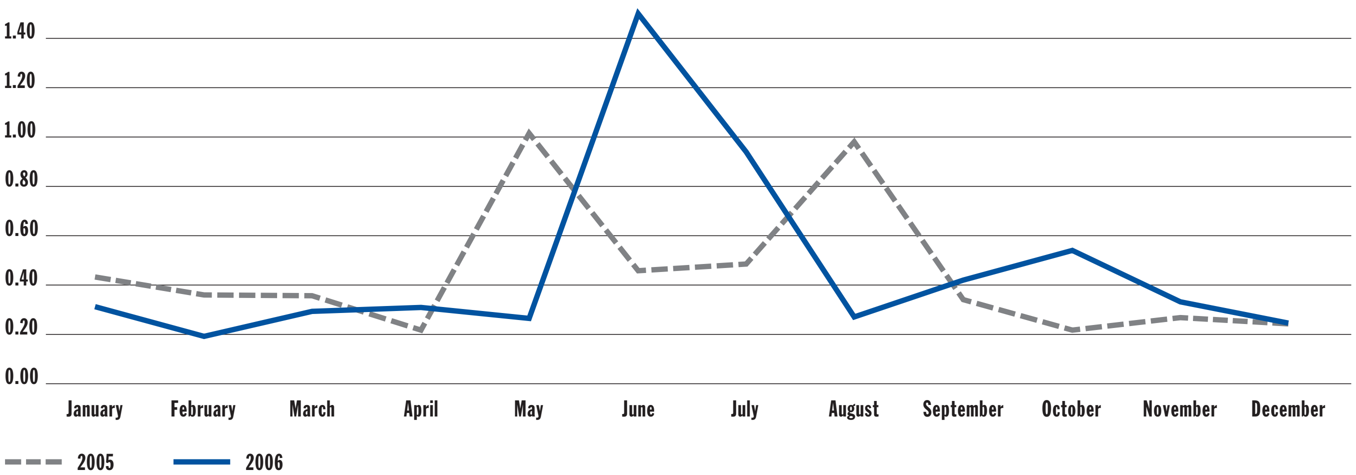
The average waiting times continued to improve: one minute in the second half of the year compared with the analogous period in 2005, due to the increase of traffic volumes registered, above all in the international area, and to the recent rules and dispositions regarding transport of liquids on board.

Average waiting times at carry-on baggage security check points.
Comparison between 2006 and 2005 (times expressed in minutes and compared with the 2006 standard)



The trend in baggage handling times was also positive: with a 5% increase of the bags compared with 2005, the percentage of bags misdirected due to the Baggage Handling and the RX 100 Systems stood at 0.49‰, compared with the value registered in the previous year and in line with the defined standard (0.5 bags for every 1,000 passengers boarded).

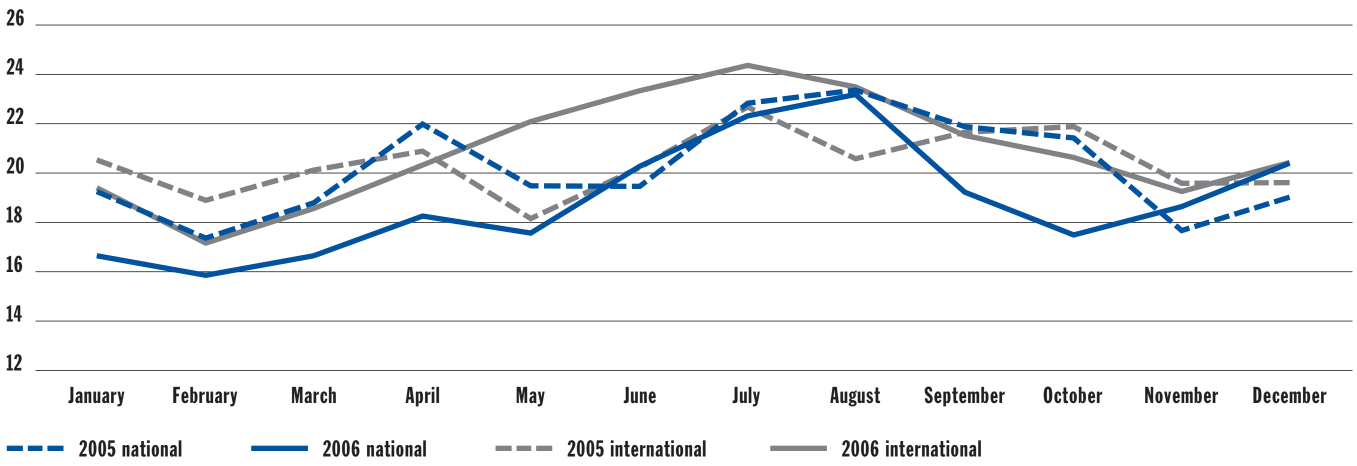
Number of bags mishandled by the BHS and RX 100% Systems (values ‰). Comparison between 2006 and 2005



In contrast some aviation area indicators have yet to reach performance levels in line with established standards. A more detailed analysis of the trend in quality levels shows that:

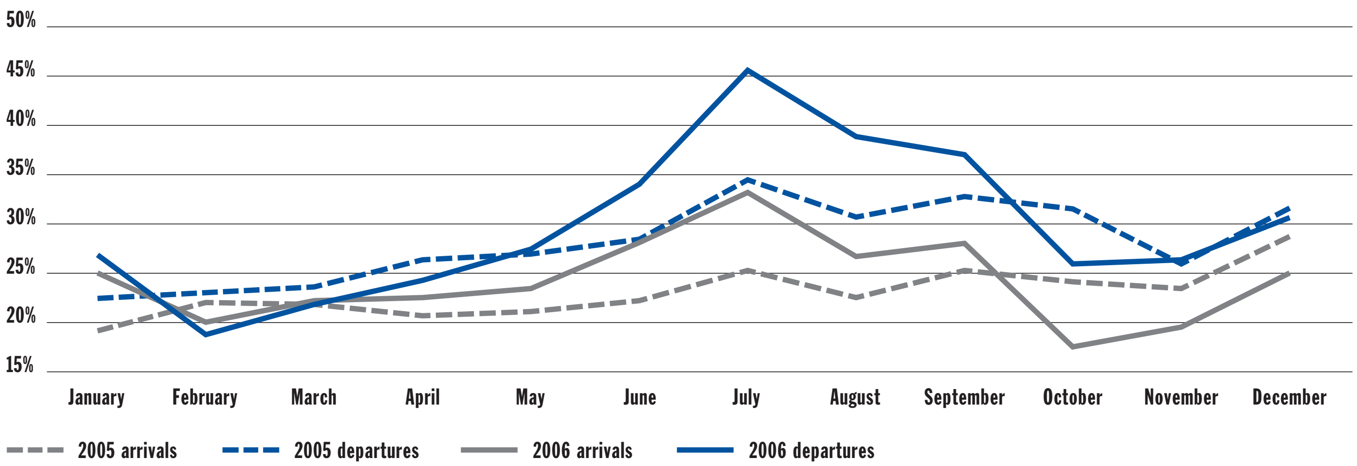
– the percentage of flights with baggage reclaim times within the set standards was 78% for the first piece of luggage and 88% for the last (the standard is 90%);

Trend in average times for delivery of the last bag. Comparison between 2006 and 2005 (times expressed in minutes and compared with the 2006 standard)



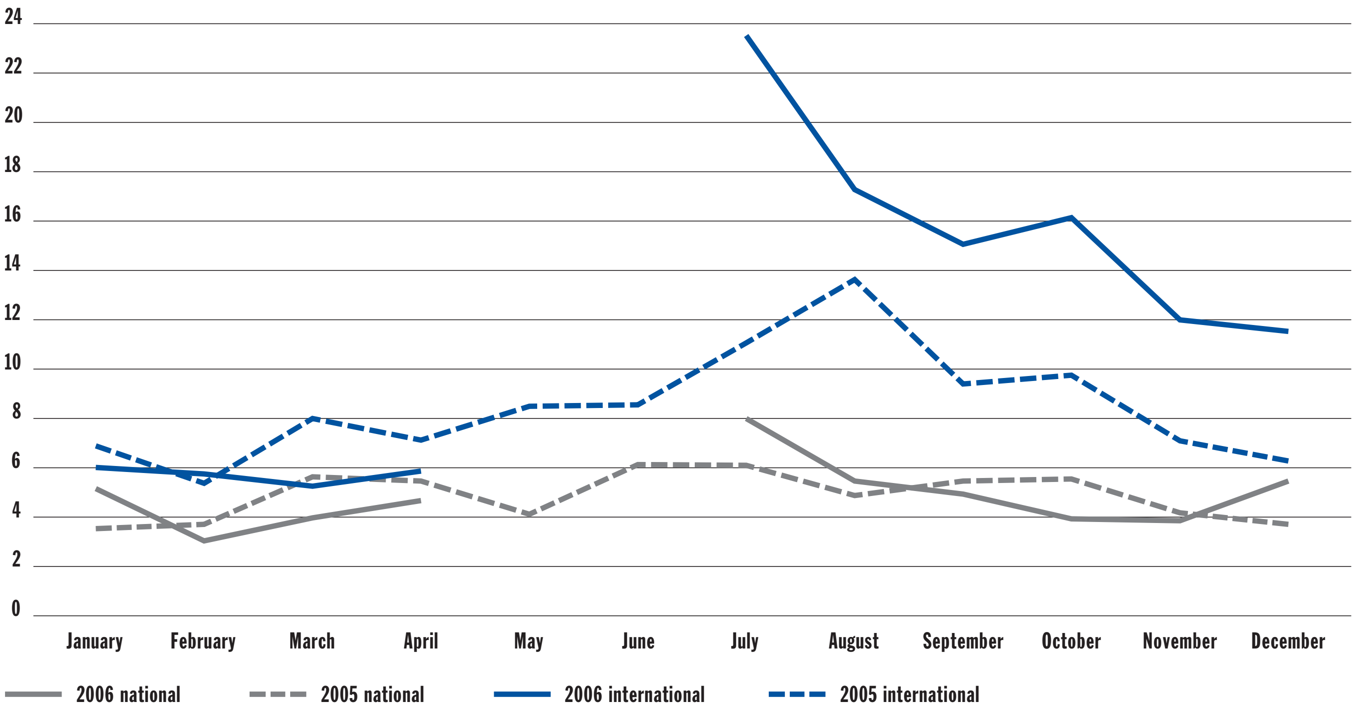
– the percentage of outgoing flights with delays of more than 15 minutes was 30% compared with 28% of the previous year, overshooting the standard by five points, while the percentage of ingoing flights with delays more than 15 minutes was 24% (23% in 2005). Consequently, the indicator "recovery of transit times at the airport" (difference between incoming flights delays and outgoing flight delays compared with the scheduled times) was negative compared with the set value (+1%). In this field, the airport manager's performance was also positive: only 0.1% of the outgoing movements had delays due to infrastructures (0.1% also in 2005), compared with the published 0.3% objective;

Comparison between the percentage of delays of more than 15 minutes for incoming and outcoming flights



– the percentage of passengers with an average waiting time for check-in operations within the times of the Service Charter standard of 2006 was 76% for domestic flights and 55% for the international flights (the standard is 90%). The trend of the average times underlines an improvement of the service level compared with 2005 in the domestic area but a sharp worsening in the international area, due to, in particular, the increase of the times registered during the check-in operations at the Air Terminal C.

Trend in average waiting times in lines at check-in desks. Comparison between 2006 and 2005 (times expressed in minutes and compared with the 2006 standard)



In 2006 the redesigned activities to monitor passengers' perceived quality of service were started, which, via objective controls, allow to individuate the weak and strong points of the airport related to the quality level required by the customers, and therefore, to identify the necessary improving actions.

The results from a daily research show that passengers consider Fiumicino an airport of a good level, with a general evaluation of 4.48 (evaluation range from 6= excellent to 1= very bad).

Regarding the air terminals the best approvals were obtained for the Terminals A and C, with an evaluation respectively of 4.52 and 4.51 against 4.32 obtained by B; general, the judgement regarding Fiumicino seems to be influenced positively by the departures sector (4.55 against 4.38 of the arrivals).

Regarding the service classes analysed, the commercial services obtained a particularly positive score (4.5), whilst the waiting times (3.77) resulted to be the most critical point.

From the result of the research, besides, it is possible draw the social and behavioural profile of the customers:

– the 45% is under 35 years, the 41.6% between 36 and 55 years and the 13% is older than 55 years;

– the 63% carries out a job with a medium-high qualification (managers, free-lance professionals, employees, teachers);
– the 41.3% travel for business and 57.1% for pleasure;
– the 63.7% is of Italian nationality, the 25.5% is resident in the Centre of Italy, the 16.1% in the North and the 22.1% in the South and on the Islands;
– the 36.3% are foreign people, the 19.9% is resident in Europe, the 10.9% in the North America and the 2% in the Asian/Pacific Area, the 1.9% in South America, the 0.9% in Middle/Far East and 0.7% in Africa;
– the 40.1% used the aircraft at least 7 times during last year and 36.1% attended Fiumicino at least 4 times;
– the 31.3% of people out coming from Fiumicino reached the airport by train, the 28.7% by a private car and 20,5% by taxi.

Fiumicino is perceived as a good level airport also in comparison with the biggest European airports, this result is obtained through a research carried out by the company ACI.

Positive, besides, the general judgement expressed by the carriers on the airport in the field of a monitoring program on the satisfaction level carried out during 2006. The comments expressed by the people interviewed can be summarized in an extremely high satisfaction level regarding the airport structure for which it is also required a series of interventions aiming to the continuous improving of the airport and functioning of the airport.

In the field of this research it was revealed that the greatest part of the carriers would like to develop their presence at Fiumicino in the short- and medium-term.

Group investment.

In 2006 the ADR Group carried out investment totalling 57,899 thousand euros (75,826 thousand euros in 2005).

Regarding infrastructure development and the extraordinary maintenance, the following works were completed in 2006:
– *Terminals*: enlargement of the commercial areas at the Mezzanino of Terminal A; modification passport check box at the arrivals and at the transit; waiting area-battery charge club car; new Duty free shop at the point 11 of the Satellite; improving of the image: substitution moquette at the boarding areas A and B; re-qualification of the hygienic services area “B11-B21”; new area Duty free at the point 11 of Terminal A;
– *Infrastructure*: extraordinary maintenances road conditions; minor construction job for domestic baggage;

- *Runways*: renewing of the perimeter road conditions and runways accesses; aircrafts squares South-East area (1st phase);
- *Plants*: complete substitution of the baggage apron from Alitalia; substitution of all the first level security systems and upgrading works of HBS systems of the Terminals B and C; realization of the new whirl Domestic Transits; upgrading of the luggage transport lines of the check-in areas D/E; complementing of the maintenance (BHS/HBS); complete substitution of the stations for baggage label identification at BHS; extraordinary maintenance baggage systems SBIR (BHS/HBS); re-qualification of the U.V. sewage purification plant; substitution of the oil transformers of the airport electric cabins in conformity with the rules related to the maintenance of devices containing PCB (2nd phase); substitution of the routing groups 400 Hz of Terminal C with static groups, with the consequent reduction of the electric energy consumptions and noise abatement;
- *Ciampino*: interventions aiming to the enlargement of squares and parkings; re-qualification of the squares 100 and rolling SB/SA; realization of the passports control automatic system; upgrading of the perimeter fence (1st phase); enlargement and re-qualification of shops; enlargement air terminal and handling baggage system.

The following works are in progress:

- *Terminals*: executive project and validation of the project Pier C; new passenger system of signals, improving of the image B11-B21 and transit hall included a new Duty free shop and enlargement of shops; realization of a new hygienic service group in the hall of Terminal C;
- *Infrastructure*: new sign system carriers viability at Fiumicino; works of conjunction check-in Terminal A with whirl Domestic Transits; realization of a new building EPUA 2; feasibility study of connection by metro Cargo-Terminal; project for the reconversion of Cargo AZ for HBS/BHS domestic flights; upgrading works for the airport fence in order to grant the conditions required by ICAO and by the National security plan;
- *Runways*: widening of Bravo taxiway at Pier C in the Northern sector; Pavement Management Systems (PMS) and runway monitorings on runways; project of runway 1 for its re-qualification and capacity increase;
- *Plants*: substitution of conventional systems for the baggage control from stowage with automatic devices;
- *Ciampino*: realization of the lighted vertical road signs on the taxiway; re-qualification of the hygienic services of the air terminal.

Future works soon to be started include:

- *Terminals*: project for Pier AA and connection with Terminal A, squares AA and connection between Terminal A and B; re-qualification of the hygienic services: transits Terminal C, passport check point, remote boarding A23-A27; study plan for the implementation of the check-in area of the sensitive flights;
- *Runways*: drainage upgrading of Southern area runway 3; rule upgrading to the signals FCO/CIA; runway 2 – upgrading of conjunction Bravo/Alfa; realization ramp area squares South-East; realization of little streets and

upgrading strip of runway 3; rebuilding square pavements and road conditions airside 1st phase; environmental compensation for complete use runway 2; works for the upgrading of the AVL plants (and related monitoring software) for the use of the runway 3 (16L) in cat. III;

– *Infrastructure*: viaduct technical Alitalia area, substitution guard-rail; hydrologic study plan of the airport; interventions on parking and top car; East area; complementing of offices 2nd level; realization of new road signs inside and outside the airport for intervention of noise abatement; short, long and medium term development plan; external signs; realization of a new Control Room for the baggage control from stewage at quota 2 of Terminal C;
– *Plants*: installation of a photovoltaic plant at the West Canteen (approved by the project by GRTN, waiting for the loan Energy Account); upgrading of the conditioning plants of the terminals (Domestic Pier, B11-B21, East Pier); implementing of the biological depuration plant of Cargo City; rebuilding of the service fuel station;
– *Ciampino*: project and upgrading of the airside system and work assignment.

Research and development.

The ADR Group did not carry out any research and development activities in 2006.

Group personnel.

The headcount as of December 31, 2006, including staff on temporary contracts, was 2,275. The following table shows a breakdown by category:

	Actual			Average		
	12.31.2006	12.31.2005	Δ	2006	2005	Δ
Managers	55	53	2	55.2	58.1	(2.9)
Supervisors	190	247	(57)	204.7	255.0	(50.3)
Office staff	1,477	1,968	(491)	1,764.4	1,885.9	(121.5)
Ground staff and other	553	1,315	(762)	1,095.3	1,271.7	(176.4)
Total Group	2,275	3,583	(1,308)	3,119.6	3,470.7	(351.1)
including:						
on permanent contracts	*1,752*	*2,724*	*(972)*	*2,380.1*	*2,813.9*	*(433.8)*
on temporary contracts	*523*	*859*	*(336)*	*739.5*	*656.8*	*82.7*

A breakdown by Company is provided below:

Actual		12.31.2006			12.31.2005		Δ	Δ	Δ
	CTI	CTD	TOT	CTI	CTD	TOT	CTI	CTD	TOT
ADR S.p.A.	1,690	521	2,211	1,771	422	2,193	(81)	99	18
ADR Handling S.p.A.	0	0	0	897	436	1,333	(897)	(436)	(1,333)
ADR Engineering S.p.A.	30	1	31	28	1	29	2	0	2
ADR Tel S.p.A.	21	0	21	17	0	17	4	0	4
ADR Advertising S.p.A.	11	1	12	11	0	11	0	1	1
Total Group	1,752	523	2,275	2,724	859	3,583	(972)	(336)	(1,308)

Average		12.31.2006			12.31.2005		Δ	Δ	Δ
	CTI	CTD	TOT	CTI	CTD	TOT	CTI	CTD	TOT
ADR S.p.A.	1,682.5	422.4	2,104.9	1,853.2	353.1	2,206.3	(170.7)	69.3	(101.4)
ADR Handling S.p.A.	637.4	316.4	953.8	903.8	303.7	1,207.5	(266.4)	12.7	(253.7)
ADR Engineering S.p.A.	29.0	0.0	29.0	29.2	0.0	29.2	(0.2)	0.0	(0.2)
ADR Tel S.p.A.	20.3	0.0	20.3	17.0	0.0	17.0	3.3	0.0	3.3
ADR Advertising S.p.A.	10.9	0.7	11.6	10.7	0.0	10.7	0.2	0.7	0.9
Total Group	2,380.1	739.5	3,119.6	2,813.9	656.8	3,470.7	(433.8)	82.7	(351.1)

The actual headcount of ADR Group as of December 31, 2006 decreased compared with the previous year by 1,308 units (down 972 CTI equal to 35.7% and down 336 CTD equal to 39.1%), while the average progressive staff decreased by 351 units (101 units for ADR S.p.A. and 254 units for ADRH).

The significant decreases are essentially due to two events: for ADR Handling, the disposal of the Spanish company Flightcare (data as of September 30, 2006) and, for ADR S.p.A., the application of the mobility procedure, through the policy of the early retirement scheme. The inferior delta of the staff on permanent contracts is mainly due to changes in CTD/CTI subsequent an agreement with the OSL, involved in a wider change program of the professional mix.
Always for ADR S.p.A., the increase of the temporary contracts is due to a series of new and implementing initiatives that involved different operating units (Security, Customs warehouse, Duty free, etc.), and also an increase in aircraft traffic.

As regards labour relations, the agreement undersigned in February 2006 with OSL, put to an end the debate started after the mobility procedure according to Law no. 223/91, foreseeing, for certain job positions, solutions not

traumatic and already foreseen and used for the keeping of the needs expressed at the start up of the above mentioned procedure. Besides, as foreseen by this agreement, ADR S.p.A. started with the Labour unions to monitor the reorganization process and, on January 9, 2007, undersigned at Region Lazio (Labour Councillorship), an agreement for the extension of the delay for the application of the procedure until December 31, 2007.
Through the subscription of a wide agreement with OSL it was created a program aiming to face the organizational needs through the transformation into temporary contract of 175 units, for the whole Group, from permanent contracts in three subsequent steps, the first of which started in July, the second in October and the third will start in the next months of 2007.

This agreement has also foreseen the improving of the staff transport service, with a reduction of the related costs and the revision, from next year, of the calculation criteria of the Production bonus.
In October mention should be made of the renewal of the economic part of the National Collective Labour Contract for the economic two years' period 2006/2007, which foresees increases according to the Agreement Protocol of the Interconfederal Agreement of July 23, 1993.
Finally, in the last months of the year, it was closed the Labour union debate with the company's organization regarding the disposal of the whole shareholding of the Company ADR Handling to the Spanish Group Flightcare.

Regarding the Prevention/Protection, Emergency management, Privacy and Safety Management System activities, it is underlined, through the analysis of the report of 2006, the constant improving of the seriousness ratio and therefore of the hours lost for accidents at work (down 40% compared with 2002/2006). Regarding the matter related to the "emergency management" some fire and terrorism drills in co-operation with the Interforce Command of the State Police Force and the Fire Brigade.

Regarding the privacy rules, it is kept with all the company's entities, a constant contact for the updating of the charges both on the basis of the production processes and with relation to the company's organising settlements.
Particular attention was paid to the "staff training" on all the above-mentioned subjects; the training hours were 11,418, the participants 2,251 (included the External entities) with an average of 5 hours per capita.

Regarding the "ENAC APT 22 circular letter", it has been recently created the Safety Board inside ADR S.p.A. and the Safety Committee with the greatest public and private entities operating at the airport of Leonardo da Vinci.
Besides, two meetings were held by this Committee during which it was presented a "Program of realization" of all the fulfilments foreseen by the Safety Management System.

As regards the recruitment and selection of personnel, during 2006 some selection activities were made in order to maintain the pool of ADR S.p.A. and ADRH S.p.A. units of personnel working on temporary contracts for 161 Sole airport operators and 42 Handling operators. The recruitments of units working on temporary contracts, in this period, amount to 384 for the whole Group. Besides, also 25 permanent contracts were signed.

On the training front, during 2006, a strong input was given to the managers' training, by planning and realizing, exclusively with internal human resources, 6 residential seminars on the main management subjects. These events saw the active and motivated participation of 106 managers and supervisors of the Group.
Together with this kind of trainings there is also the organizational behaviour training, aiming to the Company's communication and through a seminar of about 50 internal communicators and then Head collaborator Communication, involving in four editions about 100 Middle Heads.

It was also considered the professional updating, both with the invitation to intercompany training occasions for professionals, and with an event on the new tender rules, opened also to external participations, with a coaching aiming to the sale staff of the Duty free and a internal seminar on the new rules on food hygiene for professionals of the canteen management.
The total investment on the professional training and updating activities involved 389 units for a total amount of 4,313 hours.

On the training front, during 2006, the internal training of ADR S.p.A. offered 24 courses for the Group's personnel, with the participation of 203 units. In the same period, regarding the sale and training activity, 53 courses were organized involving 400 operators. The entities involved were the airports of Ancona, Genoa, Catania, Palermo, the airport management Company Aviapartner and other Companies operating in the sector.

Regarding the staff management and development policies, in conformity with the same policies defined last year, it was started up the performance evaluation process – Annual Evaluation Review – which involves about 230 people of the Group, inserted in the managerial and professional roles through a preliminary moment of self-diagnosis on targets, abilities and technical skills and subsequent head co-operator's feedback.
In June, it was defined and started the reward policy aiming to reward the value of the personal contribute in terms of professional skills and results obtained.

Regarding the internal communication, the new 2006 plan was defined, which foresees among its headlines, the re-launching of the Communicators group, the redefinition of the logics of the intranet server and of the company's magazine. This plan found a common moment in a specific presentation with the communicators' network in order to underline the importance of the communication in the processes of cultural business and organizing changes.

Corporate transactions.

On March 27, 2006, the Extraordinary General Meeting of ADR Handling S.p.A. deliberated to increase the payment of the capital stock from 18,060,000 euros to 19,800,003.60 euros, through the emission of no. 337,210 new shares of the nominal value of 5.16 euros each to offer as option to the shareholders proportionally to the shares owned by each shareholders, after the settlement of the losses of the previous year resulted in the Financial Statements as of December 31, 2005, equal to 4,206 thousand euros.

The previous losses were settled through the use of the retained earnings for 380 thousand euros, of the "other provisions" registered in the Financial Statements of the Company for 1,388 thousand euros and capital paid for 2,438 thousand euros, on a total payment on capital account of 4,178 thousand euros made by the shareholder ADR S.p.A. always on March 27, 2006.

As the shareholder ADR Engineering S.p.A. gave up assert its own option right on the new shares, the capital increase was deliberated through the use, for an equal amount, of the residual share of 1,740 thousand euros of the above mentioned payment on capital account of 4,178 thousand euros made by the shareholder ADR S.p.A..

Through this operation, the investment of ADR S.p.A. in ADR Handling S.p.A. passed from 99.29% to 99.35% of the capital stock, while the investment owned by ADR Engineering S.p.A. decreased from 0.71% to 0.65%.

Following up a resolution already approved by the Board of Directors of the Parent Company ADR S.p.A. and a sale procedure lasted longer than one year, on August 4, 2006 it was signed the agreement for the disposal on the whole investment (100%) held, directly or indirectly, by ADR S.p.A. in the capital stock of ADR Handling S.p.A. to the Spanish Group FCC, which operates in Europe in many industrial and services sectors with a turnover superior to 7 billion euros.

On November 3, 2006 it was closed, through the share transfer held by ADR S.p.A. to the company Flightcare SL, of the Spanish Group FCC, the sale procedure of ADR Handling S.p.A.. The transaction was anticipated, on October 26, 2006, by the purchase by ADR S.p.A. of the shares (0.65%) held in ADR Handling S.p.A. by the Company of the Group ADR Engineering S.p.A..

The amount of the disposal, equal to 72.5 million euros and paid on the same day, generated for ADR S.p.A. a net gain, after the related costs, of 38.8 million euros. At Consolidated Financial Statements level, the disposal of the handling activity determined a net gain, after the related costs, equal to 61.4 million euros. The highest value of the net gain in the Consolidated Financial Statements is partially due to the net losses incurred until 2006 by ADRH S.p.A., already accrued in the financial statements, and partially in the realisation of the profit of the infra-group, reversed in the consolidated Financial Statements of the previous years, after the related tax effect.

Consequently, the Board of Directors deliberated to allocate the income from this operation to the Investments plan foreseen for 2007 (for further details see the comment of the "cash at bank and in hand" of the Notes to the Financial Statements).

On March 30, 2006, the General Meeting of the Dutch subsidiary Airport Invest B.V. (100% ADR S.p.A.)

deliberated the decrease of capital stock from 70,538,319 euros (including the legal reserve coming from the conversion in euros of the capital equal to 121,281 euros) to 101,039.90 euros, through the reduction of the nominal value of the shares from 453 euros to 0.65 euros, and the reimbursement to ADR S.p.A. of the share premium account, equal to 57,099,419 euros.
Airport Invest B.V., in conformity with the above-mentioned resolution, provided, on April 20, 2006 to the reimbursement of the share premium account. In order to make effective the resolution of decreasing the capital stock, it was started, besides, a procedure foreseen by the Dutch law.
As a conclusion of the above mentioned procedure on July 4, 2006, it was stipulated the "Deed of Amendment" of the Company's Statutory Act which decided the decrease in capital stock and, consequently, Airport Invest B.V., on July 17, 2006, provided to the reimbursement to ADR S.p.A. the amount of 70,437,279 euros.

On February 16, 2006, it was disposed, through the transfer on the shares, the investment of 9% held by the Parent Company ADR S.p.A. in Edindustria S.p.A. capital.

On June 9, 2006, the Extraordinary General Meeting was held of the partecipated company Società Aeroportuale Calabrese S.p.A. which increased, as a payment and without a share premium, the capital stock from 5,170,000 euros to 7,755,000 euros, through the emission of no. 5,000 new shares of the nominal value of 517 euros each, to assign to the shareholders proportionally to their investment.
The Meeting of the Company deliberated to fix on July 31, 2006 the delay for the assertion of the option right and the contextual integral payment of the share. ADR S.p.A. asserted its option right on the 828 new due shares, for an amount of 428,076 euros, by paying the related amount by the fix currency as at July 31, 2006 to the beneficiary.

Financial transactions.

On September 20, 2006 it was finalised the operation of advanced reimbursement of debt for an amount equal to 127.5 million, as follows: 98.6 million euros as a reduction of the bank loan called "Term Loan Facility" and 28.9 million euros as a reduction of the "Term Facility" granted by Banca OPI.
This operation was closed subsequent to a resolution of the Board of Directors of the Parent Company ADR S.p.A., which, during the Meeting of July 17, 2006, deliberated to allocate as a debt reimbursement part of the income from the disposal of the investment in South Africa's leading airport operator, completed at the end of December of the previous year. The amount allocated to the debt reduction equal to 127.5 million euros, is higher than the amount estimated during the budget meeting by demonstrating the firm will of the company's management to follow a strategy aiming to reduce, in the short medium-term, the service charge of the debt on the Company's.

The ADR Group's financial position and operating results.

Reclassified income statement (in thousands of euros)	2006	2005
A. - REVENUES	567,279	580,702
Capitalized costs and expenses	4,927	6,264
B. - REVENUES FROM ORDINARY ACTIVITIES	572,206	586,966
Cost of materials and external services	(167,927)	(168,562)
C. - GROSS MARGIN	404,279	418,404
Payroll costs	(147,624)	(157,322)
D. - GROSS OPERATING INCOME	256,655	261,082
Amortization and depreciation	(99,424)	(97,930)
Other provisions	(3,844)	(11,306)
Provisions for risks and charges	(2,327)	(6,122)
Other income (expense), net	(4,957)	1,321
E. - OPERATING INCOME	146,103	147,045
Financial income (expense), net	(113,014)	(89,998)
Adjustments to financial assests	0	11,471
F. - INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	33,089	68,518
Extraordinary income (expense), net	60,491	46,897
G. - INCOME BEFORE TAXES	93,580	115,415
Income taxes for the year	(28,055)	(37,028)
Deferred tax assets	(4,481)	2,452
H. - NET INCOME FOR THE YEAR	61,044	80,839
including:		
– Minority interest	*1,058*	*1,148*
– Group interest	*59,986*	*79,691*

The results obtained operating income transfer operating of the Group in 2006 were strongly affected by the effects due to the rules on "system requirements", of the end of the previous year, and due to the exit from the Group of the flight and passengers handling segment, after the disposal of the subsidiary ADR Handling S.p.A..

The development of the traffic on the Roman airport system (movements up 3.4%, passengers up 6.7%, tonnage up 3.0%) did not reflect on the proportional growth of the Group income, while the above mentioned investment disposal operation, besides influencing the extraordinary items by effect of the plus value obtained, caused the consolidation of the Company's results of the first nine months of the year, making subsequently not homogeneous the comparison with the consolidated data of 2005.

The above-mentioned phenomena determined a different trend compared with to the results of the aviation activities (down 8.6%) against the non aviation activities (up 8.4%). The detail of both categories is better explained in the paragraph on "income" of the Notes to the Financial Statements.

In the aviation sector, indeed the rules on the "system requirements", by eliminating the "night surcharge" of the landing and take off rights and by introducing new passenger boarding and landing fees and cheaper fees for parking, determined a 13.0 million euros reduction in income from rights/fees (down 8.2%).
The income from the handling activity decreased by 22.8%; a slight decrease also for the centralized infrastructure income (down 2.3%), and in particular the "loading-bridge".
On the contrary, the security activities had a 5.8% growth related to the positive ongoing of the aircraft traffic.

Development of the non aviation segment (up 8.4%) is mainly due to the strong increase in sales activities of directly managed retail outlets (up 10.8%) thanks to the increase in traffic and to the increase in average passenger spend. The performance of revenues from sub-concessions and utilities (up 5,9%) was influenced by the component "retail sub-concessions", which increased by 21.1% related to the enlargement of the commercial offer and by effect of the substitution of the main subconcessionary "retail" which had penalized the economic results of the segment of first fraction of the previous year.
Anyway also the "non-aviation" segment was negatively influenced by the directive on the system requirements. In particular it was registered a consistent decrease in revenues from the charges to the oil fuel suppliers, a decrease coming from the revision of the calculation methods of the fees applied, thus required by art. 11-*terdecies* of Law no. 248/2005.
The revenues from parking management are continuously increasing (up 4.0%).

The "costs of materials and external services" amount to 167.9 million euros substantially in line with 2005 (down 0.4%). At the decrease of the license fee of about 14 million euros set forth by Law no. 248/2005 (cd. "system requirements") opposed, indeed, a corresponding increase in purchase costs for goods, for re-sale and services.

The "payroll cost" decreases by 6.2% also due to above-mentioned disposal of the subsidiary ADRH.

Consequently to the events above-mentioned, the "gross operating income" of the Group is equal to 256.7 million euros with a slight decrease against 2005 (down 1.7%).

Regarding the "operating income", equal to 146.1 million euros, an improvement of income by 25.8% was registered against 25.3% of 2005. The inferior provisions to the credit devaluation fund and to the provision for risk and charges largely balanced the worsening of the balance income from charges and other expenses.

Compared with 2005, the result before taxes is strongly affected by the non-current items reported both in the year just closed and in the previous year with reference to the financial management and to the investment management.

In 2006 the “balance financial income and charges”, equal to 113.0 million euros, includes for 27.4 million euros the cost form the alignment with the market conditions of the fixed ratio covers, paid in December 2006 to the contract counterparts.
The charge of the ordinary financial charges of the year results, on the contrary, more contained by 4.4 million euros thanks to the minor average exposition with banks coming from the refinancing operation incurred in September 2005, and from the partial reimbursement operation of the bank loans incurred in September 2006.

Compared with 2005 the item “adjustments to financial assets” is equal to zero that in the previous year included (11.5 million euros) the positive results reported by the South African associated undertaking ACSA up to a date just before the disposal (December 21, 2005) of the special purpose entity, ADR IASA Ltd, in which ADR Group had a holding.

It is reported a strong improvement of the extraordinary items that in 2006 include the gain from the disposal of the company ADR Handling S.p.A. for 64.8 million euros, to which must be deducted the related costs to the sale and the accrual to the provision for risk and charges for value adjustment considered possible for a total of 3.4 million euros.
In 2005 the extraordinary items included, on the contrary, the net gain from the disposal of the emission of the investment in the South African Company ADR IASA Ltd (73.1 million euros) and the restructuring costs (20.2 million euros) relative to the realization of the program for the structural restructuring made by the Group.

By effect of the financial and extraordinary items above mentioned, the net profit of the Group is equal to 60.0 million euros against 79.7 million euros in the previous year.

Reclassified Balance Sheet (in thousands of euros)	12.31.2006	12.31.2005	Change
A. - NET FIXED ASSETS			
Intangible fixed assets (*)	2,050,619	2,096,901	(46,282)
Tangible fixed assets	122,753	130,650	(7,897)
Non - current financial assets	3,751	4,653	(902)
	2,177,123	2,232,204	(55,081)
B. - WORKING CAPITAL			
Inventory	21,027	18,859	2,168
Trade receivables	128,896	131,114	(2,218)
Other assets	39,265	38,440	825
Trade payables	(126,763)	(113,782)	(12,981)
Allowances for risks and charges	(29,350)	(42,386)	13,036
Other liabilities	(52,922)	(76,592)	23,670
	(19,847)	(44,347)	24,500
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	2,157,276	2,187,857	(30,581)
D. - EMPLOYEE SEVERANCE INDEMNITIES	41,682	62,033	(20,351)
E. - INVESTED CAPITAL, minus short-term liabilities and E.S.I. (C-D)	2,115,594	2,125,824	(10,230)
financed by:			
F. - SHAREHOLDERS' EQUITY			
– Group interest	763,648	774,072	(10,424)
– Minority interest	1,967	1,993	(26)
	765,615	776,065	(10,450)
G. - MEDIUM/LONG-TERM BORROWING	1,512,519	1,640,019	(127,500)
H. - NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)			
– short-term borrowing	15,895	17,493	(1,598)
– cash and current receivables	(178,435)	(307,753)	129,318
	(162,540)	(290,260)	127,720
(G+H)	1,349,979	1,349,759	220
I. - TOTAL AS IN "E" (F+G+H)	2,115,594	2,125,824	(10,230)
(*) including the value of the concession.	*1,848,137*	*1,897,421*	*(49,284)*

The reduction in the Group's "invested capital" that amounts to 2,115.6 million euros at December 12, 2006 (-10.2 million euros) against the previous year is due to the reduction of the fixed capital partially balanced by the increase of the working capital and by the reduction of the employee severance indemnities.

The technical fixed assets decreased (down 54.2 million euros) mainly by effect of the amortization of the disposal and de-consolidation of the subsidiary undertaking ADR Handling S.p.A..

The increase in the "working capital" by 24.5 million euros is mainly due to the reduction of the provision for risk and charges coming from the use of restructuring provision, the decrease of taxation of the license fees, as already underlined, on the new values fixed in conformity with Law no. 248/05.

The decrease of the liabilities was slightly balanced by the trade payables (up 13.0 million euros) subsequent to the increase of the costs for goods and services and of the investments concentrated in the last quarter of the year.

The decrease in "employee severance indemnities" is mainly due to the de-consolidation operation of ADR Handling S.p.A. (down 17.9 million euros).

Regarding the financial structure, it is reported a reduction of the capital by 10.5 million euros by effect of the distribution of dividends for a total amount of 71.5 million euros partially balanced by the profit of the year.

The "net financial debt" at December 12, 2006 is 1,350.0 million euros substantially in line with the end of the previous year. The reduction of the medium-long term, by effect of the reimbursement in advance of part of the bank loan, equal to 127.5 million euros, is followed by a decrease of the current cash of 127.7 million euros.

Statement of cash flows (in thousands of euros)	2006	2005
A. - NET CASH AND CASH EQUIVALENTS - OPENING BALANCE	290,260	162,742
B. - CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Net income (loss) for the year	61,044	80,839
Amortization and depreciation	99,424	97,930
(Gains) losses on disposal of fixed assets	(64,964)	(73,420)
(Revaluations) write-downs of fixed assets	(27)	(11,539)
Net change in working capital [a]	(27,164)	27,575
Net change in "employee severance indemnities" [a]	(2,453)	(5,084)
	65,860	116,301
C. - CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
Investment in fixed assets:		
– intangible	(38,828)	(42,073)
– tangible	(18,429)	(35,695)
– financial	(438)	(12)
Proceeds from disposal, or redemption value, of fixed assets [b]	63,109	224,598
Other changes [c]	0	(2,098)
	5,414	144,720
D. - CASH FLOW FROM (FOR) FINANCING ACTIVITIES		
New loans	0	290,000
Repayments of loans	(127,500)	(395,000)
Other changes	0	(18,982)
	(127,500)	(123,982)
E .- DIVIDENDS PAID	(71,494)	(12,240)
F. - ALLOWANCE FOR EXCHANGE RATE VARIATIONS		
Change in allowance for exchange rate variations	0	2,719
G. - CASH FLOW FOR THE YEAR (B+C+D+E+F)	(127,720)	127,518
H. - NET CASH AND CASH EQUIVALENTS - CLOSING BALANCE (A+G)	162,540	290,260

[a] The net change in operating working capital and employee severance indemnities are showed by deducting the effect of the exclusion of ADR Handling S.p.A. from the basis of consolidation, amounting respectively to 2.7 million euros and -17.9 million euros.

[b] In 2006, this item includes the sale price (72.5 million euros, before deducting the related costs) of the undertakings in ADR Handling S.p.A., after deducting "net cash and cash equivalents" transferred (10.9 million euros). In 2005 this item included the sale price of the subsidiary undertaking ADR IASA Ltd (214.5 million euros).

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

The Group's operating "cash flow" amounted to 65.9 million euros having absorbed, besides the burden of the financial charges of the year, also the cost for the re-alignment of the market conditions of the existent covers (27.4 million euros). The operating profit however allowed the complete cover of the net financial needs coming from the infra-structural self-financed investments (57.2 million euros).

Following up the payment of the dividends for 71.5 million euros and the reimbursement in advance of part of the bank medium and long-term debt (127.5 million euros), the cash flow of the year resulted negative for 127.7 million euros by benefiting of the effect coming from the disposal of the subsidiary undertaking ADR Handling S.p.A. included in the "proceeds from disposal, or redemption value of fixed assets".

Analysis of net debt (in thousands of euros)	2006	2005
A. - NET FINANCIAL BORROWING - OPENING BALANCE	(1,349,759)	(1,582,277)
EBITDA	256,655	261,082
Net change in operating working capital[(a)]	9,660	(2,271)
Net change in employee severance indemnities[(a)]	(2,453)	(5,084)
Other income (expense), net	(5,136)	956
Extraordinary income (expense), net	(4,481)	(11,379)
Current taxes paid	(44,220)	(42,055)
Other assets/liabilities (included allowances for risks and charges)[(a)]	(31,116)	5,135
B. - OPERATING CASH-FLOW	178,909	206,384
Capex (tangibles, intangibles and financial)	(57,695)	(77,780)
Proceeds from disposal, or redemption, value of fixed asset[(b)]	63,109	224,598
Other changes[(c)]	0	(2,098)
C. - FREE CASH-FLOW	184,323	351,104
Financial income (expense), net	(113,049)	(90,083)
Other changes	0	(18,982)
Dividends paid	(71,494)	(12,240)
D. - NET CASH-FLOW	(220)	229,799
Exchange rate effect on reserves	0	2,719
E. - NET CASH-FLOW OF THE YEAR	(220)	232,518
F. - NET BORROWING - CLOSING BALANCE (A+E)	(1,349,979)	(1,349,759)

[(a)] The net change in operating working capital, employee severance indemnities and other assets/liabilities and allowances for risks are showed by deducting the effect of the exclusion of ADR Handling S.p.A. from the basis of consolidation.

[(b)] In 2006, this item includes the sale price (72.5 million euros, before deducting the related costs) of the undertakings in ADR Handling S.p.A., after deducting "net cash and cash equivalents" transferred (10.9 million euros). In 2005 this item included the sale price of the subsidiary ADR IASA Ltd (214.5 million euros).

[(c)] Constitued by the increase (-) or the decrease (+) of value in ACSA interest due to the appreciation or depreciation of the South Africa currency. This change is offset in the "allowance for the exchange rate variations".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ADR S.p.A. operating review.

Investment.

In 2006 the Company continued its development activity of infrastructure and plants of Fiumicino and Ciampino's airports by carrying out works for 55,695 thousand euros (69,018 thousand euros in 2005). For a detailed analysis of the main interventions made, please see paragraph on the "Group investment".

Research and development.

ADR S.p.A. did not carry out any research and development activities in 2006.

Personnel.

The headcount as of December 31, 2006, including staff on temporary contracts, was 2,211 units. The following table shows a breakdown by category:

Actual	12.31.2006	12.31.2005	Δ
Managers	47	38	9
Supervisors	172	197	(25)
Office staff	1,439	1,408	31
Ground staff and other	553	550	3
Total	2,211	2,193	18
including:			
on permanent contracts	*1,690*	*1,771*	*(81)*
on temporary contracts	*521*	*422*	*99*

Staff on permanent contracts, decreased by no. 81 units, due to the application of the mobility procedure followed through the policy of the early retirement scheme (153 in 2006). The inferior delta of the staff on permanent

contracts is mainly due to 54 changes in CTD/CTI subsequent an agreement with the OSL, involved in a wider change program of the professional mix, and to new hirings from the market.
The increase of the temporary contracts by 99 units is due to a series of new and implementing initiatives that involved different operating units (Security, Customs warehouse, Duty free, etc.), and also an increase in aircraft traffic.
As regards labour relations, through an agreement with OSL, work flexibility measures were introduced, which favored general production recovers, such as the use of temporary contracts of longer duration in the operating sectors, and with functional polyvalence with particular attention to the professional profile of the workers of the Cargo area.
Regarding the managing aspects, during 2006 no. 23 units on apprenticeship contracts were collocated in ADR S.p.A.; in particular no. 17 at the Means Maintenance area and no. 6 at the Civil Maintenance area. It was applied the apprenticeship contract with a duration of no. 48 months, in conformity with Legislative Decree no. 276/2003 (Biagi's Law), accepted in occasion of the renewal of the National Collective Labour Contract of July 26, 2005.
On May, the Security Body added some new services aiming its activities such as the radioactive control of the goods directed to the retails of the airside area and the partial control of the crew gates; these activities were not set forth by the budget being requested with following directives/communications of the Civil Aviation Authority without specific increases in staff units.
In order to rationalize the management of the different activities of ADR in the field of the specific operating structures, in order to use at best the professional skills, in the second quarter of 2006, the Systems Automation Body was assigned of the operating of Baggage Handling System service (BHS/HBS) and of the automatic goods management, which were previously carried out by the "Aviation" structure.

Regarding the organizing aspects, 2006 was characterized by the formalization of a new organizing asset, driven by the Managing Director/General Manager aiming to grant the coherence between the strategic aims and the legislative news which re-defined the competencies and the responsibilities of the airport operators.
Among the main news: the consolidation of the "Infrastructure Development and maintenance functions, the functions regarding management of the aviation services" of the new "Infrastructure Development and Operations" Central Direction and consolidation of the "Information Systems" functions in the field of "Managing Direction, Finance Information System Control", the strengthening of the Strategic Planning and the rationalization of some key processes, which support these strategies.

During the year some interventions were carried out in order to improve and implement some organizing processes and in particular:
– the establishment, directly managed by the Central Direction "Management and Commercial Activity

Development", by the Airport Mobility Body with the aim to improve and rationalize the processes for the development and management of the business mobility areas;

– the establishment, directly managed by the Accountable Manager, by the Health & Safety Management System Body, aiming to grant, besides the subjects related to safety at work, the development and the implementation of the "Safety Management System".

The updating and the issuing of the procedures related the company's procedural system continued during the year.

Financial position and operating results.

Reclassified income statement (in thousands of euros)	2006	2005
A. - REVENUES FROM ORDINARY ACTIVITIES	512,571	510,258
Costs of materials and external services	(161,697)	(161,727)
B. - GROSS MARGIN	350,874	348,531
Payroll costs	(103,421)	(101,718)
C. - GROSS OPERATING INCOME	247,453	246,813
Amortization and depreciation	(98,205)	(97,196)
Other provisions	(3,589)	(10,936)
Provisions for risks and charges	(2,120)	(5,774)
Other income (expense), net	(5,425)	370
D. - OPERATING INCOME	138,114	133,277
Financial income (expense), net	(111,907)	(899)
Adjustments to financial assests	0	(68)
E. - INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	26,207	132,310
Extraordinary income (expense), net	38,485	(19,889)
F. - INCOME BEFORE TAXES	64,692	112,421
Income taxes for the year:		
– current taxes	(23,913)	(30,752)
– deferred tax assets (liabilities)	(4,804)	3,859
	(28,717)	(26,893)
G. - NET INCOME (LOSS) FOR THE YEAR	35,975	85,528

The results obtained by the Company in 2006 were strongly affected by the effects due to the rules on "system requirements", of the end of the previous year.

The development of the traffic on the Roman airport system (movements up 3.4%, passengers up 6.7%, tonnage up

3.0%) did not reflect on the Company's income, which did not change with respect to 2005.
The strong dependency on the above-mentioned rules of these results is demonstrated through the existence of a very different dynamic among the results of the aviation activities (down 3.7%) against the non-aviation activities (up 5.8%).
The detail of both categories is better explained in the paragraph on "Income" of the Notes to the Financial Statements.

In the aviation sector, indeed the rules on the "system requirements", by eliminating the "night surtax" of the landing and take off rights and by introducing new passenger boarding and landing fees and cheaper fees for parking, determined a 13.0 million euros reduction in income from rights/fees (down 8.2%).
The centralized infrastructure income slightly decreased (down 2.3%), and in particular the "loading-bridge" and the income from handling of goods (down 7.5%), mainly due to the decreased movement of goods (down 3.6%).
On the contrary, the security activities had a 5.7% growth related to the positive ongoing of the aircraft traffic.

Development of the non-aviation segment (up 5.8%) is mainly due to the strong increase in sales activities of directly managed retail outlets (up 10.8%) thanks to the increase in traffic and to the increase in average passenger spend.
The performance of revenues from sub-concessions and utilities (up 5,0%) was influenced by the component "retail sub-concessions", which was increased by 21.1% related to the enlargement of the commercial offer and by effect of the substitution of the main sub concessionary "retail" which had penalized the economic results of the segment in the first fraction of the previous year.
Anyway, also the non-aviation segment was negatively influenced by the directive on the system requirements. In particular, it was registered a consistent decrease in revenues from the charges to the oil fuel suppliers, a decrease coming from the revision of the calculation methods of the fees applied, thus required by art. 11-*terdecies* of Law no. 248/2005.
The revenues from parking management are continuously increasing (up 3.9%).

The "costs of materials and external services" amount to 161.7 million euros substantially in line with 2005. At the decrease of the license fee of about 14 million euros set forth by Italian law on "system requirements") opposed, indeed, a corresponding increase in purchase costs for goods, for re-sale and services.

The "payroll cost" increases a little by 1.7% compared with the previous year.

Consequently, to the events above-mentioned, the "gross operating income" of the Company is equal to 247.5 million euros in line with 2005 (up 0.3%).

Regarding the "operating income", equal to 138.1 million euros, an improvement of 3.6% was registered with an income of 26.9% against 26.1 of 2005. The inferior provisions to the credit devaluation fund and to the provision for risk and charges largely balanced the worsening of the balance income from charges and other expenses.

Compared with 2005, the result before taxes is strongly affected by the non-current items reported both in the year just closed and in the previous year with reference to the financial management and to the investment management.

In 2006, the “balance financial income and charges”, equal to 111.9 million euros, includes for 27.4 million euros the cost form the re-alignment with the market conditions of the fixed ratio covers, paid in December 2006 to the contract counterparts.
The charge of the ordinary financial charges of the year results, on the contrary, more contained by 3.2 million euros thanks to the minor average exposition with banks coming from the refinancing operation incurred in September 2005, and from the partial reimbursement operation of the bank loans incurred in September 2006.

Compared with 2005 we underline, on the contrary, balance of the financial management (equal to -0.9 million euros), was positively affected the dividend of 84.1 million euros paid by the Dutch subsidiary undertaking Airport Invest B.V. against a net plus value from the disposal of the South African Company ADR IASA Ltd.

In 2006 the extraordinary items improved against 2005, by including the net plus value from the disposal of subsidiary undertaking ADR Handling S.p.A. for 42.2 million euros, to which must be deducted the ancillary costs to the sale and the payments to the provision for risk and charges for value adjustments considered possible for a total of 3.4 million euros.
In 2005 the extraordinary items included, on the contrary, the restructuring costs (19.0 million euros) for the realization of the program for the structural restructuring made by the Company.

Notwithstanding the improving of the industrial margins, by effect of the financial and extraordinary items above-mentioned, the net profit of the Company is equal to 36.0 million euros against 85.5 million euros of the previous year, after having absorbed a fiscal charge of 28.7 million euros.

Reclassified Balance Sheet (in thousands of euros)	12.31.2006	12.31.2005	Change
A. - NET FIXED ASSETS			
Intangible fixed assets (*)	2,085,010	2,130,355	(45,345)
Tangible fixed assets	123,622	121,491	2,131
Non-current financial assets	8,019	162,367	(154,348)
	2,216,651	2,414,213	(197,562)
B. - WORKING CAPITAL			
Inventory	20,433	17,319	3,114
Trade receivables	126,662	117,371	9,291
Other assets	37,307	31,400	5,907
Trade payables	(125,657)	(108,382)	(17,275)
Allowances for risks and charges	(29,350)	(38,975)	9,625
Other liabilities	(52,600)	(65,412)	12,812
	(23,205)	(46,679)	23,474
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	2,193,446	2,367,534	(174,088)
D. - EMPLOYEE SEVERANCE INDEMNITIES	40,235	43,456	(3,221)
E. - INVESTED CAPITAL, minus short-term liabilities and E.S.I. (C-D)	2,153,211	2,324,078	(170,867)
financed by:			
F. - SHAREHOLDERS' EQUITY			
Paid-up share capital	62,310	62,310	0
Reserves and retained earnings (accumuled losses)	699,645	684,527	15,118
Net income (loss) for the year	35,975	85,528	(49,553)
	797,930	832,365	(34,435)
G. - MEDIUM/LONG-TERM BORROWING	1,512,519	1,640,019	(127,500)
H. - NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)			
– short-term borrowing	20,267	154,685	(134,418)
– cash and current receivables	(177,505)	(302,991)	125,486
	(157,238)	(148,306)	(8,932)
(G+H)	1,355,281	1,491,713	(136,432)
I. - TOTAL AS IN "E" (F+G+H)	2,153,211	2,324,078	(170,867)
(*) including the value of the concession.	*1,878,589*	*1,928,685*	*(50,096)*

The Company's "invested capital" amounts to 2,153.2 million euros as of December 31, 2006, a decrease of 170.9 million euros compared with the previous year due to the item fixed capital which was affected by the disposal of ADR in the handling sector, besides the effects from the disposal of the South African company at the end of 2005.

In particular, the "fixed financial assets" decreased of 154.3 million euros of which 25.9 million euros from the capital contribution paid into ADR Handling S.p.A.'s and 127.5 million euros related to the reimbursement of the capital stock and of the share premium account of Airport Invest B.V., an operation, through which it was transferred to ADR S.p.A. the residual cash from the disposal of ADR IASA Ltd.

Intangible fixed assets also fell (down 43.2 million euros) due to amortization of the airport concession, which more than offset investments.

The reduction in invested capital was partially balanced by the increase of 23.5 million euros in working capital which felt the effects of the increase of the trade receivables coming from the postponing of the payment delay from some customers above all in the aviation segment, the reduction of the provision for risk and charges for the consumptions mainly made for the restructuring plan established at the end of 2005 and the decrease of the fiscal debt owned and the debt to the Civil Aviation Authority for the license fee deriving, besides the adjustment of year 2004, from the effects of art. 11-*decies* of Law no. 248/2005 that, set forth the reduction by 75% of the license fee, reported in the item “other liabilities”.

The increase of the above-mentioned items was partially balanced by the increase of the trade debts (up 17.3 million euros) coming from the increase in costs for goods and services and from the major investments made in the last quarter of the year.

In terms of financial structure, it is registered an own capital decrease of 34.4 million euros by effect of the dividends paid for a total amount of 70.4 million euros, partially balanced by the profit of the year.

The “net financial debt” at December 31, 2006 is 1,355.3 million euros, reports a decrease against the end of the previous year by 136.4 million euros due to the medium and long-period item by effect of the reimbursement paid in advance of the bank loan (127.5 million euros).

The short-term item shows net cash at bank and in hand of 157.2 million euros with an increase of 8.9 million euros compared with the end of the previous year. This result is due to the decrease by 134.4 million euros of the short-term financial debts mainly from the capital and reserve reimbursement made by the undertaking Airport Invest B.V. during 2006, with a consequent reduction of the intercompany’s financial deb. This effect is partially balanced by the reduction of cash at bank and in hand used for the reimbursement on advance of the bank loan.

Statement of cash flows (in thousands of euros)	2006	2005
A. - NET CASH AND CASH EQUIVALENTS - OPENING BALANCE	148,306	144,680
B. - CASH FLOW FROM OPERATING ACTIVITIES		
Net income (loss) for the year	35,975	85,528
Amortization and depreciation	98,205	97,196
(Gains) losses on disposal of fixed assets	(42,395)	(245)
(Revaluations) write-downs of fixed assets	(27)	1
Net change in working capital	(23,474)	29,200
Net change in “employee severance indemnities”	(3,221)	(4,253)
	65,063	207,427
C. - CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in fixed assets:		
– intangible	(38,096)	(41,163)
– tangible	(16,957)	(29,797)
– financial	(4,792)	(18,993)
Proceeds from disposal, or redemption, value of fixed assets[a]	201,624	2,355
Other changes	0	13
	141,779	(87,585)
D. - CASH FLOW FROM FINANCING ACTIVITIES		
New loans	0	290,000
Repayments of loans	(127,500)	(395,000)
	(127,500)	(105,000)
E. - DIVIDENDS PAID	(70,410)	(11,216)
F. - CASH FLOW FOR THE YEAR (B+C+D+E)	8,932	3,626
G. - NET CASH AND CASH EQUIVALENTS - CLOSING BALANCE (A+F)	157,238	148,306

[a] This item includes the sale price (72.5 million euros, before the disposal costs) of the investment in ADR Handling S.p.A. and the capital paid and the reimbursement of the share premium account of the Airport Invest B.V. for 127.5 million euros shares.

The operating “cash flow” of the Company is equal to 65.1 million euros, having absorbed, beside the financial charges of the year, also the cost for the re-alignment to the market conditions of the existent covers (27.4 million euros). The strong reduction compared with the previous year is due to the reporting in this year the dividends collected by the Dutch Company Airport Invest B.V. for 81.5 million euros from the plus value from the disposal of ADR IASA Ltd.

The financial resources from the operating management allowed the complete cover of the net financial need coming from the inter-company restructuring self-financed investments.
Notwithstanding the dividends paid for 70.4 million euros and the reimbursement paid in advance of the medium and long-term bank loan (127.5 million euros), the “cash flow” of the year resulted positive for 8.9 million euros by effect of the financial resources generated by the disposal of the subsidiary undertaking ADR Handling S.p.A. and by the capital paid and the reserve of Airport Invest B.V..

Analysis of net debt (in thousands of euros)	2006	2005
A. - NET BORROWING - OPENING BALANCE	(1,491,713)	(1,600,339)
EBITDA	247,453	246,813
Net change in operating working capital	1,281	4,315
Net change in employee severance indemnities	(3,221)	(4,253)
Other income (expense), net	(5,604)	125
Extraordinary income (expense), net	(3,918)	(5,906)
Current taxes paid	(39,482)	(37,472)
Other assets/liabilities (included allowances for risks and charges)	(18,488)	5,440
B. - OPERATING CASH-FLOW	178,021	209,062
Capex (tangibles, intangibles and financial)	(59,845)	(89,953)
Proceeds from disposal, or redemption, value of fixed asset [(a)]	201,624	2,355
Other changes	0	13
Dividends received	1,515	88,685
C. - FREE CASH-FLOW	321,315	210,162
Financial income (expense), net	(114,473)	(90,320)
Dividends paid	(70,410)	(11,216)
D. - NET CASH-FLOW OF THE YEAR	136,432	108,626
E. - NET BORROWING DEBT - CLOSING BALANCE (A+D)	(1,355,281)	(1,491,713)

(a) This item includes the sale price (72.5 million euros, before the disposal costs) of the investment in ADR Handling S.p.A. and the capital paid and the reimbursement of the share premium account of the Airport Invest B.V. for 127.5 million euros shares.

Equity investments.

The characteristics and the operating performances of the relevant Companies during 2006 are outlined below.

Equity investments in subsidiary undertakings.

ADR Handling S.p.A.

Founded on June 10, 1999, ADR Handling S.p.A. began providing ramp and passenger handling services on March 13, 2000 after taking over ADR S.p.A.'s handling operations in Fiumicino. The Company also operates ground-handling services at Ciampino airport following the transfer of the relevant division from ADR S.p.A.. This transfer took effect on December 31, 2003.
The Company has been held until November 3, 2006 by ADR S.p.A. that on October 26, 2006 took over also the interest held in the capital of the Company ADR Engineering S.p.A. (0,65%).

Below, the Company's result of the first 9 months of the year are reported; the comparison with the previous year is therefore not homogeneous.
For a comment on the ongoing of the airport service activity managed by the Company in the first nine months of 2006, see the comment on the "Aviation Activities" included in the Report on Operations of the Consolidated Financial Statements.
In the period January-September 2006 ADR Handling registered a negative result of 2.4 million euros. The production value, equal to 63.1 million euros, was affected by the inferior traffic managed by the Company consequently to the transfer to other handlers of some carriers (TAP, Luxair, Blue Panorama, Darwin, China International Airlines, Croatia, LTE, Malev), to the operating block of the carriers Air Gabon and Helvetic, to the operating reduction of the carriers British and Swiss and to the slipping at the beginning of the activity of the seasonal carrier American Airlines. It should be underlined the reduction of the charter and general aviation item at Ciampino's airport. The decrease in traffic was anyway, partially balanced by the acquisition during the year of new carriers, such as Interstate Airlines (starting from March 6), Blue One (starting from March 5), Air Madrid (starting from March 27), BelleAir (starting from March 18), Lithuanian (starting from April 2), Afriqiyah Airways (starting from May 1), Germanwings (starting from August 1) all assisted in full handling modality, and Smartwings assisted only in ramp area (starting from March 26).
The gross operating margin resulted equal to 5.2 million euros, by registering a reduction of the influence on the income by 4% around by effect of the payroll that even if at the presence of a decrease in units full time equivalent,

was affected by the major request of supplementary work of the part-time staff and by the effects of the renewal of the National Collective Labour Contract.
The operating result is positive for 1.0 million euros with an influence on revenues of 2% against 7% of 2005 by effect of major amortizations coming from the recording in the year of the investments paid in 2005 and 2006 and for the inferior weight of other net income item.

A summary of this Company's key financial data, as at September 30, 2006 (date very closed to the investment disposal) 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 S.p.A., was established in 1999 in order to act as a holding Company.
In accordance with the Group strategies, in 2005 Airport Invest B.V. proceeded to dispose of its investment in the South African undertaking ADR IASA Ltd.
As new investment initiatives were not foreseen, on March 30, 2006 the General Meeting of Airport Invest B.V. deliberated the decrease of the capital stock from 70,538,319 euros (including the legal reserve coming from the conversion in euros of the capital equal to 121,281 euros) to 101,039.90 euros, through the reduction of the nominal value of the shares from 453 euros to 0.65 euros, and the payment to ADR S.p.A. of the share premium account, equal to 57,099,419 euros.
The Company, in conformity with the above-mentioned resolution, proceeded on April 20, 2006 to the reimbursement of the share premium account. In order to enforce the resolution of capital stock decrease, it was started also the procedure set forth by Dutch Law.
As a conclusion of the above-mentioned procedure, on July 4, 2006, it was signed the "Deed of Amendment" of the Statutory Act of the Company which deliberated the reduction of the capital stock and, consequently, Airport Invest B.V., on July 17, 2006, proceeded to pay to ADR S.p.A. the amount of 70,437 thousand euros.

The Company closed the year with a net profit of 1,208 thousand euros (91,012 thousand euros in 2005) mainly generated by the interests receivable accrued on the current account held with the Holding ADR. The shareholders' equity as of December 31, 2006 is equal to 4,584 thousand euros.
As of December 31, 2006 the Company had no employees.

A summary of this Company's key financial data for 2006 is provided in the Annexes to the Financial Statements under: "Airport Invest B.V."; reclassified Balance Sheet and Income Statements".

ADR Engineering S.p.A. - Unipersonale.

The Company, which operates in the airport engineering sector, (design activities, works supervision and consulting), is a wholly owned subsidiary of ADR S.p.A.. The Company closed 2006 with net income of 445 thousand euros, which was a decrease in comparison with the previous year (down 418 thousand euros) by effect of the decreased turnover managed. In detail, total production value amounted to 6,744 thousand euros, including 1,873 thousand euros from works supervision and 4,871 thousand euros from design activities, with a decrease of 10% against 2005 due to the reduction in inter-company's investment by the Parent Company ADR S.p.A..

The revenues decrease reflected in a worsening of the gross operating margin (down 52%) which amounted to 759 thousand euros against the 1,594 thousand euros in 2005. The operating result, equal to 931 thousand euros, registered a more contained decrease (down 40%) for the improving of the balance other income and charges (up 228 thousand euros).

Net income totals 445 thousand euros, after taxation amounting to 498 thousand euros.

Staff units as of December 31, 2006 amounts to 31 units (29 units in 2005).

A summary of this Company's key financial data for 2006 is provided in the Annexes to the Financial Statements under: "ADR Engineering S.p.A. - Unipersonale": reclassified Balance Sheet and Income Statements".

ADR Tel S.p.A.

The purpose of the Company, which is 99% owned by ADR S.p.A. 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.

The Company reports net income of 682 thousand euros, after estimated taxation of 568 thousand euros. This result is 200 thousand euros down on 2005.

The Company generated revenues of 8,611 thousand euros with an increase of 1,184 thousand euros compared with the previous year.

The revenues from services directly linked to the commercial business and equal to 8,339 thousand euros, increased by 1,135 thousand euros, while the increases in fixed assets from internal works, equal to 272 thousand euros, increased by 49 thousand euros against 2005.

In 2006 the Company generated revenues from services, as follows: 5.969 thousand euros from the Retail Business (up 655 thousand euros), 300 thousand euros from the Wholesale market (up 29 thousand euros) and 2,069 thousand euros (up 443 thousand euros) on the Typical activities of the Parent Company.

In the Retail Business segment, the above result was achieved by continued marketing of the company's services to customers, which operate in Fiumicino and Ciampino airports, including ADR Group Companies. By leveraging its

familiarity with the needs of the airport users and its physical proximity to customers, the company was able to build up loyalty among the customers acquired in the previous year, increasing the volume of existing services provided (upselling) and/or proposing new services (cross-selling). This has enabled the company to meet all the needs of its airport-based customers.

In the Wholesale business segment, the service allowing other fixed network operators to use copper pairs inside the airports of Fiumicino and Ciampino, generated revenues for a total amount of 300 thousand euros with an increase of 10% against the previous year.
The revenues deriving from specific activities for ADR, for an amount of 2,069 thousand euros, were largely generated by works requested by the Parent Company for the realization of infrastructures and increased by 27.3% against 2006, also following up the assignment to ADR Tel of the management service of the mobile telecommunications for the whole ADR Group.
Operating costs of 6,242 thousand euros as of December 31, 2006 were up 940 thousand euros on the previous year, with 4,900 thousand euros for materials and external services (up 740 thousand euros on 2005) linked to the growth of the business, and 1,342 thousand euros spent on payroll costs (up 200 thousand euros against 2005). The number of FTE staff rose by 3.3 compared with 2005, as well as the application of the contract renewal.
Because of the above performance of revenues and operating costs, the Company reports positive EBITDA of 2,369 thousand euros, marking an increase of 244 thousand euros on the previous year.

Amortization and depreciation amounted to 1,062 thousand euros, which was 314 thousand euros up on 2005 following the entry into service of investments carried out in the previous years, while net other income and charges decreased of 268 thousand euros compared with the previous year which reflected a settlement reached with a major supplier. The operating result amounts to 1,284 thousand euros with a decrease of 20% on the previous year.
Investment, which was substantially self-financed, was primary aimed at developing and modernizing the telecommunications infrastructure in order to introduce new services and improve the existing services. Investment totalled 1,818 thousand euros.

The headcount as of December 31, 2006 stood at 21 (17 in 2005).

A summary of this Company's key financial data for 2006 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.

ADR 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% by IGPDecaux S.p.A.. The preference shares, totaling 500,000 euros, were wholly subscribed by IGPDecaux S.p.A..
Under the terms of the agreement with ADR S.p.A. dated March 1, 2003, by which the Parent Company has leased its advertising division to the Company, ADR Advertising S.p.A. manages advertising space at Rome's two airports. This contract, which lasts until December 31, 2011, provides for monthly payments to ADR S.p.A. proportional to ADR Advertising's revenues, subject to a guaranteed minimum.
The Company reports net income of 1,367 thousand euros for 2006, which is 114 thousand euros down on the previous year.
Turnover, amounting to 24,143 thousand euros, is up 7.3% due to an improvement of the use of the commercial space available at Rome's two airports.
EBITDA rose 5.0% to 2,438 thousand euros, while EBIT amounting to 2,365 thousand euros, is substantially in line with 2005 (down 0.8%) mainly due to increase in amortization and depreciation charge.
Net income of 1,367 thousand euros takes account of estimated current tax liabilities of 1,003 thousand euros.
The headcount as of December 31, 2006 stood at 12 (11 in 2005).

A summary of this Company's key financial data for 2006 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 has share capital of 100,000 euros and 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 2006, ADR Sviluppo S.r.l. did not earn revenues, nor did it have employees, as it has yet to commence operations.
Net income of the year amounted to 3,500 euros (959 euros in 2005), thanks to the dividends collected (4,980 euros) from the investment in ADR Tel S.p.A.. Shareholders' equity as of December 31, 2006 amounted to 95,634 euros.

A summary of this Company's key financial data for 2006 is provided in the Annexes to the Financial Statements under: "ADR Sviluppo S.r.l. - Unipersonale: reclassified Balance Sheet and Income Statement".

Other equity investments.

Equity investments in airports.

Aeroporto di Genova S.p.A.

Aeroporti di Roma S.p.A. holds a 15% holding in the Company that manages Genoa airport. In 2005 (to which the latest approved Financial Statements refer) the Company finally reaches a positive result after two years strongly characterized by exceptional events which caused it a loss.

The aviation segment of Genoa airport was affected by the contrasting events of air transport, such as the rise in fuel cost and in the security alarms of the aircrafts. The passenger traffic registered a decrease compared with 2004 (down 5,7%) determined by the decrease in the offer of the route to London and by the decrease of the traffic to Rome and the South of Italy which were not offset by the new routes. The goods and mail registered a positive trend (up 8.3%), superior to the increase of the domestic traffic (up 5%). The growth registered is substantially due to the development of the activities linked to all cargo flights, alimented by the big industry.

Revenues decreased by 12.3%, while EBITDA decreased by 19.5%. Thanks to the reduction of amortization and depreciation (down 32.5%), which in the compared year included shares pertaining to the previous years of the baggage control system from stowage, the economic result is positive for 36 thousand euros, sharply improved compared with the previous year which closed with a loss of 217 thousand euros. The Company's shareholders' equity as of December 31, 2005 stood at 4,890 thousand euros.

S.A.CAL. - Società Aeroportuale Calabrese S.p.A.

ADR S.p.A. owns a 16.57% stake in this Company (equal to 1,657 shares with a par value of 517 euros). The traffic on Lamezia Terme airport, managed by the Company, registered in 2005 a reduction both in passengers (down 8.8% to 1,163,121 total passengers transported) and in flights (down 11.4%). One of the main causes of this reduction is the closing of Reggio Calabria airport in 2004, between March and May; during this period, passengers (around 40,000 units) used Lamezia Terme airport.

The revenues amounted to 12,849 thousand euros, reporting an 8.6% decrease compared with 2004, while EBITDA amounted to 1,500 thousand euros compared with 2,846 thousand euros of the previous year. The Company closed 2005 with net income of 103 thousand euros, with a decrease of 1,107 thousand euros against 2004. Shareholders' equity as of December 31, 2005 stood at 7,638 thousand euros.


PARMA
BARI
VERONA
RIMINI
MILANO/LINAT
PALERMO
MILANO/LINAT
ZAGREB
NUREMBERG
MADRID
BRUSSELS
BOLOGNA
LYON
DUBLIN
MIL/MALPENSA
MILANO/LINAT
VENEZIA
MILANO/LINAT

Equity investments in other companies.

ADR S.p.A. also has minority shareholdings in other companies:

La Piazza di Spagna S.r.l.

The 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.

During its third financial year ended December 31, 2006, La Piazza di Spagna S.r.l. did not earn revenues, nor did it have employees, as it has yet to commence operations. The Financial Statements report a loss of 1,882 euros (down 3,945 euros in 2005) and shareholders' equity of 93,080 euros as of December 31, 2006.

A summary of this Company's key financial data for 2006 is provided in the Annexes to the Financial Statements under: "La Piazza di Spagna S.r.l.: reclassified Balance Sheet and Income Statement".

Ligabue Gate Gourmet Roma S.p.A. (insolvent).

The Court of Civitavecchia officially declared the Company 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 in 2006. The second partial distribution plan is awaited. The equity investment in the Company has been fully written down.

Alinsurance S.r.l. (on liquidation).

Since 1991, ADR S.p.A. has held a 6% stake in this Company, which operates as an insurance broker.
During the Extraordinary General Meeting of shareholders held on June 23, 2005 the shareholders approved the liquidation of the Company by mutual consent, officially declared on July 12, 2005 through the registration in the Company's Register. Alinsurance closed 2005 (last Financial Statements approved) with net income of 781 thousand euros against the loss of 510 thousand euros registered in 2004. This economic result is mainly due to the extraordinary income (1.4 million euros) deriving from the amount recognized by SASA and SASA Vita for the transfer of customer portfolio on the basis of the agreements dated April 18, 2005.

Shareholders' equity as of December 31, 2005 stood at 1,376 thousand euros.

Notice regarding management and coordination of the company.

With reference to the company law reform introduced by article 2497 and subsequent articles of the Italian Civil Code, ADR S.p.A. is not subject to "management and coordination" by its Shareholder Leonardo S.r.l., which, despite holding a controlling interest pursuant to art. 2359 of the Italian Civil Code, does not exercise influence over the subsidiary undertaking's management strategies and operations.
On the other hand, ADR S.p.A. exercises "management and coordination" of its subsidiary undertakings ADR Engineering S.p.A. and ADR Tel S.p.A..

Relations with parent companies and other related parties.

The related party transactions carried out by ADR S.p.A. in 2006 primarily regarded the supply of goods, commercial services and centralized treasury management. All transactions were conducted on an arm's length basis. Trading, financial and other relations between ADR S.p.A. and the subsidiary undertakings subject to management and coordination, other subsidiary undertakings and associated undertakings are analyzed below (in thousands of euros)[4].

Trading relations	Balances at 12.31.2006				2006						
	Receivables	Payables	Guarantees	Commit.	Revenues			Expenses			
					Goods	Services	Other	Goods	Services	Other	Investments
Subsidiary undertakings subject to management and coordination:											
– ADR Engineering S.p.A.- Unipersonale	208	5,869	250	6,318	3	227	143	0	593	0	5,199
– ADR Tel S.p.A.	170	1,017	350	79	0	556	82	0	3,900	0	1,136
	378	6,886	600	6,397	3	783	225	0	4,493	0	6,335
Other subsidiary undertakings:											
– ADR Advertising S.p.A.	10,340	0	0	0	0	19,970	58	0	10	0	0
– Airport Invest B.V.	0	0	0	0	0	0	0	0	0	0	0
	10,340	0	0	0	0	19,970	58	0	10	0	0
Associated undertakings:											
– Ligabue Gate Gourmet Roma S.p.A. (insolvent)	0	968	0	0							
	0	968	0	0							

(4) It is brought to notice also that ADR S.p.A., had trade relationship with ADR Handling S.p.A., subsidiary company until November 3, 2006, date of disposal to third of the stake in the Company. In the period January-September 2006 ADR S.p.A. recorded revenues from ADRH S.p.A. of 14,861 thousand euros due to the supply of consumption goods maintenance of machines, administration of storage, sub-concession fees, etc. ADRH S.p.A., in turn, carried out collateral activities related to the services supplied by ADR S.p.A., accounting a turnover of 1,155 thousand euros.

The subsidiary undertaking, ADR Engineering S.p.A. - Unipersonale 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 S.p.A. in 2006 amounted to 5,792 thousand euros (6,066 thousand euros in 2005). ADR S.p.A. charged the Company 373 thousand euros (221 thousand euros in 2005) for sub-concessions fees, utilities, administration, etc.

As of April 2003, the subsidiary undertaking ADR Tel S.p.A. manages telecommunications services at Fiumicino and Ciampino airports. During 2006 the Company earned revenues of 3,900 thousand euros (3,009 thousand euros in 2005) from services provided to ADR S.p.A. and carried out improvement work on the telephone network totaling 1,136 thousand euros (1,212 thousand euros in 2005). ADR S.p.A. charged the Company 638 thousand euros (565 thousand euros in 2005) for sub-concession fees, the rental of telecommunication assets and real estate, utilities and staff services.

As of March 1, 2003, the subsidiary undertaking ADR Advertising S.p.A. manages advertising at Fiumicino airport under an agreement with ADR S.p.A., which has leased its advertising division to the new Company. This agreement, which expires on December 31, 2011, provides for monthly payments to ADR S.p.A. proportional to ADR Advertising S.p.A.'s revenues, subject to a guaranteed minimum. The royalties paid to ADR S.p.A. in 2006 amounted to 19,619 thousand euros (18,499 thousand euros in 2005).

ADR S.p.A. charged the Company a further 409 thousand euros (373 thousand euros in 2005) for the rental of real estate, utilities and various services.

Financial relations	Balances at 12.31.2006			2006	
	Receivab.	Payables	Guarantees	Revenues	Expenses
Subsidiary undertakings subject to management and coordination:					
– ADR Engineering S.p.A.- Unipersonale	984	0	0	21	3
– ADR Tel S.p.A.	493	0	0	30	0
	1,477	0	0	51	3
Other subsidiary undertakings:					
– Airport Invest B.V.	0	4,372	0	0	1,377
	0	4,372	0	0	1,377

Financial relations with the subsidiary undertakings ADR Handling S.p.A. (until the disposal date of the Company), ADR Engineering S.p.A. - Unipersonale, ADR Tel S.p.A. and Airport Invest B.V. regard a centralized treasury management system. Transactions are conducted on arm's length basis. This system aims to optimize management of financial resources and improve settlement procedures for trading relations within the Group.

Other relations	Balances at 12.31.2006		2006		
	Receivables	Payables	Dividends	Tax consolidation	
				Revenues	Expenses
Subsidiary undertakings subject to management and coordination:					
– ADR Engineering S.p.A.-Unipersonale	420	350	420	328	0
– ADR Tel S.p.A.	642	141	642	423	0
	1,062	491	1,062	751	0
Other subsidiary undertakings:					
– Airport Invest B.V.	1,166	0	1,166	0	0
– ADR Advertising S.p.A.	303	0	303	0	0
	1,469	0	1,469	0	0
Associated undertakings:					
– Ligabue Gate Gourmet Roma S.p.A. (insolvent)	530	0	0	0	0
– La Piazza di Spagna S.r.l.	0	34	0	0	0
	530	34	0	0	0

Other relations include the impact on the results of operations and the financial position of adoption in 2004 of the new form of domestic tax consolidation introduced by the so-called “Tremonti Reform”. The new regulations have been applied to ADR S.p.A., as the Parent Company, and to the subsidiary undertakings ADR Engineering S.p.A. and ADR Tel S.p.A., as consolidated companies. Regarding the Company ADR Handling S.p.A., following its disposal to third parties, there has been the conditions for the fiscal interruption. In particular, taxable income transferred from the consolidated companies ADR Engineering S.p.A. and ADR Tel S.p.A., resulted in proceeds from tax consolidation of 328 thousand euros and 423 thousand euros, respectively, resulting in a total of 751 thousand euros. In addition to the above taxable income, the transfer of tax credits from consolidated companies to ADR S.p.A., let to the posting of receivables from ADR S.p.A., to ADR Engineering S.p.A. (420 thousand euros) and ADR Tel S.p.A. (642 thousand euros).

Other relations also include dividends from subsidiary undertakings for 2,531 thousand euros in accrued dividends posted on the basis of the dividend payout approved by the Boards of Directors of the subsidiary undertakings ADR Engineering S.p.A., ADR Tel S.p.A., Airport Invest B.V. and ADR Advertising S.p.A..

Other related party transactions regard the following entities:

Trading and other relations	Balances at 12.31.2006		2006	
	Receivables	Payables	Revenues	Expenses
Other related parties:				
– Gemina S.p.A.	29	176	29	261
– Macquarie Airport Luxembourg S.A.	0	96	0	96
– Sistemi di Energia S.p.A.	0	0	1	0
	29	272	30	357

The costs paid to Gemina S.p.A. include the fees paid to Directors of ADR S.p.A. as well as the reimbursements for expenses and rentals. The costs paid to Macquarie Airport Luxembourg S.A. include the fees paid to Directors of ADR S.p.A. and expenses reimbursements.

Treasury stock or parent company's shares in the portfolio.

The Group did not hold, directly or indirectly, any of its own shares or any shares in the Parent Company, either at the end of 2006 or at the end of 2005. In addition, no purchases or sales of its own shares or of shares in the Parent Company took place, either directly or indirectly, during 2006.

Financial risk management.

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

The hedging policy, drawn up as part of ADR S.p.A.'s loan agreements, calls for at least 51% of debt to be protected from risk of floating of the rates of interest.

In line with this policy, the interest rate swaps entered into by ADR S.p.A. with Mediobanca, Barclays, UBM, Royal Bank of Scotland and Deutsche Bank are based on notional capital of 864 million euros and mature on October 2, 2009. Moreover, on October 1, 2004, ADR S.p.A. entered into interest rate swaps with a number of the above counterparties (Mediobanca, Barclays and Royal Bank of Scotland). The swaps are based on total notional capital of 468 million euros up to March 2008 and 495 million euros up to October 2, 2009. On the basis of the agreements, ADR receives a fixed rate of 3.3% and pays a floating 3-month Euribor rate capped at 6.0%. This transaction enables ADR S.p.A. to balance its exposure to fixed and floating rates (reducing its fixed rate debt from 78% to 55% of the total), bringing it more into line with expected short- to medium-term movements in interest rates and fixing the maximum risk that may be incurred.

Also, in date May 16, 2006 the Parent Company ADR S.p.A. signed two agreements of "Interest Rate Collar Forward Start" with Barclays and Royal Bank of Scotland upon a notional capital of 120 million euros each, according to which ADR S.p.A. will receive a 3 months Euribor variable rate, with a maximum limit of 5% ("cap"), and a minimum limit of 3.64% ("floor") beginning from October 2, 2009 and until February 20, 2012. By signing these two agreements, a 3 years extension of the protection by the rate risk has been enacted on December 18, 2006 pre-existing fixed rate "interest rate swap" agreements for the notional of 864 million euros have been re-negotiated.

These coverages, set up in 2001, adequate for debt rescheduling in 2003, forecasted the payment of an average fixed rate of 5.075%.

Taking into account of the favourable conditions offered by market ratios and by using the cash at bank and in hand, also thanks to the income from the disposal of subsidiary undertakings, ADR Handling S.p.A., it was brought into line at an arm's length, the fixed ratio paid by ADR (3.8910%) until the primary expiry date (2009) against the payment of the market value of these instruments (27.4 million euros). This initiative allowed reducing the average cost of debt by 1% in the three-year period 2007/2009.

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

Relevant events after the end of the year.

Compared with the same period of 2006, the traffic of the Roman airport system in the period January-February 2007 registered the following trend, analyzed in the breakdown between Fiumicino and Ciampino airports and the domestic and international segment:

Progressive data up to February 28, 2007 and changes against the same period of the previous year.

	System	Ciampino	Fiumicino	Domestic	International
Movements	59,699	9,947	49,752	28,506	31,193
Δ% vs AP	+7.6%	+9.5%	+7.2%	+7.5%	+7.8%
Aircraft tonnage	4,111,021	491,438	3,619,583	1,638,158	2,472,863
Δ% vs AP	+6.8%	+11.1%	+6.2%	+7.9%	+6.0%
Total passengers	4,822,084	758,930	4,063,154	1,932,118	2,889,966
Δ% vs AP	+7.9%	+15.9%	+6.5%	+4.8%	+10.0%
Total freight (Kg)	21,758,004	4,022,537	17,735,467	1,881,850	19,876,154
Δ% vs AP	+2.0%	+12.3%	(0.1%)	+25.9%	+0,2%
Total mail (Kg)	6,577,097	346	6,576,751	5,500,547	1,076,550
Δ% vs AP	(1.6%)	(95.5%)	(1.5%)	+3.7%	(22.1%)

The international traffic is here under analyzed in its articulation between European Union and Extra European Union.

	International	EU	Extra EU
Movements	31,193	23,369	7,824
Δ% vs AP	+7.8%	+13.0%	(5.4%)
Aircraft tonnage	2,472,863	1,528,849	944,014
Δ% vs AP	+6.0%	+12.3%	(2.8%)
Total passengers	2,889,966	2,035,923	854,043
Δ% vs AP	+10.0%	+14.4	+0.8%
Total freight (Kg)	19,876,154	6,547,812	13,328,342
Δ% vs AP	+0,2%	+7.8%	(3.2%)
Total mail (Kg)	1,076,550	615,588	460,962
Δ% vs AP	(22.1%)	(25.6%)	(16.9%)

At Fiumicino, an increase in passengers was reported (up 6.5%) and in capacity offered (movements up 7.2% and tonnage up 6.2%) against the same period of the previous year.

At Ciampino, the positive trend continues due to the "low cost" activity that determined an increase in passengers and movements (respectively up 15.9% and up 9.5%).

At airport system level the general growth is up 7.9% and in particular it is underlined the growth of International UE traffic (up 14.4%) against the growth of Extra UE (up 0.8%) also subsequent the entering (from January 1, 2007) of Bulgaria and Romania in UE area.

Regarding the tender for the subconcession of the Cargo building on January 30, 2007, the delay for set forth for the tender procedure, no one of the three subjects pre-qualified presented their own offer; ADR S.p.A. has only received a letter by Freschi & Schiavoni S.r.l. communicating the lack of presentation of the offer following up the retirement of the Parent Company of "ATI".
On the issue of the procedure, ADR S.p.A. gave the necessary notice to the Civil Aviation Authority on February 2, 2007.

On February 20, 2007, it was notified to ADR S.p.A. the start of a proceeding by the "Autorità Garante" through which it is contested to ADR the failure of art. 8, paragraphs 2-*bis* and 2-*ter* of Law no. 287/90, "for not having operated through a separate company for the handling cargo activities at Rome Fiumicino airport".

ADR has 30 days from the notice to send to the Authority defense written documents and to ask to be heard again. The Authority deliberated that the proceeding must be closed within 90 days from its start.

Regarding a dispute regarding the appeals made by ADR S.p.A. through the VAT ascertainment notices for the fiscal years 2001 and 2002, we underline that on February 12, 2007, it was held the discussion meeting at the Provincial Fiscal Commission of Rome. The representing of the Treasury Agency of Rome 7, confirmed, during the hearing, the position of the Financial Administration expressed in the requests of extinction of the judgments with the request of the ceased question of law. On March 8, 2007, all the judgments were registered at the secretariat of the Provincial Fiscal Commission of Rome, through which the appeals presented by ADR S.p.A. were accepted.

The Board of Directors of ADR S.p.A. deliberated, during the meeting held on February 15, 2007, the start of the activities aiming to the discorporation of the company's branch of Cargo. This initiative, coherent with the general strategy of detach from the direct management of non-core operating, it will be carried out through a third company, that is being established, and with be put trough within the year, further to the following disposal of the same (company).

Evolution of the management for year 2007.

The positive trend of international and domestic economy in particular, which showed acceleration signals above all starting from the second part of 2006 and that registered confirmations of consolidation also in the first months of this year, foresees the year 2007 that should be characterized by a positive evolution in terms of development of the airport activities.

At level of the domestic industry, there are still some uncertainty elements – the future evolution of Alitalia's crisis, the definition in terms of dimensioning of Ciampino, the new regulatory model – which could prevent to receive all the good chances deriving from the context.

Under the operational aspect, the Group – awaiting the definitive approval of the new Industrial plan – will focus its own commitment to improve the quality standard of the managing control system services, by accelerating the structural interventions foreseen by the previous Plan. These interventions represent indeed, the necessary premise for an efficient adjustment of the productive systems and sub-systems of the airport in order to support the expected growth in traffic flows.

Substantially, the previsions indicate an appreciable and constant improving company's context even against some instability elements of the general situation that, it is hoped in 2007 should be solved.

Proposals to the General Meeting of Shareholders.

Dear Shareholders,

The Financial Statements as of and for the year ended December 31, 2006 report net income of 35,975,352.33 euros. We thus invite you:

1) to approve the Financial Statements as of and for the year ended December 31, 2006, consisting of the Balance Sheet, Income Statement and the Explanatory Notes, together with the Management Report on Operations, which report net income of 35,975,352.33 euros;
2) to distribute the above net income of 35,975,352.33 euros as follows:
   - to pay a dividend of 0.57 euros, per share to the holders of each of the 62,309,801 shares comprising the share capital, representing a payout of 35,516,586.57 euros;
   - to take residual net income of 458,765.76 euros.

We propose as well:
- to pay a dividend of 0.24 euros, per share to the holders of each of the 62,309,801 shares comprising the share capital, representing a payout of 14,954,352.24 euros, using of “retained earnings” as of December 31, 2006, which therefore decrease to 4,423,042.24 euros.

Dear Shareholders,

With the approval of the Financial Statements as of and for the year ended December 31, 2006, the Board of Directors’ has expired.

In this regard we remind you that, pursuant to art. 16.3 of the articles of association, the new Board of Directors must be elected based on lists submitted by Shareholders who, as a group, represent at least 5% of the share capital. These lists must be deposited at the Company’s registered office at last five calendar days before the meeting. Together with the list, the Shareholders must submit the irrevocable acceptances of the candidates on the lists, certifying that there are no reasons for their ineligibility of forfeiture.

Each list may contain no more than twelve candidates who must be listed in numerical order from one to twelve. Each candidate may be included only in one list and each shareholder may submit, either alone or in-group with other shareholders, only one list.

Dear Shareholders,

With the approval of the Financial Statements as of and for the year ended December 31, 2006, the Board of Statutory Auditors' has expired.
We therefore invite you to make up the Board of Statutory Auditors for the three years' period 2007/2009 by fixing the related annual remuneration.

Dear Shareholders,

We remind you that the General Meeting of Shareholders of April 21, 2006, pursuant to art. 165 of Legislative Decree no. 58 of February 24, 1998 (consolidated text of the provisions on financial intermediation), appointed Deloitte & Touche S.p.A., to audit the company and Consolidated Financial Statements, only for the year 2006 in order to bring this appointment into line with the appointment of the ADR'S Parent Company.
Following up the changes in rules (Legislative Decree no. 303 of December 29, 2006), it has been set forth, that the duration of the appointments in progress, the duration of which is inferior to nine years, can be prorogated, within the date of the first Meeting called to approve the Financial Statements, in order to bring this appointment in line with its limit.
The Board of Statutory Auditors, as set forth by the above-mentioned Legislative Decree no. 303/2006, will invite you to prorogate its appointment.

The Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2006

Aeroporti di Roma

Contents


STOP

CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

as of December 31, 2006 (compared with December 31, 2005) - (Translation from the original issued in Italian)

ASSETS (in thousands of euros)		12.31.2006			12.31.2005	
UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS			0			0
FIXED ASSETS						
Intangible fixed assets:						
– Incorporation and development costs		299			549	
– Industrial patents and intellectual property rights		2,524			1,017	
– Concessions, licenses, trademarks and similar rights		1,852,075			1,900,971	
– Goodwill arising from consolidation		0			1,006	
– Leasehold improvements in process and advances		37,671			29,415	
– Others		158,050			163,943	
			2,050,619			2,096,901
Tangible fixed assets:						
– Land and buildings		3,301			2,887	
– Plant and machinery		26,524			30,028	
– Industrial and commercial equipment		1,680			2,976	
– Fixed assets to be relinquished		79,974			85,336	
– Other assets		4,598			4,732	
– Work in progress and advances		6,676			4,691	
			122,753			130,650
Non-current financial assets:						
– Equity investments in:						
- unconsolidated subsidiary undertakings	100			100		
- associated undertakings	49			49		
- other companies	2,253			1,814		
		2,402			1,963	
– Receivables due from others:						
· within 12 months	3			3		
· beyond 12 months	1,346			2,687		
		1,349			2,690	
			3,751			4,653
Total fixed assets			2,177,123			2,232,204
CURRENT ASSETS						
Inventory:						
– Raw, ancillary and consumable materials		2,853			2,591	
– Contract work in progress		7,814			8,124	
– Finished goods and goods for resale:						
- goods for resale	10,353			8,027		
		10,353			8,027	
– Advances		7			117	
			21,027			18,859
Receivables:						
– Due from clients		128,896			131,114	
– Due from associated undertakings		530			530	
– Due from tax authorities		13,541			1,600	
– Deferred tax assets		18,002			27,375	
– Due from others:						
- various:						
· within 12 months	52,318			47,748		
· beyond 12 months	0			2,248		
- advances to suppliers for services to be rendedered	33			14		
		52,351			50,010	
			213,320			210,629
Marketable securities			0			13
Cash on hand and in banks:						
– Bank and post office deposits		128,254			261,865	
– Checks		1			0	
– Cash and notes in hand		1,216			716	
			129,471			262,581
Total current assets			363,818			492,082
ACCRUED INCOME AND PREPAID EXPENSES						
Accrued income and other prepaid expenses			3,805			4,084
TOTAL ASSETS			2,544,746			2,728,370

CONSOLIDATED BALANCE SHEET - ADR GROUP

as of December 31, 2006 (compared with December 31, 2005) - (Translation from the original issued in Italian)

LIABILITIES AND SHAREHOLDERS' EQUITY (in thousands of euros)		12.31.2006			12.31.2005	
SHAREHOLDERS' EQUITY						
Share capital:						
– Ordinary shares		62,310			62,310	
Share premium reserve		667,389			667,389	
Revaluation reserves		0			0	
Legal reserve		12,462			12,462	
Statutory reserves		0			0	
Reserve for own shares		0			0	
Other reserves		0			0	
Retained earnings (accumulated losses)		(38,499)			(47,780)	
Group net income (loss) for the year		59,986			79,691	
			763,648			774,072
MINORITY INTEREST						
Share capital, reserves and net income (loss) for the year		1,967			1,993	
			1,967			1,993
Group and minority interest in consolidated shareholders' equity			765,615			776,065
ALLOWANCES FOR RISKS AND CHARGES						
For taxes		0			1,948	
Other		29,350			40,438	
Total allowances for risks and charges			29,350			42,386
EMPLOYEE SEVERANCE INDEMNITIES			41,682			62,033
PAYABLES						
Due to banks:						
· within 12 months	1,351			3,427		
· beyond 12 months	247,500			375,000		
		248,851			378,427	
Due to other financial institutions:						
· within 12 months	14,376			14,066		
· beyond 12 months	1,265,019			1,265,019		
		1,279,395			1,279,085	
Advances:						
– From clients:						
- from the Ministry of Transport:						
· within 12 months	278			278		
· beyond 12 months	4,770			4,770		
- other	3,714			4,553		
– Prepayment of invoices to be paid in installments:						
- from clients	0			54		
		8,762			9,655	
Due to suppliers:						
· within 12 months	114,072			97,627		
· beyond 12 months	2,960			5,531		
		117,032			103,158	
Due to associated undertakings		1,003			1,003	
Taxes due:						
· within 12 months	13,458			21,218		
		13,458			21,218	
Due to social security agencies		5,794			8,251	
Other payables: various creditors:						
· within 12 months	27,402			40,736		
· beyond 12 months	1,025			847		
		28,427			41,583	
Total payables			1,702,722			1,842,380
ACCRUED EXPENSES AND DEFERRED INCOME						
Accrued expenses and other deferred income			5,377			5,506
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			2,544,746			2,728,370

as of December 31, 2006 (compared with December 31, 2005) - (Translation from the original issued in Italian)

CONSOLIDATED MEMORANDUM ACCOUNTS (in thousands of euros)	12.31.2006		12.31.2005	
GENERAL GUARANTEES				
Sureties	111		111	
Other	421		444	
		532		555
COLLATERAL GUARANTEES		0		0
COMMITMENTS ON PURCHASES AND SALES		81,699		18,985
OTHER		919,657		902,913
TOTAL CONSOLIDATED MEMORANDUM ACCOUNTS		1,001,888		922,453

CONSOLIDATED INCOME STATEMENT - ADR GROUP

for the year ended December 31, 2006 (compared with the year ended December 31, 2005) - (Translation from the original issued in Italian)

CONSOLIDATED INCOME STATEMENT (in thousands of euros)		2006			2005	
TOTAL REVENUES						
Revenues from sales and services:						
– Revenues from sales	65,856			58,928		
– Revenues from services	501,649			522,066		
– Revenues from contract work	77			2,348		
		567,582			583,342	
Changes in contract work in progress		(310)			(2,675)	
Capitalized costs and expenses		4,927			6,264	
Other income and revenues:						
– Revenue grants	7			35		
– Profits on disposals	179			369		
– Other	3,592			6,542		
		3,778			6,946	
			575,977			593,877
OPERATING COSTS						
Raw, ancillary and consumable materials and goods for resale		64,520			54,260	
Services		96,385			89,059	
Leases		10,110			24,690	
Payroll:						
– Wages and salaries	107,419			113,590		
– Social security	30,922			33,250		
– Employee severance indemnities	8,097			9,023		
– Other	1,244			1,547		
		147,682			157,410	
Depreciation, amortization and write-downs:						
– Amortization of intangible fixed assets	83,395			82,976		
– Depreciation of tangible fixed assets	16,029			14,954		
– Provisions for doubtful accounts	3,844			11,306		
		103,268			109,236	
Changes in inventories of raw, ancillary and consumable materials and goods for resale		(2,588)			1,045	
Provisions for risks		2,298			5,892	
Other provisions		29			230	
Sundry operating costs:						
– Losses on disposals	0			4		
– License fees	39			41		
– Other	8,131			4,965		
		8,170			5,010	
			(429,874)			(446,832)
Operating income			146,103			147,045
FINANCIAL INCOME AND EXPENSE						
Other financial income:						
– From long-term receivables:						
- other	27			68		
– Other:						
- interest and commissions from others and sundry revenues	8,961			10,887		
		8,988			10,955	
Interest expense and other financial charges:						
– Interest and commissions to others and sundry charges	122,130			100,882		
		(122,130)			(100,882)	
Profits and losses on exchange:						
– Profits	172			70		
– Losses	44			141		
		128			(71)	
Total financial income (expense), net			(113,014)			(89,998)

CONSOLIDATED INCOME STATEMENT (in thousands of euros)	2006			2005		
ADJUSTMENTS TO FINANCIAL ASSETS						
Revaluations:						
– Of equity investments	0			11,539		
Write-downs:						
– Of equity investments	0			(68)		
		0			11,471	
Total adjustments			0			11,471
EXTRAORDINARY INCOME AND EXPENSE						
Income:						
– Gains on disposal	64,785			73,055		
– Other	890			434		
		65,675			73,489	
Expense:						
– Taxes relating to previous years	237			451		
– Other	4,947			26,141		
		(5,184)			(26,592)	
Total extraordinary income (expense), net			60,491			46,897
Income before taxes			93,580			115,415
Income taxes of the year, current, defferred assets (liabilities):						
– Current		(28,055)			(37,028)	
– Deferred tax assets (liabilities)		(4,481)			2,452	
Total taxes			(32,536)			(34,576)
Net income (loss) for the year			61,044			80,839
of which:						
– Minority interest			*1,058*			*1,148*
– Parent Company's share			*59,986*			*79,691*

NOTES

TO THE CONSOLIDATED

FINANCIAL STATEMENTS

General principles.

(Translation from the original issued in Italian)

The Consolidated Financial Statements for the year ended December 31, 2006, prepared in accordance with the relevant legislation, interpreted and integrated by the Accounting Standards issued by the Italian Accounting Profession and the Italian Accounting Standards Setter (collectively referred to as Italian GAAP), comprise the Consolidated Balance Sheet and Income Statement and the following Notes. The reporting date for the Consolidated Financial Statements is that of the Financial Statements of the Parent Company, Aeroporti di Roma S.p.A.. The reporting date used in the Financial Statements of subsidiary undertakings used for consolidation purposes is December 31, 2006.

The accounting policies used are those required by the relevant legislation, interpreted and integrated by the Accounting Standards established by the Italian Accounting Profession, and are those applied throughout the Group.

The reconciliation of shareholders' equity and net income for the year ended December 31, 2006, as reported in the Financial Statements of Aeroporti di Roma S.p.A., and the related consolidated amounts for the same period are shown in the note to consolidated shareholders' equity.

Amounts shown in the Consolidated Financial Statements are expressed in thousands of euros.

The Balance Sheet data as of December 31, 2006 and the Income Statement for the year then ended are compared with the data for 2005. The Income Statement and Balance Sheet items, preceded by Arabic numerals, showing zero balances across the periods used for comparison are not shown.

Basis of consolidation.

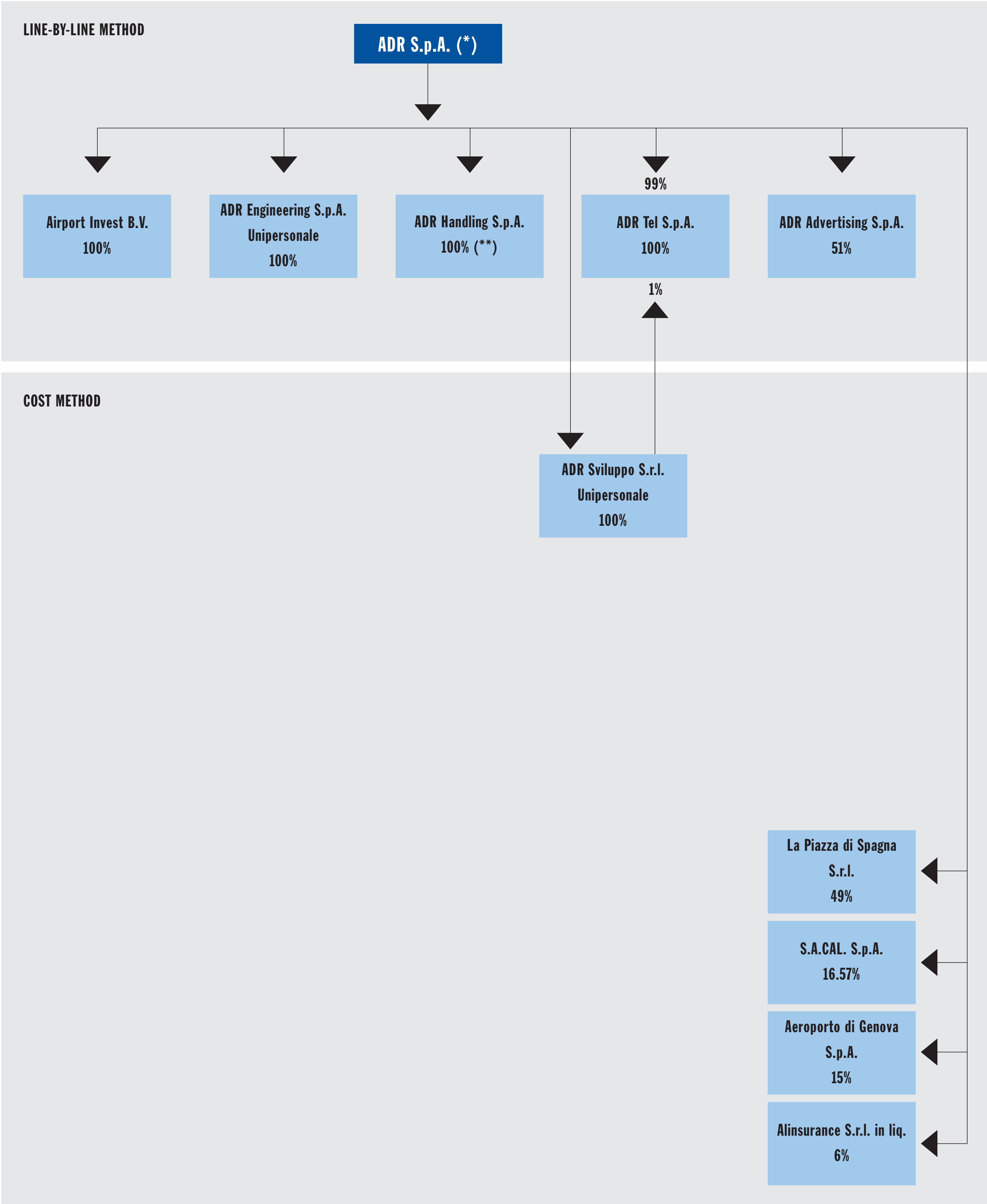
The Consolidated Financial Statements for the year ended December 31, 2006 include the financial statements for the same period, consolidated on a line-by-line basis, of the Parent Company, Aeroporti di Roma S.p.A., and the Italian and overseas subsidiary undertakings in which the Parent Company holds, either directly or indirectly, a majority of the voting shares. As of December 31, 2006 the basis of consolidation includes the following companies:

Companies consolidated on a line-by-line basis	Registered office	Currency	Share capital	Group's %	Via: Company	%
Aeroporti di Roma S.p.A.	Fiumicino (Rome)	EUR	62,309,801		Parent Company	
Airport Invest B.V.	Amsterdam (Holland)	EUR	101,039.90	100%	Aeroporti di Roma	100%
ADR Handling S.p.A.	Fiumicino (Rome)	EUR	19,800,003.60	100%	Aeroporti di Roma	100%
ADR Engineering S.p.A.-Unipersonale	Fiumicino (Rome)	EUR	774,690	100%	Aeroporti di Roma	100%
ADR Tel S.p.A.	Fiumicino (Rome)	EUR	600,000	99%	Aeroporti di Roma	(a) 99%
ADR Advertising S.p.A.	Fiumicino (Rome)	EUR	1,000,000	(b) 25.5%	Aeroporti di Roma	25.5%

(a) 1% left hold by ADR Sviluppo S.r.l.-Unipersonale.

(b) Share hold in the total capital (1,000,000 euros) of the Company (including advantaged shares). Share hold in the ordinary capital (500,000 euros) equal to 51%.

Basis of consolidation as of December 31, 2006.



(*) ADR S.p.A. holds a 12.5% quote (evaluated at cost) in E.T.L. - European Transport Law.

(**) Only the Income Statement until September 30, 2006, (date next to the one of disposal) has been consolidated.

With regard to the subsidiary ADR Handling S.p.A., its income statement has been consolidated only for the period January 1, 2006 - September 30, 2006, date next to the sale of the Company on November 3, 2006.

With respect to the Financial Statements closed on December 31, 2005, it is to be highlighted that the South African subsidiary undertaking, ADR IASA Ltd, has been deconsolidated; for this Company, the relative Income Statement had been consolidated only for the period of 2005 prior to the disposal of the relative shares on December 21, 2005.

The following equity investments are valued at cost:

Companies valued at cost	Registered office	Currency	Share capital	Group's %	Via:	
					Company	%
ADR Sviluppo S.r.l.-Unipersonale	Fiumicino (Rome)	EUR	100,000	100%	Aeroporti di Roma	100%
La Piazza di Spagna S.r.l.	Fiumicino (Rome)	EUR	100,000	49%	Aeroporti di Roma	49%
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	Tessera (Venice)	EUR	103,200	20%	Aeroporti di Roma	20%
S.A.CAL. S.p.A.	Lamezia Terme (Catanzaro)	EUR	7,755,000	16.57%	Aeroporti di Roma	16.57%
Aeroporto di Genova S.p.A.	Genoa Sestri	EUR	4,648,140	15%	Aeroporti di Roma	15%
Consorzio E.T.L.-European Transport Law	Rome	EUR	82,633.04	12.5%	Aeroporti di Roma	12.5%
Alinsurance S.r.l. in liquidation	Rome	EUR	104,000	6%	Aeroporti di Roma	6%

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

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

Consolidation principles.

The main consolidation principles are described below:

– the book value amount of consolidated equity items has been eliminated against the corresponding entry of individual asset and liability items, in accordance with the line-by-line method. Any positive differences arising are included among fixed assets under the item “goodwill arising from consolidation”, which is amortized on a straight-line basis in relation to the estimated possibility of recovery. Any negative differences are posted to the "reserve for consolidation adjustments" under shareholders' equity, or to the "consolidation allowance for risks and charges" should such negative goodwill be due to forecast losses;

- the minority interest in net income and shareholders' equity are reported separately as appropriate items in the income statement and under shareholders' equity;
- inter-company profits and losses still to be realized, as well as significant sums relating to payables and receivables and costs and revenues relating to consolidated companies have been eliminated;
- consolidation adjustments take account, where applicable, of the related deferred taxation. Furthermore, the statements show deferred tax assets relating to items which will be recoverable in future years;
- dividends received by subsidiary undertakings during the year and recorded in the Parent Company's income statement as income from equity investments are eliminated against retained earnings; dividends accounted in the Parent Company's financial statements on an accrual basis are cancelled;
- the financial statements denominated in foreign currency have been translated into euros using "current exchange rates". Balance sheet items, with the exception of those forming shareholders' equity, have been translated using closing exchange rates, whilst average exchange rates for the period were applied to income statement items. Any exchange rate differences arising have been recorded among consolidated shareholders' equity;
- in the event of the disposal of a controlling interest to third parties, the gain or loss on the transaction recognized in the Consolidated Financial Statements represents the difference between the sale price and the subsidiary's shareholders' equity at the transaction date (thus including net income or loss reported for the months prior to the disposal), plus any residual carrying amount of "goodwill arising from consolidation".

The following exchange rates were used to convert the Income Statement of ADR IASA Ltd, which was consolidated until its sale on December 21, 2005:

Exchange rates	Average 2005	12.21.2005
Euro/South African rand (ZAR)	7.92	7.58

Explanation added for translation into English.

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

Accounting policies.

The accounting policies adopted in the preparation of the Consolidated Financial Statements for the year ended December 31, 2006 are those required by the relevant legislation, interpreted and integrated by the Accounting Principles established by the Italian Accounting Profession, and are those applied throughout the Group.

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

Fixed assets.

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

Intangible fixed assets.

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

– *Incorporation and development costs.*

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

– *Industrial patents and intellectual property rights.*

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

– *Concessions, licenses, trademarks and similar rights.*

These are recorded at purchase cost. Amortization begins when the right is taken up or can be taken up, and is applied over a period of three years in the case of concessions and licenses and of not more than ten years for trademarks. The value of the airport management concession, paid by the Parent Company, Leonardo S.p.A. (now

ADR S.p.A.) on acquiring its holding in ADR S.p.A., is amortized on the basis of the residual duration of the concession, which will expire on June 30, 2044.

– *Goodwill arising from consolidation.*

The goodwill represented by the difference between the cost of investments and the current value of shareholders' equity is amortized on a straight-line basis over a period held to be fair, in the case of the subsidiary undertaking, ADR Handling, ten years. Amortization of goodwill was halted on September 30, 2006, date next to the disposal of the investment (November 3, 2006) and the residual goodwill arising from consolidation was included in calculation of the consolidated gain.

– *Others.*

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 borne 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.

A summary of the rates used is provided below:

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

– *Land and buildings.*

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

– *Fixed assets to be relinquished.*

Such assets are recorded at purchase cost adjusted in accordance with the above-mentioned art. 3 of Law no. 72/83, including any ancillary charges and subsequent development costs.

Such assets are depreciated in relation to their residual useful lives. In addition, provisions are made for transfer costs relating to the "fixed assets to be relinquished", with the aim of covering the estimated costs which will be borne on expiry of the concession (in 2044) when the assets are to be transferred to the Ministry of Transport in good working condition.

Non-current financial assets.

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

Equity investments in associated undertakings is valued in accordance with the equity method.

The equity investment in the associated undertaking, La Piazza di Spagna S.r.l., which is not yet operational, is valued at cost.

Equity investments in other companies are recorded at cost, adjusted to reflect any long-term loss in value.

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

Non-current receivables are recorded at their nominal value.

Current assets.

Inventories.

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

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

– *Contract work in progress.*

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

Receivables.

These are recorded at their estimated realizable value.

Marketable securities.

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

Cash on hand and in banks.

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

Accruals and deferrals.

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

Allowances for risks and charges.

These are made up of provisions aimed at covering sundry losses of a determinate nature and of certain or probable occurrence. The evaluation of risks and charges also takes into account liabilities which have become known between the closure of the accounting period under consideration and the date of the preparation of the Consolidated 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 Group's employees and in accordance with governing legislation. This amount was calculated for indemnities accrued up to December 31, 2006 and is shown net of any advance payments.

Payables.

Payables are recorded at their nominal value.

Receivables and payables recorded in foreign currency.

In line with the new provisions introduced by company law reform (article 2426 paragraph 8-*bis* of the Italian Civil Code), items expressed in foreign currency are posted at the historical exchange rate on the day a transaction is carried out. Any exchange rate differences, incurred on collection of receivables or on settlement of payables denominated in foreign currency, are recorded in the Income Statement under “foreign exchange gains and losses”.
If the translation of receivables and payables denominated in foreign currency, at closing rates, results in a net gain or loss, such an amount is recorded in the Income Statement under “foreign exchange gains and losses”.

Finance leases.

Finance leases are recorded in the Financial Statements in accordance with the “operating lease method”, which means that the lease rental is charged to the Income Statement. The Notes report the effects, if significant, on shareholders’ equity and the Income Statement that would have been produced had finance leases been recorded according to the “finance lease method”.

Memorandum accounts.

General/secured guarantees given.

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

Commitments on purchases and sales.

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

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

Other.

– *Secured/general guarantees received.*

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

– *Third parties' assets lodged with the Group (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.

– *Group-owned assets lodged with third parties.*

These are recorded at their net book value.

Revenues.

Revenues are reported net of returns, discounts, reductions and premiums as follows:

– revenues from sales: upon delivery;

– revenues from services: upon supply of the service.

Income taxes.

"Current taxes" are calculated on the basis of taxable income. The related payable is posted to "taxes due".

"Deferred tax assets" and "liabilities" represent the temporary difference between taxable income and net income reported in the Income Statement for the year, applying the tax liability method; deferred tax assets are recorded only when there is reasonable certainty of their recoverability.

The balance of deferred tax assets and liabilities are reported under the "allowance for deferred taxes" in the case of a liability and under "deferred tax assets" in the case of an asset.

Derivatives contracts.

The positive and negative interest rate differentials, deriving from interest rate swaps entered into for hedging purposes, accrued at the end of the year are recorded on an accruals basis in the Income Statement, among financial income and expense.

The Group's hedging policy, in accordance with obligations laid down in loan agreements, stipulates that at least 51% of the loan should be subject to a fixed rate of interest.

Notes to the Consolidated Balance Sheet.

Fixed assets.

Intangible fixed assets.

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

– “concessions, licenses, trademarks and similar rights” include the value of the airport management concession, amounting to 1,848,137 thousand euros as of December 31, 2006. The decrease of 48,896 thousand euros is due to amortization for the year (51,347 thousand euros), partly offset by investment (2,091 thousand euros) and transfers from work in process and reclassifications (360 thousand euros);

– “goodwill arising from consolidation”, concerning the subsidiary undertaking, ADR Handling S.p.A., is reduced to zero due to the deconsolidation of the subsidiary undertaking ADR Handling S.p.A. (down 880 thousand euros) following its sale to third parties on November 3, 2006;

– “leasehold improvements in process” increased by 8,256 thousand euros in 2006 due to investment during the year, amount to 16,985 thousand euros, which was partially offset by improvements entering service during the year and accounted for in “leasehold improvements”, “concessions, licenses, trademarks and similar rights” and “industrial patents”;

– “other” intangible fixed assets decreased by 5,893 thousand euros. “Leasehold improvements” decreased by 361 thousand euros due to amortization for the year amounting to 25,521 thousand euros, partially offset by purchases during the year amounting to 18,328 thousand euros, and transfers from work in process and reclassifications (up 7,562 thousand euros).

  “Ancillary charges for loans” decreased by 5,532 thousand euros due to the amortization quota of the year that also includes recognition in the income statement of the quota of ancillary charges concerning the quotes of “Term Loan Facility” and of “Banca OPI Facility” early repaid on September 20, 2006. Further details are provided in the note to “payables”.

The principal “leasehold improvements in process” (equal to 16,985 thousand euros) include:

– aircrafts aprons South-Eastern area “ECHO” first phase (1,536 thousand euros);

– doubling of the Bravo taxiway (4,640 thousand euros);

– extension of check-in and baggage reclaim areas at the passenger terminal at Ciampino (2,681 thousand euros);

– aircraft aprons pavement repair (683 thousand euros);

– repairs to airport precints (525 thousand euros);

– changing in the configuration of Dfs of gates B11/21 of Terminal B (943 thousand euros);
– new Pier C - self-financed share (510 thousand euros);
– extension of the telephone/Lan network (1,817 thousand euros).

The principal leasehold improvements finished during the year (equal to 18,328 thousand euros) include:
– Terminal A renewal of traffic signs (213 thousand euros);
– West Satellite new duty-free no. 13 (625 thousand euros);
– upgrading works on arrivals/transit passport check points at Terminal C (289 thousand euros);
– extension and upgrading of Duty free shop at Ciampino (240 thousand euros);
– extraordinary maintenance and implementation of BHS and HBS system (including new diagnostic system and air extraction plant) (1,462 thousand euros);
– lengthening of the luggage handling system (750 thousand euros);
– upgrading of commercial areas, quota 11, Terminal A (588 thousand euros);

Intangible fixed assets		12.31.2005	
	Cost	Amortization	Book value
Incorporation and development costs	1,905	(1,356)	549
Industrial patents and intellectual property rights	3,466	(2,449)	1,017
Concessions, licenses, trademarks and similar rights	2,181,121	(280,150)	1,900,971
Goodwill arising from consolidation	1,676	(670)	1,006
Leasehold improvements in process and advances:			
– Leasehold improvements in process	29,415	0	29,415
Others:			
– Leasehold improvements	376,062	(246,967)	129,095
– Ancillary charges for loans	50,007	(15,159)	34,848
	426,069	(262,126)	163,943
Total	2,643,652	(546,751)	2,096,901

– expansion of sensitive flights area, Terminal C (191 thousand euros);
– reconfiguration of city side road network at Ciampino (396 thousand euros);
– upgrading and implementations of BHS-HBS system (including buffering of Atr islands and stations) (468 thousand euros);
– extraordinary maintenance of escalators and moving walkways at terminals (854 thousand euros);
– extension of various premises (mortuary, veterinary centre, hazardous goods) at Cargo City (169 thousand euros);
– carpet replacement at boarding areas and piers (286 thousand euros);
– restructuring and upgrading works of restrooms (241 thousand euros);
– extraordinary maintenance works of road networks at Fiumicino airport (349 thousand euros);
– electric works on buildings and cabins (641 thousand euros).

Once again in 2006, investment in airport infrastructure development was funded from increased boarding fees received during the year (in accordance with paragraphs 9 and 10 of art. 10, Law no. 537/93).

Changes during the year				12.31.2006		
Purchases/ Capitalization	Reclassifications	Changes basis of consolidation	Amortization	Cost	Amortization	Book value
0	0	(7)	(243)	1,879	(1,580)	299
1,424	709	0	(626)	5,599	(3,075)	2,524
2,091	360	0	(51,347)	2,183,572	(331,497)	1,852,075
0	0	(880)	(126)	0	0	0
16,985	(8,637)	(92)	0	37,671	0	37,671
18,328	7,562	(731)	(25,521)	400,497	(271,763)	128,734
0	0	0	(5,532)	53,383	(24,067)	29,316
18,328	7,562	(731)	(31,053)	453,880	(295,830)	158,050
38,828	(6)	(1,709)	(83,395)	2,682,601	(631,982)	2,050,619

Tangible fixed assets.

"Net tangible fixed assets" decreased by 7,897 thousand euros mainly due to the effect of amortization for the year, equal to 16,029 thousand euros, and the variation of the consolidation basis (down 10,291 thousand euros), partially offset by investments, totalling 18,296 thousand euros, positive adjustments (133 thousand euros) and the disposals of the year (6 thousand euros).

The most significant capitalizations during the year include:

- within the category "plant and machinery" (9,792 thousand euros), the acquisition of wiring systems (1,400 thousand euros), heating and air conditioning systems (1,593 thousand euros), special airport equipment (1,003 thousand euros), advertising equipment (ADR Advertising S.p.A.) (262 thousand euros), car park systems (847 thousand euros), baggage screening equipment and security equipment (1,294 thousand euros);
- within the category "tangible fixed assets in progress and advances" (5,562 thousand euros), purchase of a system

Tangible fixed assets	12.31.2005			
	Cost	Reval. Law 72/1983	Allowances for depreciation	Book value
Land and buildings	19,433	465	(17,011)	2,887
Plant and machinery	115,678	0	(85,650)	30,028
Industrial and commercial equipment	15,247	0	(12,271)	2,976
Fixed assets to be relinquished	159,253	1,908	(75,825)	85,336
Other assets	38,870	0	(34,138)	4,732
Work in progress and advances	4,691	0	0	4,691
Total	353,172	2,373	(224,895)	130,650

for identifying burnt out bulbs and a Stop Bar control system (486 thousand euros), luggage carousels for Ciampino (947 thousand euros), a new system for luggage delivery deriving from the National Airport (918 thousand euros), new Offices Tower (338 thousand euros) and extension of Gos system (150 thousand euros).

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

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 Parent Company ADR S.p.A. 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, etc. recorded at any time in the book of depreciable assets and ADR S.p.A.'s inventory. Such a guarantee is valid until the above loans have been fully repaid.

Changes during the year					12.31.2006				
Purchases/ Capital.	Reclassification	Disposals/ Retirements	Amortization	Changes basis of consolidation	Cost	Reval. Law 72/1983	Depreciation	Allowances for depreciation	Book value
825	122	0	(533)	0	20,380	465	0	(17,544)	3,301
9,792	1,693	(5)	(6,116)	(8,868)	86,658	0	0	(60,134)	26,524
178	0	0	(601)	(873)	7,777	0	0	(6,097)	1,680
588	1,116	0	(7,066)	0	160,957	1,908	0	(82,891)	79,974
1,351	240	(1)	(1,713)	(11)	40,047	0	0	(35,449)	4,598
5,562	(3,038)	0	0	(539)	6,676	0	0	0	6,676
18,296	133	(6)	(16,029)	(10,291)	322,495	2,373	0	(202,115)	122,753

Equity investments held as non-current financial assets.

	12.31.2005	Changes during the year	12.31.2006
Equity investments in:			
– Unconsolidated subsidiary undertakings:			
· ADR Sviluppo S.r.l.-Unipersonale	100	0	100
	100	0	100
– Associated undertakings:			
· La Piazza di Spagna S.r.l.	49	0	49
· Ligabue Gate Gourmet Roma S.p.A. (insolvent)	0	0	0
	49	0	49
– Other companies:			
· Alinsurance S.r.l. in liq.	6	0	6
· Aeroporto di Genova S.p.A.	930	0	930
· S.A.CAL. S.p.A.	878	429	1,307
· Consorzio E.T.L.	0	10	10
	1,814	439	2,253
Total	1,963	439	2,402

With regard to equity investments in "other companies", the share in S.A.CAL. S.p.A. increased due to the subscription by ADR of the relevant quota of the controlled company's share capital increase, dated June 28, 2006, resolved by the subsidiary extraordinary Shareholders' General Meeting dated June 9, 2006.

For further information regarding such equity investments during 2006, reference should be made to the section "equity investments" in the Management Report on Operations.

As security for the loans governed by agreements with Romulus Finance S.r.l., a syndicate of banks and Banca OPI, Parent Company 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.

	12.31.2005	Changes during the year	12.31.2006
Receivables:			
– Due from others:			
· public bodies for licenses	24	0	24
· other	2,666	(1,341)	(1,325)
Total	2,690	(1,341)	(1,349)

The reduction of receivables, classified under non-current financial assets, amounting to 1,341 thousand euros, is due to payments of 1,368 thousand euros, net of 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 no. 662/96. This item is classified under "other" and sums up to 27 thousand euros.
There are no receivables falling due beyond five years.

Current assets.

Inventory.

	12.31.2005	Changes during the year	12.31.2006
Raw, ancillary and consumables materials	2,591	262	2,853
Finished goods and goods for resale: goods for resale	8,027	2,326	10,353
Contract work in progress:	8,124	(310)	7,814
less accumulated write-downs	0	0	0
	8,124	(310)	7,814
Advances	117	(110)	7
Total	18,859	2,168	21,027

The increase of "inventory" compared to December 31, 2005 (up 2,168 thousand euros) is due mainly to the component "goods for resale" whose stock increased by 2,326 thousand euros for the effect of growth of direct sales especially in the last part of the financial year.

The intensive program of checks on stocks of all categories of finished goods and goods for resale held for the shops managed by Parent Company ADR S.p.A. at Fiumicino and Ciampino continued. The checks reveal a progressive decline in inventory shrinkage.

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 S.p.A., 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.p.A.'s inventory. Such a guarantee is valid until the above loans have been fully repaid.

Current receivables.

	12.31.2005	Changes during the year			12.31.2006
		Increases (+) Repayments (-)	Provisions (-) Value recoveries (+)	Changes basis of consolidation	
Due from clients:	170,337	18,339	0	(19,908)	168,768
less allowance for doubtful account	(31,423)	2,590	(3,844)	751	(31,926)
less allowance for overdue account	(7,800)	92	(238)	0	(7,946)
	131,114	21,021	(4,082)	(19,157)	128,896
Due from associated undertakings	530	0	0	0	530
Due from the tax authorities	1,600	11,941	0	0	13,541
Deferred tax assets	27,375	(9,373)	0	0	18,002
Due from others:					
– Sundry	49,996	2,322	0	0	52,318
– Advances to suppliers for services	14	19	0	0	33
	50,010	2,341	0	0	52,351
Total	210,629	25,930	(4,082)	(19,157)	213,320

"Due from clients", net of allowances for doubtful accounts, amount to 128,896 thousand euros and includes trade receivables due from clients and amounts due from Public Bodies, deriving from financed works and the supply of utilities and services. The decrease of receivables approximately 2.2 million euros, compared with December 31, 2005, essentially derives from the combined effect of the deconsolidation of the subsidiary undertaking ADR Handling S.p.A. (down 19,157 thousand euros) and from the higher allowances for doubtful accounts deriving from the new evaluation of the possibility to recover the credits, partially offset by the delay of payment terms by clients. As of December 31, 2006 receivables sold without recourse amount to 5.1 million euros (5.1 million euros as at December 31, 2005).

"Due from associated undertakings", amounting to 530 thousand euros, includes amounts due to Parent Company ADR from the insolvent Ligabue Gate Gourmet Roma S.p.A., classified among preferential liabilities. These receivables did not change during the financial year.

"Deferred tax assets", equal to 18,002 thousand euros as of December 31, 2006, decreased by 9,373 thousand euros compared with the end of 2005.

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

Balance sheet item	Balance at 12.31.2005 (A)		Increase (B)		Decrease (C)		Change rate previous year (D)	Changes basis of consolidation (E)		Balance at 12.31.2006 (A+B-C+D+E)	
	Tax base	Tax	Tax base	Tax	Tax base	Tax		Tax base	Tax	Tax base	Tax
Deffered tax assets:											
– Allowances for risks and charges	32,301	11,205	2,435	880	14,012	4,792	121	(1,120)	(408)	19,604	7,006
– Accumulated inventory write-downs	694	259	256	99	277	106	7	0	0	673	259
– Allowance for doubtful accounts	30,556	10,083	2,879	950	1,601	528	0	(687)	(227)	31,147	10,278
– Provision for personnel	3,492	1,152	4,150	1,370	3,121	1,030	0	(754)	(249)	3,767	1,243
– Accelerated depreciation	2,364	880	1,291	488	827	316	15	(1,433)	(534)	1,395	533
– Consolidated adjustment	23,745	5,936	4,967	1,850	3,517	823	119	(13,268)	(2,520)	11,927	4,562
– Other	8,564	3,165	1,943	704	3,674	1,341	13	(3,322)	(1,237)	3,511	1,304
Total deffered tax assets	101,716	32,680	17,921	6,341	27,029	8,936	275	(20,584)	(5,175)	72,024	25,185
Deffered tax liabilities:											
– Valuation of contracts	(125)	(47)	0	0	(125)	(47)	0	0	0	0	0
– Dividends	(16)	(5)	(74)	(24)	(16)	(5)	0	0	0	(74)	(24)
– Gains	(134)	(50)	0	0	(53)	(20)	0	11	4	(70)	(26)
– Advance depreciation	(15,115)	(5,203)	(5,852)	(2,234)	(1,571)	(160)	(135)	749	279	(18,647)	(7,133)
Total deffered tax liabilities	(15,390)	(5,305)	(5,926)	(2,258)	(1,765)	(232)	(135)	760	283	(18,791)	(7,183)
Total	86,326	27,375	11,995	4,083	25,264	8,704	140	(19,824)	(4,892)	53,233	18,002
Net deferred tax (assets) liabilities				(4,481)							

"Amounts due from others: sundry" increased by 2,322 thousand euros, mainly due to the augmented liquidity deposited in the term current account denominated the "Debt Service Reserve Account" (3,898 thousand euros) in accordance with obligations set out in current loan agreements.

The balance of the term current account in the name of the "security agent" for ADR S.p.A.'s loans, denominated the "Debt Service Reserve Account", amounted to 48,030 thousand euros as of December 31, 2006. In accordance with the procedures established in the relevant agreement, Parent Company ADR S.p.A. has deposited a sum in this account to guarantee repayment of the loans.

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 S.p.A., 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.p.A.'s inventory, as well as other goods and rights subject to liens;
- a lien on all receivables and contracts with clients regarding ADR Tel S.p.A. and ADR Advertising S.p.A. and insurance policies.

“Amounts” due as of December 31, 2006 (213,320 thousand euros) comprise 128,896 thousand euros of trade receivables, 48,964 thousand euros in the form of financial receivables, and 35,460 thousand euros of other receivables. There are no promissory notes or similar bills.

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

	Italy	Other EU Countries	Rest of Europe	Africa	America	Asia	Total
Clients	123,749	4,271	653	151	34	38	128,896
Total	123,749	4,271	653	151	34	38	128,896

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

Marketable securities.

	12.31.2005	Changes during the year	12.31.2006
Equity investments in other companies	13	(13)	0
Total	13	(13)	0

The reduction to zero of this item, which as of December 31, 2005 included the Parent Company’s 9% equity investment in Edindustria S.p.A., derived from the transfer of the share on February 16, 2006.

Cash on hand and in banks.

	12.31.2005	Changes during the year	12.31.2006
Banks and post office deposits	261,865	(133,611)	128,254
Checks	0	1	1
Cash and notes in hand	716	500	1,216
Total	262,581	(133,110)	129,471

The Group’s “cash on hand and in banks” decreased by 133,110 thousand euros. This was primarily due to sharing of dividends (71.5 millions euro) and the repayment of part of the medium/long term bank loans amounting to 127.5 million euros.

Bank deposits include the balance (equal to 70.8 million euros) of the loan agreements in force with the Parent Company, named “Recoveries Account” and upon which the liquidity coming back from extraordinary operations (in 2006 the disposal of the participation in ADR Handling S.p.A.), net of related costs is deposited. This liquidity has been assigned to the funding of ADR's investments.

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 S.p.A., has granted the lenders a lien on all the Company's current accounts governed by a specific agreement. Such a guarantee is valid until the above loans have been fully repaid.

Accrued income and prepaid expenses.

	12.31.2005	Changes during the year	12.31.2006
Accrued income	29	(29)	0
Prepaid expenses:			
– Service costs	896	(245)	651
– Leased assets	9	(9)	0
– Payroll costs	31	(12)	19
– Other operating costs	0	7	7
– Financial charges	3,119	9	3,128
	4,055	(250)	3,805
Total	4,084	(279)	3,805

One of the most significant items is represented by "prepaid expenses-financial charges", which include prepayment of the installment due for the year for the monoline insurance premium paid to AMBAC Assurance UK, which has secured the bonds issued by Romulus Finance S.r.l. that correspond to Facility A.

Shareholders' equity.

	Share capital	Share premium reserve	Legal reserve	Reserve for foreign currency translation adjustments	Retained earnings	Net income for the year	Consolidated shareholders' equity	Minority interest	Group and minority interest in shareholders' equity
Balance as of 12.31.2004	62,310	667,389	12,445	(4,039)	(40,489)	3,942	701,558	22,171	723,729
Allocation of net income 2004			17		(4,176)	(3,942)	(8,101)	(641)	(8,742)
Distribution of reserve					(3,115)		(3,115)	(383)	(3,498)
Reduction in minority interest acquired by Group (United Towers)							0	(18,982)	(18,982)
Foreign currency translation adjustments on conversion of accounts denominated in foreign currency				4,039			4,039	(1,320)	2,719
Net income for the year						79,691	79,691	1,148	80,839
Balance as of 12.31.2005	62,310	667,389	12,462	0	(47,780)	79,691	774,072	1,993	776,065
Allocation of net income 2005					9,281	(79,691)	(70,410)	(1,084)	(71,494)
Net income for the year						59,986	59,986	1,058	61,044
Balance as of 12.31.2006	62,310	667,389	12,462	0	(38,499)	59,986	763,648	1,967	765,615

The Parent Company's "share capital" amounts to 62,309,801 euros represented by no. 62,309,801 shares with a par value of 1 euro each.

On May 7, 2004, pursuant to article 5 of the Parent Company's By-laws, the Board of Directors approved a capital increase in the form of a scrip issue, raising the share capital from 62,224,743 to 62,309,801 euros. Such increase was carried out via the issue of 85,058 ordinary shares with a par value of 1 euro each, and the transfer to share capital of a corresponding sum of 85,058 euros from the "reserve for share issues pursuant to art. 2349 of the Italian Civil Code". The shares corresponding to this increase in share capital have yet to be issued and allocated.

The "Group's net equity", compared with December 31, 2005, decreased by 10,424 thousand euros, mainly for the payment of dividends (amounting to 70,410 thousand euros) by the Parent Company ADR S.p.A.; net income for the year, equal to 59,986 thousand euros, offsets this decrease only partially.

The "third parties net equity" decreased in the current year by 26 thousand euros due to the payment of dividends to third party shareholders, amounting to 1,084 thousand euros is substantially offset by the income for the year, equal to 1,058 thousand euros.

The reconciliation of shareholders' equity and net income for the year, as reported in the accounts of the Parent Company, and the related Consolidated Amounts, is shown in the following table:

Reconciliation of net income for the year and shareholders' equity	2006	2005	12.31.2006	12.31.2005
	Net income for the year		Shareholders' equity	
Balances in ADR S.p.A.'s accounts	35,975	85,528	797,930	832,365
Effect of consolidation of subsidiary undertakings	9,362	(6,833)	3,197	(5,516)
Realisation (elimination) of inter-company profits and other adjustments	15,213	2,129	(11,589)	(26,802)
Effect of deferred tax assets	(1,376)	(1,296)	4,562	5,938
Merger effect [(a)]	812	812	(30,452)	(31,264)
Currency adjustments due to translation of financial statements denominated in foreign currency		(649)		(649)
Balances in consolidated accounts	59,986	79,691	763,648	774,072

(a) Merger date different compared with the first consolidation.

The reconciliation between the net income of ADR S.p.A. and the net income of the Group shown above include the difference of 22.6 million euros between the capital gain, gross of disposal's costs, realized by ADR S.p.A. (42.2 million euros), and the one realized by the Group (64.8 million euros) with the sale of ADR Handling S.p.A.. This difference is attributable to the net losses (amounting to 11.8 million euros) realized by ADRH S.p.A. until 2006, already accounted in the Consolidated Financial Statements, and to intra-group income (10.8 million euros), written off by the Consolidated Financial Statements of the previous years, net of the related tax effect.

Allowances for risks and charges.

	12.31.2005	Changes during the year			12.31.2006
		Provisions	Releases	Changes basis of consolidation	
Taxes, including deferred	1,948	36	0	(1,984)	0
Other:					
– Current and potential disputes	19,501	3,600	(3,470)	(215)	19,416
– Insurance deductibles	1,978	452	(357)	(745)	1,328
– Restructuring	14,328	0	(10,193)	(160)	3,975
– Fixed assets to be relinquished	4,631	0	0	0	4,631
	40,438	4,052	(14,020)	(1,120)	29,350
Total	42,386	4,088	(14,020)	(3,104)	29,350

"Allowances for risks and charges", amounting to 29,350 thousand euros, decreased by 13,036 thousand euros compared with December 31, 2005. The provisions include:

– the "allowance for current and potential disputes", which reports a net decrease of 85 thousand euros as a combined effect of the allowance of 3,600 thousand euros made in order to adjust the amount of the fund itself to likely potential liabilities occurred in the financial year, and the utilisation against the definition of disputes with the clients, contractors and personnel, as well as for the effect of the ADR Handling S.p.A. deconsolidation;

– the "allowance for restructuring", which covers the expected expenses to be incurred by the Group to meet the cost of streamlining and reorganizing its operations, has been utilised 10,193 thousand euros.

Employee severance indemnities.

Balance as of 12.31.2005	62,033
Changes during the year:	
– Provisions	8,096
– Releases to pay indemnities	(8,395)
– Releases to pay advances	(2,451)
– Increases (decreases) due to transfers of employees	172
– Other	124
– Changes basis of consolidation	(17,897)
Balance as of 12.31.2006	41,682

"Employee severance indemnities" report a net decrease of 20,351 thousand euros. This is primarily due to the deconsolidation of ADR Handling S.p.A. (down 17,897 thousand euros), as well as the releases to pay indemnities and advances totalling 10,846 thousand euros, partially offset by provisions for the year of 8,096 thousand euros.

Payables.

	12.31.2005	Changes during the year	12.31.2006
Due to banks	378,427	(129,576)	248,851
Due to other financial institutions	1,279,085	310	1,279,395
Advances:			
– From clients:			
· from the Ministry of Transport	5,048	0	5,048
· other	4,553	(839)	3,714
– On invoices paid installments:			
· from clients	54	(54)	0
	9,655	(893)	8,762
Due to suppliers	103,158	13,874	117,032
Due to associated undertakings	1,003	0	1,003
Taxes due	21,218	(7,760)	13,458
Due to social security agencies	8,251	(2,457)	5,794
Other payables: sundry creditors	41,583	(13,156)	28,427
Total	1,842,380	(139,658)	1,702,722

The Group's "payables" decreased by 139,658 thousand euros during the year. The principal reasons for such a change are analyzed below.

"Amounts due to banks" amount to 248,851 thousand euros, of which 247,500 thousand euros represents the principal on long-term lines of credit denominated "Term Loan Facility" and "BOPI Facility". The remaining 1,351 thousand euros represent amounts due for interest, commissions and swap differentials accrued during the year but not yet settled.

The reduction of 129,576 thousand euros compared with December 31, 2005 reflects the combined effect of the following transactions:

– repayment on September 20, 2006 of the "Term Loan Facility" (amounting to 98,600 thousand euros). This long term line of credit was granted on September 20, 2005, for the amount of 290,000 thousand euros, together with a "Revolving Facility" of 200,000 thousand euros, by a syndicate of banks having as "Mandated Lead Arrangers" Barclays Capital, Calyon S.A., Mediobanca, Banca di Credito Finanziario S.p.A., Unicredit Banca Mobiliare S.p.A. and WestLB AG. Following this repayment transaction, residual value of "Term Loan Facility", at the end of the year, is equal to 191,400 thousand euros;
– repayment on September 20, 2006 of the "BOPI Facility" (amounting to 28,900 thousand euros). This line of credit was granted on February 19, 2003 by Banca OPI, and guaranteed by CDC IXIS Financial Guaranty Europe, for the amount of 85,000 thousand euros. The residual value as of December 31, 2006 is equal to 56,100 thousand euros;
– decrease by 2,076 thousand euros of interest, fees and swap differences accrued in the year but not yet adjusted.

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

Lender	Facility Loan	Amount (millions of euros)	Interest rate	Repayment	Life	Maturity date
Syndacate of banks	Term Loan Facility	191.4	floating rate linked EURIBOR + margin	bullet	6 years	Feb. 2012
	Revolving Facility	200.0	floating rate linked EURIBOR + margin	revolving	6 years	Feb. 2012
		391.4				
Banca OPI	BOPI Facility	56.1	floating rate linked EURIBOR + margin	after 5 years in six-monthly installments	12 years	Mar. 2015
Total		447.5				

As of December 31, 2006, the long-term line of credit "Term Loan Facility", and the credit line "BOPI Facility" granted on February 19, 2003 by Banca OPI and guaranteed by CDC IXIS Financial Guaranty Europe, amounting to 247,500 thousand euros, have been used; the "Revolving Facility", however, has not been used.

"Amounts due to other financial institutions" total 1,279,395 thousand euros. The item includes principal of 1,265,019 thousand euros due from the Group to Romulus Finance S.r.l. and 14,376 thousand euros consisting of interest accrued on the above-mentioned loan and not yet paid.

The increase of 310 thousand euros compared with December 31, 2005 is exclusively due to the interest component. It should be recalled that the loan granted by Romulus Finance S.r.l. in February 2003 arose from the transfer without recourse to Romulus Finance S.r.l. of the amount due to ADR S.p.A.'s original lenders for loans taken out in August 2001.

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

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

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

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

Finally, on May 16, 2006 ADR S.p.A. signed two “Interest Rate Collar Forward Start” with Barclays and Royal Bank of Scotland, involving notional capital of 120 million euros each, on the basis of which ADR S.p.A. will receive a floating 3-month Euribor rate and pay a floating 3-month Euribor rate capped at 5% and a floor of 3.64% from October 2, 2009 until February 20, 2012.

On December 18, 2006, the fixed-rate interest rate swap agreements for a notional capital of 864 million euros, entered into in 2001, have been renegotiated.

In particular, the fixed rate paid by ADR S.p.A. (3.8910%) until the original maturity date (2009) against the payment of the market value of said instruments (27.4 million euros) has been adjusted to market values, thus allowing to reduce the average cost of debt of almost 1% in the 2007/2009 three-year period.

As of December 31, 2006, the “fair value” gain on the fixed rate swap agreements entered into in 2001 and rearranged in 2006 is positive for 2.1 million euros, while the “fair value” loss on the floating rate swap agreements entered into in 2004 is negative for 9.6 million euros; the “fair value” loss on the above mentioned “collar” agreements entered into in May 2006 is negative for 0.6 million euros. The characteristics of hedging agreements are summarised as follows:

	Notional	Fair value derivates as at 12.31.2006	Purpose of the derivates	Financial risk	Financial debt hedged
IRS of 2001 renegotiated in 2006 (CASH FLOW HEDGE)	864,000	2,133	Hedging	Interest rate	864,000
IRS of 2004 (FAIR VALUE HEDGE)	468,000	(9,556)	Hedging	Interest rate	468,000
COLLAR FWD START of 2006 (CASH FLOW HEDGE)	240,000	(564)	Hedging	Interest rate	240,000

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

The effects of the interest rate swap agreements on the Income Statement for the year are shown in the notes on “financial income and expense”.

The bank loans and the loan from Romulus Finance S.r.l. 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.p.A.’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.p.A.’s current bank accounts;
– a lien on ADR S.p.A.’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).

In addition, ADR S.p.A. has undertaken to periodically meet specific covenants. Breach of the “covenants” will activate certain measures designed to protect the lenders. These measures are graduated according to the degree to which the Company has breached the covenants. As of December 31, 2006 all the covenants had been complied with.
“Amounts due to suppliers” increased by 13,874 thousand euros, due to the higher volume of investment carried out in the last period of the year 2006 compared with 2005 and for the higher costs for purchase of goods and services.

“Taxes due”, totaling 13,458 thousand euros, decreased by 7,760 thousand euros, essentially due to the cancellation of debt for current taxes equal to, at the end of the previous accounting year, 7,962 thousand euros.
Taxes due include the amount payable to the Tax Authorities as municipal surtax on passenger fees. This payable amounts to 10,486 thousand euros as of December 31, 2006.

“Other payables: sundry creditors” fell by 13,156 thousand euros, mainly due to a decrease in the amount due to the Civil Aviation Authority for the license fee (7,903 thousand euros) and a decrease in employee severance indemnities due to personnel leaving the Group at the end of the year (up 1,187 thousand euros).

As of December 31, 2006, total “payables” of 1,702,722 thousand euros include 1,528,414 thousand euros of a financial nature, 126,763 thousand euros of trade payables and 47,545 thousand euros of sundry items.
A breakdown of the Group’s trade payables by geographical area is not provided as it is not significant given that limited amount due to overseas creditors.
Payables secured by collateral on the Group’s assets amount to 1,528,246 thousand euros (as described in the paragraph regarding “amounts due to banks and other financial institutions”).
Payables falling due beyond five years amount to 1,417,769 thousand euros and regard amounts due to banks, totalling 217,750 thousand euros (of which 191,400 thousand euros regards the Term Loan Facility and 26,350 thousand euros the loan from Banca OPI) and amounts due to other financial institutions (1,200,019 thousand euros).
Payables in currency exposed to exchange rate risks total 156 thousand euros and refer to services supplied.

Accrued expenses and deferred income.

	12.31.2005	Changes during the year	12.31.2006
Accrued expenses	17	(17)	0
Deferred income			
– Sub-concessions and license fees	3,108	24	3,132
– Other services	2,381	(136)	2,245
	5,489	(112)	5,377
Total	5,506	(129)	5,377

Notes to the Consolidated Memorandum Accounts.

General guarantees.

	12.31.2006			12.31.2005		
	Secured credits	Unsecured credits	Total	Secured credits	Unsecured credits	Total
Sureties:						
– in the interest of third parties	0	111	111	0	111	111
Other:						
– in favor of clients	0	421	421	0	444	444
Total	0	532	532	0	555	555

Commitments on purchases and sales.

	12.31.2006	12.31.2005
Commitments on purchases and sales:		
– Investment:		
· information systems, other	322	343
· electronic equipment	727	1,719
· maintenance and services	2,218	0
· vehicles and equipment	644	253
· self-financed works	77,788	16,670
Total	81,699	18,985

With reference to “commitments on purchases and sales” on February 28, 2003 the Parent Company, ADR S.p.A., 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. Given that the above conditions have yet to be fulfilled, the commitment is not currently quantifiable.

Commitments on purchases also include ADR’s commitment, as an operator of airport infrastructures, to draw up and implement noise reduction and abatement plans, as required by noise pollution Legislation (Law no. 447/1995) and the Ministerial Decree of November 29, 2000.

To this end ADR S.p.A. is currently assessing whether or not the relevant limits have been exceeded, and if so will proceed, with preparation of the necessary noise reduction and abatement plans.

Such commitments are difficult to quantify and are, by necessity, be determined on the basis of interpretations, given that there are no specific indications of the activities to be considered as "maintenance" and "extension" of infrastructures, which form the basis for calculation pursuant to Law no. 447/1995 (the Framework Law on noise pollution).

In view of the above, ADR S.p.A., based on available estimates at the balance sheet date, judges its overall commitment to be no more than approximately 18 million euros. This sum is thus conditional on subsequent events and on the effective program of works to be carried out. The Company believes that future works will qualify as capital expenditure.

In the Group's Management Report on Operations, the measures that the Parent Company, ADR, has implemented – or intends to implement in the near future – with a view to alleviating the acoustic impact generated by aircraft in the vicinity of the airport, are listed in the section on "Environmental protection".

The agreements on the transfer of the share held in ADR Handling S.p.A. occurred on November 3, 2006, envisage a price adjustment for a maximum value of 12.5 million euros. This share has been ascribed to the Income Statement in the extraordinary items with counter-item allowances for risks and charges for about 1.7 million euros; the unlikely remaining part shall be the object of an updated evaluation during the future accounting years.

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

Other memorandum accounts.

	12.31.2006	12.31.2005
General guarantees received:		
– Sureties:		
· received from suppliers	48,880	32,674
· received from clients	53,583	53,124
	102,463	85,798
Third party assets on free loan deposited in custody, leased or similar:		
– Leased assets	29	27
– Min. DGAC - plant and equipment at Fiumicino	119,812	119,812
– Min. DGAC - plant and equipment at Ciampino	29,293	29,293
– Works carried out on behalf of the State	668,060	667,983
	817,194	817,115
Total	919,657	902,913

"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.

Notes to the Consolidated Income Statement.

Total revenues.

Revenues.

	2006	2005	Change
REVENUES FROM SALES			
"Non-aviation" activities:			
– Duty free and Duty paid	64,056	57,792	6,264
– other	1,800	1,136	664
	65,856	58,928	6,928
REVENUES FROM SERVICES			
"Aviation" activities:			
– fees	145,543	158,576	(13,033)
– handling	80,650	104,410	(23,760)
– centralized infrastructures	34,417	35,180	(763)
– security	60,110	56,829	3,281
– other	14,074	11,150	2,924
	334,794	366,145	(31,351)
"Non-aviation" activities:			
– sub-concessions and utilities	87,559	82,678	4,881
– car parks	27,915	26,830	1,085
– advertising	26,111	24,434	1,677
– refreshments	7,855	7,485	370
– other	17,414	14,494	2,920
	166,854	155,921	10,933
	501,648	522,066	(20,418)
REVENUES FROM CONTRACT WORK	78	2,348	(2,270)
Total revenues from sales and services	567,582	583,342	(15,760)
CHANGES IN CONTRACT WORK IN PROGRESS	(310)	(2,675)	2,365
REVENUE GRANTS	7	35	(28)
Total revenues	567,279	580,702	(13,423)

59.0% of "revenues", which sum up to 567,279 thousand euros, derived from "aviation activities" carried out by the Group, whilst 41.0% were generated by "non-aviation" activities (the percentages in 2005 were respectively 63.1% and 36.9%).

"Revenues from sales", amounting to 65,856 thousand euros, rose by 11.8% with respect to 2005, due to the increased turnover of directly managed shops, linked to traffic trends.

"Revenues from services" amount to 501,648 thousand euros, down 3.9% on 2005. A detailed analysis is provided in the section of the Management Report on Operations dedicated to the Group's financial position and operating performance.

"Revenues from contract works" (78 thousand euros) decreased compared with 2005 (down 2,270 thousand euros), in regard to the progressive exhaustion of the works funded by the State.

Segment information.

It is important to note that the type of activity carried out by the Group does not permit a breakdown of the various areas of activity into fully independent segments in relation to markets and customers. The "traffic" element currently affects all the Group's activities. However, it is possible to identify segments on the basis of the type of product or service offered and the production process involved. Information regarding the resulting segments has been extracted directly from the Group's accounts. The following table provides information relating to the principal areas of activity identified:

– Airport fees: paid in return for use of airport infrastructure;
– Handling: including handling contracts and supplementary services;
– Centralized infrastructures;
– Non-aviation activities, consisting of:
  - *sub-concessions*: including fees paid by sub-concessionaires operating on airport grounds, in addition to utilities;
  - *direct sales*: including revenues from directly operated Duty free and/or Duty paid outlets.

Finally, the category, "other activities", includes the sale of advertising space, the management of car parks and refreshment facilities, design, security, left luggage, contract work on behalf of the State, etc.

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

Revenues	Fees	Handling	Centralized infrastructures	Non-aviation activities		Other activities	Total
				Sub-concessions	Direct sales		
2006	145,543	80,650	34,417	87,559	65,856	153,254	567,279
2005	158,576	104,410	35,180	82,678	58,928	140,930	580,702
Change	(13,033)	(23,760)	(763)	4,881	6,928	12,324	(13,423)
% Change	(8.2%)	(22.8%)	(2.2%)	5.9%	11.8%	8.7%	(2.3%)

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 334,794 thousand euros, compared with 366,145 thousand euros in 2005 (down 8.6%);
– “Non-aviation” (including sub-concessions, direct sales, the management of advertising space and car parks, refreshments, design and contract work on behalf of the State) amounting to 232,485 thousand euros, compared with 214,557 thousand euros in 2005 (up 8.4%).

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

Other income and revenues.

	2006	2005
Revenue grants	7	35
Gains on disposals	179	369
Other:		
– Releases:		
· release from allowance for overdue interest	43	114
· release from other allowances	0	437
– Expense recoveries	315	236
– Recoveries of personnel expenses	224	298
– Other revenues	3,010	5,457
	3,592	6,542
Total	3,778	6,946

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

Operating costs.

Depreciation, amortization and write-downs.

“Amortization and depreciation” in 2006 amounted to 99,424 thousand euros (97,930 thousand euros in 2005), including amortization of intangible fixed assets of 83,395 thousand euros (82,976 thousand euros in 2005) and depreciation of tangible fixed assets of 16,029 thousand euros (14,954 thousand euros in 2005). Amortization of intangible fixed assets includes the charge for amortization of the concession, amounting to 49,284 thousand euros. Further details are provided in the note to fixed assets.

“Provisions for doubtful accounts” totalling 3,844 thousand euros (11,306 thousand euros in 2005) and reflect an updated assessment of the recoverability of the Group’s receivables.

Provisions for risks.

“Provisions for risks” break down as follows:

	2006	2005
Current and potential disputes	1,846	5,215
Insurance deductibles	452	677
Total	2,298	5,892

Further information is provided in the note to allowances for risks and charges.

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

Sundry operating costs.

	2006	2005
Losses on disposals	0	4
Concession fees	39	41
Other	8,131	4,965
Total	8,170	5,010

The item “other”, amounting to 8,131 thousand euros, primarily regards membership dues (908 thousand euros), indirect taxes and duties (1,502 thousand euros), and updated valuations of overestimated costs and under-estimated revenues recognized in the 2005 Financial Statements (3,581 thousand euros).

Financial income and expense.

Other financial income.

	2006	2005
Interest and commissions on long-term receivables:		
– Other	27	68
Other:		
– Interest on overdue current receivables:		
· clients	243	2,218
– Interest and commissions received from other companies and sundry income:		
· interest from banks	6,914	3,379
· interest from clients	55	92
· other	1,749	5,198
	8,961	10,887
Total	8,988	10,955

“Interest from banks”, amounting to 6,914 thousand euros, rose 3,535 thousand euros compared with 2005, as a result of greater average liquidity held at banks, as well as improved conditions applied by banks.

The item “other” includes 1,704 thousand euros (5,121 thousand euros in 2005) regarding accrued positive differences on interest rate swaps entered into in October 2004 in accordance with the loan agreement, as described in the note to “payables”. Decrease with reference to 2005 is due to the rising of floating rates.

Interest expense and other financial charges.

	2006	2005
Interest and commissions to others and sundry charges:		
– Interest and commissions paid to banks	12,625	15,776
– Interest and commissions paid to other financial institutions	62,580	56,694
– Provisions for overdue interest on doubtful accounts	237	2,210
– Other	46,688	26,202
Total	122,130	100,882

The reduction of 3,151 thousand euros in “interest and commissions paid to banks” is due to the refinancing transaction carried out in September 2005, which enabled the Group to reduce bank debt by 105 million euros and obtain improved conditions on the new line of credit denominated “Banca OPI Facility”, as well as to the partial repayment of bank loans (incurred on September 2006).

The increase in "interest and commissions paid to other financial institutions" (5,886 thousand euros) derives from application of higher variable rates corresponding to lower expense for swap differentials.

The item "other" includes 46.2 million euros relating to negative differences on swaps, among which 18.8 million euros (25.6 million euros in 2005) accrued during the year and 27.4 million euros referring to the amount paid to the contractual counterparts on December, in order to adjust the fixed rate funds, agreed on 2001, to the current market values.

Foreign exchange gains (losses).

	2006	2005
Foreign exchange gains	172	70
Foreign exchange losses	44	141
Total	128	(71)

Adjustments to financial assets.

	2006	2005
Revaluations:		
– Of equity investments:		
· ACSA Ltd	0	11,539
Write-downs:		
– Of equity investments:		
· Edindustria S.p.A.	0	(68)
Total	0	11,471

In the year 2005, this item was including the revaluation of the associated undertaking, ACSA Ltd, deriving from the application of the equity method until the date of disposal (December 21, 2005) of ADR IASA Ltd, the special purpose entity through which the ADR Group held its investment in ACSA Ltd.

Extraordinary income and expense.

Income.

"Extraordinary income" for 2006 amounts to 65,675 thousand euros and breaks down as follows:

	2006	2005
Gains on disposals	64,785	73,055
Other:		
– Income and recovery of expenses relating to previous years deriving from:		
· total revenues	37	104
· operating costs	135	130
· financial income and expense	0	36
· taxation from previous years	187	0
· reversal of liabilities	110	109
· damages and compensation received	421	55
	890	434
Total	65,675	73,489

"Gains on disposals", equal to 64,785 thousand euros, include the gain recognized in the Consolidated Financial Statements as a result of the sale of the subsidiary undertaking ADR Handling S.p.A..

"Extraordinary expense" includes the transaction costs incurred for the sale and the allowances for risks of price adjustments considered to be likely equal to 3.4 million euros.

Expenses.

"Extraordinary expenses" for 2006 totalled 5,184 thousand euros and breaks down as follows:

	2006	2005
Taxes relating to previous years	237	451
Other:		
– Extraordinary expense deriving from:		
· total revenues	132	122
· operating costs	716	653
· financial income and expense	0	3
· restructuring costs	0	20,200
· contingent liabilities	389	295
	1,237	21,273
– Other extraordinary expense:		
· payments due for lost freight	68	85
· fines	142	78
· damages and compensation paid to third parties	79	84
· costs for extraordinary transactions	3,413	3,489
· others	8	1,132
	3,710	4,868
	4,947	26,141
Total	5,184	26,592

“Costs for extraordinary transactions” includes costs borne for the sale of the subsidiary undertaking ADR Handling S.p.A. and the allowances for risks for probable price adjustments (referred to in the notes to the Memorandum Accounts).

“Restructuring costs” included, in 2005, charges relating to the restructuring and reorganization carried out by the Group (20,200 thousand euros).

Income taxes.

This item reports the estimated expense for current taxes for the year totalling 28,055 thousand euros. Deferred tax assets of 4,481 thousand euros have also been recognized.

	2006	2005
Current taxes:		
– IRES	12,263	23,275
– IRAP	15,792	13,736
– Income taxes paid by overseas companies	0	17
	28,055	37,028
Net deferred tax (assets) liabilities:		
– Deferred tax assets	2,320	(3,808)
– Deferred tax liabilities	2,161	1,356
	4,481	(2,452)
Total	32,536	34,576

In particular, IRES, accounting for 13.1% of income before taxes, is lower than the expected rate of 33%. The reconciliation between the rate applicable in theory and the actual tax burden is shown in the following table:

	2006
Applicable ordinary rate (IRES)	33.0%
Effect of variations in increase (decrease) compared with the ordinary rate:	
– Exempted revenues (capital gains on disposals)	(21.5%)
– Non-deductible costs	7.3%
– Temporary differences and other differences	(5.7%)
Actual rate	13.1%

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

Other information.

Headcount.

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

Average	2006	2005	Change
Management	55	58	(3)
Administrative staff	1,969	2,141	(172)
Ground staff and other	1,095	1,272	(177)
Total	3,119	3,471	(352)

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

Average	2006	2005	Change
ADR S.p.A.	2,105	2,206	(101)
ADR Handling S.p.A.	954	1,208	(254)
ADR Engineering S.p.A.-Unipersonale	29	29	0
ADR Tel S.p.A.	20	17	3
ADR Advertising S.p.A.	11	11	0
Total	3,119	3,471	(352)

It is highlighted that the Group's average number of employees has been determined including the average number of employees of the subsidiary ADR Handling S.p.A. for the first nine months of the financial year only.

Remuneration of Directors and Statutory Auditors.

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

Category	
Directors	624
Directors with positions required by ex Legislative Decree no. 231/2001	34
Statutory Auditors	294
Total	952

Remuneration of 12,165 euros, vis-a-vis a gross yearly remuneration of 15,000 euros, was also established (by the Board of Directors' resolution of March 9, 2005) for the Chairman of the Supervisory Board set up by ADR S.p.A. pursuant to Legislative Decree no. 231/2001. This role has been assigned to a person who is not a member of the Company's Board of Directors.

Litigation.

Tax litigation.

– In 1987, a general tax audit of the Parent Company's accounts from January 1, 1985 to February 18, 1987 was carried out, focusing in addition on certain aspects relating to previous years.

  Despite the fact that the auditors found no evidence of irregular accounting practices or violations of statutory regulations, including misdemeanours punishable by fine in compliance with Law no. 516 of August 7, 1982, ADR S.p.A. was notified of certain irregularities regarding both direct and sales tax for the years between 1982 and 1987. The Parent Company appealed the tax authorities' interpretation before the competent Tax Commissions.

  During 2002, the Revenue Office appealed the sentence issued by the Regional Tax Commission for Rome – section no. 43 – before the Supreme Court. Such sentence had turned down the appeal against the sentence of the Tax Commission for the Province of Rome, dated April 9, 1999, which had accepted the grounds for ADR S.p.A.'s appeal against the allegations of income tax violations regarding the years 1985 and 1986.

  On July 10, 2002 the tax authorities appealed to the Supreme Court, and the Parent Company responded by depositing its counter-evidence with the Court. The judgment is still pending.

  Thus far the outcomes of the hearings conducted by the various tax commissions have been in ADR S.p.A.'s favour, confirming the legal interpretation adopted and a positive outcome for the Company.

– On February 3, 2005 the Special Audit Team from the Regional Tax Police Headquarters for the Lazio Region instigated a general tax audit of the Parent Company, Aeroporti di Roma S.p.A., with respect to direct, indirect and other taxation due for the tax years 2003 and 2004.
  The audit was subsequently extended to include VAT for the tax years 2001 and 2002, limited to certain specific operations carried out by the Company. The tax inspectors then contested the applicability of IRPEG, IRAP and VAT deductions for so-called “transaction costs incurred on loans” incurred between 2001 and 2003.
  In particular, for the tax year 2003, the inspectors deemed that amortization of “transaction costs incurred on loans”, amounting to 4.1 million euros, was inapplicable with regard to IRPEG and IRAP.
  With regard to VAT, the inspectors claim that VAT, totalling approximately 1.3 million euros, paid on the transaction costs incurred during the tax years 2001, 2002 and 2003, in relation to the assumption and restructuring of the above loans, is not deductible for tax purposes.
  ADR submitted a brief with its remarks to the Revenue Office, requesting the filing of the minutes on the assessment drafted by the Tax Police.
  As a result of the audit, on December 29, 2005 the Rome 7 Revenue Office notified Aeroporti di Roma of two claims for back taxes and fines regarding VAT for the tax years 2001 and 2002.
  Backed up by the opinions of its tax experts, and deeming that recognition of the legitimacy of its actions is highly likely, on March 15, 2006, the Company lodged an appeal with the Provincial Tax Commission against said claims.
  Pending the proceedings, Rome 7 Revenue Office filed a claim with the Revenue Office, Regional Direction of Lazio, asking for an opinion on its evaluations in relation to the Tax Police assessments.
  With note of June 13, 2006, the Regional Direction of Lazio, acknowledged ADR legitimate conduct considering “the quota subject to amortization in the year as well as the deductibility of VAT related to said expense as adequate”.
  In particular, besides pointing out the Tax Police contradictions for having considered deductible the interest payable for loans made in 2001 but not the ancillary costs to said loan, the Regional Direction of Lazio clearly stated that, on the basis of the ruling submitted by the Company pursuant to art. 11 of Law no. 212/2000 and the subsequent judgment of the Central Direction for Litigation of the Revenue Office, Resolution no. 240 of July 19, 2002 “by solving the issue, the deduction of investigation costs of the loan was not slightly considered under question”.
  After the judgment rendered in favour of the Company, the Rome 7 Revenue Office filed a claim with the Tax Commission for the Province of Rome to annul the judgments, asking for the annulment of the matter at issue in relation to the notices of assessment for 2001 and 2002 fiscal years.
  The hearing to discuss the claims was fixed for February 12, 2007.

Administrative, civil and labour litigation.

Administrative, civil and labour litigation is followed by the Group through its internal legal department which has provided, for the preparation of the Consolidated Accounts as of and for the year ended December 31, 2006, a complete and exhaustive breakdown of the different civil, administrative and arbitration proceedings outstanding as of that date.

As regards litigation as a whole, the Group carried out a valuation of the risk of negative outcomes leading to the creation of a specific allowance under "allowances for risks and charges" to cover the cost of litigation likely to result in a negative outcome and for which a reasonable estimate of the amount involved could be made. The disputes, for which a negative outcome was merely possible, given the different legal interpretations, were not the object of provisions in accordance with the principles and procedures governing the preparation of financial statements. Furthermore, there are a limited number of civil proceedings underway, for which no provisions were made, as the impact of any negative outcome, while negligible, could not be measured.

Significant disputes are summarized below.

– With regard to relations with Public Bodies, subsequent to Supreme Court sentence no. 15023/01 which, on the one hand, established that Public Bodies should have free-rent access to the premises necessary in order to carry out their legally required duties regarding aircraft, passengers and freight movements, whilst, on the other, requiring such Bodies to pay for the services and utilities relating to said premises, ADR applied to the Ordinary Court for injunctions allowing it to recover receivables due from the various Ministries. The latter have opposed such injunctions, not questioning that payment is due for use of services, but challenging the determination of amounts and the methods of calculation. Three of the four judgments have been settled in the first instance. In any case, the Civil Court rejected the Ministries' objections. The terms to appeal before the Court of Appeal are still effective. For the fourth judgment, on March 6, 2007 the hearing to define the conclusions has occurred and handing down of sentence is awaited.

– On May 26, 1999, ADR S.p.A. appealed Ministry of Finance Decree no. 86, dated March 5, 1999, before the Lazio Administrative Court. The Decree establishes the license fees to be paid by airport operators for the years prior to 1997. Judgment is still pending.

  A similar action brought by ADR S.p.A. before the Civil Court of Rome, with the aim of ascertaining that the Company is not required to pay any back-dated fees to the Ministry of Transport for the years prior to 1997, ended with the issue of sentence no. 5283/2004. This sentence, which upheld ADR's position, declared that the Company has no obligation to pay the government license fees for the years prior to 1997 in application of the Convention of June 26, 1974.

– In a resolution of September 20, 2000 the Antitrust Authority closed the investigation of ADR S.p.A., launched with the resolution of 1999, finding that the Company had not abused its dominant position either with respect to the fees charged for ground handling services, or with regard to self-handling. The Authority did, however, find anti-competitive practices in relation to Aviation Services (Meridiana Group), although no fine was inflicted. The

Company has appealed the latter filing before the Lazio Administrative Court, but the date for the hearing has yet to be set.

– Alitalia and Alitalia Airport have appealed to the Lazio Regional Administrative Court against the Italian Civil Aviation Authority and the Director of Fiumicino Airport and against ADR S.p.A. and ADR Handling S.p.A. as interest parties. The appellants have requested the cancellation, subject to suspension, of both the Aviation Authority's provisions of September 26, 2000, by which the Authority defined the centralized infrastructure at Fiumicino Airport, including the cargo storage plant, and the act of March 29, 2001, by which the Director of Rome Fiumicino Airport ordered the appellants to "cease, with immediate effect, all activities regarding cargo handling, in relation to both services subject to limits and those for which it might have been necessary to use... Alitalia's cargo plant...". An announcement of the date of the relevant hearing is awaited, given that the appellants have withdrawn their request for a suspension.
– On March 3, 2003 ADR S.p.A., together with Assaeroporti and leading Italian airport operators, submitted an extraordinary appeal to the President of the Republic for annulment, with prior suspension, of the Civil Aviation Authority Regulations dated September 30, 2002 regarding "the construction and operation of airports", with which the Authority intends to apply ICAO Annex 14.
– The Ministerial Decree of November 29, 2000 requires the Operators of public transport services and relative infrastructure to draw up action plans for the reduction and abatement of noise, and to make provisions in line with forecast penalties if such limits should be exceeded. The legislation has been independently appealed by all airport operators to the Council of State, with the aim of obtaining an annulment of Lazio Regional Administrative Court's sentence no. 3382/2002. Sentence no. 5822/2004 of September 7, 2004 partially rejected the appeals brought by the airport operators. The consequences of this judgment are summarized below.

  The Appeal Judge, citing grounds that are partially different from those on which the appealed sentence was based, has decided that airport operators have an obligation to reduce noise pollution and thus prepare noise abatement action plans under two conditions:

  - identification of the boundaries of the areas covered by the Ministerial Decree of October 31, 1997 (see the section of the Management Report on Operations dealing with "Environmental protection: Noise abatement");
  - verification, according to a precise schedule, of instances when noise pollution limits are exceeded outside the areas covered by the regulations, as established by the Prime Ministerial Decree of November 19, 1997, with reference to be made to the limits established in municipal zoning bylaws or, in their absence, by art. 6, paragraph 1 of the Prime Ministerial Decree of March 1, 1991.

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

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

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

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

– In July 2003 ADR S.p.A. 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 S.p.A. in 1993 following a dispute about handling.

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

  In ADR's opinion, the surcharges are not due for the period in which the Antitrust Authority's penalty was "suspended" following acceptance by the Lazio Regional Administrative Court of ADR's request for a suspension in 1993 (as part of the appeal in which ADR contested the Antitrust Authority ruling), and until the sentence handed down by the court in July 2000. With sentence no. 198/2004, handed down on May 6, 2004, the Lazio Regional Administrative Court accepted ADR S.p.A.'s appeal and, in particular: 1) annulled the disputed act (the letter from the Antitrust Authority dated May 12, 2003 in which the Authority laid claim to a sum of 1.7 million euros rather than 0.5 million euros; 2) ruled that ADR S.p.A. was not liable for payment of the surcharge stipulated in said act; and 3) ordered payment of legal interest to ADR S.p.A. for the period of the dispute (thirteen six-month periods, unless a different interpretation of the letter containing the grounds for the sentence emerges).

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

– In September 2003 ADR S.p.A. issued notice of appeal to Lazio Regional Administrative Court against Ministerial

Decree 14/T of March 14, 2003 (published in the Official Gazette on 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 S.p.A. 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 S.p.A. 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.

– With regard to the preparatory phase for the Planning Agreement 2005-2009, in November 2005 ADR S.p.A. appealed to Lazio Regional Administrative Court for an annulment of the decisions and considerations contained in the document issued by the Ministry of Infrastructure and Transport and the Ministry of the Economy on September 22, 2005, in which Aeroporti di Roma is substantially denied the right to include any component of the purchase cost of the airport management concession for Fiumicino and Ciampino in the regulatory asset base, to be used in determining the airport fees it will charge. The appeal also includes a claim for damages from the ministries concerned, in view of the unwarranted delay the above document has caused in finalizing the Planning Agreement provided for in Point 5 of the regulatory framework annexed to CIPE (Interdepartmental Committee for Economic Planning) Resolution no. 86/2000 and art. 4 of the Ministerial Decree of November 14, 2000. The Agreement governs the determination of airport fees and the other regulated revenues earned by ADR. The date of the related hearing has yet to be announced.

– On October 28, 2005, ADR S.p.A. submitted a complaint to the European Commission asking it to examine the provisions of Legislative Decree no. 211/2005 regarding the so-called "system requirements", which was subsequently included in Legislative Decree no. 203/2005, converted into Law no. 248/2005. ADR's complaint aims to bring to the Commission's attention the fact that the above legislation violates EU law, with particular regard to the rules governing State aid.

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

Actions brought by ADR, including those contesting certain provisions regarding the implementation of regulations introduced by Law no. 248/2005 (so-called "systems requirements"), include the proceedings held before the Civil Court in February 2006 against the Ministry of Infrastructure and Transport. This regards a claim for damages, estimated at 27.6 million euros, caused to ADR S.p.A. as a result of the failure to bring airport fees into line with the target inflation rate until December 2005, in compliance with article 2, paragraph 190 of Law no. 248/2005, which was repealed by Law no. 248/2005. The next hearing will take place on July 6, 2007.

A further action relating to "system requirements" regards the appeal filed by ADR S.p.A. at the Administrative Court in February 2006 with a view to revoking the Guidelines issued by the Ministry of Infrastructure and Transport on December 30, 2005 regarding the entry into effect of Law no. 248/2005. Specifically, this regards a request for annulment of both the regulations concerning the reduction of airport fees and the Civil Aviation Authority's memorandum of January 20, 2006, fixing the level of temporary airport fees. At the hearing of October 26, 2006, the discussion for the request of revocation was postponed to May 17, 2007 upon IBAR's request, in order to allow the integration of discussion vis-à-vis all the carriers considered as the counterparties concerned.

Moreover, in March 2006 ADR S.p.A. appealed to the Lazio Administrative Court, without a request for revocation against the Civil Aviation Authority's memorandum of February 3, 2006 and previous memoranda in which the Authority deemed it appropriate to suspend payment of royalties on the sub-concession of airport fuel supply to third parties.

The suspension is to remain in force until the submission by airport operators of data regarding the costs incurred in relation to the service provided by oil companies and until the completion of checks to be carried out on these companies by the Civil Aviation Authority.

Finally, ADR S.p.A. lent its support to the appeals brought before the Constitutional Court by the Campania, Emilia-Romagna, Piedmont, Tuscany and Sicily Regional Authorities in order to have Law no. 248/2005 declared unconstitutional.

A hearing to discuss the appeal brought by the Piedmont Regional Authority occurred on January 1, 2007 and handing down of sentence is awaited.

- Assaero (National Association of Carriers and Operators of Air Transport) and Blue Panorama, appealed to the Lazio Administrative Court, with a request for revocation, against the Civil Aviation Authority's note no. 60600 of September 15, 2006 (and against another ruling dated 10.31.2006 that does not concern the airports of Rome) in which the Authority notified the results of the verifications made to the totally-managed airports "in order to analyze the relation with costs of the amount presumptively requested to management and oil companies".

  During the hearing of December 14, 2006 the plaintiff waived the request asking for revocation on the merit. The parties agreed on requesting to fix the hearing on the merit in the short term.

– IBAR (Italian Board Airlines Representatives) and no. 6 carriers (Iberia, Tap, American Airlines, Delta Airlines, Ethiopian Airlines and Cyprus Airlines) appealed to the Lazio Administrative Court, with related request for revocation, against the Civil Aviation Authority's note no. 60600 of September 15, 2006 (and against other previous rulings) in which the Authority notified the results of the verifications made to the totally-managed airports "in order to analyze the relation with costs of the amount presumptively requested to management and oil companies".

  During the hearing of January 11, 2006 IBAR waived the request for revocation; the hearing on the merit is waited to be fixed.

– ENI appealed to the Civil Court of Rome against its client carriers (Air One, Alitalia, Eurofly, Livingston, Meridiana and Neos) asking to verify the obligation to pay to the oil company the amounts relating to the concession fees owed by the same company to the airport managers and, therefore, condemns them to pay to ENI the related amounts accrued from October 2005 (entry into force of Law Decree no. 211/2005, the so-called "system requirements").

  With the same appeal, alternatively, ENI summoned also the management companies, among which ADR S.p.A. (and the Civil Aviation Authority for State-managed airports) in order to verify the undue payment of the concession fee to the same managers determined in relation to the amount of oil supplied to airlines and, with regard to ADR in particular, on the one hand, to verify its condemnation to repay the amount due from October 2005 equal to 276 thousand euro, and on the other hand, declare undue the amount requested by ADR to ENI equal to 1.1 million euros, until 5.31.2006 and not paid. The hearing has been fixed on May 10, 2007.

– On December 19, 2006, the Antitrust Authority notified to ADR the starting (with provision no. 16246 of 12.14.2006) of a proceeding against the Company following:
  - IBAR reports on ADR S.p.A. methods used to determine certain amounts for the use of infrastructures and airport goods used for air transport and assistance operations to passengers and airplanes;
  - a complaint (also by ALAS, ASSODOR and ANAMA) relating to the cargo sector, focusing the attention on the anti-competition aspect of the methods used to determine the amounts for the sub-concession of office areas as well as the limits imposed by ADR for competitors' access to the market of assistance services for goods.

  According to the Authority, ADR abused its dominant position, pursuant to art. 82 of the EC Treaty on the market of airport infrastructure management at Fiumicino and Ciampino airports and on the market of assistance services for goods at Fiumicino.

  The maximum money penalty envisaged by the law cannot exceed 10% value of the turnover obtained from the activities object of the investigation (for a hypothetical maximum amount of about 50 million euros). At present, the proceedings have only just been started and it is therefore difficult to determine the final outcome. In any case, it is not possible that the money penalty exceeds the levels envisaged by the law.

On March 19, 2007 the term for ADR to resort to art. 14-*ter* of Law no. 287/90, i.e. submit to the Authority its commitments in order to prove that its conduct is not anti-competitive, expired. ADR did not resort to said right. According to the Authority, the investigation shall be closed on January 31, 2008.

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

– ATI Alpine Bau has lodged an appeal against sentence no. 1347/06 handed down on January 16, 2006 by Rome's Civil Court (which ordered ADR to pay 1.2 million euros plus legal interest accrued from the time of the claim totaling 0.2 million euros) in relation to the upgrading of runway 16/34L (runway 3) to be carried out by said Company at Leonardo da Vinci airport in Fiumicino. ADR S.p.A. has been summoned to attend the hearing on January 10, 2007.
  The appeal reiterates the claims for damages made in first instance (66 million euros, plus legal interest accrued from the time of the claim) and a request was made to combine the three proceedings. In addition, a further appeal is pending against the partial judgment in first instance (a hearing is to be held on October 2, 2007 for final judgment).
  At the hearing of January 10, 2007, ATI Alpine lawyers asked for the combination of these proceedings with the proceedings at issue against the above mentioned partial judgment. ADR S.p.A.'s lawyers objected to said combination and the judge, having accepted the objection, rejected the request, ordered however that, for time-saving purposes, the two proceedings shall be discussed together during the same hearing on October 2, 2007.
– A lawsuit was taken out by ATI Elsag S.p.A. - CML Handling Technology S.p.A. regarding payment of sums posted to accounts relating to the contract to construct the new baggage handling system at Fiumicino airport, amounting to 7.4 million euros, plus interest. At a hearing on June 16, 2004 the judge, taking into account the plaintiffs' request for an enquiry and ADR S.p.A.'s response, adjourned the case until a hearing on November 18, 2004. At this hearing judgment was withheld regarding admission of the evidence presented. The appointed judge has rejected the requests for an investigation from the parties and adjourned the case until the final hearing to be held on September 21, 2006. The hearing was postponed to May 23, 2007 due to ELSAG's defenders decision to abstain from attending the hearings. This stage of the legal process is expected to be concluded in 2007.
– A claim for damages, in relation to the contract for the extension and restructuring of the international terminal at Rome's Fiumicino airport and related works, has been brought by Consorzio Aerest (in liquidation). The claim amounts to approximately 2.2 million euros plus VAT, interest and revaluation. On October 8, 2004 the Court of Rome partially upheld the Consorzio Aerest's claim, requiring ADR S.p.A. to pay the consortium the sum of approximately 167 thousand euros, rejecting all other claims and apportioning the legal costs to both parties.
  On April 27, 2005 Consorzio Aerest appealed against the above-mentioned sentence, substantially reiterating the

claim submitted in first instance. A hearing has been scheduled for May 20, 2008 for pronouncement of the sentence.

– A civil lawsuit brought by Finprest to obtain recognition of its right to a sum of 3.2 million euros pertaining to review of contract prices, revaluations and interest in relation to a contract (dating back to 1988) for restructuring and extension works at the "old" Domestic Terminal (Terminal A) at "Leonardo da Vinci" airport in Fiumicino. During the hearing for the admission of evidence held on June 6, 2006 the Judge withheld the case for decision adjourning it to October 16, 2007 for final conclusions.
– On December 30, 2004 ATI NECSO ENTRECANALES - Lamaro Appalti notified its decision to appeal sentence no. 35859/2003 issued by the Civil Court of Rome, summonsing ADR S.p.A. to appear before the Appeal Court of Rome at a hearing on March 30, 2005. In addition to rejecting ATI NECSO's claims, the judge at the initial hearing also ordered the Company to pay ADR S.p.A.'s costs. ATI NECSO is claiming damages of 9.8 million euros, plus interest, revaluation and costs, from ADR S.p.A. in relation to 7 claims posted in the accounts relating to the contract for work on the extension and restructuring of the International Terminal (Satellite West) at Fiumicino. In view of the positive outcome of the first instance hearing, the Group believes the likelihood of a negative outcome to be remote. The case was adjourned until November 27, 2007.
– On February 1, 2005 Fondedile Costruzioni S.r.l. lodged an appeal against sentence no. 23019/2004 of the Civil Court of Rome, which rejected all the requests made by Fondedile, and also ordered the Company to reimburse ADR's legal costs. Such appeal reiterates the claim submitted in the first instance for a total of 3.6 million euros, as well as legal and overdue interest and revaluation. At a preliminary hearing on May 3, 2005 before the second section of the Appeal Court of Rome, the judge adjourned the hearing until February 5, 2008 for pronouncement of sentence.
– On March 31, 2006 a summons was issued in which ATI Opere Pubbliche S.p.A. - Opere Idriche S.p.A., contracted to carry out works on the multistorey car park (fifth module) at "Leonardo da Vinci" airport in Fiumicino, requests that ADR be ordered to pay the 17 reserves recorded in the accounts regarding said works, for a total of 2.0 million euros, plus legal interest, as well as legal costs and fees.
  The request, submitted from the alleged design error which obliged the contract, ATI, to use greater quantities of material than those provided for in the project and, above all, increase in the prices of materials used for the work in question, primarily metals (iron, steel, copper, etc.). The initial hearing will take place on March 30, 2007.

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

– On October 10, 2006 the settlement agreement entered into between ADR and ATI Federici Stirling S.p.A. in Extraordinary Administration was executed. The parties agreed on waiving the Injunction Payment no. 13700/02

(R.G. 57416/02) and the related rejection judgment that shall be definitely abandoned by the Contractor and ADR vis-à-vis the payment of an amount of about 1.7 million euros to Federici Stirling in Extraordinary Administration and Lamaro Appalti. The dispute arose from a contract for works regarding the first module to extend the Domestic Terminal at Fiumicino airport. Such works were entrusted to ATI, with Federici Stirling acting as agent.

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

  On November 22, 2004 ATI SOMECA - Ditta Mr. Pietro Ciardiello appealed the memorandum in which ADR informed said Company of its exclusion from the tender regarding construction of ECHO aircraft aprons in the Southeastern area of "Leonardo da Vinci" airport in Fiumicino (with a starting price of around 7.9 million euros), requesting injunctive relief in the meantime. The Company had been excluded because after verification the company's bid was deemed unsuitable. The appeal and request for an injunction also regard award of the contract to ATI Pavimental S.p.A. - Leonardo Costruzioni S.r.l.; all the bid documents including appraisals of suitability; and any other prior related and subsequent documents.
– With sentence no. 14365/2006, published on June 19-22, 2006, the Civil Court of Rome partially accepted claim made by ATI COMER Costruzioni Meridionali S.r.l. - F.lli Panci S.r.l. - Marino Appalti S.r.l. and ordered ADR to pay a sum of 0.1 million euros, as well as legal interest and reimbursement of legal costs.

  This judgment follows on from the injunction, notified on February 22, 2002, in which ATI claimed damages and interest amounting to 0.7 million euros, regarding upgrading works on runway 16R/34L, on the section of the Alfa taxiway North of the AB link road and the AA and AB link roads at Fiumicino airport.

In the Group's judgment, current litigation and the 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 Consolidated Financial Statements present a true and fair picture of the Group's financial position and results of operations for the year.

The Board of Directors

REPORT OF THE INDEPENDENT AUDITORS

Deloitte.

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AUDITORS' REPORT PURSUANT TO ART. 156 OF LEGISLATIVE DECREE No. 58 OF FEBRUARY 24, 1998

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

1. We have audited the consolidated financial statements of Aeroporti di Roma S.p.A. and subsidiaries as of December 31, 2006. These consolidated financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes as required by law, reference should be made to the auditors' report issued by us on April 4, 2006.

3. In our opinion, the consolidated financial statements present fairly the financial position of Aeroporti di Roma S.p.A. and subsidiaries as of December 31, 2006, and the results of its operations for the year then ended in accordance with the Italian law governing financial statements.

4. As described in the Management report on operations and in the Notes to the financial statements, on November 3, 2006 the Company has disposed of its investments in the subsidiary ADR Handling. The consolidated income statement includes the results of the subsidiary for the first nine months of the year and, among the "Extraordinary income and expenses", the gain realized from the disposal, in addition to the related costs.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Falcone
Partner

Rome, Italy
March 28, 2007

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

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Perugia
Roma Torino Treviso Verona

Member of
Deloitte Touche Tohmatsu

Sede Legale: Via Tortona, 25 - 20144 Milano - Capitale Sociale: Euro 10.328.220,00 i.v.
Partita IVA/Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239

COMPANY FINANCIAL STATEMENTS AS OF DECEMBER 31, 2006

Aeroporti di Roma

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BALANCE SHEET AND INCOME STATEMENT

as of December 31, 2006 (compared with December 31, 2005) - (Translation from the original issued in Italian)

ASSETS (in Euros)		12.31.2006			12.31.2005	
UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS			0			0
FIXED ASSETS						
Intangible fixed assets:						
– Incorporation and development costs		0			0	
– Industrial patents and intellectual property rights		2,524,391			1,016,916	
– Concessions, licenses, trademarks and similar rights		1,882,391,004			1,931,969,852	
– Leasehold improvements in process and advances		42,515,872			33,734,851	
– Leasehold improvements		157,580,125			163,632,746	
			2,085,011,392			2,130,354,365
Tangible fixed assets:						
– Land and buildings		3,300,529			2,887,100	
– Plant and machinery		24,972,151			20,771,292	
– Industrial and commercial equipment		1,678,421			1,929,902	
– Fixed assets to be relinquished		81,785,132			87,138,143	
– Other assets		4,511,354			4,639,797	
– Work in progress and advances		7,374,319			4,125,032	
			123,621,906			121,491,266
Non-current financial assets:						
– Equity investments in:						
- subsidiary undertakings	4,378,132			157,845,155		
- associated undertakings	49,001			49,001		
- other companies	2,252,718			1,814,313		
		6,679,851			159,708,469	
– Receivables due from others:						
· within 12 months	3,099			3,099		
· beyond 12 months	1,336,025			2,655,689		
		1,339,124			2,658,788	
			8,018,975			162,367,257
Total fixed assets			2,216,652,273			2,414,212,888
CURRENT ASSETS						
Inventory:						
– Raw, ancillary and consumable materials		2,853,106			2,591,472	
– Contract work in progress		7,225,352			6,660,671	
– Finished goods and goods for resale:						
- goods for resale	10,353,173			8,027,206		
		10,353,173			8,027,206	
– Advances		949			39,763	
			20,432,580			17,319,112
Receivables:						
– Due from clients		115,942,351			109,227,507	
– Due from subsidiary undertakings		14,726,827			10,927,734	
– Due from associated undertakings		529,543			529,543	
– Due from tax authorities		13,248,132			990,572	
– Deferred tax assets		13,256,846			18,060,846	
– Due from others:						
- various:						
· within 12 months	52,180,431			50,126,853		
· beyond 12 months	0			764,867		
- advances to suppliers for services to be rendered	32,095			35,694		
		52,212,526			50,927,414	
			209,916,225			190,663,616
Marketable securities:						
– Equity investments		0			12,709	
			0			12,709
Cash on hand and in banks:						
– Bank and post office deposits		125,847,689			256,505,985	
– Checks		1,361			0	
– Cash and notes in hand		1,215,739			631,708	
			127,064,789			257,137,693
Total current assets			357,413,594			465,133,130
ACCRUED INCOME AND PREPAID EXPENSES						
Accrued income and other prepaid expenses			4,493,198			3,947,649
TOTAL ASSETS			2,578,559,065			2,883,293,667

BALANCE SHEET - ADR SPA

as of December 31, 2006 (compared with December 31, 2005) - (Translation from the original issued in Italian)

LIABILITIES AND SHAREHOLDERS' EQUITY (in Euros)	12.31.2006		12.31.2005	
SHAREHOLDERS' EQUITY				
Share capital:				
– Ordinary shares	62,309,801		62,309,801	
Share premium reserve	667,389,495		667,389,495	
Revaluation reserves	0		0	
Legal reserve	12,461,960		12,461,960	
Statutory reserves	0		0	
Reserve for own shares	0		0	
Other reserves	416,300		416,300	
Retained earnings (accumulated losses)	19,377,394		4,259,073	
Net income (loss) for the year	35,975,352		85,528,397	
Total shareholders' equity		797,930,302		832,365,026
ALLOWANCES FOR RISKS AND CHARGES				
Other	29,350,494		38,974,895	
Total allowances for risks and charges		29,350,494		38,974,895
EMPLOYEE SEVERANCE INDEMNITIES		40,235,313		43,455,797
PAYABLES				
Due to banks:				
· within 12 months	1,350,946		3,427,180	
· beyond 12 months	247,500,000		375,000,000	
	248,850,946		378,427,180	
Due to other financial institutions:				
· within 12 months	14,376,351		14,065,547	
· beyond 12 months	1,265,018,896		1,265,018,896	
	1,279,395,247		1,279,084,443	
Advances:				
– From clients:				
- from the Ministry of Transport:				
· within 12 months	278,106		278,106	
· beyond 12 months	4,770,000		4,770,000	
- other	3,713,522		3,721,889	
	8,761,628		8,769,995	
Due to suppliers:				
· within 12 months	106,079,788		86,848,749	
· beyond 12 months	2,960,490		5,529,814	
	109,040,278		92,378,563	
Due to subsidiary undertakings:				
· within 12 months	11,749,074		139,509,241	
	11,749,074		139,509,241	
Due to associated undertakings:				
· within 12 months	1,002,980		1,002,980	
	1,002,980		1,002,980	
Taxes due:				
· within 12 months	13,177,702		19,923,477	
	13,177,702		19,923,477	
Due to social security agencies	5,352,814		5,128,773	
Other payables: various creditors:				
· within 12 months	26,823,646		37,676,326	
· beyond 12 months	1,025,122		847,477	
	27,848,768		38,523,803	
Total payables		1,705,179,437		1,962,748,454
ACCRUED EXPENSES AND DEFERRED INCOME				
Accrued expenses and other deferred income		5,863,519		5,749,495
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,578,559,065		2,883,293,667

as of December 31, 2006 (compared with December 31, 2005) - (Translation from the original issued in Italian)

MEMORANDUM ACCOUNTS (in Euros)	12.31.2006		12.31.2005	
GENERAL GUARANTEES				
Sureties	110,522		110,522	
Other	749,607		688,176	
		860,129		798,698
COLLATERAL GUARANTEES		0		0
COMMITMENTS ON PURCHASES AND SALES		87,774,883		30,914,746
OTHER		915,256,703		898,894,571
TOTAL MEMORANDUM ACCOUNTS		1,003,891,715		930,608,015

INCOME STATEMENT - ADR SPA

for the year ended December 31, 2006 (compared with the year ended December 31, 2005) - (Translation from the original issued in Italian)

INCOME STATEMENT (in Euros)		2006			2005	
TOTAL REVENUES						
Revenues from sales and services:						
– Revenues from sales	67,295,209			60,612,853		
– Revenues from services	444,626,700			449,431,372		
– Revenues from contract work	77,453			2,347,871		
		511,999,362			512,392,096	
Changes in contract work in progress		564,682			(2,167,871)	
Other income and revenues:						
– Revenue grants	7,460			34,999		
– Profits on disposals	179,134			247,301		
– Other	2,980,602			4,980,050		
		3,167,196			5,262,350	
			515,731,240			515,486,575
OPERATING COSTS						
Raw, ancillary and consumable materials and goods for resale		63,012,727			52,994,951	
Services		92,740,403			85,001,660	
Leases		9,009,529			23,013,976	
Payroll:						
– Wages and salaries	75,358,418			73,396,814		
– Social security	21,500,076			21,128,005		
– Employee severance indemnities	5,768,922			6,076,615		
– Other	968,491			1,206,407		
		103,595,907			101,807,841	
Depreciation, amortization and write-downs:						
– Amortization of intangible fixed assets	83,383,923			83,714,410		
– Depreciation of tangible fixed assets	14,820,705			13,481,104		
– Provisions for doubtful accounts	3,588,891			10,936,104		
		101,793,519			108,131,618	
Changes in inventories of raw, ancillary and consumable materials and goods for resale		(2,587,600)			1,044,903	
Provisions for risks		2,120,292			5,544,062	
Other provisions		0			230,000	
Sundry operating costs:						
– Losses on disposals	0			2,056		
– License fees	39,090			40,611		
– Other	7,892,691			4,397,217		
		7,931,781			4,439,884	
			(377,616,558)			(382,208,895)
Operating income			138,114,682			133,277,680
FINANCIAL INCOME AND EXPENSE						
Income from equity investments:						
– Dividends from subsidiary undertakings	2,530,815			89,337,147		
		2,530,815			89,337,147	
Other financial income:						
– From long-term receivables:						
- other	27,479			67,294		
– Other:						
- interest and commissions from subsidiary undertakings	51,326			17,307		
- interest and commissions from banks	6,852,441			3,234,415		
- interest and commissions from clients	295,882			2,300,884		
- interest and commissions from others	1,747,336			5,196,664		
		8,974,464			10,816,564	
Interest expense and other financial charges:						
– Interest and commissions due to subsidiary undertakings	1,379,933			93,646		
– Interest and commissions due to banks	12,617,330			15,776,272		
– Interest and commissions due to other financial institutions	62,580,300			56,694,324		
– Interest and commissions due to others	46,721,739			26,306,285		
– Provisions for overdue interest on written down receivables	238,339			2,209,603		
		(123,537,641)			(101,080,130)	
Profits and losses on exchange:						
– Profits	169,036			63,773		
– Losses	43,497			36,126		
		125,539			27,647	
Total financial income (expense), net			(111,906,823)			(898,772)

INCOME STATEMENT (in Euros)	2006		2005	
ADJUSTMENTS TO FINANCIAL ASSETS				
Write-downs:				
– Of equity investments	0		68,354	
		0		(68,354)
Total adjustments		0		(68,354)
EXTRAORDINARY INCOME AND EXPENSE				
Income:				
– Gains on disposals	42,216,348		0	
– Other	821,679		327,135	
		43,038,027		327,135
Expense:				
– Taxes relating to previous years	90,711		214,108	
– Other	4,462,813		20,001,983	
		(4,553,524)		(20,216,091)
Total extraordinary income (expense), net		38,484,503		(19,888,956)
Income before taxes		64,692,362		112,421,598
Income taxes of the year, current, deferred assets (liabilities):				
– Current		(23,913,010)		(30,752,201)
– Deferred tax assets (liabilities)		(4,804,000)		3,859,000
Total taxes		(28,717,010)		(26,893,201)
Net income (loss) for the year		35,975,352		85,528,397

NOTES TO THE FINANCIAL STATEMENTS

General principles.

(Translation from the original issued in Italian)

These Notes are an integral part of the Company Financial Statements as of December 31, 2006. The Financial Statements have been prepared in accordance with the law, as interpreted and integrated by the accounting standards issued by the Italian Accounting Profession and the Italian Accounting Standards Setter (collectively referred to as Italian GAAP), 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, 2006 and the Income Statement for the year then ended are compared with the data for 2005.

The Income Statement and Balance Sheet items 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[1] for the purpose of acquiring holdings in airport management companies.

[1] 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 of the privatization of ADR S.p.A., on July 31, 2000 Leonardo acquired 51.148% of the share capital of ADR S.p.A., 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 S.p.A., 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 S.p.A. 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.p.A.'s shares, which had been quoted since July 24, 1997, were subsequently delisted.

The deed for the ensuing merger of ADR S.p.A. and Leonardo was drawn up on May 16, 2001 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 S.p.A.

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 Transport and Infrastructure. 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 S.p.A. 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.

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. 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 State 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 State. 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 Italian Civil Aviation Authority 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.p.A.’s merger with Leonardo, represents the goodwill purchased by Leonardo and reflecting the difference between the price paid for ADR S.p.A.’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 rights”.

As of December 31, 2006, the Company is controlled by Leonardo S.r.l., which owns 51.082% 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.

Explanation added for translation into English.

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

Notice.

Following the disposal of the participation held in ADR Handling S.p.A. occurred on November 3, 2006, for an easy reading and comparison of the Balance Sheet data with the balances of the previous fiscal year, the assets and liabilities balances as at 12.31.2005 due to and from the Company have been reclassified as follows:

– the assets equal to 7,524 thousand euros, under “receivables due from subsidiary undertakings” were reclassified for 6,143 thousand euros, in relation to the trade relations, under “receivables due from clients” and for 1,381 thousand euros, relating to other relations, under “receivables due from others: various”;
– the liabilities of 4,599 thousand euros, under “payables due to subsidiary undertakings” were reclassified for 651 thousand euros, relating to the trade relations, under “payables due to suppliers” and for 3,948 thousand euros, relating to the centralized treasury management, under “other payables: various creditors”.

Similarly, in the Income Statement, 116 thousand euros under “interest and commissions due to subsidiary undertakings” were reclassified under “interest and commissions due to others”.

Accounting policies.

The accounting policies adopted to prepare the Financial Statements for the year ended December 31, 2006 are based on the prudence, going-concern and substance over form principles. They comply with the provisions of article 2426 of the Italian Civil Code and 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.

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 assets are 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 S.p.A. (now ADR S.p.A.) on acquiring its holding in ADR S.p.A., is amortized on the basis of the residual duration of the concession, which will expire on June 30, 2044.

– *Other.*

This item essentially includes:

– *leasehold improvements:* improvements (modernization, upgrades), having a service life of several years, carried out on assets belonging to third parties (held under concession or constructed on behalf of the State). These costs are amortized in relation to their residual service lives, usually less than the period of the concession;

– *ancillary charges on loans:* the charges incurred to obtain medium- and long-term loans (such as investigative charges, legal fees, etc.) are capitalized and amortized on the basis of the duration of the loan, in accordance with the financial method.

Tangible fixed assets.

Tangible fixed assets have 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.

A summary of the rates used is provided below:

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

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 no. 72/83.

– *Fixed assets to be relinquished.*

Such assets are recorded at purchase cost adjusted in accordance with the above-mentioned art. 3 of Law no. 72/83, including any ancillary charges and subsequent development costs.

Such assets are depreciated in relation to their residual useful lives. In addition, provisions are made for transfer costs relating to "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 and referred to at the beginning of this section. 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.

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

Non-current receivables are recorded at their nominal value.

Current assets.

Inventories.

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

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

– *Contract work in progress.*

These assets are recorded on the basis of the percentage-of-completion method (determined on the basis of the ratio of costs sustained to the total cost of the project). The value of the work so far completed and for which 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.

Marketable securities.

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

Cash on hand and in banks.

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

Accruals and deferrals.

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

Allowances for risks and charges.

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

Employee severance indemnities.

Employee severance indemnities were calculated for all the Company's employees and in accordance with governing legislation. This amount was calculated for indemnities accrued up to December 31, 2006 and is shown net of any advance payments.

Payables.

Payables are recorded at their nominal value.

Receivables and payables recorded in foreign currency.

In line with the new provisions introduced by company law reform (article 2426, paragraph 8-*bis* of the Italian Civil Code), items expressed in foreign currency are posted at the historical exchange rate on the day a transaction is carried out.

Any exchange rate differences, incurred on collection of receivables or on settlement of payables denominated in foreign currency, are recorded in the Income Statement under "foreign exchange gains and losses".
If the translation of receivables and payables denominated in foreign currency, at closing rates, results in a net gain or loss, such an amount is recorded in the Income Statement under "foreign exchange gains and losses". Given that it is unrealized, any net gain deriving from the application of closing exchange rates is, on approval of the financial statements, posted to an appropriate non distributable reserve until it is realized.

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.

– *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 carrying amount. This item also includes the value of the "advertising division" leased to ADR Advertising S.p.A., 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.p.A.'s Financial Statements.

Taxation.

"Current taxes" are calculated on the basis of the Company's taxable income. The related payable is posted to "taxes due".
Following adoption of the new form of domestic tax consolidation, governed by article 117 and subsequent articles of the Consolidated Act, IRES (corporate income tax) is calculated on consolidated income, resulting from the sum of the income and losses reported by the Parent Company, ADR S.p.A., and its consolidated subsidiary undertakings. The above sum may reflect adjustments made by the Parent Company, such as the detaxation of intercompany dividends, that enable the Group to reduce its tax expense compared with the figure deriving from the sum of the taxes to be paid by the individual Companies.
The transfer of taxable income and tax losses from the individual consolidated Companies to the Parent Company, ADR S.p.A., results in proceeds and expenses from tax consolidation, reflected in receivables and payables due from and to subsidiary undertakings.
Consolidated Companies also transfer withholding taxes, tax credits and rebates from previous tax returns to the Parent Company. These may be offset against IRES calculated on consolidated income.

"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; deferred tax assets are recorded only when there is reasonable certainty of their recoverability.

Derivatives contracts.

The positive and negative interest rate differentials, deriving from interest rate swaps entered into for hedging purposes, accrued at the end of the year are recorded on an accruals basis in the Income Statement, among financial income and expense.
The Company's hedging policy, in accordance with obligations laid down in loan agreements, stipulates that at least 51% of the loan should be subject to a fixed rate of interest.

Notes to the balance sheet.

Fixed assets.

Intangible fixed assets.

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

– “concessions, licenses, trademarks and similar rights” include the value of the airport management concession, amounting to 1,878,589 thousand euros as of December 31, 2006. The decrease of 49,579 thousand euros is due to the combined effect of amortization for the year (51,996 thousand euros), investment (2,057 thousand euros), transfers from work in process (350 thousand euros) and positive reclassifications amounting to 10 thousand euros;
– “leasehold improvements in process” increased by 8,795 thousand euros in 2006, primarily due to investment of 18,029 thousand euros, which was partially offset by improvements entering service during the year and accounted for in “leasehold improvements” and “concessions, licenses, trademarks and similar rights” (9,045 thousand euros), and negative adjustments of 189 thousand euros;
– “other” intangible fixed assets decreased by 6,053 thousand euros. “Leasehold improvements” decreased by 520 thousand euros due to purchases during the year (16,585 thousand euros), transfers from work in process (7,984 thousand euros) and positive reclassifications (up 139 thousand euros), which were in part offset by amortization for the year (25,228 thousand euros). “Transaction costs incurred on loans” are decreased by 5,533 thousand euros due to the amortization rate of the accounting year that includes also the recognition in the income statement of the ancillary costs relating to the shares of “Term Loan Facility” and “Banca OPI Facility” reimbursed in advance on September 20, 2006. Further details are provided in the note to “payables”.

The principal leasehold improvements in process (equal to 18,029 thousand euros) include:

– aircraft aprons South-eastern “ECHO” area - first phase (1,536 thousand euros);
– widening of the Bravo taxiway (4,640 thousand euros);
– extension of check-in and baggage reclaim areas at the passenger terminal at Ciampino (2,681 thousand euros);
– repairs of paving on runways (683 thousand euros);
– repairs to perimeter road network and runway access (525 thousand euros);
– changing in the configuration of Dfs of gates B11/B21 of Terminal B (943 thousand euros);
– new Pier C - self-financed share (510 thousand euros).

The main leasehold improvements completed during the year (equal to 16,585 thousand euros), regard:

– renewal of traffic signs at Terminal A (213 thousand euros);
– new Duty free shop no. 13 at Satellite West (625 thousand euros);
– upgrading works on arrival/transit passport check points at Terminal C (289 thousand euros);
– extension and upgrading of Duty free shop at Ciampino (240 thousand euros);
– extraordinary maintenance and implementation of BHS and HBS system, including new diagnostic system and air extraction system (1,462 thousand euros);
– lengthening of baggage handling system (750 thousand euros);
– upgrading of commercial areas, quota 11, Terminal A (588 thousand euros);
– expansion of sensitive flights area, Terminal C (191 thousand euros);
– reconfiguration of city side road network at Ciampino (396 thousand euros);

Intangible fixed assets	12.31.2005		
	Cost	Amortization	Book value
Incorporation and development costs	672,578	(672,578)	0
Industrial patents and intellectual property rights	3,466,454	(2,449,538)	1,016,916
Concessions, licenses, trademarks and similar rights	2,191,695,730	(259,725,878)	1,931,969,852
Leasehold improvements in process and advances:			
a - Leasehold improvements in process	33,549,292	0	33,549,292
b - Advances	185,559	0	185,559
	33,734,851	0	33,734,851
Others:			
– Leasehold improvements	376,299,694	(247,515,895)	128,783,799
– Ancillary charges for loans	53,383,947	(18,535,000)	34,848,947
	429,683,641	(266,050,895)	163,632,746
Total	2,659,253,254	(528,898,889)	2,130,354,365

– upgrading and implementation of BHS-HBS system, including buffering of Atr islands and stations (468 thousand euros);
– extraordinary maintenance of escalators and moving walkways at terminals (854 thousand euros);
– extension of various premises (mortuary, veterinary center, hazardous goods) at Cargo City (169 thousand euros);
– carpet replacement in boarding gates and piers (286 thousand euros);
– restructuring and upgrading works of restrooms (241 thousand euros);
– extraordinary maintenance works of road networks at Fiumicino airport (349 thousand euros);
– electric works on buildings and cabins (641 thousand euros).

Once again in 2006, investment in airport infrastructure development was funded from increased boarding fees received during the year (in accordance with paragraphs 9 and 10 of art. 10, Law no. 537/93).

Changes during the year				12.31.2006		
Purchases/Capitalizat.	Reclassifications	Disposals/Retirements	Amortization	Cost	Amortization	Book value
0	0	0	0	672,578	(672,578)	0
1,423,778	709,967	0	(626,270)	5,600,199	(3,075,808)	2,524,391
2,057,192	360,152	0	(51,996,192)	2,194,113,074	(311,722,070)	1,882,391,004
18,028,625	(9,233,036)	0	0	42,344,881	0	42,344,881
0	(14,568)	0	0	170,991	0	170,991
18,028,625	(9,247,604)	0	0	42,515,872	0	42,515,872
16,585,042	8,123,798	0	(25,228,461)	400,982,999	(272,718,821)	128,264,178
0	0	0	(5,533,000)	53,383,947	(24,068,000)	29,315,947
16,585,042	8,123,798	0	(30,761,461)	454,366,946	(296,786,821)	157,580,125
38,094,637	(53,687)	0	(83,383,923)	2,697,268,669	(612,257,277)	2,085,011,392

Tangible fixed assets.

"Net tangible fixed assets" rose by 2,131 thousand euros due to investment totaling 16,957 thousand euros, which was partially offset by depreciation of 14,821 thousand euros and disposals totaling 5 thousand euros.

The most significant capitalizations during the year regarded:

– within the category "plant and machinery" (8,201 thousand euros): electric plants (1,400 thousand euros), heating and air conditioning plants (1,593 thousand euros) the purchase of special airport equipments (1,003 thousand euros), car park systems (847 thousand euros), baggage screening equipment and security equipment (1,294 thousand euros);

Tangible fixed assets	12.31.2005			
	Cost	Reval. Law 72/1983	Allowances for depreciation	Book value
Land and buildings	19,432,575	465,128	(17,010,603)	2,887,100
Plant and machinery	75,508,810	0	(54,737,517)	20,771,293
Industrial and commercial equipment	7,595,031	0	(5,665,129)	1,929,902
Fixed assets to be relinquished	161,383,843	1,907,795	(76,153,495)	87,138,143
Other assets	38,260,042	0	(33,620,245)	4,639,797
Work in progress and advances	4,125,032	0	0	4,125,032
Total	306,305,333	2,372,923	(187,186,989)	121,491,267

(a) Including:

Cost

Transfer from (to) intangible fixed assets and advances to suppliers of tangible fixed assets

Adjustments for depreciation

– within the category "tangible fixed assets in progress and advances" (5,531 thousand euros): the purchase of a system for identifying burnt out bulbs and a Stop Bar control system (486 thousand euros), luggage carousels at Ciampino (947 thousand euros), a new baggage handling system coming from the National Airport (918 thousand euros), new Office Tower (338 thousand euros) and extension of the Gos system (150 thousand euros).

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.p.A.'s inventory.
Such a guarantee is valid until the above loans have been fully repaid.

	Changes during the year				12.31.2006			
	Purchases/ Capital.	Reclassifications (a)	Disposals/ Retirements (a)	Amortization	Cost	Reval. Law 72/1983	Allowances for depreciation	Book value
	824,539	122,136	0	(533,246)	20,379,250	465,128	(17,543,849)	3,300,529
	8,200,743	887,994	(4,700)	(4,883,179)	84,532,576	0	(59,560,425)	24,972,151
	174,056	0	0	(425,536)	7,769,086	0	(6,090,665)	1,678,421
	763,980	1,181,900	0	(7,298,891)	163,329,723	1,907,795	(83,452,386)	81,785,132
	1,312,383	240,060	(1,032)	(1,679,853)	39,768,924	0	(35,257,570)	4,511,354
	5,531,435	(2,282,148)	0	0	7,374,319	0	0	7,374,319
	16,807,136	149,942	(5,732)	(14,820,705)	323,153,878	2,372,923	(201,904,895)	123,621,906
		149,942	*(108,530)*					
		0	*0*					
		0	*102,798*					
		149,942	*(5,732)*					

Equity investments held as non-current financial assets.

	12.31.2005	Changes during the year		12.31.2006
		Acquisitions/ Equity investments	Disposals/ Equity reimbursements	
Subsidiary undertakings:				
– ADR Handling S.p.A.	25,930,325	4,353,326	(30,283,651)	0
– Airport Invest B.V.	130,371,904	0	(127,536,698)	2,835,206
– ADR Engineering S.p.A.-Unipersonale	593,926	0	0	593,926
– ADR Tel S.p.A.	594,000	0	0	594,000
– ADR Advertising S.p.A.	255,000	0	0	255,000
– ADR Sviluppo S.r.l.-Unipersonale	100,000	0	0	100,000
	157,845,155	4,353,326	(157,820,349)	4,378,132
Associated undertakings:				
– La Piazza di Spagna S.r.l.	49,000	0	0	49,000
– Ligabue Gate Gourmet Roma S.p.A. (insolvent)	1	0	0	1
	49,001	0	0	49,001
Investments in other companies:				
– Alinsurance S.r.l. in liq.	6,198	0	0	6,198
– Aeroporto di Genova S.p.A.	929,622	0	0	929,622
– S.A.CAL. S.p.A.	878,493	428,076	0	1,306,569
– Consorzio E.T.L.	0	10,329	0	10,329
	1,814,313	438,405	0	2,252,718
Total	159,708,469	4,791,731	(157,820,349)	6,679,851

The decrease of "equity investments" equal to 153,028 thousand euros in 2006 is mainly due to the subsidiary undertakings ADR Handling S.p.A. and Airport Invest B.V..

In detail, the equity investment in ADR Handling S.p.A., had the following trend:

– increase of 4,178 thousand euros due to the payment as capital account made by ADR S.p.A. on March 27, 2006 of which 2,438 thousand euro for the settlement of previous losses and 1,740 thousand euro for share capital increase;
– increase of 175 thousand euros for the acquisition by ADR S.p.A. of the share (0.65%) held in ADR Handling S.p.A. by Group company ADR Engineering S.p.A.;
– decrease of 30,284 thousand euro after the transfer of the whole equity investment to the company Flightcare SL of the Spanish Group FCC, occurred on November 3, 2006.

The equity investment in the Dutch subsidiary undertaking Airport Invest B.V. decreased by 127,537 thousand euros after the share capital reduction of 70,438 thousand euros and the reimbursement in favor of ADR S.p.A. of the share-premium reserve, equal to 57,099 thousand euros, as a result of the decision taken by the Company's General Meeting on March 30, 2006.

With regard to equity investments in other companies, the investment in S.A.CAL. S.p.A. was increased as a consequence of ADR subscription on June 28, 2006, of its share of the equity capital increase decided by the Company's Extraordinary General Meeting on June 9, 2006.
For further information regarding such equity investments during 2006, reference should be made to the section "equity investments" in the Management Report on Operations.

A comparison between the carrying amount and the value of shareholders' equity, determined on the basis of the equity method, is provided in the following table (in euros):

	Registered office	Share capital	Shareholders' equity at 12.31.2006	Net Income (Loss) 2006	Holding %	Corresponding book value of equity (A)	Book value (B)	Valuation art. 2426 no. 4 C.C. (C)	Surplus B-A	Surplus B-C
Subsidiary undertakings:										
– Airport Invest B.V.	Amsterdam (Holland)	101,040	4,583,937	1,208,264	100.0%	4,583,937	2,835,206	3,418,092	(1,748,731)	(582,886)
– ADR Engineering S.p.A.-Unipersonale	Fiumicino (Rome)	774,690	1,970,121	444,935	100.0%	1,970,121	593,926	(5,539,368)	(1,376,195)	6,133,294
– ADR Tel S.p.A.	Fiumicino (Rome)	600,000	2,861,170	682,393	99.0%	2,832,559	594,000	2,191,039	(2,238,559)	(1,597,039)
– ADR Advertising S.p.A.(*)	Fiumicino (Rome)	1,000,000	2,557,505	1,366,909	25.5%	619,014	255,000	377,942	(364,014)	(122,942)
– ADR Sviluppo S.r.l.-Unipersonale	Fiumicino (Rome)	100,000	95,634	3,500	100.0%	95,634	100,000	95,634	4,366	4,366
Associated undertakings:										
– La Piazza di Spagna S.r.l.	Fiumicino (Rome)	100,000	93,080	(1,882)	49.0%	45,609	49,000	45,609	3,391	3,391
Total							4,427,132			

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

The carrying amount of the equity investment in ADR Engineering S.p.A. is greater than the amount resulting from the valuation under article 2426, of the Italian Civil Code mainly deriving from the reversal of the intergroup profits made by the Company on the services rendered to ADR S.p.A., capitalized by the latter among the fixed assets and has temporary nature. The carrying amounts of the equity investments in ADR Sviluppo S.r.l. and La Piazza di Spagna S.r.l. are greater than a valuation under the above article of the Italian Civil Code, due to the fact that the companies are 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 S.p.A. 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.

	12.31.2005	Changes during the year	12.31.2006
Receivables:			
– Due from others:			
· public bodies for licenses	23,659	(1,145)	22,514
· suppliers	3,099	0	3,099
· other	2,632,030	(1,318,519)	1,313,511
Total	2,658,788	(1,319,664)	1,339,124

The reduction in such "receivables", classified under non-current financial assets, amounting to 1,320 thousand euros, was primarily due to payments of 1,347 thousand euros partially offset by 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 no. 662/96. This item is classified under "other" and totals 27 thousand euros. There are no receivables falling due beyond five years.

Current assets.

Inventory.

	12.31.2005	Changes during the year	12.31.2006
Raw, ancillary and consumable materials	2,591,472	261,634	2,853,106
Finished goods and goods for resale: goods for resale	8,027,206	2,325,967	10,353,173
	10,618,678	2,587,601	13,206,279
Contract work in progress:	6,660,671	564,681	7,225,352
less accumulated write-downs	0	0	0
	6,660,671	564,681	7,225,352
Advances	39,763	(38,814)	949
Total	17,319,112	3,113,468	20,432,580

"Inventory" increased by 3,113 thousand euros with respect to December 31, 2005, substantially due to the "goods" for resale whose stock increased by 2,326 thousand euros due to the increase of direct sales especially in the last phase of the accounting year.

"Finished goods and goods for resale" have been subject to an intensive program of stock checks, covering all categories of merchandise held in the retail outlets managed by ADR S.p.A. at Fiumicino and Ciampino. These checks reveal a progressive decline in inventory shrinkage.

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.p.A.'s inventory. Such a guarantee is valid until the above loans have been fully repaid.

Current receivables.

	12.31.2005	Changes during the year		12.31.2006
		Contracted (+) Repayments (-)	Provisions (-) Value recoveries (+)	
Due from clients:	147,565,147	8,112,280	0	155,677,427
less allowance for doubtful accounts	(30,539,311)	2,338,151	(3,588,891)	(31,790,051)
less allowance for overdue interest	(7,798,329)	91,643	(238,339)	(7,945,025)
	109,227,507	10,542,074	(3,827,230)	115,942,351
Due from subsidiary undertakings	10,927,734	3,799,093	0	14,726,827
Due from associated undertakings	529,543	0	0	529,543
Due from tax authorities	990,572	12,257,560	0	13,248,132
Deferred tax assets	18,060,846	(4,804,000)	0	13,256,846
Due from others:				
– Sundry	50,891,720	1,288,711	0	52,180,431
– Advances to suppliers for services	35,694	(3,599)	0	32,095
	50,927,414	1,285,112	0	52,212,526
Total	190,663,616	23,079,839	(3,827,230)	209,916,225

"Current receivables", net of allowances for doubtful accounts, amount to 209,916 thousand euros, a 19,252 thousand euros net increase on December 31, 2005. Principal changes are analyzed below.

"Due from clients", net of allowances for doubtful accounts, amounts to 115,942 thousand euros and includes trade receivables due from clients and amounts due from Public Bodies, deriving from financed works and the supply of utilities and services. The increase of approximately 6.7 million euros, compared with December 31, 2005, essentially derives from growth in revenues, partially offset by greater provisions for doubtful accounts, as a result of an updated assessment of the recoverability of receivables.

As of December 31, 2006 credits amounting to 5.1 million euros (5.1 million euros as of 12.31.2005) were disposed without recourse.

"Amounts due from subsidiary undertakings" total 14,727 thousand euros, with an increase of 3,799 thousand euros compared with 12.31.2005.

A breakdown of receivables due from subsidiary undertakings shows that 10,719 thousand euros derives from trading relations (8,143 thousand euros as of December 31, 2005), 1,477 thousand euros from financial relations (683 thousand euros as of December 31, 2005) and 2,531 thousand euros from other relations (2,103 thousand euros in 2005) deriving from accrued dividends.
An analysis of receivables due from subsidiary undertakings is provided in the section of the Management Report on Operations dealing with "relations with parent companies and other related parties".

"Due from associated undertakings", amounting to 530 thousand euros, regards amounts due to ADR S.p.A. from the insolvent Ligabue Gate Gourmet Roma S.p.A., classified among preferential liabilities. There are no changes as of December 31, 2005.

"Deferred tax assets", totaling 13,257 thousand euros as of December 31, 2006, decreased by 4,804 thousand euros compared with December 31, 2005.

The composition of deferred tax assets and changes during the year are shown in the following table:

		Balance at 12.31.2005 (A)		Increase (B)		Decrease (C)		Change rate previous year (D)	Balance at 12.31.2006 (A+B-C+D)	
	Tax rate %	Tax base	Tax	Tax base	Tax	Tax base	Tax	Tax	Tax base	Tax
Deferred tax assets:										
– Allowances for risks and charges	33% - 38.25%	30,838	10,691	2,228	803	13,462	4,609	121	19,604	7,006
– Accumulated inventory write-downs	38.25%	694	259	256	98	277	106	7	673	258
– Allowance for doubtful accounts	33.00%	29,796	9,833	2,793	922	1,596	527	0	30,993	10,228
– Provisions for personnel	33.00%	1,842	608	3,383	1,116	1,831	604	0	3,394	1,120
– Accelerated depreciation	38.25%	1,525	568	697	267	806	308	15	1,416	542
– Other	33% - 38.25%	3,260	1,187	1,318	471	1,110	384	13	3,468	1,287
Total deferred tax assets		67,955	23,146	10,675	3,677	19,082	6,538	156	59,548	20,441
Deferred tax liabilities:										
– Dividends	33.00%	(16)	(5)	(74)	(24)	(16)	(5)	0	(74)	(24)
– Gains	37.25%	(116)	(43)	0	0	(46)	(18)	(1)	(70)	(26)
– Accelerated depreciation (reversal of tax-related entries)	38.25%	(6,795)	(2,531)	0	0	(274)	(105)	(67)	(6,521)	(2,493)
– Accelerated depreciation	38.25%	(6,725)	(2,506)	(5,403)	(2,067)	0	0	(68)	(12,128)	(4,641)
Total deferred tax liabilities		(13,652)	(5,085)	(5,477)	(2,091)	(336)	(128)	(136)	(18,793)	(7,184)
Total		54,303	18,061	5,198	1,586	18,746	6,410	20	40,755	13,257
Net deferred tax (assets) liabilities to income statement					(4,804)					

"Amounts due from others: sundry" increased by 1,288 thousand euros, mainly due to more liquidity deposited in the term current account denominated the "Debt Service Reserve Account" (3,898 thousand euros) in accordance with obligations set out in current loan agreements.

The balance of the term current account in the name of the Security Agent for ADR S.p.A.'s loans, denominated the "Debt Service Reserve Account", amounted to 48,030 thousand euros as of December 31, 2006. In accordance with the procedures established in the relevant agreement, ADR S.p.A. has deposited a sum in this account to guarantee repayment of the loans.

As security for the loans governed by agreements with Romulus Finance S.r.l., a syndicate of banks and Banca OPI, ADR S.p.A. 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.p.A.'s inventory, as well as other goods and rights subject to liens;
– a lien on all receivables and contracts with clients regarding ADR Tel S.p.A. and ADR Advertising S.p.A. and insurance policies.

"Amounts due" as of December 31, 2006 (209,916 thousand euros) comprise 126,662 thousand euros in the form of trade receivables, 50,440 thousand euros of financial receivables, and 32,814 thousand euros of other receivables. There are no promissory notes or similar bills.

The following table shows a geographical breakdown of trade receivables (in thousands of euros):

	Italy	Other EU Countries	Rest of Europe	Africa	America	Total
Clients	110,802	4,265	691	151	33	115,942
Subsidiary undertakings	10,720	0	0	0	0	10,720
Total	121,522	4,265	691	151	33	126,662

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

Marketable securities.

	12.31.2005	Changes during the year	12.31.2006
Equity investments in other companies	13	(13)	0
Total	13	(13)	0

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

Cash on hand and in banks.

	12.31.2005	Changes during the year	12.31.2006
Banks and post office deposits	256,505,985	(130,658,296)	125,847,689
Checks	0	1,361	1,361
Cash and notes in hand	631,708	584,031	1,215,739
Total	257,137,693	(130,072,904)	127,064,789

The Company's "cash on hand and in banks" decreased by 130,073 thousand euros in the year. This was primarily due to payment of dividends (70.4 million euros) and the repayment of part of the medium-long term bank debt equal to 127.5 million euros.

Bank deposits include the balance (equal to 70.8 million euros) of the account envisaged by the loan agreements in force called "Recoveries Account" on which the liquidity coming from extraordinary transactions (in 2006 the disposal of equity investment in ADR Handlig S.p.A.) is deposited net of the related costs.

This liquidity has been used to finance ADR investments.

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

Accrued income and prepaid expenses.

	12.31.2005	Changes during the year	12.31.2006
Prepaid expenses:			
– Service costs	797,370	541,671	1,339,041
– Personnel costs	30,127	(10,910)	19,217
– Other operating costs	0	7,334	7,334
– Financial charges	3,120,151	7,455	3,127,606
Total	3,947,648	545,550	4,493,198

One of the most significant items is represented by "financial charges", which includes prepayment of the installment due for the year for the monoline insurance premium paid to AMBAC Assurance UK, which has secured the bonds issued by Romulus Finance S.r.l. that correspond to Facility A.

Shareholders' equity.

"Shareholders' equity" underwent the following movements during 2006:

	Share capital (a)	Share premium reserve	Revaluation reserves	Legal reserve	Statutory reserves	Reserve for own shares	Reserve for share issues (art. 2349 Italian Civil Code)	Distributable reserves	Retained earnings	Net income for the year	Total
Balance as of 12.31.2003	62,224,743	667,389,495	0	12,444,949	0	0	85,058	1,662,496	932,531	1,069,076	745,808,348
Allocation of net income:											
– allocation of reserve									1,069,076	(1,069,076)	0
Other changes:											
– free capital increase	85,058						(85,058)				0
Net income for the year										12,244,045	12,244,045
Balance as of 12.31.2004	62,309,801	667,389,495	0	12,444,949	0	0	0	1,662,496	2,001,607	12,244,045	758,052,393
Allocation of net income:											
– distribution of dividends (0,13 euros per share)										(8,100,274)	(8,100,274)
– allocation of reserve				17,011					4,126,760	(4,143,771)	0
Other changes:											
– distribution of reserve (0,05 euros per share)								(1,246,196)	(1,869,294)		(3,115,490)
Net income for the year										85,528,397	85,528,397
Balance as of 12.31.2005	62,309,801	667,389,495	0	12,461,960	0	0	0	416,300	4,259,073	85,528,397	832,365,026
Allocation of net income:											
– distribution of dividends (1,13 euros per share)										(70,410,076)	(70,410,076)
– allocation of reserve									15,118,321	(15,118,321)	0
Other changes											0
Net income for the year										35,975,352	35,975,352
Balance as of 12.31.2006	62,309,801	667,389,495	0	12,461,960	0	0	0	416,300	19,377,394	35,975,352	797,930,302

(a) Including: 62,309,801 ordinary shares (with a unit value of 1 euro).

ADR S.p.A.'s "share capital" amounts to 62,309,801 euros represented by no. 62,309,801 shares with a par value of 1 euro each.

On May 7, 2004, pursuant to article 5 of the Company's By-laws, the Board of Directors approved a capital increase in the form of a scrip issue, raising the share capital from 62,224,743 to 62,309,801 euros. Such increase was carried out via the issue of no. 85,058 ordinary shares with a par value of 1 euro each, and the transfer to share capital of a corresponding sum of 85,058 euros from the “reserve for share issues pursuant to art. 2349 of the Italian Civil Code”. The shares corresponding to this capital increase have yet to be issued and allocated.

Movements during the year reflect net income for 2006 (35,975 thousand euros) and the appropriation of net income for 2005 approved by the Ordinary General Meeting of April 21, 2006, broken down as follows:

– the payment of a dividend of 1.13 euros for each of the 62,309,801 shares constituting the share capital, amounting to a total of 70,410 thousand euros;
– allocation of the remaining 15,118 thousand euros to retained earnings.

The following statement shows movements in shareholders’ equity during the year and a breakdown of available and distributable reserves:

	Amount	Potential use	Available portion	Summary of uses in previous years 2004-2006	
				to cover losses	other reasons
Share capital	62,309,801				
Capital reserves:					
– Share premium reserve	667,389,495	(*) A, B, C	667,389,495		
– Reserve for share issues (art. 2349 of Ital. Civil Code)					(85,058)
Retained profit reserves:					
– Legal reserve	12,461,960	B			
– Available reserve	416,300	A, B, C	416,300		(1,246,196)
– Retained earnings	19,377,394	A, B, C	19,377,394		(1,869,294)
Total share capital and reserves	761,954,950		687,183,189		
Undistributable portion (art. 2426, no. 5)			0		
Remaining distributable portion			687,183,189		
Untaxed portion subject to restriction covering negative income components deducted off-balance-sheet, net of deferred tax liabilities			(11,514,144)		
Remaining tax-exempt portion			675,669,045		

Legend:
A: to increase capital;
B: to cover losses;
C: to pay dividends.

(*) Entirely distributable in order to reach limit established by art. 2430 of Italian Civil Code.

The untaxed portion of 11,514 thousand euros includes all off-balance-sheet deductions totaling 18,646 thousand euros, net of the resulting deferred tax liabilities totaling 7,132 thousand euros.

The above off-balance-sheet deductions are covered by a restriction on the distribution of an identical amount in the “share premium reserve”. With the exception of the legal reserve, the retained profit reserves may thus be distributed without incurring tax expense.

Allowances for risks and charges.

	12.31.2005	Changes during the year		12.31.2006
		Provisions (Reversals to Income Statement)	Releases	
Other:				
– Current and potential disputes	19,205,336	3,550,296	(3,338,885)	19,416,747
– Insurance deductibles	1,371,046	294,996	(337,032)	1,329,010
– Restructuring	13,768,513	0	(9,793,776)	3,974,737
– Fixed assets to be relinquished	4,630,000	0	0	4,630,000
Total	38,974,895	3,845,292	(13,469,693)	29,350,494

"Allowances for risks and charges" are equal to 29,350 thousand euros, decreased by 9,625 thousand euros compared with December 31, 2005. In detail:

– the "allowance for current and potential disputes" reports a net increase of 211 thousand euros, due to the combined effect of provisions of 3,550 thousand euros made in order to provide cover for likely potential liabilities during the period, and releases carried out in order to settle disputes with customers and personnel;

– the "allowance for restructuring" has been used for 9,794 thousand euros for personnel leaving the Company during the year in implementation of the Company's reorganization program launched in 2005.

Employee severance indemnities.

This item underwent the following changes during 2006:

Balance as of 12.31.2005	43,455,797
Changes during the year:	
– Provisions to income statement	5,768,922
– Releases to pay indemnities	(7,562,775)
– Releases to pay advances	(1,627,234)
– Increases (decreases) due to transfers of employees	53,190
– Other	147,413
Balance as of 12.31.2006	40,235,313

“Employee severance indemnities”, which represent the accrued amount due to the Company’s employees in service as of December 31, 2006, report a decrease of 3,221 thousand euros.

The decrease primarily derives from releases to pay indemnities and advances totaling 9,190 thousand euros, partially offset by provisions of 5,769 thousand euros.

Payables.

	12.31.2005	Changes during the year	12.31.2006
Due to banks	378,427,180	(129,576,234)	248,850,946
Due to other financial institutions	1,279,084,443	310,804	1,279,395,247
Advances:			
a) from the Ministry of Transport	5,048,106	0	5,048,106
b) other	3,721,889	(8,367)	3,713,522
Due to suppliers	92,378,563	16,661,715	109,040,278
Due to subsidiary undertakings	139,509,240	(127,760,166)	11,749,074
Due to associated undertakings	1,002,980	0	1,002,980
Tax due	19,923,477	(6,745,775)	13,177,702
Due to social security agencies	5,128,773	224,041	5,352,814
Other payables: sundry creditors	38,523,803	(10,675,035)	27,848,768
Total	1,962,748,454	(257,569,017)	1,705,179,437

“Payables” totally decrease by 257,569 thousand euros during the year. The principal reasons for such a change are analyzed below.

“Amounts due to banks” total 248,851 thousand euros, of which 247,500 thousand euros represents the principal on long-term lines of credit denominated “Term Loan Facility” and “BOPI Facility”. The remaining 1,351 thousand euros represents amounts due for interest, commissions and swap differentials accrued during the year but not yet settled.

The reduction of 129,576 thousand euros compared with December 31, 2005 reflects the combined effect of the following transactions:

– advance repayment on September 20, 2006 of the “Term Loan Facility” (98,600 thousand euros). This long-term line of credit of 290,000 thousand euros, September 20, 2005 (the “Term Loan Facility”) and a revolving line of credit of 200,000 thousand euros (the “Revolving Facility”), was granted by a syndicate of banks, with the

"Mandated Lead Arrangers" being Barclays Capital, Calyon S.A., Mediobanca - Banca di Credito Finanziario S.p.A., Unicredit Banca Mobiliare S.p.A. and WestLB AG. Following this repayment transaction, the residual value at the end of the year of the "Term Loan Facility" is equal to 191,400 thousand euros;

– advance repayment on September 20, 2006 of the "BOPI Facility" line of credit for an amount of 28,900 thousand euros. This line of credit was granted on February 19, 2003 by Banca OPI and guaranteed by CDC IXIS Financial Guaranty Europe, for an amount of 85,000 thousand euros. The residual value as of 31.12.2006 is equal to 56,100 thousand euros;
– the reduction of 2,076 thousand euros of interest, commissions and swap differentials accrued during the accounting year and not yet settled.

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

Lender	Facility Loan	Amount (millions of euros)	Interest rate	Repayment	Life	Maturity date
Syndacate of banks	Term Loan Facility	191.4	floating rate linked EURIBOR + margin	bullet	6 years	Feb. 2012
	Revolving Facility	200.0	floating rate linked EURIBOR + margin	revolving	6 years	Feb. 2012
		391.4				
Banca OPI	BOPI Facility	56.1	floating rate linked EURIBOR + margin	after 5 years in six-monthly installments	12 years	Mar. 2015
Total		447.5				

As of December 31, 2006, the two long-term lines of credit ("Term Loan Facility" and "BOPI Facility"), granted on February 19, 2003 by Banca OPI and guaranteed by CDC IXIS Financial Guaranty Europe and totaling 247,500 thousand euros, have been used; the "Revolving Facility", however, has not been used.

"Amounts due to other financial institutions" total 1,279,395 thousand euros. The item includes 1,265,019 thousand euros due from ADR S.p.A. to Romulus Finance S.r.l. and an amount of 14,376 thousand euros consisting of interest accrued on the above-mentioned loan and not yet paid.

The increase of 311 thousand euros compared with December 31, 2005 is exclusively due to the interest component.

It should be recalled that the loan granted by Romulus Finance in February 2003 arose from the transfer without recourse to Romulus Finance S.r.l. of the amount due to ADR S.p.A.'s original lenders for loans taken out in August 2001.

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

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

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

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

Finally, on May 16, 2006 ADR S.p.A. signed two "Interest Rate Collar Forward Start" with Barclays and Royal Bank of Scotland, involving notional capital of 120 million euros each, on the basis of which ADR S.p.A. will receive a floating 3-month Euribor rate and pay a floating 3-month Euribor rate capped at 5% and a floor of 3.64% from October 2, 2009 until February 20, 2012.

On December 18, 2006 the fixed-rate interest rate swap agreements for a notional capital of 864 million euros, entered into in 2001, have been restructured.

In particular, the fixed rate paid by ADR S.p.A. (3.8910%) until the original maturity date (2009) against the payment of the market value of said instruments (27.4 million euros) has been adjusted to market values, thus allowing to reduce the average cost of debt of almost 1% in the 2007/2009 three-year period.

As of December 31, 2006, the fair value gain on the fixed-rate swap agreements entered into in 2001 and re-negotiated in 2006 is positive for 2.1 million euros, whilst the fair value loss on the variable-rate swaps entered into in 2004 is negative for 9.6 million euros; the fair value loss on the above cited collar agreements entered into in May 2006 is negative for 0.6 million euros. The characteristics of outstanding swaps are listed below (in thousands of euros):

	Notional	Fair value derivates as at 12.31.2006	Purpose of the derivates	Financial risk	Financial debt hedged
IRS of 2001 renegotiated in 2006 (CASH FLOW HEDGE)	864,000	2,133	Hedging	Interest rate	864,000
IRS of 2004 (FAIR VALUE HEDGE)	468,000	(9,556)	Hedging	Interest rate	468,000
COLLAR FWD START of 2006 (CASH FLOW HEDGE)	240,000	(564)	Hedging	Interest rate	240,000

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

The effects of the interest rate swap agreements on the Income Statement for the year are shown in the notes on "financial income and expense".

The bank loans and the loan from Romulus Finance S.r.l. 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.p.A.'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.p.A.'s current bank accounts;
– a lien on ADR S.p.A.'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).

In addition, ADR S.p.A. has undertaken to periodically meet specific covenants. Breach of the covenants will activate certain measures designed to protect the lenders. These measures are graduated according to the degree to which the Company has breached the covenants. As of December 31, 2006 all the covenants had been complied with.

"Amounts due to suppliers" increased by 16,662 thousand euros, partly due to the higher volume of investment carried out during the last part of the year, compared to 2005 and for the higher costs to purchase goods and services.

"Amounts due to subsidiary undertakings" decreased by 127,760 thousand euros, primarily due to financial relations with the subsidiary undertaking Airport Invest B.V. (down 128,786 thousand euros). Above all, in December 2005, Airport invest B.V. temporarily deposited the liquidity deriving from the sale of its investment in the subsidiary undertaking, ADR IASA in the current account held with ADR S.p.A..

“Amounts due to subsidiary undertakings” include 6,886 thousand euros deriving from trading relations (6,265 thousand euros as of December 31, 2005), 4,372 thousand euros from financial relations (133,244 thousand euros as of December 31, 2005) and 491 thousand euros for other (zero as of December 31, 2005).
An analysis of receivables due from subsidiary undertakings is provided in the section of the Management Report on Operations dealing with “relations with parent companies and other related parties”.

“Taxes due”, totaling 13,178 thousand euros, decreased by 6,746 thousand euros, essentially due to the cancellation of debt for current taxes equal to, at the end of the previous accounting year, 7,590 thousand euros.
Taxes due include the amount payable to the Tax Authorities as municipal surtax on passenger fees. This payable amounts to 10,486 thousand euros as of December 31, 2006.

“Other payables: various creditors” fell by 10,675 thousand euros, mainly due to a decrease in the amount due to the Civil Aviation Authority for the license fee (7,903 thousand euros) and a decrease in employee severance indemnities due to personnel leaving the Company at the end of the year (down 674 thousand euros).

As of December 31, 2006, total “payables” of 1,705,179 thousand euros include 1,532,618 thousand euros of a financial nature, 125,657 thousand euros of trade payables and 46,904 thousand euros of sundry items.
A breakdown of the Company’s trade payables by geographical area is not provided as it is not significant given that limited amount due to overseas creditors (4.5 million euros out of a total of 125.7 million euros).
Payables secured by collateral on the Company’s assets amount to 1,528,246 thousand euros (as described in the paragraph regarding “amounts due to banks and other financial institutions”).
Payables falling due beyond five years amount to 1,417,769 thousand euros and regard amounts due to banks totaling 217.750 thousand euros (including 191,400 thousand euros relating to the Term Loan Facility and 26,350 thousand euros relating to the loan from Banca OPI) and amounts due to other financial institutions of 1,200,019 thousand euros.
Payables in currency exposed to exchange rate risks total 156 thousand euros and refer to services supplied.

Accrued expenses and deferred income.

	12.31.2005	Changes during the year	12.31.2006
Deferred income:			
– Sub-concessions and license fees	4,696,317	95,632	4,791,949
– Other services	1,053,178	18,392	1,071,570
Total	5,749,495	114,024	5,863,519

Notes to the Memorandum Accounts.

General guarantees.

	12.31.2006			12.31.2005		
	Secured credits	Unsecured credits	Total	Secured credits	Unsecured credits	Total
Sureties:						
– In the interest of third parties	0	110,522	110,522	0	110,522	110,522
– In the interest of subsidiary undertakings	0	0	0	0	0	0
Other:						
– In favour of clients	0	149,607	149,607	0	185,176	185,176
– In the interest of subsidiary undertakings	0	600,000	600,000	0	503,000	503,000
Total	0	860,129	860,129	0	798,698	798,698

Commitments on purchases and sales.

	12.31.2006	12.31.2005
Commitments on purchases:		
– Investment:		
· in subsidiary undertakings	6,397,135	12,273,373
· electronic equipment	726,920	1,717,758
· maintenance and services	2,217,619	0
· vehicles and equipment	643,900	253,478
· self-financed works	77,789,309	16,670,137
	87,774,883	30,914,746
Commitments on sales	0	0
Total	87,774,883	30,914,746

With reference to “commitments on purchases” on February 28, 2003 ADR S.p.A. 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 conditions that would lead to exercise of the option have not occurred, such commitment is not quantifiable.

Commitments on purchases also include ADR S.p.A.’s commitment, as an operator of airport infrastructures, to draw

up and implement noise reduction and abatement plans, as required by noise pollution Framework Law (Law no. 447/1995) and the Ministerial Decree of November 29, 2000.
To this end ADR S.p.A. is currently assessing whether or not the relevant limits have been exceeded, and if so will proceed with preparation of the necessary noise reduction and abatement plans.
Such commitments are difficult to quantify and are, by necessity, be determined on the basis of interpretations, given that there are no specific indications of the activities to be considered as “maintenance “ and “extension” of infrastructures, which form the basis for calculation pursuant to Law no. 447/1995 (the Framework Law on noise pollution).
In view of the above, ADR S.p.A., based on available estimates at the balance sheet date, judges its overall commitment to be no more than approximately 18 million euros. This sum is thus conditional on subsequent events and on the effective program of works to be carried out. The Company believes that future works will qualify as capital expenditure.
In the Group’s Management Report on Operations, the measures that ADR S.p.A. has implemented – or intends to implement in the near future – with a view to alleviating the acoustic impact generated by aircraft in the vicinity of the airport, are listed in the section on “Environmental protection”.

The agreements on the transfer of the share held in ADR Handling S.p.A. occurred on November 3, 2006, envisage a price adjustment for a maximum value of 12.5 million euros. The share estimated probable, amounting to about 1,7 million euros, has been ascribed to the Income Statement in the extraordinary items with counter-item allowances for risks and charges, the unlikely remaining part shall be the object of an updated evaluation during the future accounting years.

Finally, it is pointed out that a series of interest rate swap contracts aimed at hedging interest rate risk on current loans have been entered into. For further information reference should be made to the notes to “payables”.

Other memorandum accounts.

	12.31.2006	12.31.2005
General guarantees received:		
– Sureties	97,968,674	81.701.588
	97,968,674	81.701.588
Third party assets on free loan deposited in custody, leased or similar:		
– Leased assets	28,657	11,063
– 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	668,060,840	667,983,388
	817,194,806	817,099,760
Assets leased to third parties in work in progress account	0	0
Other matters in question:		
– Assets leased to subsidiary undertakings	93,223	93,223
	93,223	93,223
Total	915,256,703	898,894,571

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

"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 S.p.A. to the subsidiary undertaking ADR Advertising S.p.A., as reported in the division's balance sheet prepared on February 28, 2003. The above division also includes net payables due to personnel (employee 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.

	2006	2005	Change
REVENUES FROM SALES			
Non-aviation activities:			
– Duty free and Duty paid	64,056,041	57,791,490	6,264,551
– other	3,239,168	2,821,363	417,805
	67,295,209	60,612,853	6,682,356
REVENUES FROM SERVICES			
Aviation activities:			
– fees	145,543,405	158,575,955	(13,032,550)
– handling	18,693,227	20,447,289	(1,754,062)
– security services	60,167,041	56,895,861	3,271,180
– centralized infrastructure	34,434,361	35,230,728	(796,367)
– other	18,002,043	16,283,042	1,719,001
	276,840,077	287,432,875	(10,592,798)
Non-aviation activities:			
– sub-concessions and utilities	106,626,966	101,574,266	5,052,700
– car parks	28,232,529	27,166,897	1,065,632
– advertising	1,978,212	1,965,135	13,077
– refreshments	9,065,886	9,006,448	59,438
– other	21,883,030	22,285,751	(402,721)
	167,786,623	161,998,497	5,788,126
	444,626,700	449,431,372	(4,804,672)
REVENUES FROM CONTRACT WORK	77,452	2,347,871	(2,270,419)
Total revenues from sales and services	511,999,361	512,392,096	(392,735)
CHANGES IN CONTRACT WORK IN PROGRESS	564,682	(2,167,871)	2,732,553
REVENUE GRANTS	7,460	34,999	(27,539)
Total revenues	512,571,503	510,259,224	2,312,279

54.0% of "revenues", which total 512,572 thousand euros, derived from "aviation activities" carried out by the Company, whilst 46.0% were generated by "non-aviation activities". In 2005 "aviation activities" accounted for 56.3% of revenues and "non-aviation activities" for 43.7%.

“Revenues from sales”, amounting to 67,295 thousand euros, rose by 11.0% with respect to 2005, due to the increased turnover of directly managed shops, linked to traffic trends.

“Revenues from services” totaled 444,628 thousand euros, representing a decrease of 1.1% compared to 2005. 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” (77 thousand euros) decreased compared with 2005 (down 2,270 thousand euros), reflecting the progressive completion of the works financed by the State.

Segment information.

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 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[2], 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.

[2] *Until March 1, 2003, the date on which the lease of the “advertising” division to the subsidiary undertaking, ADR Advertising S.p.A., came into effect; the sale of advertising space in retail outlets, on the other hand, continues to be carried out by ADR S.p.A..*

Revenues	Fees	Handling	Centralized infrastructures	Commercial activities		Other activities	Total
				Sub-concessions	Direct sales		
2006	145,543	18,693	34,434	106,627	67,295	139,980	512,572
2005	158,576	20,447	35,231	101,574	60,613	133,818	510,259
Change	(13,033)	(1,754)	(797)	5,053	6,682	6,163	2,314
% Change	(8.2%)	(8.6%)	(2.3%)	5.0%	11.0%	4.6%	0.5%

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

– "Aviation" (including fees, handling, management of centralized infrastructures, security services and left luggage) amounting to 276,840 thousand euros, compared with the 287,433 thousand euros of 2005;

– "Non-aviation" (including sub-concessions, direct sales, the management of advertising spaces and car parks, refreshments and contract work on behalf of the State) amounting to 235,732 thousand euros, compared with the 222,826 thousand euros of 2005.

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

Other income and revenues.

	2006	2005
Revenue grants	7,460	34,999
Gains on disposals	179,134	247,301
Other:		
– Releases:		
· release from allowance for overdue interest	42,727	98,284
– Expense recoveries	366,166	171,393
– Recoveries of personnel expenses	150,804	197,254
– Revaluation of prior years	1,741,882	3,555,614
– Other revenues	679,023	957,505
	2,980,602	4,980,050
Total	3,167,196	5,262,350

"Revaluations of prior years", amounting to 1.7 million euros, includes the effects of updated valuations of costs and revenues, formerly estimated at the end of the previous year.

Operating costs.

Amortization, depreciation and write-downs.

“Amortization and depreciation” for the year amounted to 98,205 thousand euros (97,196 thousand euros in 2005), including amortization of intangible fixed assets of 83,384 thousand euros and depreciation of tangible fixed assets of 14,821 thousand euros (83,715 thousand euros and 13,481thousand euros respectively in the previous year). Amortization of intangible fixed assets includes the charge for amortization of the concession, amounting to 50,096 thousand euros. Further details are provided in the note to fixed assets.

“Provisions for doubtful accounts” totaled 3,589 thousand euros (10,936 thousand euros in 2005) and reflect an updated assessment of the recoverability of receivables due from clients.

Provisions for risks.

	2006	2005
Current and potential disputes	**1,825,296**	**5,094,122**
Insurance deductibles	**294,996**	**449,940**
Total	**2,120,292**	**5,544,062**

Further information is provided in the notes to allowances for risks and charges.

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

Other operating costs.

	2006	2005
Losses on disposals	**0**	**2,056**
Concession fees	**39,090**	**40,611**
Other	**7,892,691**	**4,397,217**
Total	**7,931,781**	**4,439,884**

The item “other”, amounting to 7,893 thousand euros, primarily regards membership dues (903 thousand euros), indirect taxes and duties (1,485 thousand euros), and updated valuations of over-estimated costs and under-estimated revenues recognized in the 2005 Financial Statements (3,387 thousand euros).

Financial income and expense.

Income from equity investments.

	2006	2005
Dividends from subsidiary undertakings	2,530,815	89,337,147
Dividends from other companies	0	0
Total	2,530,815	89,337,147

"Dividends from subsidiary undertakings" regard:

– 1,166 thousand euros in dividends for 2006, posted on accruals basis, paid by the subsidiary undertaking, Airport Invest B.V. (100% owned by ADR S.p.A.), in accordance with the proposed allocation of net income approved by the Company's Board of Directors on March 12, 2007;

– 420 thousand euros in dividends for 2006, posted on an accruals basis, paid by the subsidiary undertaking, ADR Engineering S.p.A. (100% owned by ADR S.p.A.) in accordance with the proposed allocation of net income approved by the Company's Board of Directors on March 8, 2007;

– 642 thousand euros in dividends for 2006, posted on an accruals basis, paid by the subsidiary undertaking, ADR Tel S.p.A. (99% owned), in accordance with the proposed allocation of net income approved by the Company's Board of Directors on March 8, 2007;

– 303 thousand euros in dividends for 2006, posted on an accruals basis, paid by the subsidiary undertaking, ADR Advertising S.p.A. (51% of the ordinary share capital), in accordance with the proposed allocation of net income approved by the Company's Board of Directors on March 5, 2007.

Other financial income.

	2006	2005
Interest and commission on long-term receivables:		
– Other	27,479	67,294
Other:		
– Interest on overdue current receivables:		
· clients	295,882	2,300,884
– Interest and commissions from other companies and sundry income:		
· interest from subsidiary undertakings	51,326	17,307
· interest from banks	6,852,441	3,234,415
· other	1,747,336	5,196,664
Total	8,974,464	10,816,564

“Interest from banks”, totaling 6,852 thousand euros, increased by 3,618 thousand euros on 2005, as a result of greater average liquidity held at banks, in the year, as well as improved conditions applied by banks.

The item “other”, totaling 1,704 thousand euros (5,121 thousand euros in the previous year), regards accrued positive differentials on interest rate swaps entered into in October 2004 in accordance with the loan agreement, as described in the notes to “payables”. The decrease compared with 2005 relates to the raising of variable interest rates.

Interest expense and other financial charges.

	2006	2005
Interest paid to subsidiary undertakings	1,379,933	93,646
Interest and commissions due to others and sundry charges:		
– Interest and commissions paid to banks	12,617,330	15,776,272
– Interest and commissions paid to other financial institutions	62,580,300	56,694,324
– Provisions for overdue interest on doubtful accounts	238,339	2,209,603
– Other	46,721,739	26,306,285
Total	123,537,641	101,080,130

The reduction of 3,159 thousand euros in “interest and commissions paid to banks” is due to the refinancing transaction carried out in September 2005, which enabled the Company to reduce bank debt by 105 million euros and obtain improved conditions on the line of credit denominated the “Banca OPI Facility” as well as to the partial repayment of bank debts in September 2006.

The increase in “interest and commissions paid to other financial institutions” (5,886 thousand euros) derives from application of higher variable rates corresponding to lower expense for swap differentials.

The item “other” includes the sum of 46.2 million euros relating to swap differentials of which 18.8 million euros (25.6 million euros in 2005) accrued in the accounting year and 27.4 million euros regarding the amount paid in December to the same contractual counterparties in order to adjust the fixed-rate hedgings, entered into in 2001, with the current market conditions.

Foreign exchange gains and losses.

	2006	2005
Foreign exchange gains	169,036	63,773
Foreign exchange losses	43,497	36,126
Total	125,539	27,647

The conversion of receivables and payables denominated in non-EU currencies at closing exchange rates resulted in a net loss of 10,234 euros.

Adjustments to financial assets.

	2006	2005
Write-downs:		
– Of equity investments:		
· Edindustria S.p.A.	0	(68)
Total	0	(68)

Extraordinary income and expense.

Income.

“Extraordinary income” for the year totaled 43,038 thousand euros and breaks down as follows:

	2006	2005
Profits on disposals	42,216,348	0
Income relating to previous years and other deriving from:		
– Total revenues	0	1,106
– Other income and revenues	10,076	0
– Operating costs	120,804	128,784
– Amortizations and depreciations	2,412	0
– Financial income and expense	198	36,148
– Reversal of liabilities	79,544	108,719
– Damages and compensation received	421,384	52,378
– Taxation from previous years	187,261	0
	821,679	327,135
Total	43,038,027	327,135

The item “profits on disposals”, equal to 42,216 thousand euros, derives from the gain realized from the disposal of the subsidiary undertaking ADR Handling S.p.A.. The item “extraordinary income” includes the costs related to the disposal and the accrual to the risk fund for probable price adjustments, equal to 3.4 million euros.

Expense.

“Extraordinary expense” for the year totaled 4,554 thousand euros and breaks down as follows:

	2006	2005
Taxes relating to previous years	90,711	214,108
Extraordinary expense deriving from:		
– Total revenues	0	350
– Operating costs	636,245	535,128
– Personnel cost	10,258	0
– Financial income and expense	0	295
– Contingent liabilities	153,219	294,748
	799,722	830,521
Other extraordinary expense:		
– Payments due for lost freight	67,974	85,428
– Fines	126,079	30,640
– Restructuring costs	0	19,000,000
– Damages and compensation paid to third parties	56,381	55,394
– Costs for extraordinary transactions	3,412,656	0
	3,663,090	19,171,462
	4,462,812	20,001,983
Total	4,553,523	20,216,091

“Costs for extraordinary transactions” include the costs related to the disposal of the subsidiary undertaking ADR Handling S.p.A. and the accrual to the “allowance for risks and charges” for probable price adjustments (referred to in the Notes to the Memorandum Accounts).

In 2005 “restructuring costs” included charges relating to the restructuring and reorganization carried out by the Company (19,000 thousand euros).

Income taxes.

This item reports the expense for current taxes for the year, totaling 23,913 thousand euros. Deferred tax liabilities of 4,804 thousand euros have also been recognized.

	2006	2005
Current taxes:		
– IRES	11,423,232	22,464,286
– Proceeds from tax consolidation	(750,968)	(2,629,932)
	10,672,264	19,834,354
– IRAP	13,240,746	10,917,847
	23,913,010	30,752,201
Net deferred tax (assets) liabilities:		
– Deferred tax assets	2,704,000	(5,236,000)
– Deferred tax liabilities	2,100,000	1,377,000
	4,804,000	(3,859,000)
Total	28,717,010	26,893,201

On December 28, 2004 ADR S.p.A. communicated to the Revenue Office its intention to adopt the new form of domestic tax consolidation (the "domestic tax consolidation") introduced by the first part of the Tremonti Reform (Legislative Decree no. 344/2003).

In addition to the Parent Company, ADR S.p.A., the tax consolidation process regards the subsidiary undertakings, ADR Handling S.p.A., ADR Engineering S.p.A. and ADR Tel S.p.A.. Following the transfer of the share held in ADR Handling S.p.A., on November 3, the domestic tax consolidation envisaged by the rules in force was interrupted. Therefore, on November 30, 2006, ADR S.p.A. sent to the Revenue Office the form to notify the interruption of tax consolidation vis-à-vis ADR Handling S.p.A. which is attributed the payment made for the first advance payment installment of IRES due for 2006.

With regard to deferred taxes, it was decided to continue to record deferred tax assets and liabilities in the financial statements of the individual Companies that generated the related temporary differences.

In accordance with the above tax regulations, estimated tax expense for IRES, amounting to 11,423 thousand euros, was calculated on consolidated taxable income, represented by the sum of the taxable income and tax losses reported by the Parent Company, ADR S.p.A., and the subsidiary undertakings included in the tax consolidation, adjusted to reflect the detaxation of intercompany dividends.

Taxable income transferred from the consolidated Companies, ADR Engineering S.p.A. and ADR Tel S.p.A., resulted in proceeds, recognized in current tax liabilities from tax consolidation of 328 thousand euros and 423 thousand euros, respectively, resulting in a total of 751 thousand euros.

The tax rate for current taxes, primarily IRES(3), is 16.5% compared with an expected rate of 33%. In 2005 the tax rate for IRES was 17.6%.

(3) For the purposes of calculating the tax rate for IRES, IRES expense was added to the proceeds and expense deriving from tax consolidation.

Reconciliation of the expected and effective tax rates is shown in the following table:

	2006	2005
Ordinary tax rate applicable (IRES)	33.0%	33.0%
Effect of increases/(decreases) compared with ordinary tax rate:		
– Permanent differences:		
· exempt income (profits on disposals)	(19.6%)	0%
· dividends	(0.5%)	(24.8%)
· non-deductible costs	10.5%	6.0%
· other permanent differences	(0.1%)	0%
– Temporary differences:		
· increases	6.4%	9.3%
· decreases	(13.2%)	(5.8%)
Effective rate	16.5%	17.6%

For further information on the calculation of deferred tax assets see the item “deferred tax assets” in the Note to “receivables”.

Other information.

Headcount.

The following table shows the average number of employees of Aeroporti di Roma S.p.A. by category:

Average	2006	2005	Change
Management	42	42	0
Administrative staff	1,512	1,576	(64)
Ground staff and other	551	588	(37)
Total	2,105	2,206	(101)

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):

(a) Remunerations determined pursuant to art. 2389, paragraph I, of the Italian Civil Code, approved by General Meeting of April 21, 2006.

(b) See resolution of Board of Directors' of April 21, 2006, pursuant to art. 2389, paragraph III, of the Italian Civil Code.

(c) See resolution of Board of Directors' of March 9, 2005.

(d) See resolution of the Ordinary General Meeting of June 4, 2004.

(e) Also include reimbursement of expenses.

Category		Remuneration	Other remuneration (e)	Total
Directors	(a)	109,257	6,966	116,223
Executive Directors	(b)	512,145	86,386	598,531
Directors with positions required by Legislative Decree no. 231/2001	(c)	34,064	0	34,064
Statutory Auditors	(d)	227,813	11,555	239,368
Total		883,279	104,907	988,186

Remuneration of 12,165 euros, in addition to the reimbursement of expenses totaling 15,000 euros, was also established (by the Board of Directors' resolution of March 9, 2005) for the Chairman of the Supervisory Board set up by ADR S.p.A. pursuant to Legislative Decree no. 231/2001. This role has been assigned to a person who is not a member of the Company's Board of Directors.

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 62,309,801 euros is represented by no. 62,309,801 shares with a par value of 1euro each.
As of December 31, 2006 the interest of the majority shareholder, Leonardo S.r.l., amounts to 51.082% (no. 31,828,895 shares).

Litigation.

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 no. 516 of August 7, 1982, ADR S.p.A. 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.p.A.'s appeal against the allegations of income tax violations regarding the years 1985 and 1986.

On July 10, 2002 the tax authorities appealed to the Supreme Court, and the Company responded by depositing its counter-evidence with the Court. The judgment is still pending.

Thus far the outcomes of the hearings conducted by the various tax commissions have been in ADR S.p.A.'s favor, confirming the legal interpretation adopted and a positive outcome for the Company.

– On February 3, 2005 the Special Audit Team from the Regional Tax Police Headquarters for the Lazio Region instigated a general tax audit of the Company, ADR S.p.A., with respect to direct, indirect and other taxation due for the tax years 2003 and 2004.

The audit was subsequently extended to include VAT for the tax years 2001 and 2002, limited to certain specific operations carried out by the Company.

The tax inspectors then contested the applicability of IRPEG, IRAP and VAT deductions for so-called "transaction costs incurred on loans" incurred between 2001 and 2003.

In particular, for the tax year 2003, the inspectors deemed that amortization of "transaction costs incurred on loans", amounting to 4.1 million euros, was inapplicable with regard to IRPEG and IRAP.

With regard to VAT, the inspectors claim that VAT, totaling approximately 1.3 million euros, paid on the transaction costs incurred during the tax years 2001, 2002 and 2003, in relation to the assumption and restructuring of the above loans, is not deductible for tax purposes.

ADR submitted a brief with its remarks to the Revenue Office, requesting the filing of the minutes on the assessment drafted by the Tax Police.

As a result of the audit, on December 29, 2005 the Rome 7 Revenue Office notified Aeroporti di Roma of two claims for back taxes and fines regarding VAT for the tax years 2001 and 2002.

Backed up by the opinions of its tax experts, and deeming that recognition of the legitimacy of its actions is highly likely, on March 15, 2006, the Company lodged an appeal with the Provincial Tax Commission against said claims.

Pending the proceedings, Rome 7 Revenue Office filed a claim with the Revenue Office, Regional Direction of Lazio, asking for an opinion on its evaluations in relation to the Tax Police assessments.

With note of June 13, 2006, the Regional Direction of Lazio, acknowledged ADR legitimate conduct considering "the quota subject to amortization in the year as well as the deductibility of VAT related to said expense as

adequate". In particular, besides pointing out the Tax Police contradictions for having considered deductible the interest payable for loans made in 2001 but not the ancillary costs to said loan, the Regional Direction of Lazio clearly stated that, on the basis of the ruling submitted by the Company pursuant to art. 11 of Law no. 212/2000 and the subsequent judgment of the Central Direction for Litigation of the Revenue Office, Resolution no. 240 of July 19, 2002 "by solving the issue, the deduction of investigation costs of the loan was not slightly considered under question". After the judgment rendered in favor of the Company, the Rome 7 Revenue Office filed a claim with the Tax Commission for the Province of Rome to annul the judgments, asking for the annulment of the matter at issue in relation to the notices of assessment for 2001 and 2002 fiscal years.
The hearing to discuss the claims was fixed for February 12, 2007.

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 year ended December 31, 2006, a complete and exhaustive breakdown of the different civil, administrative and arbitration proceedings outstanding as of that date.
As regards litigation as a whole, the 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, subsequent to Supreme Court sentence no. 15023/01 which, on the one hand, established that Public Bodies should have free-rent access to the premises necessary in order to carry out their legally required duties regarding aircraft, passengers and freight movements, whilst, on the other, requiring such Bodies to pay for the services and utilities relating to said premises, ADR applied to the Ordinary Court for injunctions allowing it to recover receivables due from the various Ministries. The latter have opposed such injunctions, not questioning that payment is due for use of services, but challenging the determination of amounts and the methods of calculation. Three of the four judgments have been settled in the first instance. In any case, the Civil Court rejected the Ministries' objections. The terms to appeal before the Court of Appeal are still effective. For the fourth judgment, on March 6, 2007 the hearing to define the conclusions has occurred and handing down of sentence is awaited.

– On May 26, 1999, ADR S.p.A. appealed Ministry of Finance Decree no. 86, dated March 5, 1999, before the Lazio Administrative Court. The Decree establishes the license fees to be paid by airport operators for the years prior to 1997. Judgment is still pending.
  A similar action brought by ADR S.p.A. before the Civil Court of Rome, with the aim of ascertaining that the Company is not required to pay any back-dated fees to the Ministry of Transport for the years prior to 1997, ended with the issue of sentence no. 5283/2004. This sentence, which upheld ADR's position, declared that the Company has no obligation to pay the government license fees for the years prior to 1997 in application of the Convention of June 26, 1974.
– In a resolution of September 20, 2000 the Antitrust Authority closed the investigation of ADR S.p.A., launched with the resolution of 1999, finding that the Company had not abused its dominant position either with respect to the fees charged for ground handling services, or with regard to self-handling. The Authority did, however, find anti-competitive practices in relation to Aviation Services (Meridiana Group), although no fine was inflicted. The Company has appealed the latter filing before the Lazio Administrative Court, but the date for the hearing has yet to be set.
– Alitalia and Alitalia Airport have appealed to the Lazio Regional Administrative Court against the Italian Civil Aviation Authority and the Director of Fiumicino Airport and against ADR S.p.A. and ADR Handling S.p.A. as interest parties. The appellants have requested the cancellation, subject to suspension, of both the Aviation Authority's provisions of September 26, 2000, by which the Authority defined the centralized infrastructure at Fiumicino airport, including the cargo storage plant, and the act of March 29, 2001, by which the Director of Rome Fiumicino Airport ordered the appellants to "cease, with immediate effect, all activities regarding cargo handling, in relation to both services subject to limits and those for which it might have been necessary to use... Alitalia's cargo plant...". An announcement of the date of the relevant hearing is awaited, given that the appellants have withdrawn their request for a suspension.
– On March 3, 2003 ADR S.p.A., together with Assaeroporti and leading Italian airport operators, submitted an extraordinary appeal to the President of the Republic for annulment, with prior suspension, of the Civil Aviation Authority Regulations dated September 30, 2002 regarding "the construction and operation of airports", with which the Authority intends to apply ICAO Annex 14.
– The Ministerial Decree of November 29, 2000 requires the Operators of public transport services and relative infrastructure to draw up action plans for the reduction and abatement of noise, and to make provisions in line with forecast penalties if such limits should be exceeded. The legislation has been independently appealed by all airport operators to the Council of State, with the aim of obtaining an annulment of Lazio Regional Administrative Court's sentence no. 3382/2002. Sentence no. 5822/2004 of September 7, 2004 partially rejected the appeals brought by the airport operators. The consequences of this judgment are summarized below.
  The Appeal Judge, citing grounds that are partially different from those on which the appealed sentence was based,

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

- identification of the boundaries of the areas covered by the Ministerial Decree of October 31, 1997 (see the section of the Management Report on Operations dealing with "Environmental protection: Noise abatement");
- verification, according to a precise schedule, of instances when noise pollution limits are exceeded outside the areas covered by the regulations, as established by the Prime Ministerial Decree of November 19, 1997, with reference to be made to the limits established in municipal zoning bylaws or, in their absence, by art. 6, paragraph 1 of the Prime Ministerial Decree of March 1, 1991.

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

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

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

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

– In July 2003 ADR S.p.A. 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 S.p.A. in 1993 following a dispute about handling.

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

In ADR's opinion, the surcharges are not due for the period in which the Antitrust Authority's penalty was "suspended" following acceptance by the Lazio Regional Administrative Court of ADR's request for a suspension in 1993 (as part of the appeal in which ADR contested the Antitrust Authority ruling), and until the sentence handed down by the court in July 2000. With sentence no. 198/2004, handed down on May 6, 2004, the Lazio Regional Administrative Court accepted ADR S.p.A.'s appeal and, in particular: 1) annulled the disputed act (the letter from the Antitrust Authority dated May 12, 2003 in which the Authority laid claim to a sum of 1.7 million euros rather than 0.5 million euros; 2) ruled that ADR S.p.A. was not liable for payment of the surcharge stipulated in said act; and 3) ordered payment of legal interest to ADR S.p.A. for the period of the dispute (thirteen six-month periods, unless a different interpretation of the letter containing the grounds for the sentence emerges).

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

– In September 2003 ADR S.p.A. issued notice of appeal to Lazio Regional Administrative Court against Ministerial Decree 14/T of March 14, 2003 (published in the Official Gazette on 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; (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 S.p.A. 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 S.p.A. 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.
– With regard to the preparatory phase for the Planning Agreement 2005/2009, in November 2005 ADR S.p.A. appealed to Lazio Regional Administrative Court for an annulment of the decisions and considerations contained in the document issued by the Ministry of Infrastructure and Transport and the Ministry of the Economy on September 22, 2005, in which Aeroporti di Roma is substantially denied the right to include any component of

the purchase cost of the airport management concession for Fiumicino and Ciampino in the regulatory asset base, to be used in determining the airport fees it will charge. The appeal also includes a claim for damages from the Ministries concerned, in view of the unwarranted delay the above document has caused in finalizing the Planning Agreement provided for in Point 5 of the regulatory framework annexed to CIPE (Interdepartmental Committee for Economic Planning) Resolution no. 86/2000 and art. 4 of the Ministerial Decree of November 14, 2000. The Agreement governs the determination of airport fees and the other regulated revenues earned by ADR. The date of the related hearing has yet to be announced.

– On October 28, 2005, ADR S.p.A. submitted a complaint to the European Commission asking it to examine the provisions of Legislative Decree no. 211/2005 regarding the so-called "system requirements", which was subsequently included in Legislative Decree no. 203/2005, converted into Law no. 248/2005. ADR's complaint aims to bring to the Commission's attention the fact that the above legislation violates EU law, with particular regard to the rules governing State aid. This complaint was followed on February 20, 2006 by a further communication to the European Commission from ADR, reinforcing and expanding on the previous complaint, in response to the Guidelines issued by the Ministry of Infrastructure and Transport.

Actions brought by ADR, including those contesting certain provisions regarding the implementation of regulations introduced by Law no. 248/2005 (so-called "systems requirements"), include the proceedings held before the Civil Court in February 2006 against the Ministry of Infrastructure and Transport. This regards a claim for damages, estimated at 27.6 million euros, caused to ADR S.p.A. as a result of the failure to bring airport fees into line with the target inflation rate until December 2005, in compliance with article 2, paragraph 190 of Law no. 248/2005, which was repealed by Law no. 248/2005. The next hearing will take place on July 6, 2007.

A further action relating to "system requirements" regards the appeal filed by ADR S.p.A. at the Administrative Court in February 2006 with a view to revoking the Guidelines issued by the Ministry of Infrastructure and Transport on December 30, 2005 regarding the entry into effect of Law no. 248/2005. Specifically, this regards a request for annulment of both the regulations concerning the reduction of airport fees and the Civil Aviation Authority's memorandum of January 20, 2006, fixing the level of temporary airport fees. At the hearing of October 26, 2006, the discussion for the request of revocation was postponed to May 17, 2007 upon IBAR's request, in order to allow the integration of discussion vis-à-vis all the carriers considered as the counterparties concerned.

Moreover, in March 2006 ADR S.p.A. appealed to the Lazio Administrative Court, without a request for revocation, against the Civil Aviation Authority's memorandum of February 3, 2006 and previous memoranda in which the Authority deemed it appropriate to suspend payment of royalties on the sub-concession of airport fuel supply to third parties. The suspension is to remain in force until the submission by airport operators of data regarding the costs incurred in relation to the service provided by oil companies and until the completion of checks to be carried out on these companies by the Civil Aviation Authority.

Finally, ADR S.p.A. lent its support to the appeals brought before the Constitutional Court by the Campania, Emilia-Romagna, Piedmont, Tuscany and Sicily Regional Authorities in order to have Law no. 248/2005 declared unconstitutional.

A hearing to discuss the appeal brought by the Piedmont Regional Authority occurred on January 1, 2007 and handing down of sentence is awaited.

– Assaero (National Association of Carriers and Operators of Air Transport) and Blue Panorama, appealed to the Lazio Administrative Court, with a request for revocation, against the Civil Aviation Authority's note no. 60600 of September 15, 2006 (and against another ruling dated 10.31.2006 that does not concern the airports of Rome) in which the Authority notified the results of the verifications made to the totally-managed airports "in order to analyze the relation with costs of the amount presumptively requested to management and oil companies".

  During the hearing of December 14, 2006 the plaintiff waived the request asking for revocation on the merit. The parties agreed on requesting to fix the hearing on the merit in the short term.

– IBAR (Italian Board Airlines Representatives) and no. 6 carriers (Iberia, Tap, American Airlines, Delta Airlines, Ethiopian Airlines and Cyprus Airlines) appealed to the Lazio Administrative Court, with related request for revocation, against the Civil Aviation Authority's note no. 60600 of September 15, 2006 (and against other previous rulings) in which the Authority notified the results of the verifications made to the totally-managed airports "in order to analyze the relation with costs of the amount presumptively requested to management and oil companies".

  During the hearing of January 11, 2006 IBAR waived the request for revocation; the hearing on the merit is waited to be fixed.

– ENI appealed to the Civil Court of Rome against its client carriers (Air One, Alitalia, Eurofly, Livingston, Meridiana and Neos) asking to verify the obligation to pay to the oil company the amounts relating to the concession fees owed by the same company to the airport managers and, therefore, condemns them to pay to ENI the related amounts accrued from October 2005 (entry into force of Law Decree no. 211/2005, the so-called "system requirements").

  With the same appeal, alternatively, ENI summoned also the management companies, among which ADR S.p.A. (and the Civil Aviation Authority for State-managed airports) in order to verify the undue payment of the concession fee to the same managers determined in relation to the amount of oil supplied to airlines and, with regard to ADR in particular, on the one hand, to verify its condemnation to repay the amount due from October 2005 equal to 276 thousand euro, and on the other hand, declare undue the amount requested by ADR to ENI equal to 1.1 million euros, until 5.31.2006 and not paid. The hearing has been fixed on May 10, 2007.

– On December 19, 2006, the Antitrust Authority notified to ADR the starting (with provision no. 16246 of 12.14.2006) of a proceeding against the Company following:

  - IBAR reports on ADR S.p.A. methods used to determine certain amounts for the use of infrastructures and airport goods used for air transport and assistance operations to passengers and airplanes;

- a complaint (also by ALAS, ASSODOR and ANAMA) relating to the cargo sector, focusing the attention on the anti-competition aspect of the methods used to determine the amounts for the sub-concession of office areas as well as the limits imposed by ADR for competitors' access to the market of assistance services for goods.

According to the Authority, ADR abused its dominant position, pursuant to art. 82 of the EC Treaty on the market of airport infrastructure management at Fiumicino and Ciampino airports and on the market of assistance services for goods at Fiumicino.

The maximum money penalty envisaged by the law cannot exceed 10% value of the turnover obtained from the activities object of the investigation (for an hypothetical maximum amount of about 50 million euros). At present, the proceedings has only just been started and it is therefore difficult to determine the final outcome. In any case, it is not possible that the money penalty exceeds the levels envisaged by the law.

On March 19, 2007 the term for ADR to resort to art. 14-*ter* of Law no. 287/90, i.e. submit to the Authority its commitments in order to prove that its conduct is not anti-competitive, expired. ADR did not resort to said right. According to the Authority, the investigation shall be closed on January 31, 2008.

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

– ATI Alpine Bau has lodged an appeal against sentence no. 1347/06 handed down on January 16, 2006 by Rome's Civil Court (which ordered ADR to pay 1.2 million euros plus legal interest accrued from the time of the claim totaling 0.2 million euros) in relation to the upgrading of runway 16/34L (runway 3) to be carried out by said Company at "Leonardo da Vinci" airport in Fiumicino. ADR S.p.A. has been summoned to attend the hearing on January 10, 2007.

  The appeal reiterates the claims for damages made in first instance (66 million euros, plus legal interest accrued from the time of the claim) and a request was made to combine the three proceedings. In addition, a further appeal is pending against the partial judgment in first instance (a hearing is to be held on October 2, 2007 for final judgment).

  At the hearing of January 10, 2007, ATI Alpine lawyers asked for the combination of this proceedings with the proceedings at issue against the above mentioned partial judgment. ADR S.p.A.'s lawyers objected to said combination and the judge, having accepted the objection, rejected the request, ordered however that, for time-saving purposes, the two proceedings shall be discussed together during the same hearing on October 2, 2007.
– A lawsuit was taken out by ATI Elsag S.p.A. - CML Handling Technology S.p.A. regarding payment of sums posted to accounts relating to the contract to construct the new baggage handling system at Fiumicino airport, amounting to 7.4 million euros, plus interest. At a hearing on June 16, 2004 the judge, taking into account the plaintiffs' request for an enquiry and ADR S.p.A.'s response, adjourned the case until a hearing on November 18, 2004. At

this hearing judgment was withheld regarding admission of the evidence presented. The appointed judge has rejected the requests for an investigation from the parties and adjourned the case until the final hearing to be held on September 21, 2006. The hearing was postponed to May 23, 2007 due to ELSAG's defenders decision to abstain from attending the hearings. This stage of the legal process is expected to be concluded in 2007.

– A claim for damages, in relation to the contract for the extension and restructuring of the international terminal at Rome's Fiumicino airport and related works, has been brought by Consorzio Aerest (in liquidation). The claim amounts to approximately 2.2 million euros plus VAT, interest and revaluation. On October 8, 2004 the Court of Rome partially upheld the Consorzio Aerest's claim, requiring ADR S.p.A. to pay the consortium the sum of approximately 167 thousand euros, rejecting all other claims and apportioning the legal costs to both parties.
  On April 27, 2005 Consorzio Aerest appealed against the above-mentioned sentence, substantially, reiterating the claim submitted in first instance. A hearing has been scheduled for May 20, 2008 for pronouncement of the sentence.
– A civil lawsuit brought by Finprest to obtain recognition of its right to a sum of 3.2 million euros pertaining to review of contract prices, revaluations and interest in relation to a contract (dating back to 1988) for restructuring and extension works at the "old" Domestic Terminal (Terminal A) at "Leonardo da Vinci" airport in Fiumicino. During the hearing for the admission of evidence held on June 6, 2006 the Judge withheld the case for decision adjourning it to October 16, 2007 for final conclusions.
– On December 30, 2004 ATI NECSO ENTRECANALES - Lamaro Appalti notified its decision to appeal sentence no. 35859/2003 issued by the Civil Court of Rome, summonsing ADR S.p.A. to appear before the Appeal Court of Rome at a hearing on March 30, 2005. In addition to rejecting ATI NECSO's claims, the Judge at the initial hearing also ordered the Company to pay ADR S.p.A.'s costs. ATI NECSO is claiming damages of 9.8 million euros, plus interest, revaluation and costs, from ADR S.p.A. in relation to no. 7 claims posted in the accounts relating to the contract for work on the extension and restructuring of the International Terminal (Satellite West) at Fiumicino. In view of the positive outcome of the first instance hearing, the Group believes the likelihood of a negative outcome to be remote. The case was adjourned until November 27, 2007.
– On February 1, 2005 Fondedile Costruzioni S.r.l. lodged an appeal against sentence no. 23019/2004 of the Civil Court of Rome, which rejected all the requests made by Fondedile, and also ordered the Company to reimburse ADR's legal costs. Such appeal reiterates the claim submitted in the first instance for a total of 3.6 million euros, as well as legal and overdue interest and revaluation. At a preliminary hearing on May 3, 2005 before the second section of the Appeal Court of Rome, the judge adjourned the hearing until February 5, 2008 for pronouncement of sentence.
– On March 31, 2006 a summons was issued in which ATI Opere Pubbliche S.p.A. - Opere Idriche S.p.A., contracted to carry out works on the multistorey car park (fifth module) at "Leonardo da Vinci" airport in Fiumicino, requests that ADR be ordered to pay the 17 reserves recorded in the accounts regarding said works, for

a total of 2.0 million euros, plus legal interest, as well as legal costs and fees.

The request, submitted from the alleged design error which obliged the contract, ATI, to use greater quantities of material than those provided for in the project and, above all, increase in the prices of materials used for the work in question, primarily metals (iron, steel, copper, etc.). The initial hearing will take place on March 30, 2007.

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

– On October 10, 2006 the settlement agreement entered into between ADR and ATI Federici Stirling S.p.A. in Extraordinary Administration was executed. The parties agreed on waiving the Injunction Payment no. 13700/02 (R.G. 57416/02) and the related rejection judgment that shall be definitely abandoned by the Contractor and ADR vis-à-vis the payment of an amount of about 1.7 million euros to Federici Stirling in Extraordinary Administration and Lamaro Appalti. The dispute arose from a contract for works regarding the first module to extend the Domestic Terminal at Fiumicino airport. Such works were entrusted to ATI, with Federici Stirling acting as agent.
– With sentence no. 9328/2006, issued on April 24, 2006, the Civil Court of Rome fully rejected the claim made by Astaldi S.p.A. (which took over APL contract no. 450/95 from Italstrade S.p.A.). With this sentence Astaldi S.p.A. was also ordered to pay all the legal expenses. This claim was made by Astaldi S.p.A. regarding works for the construction of aprons and road links at Satellite West, "Leonardo da Vinci" airport in Fiumicino, in which the plaintiff requested that ADR S.p.A. be ordered to pay the reserves posted in the accounts in relation to said works, for a total of 7.3 million euros, plus legal interest, as well as legal costs and fees.
– With sentence no. 14/06 handed down on April 10, 2006, the Regional Public Water Court ordered ADR S.p.A. and the Ministry of Infrastructure and Transport, jointly, to pay damages of 75 thousand euros, plus legal interest, as well as legal costs and fees to SAICOM. This dispute arose from reorganization of the drainage network for meteoric water from the Ostia-Maccarese reclamation district following construction of runway 16L/34R (runway 3) at Fiumicino airport in 1973 which, according to SAICOM, caused flooding of its land adjacent to runway 3, with consequent damage to crops, estimated at 1.2 million euros by the court-appointed expert.
– With sentence no. 122/2006 handed down on April 24, 2006, the Lazio Administrative Court definitively rejected the claims made by ATI SOMECA.

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

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

In the Parent Company's judgment, current litigation and the 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 year.

The Board of Directors

ANNEXES

List of significant equity investments.

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	101,039.90 euros represented by 155,446 shares with a par value of 0.65 euros each

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

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
49% of voting rights at Ordinary General Meeting	

LIGABUE GATE GOURMET ROMA S.p.A. (insolvent)

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%	

S.A.CAL.-SOCIETÀ AEROPORTUALE CALABRESE 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	7,755,000 euros represented by 15,000 shares with a par value of 517 euros each
Holding: 2,485 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	Genoa 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

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)	09.30.2006	12.31.2005
Intangible fixed assets	10,731	12,207
Tangible fixed assets	13,657	14,628
Non-current financial assets	1	13
A. - FIXED ASSETS	24,389	26,848
Trade receivables	20,212	18,122
Other assets	3,722	3,961
Trade payables	(11,395)	(9,778)
Allowances for risks and charges	(3,103)	(3,411)
Other liabilities	(9,293)	(9,802)
B. - WORKING CAPITAL	143	(908)
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	24,532	25,940
D. - EMPLOYEE SEVERANCE INDEMNITIES (E.S.I.)	17,898	17,259
E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I.	6,634	8,681
financed by:		
Share capital	19,800	18,060
Reserves and retained earnings	230	(2,608)
Net income (loss) for the year	(2,453)	400
F. - SHAREHOLDERS' EQUITY	17,577	15,852
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	(10,943)	(7,171)
(G+H)	(10,943)	(7,171)
I. - TOTAL AS IN "E" (F+G+H)	6,634	8,681

RECLASSIFIED INCOME STATEMENT (in thousands of euros)	Jan.-Sept. 2006	2005
A. - REVENUES	62,723	85,164
Capitalized costs and expenses	405	405
B. - REVENUES FROM ORDINARY ACTIVITIES	63,128	85,569
Cost of materials and external services	(18,387)	(23,958)
C. - GROSS MARGIN	44,741	61,611
Payroll costs	(39,496)	(51,293)
D. - EBITDA	5,245	10,318
Amortization and depreciation	(4,058)	(4,809)
Other provisions	(187)	(299)
Provisions for risks and charges	(207)	(348)
Other income (expense), net	195	1,084
E. - EBIT	988	5,946
Financial income (expense), net	91	150
F. - INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	1,079	6,096
Extraordinary income (expense), net	(636)	(1,647)
G. - INCOME BEFORE TAXES	443	4,449
Current taxes for the year	(2,059)	(3,725)
Deferred tax assets (liabilities) for the year	(837)	(324)
	(2,896)	(4,049)
H. - NET INCOME (LOSS) FOR THE YEAR	(2,453)	400

AIRPORT INVEST B.V.

RECLASSIFIED BALANCE SHEET AND INCOME STATEMENT

Company name	Airport Invest B.V.

Board of Directors

Chairman	Fabio Capozio
Directors	Luciano Acciari
	Paul Schimtz
	J.C.W. Van Burg
	H.J. Wirix

Independent Auditors	KPMG Accountants NV

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)	12.31.2006	12.31.2005
A. - FIXED ASSETS	0	0
Trade payables	(24)	(2,775)
B. - WORKING CAPITAL	(24)	(2,775)
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	(24)	(2,775)
D. - EMPLOYEE SEVERANCE INDEMNITIES (E.S.I.)	0	0
E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I.	(24)	(2,775)
financed by:		
Share capital	101	70,417
Reserves and retained earnings	3,275	57,306
Net income (loss) for the year (*)	1,208	3,189
F. - SHAREHOLDERS' EQUITY	4,584	130,912
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	(4,608)	(133,687)
(G+H)	(4,608)	(133,687)
I. - TOTAL AS IN "E" (F+G+H)	(24)	(2,775)

(*) net of interim dividend:

	2005
Net income for the year	91,011
Interim dividend	(87,822)
Residual net income for the year	3,189

RECLASSIFIED INCOME STATEMENT (in thousands of euros)	2006	2005
A. - REVENUES	0	0
B. - REVENUES FROM ORDINARY ACTIVITY	0	0
Cost of materials and external services	(169)	(163)
C. - GROSS MARGIN	(169)	(163)
Payroll costs	0	0
D. - EBITDA	(169)	(163)
Amortization and depreciation	0	0
Other income (expense), net	0	0
E. - EBIT	(169)	(163)
Financial income (expense), net	1,377	7,114
F. - INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	1,208	6,951
Extraordinary income (expense), net	0	84,061
G. - INCOME BEFORE TAXES	1,208	91,012
Income taxes	0	0
H. - NET INCOME (LOSS) FOR THE YEAR	1,208	91,012

ADR ENGINEERING S.P.A. UNIPERSONALE

RECLASSIFIED BALANCE SHEET AND INCOME STATEMENT

Company name	ADR Engineering S.p.A. Unipersonale

Board of Directors

Chairman	Mario Sisto *(from February 1, 2007)* Francesco Di Giovanni *(until May 4, 2006)* Massimo Angelo Sala *(until December 12, 2006)*
Directors	Carmine Bassetti *(from April 6, 2006)* Giorgio Gregori *(from June 21, 2006)*
Secretary	Riccardo Affinita

Board of Statutory Auditors

(after the General Meeting of April 6, 2006)

Chairman	Antonio Mastrapasqua
Statutory Auditors	Pietro Cerasoli Eugenio Lagomarsino
Alternate Auditors	Francesco Mariani Guido Zavadini

Independent Auditors	Deloitte & Touche 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)	12.31.2006	12.31.2005
Intangible fixed assets	71	79
Tangible fixed assets	62	51
Non-current financial assets	0	176
A. - FIXED ASSETS	133	306
Inventory	4,960	5,385
Trade receivables	3,561	3,214
Other assets	558	114
Trade payables	(4,534)	(4,605)
Other liabilities	(1,041)	(1,546)
B. – WORKING CAPITAL	3,504	2,562
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	3,637	2,868
D. - EMPLOYEE SEVERANCE INDEMNITIES (E.S.I.)	726	799
E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I.	2,911	2,069
financed by:		
Share capital	775	775
Reserves and retained earnings	750	589
Net income (loss) for the year	445	863
F. - SHAREHOLDERS' EQUITY	1,970	2,227
G. - MEDIUM/LONG-TERM BORROWING	0	0
H. - SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)		
Short-term debt	984	0
Cash and current receivables	(43)	(158)
(G+H)	941	(158)
I. - TOTAL AS IN "E" (F+G+H)	2,911	2,069

RECLASSIFIED INCOME STATEMENT (in thousands of euros)	2006	2005
A. - REVENUES	6,744	7,523
B. - REVENUES FROM ORDINARY ACTIVITIES	6,744	7,523
Cost of materials and external services	(3,713)	(3,636)
C. - GROSS MARGIN	3,031	3,887
Payroll costs	(2,272)	(2,293)
D. - EBITDA	759	1,594
Amortization and depreciation	(61)	(42)
Other provisions	0	0
Provisions for risks and charges	0	0
Other income (expense), net	233	5
E. - EBIT	931	1,557
Financial income (expense), net	(15)	(7)
Adjustments to financial assets	0	0
F. - INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	916	1,550
Extraordinary income (expense), net	27	0
G. - INCOME BEFORE TAXES	943	1,550
Current taxes for the year	(515)	(863)
Deferred tax assets (liabilities) for the year	17	176
H. - NET INCOME (LOSS) FOR THE YEAR	445	863

ADR TEL S.P.A.

RECLASSIFIED BALANCE SHEET AND INCOME STATEMENT

Company name ADR Tel S.p.A.

Board of Directors

Chairman	Marco Torsello *(from March 8, 2007)* Roberto Piana *(until February 28, 2007)* Francesco Di Giovanni *(until May 4, 2006)*
Managing Director	Roberto Piana *(until June 20, 2006)*
Directors	Antonio Abbate *(from March 8, 2007)* Giacomo Cassigoli *(until February 7, 2007)* Andrea Pontecorvo *(from February 7, 2007)* Massimo Angelo Sala *(until December 12, 2006)* Marco Torsello *(from February 7, 2007)*
Secretary	Riccardo Affinita

Board of Statutory Auditors

Chairman	Renato Colavolpe
Statutory Auditors	Roberto Ascoli Giorgio Palasciano
Alternate Auditors	Pietro Cerasoli Guido Zavadini

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)	12.31.2006	12.31.2005
Intangible fixed assets	4,893	4,055
Tangible fixed assets	551	632
A. - FIXED ASSETS	5,444	4,687
Trade receivables	2,732	2,046
Other assets	200	227
Trade payables	(3,681)	(3,149)
Other liabilities	(1,097)	(391)
B. - WORKING CAPITAL	(1,846)	(1,267)
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	3,598	3,420
D. - EMPLOYEE SEVERANCE INDEMNITIES (E.S.I.)	509	323
E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I.	3,089	3,097
financed by:		
Share capital	600	600
Reserves and retained earnings	1,579	1,194
Net income (loss) for the year	682	882
F. - SHAREHOLDERS' EQUITY	2,861	2,676
G. - MEDIUM/LONG-TERM BORROWING	0	0
H. - SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)		
Short-term debt	493	682
Cash and current receivables	(265)	(261)
(G+H)	228	421
I. - TOTAL AS IN "E" (F+G+H)	3,089	3,097

RECLASSIFIED INCOME STATEMENT (in thousands of euros)	2006	2005
A. - REVENUES	8,339	7,204
Capitalized costs and expenses	272	223
B. - REVENUES FROM ORDINARY ACTIVITIES	8,611	7,427
Cost of materials and external services	(4,900)	(4,160)
C. - GROSS MARGIN	3,711	3,267
Payroll costs	(1,342)	(1,142)
D. - EBITDA	2,369	2,125
Amortization and depreciation	(1,062)	(748)
Other provisions	(18)	(28)
Provisions for risks and charges	0	0
Other income (expense), net	(5)	263
E. - EBIT	1,284	1,612
Financial income (expense), net	(34)	(16)
F. - INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	1,250	1,596
Extraordinary income (expense), net	0	(2)
G. - INCOME BEFORE TAXES	1,250	1,594
Current taxes for the year	(565)	(717)
Deferred tax assets (liabilities) for the year	(3)	5
H. - NET INCOME (LOSS) FOR THE YEAR	682	882

ADR ADVERTISING S.P.A.

RECLASSIFIED BALANCE SHEET AND INCOME STATEMENT

Company name	ADR Advertising S.p.A.

Board of Directors

(after the General Meeting of March 22, 2006)

Chairman	Andrea Belardini
Managing Director	Fabrizio Du Chene De Vere
Directors	Mario de Gennaro *(from June 20, 2006)* Andrea Ghisolfi Massimo Angelo Sala *(until December 12, 2006)*
Secretary	Riccardo Affinita

Board of Statutory Auditors

(after the General Meeting of March 22, 2006)

Chairman	Giancarlo Russo Corvace
Statutory Auditors	Angelo Casò Guido Croci
Alternate Auditors	Marco Baccani Pietro Cerasoli

General Manager	Sandro Loreti

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)	12.31.2006	12.31.2005
Intangible fixed assets	13	25
Tangible fixed assets	1,009	932
Non-current financial assets	10	18
A. - FIXED ASSETS	1,032	975
Trade receivables	9,961	8,410
Other assets	2,017	1,935
Trade payables	(10,711)	(8,063)
Allowances for risks and charges	(62)	(52)
Other liabilities	(1,331)	(1,776)
B. - WORKING CAPITAL	(126)	454
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	906	1,429
D. - EMPLOYEE SEVERANCE INDEMNITIES (E.S.I.)	212	197
E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I.	694	1,232
financed by:		
Share capital	1,000	1,000
Reserves and retained earnings	190	109
Net income (loss) for the year	1,367	1,481
F. - SHAREHOLDERS' EQUITY	2,557	2,590
G. - MEDIUM/LONG-TERM BORROWING	0	0
H. - SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)		
Cash and current receivables	(1,863)	(1,358)
(G+H)	(1,863)	(1,358)
I. - TOTAL AS IN "E" (F+G+H)	694	1,232

RECLASSIFIED INCOME STATEMENT (in thousands of euros)	2006	2005
A. - REVENUES	24,143	22,506
B. - REVENUES FROM ORDINARY ACTIVITIES	24,143	22,506
Cost of materials and external services	(20,821)	(19,424)
C. - GROSS MARGIN	3,322	3,082
Payroll costs	(884)	(760)
D. - EBITDA	2,438	2,322
Amortization and depreciation	(196)	(130)
Other provisions	(51)	(43)
Provisions for risks and charges	(10)	(10)
Other income (expense), net	184	245
E. - EBIT	2,365	2,384
Financial income (expense), net	5	19
F. - INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	2,370	2,403
G. - INCOME BEFORE TAXES	2,370	2,403
Current taxes for the year	(1,003)	(922)
H. - NET INCOME (LOSS) FOR THE YEAR	1,367	1,481

ADR SVILUPPO S.R.L. UNIPERSONALE

RECLASSIFIED BALANCE SHEET AND INCOME STATEMENT

Company name	ADR Sviluppo S.r.l.-Unipersonale
Sole Director	Fabio Capozio

Information about the subsidiary undertaking, ADR Sviluppo S.r.l.-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 euros)	12.31.2006	12.31.2005
Intangible fixed assets	4,141	4,141
Tangible fixed assets	6,000	6,000
A. - FIXED ASSETS	10,141	10,141
Other assets	2,329	2,153
Other liabilities	0	(582)
B. - WORKING CAPITAL	2,329	1,571
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	12,470	11,712
D. - EMPLOYEE SEVERANCE INDEMNITIES (E.S.I.)	0	0
E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I.	12,470	11,712
financed by:		
Share capital	100,000	100,000
Reserves and retained earnings	(7,866)	(8,825)
Net income (loss) for the year	3,500	959
F. - SHAREHOLDERS' EQUITY	95,634	92,134
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	(83,164)	(80,422)
(G+H)	(83,164)	(80,422)
I. - TOTAL AS IN "E" (F+G+H)	12,470	11,712

RECLASSIFIED INCOME STATEMENT (in euros)	2006	2005
A. - REVENUES	0	0
B. - REVENUES FROM ORDINARY ACTIVITIES	0	0
Cost of materials and external services	(648)	(1,065)
C. - GROSS MARGIN	(648)	(1,065)
D. - EBITDA	(648)	(1,065)
Other income (expense), net	(840)	(984)
E. - EBIT	(1,488)	(2,049)
Financial income (expense), net	4,988	3,008
F. - INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	3,500	959
Extraordinary income (expense), net	0	0
G. - INCOME BEFORE TAXES	3,500	959
Current taxes for the year	0	0
H. - NET INCOME (LOSS) FOR THE YEAR	3,500	959

LA PIAZZA DI SPAGNA S.R.L.

RECLASSIFIED BALANCE SHEET
AND INCOME STATEMENT

RECLASSIFIED BALANCE SHEET (in euros)	12.31.2006	12.31.2005
Intangible fixed assets	7,087	7,087
A. - FIXED ASSETS	7,087	7,087
Other assets	1,263	1,346
Other liabilities	0	0
B. - WORKING CAPITAL	1,263	1,346
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	8,350	8,433
D. - EMPLOYEE SEVERANCE INDEMNITIES (E.S.I.)	0	0
E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I.	8,350	8,433
financed by:		
Share capital	30,000	30,000
Reserves and retained earnings	(5,038)	(1,093)
Net income (loss) for the year	(1,882)	(3,945)
F. - SHAREHOLDERS' EQUITY	23,080	24,962
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	(14,730)	(16,529)
(G+H)	(14,730)	(16,529)
I. - TOTAL AS IN "E" (F+G+H)	8,350	8,433

RECLASSIFIED INCOME STATEMENT (in euros)	2006	2005
A. - REVENUES	0	0
B. - REVENUES FROM ORDINARY ACTIVITIES	0	0
Cost of materials and external services	(1,091)	(2,509)
C. - GROSS MARGIN	(1,091)	(2,509)
D. - EBITDA	(1,091)	(2,509)
Other income (expense), net	(965)	(1,463)
E. - EBIT	(2,056)	(3,972)
Financial income (expense), net	174	27
F. - INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	(1,882)	(3,945)
Extraordinary income (expense), net	0	0
G. - INCOME BEFORE TAXES	(1,882)	(3,945)
Current taxes for the year	0	0
H. - NET INCOME (LOSS) FOR THE YEAR	(1,882)	(3,945)

REPORT OF THE BOARD OF STATUTORY AUDITORS

(Translation from the original issued in Italian)

Report of the Board of Statutory Auditors to the Ordinary General Meeting of the Shareholders of Aeroporti di Roma S.p.A., pursuant to art. 2429 of the Italian Civil Code.

Dear Shareholders,

During the year ended December 31, 2006 we verified compliance with the law, the articles of association and the principles of good governance, applying the recommendations laid down in the regulations for Statutory Auditors established by the Italian Accounting Profession.

We attended the only General Meeting held during the year and no. 15 Board of Directors' Meetings, which were conducted in compliance with the related statutory requirements, laws and regulations.

We obtained information from the Directors regarding the overall operating performance and outlook, and on the most significant transactions, in terms of size or nature, carried out by the Company.

We can, therefore, provide reasonable assurances that both the resolutions passed and the actions implemented complied with the law and the articles of association, and that they were not manifestly imprudent or risky, and did not involve a conflict of interest or compromise the value of the Company's assets.

Our discussions with the auditors engaged to carry out the Company's accounting controls did not reveal significant aspects or information to be included in this Report.

We also had meetings with the Head of the Supervisory Board, following adoption of the "Organizational, management and control model", pursuant to Legislative Decree no. 231/2001. At the end of the accounting year, the Company's Board of Directors approved the above mentioned Supervisory Board modification from a monocratic into a collective board made up of a Chairman external to the Company, the Head of the legal department and the Head of the Company's internal control.

We have examined and verified the adequacy of the Company's organizational structure, obtaining information thereon.

We have assessed and verified the adequacy of the administrative and accounting systems and the reliability of such accounting systems to provide a fair view of operations, via the gathering of information from the Managers of the various functions and from the auditor engaged to carry out the Company's accounting controls, and via examination of corporate documents. We have no particular observations to make in this regard.

We have not received any reports pursuant to art. 2408 of the Italian Civil Code.

We have examined the Financial Statements as of and for the year ended December 31, 2006. In view of the fact that we were not assigned responsibility for analyzing the contents of the financial statements on their merits, we have verified the general presentation and overall compliance with the laws relating to form and content. We have no particular observations to make in this regard.

We have also checked that the “Management Report on Operations” has been prepared in accordance with the related regulations. As far as we are aware, in preparing the Financial Statements the Directors did not apply the exemptions permitted by art. 2423, paragraph four, of the Italian Civil Code.

We have verified that the Financial Statements are consistent with the disclosures and informations communicated to us in the course of carrying out our duties, and we have no observations to make in this regard. In particular, the Financial Statements report the proceeds deriving from the transfer of the whole participation held in ADR Handling S.p.A.. The amount, equal to 72.5 million euros made ADR S.p.A. obtain capital gains for 38.8 million euros, net of ancillary costs.

The Consolidated Financial Statements of Group ADR S.p.A. and its subsidiaries as of and for the year ended December 31, 2006 have been prepared in compliance with the provisions of Legislative Decree no. 127 of April 9, 1991. They consist of the Balance Sheet, Income Statement and Notes, accompanied by the “Management Report on Operations”, which provides the information required. The “Management Report on Operations” has been prepared in accordance with the provisions of art. 2428 of the Italian Civil Code and art. 40 of the above Legislative Decree no. 127/1991.

The Consolidated Financial Statements report that the transfer of the above cited handling activity determined capital gains, net of ancillary costs, equal to 61.4 million euros; the difference with the related item indicated in the Financial Statements is partly attributable to ADR Handling S.p.A.’s net losses in 2006, already posted in the consolidated financial statements and partly to the infra-group profits, reversed in the consolidated financial statements of previous years, net of the related tax effect. Moreover, the Board of Directors decided to allocate the amount obtained from the above cited transaction to the financing of the 2007 Investment Plan, in compliance with the contracts entered into with financial institutions.

In view of the above, and taking account of the fact that the Independent Auditors, Deloitte & Touche S.p.A., have today informed us that they intend to issue unqualified “Opinions”, we invite you to approve the Financial Statements as of and for the year ended December 31, 2006, as prepared by the Board of Directors.

Dear Shareholders,

With the approval of the Financial Statements as of December 31, 2006, the mandate granted to the Board of Statutory Auditors expires. Thanking you for the trust received, we invite you to make up the Board of Statutory Auditors for the 2007/2009 three-year period, establishing the related annual remuneration.

Fiumicino, Italy - March 28, 2007

THE BOARD OF STATUTORY AUDITORS
Fabrizio Rimassa - Chairman
Roberto Ascoli - Statutory Auditor
Giuseppe Cappella - Statutory Auditor
Alessandro Grange - Statutory Auditor
Luigi Tripodo - Statutory Auditor

EXTENSION OF THE AUDITORS' TASK

(Translation from the original issued in Italian)

Extension of the auditors' task pursuant to Legislative Decree no. 303 of December 29, 2006.

Dear Shareholders,

We hereby remind you that the Shareholders' General Meeting of April 21, 2006 – pursuant to art. 165 of Legislative Decree no. 58/1998 (Consolidated text of the provisions on financial intermediation) – granted to Deloitte & Touche S.p.A. the task of auditing for the 2006 fiscal year only in order to align it with the duration of the task also granted by ADR listed holding company to the above Company.

Following variations of the rules and regulations (Legislative Decree no. 303 of December 29, 2006) it is envisaged that the tasks in progress that last less than nine fiscal years, within the dated of the first General Meeting called to approve the Financial Statements, may be extended in order to align them with the duration with the recalled time-limit.

Pursuant to the above cited Legislative Decree no. 303/2006, Gemina S.p.A.'s Chairman of the Board of Statutory Auditors, the Company indirectly controlling ADR, notified to his Shareholders' General Meeting his decision to suggest the extension of Deloitte & Touche S.p.A. auditors' task. Therefore, he invited ADR Board of Statutory Auditors to take on the decisions they are competent for.

We have, therefore, examined the extension of the auditor' task for the 2007/2012 period, submitted by Deloitte & Touche S.p.A. with a letter signed by Mr. Domenico Falcone head of auditing; said letter envisages an annual consideration of 125,000 euros and 1,670 working hours for the auditing concerning ADR Financial Statements of the year, the Group's Consolidated Financial Statements and the verification of the adequacy of the administrative and accounting systems and the reliability of such accounting systems as well as the auditing of the six-month report.

The above consideration, that shall be adjusted to ISTAT increase, is considered fair as, compared to the previous fiscal year, the reduction of hours corresponding to the minor activities related to the transfer of the share held in ADR Handling S.p.A. have been taken into account. The other conditions envisaged by the previous task remain unchanged.

The Auditing Company at issue, moreover, satisfies the autonomy requirements envisaged by the law and, at present, is not subject to incompatibility.

With regard to the professionals employed by the Auditing Company, we confirm that they are qualified in order to carry out the task envisaged.

With the recalled letter, the Board of Statutory Auditors' Chairman of Gemina S.p.A. asked to inform the Boards of Statutory Auditors of the ADR Group Companies to which the above cited ruling is applied, of the decision taken.

In this regard, we point out that similarly and autonomously, the Board of Statutory Auditors of the subsidiary undertaking ADR Advertising S.p.A., included in ADR consolidation area, suggested the extension of the auditors' task granted to Reconta Ernst & Young S.p.A. and, in this regard, the issue has been included in the agenda of the Shareholders' Ordinary General Meeting of the above cited subsidiary undertaking.

Dear Shareholders,

In view of the above, we suggest you to extend Deloitte & Touche S.p.A. auditors' task for the 2007/2012 period according to the above terms and conditions.

Fiumicino, Italy - March 28, 2007

THE BOARD OF STATUTORY AUDITORS
Fabrizio Rimassa - Chairman
Roberto Ascoli - Statutory Auditor
Giuseppe Cappella - Statutory Auditor
Alessandro Grange - Statutory Auditor
Luigi Tripodo - Statutory Auditor

REPORT OF THE INDEPENDENT AUDITORS

Deloitte.

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AUDITORS' REPORT PURSUANT TO ART. 156 OF LEGISLATIVE DECREE No. 58 OF FEBRUARY 24, 1998

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 December 31, 2006. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the financial statements of the prior year, which are presented for comparative purposes as required by law, reference should be made to the auditors' report issued by us on April 4, 2006.

3. In our opinion, the financial statements present fairly the financial position of Aeroporti di Roma S.p.A. as of December 31, 2006, and the results of its operations for the year then ended in accordance with the Italian law governing financial statements.

4. As described in the Management report on operations and in the Notes to the financial statements, the income statement includes, among the "Extraordinary income and expenses", the gain realized from the disposal of the subsidiary ADR Handling S.p.A., in addition to the related costs.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Falcone
Partner

Rome, Italy
March 28, 2007

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

RESOLUTIONS

OF THE GENERAL MEETING
OF SHAREHOLDERS
DATED APRIL 16, 2007

The General Meeting:

(Translation from the original issued in Italian)

approved the Managing Report of the Board of Directors as at December 31, 2006 and the Annual Report 2006 which show a profit of 35,975,352.33 euros;

collocated the above mentioned profit of 35,975,352.33 euros as follows:

– distribute as dividends, 0.57 euros per each of the 62,309,801 shares representing the capital stock, for a total amount of 35,516,586.57 euros;
– carry to new account the residual profit amounting to 458,765.76 euros;

deliberated to distribute, 0.24 euros, per each of the 62,309,801 shares representing capital stock, for a total amount of 14,954,352.24 euros, through the use of the "retained earnings" as at December 31, 2006, which thus decrease to 4,423,042.24 euros and, therefore, to distribute a total dividend of 0.81 euros per each of the 62,309,801 shares representing the capital stock, which will be settled starting from June 4, 2007, through the bill no. 7 dated May 30, 2007;

appointed, by list vote, the Board of Directors for the three years' period 2007/2009, until the Meeting called on for the approval of the Annual Report of the last year of their appointment, in the persons of the following: Mr. Maurizio Basile, Mr. Remy Cohen, Mr. Andrew Christian Cowley, Mr. Timothy Christopher Frost, Mr. Alessandro Grimaldi, Mrs. Kerrie Patricia Mather, Mr. Aldo Minucci, Mr. Gianni Mion, Mr. Fabrizio Palenzona, Mr. Massimo Pini, Mr. Paolo Roverato and Mr. Claudio Sposito;

determined the annual global fee of 108,000.00 euros to allocate to the Board of Directors, to distribute by it under the article 25 of the Statutory Act;

appointed the Board of Directors for the three years' period 2007/2009, with expiry date on the date of the Meeting called on for the approval of the Annual Report of the third year of their appointment, consisting on the following:

– Mr. Giacinto Chimenti, Chairman;
– Mr. Giuseppe Cappella, Statutory Auditor;
– Mr. Alessandro Grange, Statutory Auditor;
– Mr. Mario Tonucci, Statutory Auditor;
– Mr. Luigi Tripodo, Statutory Auditor;
– Mr. Nicola Lorito, Alternate Auditor;
– Mr. Andrea Piermartini Rosi, Alternate Auditor;

fixed 62,100.00 euros for the annual fee for the Chairman and 41,400.00 euros per year for each Statutory Auditor;

prorogated, to Deloitte & Touche S.p.A., the charge as Independent Auditors for the accounting period 2007/2012, under the Legislative Decree no. 303 dated December 29, 2006.

Graphic project:

Roberto Conti

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