Aeroporti di Roma

Annual Report 2011

Aeroporti di Roma Società per Azioni
Registered office in Fiumicino (Rome) - Via dell'Aeroporto di Fiumicino, 320
Fully paid-in capital stock €62,224,743.00
A company managed and coordinated by Gemina SpA

www.adr.it

Corporate Officers

Aeroporti di Roma SpA

after the General Meeting and Board Meeting of April 15, 2010, the General Meeting of April 13, 2011, the Board Meeting of May 9, 2011, the General Meeting of June 8, 2011 and the Board Meeting of September 29, 2011, the General Meeting of November 10, 2011 and the Board Meeting of November 11, 2011

Board of Directors *(Three-year period 2010-2012)*	
Chairman	Fabrizio Palenzona
Deputy Executive Chairman	Carlo Bertazzo *(since September 29, 2011)*
Managing Director	Lorenzo Lo Presti *(since November 11, 2011)*
Directors	Guido Angiolini *(until April 19, 2011)* Giuseppe Angiolini Mario Canapini Stefano Cao Beng Huat Ho Giulio Maleci *(until November 10, 2011)* Enzo Mei Gianni Mion Aldo Minucci *(until April 28, 2011)* Piergiorgio Peluso *(until April 14, 2011)* Clemente Rebecchini Paolo Roverato Marco Troncone *(until April 20, 2011)*
Secretary	Antonio Sanna

Board of Statutory Auditors *(Three-year period 2010-2012)*	
Chairman	Maria Laura Prislei
Statutory Auditors	Luca Aurelio Guarna Silvano Montaldo Enrico Proia Mario Tonucci
Alternate Auditors	Piero Alonzo Cristiano Proserpio

Independent Auditors *(period 2007-2012)*	Deloitte & Touche SpA

Agenda

Notice is hereby given to Shareholders of the Ordinary General Meeting to be held at registered office at 10.00 am on April 3, 2012, in first call, and, if necessary, in second call, on April 4, 2012 at the same time and place, to discuss the following:

Agenda

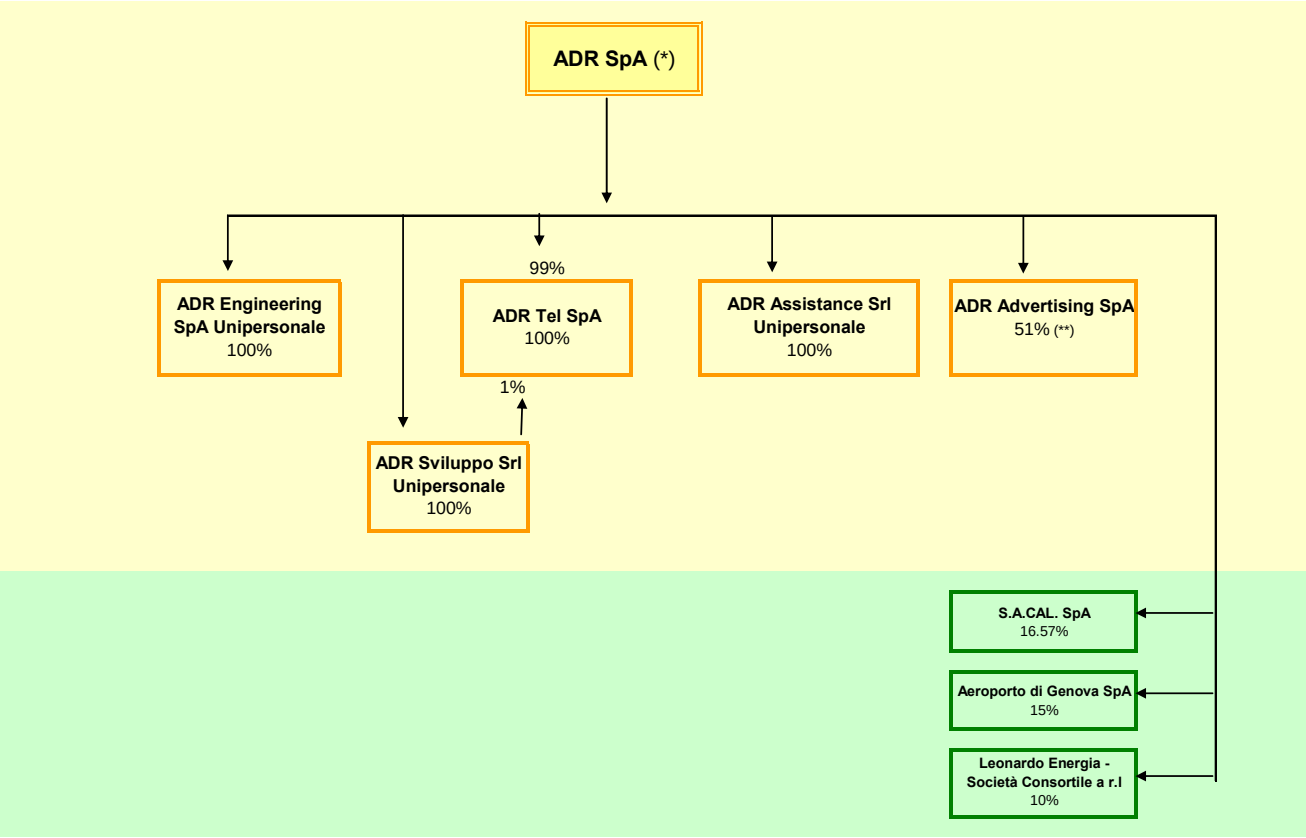
Annual Report 2011, and related and consequent resolutions.

Notice of call has been published in the Official Gazette of the Italian Republic, no. 32, Part II of March 15, 2012.

CONTENTS

Management Report on Operations

THE ADR GROUP



SUBSIDIARY UNDERTAKINGS

INVESTMENTS IN OTHER COMPANIES

(*) ADR SpA also a 25% holding in the E.T.L. - European Transport Law Consortium in liquidation
(**) of ordinary share capital

HIGHLIGHTS FOR THE GROUP AND ADR SPA

The following table summarizes the main traffic data for 2011 for Rome's airport system, showing changes with respect to 2010.

TRAFFIC PERFORMANCE

Traffic component	SYSTEM (°)	% change
Movements (no.)	383,210	0.0%
Aircraft tonnage (tons)	30,012,312	+0.3%
Total passengers (no.)	42,480,476	+3.8%
Total freight (kg)	161,678,214	(5.8%)

(°) Fiumicino + Ciampino

The following table shows the Aeroporti di Roma Group's ("ADR Group") financial and operational highlights for 2011.

ADR GROUP

Consolidated financial and operational highlights *(€000)*		
	2011	**2010**
Revenues	620,036	599,733
EBITDA	295,654	279,807
EBIT	157,297	149,588
Net income (loss):		
minority interest	424	(637)
Group share	41,492	22,313
Investments (including the portion charged to the Civil Aviation Authority[1])	67,986	106,702
	12.31.2011	***12.31.2010***
Invested capital	1,946,587	1,990,116
Shareholders' equity (including minority interest)	792,548	750,452
Group shareholders' equity	791,945	750,273
Net financial indebtedness	1,154,039	1,239,664
Headcount at year end	2,589	2,646

Ratios	**2011**	**2010**
EBITDA/Revenues	47.7%	46.7%
ROS	25.4%	24.9%
ROI	8.0%	7.4%
ROE	5.4%	3.0%
Net earnings per share (€)	0.7	0.4
Group shareholders' equity per share (€)	12.7	12.0
Net borrowing/Shareholders' equity	1.5	1.7
Net borrowing/EBITDA	3.9	4.4
Net finance costs/Revenues	11.5%	12.1%
Shareholders' equity/Fixed assets	39%	36%
Capital investment per passenger (€)	1.6	2.6
Accounts receivable turnover (turnover of accounts receivable/revenues *365 days)	108	108
Accounts payable turnover (turnover of accounts payable/costs and investments *365 days)	179	185
Average revenue per passenger (€)	14.6	14.7
Average revenue per employee (€000)	258	254
No. of passengers/ Average headcount	17,708	17,358

[1] Italian Civil Aviation Authority ("ENAC")

The following table summarizes financial and operational highlights for 2011 for Aeroporti di Roma SpA ("ADR SpA").

ADR SpA

Financial and operational highlights *(€000)*		
	2011	**2010**
Revenues	615,616	596,340
EBITDA	290,820	276,535
EBIT	153,567	147,670
Net income	39,686	21,267
Capital investment (including the portion charged to the Civil Aviation Authority)	69,121	108,063
	12.31.2011	***12.31.2010***
Invested capital	1,979,996	2,029,644
Shareholders' equity	825,571	785,705
Net financial indebtedness	1,154,425	1,243,939
Headcount at year end	2,252	2,308

Ratios	**2011**	**2010**
EBITDA/Revenues	47.2%	46.4%
ROS	24.9%	24.8%
ROI	7.7%	7.2%
ROE	4.9%	2.7%
Net earnings per share (€)	0.6	0.3
Shareholders' equity per share (€)	13.3	12.6
Net borrowing/Shareholders' equity	1.4	1.6
Net borrowing/EBITDA	4.0	4.5
Net finance costs/Revenues	11.6%	12.1%
Shareholders' equity/Fixed assets	39%	37%
Capital investment per passenger (€)	1.6	2.6
Accounts receivable turnover (turnover of accounts receivable/revenues *365 days)	108	108
Accounts payable turnover (turnover of accounts payable/costs and investments *365 days)	182	179
Average revenue per passenger (€)	14.5	14.6
Average revenue per employee (€000)	296	291
No. of passengers/ Average headcount	20,419	19,966

GROUP OPERATING REVIEW

INTRODUCTION

Dear Shareholders,

In the 2011 financial year just ended, your Company achieved key objectives in a difficult and conflicting general context.

The economic and financial improvement expressed by the financial statements proposed for approval was carried out with a focus on the protection of revenues and on the control of costs and investments that is now, regardless of the persistent block of tariffs, a constant factor of the virtuous behavior of the company; however, the general context of the air travel sector and of Fiumicino, in particular, makes the achieved objective unstable and uncertain.

However, we believe that the most important objective achieved in prospect was to have shared with the Grantor an important project for the development of the Roman airport system and the contents of a Planning Agreement that will ensure the financeability of the project without public contribution and an adequate return on invested capital; in this sense, we hope that the process for its approval is quick and as much as possible shared with the territory.

In particular, with reference to the economic and financial results, the improvement compared to the previous financial year was achieved due to an increased traffic for the two airports of Fiumicino and Ciampino by 3.8% with a total number of passengers exceeding 42 million, including 37.7 million for Fiumicino (+3.7%) and 4.8 million (+4.7%) for Ciampino.

A considerable attention is still placed on the performance of the main national carrier that reported for Fiumicino encouraging results on domestic and EU routes in terms of passenger traffic (+2.4% and +6.9%, respectively), which was however offset by a decrease in the capacity offered for the domestic route (-3.0%), in addition to a general negative result on the routes outside EU (-1.5% passengers and -3.5% fluctuations).

Consolidated revenues of 620 million euros are up 3.4% on 2010, whereas operating costs were basically aligned with 2010. Pre-tax income – after operating costs, amortization and depreciation and financial and extraordinary income and expenses – totals 85.8 million euros, compared with the 58.8 million euros of 2010. The Group‘s net income is 41.5 million euros, compared with 22.3 million euros in 2010.

Consolidated investments of 68.0 million euros decreased compared to 2010 (106.7 million euros). They were significantly influenced by the carrying-out of the new baggage handling system (*the so-called BHS*) for a financial commitment of more than 21 million euros. With reference to this important system carried out, which made it possible to drastically reduce the inefficiencies in this business segment, Alitalia and the carriers of the Sky Team alliance challenged the charge of the consideration - albeit determined in close correlation to the costs incurred – increasing the credit concentration risk as illustrated in more detail in the chapter dedicated to the specific notice.

Together with a careful management of working capital and of the investment volume, the Group’s performance has resulted also in 2011 in a cash inflow of 85.6 million euros, which has allowed to cut consolidated net debt from 1,239.7 million euros at the end of 2010 to 1,154.0 million euros at the end of 2011.

Going back to the development plan of the Roman airport system, we would like to note the bases that justify the proposed measures:

- Fiumicino is now saturated and its infrastructures and flights are inadequate to serve the expected traffic with a European quality standard;

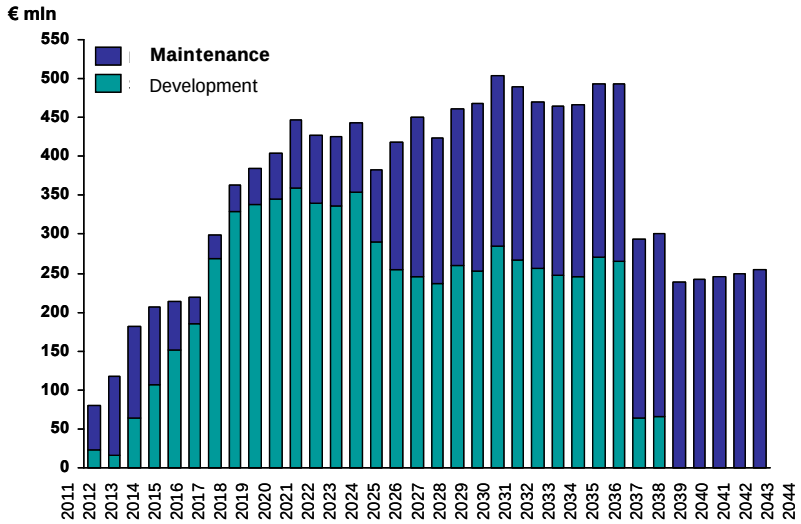
- this situation is the consequence of a decade of stagnation in tariffs and crisis of the main customer, factors that have considerably affected the infrastructural planning with economic and financial effects important for the Group.

Therefore, the improvement and upgrading of the Roman airport system are urgent and the proposal shared with the Grantor requires:

1) Investments, amounting approximately to 12.1 billion euros in the period 2012 - 2044, of which 2.5 billion euros in the first 10 years with the following trend and destination,

Investment plans **(in €/mln)**

- Strengthening of infrastructures in the southern area of Fiumicino, for a total of 4.4 billion euros of investments;
- Development of the northern area of Fiumicino oriented to the highest standards of service for a total of 7.2 billion euros of investments;
- Upgrading of Ciampino to City Airport
- Development of the new airport of Viterbo after executing a special agreement deed provided in the proposed Planning Agreement



2) a tariff level and mechanism, which (i) allows to recover, albeit partially, the existing initial *gap* with respect to the average of other European airports, by connecting the trend in tariffs to the investments actually made and to the costs incurred (ii) a reduction in the use of facilities in peak hours through different charging systems,

3) a system of rules and commitments that define every aspect of mutual relations, effective for all the period of validity of the concession, in order to be a reliable reference for the financeability of the project.

In addition, the positive impact that the completion of the works will have on the economic system of the Country in terms of GDP growth, as well as the direct and induced employment effects of approximately 30 thousand units in the first regulatory period (2012-2021) and approximately 230,000 units in the long term, must not be underestimated.

This objective was achieved through a complex process that required a comparison and investigation with the grantor for each step of the proposed Planning Agreement. ENAC, at the end of its Board of Directors' meeting of July 18, 2011, issued a statement in which it informed to have approved the principles; therefore, the checking phase of the financial and operational figures indicated by ADR SpA in the sent documents started, in order to share the Economic and Financial Plan until the expiry of the concession and the measure of the tariff trend. On July 29, 2011, ENAC approved the Agreement proposal.
On November 2, 2011, ENAC sent the explanatory report on the Planning Agreement, together with the resolution of its Board of Directors, to the Minister of Infrastructure and Transport, the Ministry of Economy and Finance, the Prime Minister's Office and the Company.
Subsequently, ENAC formally opened the consultations with the users of the airports of Fiumicino and Ciampino on the programming aspects of the airport development and specifically on: a) Investment Plan indicating the works that the Company will carry out on the airports of the Roman airport system in the period 2012 – 2016 with development up 2044, b) the ten-year Quality and environmental protection Plan and c) air traffic up to 2016 with forecasts up to 2021.

The documents were shown by the Company on December 13, 2011, in the public consultation, held at the Fiumicino airport, which was attended by the associations and representatives of the air carriers and handlers, as well as consumers and couriers.
ENAC fixed the date of January 10, 2012 as the deadline for sending, by the users, the final considerations on the issues subject-matter of the consultation, which can therefore be considered closed due to the subsequent clarifications given.

The definition of the tariff model before the assessment by the competent Ministries and the start of the second and last consultation with users is currently underway with ENAC.
We wish to point out the absolute and urgent need to successfully close the proposed planning agreement.

AIR TRAFFIC

In 2011 world air traffic recorded a 4.9% increase in passengers compared to 2010, showing a decreasing trend in the second half of the year. The growth in passenger traffic is highlighted both Internationally, with an increase of 6.2%, and at a domestic level (up 3.7%), despite the risks found in the currency markets and, more generally, the overall macro-economic situation.

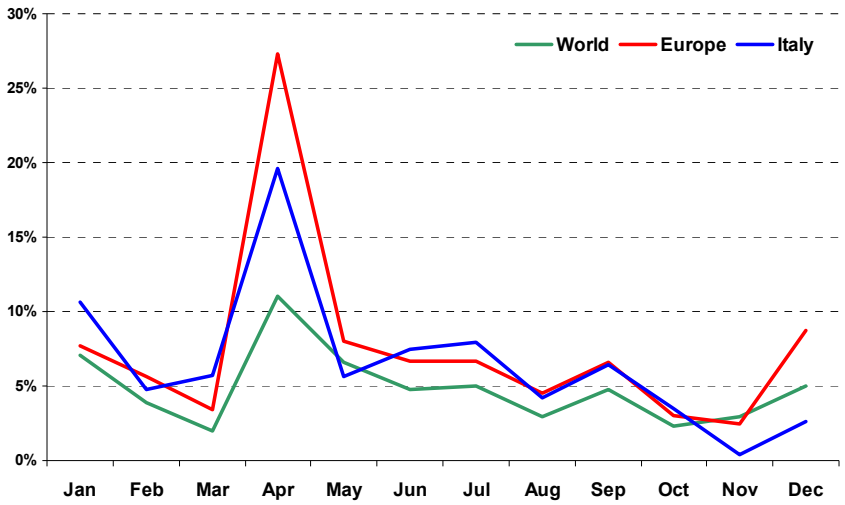
Europe and Italy segments show a substantially similar trend.
In 2011 Europe, though affected by the impact in various countries of the sovereign debt crisis and the slowdown of the global economy, recorded a 7.3% increase in passengers compared to 2010, which however was penalized in April by the highly publicized effects of the volcanic ash, with serious repercussions on European traffic. The growth rate remained positive both in the Domestic (up 5.1%) and International segment (up 8.1%).

In Italy, in 2011, passenger traffic recorded an overall increase of 6.4%, up 7.1% deriving from the Domestic segment and up 6.3% from the International segment.

	2011 vs. 2010
WORLD (a)	4.9%
Europe (a)	7.3%
Italy (b)	6.4%
FCO + CIA (*)	**3.8%**

SOURCE:
(a) ACI Pax Flash Report (2011)
(b) ASSAEROPORTI (2011)
(*) = Roman Fiumicino and Ciampino Airport System

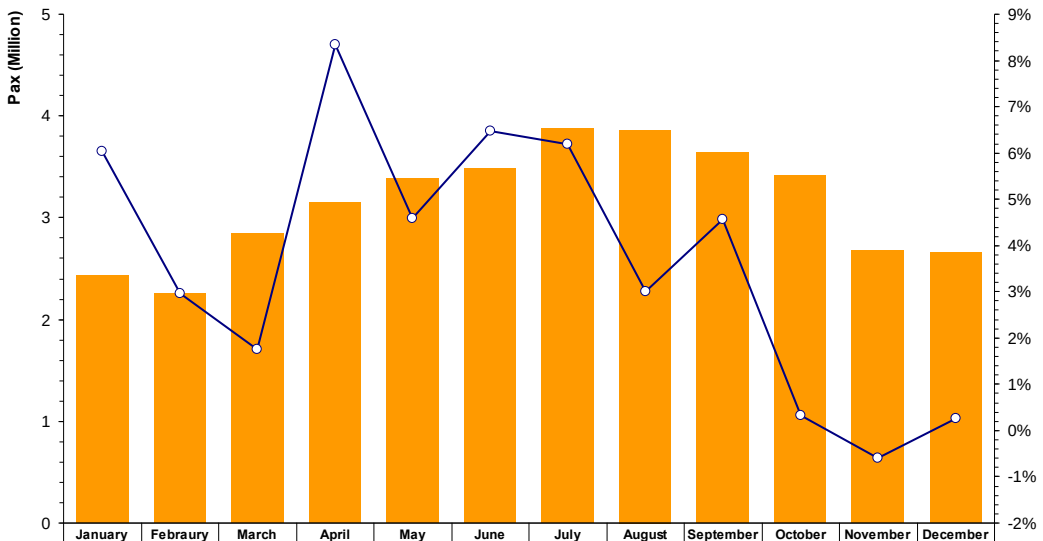
Passenger traffic - 2011 percentage increases compared with 2010



In 2011 the main European airports recorded the following passenger traffic trends: Madrid (down 0.4%), Milan (Linate and Malpensa) (up 4.1%), London (up 4.4%), Paris (up 5.7%), Frankfurt (up 6.5%), Munich (up 8.8%) and Amsterdam (up 10.1%).

In the same time period the Roman airport system recorded a growth of 3.8%, which remains lower than that recorded in the other Italian airports, showing the initial effects deriving from capacity saturation.

Fiumicino airport passenger traffic monthly trend is shown in the graph below, highlighting the slowdown in the growth trend recorded in the last quarter.



	January	Febraury	March	April	May	June	July	August	September	October	November	December
2011 PAX	2,435,782	2,255,888	2,840,897	3,155,634	3,387,716	3,484,274	3,881,984	3,862,803	3,639,420	3,415,852	2,675,625	2,657,590
Change % vs. AP	6.0%	3.0%	1.8%	8.3%	4.6%	6.5%	6.2%	3.0%	4.6%	0.3%	-0.6%	0.3%

It is worth remembering that 2010 was nevertheless penalized in April by the effects of the volcanic cloud with a loss at Rome's airports estimated at about 290,000 passengers.

This result was reached despite the air traffic over the year being negatively affected by various external events:

- the social-political instability which, starting from the end of January, involved numerous countries in North Africa;
- the earthquake that hit Japan in March and the consequent impact on Japanese economy, influencing the volumes to the area concerned;
- the crisis and the economic-financial uncertainties which, particularly in the last quarter, affected the desire to travel in Italy.

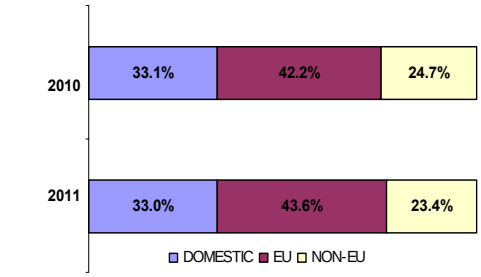
Regarding the International events (North Africa and Japan) the estimated loss in traffic amounts to about 700,000 passengers and more than 5,000 flights cancelled.

The **Roman airport system** in 2011, analyzed in the division between Domestic and International segment (the latter broken down between the European Union and non-European Union), recorded the following trend compared to 2010:

	ROME SYSTEM	Domestic	International	int. UE	int. Extra UE
Movementes	383,210	151,299	231,911	157,538	74,373
D% vs PY	(0.0%)	(2.6%)	+1.7%	+3.7%	(2.3%)
Mtow	30,012,312	9,518,800	20,493,512	11,048,293	9,445,219
D% vs PY	+0.3%	(1.3%)	+1.0%	+3.7%	(1.9%)
Total Pax	42,480,476	14,010,446	28,470,030	18,527,985	9,942,045
D% vs PY	+3.8%	+3.5%	+4.0%	+7.3%	(1.6%)
Freight (Kg)	161,678,214	6,149,749	155,528,465	32,326,076	123,202,389
D% vs PY	(5.8%)	+9.5%	(6.3%)	+1.5%	(8.2%)

The breakdown in terms of traffic market share (between the Domestic, EU and non-EU segments) and its distribution in the various geographic areas is summarized as so:

The Roman Airport System: Market Share 2010-2011



The Roman Airport System: passenger traffic distribution by Geographic Area

	Fiumicino	D% vs PY	Ciampino	D% vs. PY	ROME SYSTEM	D% vs. PY
ITALY	13,021,407	+2.2%	989,039	+23.3%	**14,010,446**	+3.5%
AFRICA	1,365,043	(25.9%)	79,497	+335.9%	**1,444,540**	(22.3%)
MIDDLE SOUTH AMERICA	786,213	+8.2%	164	+290.5%	**786,377**	+8.2%
FAR EAST	1,207,126	(2.2%)	177	+60.9%	**1,207,303**	(2.2%)
WESTERN EUROPE	14,583,134	+10.1%	3,266,529	(2.1%)	**17,849,663**	+7.6%
EASTERN EUROPE	2,879,541	+7.7%	449,061	+9.2%	**3,328,602**	+7.9%
MIDDLE EAST	1,493,203	+5.7%	1,695	+52.8%	**1,494,898**	+5.8%
NORTH AMERICA	2,357,798	(4.3%)	849	+24.5%	**2,358,647**	(4.3%)
TOTAL PAX	**37,693,465**	+3.7%	**4,787,011**	+4.7%	**42,480,476**	+3.8%

Fiumicino airport closed 2011 with a 3.7% increase in passengers compared to the previous year; in terms of capacity the results were as follows: seats (up 0.7%), movements (down 0.2%) and aircraft tonnage (down 0.2%).

	Fiumicino	Domestic	International	int.UE	int. Extra UE
Movementes	328,496	131,666	196,830	126,420	70,410
D% vs PY	(0.2%)	(3.5%)	+2.1%	+5.1%	(2.8%)
Mtow	27,211,426	8,843,471	18,367,955	9,058,003	9,309,952
D% vs PY	(0.2%)	(2.6%)	+1.0%	+4.5%	(2.2%)
Total Pax	37,693,465	13,021,407	24,672,058	14,855,141	9,816,917
D% vs PY	+3.7%	+2.2%	+4.5%	+9.5%	(2.2%)
Freight (Kg)	142,834,891	6,079,365	136,755,526	13,562,248	123,193,278
D% vs PY	(7.1%)	+11.1%	(7.7%)	(3.1%)	(8.2%)

With the sequent concentration on the national flag carrier Alitalia:

	Fiumicino	Domestic	International	int.UE	int. Extra UE
Movements	152,241	93,578	58,663	32,779	25,884
D% vs PY	(2.1%)	(3.0%)	(0.6%)	+1.9%	(3.5%)
Mtow	12,427,708	6,412,532	6,015,176	2,502,537	3,512,639
D% vs PY	(0.4%)	(2.4%)	+1.9%	+4.0%	+0.4%
Total Pax	17,540,370	9,893,049	7,647,321	3,876,539	3,770,782
D% vs PY	+2.5%	+2.4%	+2.6%	+6.9%	(1.5%)
Freight (Kg)	51,998,040	3,096,000	48,902,040	2,672,090	46,229,950
D% vs PY	(2.9%)	(8.3%)	(2.5%)	(9.6%)	(2.0%)

The load factor stands at 70.2%, with a growth of 2.1% compared to 2010.

The overall performance in 2011 was the final result of a trend which, in the last quarter, progressively worsened, especially due to the ever more negative economic scenario both at national and International level. This scenario is actually progressively forcing carriers to adopt a strategy featuring growing “prudence” with special attention placed on containing costs, leading to reductions in the capacity offered to adjust to the slowdown in demand.

Breakdowns for the different areas are as follows.

Domestic Traffic: the overall growth reached 2.2% in terms of passengers, while the capacity offered recorded a drop of 3.5% for the movements and 2.6% for the tonnage. The segment, accounting for 34.6% of total passenger traffic, recorded, in the Alitalia/other carriers subdivision, the following trend:

- Alitalia (76.0% of passenger market share): the carrier registered an increase in passengers transported (up 2.4%), instead the capacity offered decreased both in terms of movements (down 3.0%) and aircraft tonnage (down 2.4%);
- Other carriers (24.0% of passenger market share): the other carriers achieved an overall growth in passengers equal to +1.8%, despite a decrease in movements (down 4.7%) and tonnage (down 3.3%).

International European Union traffic: this segment represents the airport’s main growth driver, recording an overall increase in terms of both passengers (up 9.5%) and capacity offered (movements up 2.1% and tonnage +1.0%). The segment, accounting for 39.4% of total passenger traffic, recorded, in the Alitalia/other carriers subdivision, the following trend:

- Alitalia (26.1% of passenger market share): the carrier achieved growth in passenger volumes equal to 6.9%, as well as an increase in the capacity offered in terms of movements (up 1.9%) and aircraft tonnage (up 4.0%);
- Other carriers (73.9% of passenger market share): also the other carriers achieved a 10.5% increase in passanger traffic, just like the capacity offered (movements up 6.2%, aircraft tonnage up 4.7%).

International traffic outside the European Union: this segment was affected by the "losses" linked to the social-political affairs in the International scenario (North Africa and Japan with an estimated loss of about 700 thousand passengers), which are the main cause for the 2.2% reduction in terms of passengers and capacity offered, recording a 2.8% drop for movements and a 2.2% drop for the tonnage. The segment, representing 26.0% of the total passenger traffic, recorded the following trend:
- Alitalia (38.4% of passenger market share): the airline recorded a drop in passenger volumes (down 1.5%) and movements (down 3.5%), followed by a contained growth in tonnage (up 0.4%);
- other carriers (61.6% of passenger market share): other carriers recorded a loss for passengers (down 2.7%) and movements (down 2.5%) and tonnage (down 3.8%).

In 2011 Fiumicino airport in any case continued to develop its network through a series of new destinations previously not provided and/or frequency increases operating on the already existing domestic, EU and non-EU flights; among the most significant, broken down by segment, are the following:

SEGMENT		CARRIER	DESTINATION
Domestic	new flights	Blu-Express	Reggio Calabria
EU	new flights	Alitalia	Toulouse
		Wizz Air	Vilnius, Brno, Tirgu Mures
		Norwegian	Helsinki, Goteborg
		Carpatair	Iasi
		easyJet	Bristol, Lyons, Paris Orly
	Frequency increases on already existing routes	Iberia	Madrid
		SAS	Stockholm
		Malev	Budapest
		easyJet	Amsterdam
		LuxAir	Luxemburg
		Lufthansa	Frankfurt
		Aer Lingus	Cork, Belfast
		Jet2.com	Leeds, Manchester
Non-EU	new flights	Alitalia	Rio De Janeiro, Peking
		China Eastern Airlines	Shanghai
		Gulf Air	Bahrain
		Ukraine Int. Airline	Ivano-Frankivsk
		SkyWork	Bern
		Swiss	Basle
		Eritrean Airlines	Asmara
	Frequency increases on already existing routes	Alitalia	Osaka, San Paolo, Teheran
		Saudi Arabian Airlines	Jedda
		Rossiya Airlines	Saint Petersburg
		Air Transat	Toronto, Montreal
		Turkish Airlines	Istanbul
		Biman Bangladesh	Dacca
		SriLankan Airlines	Colombo
		Qatar Airways	Doha
		Air Algerie	Algeri

Nevertheless traffic performance at Rome airport was affected by reductions in the offer for some specific routes: the well-known social-political events which involved the main countries in North Africa (Tunisia, Egypt and Libya), and the nuclear problems which concerned Japan following the catastrophic earthquake in March, affected the carriers working in these countries. E.g. with reference to the Libyan airlines, the services completely interrupted at the end of February were not reactivated. In addition, a reduction was recorded in the offer on the routes to and from North America, especially to the USA:

- United Airlines did not operate the summer flight Rome – Chicago, and it also cut some weekly frequencies, for the winter period, on the Rome – Washington route,
- Continental did not propose the usual capacity increase (doubling of the daily flights in the peak summer period) on the route Rome – Newark,
- Delta Airlines cancelled the flights Rome – New York for the winter season, therefore starting from November,
- from the same month, and until April 2012, Alitalia cancelled the flights to Los Angeles and Chicago.

Ciampino airport, though maintaining the maximum limit of a hundred commercial movements a day as capacity that can be allocated, in 2011 recorded an increase in the passenger traffic of 4.7% and a slight growth in the capacity offered (movements up 1.2%, seats up 5.9% and aircraft tonnage up 5.4%).

This performance is mainly due to the recovery of the volumes lost in 2010 due to the eruption of the Icelandic volcano and the gradual complete use of the maximum capacity that can be allocated (not completely used in 2010).

	Ciampino	Domestic	International	int. UE	int.Extra UE
Movementes	54,714	19,633	35,081	31,118	3,963
D% vs PY	+1.2%	+4.1%	(0.3%)	(1.3%)	+8.8%
Mtow	2,800,886	675,329	2,125,557	1,990,290	135,267
D% vs PY	+5.4%	+19.7%	+1.6%	(0.0%)	+33.1%
Total Pax	4,787,011	989,039	3,797,972	3,672,844	125,128
D% vs PY	+4.7%	+23.3%	+0.8%	(0.8%)	+93.0%
Freight (Kg)	18,843,323	70,384	18,772,939	18,763,828	9,111
D% vs PY	+4.7%	(51.0%)	+5.1%	+5.1%	+0.0%

Worth highlighting is that during 2011 the transfer process was completed at Fiumicino of the easyJet flights previously operating at Ciampino. These flights were progressively replaced with destinations serviced by Ryanair, which was able to launch new routes and increase the offer on the already active flights.
Among the main operations, worth remembering in the domestic segment is the increase of the frequency of the flights to numerous destinations already serviced and the start-up of new flights to Genoa and Brindisi, and in the International segment the opening of a host of new routes (Porto, Vilnius, Salonika, Riga, Marseilles, Bordeaux, Manchester, Leipzig).

ACTIVITIES

In 2011 the Group's activities generated total revenues of 620.0 million euros, which break down as follows:

(in millions of euros)	2011		2010		Change %
Airport fees		181.6		174.8	3.9%
Centralized Infrastructures		40.5		35.4	14.4%
Security		70.3		67.7	3.9%
Other (PRM services, check-in desks, etc.)		31.0		29.3	5.8%
AERONAUTICAL REVENUES		**323.4**		**307.2**	**5.3%**
"Duty free" and "duty paid"		89.4		84.9	5.3%
Sub-concessions and utilities					
- sub-concession and utilities	61.9		59.7		3.7%
- commercial activities in sub-concession	57.4		54.1		6.1%
		119.3		113.8	4.8%
Parking		31.6		30.5	3.7%
Advertising		20.0		22.4	(10.5%)
Canteen		7.4		7.1	5.1%
Contract work in progress		5.6		7.8	(28.1%)
Other (maintenance, other sales, cleaning, ICT, etc)		23.3		26.0	(10.4%)
NON AERONAUTICAL REVENUES		**296.6**		**292.5**	**1.4%**
TOTAL REVENUES (*)		**620.0**		**599.7**	**3.4%**
(*) Revenues net of contract work in progress		614.4		591.9	3.8%

A review of operations during 2011 in the various areas of business in which the Group is involved is provided below.

Aeronautical activities

Airport fees

In 2011 revenues from airport fees amounted to 181.6 million euros growing by 3.9% compared to the previous year.

In particular, the two main components of this revenue led to the following trend being recorded:

- landing, take-off and parking fees (58.4 million euros): against a number of overall movements equaling those recorded in 2010, the 1.1% increase recorded in comparison to the previous year was mainly due to the increase in fees from January 10, 2011 to bring them into line with the target inflation (up 1.5%)[2] and, secondly, a slight increase of the average/overall tonnage (up 0.3%);
- passenger boarding fees (120.2 million euros): increased 5.5% due to the higher number of boarding passengers (up 4.1%) and the mentioned fee adjustment (up 1.5%).

[2] pursuant to Ministerial Decree of October 4, 2010 regarding "Revised airport fees for 2010" published in Official Gazette no. 289 of December 11, 2010.

During the year a 5.8% reduction in cargo traffic compared with 2010 was also registered, resulting in a drop in cargo revenues of around 0.2 million euros (down 5.5%); revenues in 2011 totaled 3.0 million euros.

Management of centralized infrastructures

The management of the centralized airport infrastructures, carried out directly by the Parent company ADR SpA, in 2011 registered a turnover of 40.5 million euros (of which 19.0 million euros relating to the baggage handling systems, 17.3 million euros to the loading bridges and 4.2 million euros to other centralized infrastructures) corresponding to an increase of 14.4% compared to the previous year.

This increase is due to the combined effect of:

- 40.9% increase in the revenues deriving from the baggage handling systems mainly correlated to the charge – for about 90% to Alitalia – from January 1, 2011 of the consideration, validated by the Civil Aviation Authority (ENAC) with provision May 11, 2011 (unit fee per baggage handled equal to 1.87 euro), related to the use of the new handling system of transit baggage "NET6000", created and put into operation in 2010.
  The trend of revenues for the baggage handling systems was also affected by the rise in passengers, partly balanced by a different distribution of outbound passengers in the various airport areas that have differential baggage treatment unit fees;
- 3.0% decrease compared to last year of the revenues relating to the loading bridges mainly due to the unavailability and penalization of some systems of Satellite West, a higher unit revenue for upgrade works, in addition to the reduction in aircraft movements at Fiumicino on the national traffic (down 3.5%) and non-EU (down 2.8%) components.
  Despite the lower traffic recorded in the national and non-EU segments, there were 160,562 flights served with loading bridges in 2011, an increase of 2.8% compared to 2010, for a total number of 20,429,377 passengers served (up 5.5% compared to the previous year). The improvements in bridge management, and in particular the lower average use per single flight allocated to loading bridges, allowed a greater number of customers to be guaranteed the use of these infrastructures and improve the service level, despite the lower availability of the systems.

Security

Security activities carried out by the Parent Company ADR SpA (security checks on passengers, carry-on baggage, checked baggage, explosive detection checks and services requested) generated revenues of 70.3 million euros, an increase of 3.9% on 2010. This performance derives from an increase in passenger traffic, partly offset by a decrease in revenues for on-demand services provided at Fiumicino (special entry points, goods in simulation room, etc.).

Assistance to passengers with reduced mobility (PRM) and other aeronautical revenues

As part of the revenues related to the other aeronautical activities, equal in total to 31.0 million euros (up 5.8%), the trend of the following items is shown:

- assistance to passengers with reduced mobility ("PRM"): for this activity revenues were recorded for 14.6 million euros, with a 10.6% increase compared to the previous year due to the rise in boarded passengers and the increase in the fee applied at Fiumicino starting from December 2010;
- passenger check-in desks: revenues, equaling 11.2 million euros, decreased by 3.0% compared to last year for the optimization actions implemented by the user companies (ground assistance service providers), in particular at Ciampino. On this point it is worth mentioning that in the fourth quarter of the year, at Fiumicino, new management and assignment methods were defined for the check-in desks aiming to avoid the abovementioned actions from ground assistance service providers being able to reach such levels that may jeopardize the quality of the services offered to the passenger; the effect of these new methods will be fully operational during 2012;

- other aeronautical revenues: equal to 5.2 million euros and consisting of revenues for the use of common assets, luggage porters and left luggage, etc..

Real estate management

Sub-concessions

Revenues from retail and other sub-concessions, deriving from fees and utilities at Fiumicino and Ciampino airports, amount to 46.2 million euros, registering a 5.4% increase compared with 2010.

This performance is due to the positive effect of the sub-concession agreements at Office Tower 2 which were delivered at various times during 2010 and also to the entry into service of the portion of the cargo building allocated to Flightcare Italia SpA in its capacity as a cargo handler in the third quarter 2010; also greater fees for license, user and service fees to the "rent a car" following the transfer to Office Tower 2 with a substantial doubling of the spaces used.

Revenues from sub-concessions (service stations, catering companies, hotels, etc.) calculated on the volume of activity carried out amount to 15.7 million, registering a decrease of about 1.3% compared to 2010.

The result for 2011 is mainly attributable to a:

- 4.1% reduction in revenues to "avio" service stations reaching 6.9 million euros, due to the new unit cost applied to "avio deliveries" which – in compliance with the Civil Aviation Authority criteria that ensure annual cost-related increases for the operator – moved from 3.91 euros to 3.62 (down 7.4%) euros per cubic meter starting from March 1, 2011;
- 5.9% drop in revenues to catering companies, equaling to 1.5 million euros. The amicable settlement of the relationships with the two catering companies operating at Roman airport system (LSG on November 26, 2010 and Servair Chef on June 6, 2011) allowed on the one side a recovery of past receivables, and on the other the obtaining of the data related to the "flights actually serviced". Based on the volumes communicated and by applying the unit amount for the surcharge in force, the total income was lower than the "connection at cost" acknowledged by the Civil Aviation Authority;
- 5.3% decrease in the total turnover for the hotel business (1.2 million euros) consequently to the lower average occupancy and the reduction in the average sales price per room;
- instead royalties (equal to 5.1 million euros) from car hire companies increased (up 3.4%).

Commercial activities

The retail outlets directly managed by sub-concessionaires recorded a growth in revenues (turnover from retail outlets managed directly plus royalties from sub-concession agreements) of 5.6% in absolute terms and an increase of 1.4% in revenues per passenger.

Though positive, the performance was affected, in the first months of the year, by the negative effect of the earthquake in Japan and the North African crisis and, in the last quarter, the effect of the global economic crisis especially in the retail segment.

The traffic mix was also not very rewarding: 2011 closed with a trend for the high spending component (passengers with Non-EU destinations) down by 0.9% compared to 2010, against a growth of 5.7% for the low-medium spending components (passengers with Domestic and EU destinations).
Despite these penalizing phenomena, thanks to programs to develop retail outlets managed directly and by sub-concessionaires, the growth in revenues for the ADR Group was higher than for traffic.

Direct sales

Given a 4.1% increase in outbound passengers in the total system, the eight retail outlets directly managed closed 2011 with an increase in revenues of 5.3% and a total turnover of 89.4 million euros, with an increase in the average spend per passenger of 1.1% (4.22 euros per outbound passenger).

The projects created produced an increase in margins and productivity of the business; the most important are listed below:

- pricing policy review;
- logistical process review, which led to a notable increase in productivity in 2011, with benefits going to system in 2012;
- the conversion from duty paid to duty free of shops 3 and 5 (Schengen area), with a positive economic impact and benefits for the logistical processes;
- sales personnel management improvements (training and organization);
- the shop Rocco Giocattoli being transferred by sub-concession to T1;
- opening of the shop-in-shop Chanel at shop 1 at T3.

The product segments that mostly contributed to the growth of the turnover were Confectionery (up 15.6%), Fine Food (up 16%) and Wines (up 11.3%). Tobacco (down 1.3%) was affected by the abovementioned drop in the reference market, consisting of passengers with Non-EU/North African destinations.

Outlets managed by sub-concessionaires

Revenues from retail outlets managed by sub-concessionaires in 2011 equaled 57.4 million euros, with an increase compared to 2010 of 6.1%; the average revenue per passenger grew by 1.9%.

"Specialist retail" activities recorded revenues equal to 29.6 million euros, up compared to 2010 by 5.9% (up 1.7% in terms of average revenue per passenger).

Concerning the product segments, it is worth mentioning the particularly positive trend of the luxury segment, up 7% in terms of average revenue per passenger, and the souvenir and eyewear segments, on average up by 9% in terms of average revenue per passenger. Instead the performance of the sportswear segment is down (4.6%) and so is the shoes segment (down 17.9%) mainly due to the closure of the shop Valleverde in the mezzanine floor in Terminal 1.

The "other royalties" segment (currency exchange, tax refund, etc.) generated revenues equal to 6.4 million euros, with an 11.0% increase compared to 2010, therefore above the traffic trend.

Regarding "Food & Beverage", in 2011 revenues were 21.4 million euros, with growth up 4.8% compared to 2010; the revenue per passenger grew by 0.7%.

Management of car parks

Management of parking systems generated revenues of 31.6 million euros, up 3.7% on the previous year. This increase is lower than the rise in the potential market represented by outgoing passengers (up 5.4%).

In detail the following trends were registered:

- passenger car parking: revenues of 27.1 million euros (up 3.1%) with a 2.2% drop in the average spend for the outbound passengers;
- airport operator car parking: revenues of 4.5 million euros (up 7.4%).

During the first half of the year the works to adjust and modify the Terminal arrival road at Fiumicino and Ciampino airports were completed. Thanks to the changes made, the vehicle traffic has been streamlined and regulated, dedicating various access routes to the terminals to each type of user and based on the specific needs. Remote waiting areas were established for the rentals with driver and the buses, in this way allowing a decongestion of the closest traffic to the terminal.

The creation of short-term car parks (free for the first 30 minutes) led to benefits in terms of service and increase in turnover: in the June/December period accesses to the Short-Term Car Parks were about 800,000 and 70% of the users used it for free.

During the second half the improvements to the multilevel car park infrastructure were concluded aiming to enhance the overall quality (car park enlargement, painting of walls, directing signs, space counters at the floors); car park areas regulated with parking meters were also widened.

To support the new “short-term” car parks of T1 and T3, new commercial signals were put in place along the route.
The Telepass project was implemented in the multilevel car parks A, B, C, and D, with adjustment of the related horizontal and vertical signals.

Advertising

Revenues from the sale of advertising spaces in 2011 amounted to 20.0 million euros, down by 10.5% compared with the previous year.

In detail, revenues from the sale of advertising in directly managed outlets (totaling 2.8 million euros) were substantially in line with 2010 (down 1.3%), while revenues from indirect sales of advertising at airports, carried out by the subsidiary company ADR Advertising SpA, amounted to 17.2 million euros, down 11.8% on 2010.

The negative trend continues in this segment as already experienced in previous years, deriving from the reference market trend, with competitive pressure from alternative forms of advertising, and the specific conditions of the Fiumicino airport grounds, which recorded a change in the traffic mix that makes advertising spaces less attractive.
Due to the abovementioned aspects, some contracts were cancelled and fee reductions had to be agreed to; furthermore, in relation to the difficulties of a sub-concessionaire, falling into arrears last year with a consequent anticipated termination of the related contracts, some systems were subject to conservative seizure and therefore did not produce any income.

Refreshment outlets and other activities

In 2011 refreshment outlets (management of canteens for airport operators) registered revenues of 7.4 million euros, with an increase of 5.1%. This increase was generated by the annual review of the prices and the completion of the AZ/CAI personnel transfer operation from Magliana to Fiumicino.

“Contract work in progress”, substantially comprising the revenues to repay the works financed by the State, relating to departure area F (formerly Pier C) net of the change in works in progress of the same nature, equaled 5.6 million euros compared to the overall 7.9 million euros in 2010.

In the “other activities” segment, with revenues of 23.2 million euros in 2011, the following trend is shown compared to last year:
- revenues for maintenance operations provided to third parties, equaling 9.4 million euros down 18.7%;
- revenues for cleaning fees and biological wastewater treatment for 3.7 million euros, down 9.0%;
- revenues for other sales (fuel, consumable materials, etc), equal to 2.9 million euros, up 18.9%.

Environmental protection

In 2011 the ADR Environmental Report was drawn up, containing the data relating to 2010 and the activities aimed at the sorting of recyclable waste and the monitoring of pollution.

- Sorting of recyclable waste

The program for the sorting of recyclable waste at Fiumicino and Ciampino airports continued for the portion comprising paper, cardboard, wood and plastic, with collection areas set up near terminals, company canteens and administrative offices. The design of five new waste disposal areas to serve Fiumicino terminals was completed. The aim is to increase the sorting of recyclable waste and guarantee a correct method of disposal for users.
The first recycling point is being created, located at the T3 area of the Control Tower.

The start of operations, at Fiumicino and Ciampino airports, for the S.I.S.T.R.I (a waste tracking monitoring system), which was established under a Ministerial Decree issued by the Ministry of the Environment and Protection of Land and Marine Resources, set for September 2011, was delayed until April 2012.

- Pollution monitoring

The "Project for the quantification of CO_2 emissions deriving from the activities at the Leonardo da Vinci Fiumicino airport" has finished. In June it was subject to inspection by the control body and the certificate was obtained, which certifies the methodology for the quantification of the CO_2 emissions at Fiumicino airport, relating to 2008 – 2009 – 2010 (Airport Carbon Accreditation).

In February 2011, the monitoring of air quality was completed at the airports of Fiumicino and Ciampino and, in order to assess the ability of the atmosphere to remove pollutants (atmospheric stability), the mixing height was measured, thereby defining the climatology of the area.
The CNR (National Research Council) produced the final report on the monitoring activities carried out, which confirmed in the airport complex a general compliance with reference standards.

Starting from June a new monitoring campaign was started, ending in December 2011, and the final report is being prepared by the CNR.

The continuous monitoring of the performance of wastewater treatment systems was continued at Fiumicino airport, which showed the optimal operation of the same systems and the biological wastewater treatment in particular, revealing concentrations of the main pollutants on average below 50% of legal limits.

The drinking water monitoring network was enhanced, with the aim of submitting for inspection all the infrastructures at the airport.

ADR SpA requested and obtained the authorization from the Province of Rome to use, pursuant to art. 110 of Leg. Decree 152/2006, the wastewater treatment system to treat the waste coming from airport septic tanks and the maintenance of the water networks, previously disposed of at external systems.

Regarding the issue of noise abatement, on July 1, 2010 the Service Conference set up by Lazio Regional Authority to define acoustic zoning for Ciampino airport completed its work.

ADR SpA lodged before the Lazio Regional Administrative Court the report of the above Conference which approves the acoustic zoning; in any case the preliminary activities were started to identify the properties falling within the critical area and which may be subject to acoustic redevelopment, in order to detect the extent and type of interventions required to carry out the acoustic redevelopment plans. An initial report of the buildings involved was prepared in November 2011; the analysis will be completed in 2012. The Civil Aviation Authority was regularly advised on the activities being performed.

Quality

The monitoring of airport activities continued in 2011 via daily checks on the level of quality provided and perceived.
The monitoring of the service levels provided at Fiumicino and Ciampino airports was carried out by a specialized external company; during the year about 57,000 surveys were conducted, with around 28,000 questionnaires completed by passengers.

Analysis of Fiumicino's positioning in terms of quality continued, through participation in the Airport Service Quality international benchmarking program and via specific meetings with major European airport operators.

A voluntary certification program was also developed as a tool to aid improvement.

Monitoring of quality levels

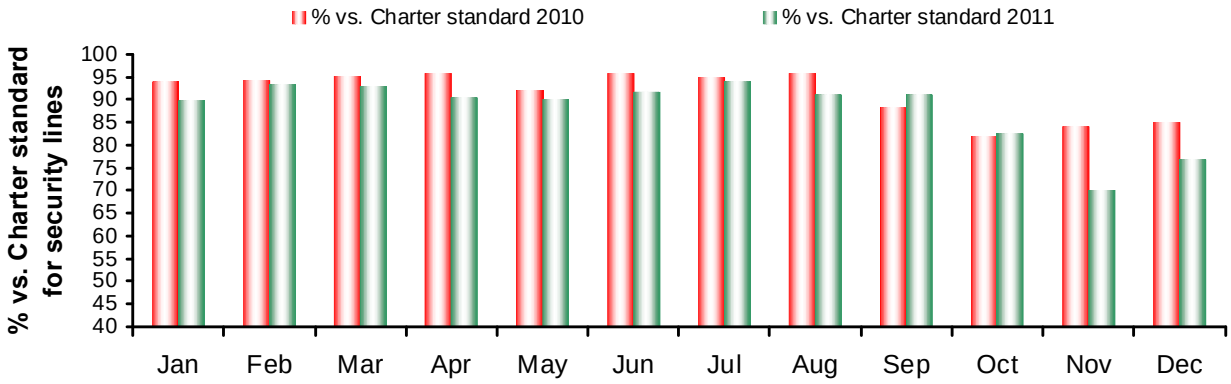
- Fiumicino

Regarding customer satisfaction with the services provided at the airport, in 2011 Fiumicino received an average score of 4.37 from passengers (valuation scale 6 = excellent 1= poor), registering a slight increase with respect to 2010 (4.35), assessment essentially linked to the high level of saturation of infrastructures.

Objective checks carried out at Fiumicino airport in 2011 show the following.

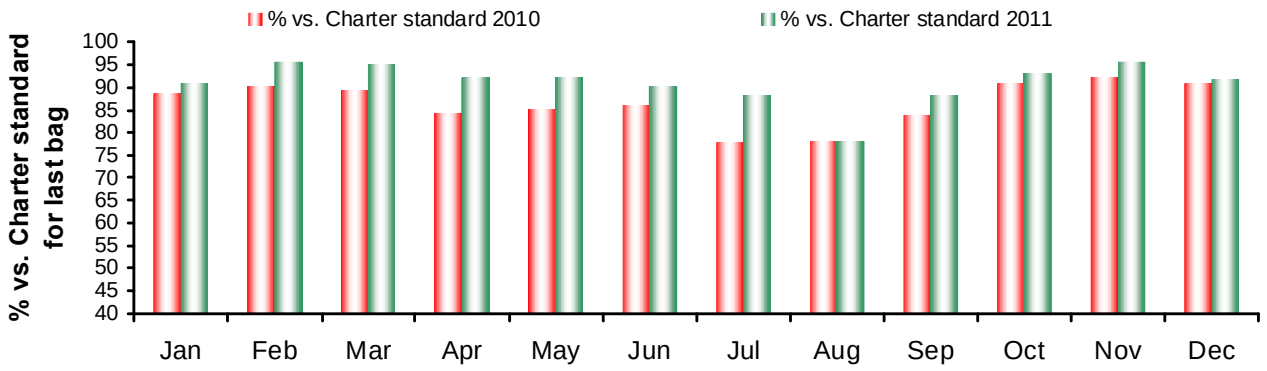
87.5% of passengers waited less than 12 minutes for carry-on baggage security checks, compared with the standard published in the Service Charter (90% of passengers). The services provided worsened compared to 2010 by about 5 points.

Graph 1: average waiting times for carry-on baggage security checks



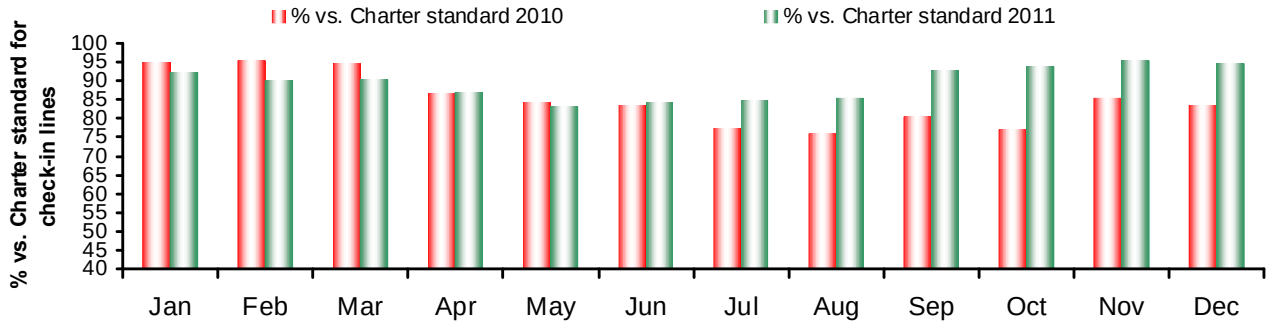
The percentage of flights with baggage reclaim times within the set[3] standards was 88.2% for the first piece of luggage (81.1% in 2010) and 90.8% for the last (86.2% in 2010), compared with the standard of 90%.

Graph 2: average times for delivery of last bag



The percentage of passengers who completed check-in operations within the times set in the Service Charter[4] was 89.4%, compared with the standard of 90%. Despite the non-compliance of the set standard (90%), the service recorded an improvement of about 4 percentage points compared to last year.

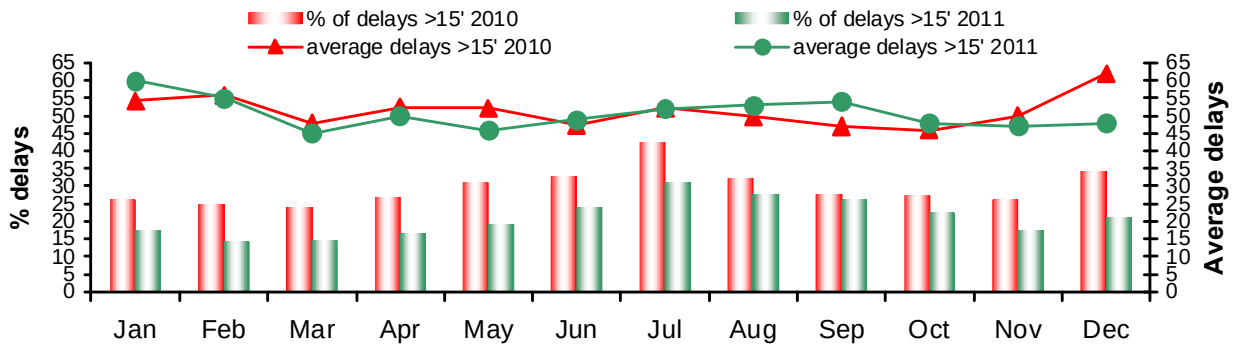
Graph 3: average waiting times in lines at check-in desks



The percentage of outgoing flights with delays of more than 15 minutes was 21.4%, compared with 29.9% in 2010. The airport's performance improved compared to last year and meets the standard laid down in the Service Charter (25%). The percentage of incoming flights with delays of more than 15 minutes was 16.7% (22.5% in 2010).
The indicator "recovery of airport transit times" (the difference between delays to incoming and outgoing flights with respect to scheduled time) was negative (down 4.7%).

[3] Domestic: first bag within 24 minutes – last bag within 32 minutes
International: first bag within 32 minutes – last bag within 42 minutes
[4] Domestic: 10 minutes
International: 20 minutes

Graph 4: comparison between the percentage of delays of more than 15 minutes for outgoing flights

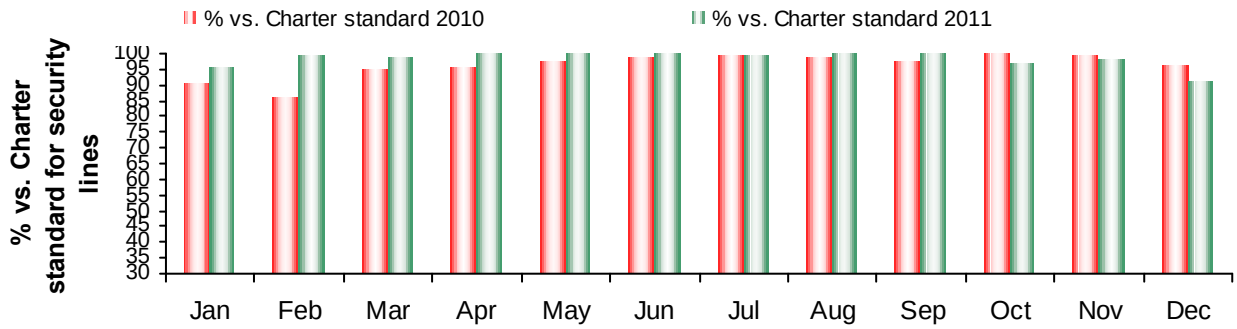


- Ciampino

Regarding customer satisfaction with the services provided at the airport, in 2011 Ciampino received an average score of 4.26 from passengers (valuation scale 6 = excellent 1= poor), registering an increase with respect to 2010 (4.23).
Objective checks carried out at Ciampino airport in 2011 report the following.

Carry-on baggage security checks were completed within the set standard time of 14 minutes in 98.3% of all cases, improving by around 2 percentage points on 2010 (the standard is 90%).

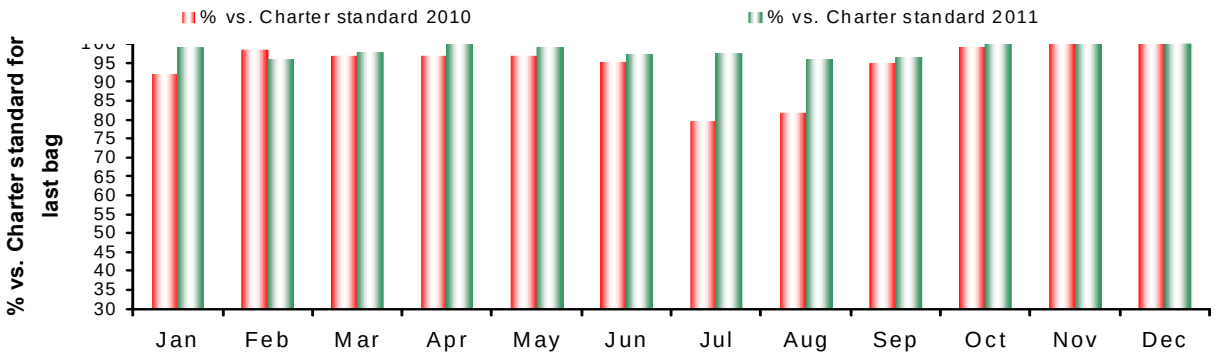
Graph 1: average waiting times for carry-on baggage security checks



The percentage of flights with baggage reclaim times within the set[5] Service Charter standards was 97.2% for the first piece of luggage and 98.3% for the last (the standard is 90%); performance improved by 4 points compared with 2010.

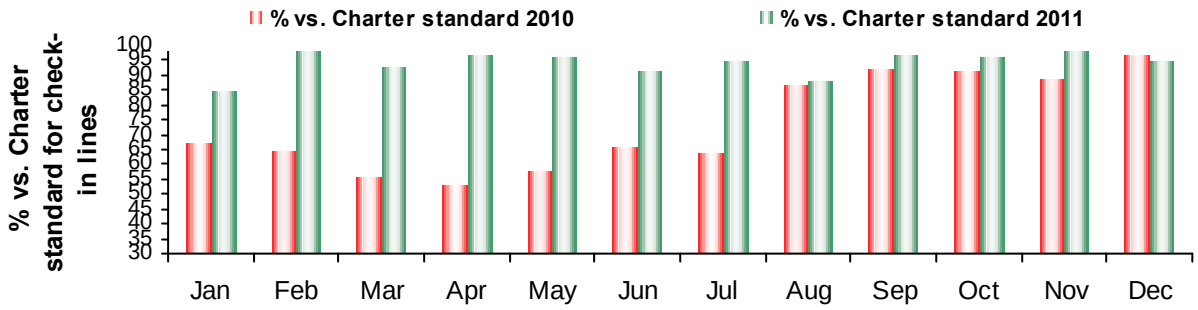
[5] first bag within 23 minutes – last bag within 32 minutes

Graph 2: average times for delivery of last bag



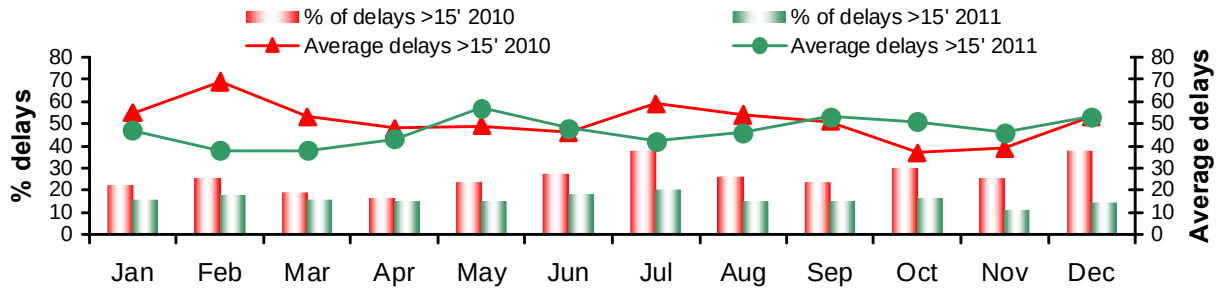
Passenger check-in operations were completed within 20 minutes in 94.3% of cases; a 21-point improvement was registered with respect to 2010 and the compliance with the set standard (90%).

Graph 3: average waiting times in lines at check-in desks



The percentage of outgoing flights with delays of more than 15 minutes was 15.7%, whilst the percentage of incoming flights with delays of more than 15 minutes was 13.3%. The airport failed to meet the standard regarding delays to outgoing flights (17%), with an improvement (10.5%) compared to 2010.

Graph 4: comparison between the percentage of delays of more than 15 minutes for outgoing flights



Benchmarking

In 2011 systematic comparison continued of the performance of the main quality standards within the European Airports Benchmarking Group on Service Quality, coordinated by ADR SpA, and including all of Europe's major airports (Amsterdam, Copenhagen, Frankfurt, London-Heathrow, Madrid, Milan, Munich, Paris, Vienna and Zurich). In 2011, in particular, the issues concerning outbound baggage left behind and the new technologies to measure the lines of passengers at the security check points and check-in desks were analyzed (Bluetooth, video cameras, lasers, wi-fi, etc.), with the aim of sharing information and identifying best practices.

In 2011, the levels of satisfaction regarding Fiumicino expressed by passengers via the Airport Service Quality program, a survey conducted in collaboration with ACI (Airports Council International) at 180 airports around the world, confirmed Fiumicino's ranking as slightly below the average among leading European airports.

In addition, in 2011 cooperation with Aéroports de Paris and Munich Airport was started on the organizational structures, the business models and the demographic and social-professional profile of the personnel.

Finally, in 2011 ADR SpA launched a survey on the subject of energy and energy policies and the strategies implemented in the framework of climate change and the development of renewable energy in particular; in this survey the airports of Dublin, Madrid and Paris participated.

GROUP CAPITAL INVESTMENT

As known, the failure to adjust the price-regulated tariff and the delay in signing the Planning Agreement caused the progressive downgrading of ADR (currently at “sub-investment grade” level) by activating “Trigger Event” mechanisms which make it actually impossible for important development investments to be made.
Consequently the Parent company just made those maintenance investments considered necessary to suitably manage safety and security levels while guaranteeing the current quality levels.

Therefore, in 2011 investments for 68.0 million euros were made (106.7 million euros in 2010), falling compared to the previous year when the new transit baggage handling system was created.

Below the main investments made in the year are described.

(in millions of euros)	**2011**	**2010**	**Δ**
The boarding Area E/F (Pier C and 3° BHS)	11.9	19.1	(7.2)
Works on Luggage plants and new machinery RX	9.4	7.7	1.7
Fiumicino - Maintenance works on electrical network and air conditioning	5.4	6.6	(1.2)
Fiumicino - electrical maintenance	5.4	0.0	5.4
Interventions on runways and aprons	5.3	6.4	(1.1)
Maintenance works and optimization of terminals	5.0	10.0	(5.0)
Ciampino: infrastructural works	4.9	6.3	(1.4)
Fiumicino - Maintenance works on plant electromechanical	2.4	6.6	(4.2)
Fiumicino: Maintenance works on civil works	2.2	3.8	(1.6)
Works on airport road network	2.0	0.8	1.2
Fiumicino - Maintenance works on water supply and drainage	1.7	1.4	0.3
HBS/BHS ex Cargo Alitalia	1.6	3.7	(2.1)
North Fiumicino: plan for long-term development	1.6	0.0	1.6
Works of commercial areas and parking	1.5	0.4	1.1
Acquisition of Plant and machinary	0.8	1.9	(1.1)
Maintenance works on building in subconcession	0.8	0.6	0.2
Upgrade of "Satellite" for A380	0.6	1.0	(0.4)
Urbanized area west / Aprons "W" 1st phase	0.4	0.7	(0.3)
New Airport (flights low-cost)	0.2	0.0	0.2
Baggage HBS transiting AZ	0.0	21.0	(21.0)
Others	4.9	8.7	(3.8)
TOTAL INVESTMENTS	**68.0**	**106.7**	**(38.7)**
including:			
- autofinancing	*62.6*	*98.5*	*(35.9)*
- state-funded	*5.4*	*8.2*	*(2.8)*

Terminals

The construction works at departure area F (formerly Pier C) continued, though at a slower pace compared to last year. A slowdown in the works compared to the schedule was necessary to ensure cost commitments – for the portion of self-financed works – compatible with the Group's coming financial commitments, due to the persisting uncertainties concerning the terms for the approval of the Planning Agreement.
As at December 31, 2011 an expense supplement was requested to the Civil Aviation Authority, for the portion charged to the State of the departure area F, for 18.2 million euros, of which 16.3 million euros were collected.
To date, the following activities are underway:

- placement of the metal framework comprising the structure of the new pier
- creation of stairways;
- laying roof tiles.

The works concerning the new service tunnel are complete, linking the pier to the existing technical center and the section of the service tunnel crossing the air-side route in front of Station E.

In the departure area D (formerly Pier B) the works to create the new flight control and coordination room were completed in May, while in March the restoration and adaptation works were completed relating to the departure area C (formerly B11/B21) and the area that connects departure area B (formerly Pier A) to departure area C.

As part of the works to improve the image and function of the terminals, the group of restrooms located in the departure area D, next to gate D6 was restructured and so was the group located in the passenger waiting hall, arrival hall, eastern side of Terminal 1 next to the offices of the airlines, and the group located in the baggage reclaim hall of Terminal 1.
Still as part of the works to improve the image and function of the terminals, in November, at Terminal 3 (formerly TC), the prototype was installed of the new check-in desks (in correspondence to desks 289-290) and, at the departure area D, the prototype of the new departure gates (in correspondence to departure gate D1).

In the third quarter, the works to extend and upgrade the eastern side security controls at Terminal 3 were completed for the departures and so were the renovation works regarding the offices for the handlers/carriers and ADR/Security located next to the new security checking area.

The replacement was finished of the panoramic elevators at Terminals 1 and 3 for a total of six systems and the installation works were started for the installation of a new service elevator for the transportation of goods to the direct retail warehouses of Terminal 3.
The restoration works were completed regarding the new store managed by the Parent company ADR SpA (shop 30) located in the departure area B, inaugurated and open to the public on March 28, 2011.

Regarding the integration of the internal/external signaling system at terminals, aimed at improving direction information given to passengers, the installations correlated to the new Polo Bus were completed.
Furthermore the works for the integration of the internal signaling system were terminated at the terminals (Airport Identity – Departure area B).

Infrastructural works were carried out, which are necessary to modify the route in front of the Terminals (Arrivals) in order to enhance circulation, rationalize the parking time and avoid congestion. Within the first months of 2012 also the route to Departures will be modified.

Baggage handling

In the second quarter of 2011 the important system dedicated to the baggage handling in Terminal 5 was definitively acquired, previously on free loan.

With reference to the two HBSs (Handling Baggage System) which service Terminal 3 (formerly Terminal B and C), it is worth mentioning that:
- the adaptation of the HBS of former Terminal C was completed;
- the activities for the creation of a fourth security check line for the HBS system of the former Terminal B were completed.

Regarding the automated baggage handling system (BHS/HBS) at Terminal 1, for which the executive design has been completed, restructuring works were resumed - previously suspended - in the area that will house the equipment (the former Alitalia cargo warehouse).

Infrastructure and buildings

Restructuring works of the former CED premises were completed at ADR SpA's Headquarters, located on the ground floor of building E for use as offices and meeting rooms, including the works for furnishing the interior of the scale model area.

At the beginning of February the adaptation works were completed of the 3rd and 4th floor of the Epua 2 building, where the front desks and back offices of the rent a car sub-concessionaries were transferred to in April, thus freeing the areas that were unsuitable for the growth in business volumes.

In November, on the departures flyover works were started to remake the road connections, which will be completed within April 2012.

To facilitate the usability by the users, some accesses have been fitted with Telepass both at the short-term car parks in front of the terminal and the multilevel and long-term car parks, open to the public at the end of November.

Runways and aprons

The preliminary works were completed to make the apron "703" of the departure area G suitable to accommodate the A380 aircraft: on June 6, 2011 the maiden flight of the A380 was made by Emirates.

The third phase of the apron upgrading works was completed. The residual works were completed for the apron upgrade contract (2nd phase) and the extraordinary works at the northern section of runway 16L-34R.
The executive project was completed of the taxiways of sector 700-800 and the one for the upgrade of taxiway Charlie. The feasibility study was completed, which will identify the best project for the radical upgrade works at runway 16L-34R.

The program to study and monitor airport surfaces (Pavement Management System) was completed for 2011 according to the provisions in the Airport Manual.

At Ciampino in the middle of March (ahead of schedule) the radical upgrade works at SB taxiway were completed. In December also the works concerning aprons 400, 500 and 600 were finished as was the preliminary project for extraordinary maintenance of the Ciampino runway.

The route in front of the airport was reconfigured in terms of passenger loading and unloading, while extraordinary maintenance was carried out on the road surface of the internal road for vehicles.

The investment activity described previously was accompanied by a host of technological and functional improvements in the Information Technology area (ICT). In particular:

- makeover of Company websites;
- creation of the system to access the new operator parking area (called “PR12”); furthermore the activities concerning ICT infrastructures were carried out as part of the project to change the airport access route for arrivals and so were the activities for the automatic management of the “rent a car” integrated with the current parking access system and those to provide access to the car parks using Telepass equipment;
- completion of the project to manage and monitor passengers with reduced mobility (PRM).

Infrastructure planning and development

Last July the Civil Aviation Authority approved the project to complete infrastructures at “Fiumicino Sud 2012-2021”, presented by ADR SpA in May 2011 to be created in a subordinate manner upon signing the Planning Agreement. This project defines all the airside and landside infrastructural improvements, for a total of about 2.5 billion euros, which will guarantee the usability of the airport areas in relation to the increase in traffic in the short/medium term.
To obtain the environmental and urban permits for the works included in the approved project, ADR SpA provided an environmental impact study. This study was sent to the Civil Aviation Authority on August 8, 2011 and filed with the Ministry for the Environment, Cultural Assets and Lazio Regional Board, on December 20, 2011 in order to allow the start of the Environmental Impact Assessment (EIA).
The procedure includes a period of publication and consultation by the public and the offices of each Institutional Body entitled to an opinion. The outcome of the environmental assessment procedure will lead to the call by the Civil Aviation Authority of the services conference convened by the Ministry of Infrastructure and Transportation for the final Urban and Environmental approval of the complete project.

Despite the new Convention still not being approved, ADR continued to prepare the Master Plan relating to the development of Fiumicino in 2044 entrusted to the company Scott & Wilson with the support of experts from Changi Airport, incurring fees for a total of 2.8 million euros to system. This important activity will be completed by the first half of 2012.

RESEARCH AND DEVELOPMENT

The ADR Group did not carry out any research and development activities during 2011.

GROUP PERSONNEL

Group headcount at December 31, 2011

The changes in the headcount registered between the end of 2010 and December 31, 2011 are analyzed in the following table[6]:

Headcount	12.31.2011	12.31.2010 (*)	Δ
Managers	45	46	(1)
Supervisors	184	201	(17)
White-collar	1,791	1,771	20
Blue-collar	569	628	(59)
Total Group	**2,589**	**2,646**	**(57)**
including:			
on permanent contracts	2,017	1,940	77
on temporary contracts	572	706	(134)

(*) including CIGS: n° 90 for ADR SpA - n° 2 for ADR Engineering - n° 1 for ADR Tel

The total reduction of the headcount by 57 units is broken down among the Group companies as follows:

	12.31.2011			12.31.2010 (*)			Δ 2011 vs 2010		
Headcount	**Perm. Contract**	**Temp. Contract**	**Total**	**Perm. Contract**	**Temp. Contract**	**Total**	**Perm. Contract**	**Temp. Contract**	**Total**
ADR S.p.A.	1,788	464	2,252	1,704	604	2,308	84	(140)	(56)
ADR Engineering S.p.A.	34	0	34	36	0	36	(2)	0	(2)
ADR Tel S.p.A.	16	0	16	16	1	17	0	(1)	(1)
ADR Advertising S.p.A.	8	1	9	7	1	8	1	0	1
ADR Assistance S.r.l.	171	107	278	177	100	277	(6)	7	1
Total Group	**2,017**	**572**	**2,589**	**1,940**	**706**	**2,646**	**77**	**(134)**	**(57)**

(*) including CIGS: n° 90 for ADR SpA - n° 2 for ADR Engineering - n° 1 for ADR Tel

For ADR SpA, an increase in permanent contracts (up 84 units) is due to varying reasons:
- staff redundancies (down 93 units),
- termination of employment due to resignation, decease or dismissal (down 21 units),
- application of contractual regulations on conversion of temporary into permanent contracts (up 171 units),
- conversion of staff hired on temporary and placement contracts (up 11 units),
- entry of new expertise in the Staff, Commercial and ICT (up 14 units)[7] departments;
- transfer within the Group from ADR Assistance Srl (+1 unit),
- reintegration of a member of staff in implementation of a court ruling (up 1 unit).

The application of the contractual regulations on conversion of temporary into permanent contracts (up 171 units) had a direct effect in lower hiring of seasonal personnel; the staff on fixed-term contracts of ADR SpA reduced by 140 units.

For ADR Assistance Srl, the decrease in staff on permanent contracts (down 6 units) is attributable to the three members of staff leaving (two dismissed and one transferred within the group).

The change in the personnel employed on permanent contract for ADR Engineering SpA (down 2 units) is part of the framework of the Restructuring Plan 2009 - 2014.

[6] for 2010 the template includes staff covered by redundancy schemes, and subsequently suspended staff benefiting from the Special Income Support Fund according to the Restructuring Plan 2009-2014.
[7] Managing Director, Finance and Control Administration, Legal, Internal audit and Relations with the Board of Directors and Strategic Planning.

Average Group headcount up to December 31, 2011

The average headcount[8] in 2011 is 2,399.0 full-time equivalents, divided by qualification and contract type as specified below:

Average Group headcount	2011	2010	Δ
Managers	43.2	45.7	(2.5)
Supervisors	179.8	170.3	9.5
White-collar	1,625.5	1,574.4	51.1
Blue-collar	550.5	566.5	(16.0)
Total Group	**2,399.0**	**2,356.9**	**42.1**
including:			
on permanent contracts	1,820.7	1,730.7	90.0
on temporary contracts	578.3	626.2	(47.9)

and broken down by Group company as follows:

Average Group headcount	2011			2010			Δ 2011 vs 2010		
	Perm. Contract	Temp. Contract	Total	Perm. Contract	Temp. Contract	Total	Perm. Contract	Temp. Contract	Total
ADR S.p.A.	1,595.0	485.4	2,080.4	1,504.3	544.5	2,048.8	90.7	(59.1)	31.6
ADR Engineering S.p.A.	34.0	0	34.0	33.3	0.3	33.6	0.7	(0.3)	0.4
ADR Tel S.p.A.	15.4	0.6	16.0	14.5	2.3	16.8	0.9	(1.7)	(0.8)
ADR Advertising S.p.A.	7.0	1.5	8.5	7.0	2.0	9.0	0	(0.5)	(0.5)
ADR Assistance S.r.l.	169.3	90.8	260.1	171.6	77.1	248.7	(2.3)	13.7	11.4
Total Group	**1,820.7**	**578.3**	**2,399.0**	**1,730.7**	**626.2**	**2,356.9**	**90.0**	**(47.9)**	**42.1**

The comparison with the past year shows, for the Group, an increase in the workforce equal to + 42.1 full-time equivalents, with ADR SpA accounting for the lion's share.

For the Parent Company, the overall change of +31.6 full-time equivalents is consequent to:

- programs started during 2010 and implemented in 2011, mainly connected to the extension/restructuring of some airport infrastructures (Net building, BHS, Terminal 3) and the increase in the airport security service level (up 13.8 full-time equivalents),
- additional initiatives undertaken in 2011 and connected to improving the public service level, the maintenance of structures (check-in desk islands) and the re-direction of some carriers to other Terminals (up 17.8 full-time equivalents).

Still concerning ADR SpA, the increased presence of personnel employed on permanent contract (up 90.7 full-time equivalents) compared to last year is the direct consequence of hiring staff and the conversion of temporary into permanent contracts in 2010 (up 29.0 full-time equivalents) as well as the stop of the transitory clause of the National Collective Labor Contract related to the terms for the conversion of temporary into permanent contracts (60 months), as reported under general contractual regulations (44 months). In 2011, these phenomena led to an increase of +60.7 in full-time equivalents, offset by the lower hiring of seasonal staff.

In the two years being compared, the productivity of the ADR Group grew by 2.0% (indicator: passengers/full-time equivalents), thanks to a more contained increase in the headcount (up 1.8%) compared to the passenger traffic trend (up 3.8%).

[8] net of suspended resources in Special Income Support Fund

Organizational aspects

The Board meeting of the Parent company ADR SpA of March 9, 2011 resolved on a new corporate organizational structure according to a framework that between suits its multi-business nature. Two new departments were set up: *Relations with the Board of Directors and strategic planning and Real Estate*.
Also worth mentioning is the variation of the organizational perimeter of the Human Resource department, which absorbed the responsibilities of the Quality and Environment department, and the change in the organizational structure of the Tenders, Purchases and ICT unit, with the objective of directing the purchase process towards a procurement model.

To support the corporate strategic processes, some committees were reconfigured and established: the Investment committee (within of the BoD), whose inquiry and consulting functions were confirmed towards the Board of Directors, and the Concessions committee (internal managerial body), aimed at ensuring the effectiveness of the process to assign the commercial spaces managed by sub-concessionaires inside the airport, guaranteeing consistency with the corporate plans and strategies.

During the year the Steering Committee 231 was set up, with the aim of promoting the distribution and effectiveness of the Organizational Model Leg. Decree 231/01.

In 2011 the project for the organizational and functional integration of Gemina SpA with ADR SpA was finalized: in this sense, on June 1, 2011 the company's administrative office was transferred to Fiumicino, while the registered office was transferred on August 1, 2011. From this date the subsidiary ADR SpA, through a full-service contract, provides the holding company with all the services required to carry out its corporate functions.

Industrial relations

As part of the trade union relations, during the year some agreements were signed on industrial issues.

Especially important, for the purpose of an efficiency drive in the work factor, is the agreement signed on May 23, 2011 with the secretariats for the start, in the sector of Airport Security at Fiumicino and at ADR Assistance Srl, of fixed-term contracts with 4-hour part-time working hours starting from the summer.
In these two organizational segments, highly characterized by discontinuous and non-uniform daily schedules, the use of these types of part time contracts ensured a more efficient use of resources, consistently with the need to control the respective activities.

In the second part of the year the comparison with the regional structures ended, concerning the review of the existing flexibility on the working hours of the operational personnel. The understanding resulted in a recovered daily service presence for all the operational personnel, including the reduction of the tolerance in arrival and leaving hours from 15 minutes on average to 5 minutes.

As part of the negotiations on the consolidation of temporary working relations, when considering that the National Collective Labor Contract in force, after a temporary exemption of 60 months, from October 1, 2011 set the maximum period of succession of the temporary contracts at 44 months, the objective was pursued to contain staff costs for new permanent recruits.
In this sense the agreement signed allowed, for the resources permanently hired starting from October 1, 2011, the freezing of the "Welfare provisions pursuant to art. 23 National Collective Labor Contract 1988" – while waiting for the next contractual renewal to lead to a structural absorption of this pay item – lengthening from six to nine years the timeframe set for the total recognition of the EDA retributive item (cost of living allowance).

Prevention, protection, emergency management and social responsibility of the company

With reference to Risk assessment, the following activities were carried out in compliance with reference regulations:

- *the inspections were carried out to assess the risk deriving from artificial optical radiation;*
- the activity was completed to provide information on the methods to calculate the costs of security from interference to be included in the Risk Assessment from Interference Document;
- the preliminary assessment of the risks from work-correlated stress for all the homogeneous groups of workers (Risk Assessment Document) was carried out;
- the gathering of data for items containing asbestos was carried out, with the specific assessment of the risk (checking the state of preservation and environmental sampling); no serious issues were highlighted.

With reference to the management of emergencies, the emergency plans are being updated and 33 new employees from the fire fighting teams are being trained.
In 2011 planned exercises were carried out in connection with the emergency plans at Fiumicino and Ciampino airports and also related to the external building emergency plans (Fiumicino), also following the update of the Red, Green and Blue manuals. In addition, the new layouts for the management of emergencies were installed in the workplace.

Relating to staff training, about 13,200 hours of training on Safety in the Workplace were provided to 2,905 participants with an average of 4.5 hours pro capita.

With reference to the OHSAS 18001 certification attained in 2009, the external supervisory body “Bureau Veritas” checked that compliance had been maintained in September 2011, with a positive outcome.

Training and refresher courses

In the year, 192 participants took part in training, for a total of about 1,234 hours provided.

Concerning the behavioral training, the following training courses are highlighted: Internal customer guidelines and Retail stores involving resources employed both in the staff areas and in the operative areas, for which the relationship with internal and external customers is considered important. These programs are financed by Fondimpresa.

For specialist training, 580 participations were recorded with 12,096 total training hours through training plans funded by Fondimpresa, which meet the operating requirements linked to the maintenance and use of structures at runways and operating areas as well as IT requirements (such as courses in Excel, Autocad and Business Objects).

CORPORATE TRANSACTIONS

In the second half of 2011 ADR SpA started a study aiming to amend the corporate structure of the ADR group by setting up new special-purpose entities dedicated to the management of the following activities: direct retail, car parks, security and vehicle maintenance.

The initiatives being studied are in line with the corporate model already existing, which envisages the presence within the Group of the companies ADR Tel SpA (telecommunication services), ADR Engineering SpA (design and project management), ADR Assistance Srl (PRM assistance) and ADR Advertising SpA (advertising); this model is also used by other national and international market operators.

In particular:

- direct retail and car parks: the companies will operate via a sub-concession agreement with ADR SpA; the involvement of specialized operators will allow for value creation by leveraging synergies and assets of leading players in the industry, with the consequent improvement of the offer and the quality in line with the best international practices;

- security: ADR SpA will entrust the company with the execution of security-related activities to allow a greater focus on security activities, an increase in managerial effectiveness and more competitive staff costs,

- vehicle maintenance: this non-core business for the operator has a non-competitive cost structure and limited recovery potential; therefore, the intention is to divest the business while mitigating the impact on employment by involving specialized third party operators.

LEGAL AND REGULATORY FRAMEWORK

In 2011 and in the first part of 2012, a host of actions took place of general interest for the industry and of specific interest for ADR. In particular:

- Extension of the terms concerning airport fees (inflation revaluation)

Law no. 10/2011 of conversion with amendments of Law Decree no. 225/2010 relating to the “Extension of the terms set by legislative provisions, urgent tax-related measures and measures supporting companies and households”, so-called “Thousand-Extensions Decree”, confirmed the extension to March 31, 2011 of the terms set by Law Decree no. 225/2010 related to the updating of airport fees in line with the target rate of inflation.
Subsequently Prime Ministerial Decree of March 25, 2011 relating to “Additional extension of the terms relating to the Ministry of Infrastructure and Transport” extended until December 31, 2011 the abovementioned deferment expiring on March 31, 2011.
In the Official Gazette no. 302 of December 29, 2011, Law Decree no. 216 of December 29, 2011 was published (so-called “Thousand-Extensions Decree”), converted into law no.14 of February 24, 2012 . Art. 11, paragraph 3, further extended the abovementioned term until December 31, 2012.
At the date of drafting this document the obligatory inter-ministerial decree has not been issued, which identifies the percentage to bring the airport fees in line with the target rate of inflation related to 2011, with the application from the time of validity of this provision.

- Implementation of Directive 2009/12/EC on airport fees

On Ordinary Supplement 18/L to OG no. 19 of January 24, 2012, Law Decree no. 1/2012 was published relating to "Urgent provisions for competition, development of infrastructures and competitiveness" (so-called Liberalization Law Decree, in force since January 24, 2012). The decree introduces in articles from 71 to 82 the provisions for the implementation of Directive 2009/12/EC concerning airport fees.

On Ordinary Supplement 27/L to OG no. 33 of February 9, 2012 Law Decree no. 5/2002 was published relating to "Urgent provisions for simplification and development" (in force since February 10, 2012). Paragraphs 2 and 3 of art. 22 introduce the provisions to protect the procedures underway for the stipulation of the Planning agreements with the airport management companies.
In particular art. 22 paragraph 2 stipulates that the implementation of Directive 2009/12/EC concerning airport fees under Law Decree no. 1 /2012 in any case safeguards the completion of the procedures in progress to stipulate the planning agreements (both "ordinary" and "special”) with the airport management companies. The same regulation also provides for these procedures to be concluded by and no later than December 31, 2012, establishing also that, in any case, the duration of the planning agreements stipulated according to the provisions for the previous period is to be set in compliance with national and community regulations concerning the respective fee models.

Finally art. 22 paragraph 3 lays out that the measure of the airport fees set in the planning agreements, stipulated prior to January 24, 2012 (coming into force of Law Decree no. 1/2012), may be determined according to the new methods defined by the provision implementing EU regulations on airport fees (under account II of the Decree no. 1/2012) upon the expiration of the same agreements.

- Provisions for the liberalization of the transport sector

Law of December 22, 2011 of conversion with amendments of Law Decree no. 201/2011 relating to "Urgent provisions for growth, fairness and the consolidation of public accounts", so-called "Save Italy Decree" (Ordinary Supplement to OG no. 300 of December 27, 2011), includes some provisions for the liberalization and regulation of the transport sector and the access to the related infrastructures (rail, airports and ports including those for urban connections to rail stations, airports and ports). In particular, art. 37 authorizes the Government to adopt, by June 28, 2012, some regulations that must identify, among the existing independent Authorities, the new transport regulation authority while governing the different regulatory and fee activities and competences listed by the same art. 37. Paragraph 4 of art. 37 expressly safeguards all the other competences of other supervisory, control and sanctioning administrations in the relationship with the companies and managers of the infrastructures concerning security and technical standards. Also in light of this last provision, the Civil Aviation Authority in its current state may not be included among the independent Authorities that may be designated pursuant to the regulation in question.
On Ordinary Supplement 18/L to OG no. 19 of January 24, 2012, Law Decree no. 1/2012 was published relating to "Urgent provisions for competition, development of infrastructures and competitiveness" (so-called Liberalization Law Decree, in force since January 24, 2012). The decree introduces measures aimed at modernizing and developing national infrastructures and implementing competition in the markets. Concerning transport and airports in particular, art. 36 of the Law Decree (Independent regulation regarding transport) amends the provisions of Law Decree no. 201/2011, converted with amendments into Law no. 214/2011 (so-called Save Italy decree) providing for the establishment of an authority to regulate transport and the functions to be attributed to it. Art. 36, paragraph 1 specifies first of all that the establishment of the aforementioned Authority takes place through the presentation of a draft law by the Government, within three months from the conversion of this Decree into law. In the second place, while waiting for a specific Authority to be established, which shall also be in charge of the economic regulation of airport fees and duties, the envisaged functions must be exercised by the Authority for electricity and gas.

- Changes to municipal surtaxes for 2011

Law no. 130/2011 of conversion with amendments of Law Decree no. 107 of July 12, 2011 regarding the international missions of the armed forces and the implementation of UN Resolutions no. 1970 and no. 1973 (in the official gazette of August 5, 2011) applies to the breakdown of the income from the application of municipal surcharges on boarding fees for passengers boarding from Italian airports. Art. 4 *bis* of the law provides for the municipal surtaxes under art. 2, paragraph 11, letter a) under law no. 350/2003 (amounts destined for the Ministry of the Interior for reallocation to airport municipalities), only for 2011 and within the limit of 10 million euros, to be allocated to the adoption of measures to support and re-launch the sectors of the economy in the provinces concerned by significant damage following the limitations imposed by military operating activities pursuant to UN Resolution no. 1973 that affected the operation of civil airports. The provisions implementing this regulation must be defined with subsequent Prime Ministerial Decree to be adopted within 60 days from the law coming into force (October 5, 2011).

- New edition of the Civil Aviation Authority regulation for the certification of handlers

On January 19, 2011, with urgent measure by the Civil Aviation Authority General Manager, edition no. 4 of the Regulation for the certification of ground assistance service provides was issued.
The main new element in the new edition lies in the possibility of limiting, after the liberalization of handling services at an airport, the maximum number of ground assistance service providers for reasons related to safety and the availability of airport space.
In the meeting of March 23, 2011 the Board of Directors of the Civil Aviation Authority subsequently adopted Revision 1 of edition 4 of the Regulation, also based on the proposals for amendment put forward by Assaeroporti and other categories in the air transport industry. This Revision cancels the obligation for the airport operator to check the compliance of self-handling with the requirements for the certification as service providers.

The issue of a Circular is now being awaited by the Civil Aviation Authority, which will replace Circular APT-02A and detail the rules pertaining to handler certification. Consequently, the certification of handlers operating at Fiumicino and Ciampino airports and their current number may be reviewed by the respective airport managements of the Civil Aviation Authority.

- Application of the new legislative framework regarding civil aviation security

Following implementation of Regulation no. 185/2010/EU, the Fiumicino and Ciampino offices of the Civil Aviation Authority have approved the new airport badge procedures, which came into force on January 15 and February 3, 2011, respectively.

- Community regulations on the use of security scanners at airports in the EU

With Regulation (EU) no. 1141/2011 amending Regulation (EC) no. 272/2009, which supplements the common fundamental rules on safety in civil aviation regarding the use of security scanners at airports in the EU (Official Gazette law 293 of November 11, 2011), the European Commission recognized the validity of the body scanners that do not emit ionizing radiations**,** as a passenger screening method and authorizes its use in EU airports.
Regulation (EU) no. 1147/2011 amending Regulation (EU) no. 185/2010, which implements the common fundamental rules on the use of security scanners at airports in the EU (Official Gazette of November 12**,** 2011) subsequently defined the specific operating conditions for their use, offering passengers the possibility of adopting alternative screening methods. The mentioned Regulation in particular amends the Attachment to the Regulation no. 185/2010/EU by introducing minimum detection efficiency standards and the minimum operating conditions in terms of privacy and dignity of passengers.

- New community provisions on the control of liquids

On July 23, 2011 Regulation (EU) no. 720/2011 of the Commission of July 22, 2011 was published in the Official Gazette, amending (EC) Regulation no. 272/2009 which supplements the common fundamental rules on safety in civil aviation regarding the gradual introduction of controls on liquids, aerosol and gels (so-called “LAG”) at airports in the European Union in order to identify the presence of explosives, alternatively to the prohibitions currently in force.
This regulation substantially envisages one single date (April 29, 2013) to start checks on liquids for all passengers without distinction, suppressing the intermediate term of April 29, 2011 initially set to detect explosives in liquids, gels and aerosol of passengers from non-EU countries in transit in EU airports.
Furthermore, the regulation requires member states and the airports to “adopt all the necessary preparatory measures, including the operating tests, long before the deadline of 2013” stating also that “it is advisable to share the results of the tests in order to examine the situation regarding the new checks within July 2012”. By virtue of these new provisions and deadlines, ADR SpA must identify the most effective operating solutions and equip all new appliances to be able to carry out these checks.

- New methods of aircraft refueling

In the Official Gazette no. 169 of July 22, 2011, Ministerial Decree of June 30, 2011 was published, on the new provisions to be complied with when refueling aircraft, also with passengers on board. The Ministerial Decree has been in force since July 23, 2011, from which the transitional two-year period starts (until July 23, 2013) for airport to adopt the new provisions. During the transitional period “at airports, in order to keep safety standards unaltered, refueling operations with passengers of board shall continue to be performed, pursuant to Ministerial Decree of September 30, 1985, in the presence of the firefighting service of the National Fire Corps” (article 9, paragraph 2).
The previous Ministerial Decree of September 30, 1985 that governed the subject will thus be repealed only starting from July 23, 2013.
Consequently, on July 18, 2011 the Board of Directors of the Civil Aviation Authority ratified the change to amendment no. 6 of the “Regulation for the construction and operation of airports”, which allows for refueling with passengers on board in compliance with Ministerial Decree of June 30, 2011.

ADR GROUP'S RESULTS FOR THE PERIOD

Reclassified consolidated income statement[9]

(Euros/thousand)

	2011		2010		Change	%
Revenues from sales and services	614,408		591,848		22,560	3.8%
Contract work in progress	5,628		7,885		(2,257)	(28.6%)
A.- REVENUES	620,036	100.0%	599,733	100.0%	20,303	3.4%
Capitalized costs and expenses	4,631		7,713		(3,082)	(40.0%)
B.- REVENUES FROM ORDINARY ACTIVITIES	624,667		607,446		17,221	2.8%
Cost of materials and external services	(204,005)	(32.9%)	(206,746)	(34.5%)	2,741	(1.3%)
C.- GROSS MARGIN	420,662	67.8%	400,700	66.8%	19,962	5.0%
Payroll costs	(125,008)	(20.2%)	(120,893)	(20.2%)	(4,115)	3.4%
D.- GROSS OPERATING INCOME	295,654	47.7%	279,807	46.7%	15,847	5.7%
Amortization and depreciation	(116,106)		(110,082)		(6,024)	5.5%
Other provisions	(7,367)		(12,646)		5,279	(41.7%)
Provisions for risks and charges	(20,772)		(6,076)		(14,696)	241.9%
Other income (expense), net	5,888		(1,415)		7,303	(516.1%)
E.- OPERATING INCOME	157,297	25.4%	149,588	24.9%	7,709	5.2%
Financial income (expense), net	(71,578)	(11.5%)	(72,650)	(12.1%)	1,072	(1.5%)
Adjustments to financial assests	0		(534)		534	(100.0%)
F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	85,719		76,404		9,315	12.2%
Extraordinary income (expense), net	127		(17,582)		17,709	(100.7%)
G.- INCOME BEFORE TAXES	85,846		58,822		27,024	45.9%
Income taxes for the period	(52,626)		(39,877)		(12,749)	32.0%
Deferred tax assets	8,696		2,731		5,965	218.4%
H.- NET INCOME FOR THE PERIOD	41,916		21,676		20,240	93.4%
including:						
- Minority interest	424		(637)		1,061	(166.6%)
- Group interest	**41,492**		**22,313**		**19,179**	**86.0%**

Also in 2011, the volume of activities managed by the ADR Group was positively affected by the trend in traffic on the Roman airport system that increased compared to 2010 (passengers +3.8%), albeit showing a progressive decrease in the development trend in the last part of the financial year.

On the other hand, cost pushes deriving from the initiatives - undertaken during the previous financial year and continued in 2011 - to improve the level of airport services, such as baggage handling, safety, etc., occurred anyway offset by actions of cost savings. Earnings were also affected by an increasingly high load of provisions primarily against risks associated with relationships with customers and contractors.

Revenues of the ADR Group increased all in all by 3.4% thanks to increased aeronautical activities, up by 5.3%, and, to a lesser extent, to non aeronautical (+1.4%).

[9] Reference should be made to the section entitled "Reconciliation between the reclassified statements used in the Management Report on Operations and the statutory financial statements" for a reconciliation of the reclassified consolidated Income Statement with the statutory consolidated Income Statement.

Basically, all the components of aeronautical activities, influenced directly by the traffic trend, reported an increase in revenues. Rights increased by 3.9%, also as a result of the regulatory adaptation of their measure to inflation; revenues related to security also increased by 3.9%, whereas the performance of revenues deriving from centralized infrastructures (+14.4%) was affected by the income generated from the new automatic handling system of transit baggage.

As regards non-aeronautical activities, increasing all in all by 1.4%, a decrease of about 2.3 million euros in "contract work in progress" is reported substantially due to the works at the "departure area F" site for the portion financed by ENAC, deriving from the containment of the works carried out in 2011.

Revenues of the non aeronautical activities, considered net of contract works in progress, increased by 2.3% mainly due to increased direct sales (+5.3%) and the increase in revenues for sub-concessions and utilities (+4.8%). The management performance of car parking (+3.7%) and canteens (+5.1%) was also positive; revenues from advertising are still down (-10.5%).

Due to the decrease in capitalized costs and expenses of 3.1 million euros on 2010, deriving from the contraction in investments of the Group, the increase in the "revenues from ordinary activities" was 2.8%.

Cost of materials and external services that, as a whole, decreased by 1.3% (-2.7 million euros) with respect to 2010, slightly increase (+0.1%) if "contract work in progress" is excluded. This trend is attributable mainly to the combined effect of:

- *raw materials and goods for resale*: increases of 4.2 million euros in the cost of goods for resale (+ 4.2%) and in the cost of purchasing electricity, primarily as a result of the rise in oil price;
- *service costs*: the reduction of 6.9 million euros attributable to the drop in the "costs relating to financed works" and in external costs of engineering borne by the subsidiary undertaking, ADR Engineering SpA, deriving from the contraction in investments and personal transportation costs, partly offset by higher maintenance expenses (including, in particular, those relating to the new Net structure and the relevant baggage tracking system).

Payroll costs, amounting to 125.0 million euros, increased by 3.4%, due to the higher average headcount (+42.1 resources) employed in the service improvement programs and to cope with the increase in traffic and support to passengers with reduced mobility (+6.7%), in particular.

In relation to a generally stable level of operating costs compared to 2010 (+0.4%) in connection with total revenues up by 2.8%, EBITDA of 295.7 million euros increased by 5.7%, with a proportion of revenues of 47.7% compared to 46.7% in 2010.

Amortization and depreciation for the period increased by 6.0 million euros for investments entering service at the end of last year; the total recognition in provisions for doubtful accounts and risks and charges also increased totaling 28.1 million euros (18.7 million euros in 2010) in relation to the unfavorable sentences of the revocatory actions Volare in extraordinary administration and Air Europe in extraordinary administration and to the rise of new disputes/contingent liabilities with customers and contractors.

These negative trends were partially mitigated by the improvement in other net income (expense) (+7.3 million euros) that reflects in 2011 the amount of 8.0 million euros recognized definitively to ADR SpA by way of compensation for damages (inclusive of interests) in relation to the favorable sentence of the Council of State on the ongoing dispute with the Minister of Infrastructure and Transport and ENAC on the date from which the fees for the 100% screening of hold baggage are to be applicable.

Due to the above trends, EBIT increased by 5.2%, standing at 157.3 million euros.

Net finance costs of 71.6 million euros are down 1.5% on the comparable period (-1.1 million euros) thanks to the growth of finance income that benefited from the increase in interest rates. This trend was only partly offset by an increase in financial charges, also resulting from higher interest rates, effect limited by the decrease in the average exposure to banks.

Compared to 2010, there is an improvement in extraordinary operations that reported a net balance of 0.1 million euros compared to a negative balance of 17.6 million euros of the previous financial year that included the provision of additional 14.0 million euros in connection with the litigation existing with the Customs Agency.

Due to the trends represented above, the ADR Group pursued in 2011 a net profit of 41.5 million euros compared to the net income of 22.3 million euros recorded last year, after net current and deferred tax expense of 43.9 million euros.

Reclassified consolidated balance sheet[10]

(Euros/thousand)

	12-31-2011	12-31-2010	Change
A. - NET FIXED ASSETS			
Intangible fixed assets *	1,864,611	1,916,360	(51,749)
Tangible fixed assets	189,075	188,689	386
Non - current financial assets	2,782	2,938	(156)
	2,056,468	2,107,987	(51,519)
B. - WORKING CAPITAL			
Inventory	18,494	22,054	(3,560)
Trade receivables	183,529	177,246	6,283
Other assets	76,321	60,492	15,829
Trade payables	(133,455)	(156,387)	22,932
Allowances for risks and charges	(84,333)	(71,796)	(12,537)
Other liabilities	(145,645)	(120,990)	(24,655)
	(85,089)	(89,381)	4,292
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	1,971,379	2,018,606	(47,227)
D. - EMPLOYEE SEVERANCE INDEMNITIES	24,792	28,490	(3,698)
E. - INVESTED CAPITAL, minus short-term liabilities and E.S.I. (C-D)	**1,946,587**	**1,990,116**	**(43,529)**
financed by:			
F. - SHAREHOLDERS' EQUITY			
- Group interest	791,945	750,273	41,672
- Minority interest	603	179	424
	792,548	750,452	42,096
G. - MEDIUM/LONG-TERM BORROWING	1,295,111	1,461,899	(166,788)
H. - NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)			
.Short-term borrowing	89,465	23,856	65,609
.Cash and current receivables	(230,537)	(246,091)	15,554
	(141,072)	(222,235)	81,163
(G+H)	1,154,039	1,239,664	(85,625)
I. - TOTALE AS IN "E" (F+G+H)	**1,946,587**	**1,990,116**	**(43,529)**
(*) including the value of the concession totaling	*1,601,717*	*1,651,001*	*(49,284)*

The invested capital of the ADR Group, amounting to 1,946.6 million euros as at December 31, 2011, reported a decrease of 43.5 million euros compared to the end of the previous financial year completely attributable to fixed assets and only partially offset by the decrease in employee severance indemnities (3.7 million euros) deriving from the transition of the temporary unemployed to an unemployment benefit and by a slight increase in working capital.

The containment of infrastructural investment volumes of the Parent Company, ADR SpA, affected net fixed assets down by 51.5 million euros compared to December 31, 2010 due to depreciations greater than investments for the period.

[10] Reference should be made to the section entitled "Reconciliation between the reclassified statements used in the Management Report on Operations and statutory financial statements" for a reconciliation of the reclassified consolidated Balance Sheet with the statutory consolidated Balance Sheet.

The overall increase of 4.3 million euros of the working capital is the result of compensatory changes of individual components:

- increase in trade receivables of 6.3 million euros substantially due to the increase in turnover;
- increase in "other assets", totaling 15.8 million euros mainly due to the rise in deferred tax assets (+6.0 million euros) and higher tax credits deriving from payment, during the period, of installments due as a result of the tax assessment relating to the current litigation with the Customs Office (+7.4 million euros);
- decrease of 22.9 million euros in trade payables as a result of the smaller volume of investment carried out during the financial year;
- increase of 12.5 million euros in allowance for risks and charges mainly attributable to risks/current litigations with customers and contractors;
- increase in “other liabilities” of 24.7 million euros mainly due to:
  . increase in payables for current taxes of 6.4 million euros related to the estimate of the tax burden for the period, net of the payments carried out during the year,
  . increase in the amount due for firefighting services of 8.6 million euros for the estimate of the amount payable for the year 2011,
  . entry of the payable to Alitalia/CAI of 6.3 million euros following the enforcement to pay the surety issued as collateral of amounts due claimed by ADR SpA from Alitalia SpA in extraordinary administration (for further information, reference is made to the Notes to the financial statements commenting on Payables).

In terms of funding, the reduction in invested capital contributed to an 85.6 million euros decrease in net debt, which stood at 1,154.0 million euros at the end of the financial year, whilst the Company’s consolidated shareholders' equity is up 42.1 million euros as a result of net income for the year.

Consolidated net debt

(in thousand of euros)

	12-31-2011	12-31-2010	change
Titles - Bonds	(2,758)	(2,758)	0
Due to banks	97,850	264,638	(166,788)
Due to other financial institutions:	1,200,019	1,200,019	(0)
A- MEDIUM/LONG -TERM BORROWING	**1,295,111**	**1,461,899**	**(166,788)**
Due to banks	75,322	9,758	65,564
Due to other financial institutions	14,143	14,098	45
Short-Term Borrowing	**89,465**	**23,856**	**65,609**
Receivables due from others	(56,112)	(55,905)	(207)
Cash on hand and in banks	(174,425)	(190,186)	15,761
Cash and current receivables	**(230,537)**	**(246,091)**	**15,554**
B- NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)	**(141,072)**	**(222,235)**	**81,163**
NET DEBT (A+B)	**1,154,039**	**1,239,664**	**(85,625)**

A 166.8 million euros reduction in the medium/long-term component of net debt was reported deriving from:

- repayment of 92.8 million euros of the "Term Loan Facility" occurred for 90.3 million euros at the application date of March 2011 and for 2.5 million euros at the application date of September 2011;
- reclassification, among short-term debts, of the residual amount of the Term Loan Facility, amounting to 65.5 million euros, falling due in February 2012, and portions of the Banca BIIS loan falling due in March and September 2012 totaling 8.5 million euros.

The short-term component of debt is down 81.2 million euros, reflecting the combined effect of:

- a 65.6 million euros increase in amounts due to banks due for 65.5 million euros to the reclassification of the residual amount of the Term Loan Facility. The reclassification of the 8.5 million euro portion of the

Banca BIIS loan for the installments falling due in 2012, was offset by repayment of portions of the BIIS loan, of an equal amount, falling due in March and September 2011;

- lower cash on hand and in banks of 15.8 million euros mainly attributable to the loan repayment above.

Cash on hand and in banks of the Group amounting to 174.4 million euros as at December 31, 2011, include, for 52.1 million euros, the balance of the account called “loan collateral” on which, on the application date of September 2011, 17.0 million euros were deposited to securitize Tranche A1.

Statement of consolidated cash flows

(Euros/thousand)

	2011	2010
A.- NET CASH AND CASH EQUIVALENTS - opening balance	**222,235**	**161,896**
B.- CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Net income (loss) for the period	41,916	21,676
Amortization and depreciation	116,106	110,082
(Gains) losses on disposal of fixed assets	(2)	(3)
(Revaluations) write-downs of fixed assets	0	515
Net change in working capital	(4,292)	46,148
Net change in employee severance indemnities	(3,698)	(33)
	150,030	178,385
C.- CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
Investment in fixed assets:		
.intagible	(42,924)	(57,844)
.tangible	(21,847)	(40,615)
.financial	(8)	(86)
Proceeds from disposal, or redemption value of fixed assets	194	712
	(64,585)	(97,833)
D.- CASH FLOW FROM (FOR) FINANCING ACTIVITIES		
Repayments of loans	(92,766)	(11,713)
Current portion of m/l term financial debt	(74,022)	(8,500)
Other changes	180	0
	(166,608)	(20,213)
E.- DIVIDENDS PAID	0	0
F.- CASH FLOW FOR THE PERIOD (B+C+D+E)	(81,163)	60,339
G.- NET CASH AND CASH EQUIVALENTS - closing balance (A+F)	**141,072**	**222,235**

The operating cash flow of the ADR Group in 2011 amounted to 150.0 million euros compared to 178.4 million euros in 2010 that had benefited from a greater contribution of resources by the working capital for the increase in trade payables, related to higher investments.

Internally generated resources enabled the Group to fully cover net investments that were reduced to 64.6 million euros compared to 97.8 million euros in 2010.

The residual cash flow, totaling 85.4 million euros, allowed, together with the portion of liquidity at the beginning of the period, to repay the Term Loan Facility of 92.8 million euros.

Adjusted for the portion of medium-/long-term financial debt falling due in the short term, amounting to 74.0 million euros, the Company recorded a negative cash flow for the period of 81.2 million euros in 2011, decreasing net cash and cash equivalents to 141.1 million euros at the end of 2011.

Analysis of consolidated net debt

(Euros/thousand)

	2011	2010
A.- NET FINANCIAL BORROWING - opening balance	**(1,239,664)**	**(1,320,215)**
EBITDA	295,654	279,807
Net change in operating working capital	(33,022)	28,611
Net change in employee severance indemnities	(3,698)	(33)
Other income (exp.), net	5,886	(1,418)
Extraordinary income (exp.), net (*)	410	(14,345)
Current taxes paid	(46,214)	(42,670)
Other assets/liabilities (included allowances for risks and charges)	2,588	1,155
B.- OPERATING CASH-FLOW	**221,604**	**251,107**
Capex (tangibles, intangibles and financial)	(64,779)	(98,545)
Proceeds from disposal, or redemption value of fixed asset	194	712
C.- FREE CASH-FLOW	**157,019**	**153,274**
Financial income (exp.), net	(71,574)	(72,723)
Other changes	180	0
D.- NET CASH-FLOW	**85,625**	**80,551**
E.- NET BORROWING - closing balance (A+D)	**(1,154,039)**	**(1,239,664)**

(*) Net, of provision restructuring costs

Reconciliation of the reclassified statements used in the Management Report on Operations and the statutory financial statements

- Reclassified consolidated income statement

The consolidated income statement was reclassified on a “value-added” basis, which shows the contribution of the various areas of operation: ordinary, financial and extraordinary.
Reclassified income statement items may be directly deduced from the statutory financial statements, except for the items and related sub-items shown below:

ITEM RECLASSIFIED INCOME STATEMENT	ITEM INCOME STATEMENT
REVENUES	Revenues from sales and services Changes in contract work in progress Other income and revenues: revenue grants
COSTS OF MATERIALS AND EXTERNAL SERVICES	Operating costs: raw, ancillary and consumable materials and goods for resale Operating costs: services Operating costs: leases Other income and revenues: other - expense recoveries (-) Changes in inventories of raw, ancillary and consumable materials and goods for resale Sundry operating costs: license fees
PAYROLL COSTS	Operating costs: payroll Other income and revenues: other - recoveries of personnel expenses
AMORTIZATION	Depreciation, amortization and write-downs: amortization of intangible fixed assets Depreciation, amortization and write-downs: depreciation of tangible fixed assets
OTHER PROVISIONS	Depreciation, amortization and write-downs: provisions for doubtful accounts
PROVISIONS FOR RISK AND CHARGES	Provisions for risks Other provisions
OTHER INCOME (EXPENSE), NET	Other income and revenues: profits on disposals Other income and revenues: others (except of expense recoveries and of recoveries of personnel expenses) Sundry operating costs: losses on disposals Sundry operating costs: other

The reclassified income statement is also used in the calculation of the profit ratios presented in the "Highlights" section of this Management Report on Operations.

- Reclassified consolidated balance sheet

The consolidated balance sheet was reclassified in accordance with "management criteria", which shows the division between invested capital and fixed capital ("Fixed assets") and working capital ("Working capital"), and also between the related sources of funding, represented by self-financing ("Shareholders' equity") and borrowing ("Medium/long-term borrowing" and "Net short-term borrowing"). Reclassified balance sheet items may be directly deduced from the statutory financial statements, except for the items and related sub-items shown below:

ITEM RECLASSIFIED BALANCE SHEET	ITEM BALANCE SHEET
TRADE RECEIVABLES	Receivables: due from clients Receivables: due from associated undertakings Receivables: due from parent companies
OTHER ASSETS	Receivables due from Associated undertakings - other relations Receivables due from parent companies - other relations Receivables due from tax authorities Receivables deferred tax assets Receivables due from others - other relations Accrued income and prepaid expenses
TRADE PAYABLES	Advances Due to suppliers Due to associated undertakings - trading relations Due to parent companies - trading relations
OTHER LIABILITIES	Due to associated undertakings - other relations Due to parent companies - other relations Taxes due Due to social security agencies Other payables - other relations Accrued expenses and deferred income
MEDIUM/LONG - TERM BORROWING	Payables due to banks - beyond 12 months Payables due to other financial institutions - beyond 12 months
SHORT TERM BORROWING	Payables due to banks - within 12 months Payables due to other financial institutions - within 12 months
CASH AND CURRENT RECEIVABLES	Receivables due from others - financial relations Cash on hand and in banks

The reclassified balance sheet is also used in the calculation of the ratios indicating profitability, balance sheet strength, solvency and liquidity presented in the "Highlights" section of this Management Report on Operations.

ADR SpA OPERATING REVIEW

CAPITAL INVESTMENT

In 2011 the Company continued infrastructure and plant development projects at Fiumicino and Ciampino airports, carrying out works amounting to 69.1 million euros (108.1 million euros in 2010). For a detailed analysis of the principal works carried out, reference should be made to the section that deals with Group capital investment.

RESEARCH AND DEVELOPMENT

ADR SpA did not carry out any research and development activities in 2011.

PERSONNEL

The headcount as of December 31, 2011, including staff on fixed-term contracts, was 2,252, broken down as follows:

Headcount	12.31.2011	12.31.2010 (*)	Δ
Managers	40	41	(1)
Supervisors	168	182	(14)
White-collar	1,700	1,686	14
Blue-collar	344	399	(55)
Total Group	**2,252**	**2,308**	**(56)**
including:			
on permanent contracts	1,788	1,704	84
on temporary contracts	464	604	(140)

(*) including CIGS: n° 90 for ADR SpA

The average headcount[11] in 2011 is 2,080.4 full-time equivalents, divided by qualification and contract type as specified below:

Average Group headcount	2011	2010	Δ
Managers	38.2	40.7	(2.5)
Supervisors	163.8	154.2	9.6
White-collar	1,536.4	1,488.2	48.2
Blue-collar	342.0	365.7	(23.7)
Total Group	**2,080.4**	**2,048.8**	**31.6**
including:			
on permanent contracts	1,595.0	1,504.3	90.7
on temporary contracts	485.4	544.5	(59.1)

[11] net of suspended resources in Special Income Support Fund

For further information reference should be made to the section on “Group personnel”.

ADR SPA: RESULTS FOR THE PERIOD

ADR SpA: reclassified income statement[12]

(Euros/thousand)

	2011		2010		Change	%
Revenues from sales and services	610,225		588,108		22,117	3.8%
Contract work in progress	5,391		8,232		(2,841)	(34.5%)
A.- REVENUES FROM ORDINARY ACTIVITIES	615,616	100.0%	596,340	100.0%	19,276	3.2%
Cost of materials and external services	(215,502)	(35.0%)	(213,894)	(35.9%)	(1,608)	0.8%
B.- GROSS MARGIN	400,114	65.0%	382,446	64.1%	17,668	4.6%
Payroll costs	(109,294)	(17.8%)	(105,911)	(17.8%)	(3,383)	3.2%
C.- GROSS OPERATING INCOME	290,820	47.2%	276,535	46.4%	14,285	5.2%
Amortization and depreciation	(115,743)		(110,133)		(5,610)	5.1%
Other provisions	(6,643)		(11,576)		4,933	(42.6%)
Provisions for risks and charges	(20,691)		(5,514)		(15,177)	275.2%
Other income (expense), net	5,824		(1,642)		7,466	(454.7%)
D.- OPERATING INCOME	153,567	24.9%	147,670	24.8%	5,897	4.0%
Financial income (expense), net	(71,527)	(11.6%)	(71,899)	(12.1%)	372	(0.5%)
Adjustments to financial assests	0		(738)		738	(100.0%)
E.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	82,040		75,033		7,007	9.3%
Extraordinary income (expense), net	94		(18,006)		18,100	(100.5%)
F.- INCOME BEFORE TAXES	**82,134**		**57,027**		25,107	44.0%
Income taxes for the period:						
current taxes	(50,620)		(38,301)		(12,319)	32.2%
deferred tax assets (liabilities)	8,172		2,541		5,631	221.6%
	(42,448)		(35,760)		(6,688)	18.7%
G.- NET INCOME (LOSS) FOR THE PERIOD	**39,686**		**21,267**		**18,419**	**86.6%**

The income statement items of the Parent Company, ADR SpA, in 2011 were largely influenced by the same factors that affected the Group's performance, in terms of both the impact of traffic trends and events that had an impact on provisions for risks and charges.

Therefore, the Company reported in 2011 a net income of 39.7 million euros compared with net income of 21.3 million euros for the previous year, which was affected by the additional provision of 14.0 million euros in connection with the litigation existing with the Customs Agency.

[12] Reference should be made to the section of the “ADR Group’s results for the period” entitled “Reconciliation between the reclassified statements used in the Management Report on Operations and the statutory financial statements” for a reconciliation of the reclassified Income Statement with the statutory Income Statement.

ADR SpA: reclassified balance sheet[13]

RECLASSIFIED BALANCE SHEET
(in thousand of euros)

	12-31-2011	12-31-2010	Change
A. - NET FIXED ASSETS			
Intangible fixed assets *	1,899,128	1,949,273	(50,145)
Tangible fixed assets	192,542	192,341	201
Non current - financial assets	10,021	10,176	(155)
	2,101,691	2,151,790	(50,099)
B. - WORKING CAPITAL			
Inventory	18,324	21,961	(3,637)
Trade receivables	182,057	176,983	5,074
Other assets	68,865	53,430	15,435
Trade payables	(141,985)	(157,485)	15,500
Allowances for risks and charges	(83,746)	(70,976)	(12,770)
Other liabilities	(141,749)	(118,822)	(22,927)
	(98,234)	(94,909)	(3,325)
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	2,003,457	2,056,881	(53,424)
D. - EMPLOYEE SEVERANCE INDEMNITIES	23,461	27,237	(3,776)
E. - INVESTED CAPITAL, minus short-term liabilities and E.S.I. (C-D)	**1,979,996**	**2,029,644**	**(49,648)**
financed by:			
F. - SHAREHOLDERS' EQUITY			
- Paid-up share capital	62,225	62,310	(85)
- Reserves and retained earnings (accumuled losses)	723,660	702,128	21,532
- Net income (loss) for the period	39,686	21,267	18,419
	825,571	785,705	39,866
G. - MEDIUM/LONG-TERM BORROWING	1,295,111	1,461,898	(166,787)
H. - NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)			
.Short-term borrowing	89,822	25,247	64,575
.Cash and current receivables	(230,508)	(243,206)	12,698
	(140,686)	(217,959)	77,273
(G+H)	1,154,425	1,243,939	(89,514)
I. - TOTALE AS IN "E" (F+G+H)	**1,979,996**	**2,029,644**	**(49,648)**
(*) including the value of the concession totaling	1,628,109	1,678,205	(50,096)

As of December 31, 2011 invested capital amounts to 1,980.0 million euros, representing a decrease of 49.6 million euros compared with the end of the previous year. This is mainly attributable to both fixed assets and, to a lesser extent, working capital. The decrease in employee severance indemnities (3.8 million euros) deriving from the transition of the temporary unemployed to an unemployment benefit affected the invested capital in the opposite direction.

As regards the financial structure, an 89.5 million euros decrease in net debt, which stands at 1,154.4 million euros as of December 31, 2011, was reported, whilst the Company's shareholders' equity is up 39.9 million euros basically as a result of net income for the year.

[13] Reference should be made to the section of the "ADR Group's results for the period" entitled "Reconciliation between the reclassified statements used in the Management Report on Operations and the statutory financial statements" for a reconciliation of the reclassified Balance Sheet with the statutory Balance Sheet. This schedule includes trade, sundry and financial receivables due from subsidiary undertakings, under the items "Trade receivables", "Other assets" and "Cash and current receivables", whilst trade, sundry and financial payables due to subsidiary undertakings are included under the items, "Trade payables", "Other liabilities" and "Short-term debt".

ADR SpA: net debt

(in thousand of euros)

	12-31-2011	12-31-2010	Change
Titles - Bonds	(2,758)	(2,758)	0
Due to banks	97,850	264,637	(166,787)
Due to other financial institutions:	1,200,019	1,200,019	0
A- MEDIUM/LONG -TERM BORROWING	**1,295,111**	**1,461,898**	**(166,787)**
Due to banks	74,824	9,257	65,567
Due to other financial institutions	14,143	14,098	45
Due to subsidiary undertakings	855	1,892	(1,037)
Short-Term Borrowing	**89,822**	**25,247**	**64,575**
Receivables due from subsidiary undertakings	(994)	(631)	(363)
Receivables due from others	(56,112)	(55,905)	(207)
Cash on hand and in banks	(173,402)	(186,670)	13,268
Cash and current receivables	**(230,508)**	**(243,206)**	**12,698**
B- NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)	**(140,686)**	**(217,959)**	**77,273**
NET DEBT (A+B)	**1,154,425**	**1,243,939**	**(89,514)**

The net debt is down 89.5 million euros in relation to the reduction in the medium/long-term component, only partially offset by the decrease in net cash and cash equivalents.

ADR SpA: statement of cash flows

(Euros/thousand)

	2011	2010
A.- NET CASH AND CASH EQUIVALENTS - opening balance	**217,959**	**159,079**
B.- CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Net income (loss) for the year	39,686	21,267
Ammortization and depreciation	115,743	110,133
(Gains) losses on disposal of fixed assets	(2)	(718)
(Revaluations) write-downs of fixed assets	0	719
Net change in working capital	3,325	43,119
Net change in employee severance indemnities	(3,776)	(208)
	154,976	174,312
C.- CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
Investment in fixed assets:		
.intagible	(44,666)	(58,474)
.tangible	(21,240)	(41,346)
.financial	(8)	(86)
Proceeds from disposal, or redemption value of fixed assets	272	4,687
	(65,642)	(95,219)
D.- CASH FLOW FROM (FOR) FINANCING ACTIVITIES		
Current portion of m/l term financial debt	(74,022)	(8,500)
Repayments of loans	(92,765)	(11,713)
Other changes	180	0
	(166,607)	(20,213)
E.- DIVIDENDS PAID	0	0
F.- CASH FLOW FOR THE YEAR (B+C+D+E)	(77,273)	58,880
G.- Net cash closing balance (A+F)	**140,686**	**217,959**

The Company's operating cash flow amounted to 155.0 million euros in 2011, after the servicing of debt falling due. Notwithstanding the improvement in earnings, internally generated resources were down of 19.4 million euros on 2010, which had benefited from an improvement in working capital.

ADR SpA: Analysis of net debt

(Euros/thousand)

	2011	2010
A.- NET BORROWING - opening balance	**(1,243,939)**	**(1,323,032)**
EBITDA	290,820	276,535
Net change in operating working capital	(23,580)	25,311
Net change in employee severance indemnities	(3,776)	(208)
Other income (exp), net	5,822	(1,645)
Extraordinary income (exp.), net (*)	326	(14,833)
Current taxes paid	(44,558)	(39,571)
Other assets/liabilities (included allowances for risks and charges)	1,445	1,414
B.- OPERATING CASH-FLOW	**226,499**	**247,003**
Capex (tangibles, intangibles and financial)	(65,914)	(99,906)
Proceeds from disposal, or redemption value of fixed asset	272	4,687
C.- FREE CASH-FLOW	**160,857**	**151,784**
Financial income (exp.), net	(71,523)	(72,690)
Other changes	180	0
D.- NET CASH-FLOW OF THE YEAR	**89,514**	**79,093**
E.- NET BORROWING DEBT - closing balance (A+D)	**(1,154,425)**	**(1,243,939)**

(*) Net, of provision restructuring costs

EQUITY INVESTMENTS

The characteristics and performance of Group companies in 2011 are shown below.

The balance sheets and income statements of subsidiary undertakings and associated undertakings relating to 2011 are summarized in the Annexes to these financial statements.

Investments in subsidiary undertakings

ADR Engineering SpA Unipersonale

The company, which provides airport engineering services (design, work supervision and technical consultancy), reported at the end of 2011 a profit of 584 thousand euros, up by 257 thousand euros compared to the previous year.

The drop in the volume of infrastructural investments of the Parent company ADR SpA led to reduced activities (design and project management) being commissioned to the company, which consequently reported a decrease in revenues equal to 3,363 thousand euros (down 34.9%); the revenues for the year equaled 6,283 thousand euros.

Consumption of materials and external services stayed at 2,706 thousand euros (down 53.4%); staff costs also decreased (down 6.5%), reaching 2,469 thousand euros.

Cost-saving actions led to EBITDA reaching 1,108 thousand euros, down by 7.1% compared to 2010. The operating income was 1,028 thousand euros, up by 308 thousand euros compared to the previous year, which had been affected by greater provisions for risks and charges due to labor disputes.

At December 31, 2011 the headcount is 34 (36 in 2010).

ADR Assistance Srl Unipersonale

This company, which is wholly owned by ADR SpA, was incorporated on June 25, 2008 with the purpose of managing ground airport assistance services to the disabled and persons with reduced mobility within the Roman airport system.
ADR Assistance Srl started operating on July 16, 2008 and became responsible for providing assistance services to passengers with reduced mobility (PRM) at Fiumicino and Ciampino airports, based on a service contract signed with the Parent Company, ADR, on July 15, 2008.

In 2011 the Company's net income was 101 thousand euros compared to 431 thousand euros in the previous year.

At Roman airports, assistance services to passengers with reduced mobility (PRM) rose, compared to the previous year, by 7.6% more than the increase in total passengers (up 3.8%), thus confirming the trend already seen in the previous years followed by this type of passengers compared to changes in total passengers.

The revenues, generated exclusively from relations with the Parent Company, amount to 14,767 thousand euros, up by 2.8% compared to 2010 due to the increase in boarding passengers (up 4.1%), partly offset by the reduced fees charged by ADR SpA for activities performed at Fiumicino airport.

Operating costs[14], equaling 13,446 thousand euros, increased overall by 6.0% compared to the previous year. This trend is primarily influenced by staff costs, which are up by 6.8% consequently to the increase in resources that became necessary as assistance services developed (fte progressive years up 4.6%, assistance to PRM up 7.6%).
The growing operating costs resulted in a 21.7% drop in EBITDA, which in 2011 reached 1,321 thousand euros.

EBIT stood at 877 thousand euros, down by 28.8%, with the gross operating margin at 5.9% compared to 8.6% in 2010.

At December 31, 2011 the headcount is 278 (277 at December 31, 2010).

ADR Tel SpA

The purpose of the company, which is 99% owned by ADR SpA and 1% by ADR Sviluppo Srl, is to build, develop and install telecommunications and electronic communications networks and systems, as well as to provide telecommunications and electronic communications services.

[14] "cost of materials and services" plus "staff costs"

The company registered a positive operating performance in 2011, thus enabling achievement of net income of 769 thousand euros, up by 422 thousand euros compared to the previous year.

The Roman airport market the company is engaged in continued to prove systemically weak throughout 2011, despite a 3.8% increase in the number of passengers; consequently, all the main players such as companies and handlers, were forced to apply stringent cost-cutting measures while restricting investments involving also ICT operations.
In this context ADR Tel in any case maintained its position on the market consisting of airport operators, airlines, public authorities and all the other companies operating within the Roman airport system. This enabled it to generate revenues of 11,072 thousand euros, a rise of 324 thousand euros (up 3.0%) compared with the previous year towards both the ADR Group and customers outside the Group.

Operating costs of 8,257 thousand euros rose 116 thousand euros compared with 2010 (up 1.4%), including 7,135 thousand euros (up 131 thousand euros) regarding consumption of raw materials and external services and 1,122 thousand euros (down 15 thousand euros) regarding payroll costs. As a result of the above performance of revenues and operating costs, the company reported EBITDA of 2,815 thousand euros, up by 208 thousand euros (up 8.0%) compared with the value at the end of 2010.

EBIT in 2011 amounted to 1,299 thousand euros, growing by 623 thousand euros mainly due to the contribution of the balance of other income and expense.

Capital investment, totaling 1,317 thousand euros, most of which was self-financed, was primarily aimed at technological development and modernization of infrastructure.

At December 31, 2011 the headcount is 16 (17 in 2010).

ADR Advertising SpA

ADR Advertising SpA was incorporated on January 10, 2003. The company has ordinary share capital of 500,000 euros, and is 51% owned by ADR SpA and 49% owned by IGPDecaux SpA. Preference shares, totaling 500,000 euros, were wholly subscribed by IGPDecaux SpA.
Under the terms of the agreement with ADR SpA dated March 1, 2003, by which the Parent Company has leased its advertising division to the company, ADR Advertising SpA manages advertising space at the Roman airport system. This agreement, with original expiry set on December 31, 2011, extended on November 15, 2011 until December 31, 2012, specified that a monthly payment based on ADR Advertising SpA's revenues is to be made to ASR SpA.

Revenues, amounting to 17,613 thousand euros, are down by 10.7% due to the crisis in the reference market and the consequent difficulties experienced in the relationship with some important customers (for more details reference is made to the comment to advertising in the section dedicated to Retail Outlets).

In this discontinuous context with respect to the original plan, the company and ADR SpA negotiated also for the year 2011 a review of the remuneration to be paid to the Parent Company for the lease of the advertising division, setting it at 80% of the revenues generated by the company and eliminating the provision of a "guaranteed minimum". These conditions were confirmed also for the year 2012.

This contractual review positively affected external costs, which dropped by 17.6%; staff costs are also down, recording a negative change of 5.6%.

EBITDA amounted to 1,962 thousand euros, considerably higher than in 2010 (824 thousand euros). EBIT reached 696 thousand euros, compared to a negative value of 777 thousand euros of the previous year, also due to lower provisions for doubtful accounts, which equaled 668 thousand euros.

Consequently the company reported a net profit of 559 thousand euros in 2011 compared to a negative result of 834 thousand euros in 2010.

At December 31, 2011 the headcount is 9 (8 in 2010).

ADR Sviluppo Srl Unipersonale

ADR Sviluppo Srl Unipersonale has share capital of 100,000 euros and was incorporated on July 27, 2001. The company is wholly owned by ADR SpA.
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 2011 ADR Sviluppo Srl did not earn revenues, nor did it have employees, as it has yet to commence operations.
The company reported a net loss of 1 thousand euros (loss of 1 thousand euros also in 2010), in connection with corporate costs incurred. Shareholders' equity as of December 31, 2011 amounts to 108 thousand euros.

Investments in other companies

Investments in Airports

Aeroporto di Genova SpA
ADR SpA holds a 15% holding in the company that manages Genoa airport. For 2010 (to which the latest approved financial statements refer) passenger traffic increased by 13.3% with respect to the previous year, primarily due a 16.5% overall growth in scheduled (domestic and international) flights.
Revenues for the year equaled 23,111 thousand euros, up by 10% consequently to the increase in aeronautical (up 8.4%) and non-aeronautical (up 7.7%) income, while operating costs remained practically unchanged.
The positive trend of revenues led to an increase in both EBITDA, equaling 3,062 thousand euros, and operating income, equaling 882 thousand euros compared to -1,144 thousand euros in 2009.
Therefore, the company reported a net profit of 100 thousand euros in 2010, compared with a loss of 1,231 thousand euros in 2009.
Shareholders' equity at December 31, 2010 amounted to 5,310 thousand euros.

S.A.CAL. - Società Aeroportuale Calabrese SpA
ADR SpA owns a 16.57% stake in this company. In 2010 (to which the latest approved financial statements refer) passenger traffic at Lamezia Terme, the airport managed by the company, reached a level of 1.9 million passengers, up 16.4% on the previous year. This increase was considerably helped by the consolidation of the activities of low-cost carriers. Important events include the positive outcome of tax-related rulings started by some airport operators, including SACAL, due to the taxes imposed by 2007 Finance Act to feed the so-called fire prevention fund.
Net revenues amount to 20,080 thousand euros, up 11.4% on 2009. This increase is reflected in EBIT totaling 881 thousand euros, compared with the 95 thousand euros registered in the previous year. Extraordinary losses (down 78 thousand euros) decreased compared to the previous year, which included fees collected in the previous years, definitively acquired in 2009.
The company registered net income of 39.8 thousand euros, down compared to 2009. Shareholders' equity at December 31, 2010 amounted to 11,870 thousand euros.

Investments in other businesses

ADR SpA also has minority shareholdings in other companies:

Consorzio E.T.L. – European Transport Law

The Parent Company has a 25% stake in this consortium, which promotes training courses and research programs regarding European transport integration issues.

At a meeting held on December 14, 2010, the Board of Directors approved the winding up and liquidation of the consortium, as of December 31, 2010, as well as the appointment of Felice Molinario as receiver, thereby granting him all necessary powers.

The consortium reported a net loss of 72 thousand euros for 2010 (latest financial statements), whilst shareholders' equity at December 31, 2010 stood at 7 thousand euros.

Leonardo Energia Società consortile a r.l.

This is a limited liability consortium, incorporated on March 26, 2008 with a share capital of 10 thousand euros, in which Fiumicino Energia Srl holds an 90% stake and ADR SpA a 10% stake. The company's purpose is the production, transformation and transport of electrical and thermal power for the consortium partners.

This objective is achieved via management of:

- the new co-generation plant built at Fiumicino owned by Fiumicino Energia Srl and made available to the limited liability consortium via a business unit lease contract registered on December 15, 2008, with effect as of December 18, 2008;
- the existing power plant made available by ADR SpA via a sub-concession agreement registered on December 15, 2008, with effect as of January 1, 2009.

The company started operating on December 18, 2008, with the entry into service of the co-generation plant.

The company broke even in 2011, whilst shareholders' equity at December 31, 2011 amounted to 268 thousand euros.

Ligabue Gate Gourmet Roma SpA (insolvent)

The Court of Civitavecchia officially declared Ligabue Gate Gourmet Roma SpA bankrupt on February 1, 2002. A sentence of October 10, 2002 ordered submission of a first partial distribution plan whereby 29.6% of preferential claims would be paid. In 2010 the second distribution plan was submitted, entailing collection of 48 thousand euros by ADR SpA.

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, from August 2, 2007, ADR SpA is subject to “management and coordination” by Gemina SpA, which wholly owned Leonardo Srl, subsequently merged into Gemina SpA.

In turn, ADR SpA “manages and coordinates” its subsidiary undertakings, ADR Engineering SpA, ADR Tel SpA, ADR Sviluppo Srl and ADR Assistance Srl.

RELATIONS WITH PARENT COMPANIES AND OTHER RELATED PARTIES

All the transactions with parent companies, subsidiary undertakings and other related parties described below were carried out on an arm's length basis (€/000).

Relations with parent companies

ADR Group companies' relations with the Parent Company, Gemina SpA in 2011 primarily refer to participation in the consolidated taxation regime:

	Balances at 12.31.2011	Year 2011	
	Payables /(Receivables)	*Tax Consolidation*	
		Income	*Expense*
ADR S.p.A.	16,753	355	35,379
	16,753	**355**	**35,379**
Subsidiary undertakings subject to management and coordination:			
ADR Engineering S.p.A.	(34)	0	186
ADR Tel S.p.A.	132	18	337
ADR Assistance S.r.l.	(21)	9	230
	77	**27**	**752**
Unconsolidated subsidiary undertakings subject to management and coordination:			
ADR Sviluppo S.r.l.	(1)	0	0
	(1)	**0**	**0**
TOTAL	**16,829**	**382**	**36,131**

The effects on the balance sheet and income statement deriving from participation - in June 2010 - in the domestic tax consolidation regime for the three-year period 2010-2012, governed by art. 117 et seq. of the Consolidated Act, by ADR SpA and the subsidiary undertakings, ADR Engineering SpA, ADR Tel SpA, ADR Assistance Srl and ADR Sviluppo Srl, as consolidated companies, and by the Parent Company, Gemina SpA, as the consolidating company, were classified under sundry relations.

On taxable income transferred to the consolidating company, Gemina SpA, by the consolidated companies, consolidated taxation (IRES) of 36,131 thousand euros was recorded. Income from consolidated taxation of 382 thousand euros has been recorded as a result of the application – in the form of remuneration - of the IRES rate to 50% of the positive difference between taxable operating income and interest expense, in accordance with contractual agreements.
As a result of accounts receivable and accounts payable relating to the previous year and tax credits transferred by the consolidated companies, in addition to the above income and expense, an amount of 16,829 thousand euros due to Gemina SpA has been recorded.

Trading relations with the Parent Company, Gemina SpA, break down as follows:

Trading relations between the ADR Group and Gemina S.p.A.

	Balances at 12.31.2011		Year 2011	
	Receivables	*Payables*	*Revenues*	*Costs*
ADR S.p.A.	319	412	490	747
ADR Tel S.p.A.	0	0	2	0
TOTAL	**319**	**412**	**492**	**747**

The revenues of ADR SpA towards Gemina SpA refer to the debiting of payroll cost and the full-service contract between ADR SpA and Gemina SpA in force since August 1, 2011, through which the subsidiary

company provides the holding company with all the services required to carry out its corporate functions; ADR Tel SpA's revenues refer to electronic email services.
The costs incurred with regard to Gemina SpA include the debiting of payroll costs, insurance for Directors and rents payable.

Relations with subsidiary undertakings

Transactions carried out by ADR SpA with subsidiary undertakings in 2011 refer primarily to the supply of goods, trade and centralized treasury services.

Trading, financial and other relations between ADR SpA and subsidiary undertakings subject to management and coordination, other subsidiary undertakings and associated undertakings are analyzed below.

Trading relations between the ADR SpA and subsidiary and associated undertakings

	Balances at 12.31.2011				Year 2011						
	Receivables	*Payables*	*Guarantees*	*Commit.*	*Revenues*			*Costs*			
					Goods	*Services*	*Other*	*Goods*	*Services*	*Other*	*Investments*
Subsidiary undertakings subject to management and coordination:											
ADR Engineering S.p.A.	166	8,627	250	7,924	5	321	129	0	658	0	6,167
ADR Tel S.p.A.	376	2,769	257	93	0	719	170	0	5,208	0	1,495
ADR Assistance S.r.l.	496	4,026	0	0	234	1,623	157	0	14,843	0	0
	1,038	**15,422**	**507**	**8,017**	**239**	**2,663**	**456**	**0**	**20,709**	**0**	**7,662**
Other subsidiary undertakings											
ADR Advertising S.p.A.	7,074	1,150	0	0	0	14,297	48	0	113	0	0
	7,074	**1,150**	**0**	**0**	**0**	**14,297**	**48**	**0**	**113**	**0**	**0**
Associated undertakings											
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	0	968	0	0							
	0	**968**	**0**	**0**							

The subsidiary undertaking, ADR Engineering SpA, provides design and project management services for works included in the airport master plan. This company was incorporated in 1997 for this reason. Revenues in 2011 for work commissioned by ADR SpA amounted to 6,825 thousand euros (10,093 thousand euros in 2010). ADR SpA charged the company 455 thousand euros (401 thousand euros in 2010) relating to sub-concession fees, utilities, administrative services, etc.

From April 2003 the subsidiary undertaking, ADR Tel SpA, has managed telecommunications at the airports of Fiumicino and Ciampino. In 2011 the company posted revenues from telephony services provided to ADR SpA of 5,208 thousand euros (5,180 thousand euros in 2010) and carried out upgrading works on the telephone network worth 1,495 thousand euros (1,301 thousand euros in 2010). ADR SpA charged the company an amount of 889 thousand euros (879 thousand euros in 2010) in royalties and rentals on the lease of telecommunications assets and premises, and for utilities and staff services.

ADR Assistance Srl started operating on July 16, 2008 and became responsible for providing assistance services to passengers with reduced mobility at Fiumicino and Ciampino airports, based on a service contract signed with the Parent Company, ADR, on July 15, 2008.
Revenues of 14,843 thousand euros were exclusively generated from relations with the Parent Company (14,442 thousand euros in 2010); ADR SpA charged the company 2,014 thousand euros relating to sub-concession fees, utilities, administrative services, etc. (2,002 thousand euros in 2010).

From March 1, 2003, the subsidiary undertaking, ADR Advertising SpA, has managed advertising at Fiumicino airport on the basis of a contract entered into with ADR SpA, with original expiry set on December 31, 2011 and extended on November 15, 2011, until December 31, 2012 at the same conditions applied in 2011 (for further information, see the section of the Management Report on Operations regarding "Equity investments"). This contract specifies that a monthly payment based on ADR Advertising SpA's revenues is to be made to ADR SpA.
The royalties paid to ADR SpA in 2011 amount to 13,872 thousand euros (17,013 thousand euros in 2010), following a review of the methods to calculate the remuneration (for further information, see the section of the Management Report on Operations regarding "Equity investments").
ADR SpA received additional revenues from the company, totaling 425 thousand euros (445 thousand euros in 2010), as lease rentals and as payment for utilities and various services, as well as incurring costs of 113 thousand euros (26 thousand euros in 2010) for the corporate advertising campaign.

Financial relations between ADR S.p.A. and subsidiary undertakings

	Balances at 12.31.2011		year 2011	
	Receivables	*Payables*	*Income*	*Expense*
Subsidiary undertakings subject to management and coordination:				
ADR Engineering S.p.A.	517	0	25	0
ADR Tel S.p.A.	478	0	22	0
ADR Assistance S.r.l.	0	854	0	6
TOTAL	**995**	**854**	**47**	**6**

Financial relations with the subsidiary undertakings, ADR Engineering SpA, ADR Tel SpA and ADR Assistance Srl regard the centralized treasury system, which is conducted on an arm's length basis. The system has been put into place in order to optimize the management of financial resources and facilitate the settlement of inter-company trading relations.

Sundry relations are summarized below

Trading relations with other related parties break down as follows:

Trading relations between the ADR Group and related parties

	Balances at 12.31.2011			Year 2011		
	Receivables	*Payables*	*Guarantees*	*Revenues*	*Costs*	*Investments*
Gemina S.p.A. subsidiaries (either directly or indirectly)						
Fiumicino Energia S.p.A.	186	0	0	234	0	0
Leonardo Energia S.c. a r.l.	67	4,796	0	168	22,742	0
Companies that carry significant influence over Gemina S.p.A. (either directly or indirectly)						
Assicurazioni Generali S.p.A.	0	0	0	0	2,773	0
Mediobanca S.p.A.	0	0	0	0	272	800
Gruppo Unicredit	9	0	0	1,200	52	0
Telepass S.pA.	0	16	0	0	16	0
Autogrill S.p.A.	653	0	5,855	7,914	0	0
Alpha Retail Italia S.r.l.	222	0	1,445	1,538	0	0
Atahotels S.p.A.	0	0	0	184	0	0
Pavimental S.p.A.	0	39	895	0	0	0
Worldwide United (Singapore) Ltd		0			37	
Changi Airport Planners and Engineers Pte. Ltd	0	277	0	0	0	690
TOTAL	**1,138**	**5,128**	**8,195**	**11,239**	**25,892**	**1,490**

Regarding these relations, the following should be noted:

- Fiumicino Energia Srl: a company 87.14% owned by Gemina SpA that manages the gas-fired co-generation plant at Fiumicino airport for the production of electricity. Via a business unit lease contract, operation of the co-generation plant was entrusted to Leonardo Energia - Società consortile a r.l., which is owned by ADR SpA and Fiumicino Energia Srl, with respective shareholdings of 10% and 90%. Based on the agreements existing between ADR SpA and Fiumicino Energia Srl in 2023 the co-generation plant will be transferred free of charge to the Parent company. The limited liability consortium also operates the thermal energy plant at Fiumicino, under a sub-concession from ADR SpA. In 2011, the Parent Company, ADR SpA, purchased electric and thermal energy from Leonardo Energia S.c.ar.l. amounting to 22.7 million euros. Furthermore, the full-service contract came into force on August 1, 2011 between ADR SpA and Fiumicino Energia Srl, through which the former provides the latter administrative, legal and corporate services;
- Assicurazioni Generali SpA (a company that holds a sufficient interest in Gemina SpA to have a significant influence on the latter): the ADR Group has taken out its principal insurance policies with this insurance group;
- Mediobanca SpA (a company that holds a sufficient interest in Gemina SpA to have a significant influence on the latter): the costs incurred regard bank commissions and reimbursement of expense; the investment concerns the upfront fee regarding the Revolving Facility paid to Mediobanca as bank agent, but to be proportionally shared by all the banks in the syndicate;

- Unicredit Group (Unicredit SpA holds a sufficient interest in Gemina SpA to have a significant influence on the latter): revenues derive from retail sub-concessions, whilst costs primarily regard bank charges;
- Autogrill SpA (indirect subsidiary undertaking of Edizione Srl which, indirectly, holds a sufficient interest in Gemina SpA to have a significant influence on the latter): revenues derive from retail sub-concessions, royalties, utilities, car parks and sundry services;
- Alpha Retail Italia Srl (subsidiary undertaking of Autogrill SpA): revenues derive from retail sub-concessions, royalties, utilities, car parks and sundry services;
- Atahotels SpA (a subsidiary company of Fondiaria - SAI SpA that holds a sufficient interest in Gemina SpA to have a significant influence on the latter): revenues derive from retail sub-concessions, royalties, utilities, car parks and sundry services;
- Telepass (indirect subsidiary undertaking of Sintonia SA which, indirectly, holds a sufficient interest in Gemina SpA to have a significant influence on the latter): costs refer to the agreement existing for the Telepass system introduced in ADR car parks;
- Pavimental SpA (indirect subsidiary undertaking of Sintonia SA): payables refer to "investments" in the previous year regarding work on runways and aircraft aprons;
- Changi Airport Planners and Engineers Pte. Ltd (subsidiary undertaking of Changi Airports International Pte Ltd which, indirectly, holds a sufficient interest in Gemina SpA to have a significant influence on the latter): "investment" regards provision of support in the preparation of the Fiumicino Airport Master Plan.

Financial relations with Mediobanca SpA and Unicredit SpA include the following:

Financial relations between the ADR Group and related parties

	Balances at 12.31.2011			Year 2011	
	Cash and cash equivalents	*Receivables*	*Payables*	*Financial Income*	*Financial expense*
Mediobanca S.p.A.	0	55,729	70	1,512	0
Unicredit S.p.A.	129,772	0	499	574	0
Telepass S.pA.	0	13			
TOTAL	**129,772**	**55,729**	**569**	**2,086**	**0**

Several relations exist between ADR SpA and Mediobanca SpA in connection with the role played by the latter in existing loan agreements:

- Mandated Lead Arranger of the line of credit Term Loan Facility (a remaining amount of 65,523 thousand euros) provided by a syndicate of lending banks (100,000 thousand euros)"[15];
- Security Agent representing all of ADR SpA's creditors;
- Facility Agent representing the banks within the Bank Facility Agreement;
- "Administrative Agent is also the holder of an escrow account called the Debt Service Reserve Account for which ADR reports a financial receivable in its financial statements. The related interest due is reported in the item "finance income" in the above table.

Several relations exist between the ADR Group and Unicredit SpA in connection with the role played by the latter in current loan contracts:

- Mandated Lead Arranger of the line of credit "Term Loan Facility" (a remaining amount of 65,522 thousand euros) provided by a syndicate of lending banks of the "Revolving Facility (100,000 thousand euros)"[16];
- Account bank holding the current accounts of ADR SpA ("Debt Service Account", "Interim Proceeds Account", "Recoveries Account" and "Loan Collateral Account", with a balance at December 31, 2011 summarized in the table above), regulated by the loan agreements, and some companies in the ADR Group.

For a description of the guarantees granted by ADR SpA, reference should be made to the section on "Payables" in the Notes.

[15] The total amount due to the syndicate of banks is reported in the financial statements of ADR SpA; the amounts contributed by each bank in the syndicate are not indicated.
[16] The total amount due to the syndicate of banks is reported in the financial statements of ADR SpA; the amounts contributed by each bank in the syndicate are not indicated.

TREASURY SHARES 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 2011 or at the end of 2010. In addition, no purchase or sale of its own shares or shares in the Parent Company took place, either directly or indirectly, during 2011.

FINANCIAL RISK MANAGEMENT

Risks specific to the Company's business

ADR SpA manages the two airports in the Roman airport system, Fiumicino and Ciampino, under Service Concession Agreement no. 2820 of June 26, 1974 signed with the Ministry of Transport. This agreement will expire on June 30, 2044.
The foregoing agreement lays down the obligations for the operator and the reasons for termination or cancellation of the concession, primarily because of breach.

The ADR Group operates in a sector that is highly regulated at domestic, EU and international level.

A long period of uncertainty related to the complexity of the procedure to establish satisfactory regulatory and tariff systems is a significant risk factor that may affect the ADR Group's financial and operating outlook.

The ADR Group's operating performance is also strongly affected by air traffic using the airports of Fiumicino and Ciampino, which in turn is affected by:
- economic conditions;
- the plans of the individual carriers, which are affected in turn by these companies' own financial and operating circumstances; this risk is heightened by Fiumicino's status as the hub for the national flag carrier, which is undergoing a difficult reorganization phase;
- carrier alliances;
- competition, on certain routes, from alternative transport (e.g. high-speed train between Rome and Milan);
- wars, acts of terrorism, natural disasters and airplane crashes, which undermine the public's propensity to travel, for business or pleasure.

The ADR Group is involved in a large number of civil, administrative, labor and tax disputes, both as a plaintiff and as a defendant. Given the risks related to such proceedings, provisions have been made and in-depth information is available in a specific section of the Notes.

Credit risk

Credit risk is the risk that a customer or the counterparty in a financial instrument fails to meet its obligations, thereby causing a loss.

The ADR Group's maximum exposure to credit risk is equal to the carrying value of the financial assets shown in the consolidated financial statements, as well as the nominal value of the guarantees provided for third parties' debt or commitments.

At December 31, 2011 total credit risk exposure was as follows:

(in thousand of euros)	Carring amount	
	12/31/2011	12/31/2010
Financial assets:		
Due from clients	183,209	177,222
Due from associated undertakings	482	482
Due from parent companies	320	24
Due from others	59,367	59,197
Cash - bank and post office deposits	173,561	189,561
Total	**416,939**	**426,486**

Most of the ADR Group's credit risk is related to the receivables arising from its transactions with customers.

The risk of customers' default is dealt with by making provisions in a specific allowance for bad debt, whose balance is reviewed from time to time. The ADR Group's policy in this respect involves the making of provisions for each position, depending on the age of the receivable, the creditworthiness of the individual customer, the progress in the receivable management and collection process.

The Group's commercial policies set out the procedure illustrated below for the creation of trade receivables:

- cash payment is required in transactions with consumers (sales in directly operated stores, multilevel and long-term parking lots, first aid, etc.) and with occasional counterparties (e.g. club memberships, luggage porters, taxi access management, etc.);
- cash payment or prepayment is required from occasional carriers without a satisfactory credit profile or collateral;
- credit terms are extended to loyal customers considered reliable (carriers with medium-term operational plans and sub-concessionaires). However, these customers' creditworthiness is monitored and, where necessary, collateral is required.

The table below is an aging schedule for receivables:

(in thousand of euros)	Receivables not yet due	Past due receivables (net of allowance for doubtful accounts)				Total Receivables
		less than 60 days	*61 to 120 days*	*121 to 180 days*	*Over 181 days*	
As of 12/31/2011						
Due from clients	83,900	49,845	5,916	3,890	39,657	183,209
Due from associated undertakings	0	0	0	0	482	482
Due from parent companies	320	0	0	0	0	320
Due from others	58,427	0	0	0	940	59,367
total	**142,648**	**49,845**	**5,916**	**3,890**	**41,079**	**243,378**
As of 12/31/2010						
Due from clients	94,343	18,630	8,297	3,905	52,047	177,222
Due from associated undertakings	0	0	0	0	482	482
Due from parent companies	24	0	0	0	0	24
Due from others	58,257	0	0	0	940	59,197
total	**152,624**	**18,630**	**8,297**	**3,905**	**53,469**	**236,925**

Receivables for which no provisions have been made and that are over 181 days past due primarily consist of amounts due from Alitalia Group companies under special administration.

The ADR Group's credit risk features a high degree of concentration, as ten customers account for around 69% of all receivables (58% in 2010), for which no provisions have been made.

The economic and financial situation with the main customer in particular appears to be particularly critical in connection with the credit risk and, more generally, also due to the refusal to recognize the value of a series of services that, though provided, are not paid or recognized.

The credit situation for invoices issued by the Parent company ADR SpA at December 31, 2011 is illustrated below:

	Receivables			Receivables not yet due			Past due receivables		
	12/31/2011	**12/31/2010**	**Δ%**	**12/31/2011**	**12/31/2010**	**Δ%**	**12/31/2011**	**12/31/2010**	**Δ%**
Alitalia CAI	64,058	47,222	36%	38,123	35,440	8%	25,936	11,781	120%
AirOne	1,581	1,832	(14%)	947	911	4%	634	922	(31%)
Alitalia/Airone	65,639	49,054	34%	39,069	36,351	7%	26,570	12,703	109%
EAS	308	308	0%	-	-	0%	308	308	0%
AZ-EAS Group	**65,947**	**49,363**	**34%**	**39,069**	**36,351**	**7%**	**26,878**	**13,012**	**107%**

The table includes the receivables for the handling system of transit baggage equal to 5.2 million euros; Alitalia is the main user of the plant, generating approximately 90% of the activity. In July 2011 IBAR and ten carriers appealed before the Regional Administrative Court for the cancellation of the Civil Aviation Authority directive determining the fee, and at the same time stopped all related payments. On October 18, 2011 the company lodged its defense briefs. Thus the Company informed Alitalia and all the other carries using the plant that, in the absence of the payment as ruled by the Civil Aviation Authority , it would suspend the service from January 1, 2012. The Civil Aviation Authority, convened the parties, underlying the obligation for the carriers to pay the amounts set and highlighting the importance of not discontinuing the service. Having found that an agreement had not been reached, with ruling 20/2011 of December 27, 2011, the Civil Aviation Authority ordered ADR SpA to keep the system operational.

At the same time the Civil Aviation Authority deemed art. 802 of the Navigation Code applicable to the specific case and, upon request of ADR dated December 28, 2011 provided for, starting from January 10, 2012, the prohibition for the flights of defaulting carriers to depart for which the price to use the system in question had not been paid in advance. Following this measure, some carriers settled their debt or made the required payment in advance, though as a precautionary measure, while others, including Alitalia, made partial payments.

On January 10, 2012 Alitalia informed the Civil Aviation Authority of its reasons, challenged by ADR S.p.A. with letter of January 12, 2012, as to the existence in the case of the pre-requirements to apply art. 802 of the Navigation Code, with the Civil Aviation Authority demanding the opinion of the Attorney's Office. Taking its responsibilities very seriously, ADR SpA declared itself willing to continue to provide the service until this opinion is received. On February 9, 2012 the Civil Aviation Authority informed ADR SpA and Alitalia that the Attorney's Office had stated that art. 802 may be applied only upon determination of the same remuneration according to the provisions of Law Decree no. 1/2012 (currently being converted by Parliament), which absorbs Directive 2009/12/EC on airport fees. The Civil Aviation Authority, though confirming the validity and enforcement of the remuneration determined by the same Body in May 2011 to use the NET6000, communicated that it will not accept the requests of application of art. 802 of the Navigation Code put forward by ADR, finally specifying that the Company may seek legal remedy to recover the credits. In this sense ADR S.p.A. used the injunction filed on December 22, 2011 with the Court of Civitavecchia.

Furthermore, as of December 31, 2011, the following are ascertained:

- receivables for the sub-concession of the Technical Area equal to 1.8 million euros, - plus local property taxes for 0.7 million euros. Regarding this service, ADR SpA deems a legitimate review of the economic terms of the sub-concession agreement applicable, which based on preliminary understandings, subsequently disregarded by Alitalia, would lead to a credit equal to 10.7 million euros;
- receivables to use Goods for Common Use for the years from 2009 to 2011 equaling 4.9 million euros, also totally challenged by Alitalia. ADR SpA launched actions with the other handlers challenging this charge (mainly towards EAS – today Alitalia - and Aviapartner), upon the outcome of which, expected in the short term, actions will be taken also against Alitalia-CAI.

Liquidity risk

Liquidity risk occurs when the Group does not hold and finds it difficult to find the resources needed to face future financial commitments.

The main factor determining the ADR Group's liquidity position consists of the resources generated or absorbed by the operating and investment activities.

Breakdown of payables by expiry terms is shown hereunder.

	Payables falling due			Total payables
	within 12 month	*from 1 to 5 years*	*after 5 years*	
As of 12/31/2011				
Due to banks	75,322	17,850	80,000	173,172
Due to other financial institutions	14,143	875,000	325,019	1,214,162
Advances	5,685	3,111	0	8,796
Due to suppliers	120,451	2,861	0	123,312
Due to associated undertakings	969	0	0	969
Due to parent companies	17,242	0	0	17,242
Other	62,074	8,975	0	71,049
Total	**295,886**	**907,797**	**405,019**	**1,608,702**
As of 12/31/2010				
Due to banks	9,758	184,638	80,000	274,396
Due to other financial institutions	14,098	875,000	325,019	1,214,117
Advances	5,433	3,687	0	9,120
Due to suppliers	142,529	3,547	0	146,076
Due to associated undertakings	969	0	0	969
Due to parent companies	11,660	0	0	11,660
Other	53,414	2,415	0	55,829
Total	**237,861**	**1,069,287**	**405,019**	**1,712,167**

The financial structure of the ADR Group is distinguished by a heavy incidence of the financial leverage component, since financial indebtedness is 4 times the EBITDA. As a consequence, a considerable amount of the financial resources generated by operations is absorbed by the debt service and, in perspective, by the need to repay debt tranches coming due (the first of which will come due in February 2012).

As indicated more specifically in the specific section of the Notes to the consolidated financial statements, in addition to the requirement to have Moody's and Standard & Poor's issue a rating for ADR, the medium/long-term loan agreements in place provide for a number of measures to ensure that the cash generated is used first of all to service debt. These measures become more stringent when, as is the current situation, the level of the rating or several agreed financial indicators fail to reach specific minimum thresholds.

The liquidity risk is considerably mitigated through this complex contractual check. The current rating assigned to the Parent Company, for example, prevents it from taking out additional indebtedness without specific authorization from its financial creditors.

It is obvious that the priority allocation of the cash generated for the debt service and the aforementioned restrictive control measures for using financial resources restrict the Group's operations and investment flexibility in depressing situations characterized by particular financial tension.

However, in case of temporary additional financial requirements for operations or investments, in addition to cash and cash equivalents, a revolving line of credit is available for 100 million euros (currently not use) destined for this purposes by contract.

On August 22, 2011, ADR SpA stipulated with a syndicate of seven banks comprising Banca Nazionale del Lavoro SpA, Barclays Bank Plc, Crédit Agricole Corporate & Investment Bank, Mediobanca – Banca di Credito Finanziario SpA (Mediobanca), Natixis S.A., The Royal Bank of Scotland N.V. and UniCredit SpA ("Unicredit"), a revolving line agreement for a total of 100 million euros maturing on February 20, 2013. Mediobanca also acts as Agent Bank.

This new facility, secured by the same collaterals issued for the other loans of ADR SpA, guarantees, until the stated maturity date, the availability of the seamless Revolving facility compared to the expiry of the validity of the pre-existing one negotiated in 2005 and valid until August 22, 2011. The cost conditions obtained can be considered as in line with the best ones that can obtained in the market for companies with the same rating. The margin applied to the euribor can be further reduced if the Company manages to improve the rating assigned to it by both agencies, in the near future.

ADR SpA, in the last part of the financial year, completed the analysis of the various refinancing options to repay Tranche A1 (with a par value of 500 million euros) of the payable to the vehicle Romulus Finance Srl maturing on February 20, 2013. Based on the outcome of the legal and market studies conducted, the various refinancing options available were selected, including the bank loan, which appears to be the main option for Tranche A1. In the first quarter of 2012 the refinancing project moved to the implementation phase.

The centralized treasury system managed by the Parent Company with the subsidiary companies ADR Engineering SpA, ADR Tel SpA and ADR Assistance Srl, adjusted to market conditions, allows management of financial resources to be optimized and regulation of infra-group trade relations to be facilitated.

Interest rate risk

The ADR Group borrows funds from third parties. Changes in interest rates affect the cost of the funds borrowed, with their effects on the amount of interest expense.

To cope with these risks the Group uses interest rate derivatives, with the objective to mitigate, at acceptable terms and conditions, the potential effects of changes in interest rates on its operating performance.
Specifically, the Group uses interest rate collars to manage its exposure to unfavorable fluctuations of interest rates.

The hedging policy, an integral part of the loan agreements entered into by the Parent Company ADR SpA, requires that at least 51% of all debt be hedged against fluctuations in interest rates.
At December 31, 2011, 60.1% of ADR SpA's lines of credit have fixed interest rates (at December 31, 2010: 56.0%).

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

These contracts were signed to hedge interest rate risk for an additional three years regarding total notional capital of 240 million euros, thus increasing the proportion of total debt hedged against interest rate risk to 77.6% (72.3% at December 31, 2010).

An increase of 50 basis points in interest rates would determine a rise of 1.7 million euros in interest expense, before tax.
A decrease of 50 basis points in interest rates would determine a reduction of 1.7 million euros in interest expense, before tax.

Exchange rate risk

The ADR Group has a negligible exposure to exchange rate risk as non-euro transactions are related to limited purchases of goods and services.

Risks related to outstanding loan agreements

- Risks related to ADR's rating

ADR SpA is assessed by the rating agencies Standard & Poor's and Moody's.
The cost of debt and insurance guarantees provided by the monoline insurance company, AMBAC, are linked to the ratings assigned to ADR SpA by the two agencies. Moreover, should the Company's ratings fall below contractually defined minimums, the lenders are authorized to exercise stricter control over its cash flow, thereby constraining further the Company's operational flexibility (a so-called "Trigger Event").

ADR SpA's ratings were as follows in 2011:

- *Moody's*
  On January 12, 2011 the agency downgraded the rating to Ba1 with a "stable" outlook. According to the agency, this downgrade reflected the growing pressures arising as a result of the approaching main deadlines for repayment of existing debt, given the continued absence of a new tariff agreement, which is key to the Company's future development.
  The rating change by Moody's led to a slight increase in the margin applied to bank loans with an annual impact on the finance costs of the Parent company of about 0.3 million euros.
  On December 16, 2011 the agency furthered lowered the rating assigned to ADR's debt from Ba1 to Ba2 highlighting also how this situation remains "under observation for possible further reductions". The downgrade was motivated by the increase risk of ADR in financial terms following continuous delays in finalizing the new regulatory framework and consequent fee rises. The agency was also seriously concerned by the deadline (February 2013) for the Romulus bond of 500 million euros issued in 2003 drawing closer.

- *Standard & Poor's*
  The agency Standard & Poor's kept the BB rating unchanged for the entire year with a "negative" outlook attributed on May 11, 2010 (for more updates reference is made to section "Subsequent Events").

The Trigger Event condition persists and so does the application of the Cash Sweep regime, both active since November 30, 2007 due to the rating going below the contractually agreed thresholds (BBB+/Baa3 – BBB-/Baa2stable).

As described more in detail in the section dedicated to the Notes on Payables, the two Cash Sweep and Trigger Event conditions impose increasingly stricter requirements for the management of cash flows. Among these: a) the obligation, as debt service dates approach, to allocate the residual cash available to the repayment/collateralization of repayable/non-repayable debt, b) prohibition to distribute dividends and c) obligation to identify, with the support of an external consultant entrusted by lenders, the remedy measure to restore the minimum required rating in the ordinary regime.

ADR SpA has in any case operated in derogation regime due to the subsequent waivers granted over time by the lenders, the last of which was approved on September 28, 2011 and valid until March 20, 2012 to reiterate the derogation regime with exclusion of points a), b) and c) above.

However, with the approaching deadlines for the repayment of the individual debt tranches, an additional constraint has now been imposed on the allocation of available cash on the accounts of the Account Bank. Contractual provisions in particular impose for the available cash to be used to repay/collateralize the upcoming debt repayment.

In application of this condition, ADR SpA allocated all available liquidity to the accounts of the Account Bank on the application dates of 2011 as specified below:
- application date of March 2011: 90.3 million euros for the advance repayment of the "Term Loan Facility";
- application date of September 2011: 19.5 million euros of which 17.0 million euros to collateralization of Tranche A1 (expiring on February 20, 2013) and 2.5 million euros for the early repayment of the "Term Loan Facility" expiring on February 20, 2012.

Consequently to the application of the collateralization mechanism already in force in the previous application dates, cash was collateralized as of December 31, 2011 on an account dedicated to the repayment of Tranche A1 with a par value of 500 million euros, for 52.2 million euros, while the residual Term Loan Facility to be repaid in February 2012 equals 65.5 million euros in consideration of the compulsory repayments already finalized.

- Risks related to loan covenants

The agreements in place reflect not only the significant amount of credit provided but also the particular legal and financial structure of the original loans extended to ADR SpA.

In fact, it is a composite structure, whereby ADR SpA owes 1.2 billion euros to a vehicle – Romulus Finance Srl – established pursuant to Law no. 130/99 on securitization and controlled by two Dutch foundations. This vehicle acquired in turn, following a securitization transaction, a pre-existing bank loan through a Luxembourg bond issue subscribed by institutional investors and guaranteed by a monoline insurance company. Moreover, ADR SpA owes the remaining amount of 171.9 million euros received from banks in term loans carrying the same covenants as those contained in the agreement between ADR SpA and Romulus Finance Srl.

The monoline insurance company's guarantee and the *pari passu* rank for all ADR's creditors involve a number of covenants intended to:
- ensure that adequate rating levels are maintained,
- prevent the rights attributed to each creditor being determined in a manner other than in accordance with pre-established rules.

Some of the main covenants, set against this backdrop, are as follows:
- financial assets may only be acquired with the permission of creditors or via a "non-recourse vehicle", and in any case only using authorized borrowing or liquidity;
- income from the sale of financial assets may be used for investment or, if not used within 12 months of collection, must be used to repay borrowings;
- dividends may only be distributed if specific financial ratios exceed contractually pre-established thresholds, and if no events of default or trigger events have occurred;
- further loans may only be undertaken if the above financial ratios exceed determined thresholds (higher than those required under normal lending conditions) and if the rating awarded to ADR is greater than pre-defined minimum levels;
- if a maturing line of credit is not repaid at least 12 months before the maturity date, any surplus cash flow generated during this period must be allocated on a priority basis (based on defined proportions) to the repayment of borrowing, which is known as a retention regime. Under certain conditions this period may be extended to 24 months;
- if the financial ratios are below certain predetermined minimum thresholds, or if the rating is below sub-investment grade levels, or if other specific contractually defined critical situations occur, further restrictive measures relating to cash flow management (trigger event) are set in motion in order to protect creditors from the risk of default by ADR SpA.

The foregoing financial ratios (defined on the basis of final and forecast data) include: (i) Debt service coverage ratio (DSCR), measuring the ratio between available cash flow and debt servicing; (ii) Concession life coverage ratio (CLCR), measuring the ratio between discounted future cash flows and net debt; and (iii) Leverage ratio, that is the ratio between net debt and gross operating income.

These ratios are checked twice a year, on two of the four dates available to made the payments regarding the debt service (application dates) of March 20 and September 20, by applying the calculation methods of the respective ratios to the relative data at December 31 and June 30.

If the above ratios are exceeded, dividends can be distributed (if any surplus cash is available) and if the ratios are exceeded by higher margins, further borrowing may be undertaken. On the other hand, if the ratios fall below specific thresholds, a trigger event or an event of default may occur.

With reference to the most sensitive ratio to short-term changes, represented by the DSCR, the table below summarizes the different DSCR levels and the related consequences laid down in the agreement.

Level	Condition
>=1.7	Additional debt
>=1.5	Dividend distribution
<1.25	Trigger Event
<1.1	Default

In September 2011 ADR SpA prepared financial ratios based on the results for the first half of 2011. These ratios confirmed the values at levels higher than the minimum levels required to maintain the Company's ordinary operating conditions, which in any event limited by the above trigger event.

As to the ratios calculated on the basis of the data for the year ended December 31, 2011 (being formalized), the DSCR was 2.03, and the leverage ratio was 4.34, whilst the CLCR is 5.05.

Moreover, the loan agreements call for acceleration, termination and withdrawal conditions typical for loans with similar characteristics.

SUBSEQUENT EVENTS

- Compared with the same period of 2011, traffic using the Roman airport system during the period January-February 2012 registered the following performance, broken down into segments for Fiumicino and Ciampino, and domestic and international traffic:

Data between January 1 and 29 February 2012 and changes with respect to the same period of 2011

	ROME SYSTEM	Fiumicino	Ciampino	Domestic	International
Movements	52,132	44,067	8,065	21,032	31,100
D% vs PY	(6.7%)	(8.3%)	+2.8%	(7.8%)	(6.0%)
Mtow	4,090,494	3,663,748	426,746	1,359,593	2,730,901
D% vs PY	(5.8%)	(6.6%)	+1.1%	(6.1%)	(5.7%)
Total Pax	5,315,341	4,646,060	669,281	1,871,921	3,443,420
D% vs PY	(1.3%)	(1.0%)	(3.7%)	(1.8%)	(1.1%)
Freight (Kg)	20,888,379	18,170,581	2,717,798	890,616	19,997,763
D% vs PY	(11.1%)	(11.8%)	(5.7%)	(19.8%)	(10.6%)

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

	International	Intl' EU	Intl' Extra EU
Movements	31,100	20,961	10,139
D% vs PY	(6.0%)	(4.9%)	(8.3%)
Mtow	2,730,901	1,437,437	1,293,464
D% vs PY	(5.7%)	(6.9%)	(4.2%)
Total Pax	3,443,420	2,203,694	1,239,726
D% vs PY	(1.1%)	(0.4%)	(2.3%)
Freight (Kg)	19,997,763	4,631,284	15,366,479
D% vs PY	(10.6%)	(9.0%)	(11.1%)

The Airport System ends the first two months of the year with a reduction in traffic common to both the passenger component (down 1.3%) and the "capacity offered" (movements down 6.7%, aircraft tonnage - 5.8% and places offered - 4.5%); by virtue of this trend, the load factor grew by 2.1%, increasing from 62.2% to the current 64.3%.
In terms of passengers the 1.3% reduction is the result of a negative performance common to all the segments being analyzed: domestic traffic ended the two-month period with a 1.8% reduction and international traffic down 1.1% (with EU down 0.4% and Non-EU down 2.3%).
Concerning individual airports, passenger volumes dropped by 1.0% at Fiumicino and 3.7% at Ciampino.
Airlines in general continue to face the economic crisis and the confidence issue through a process of review and rationalization of their network with the aim of maximum cost cutting.
At Fiumicino airport, in the first two months of the year worth mentioning is also the negative effect of the snow emergency that concerned most of Italy in February with repercussion also on air transport: the meteorological conditions led to over 400 movements being cancelled overall and an estimated loss of 80,000 passengers due to cancellations and the consequent lower propensity to fly.
To be added is the effect of the three strikes in the air transport sector that overall further reduced traffic by an estimated 8,000 passengers.
At Ciampino airport traffic recorded a 3.7% loss in passenger traffic, offset by a 2.8% increase in movements, 1.1% increase in tonnage and 4.7% in places offered. Regarding the subdivision by segment, consequently to changes in the network made by the carrier Ryanair, passengers in the domestic sector grew by 30.1%, while in the international sector these dropped by 12.0% (EU down 10.9% and Non-EU down 43,3% respectively); strikes and snow emergency led to a traffic reduction of about 110 movements and 20,000 passengers.
In the period in question the effects of the negative meteorological conditions in February were partially offset by the extra day (February 29, 2012) in the leap year.

- Preliminary activities continue for the establishment of the special-purpose entities (direct retail, parking, safety) through the assignment of specific divisions to be completed by the first half of 2012.

- Formal proceedings were started with a syndicate of banks for the refinancing of Tranche A1 of Romulus loan. Based on the accounts from syndicate of banks it is believed that this refinancing, though complicated by the uncertain financial markets, may be completed by the first half of 2012.

- On March 2, 2012 ADR SpA obtained from the lenders the extension of some consequences of the Trigger Event from March 20, 2012 until the application date of September 2012.

- On March 2, 2012, the agency Standard & Poor's confirmed the rating assigned to ADR SpA as BB and placed the Company in "CreditWatch with developing implications". This "CreditWatch" will evolve within 90 days depending on the outcome of the refinancing process.

OUTLOOK FOR 2012

The negative economic Italian and European situation as well as, though in a differentiated manner one from the other, that of other geographical areas, has a significant impact on the flows of movements that in 2012 will not be able to grow at the same level as in the last few years, thus further worsening the risk for trade receivables.

In this context, the focus on better managing the existing facility, accelerating the spin-off initiatives and refinancing the debts expiring in February 2013 is the main short-term management tool while awaiting the conclusion of the new Agreement-Planning Contract, which has become increasingly urgent and fundamental, consequently starting to re-launch ADR.

PROPOSALS FOR THE ORDINARY GENERAL MEETING

Dear Shareholders,

The financial statements for the year ended December 31, 2011, consisting of the Balance Sheet, Income Statement and Notes, and accompanied by the Management Report on Operations, report net income of 39,686,164.03 euros, which we propose to take to retained earnings. We invite you to vote on this proposal.

THE BOARD OF DIRECTORS

Consolidated Financial Statements 2011

CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

CONSOLIDATED BALANCE SHEET
as of December 31, 2011

(in thousands of euros)

(Translation from the original issued in Italian)

	12-31-2011			12-31-2010		
ASSETS						
UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS			0			0
FIXED ASSETS						
INTANGIBLE FIXED ASSETS:						
▪ Incorporation and development costs		4			7	
▪ Industrial patents and intellectual property rights		1,027			1,714	
▪ Concessions, licenses,trademarks and similar rights		1,604,687			1,655,086	
▪ Leasehold improvements in process and advances		25,665			25,696	
▪ Others		233,228			233,857	
			1,864,611			1,916,360
TANGIBLE FIXED ASSETS:						
▪ Land and buildings		2,348			2,697	
▪ Plant and machinery		55,363			57,620	
▪ Industrial and commercial equipment		1,408			1,555	
▪ Fixed assets to be relinquished		82,065			86,681	
▪ Other assets		2,121			3,083	
▪ Work in progress and advances		45,770			37,053	
			189,075			188,689
NON-CURRENT FINANCIAL ASSETS:						
▪ Equity investments in:						
- unconsolidated subsidiary undertakings	100			100		
- associated undertakings	10			10		
- other companies	2,203			2,203		
		2,313			2,313	
▪ Receivables due from others:						
. within 12 months	0			0		
. beyond 12 months	470			626		
		470			626	
▪ Other securities:						
- bonds	2,758			2,758		
		2,758			2,758	
			5,541			5,697
Total fixed assets			**2,059,227**			**2,110,746**
CURRENT ASSETS						
INVENTORY						
▪ Raw, ancillary and consumable materials		2,691			2,661	
▪ Contract work in progress		7,148			11,872	
▪ Finished goods and goods for resale						
- goods for resale	8,655			7,521		
		8,655			7,521	
			18,494			22,054
RECEIVABLES						
▪ Due from clients		183,209			177,222	
▪ Due from associated undertakings		482			482	
▪ Due from parent companies		320			24	
▪ Due from tax authorities						
. within 12 months	2,975			3,927		
. beyond 12 months	23,695			16,321		
		26,670			20,248	
▪ Defered Tax assets		40,624			31,928	
▪ Due from others:						
- various:						
. within 12 months	59,224			59,084		
- advances to suppliers for services to be rendered	143			112		
		59,367			59,196	
			310,672			289,100
MARKETABLE SECURITIES			0			0
CASH ON HAND AND IN BANKS						
▪ Bank and post office deposits		173,561			189,561	
▪ Cash and notes in hand		864			625	
			174,425			190,186
Total current assets			**503,591**			**501,340**
ACCRUED INCOME AND PREPAID EXPENSES						
▪ Accrued income and other prepaid expenses			**5,288**			**4,543**
TOTAL ASSETS			**2,568,106**			**2,616,629**

CONSOLIDATED BALANCE SHEET
as of December 31, 2011

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

	12-31-2011			12-31-2010		
LIABILITIES AND SHAREHOLDERS' EQUITY						
SHAREHOLDERS' EQUITY						
SHARE CAPITAL:						
ordinary shares		62,225			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		85			0	
RETAINED EARNINGS (ACCUMULATED LOSSES)		8,292			(14,201)	
GROUP NET INCOME (LOSS) FOR THE YEAR		41,492			22,313	
			791,945			750,273
MINORITY INTEREST						
▪ Share capital, reserves and net income (loss) for the period		603			179	
			603			179
GROUP AND MINORITY INTEREST IN CONSOLIDATED SHAREHOLDERS' EQUITY			**792,548**			**750,452**
ALLOWANCES FOR RISKS AND CHARGES						
▪ For taxes, deferred taxes		26,093			26,093	
▪ Other		58,240			45,703	
Total allowances for risks and charges			**84,333**			**71,796**
EMPLOYEE SEVERANCE INDEMNITIES			**24,792**			**28,490**
PAYABLES						
▪ Due to banks						
. within 12 months	75,322			9,758		
. *beyond 12 months*	97,850			264,638		
		173,172			274,396	
▪ Due to other financial institutions:						
. within 12 months	14,143			14,098		
. *beyond 12 months*	1,200,019			1,200,019		
		1,214,162			1,214,117	
▪ Advances:						
- from clients						
. from the Ministry of Transport:						
. within 12 months	0			267		
. *beyond 12 months*	3,111			3,687		
. Other	5,685			5,166		
		8,796			9,120	
▪ Due to suppliers:						
. within 12 months	120,451			142,529		
. *beyond 12 months*	2,861			3,547		
		123,312			146,076	
▪ Due to associated undertakings:						
. within 12 months	969			969		
		969			969	
▪ Due to parent companies:						
. within 12 months	17,242			11,660		
		17,242			11,660	
▪ Taxes due:						
. within 12 months	47,450			43,190		
		47,450			43,190	
▪ Due to social security agencies		7,529			7,502	
▪ Other payables: various creditors						
. within 12 months	62,074			53,414		
. *beyond 12 months*	8,975			2,415		
		71,049			55,829	
Total payables			**1,663,681**			**1,762,859**
ACCRUED EXPENSES AND DEFERRED INCOME						
▪ Accrued expenses and other deferred income			**2,753**			**3,032**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**2,568,107**			**2,616,629**

MEMORANDUM ACCOUNTS
as of December 31, 2011
(in thousands of euros)
(Translation from the original issued in Italian)

	12-31-2011		12-31-2010	
General guarantees				
▪ Sureties	111		111	
▪ Other	328		328	
		439		439
Collateral guarantees		0		0
Commitments on purchases and sales		75,606		87,113
Other		994,178		998,913
		1,070,223		**1,086,465**

CONSOLIDATED INCOME STATEMENT
for the year 2011
(in thousands of euros)
(Translation from the original issued in Italian)

	Year 2011			Year 2010		
TOTAL REVENUES						
▪ Revenues from sales and services:						
- revenues from sales	92,292			87,344		
- revenues from services	521,670			503,743		
- revenues from contract work	9,219	623,181		7,311	598,398	
▪ Changes in contract work in progress		(3,591)			575	
▪ Capitalized costs and expenses		4,631			7,713	
▪ Other income and revenues:						
- revenue grants	446			760		
- profits on disposals	2			3		
- other	16,228			7,529		
		16,676			8,292	
			640,897			**614,978**
OPERATING COSTS						
▪ raw, ancillary and consumable materials and goods for resale		81,625			77,014	
▪ services		112,709			119,636	
▪ leases		11,870			11,479	
▪ payroll:						
- wages and salaries	91,201			87,995		
- social security	25,991			25,303		
- employee severance indemnities	6,854			6,346		
- other	1,038			1,316		
		125,084			120,960	
▪ Depreciation, amortization and write-downs:						
- amortization of intangible fixed assets	94,652			89,465		
- amortization of tangible fixed assets	21,454			20,617		
- provisions for doubtful accounts	7,367			12,646		
		123,473			122,728	
▪ Changes in inventories of raw, ancillary and consumable materials and goods for resale		(1,164)			(790)	
▪ Provisions for risks		20,512			5,793	
▪ Other provisions		260			283	
▪ Sundry operating costs:						
- license fees	14			7		
- other	9,218			8,281		
		9,232			8,288	
			(483,601)			**(465,391)**
Operating income			**157,296**			**149,587**
FINANCIAL INCOME AND EXPENSE						
▪ Income from investments						
- Other income from investments	0			56		
		0			56	
▪ Other financial income:						
- from long-term receivables						
. Others	0			0		
- securities included in fixed assets which are not equity	380			386		
- other						
. interest and commissions from others and sundry revenues	3,016			1,500		
		3,396			1,886	
▪ Interest expense and other financial charges:						
- interest and commissions to others and sundry charges	75,007			74,632		
		(75,007)			(74,632)	
▪ Profits and losses on Exchange						
- Profits	41			51		
- Losses	8			11		
		33			40	
Total financial income (expense), net			**(71,578)**			**(72,650)**

CONSOLIDATED INCOME STATEMENT
for the year 2011
(in thousands of euros)
(Translation from the original issued in Italian)

	Year 2011			Year 2010		
ADJUSTMENTS TO FINANCIAL ASSETS						
		0			0	
▪ Depreciation:						
- of investments		0			(534)	
			0			**(534)**
EXTRAORDINARY INCOME AND EXPENSE						
▪ Income:						
- other	1,837			1,405		
		1,837			1,405	
▪ Expense:						
- taxes relating to previous year	4			13,976		
- other	1,705			5,010		
		(1,709)			(18,986)	
Total extraordinary income (expense), net			**128**			**(17,581)**
Income before taxes			**85,846**			**58,822**
Income taxes for the year, current, defferred assets (liabilities):						
- current		(52,626)			(39,877)	
- deferred tax assets (liabilities)		8,696			2,731	
			(43,930)			**(37,146)**
Net income (loss) for the year			41,916			21,676
of which:						
▪ minority interest			424			(637)
▪ **Group's share**			**41,492**			**22,313**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL PRINCIPLES

The consolidated financial statements for the year ended December 31, 2011, prepared in accordance with the Italian Civil Code interpreted and integrated by the accounting standards issued by the Italian Accounting Standards Setter (OIC), 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, ADR SpA. The financial statements of subsidiary undertakings used for consolidation purposes are those as of December 31, 2011, prepared by the respective Board of Directors and approved by the Shareholders' meetings.

The reconciliation of shareholders' equity and net income as of and for the year ended December 31, 2011, as reported in the financial statements of ADR SpA, and the related consolidated amounts for the same period is shown in the note to consolidated shareholders' equity.

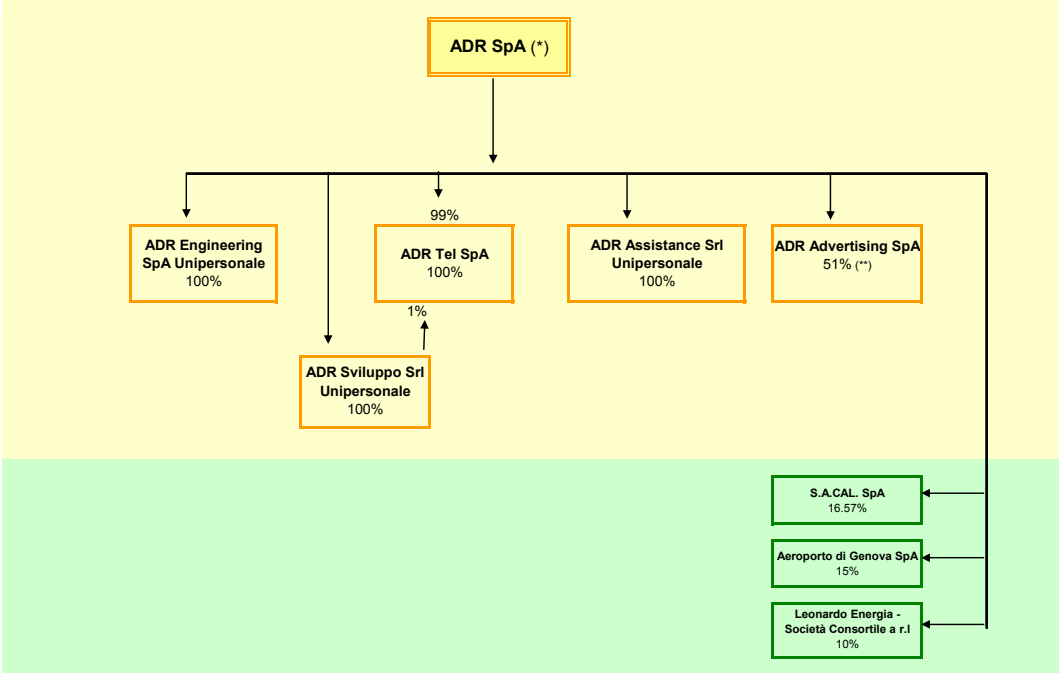
Amounts shown in the consolidated financial statements are expressed in thousands of euros.

The balance sheet data as of December 31, 2011 and the income statement for the year then ended are compared with the data for 2010. The income statement and balance sheet items, preceded by Arabic numerals, showing zero balances across the periods used for comparison are not shown.

The Consolidated financial statements for the year ended December 31, 2011 have been audited by Deloitte & Touche SpA.

BASIS OF CONSOLIDATION

The consolidated financial statements for the year ended December 31, 2011 include the financial statements for the same period, consolidated on a line-by-line basis, of the Parent Company, ADR SpA, and the subsidiary undertakings in which the Parent Company holds, either directly or indirectly, the majority of the voting shares.



SUBSIDIARY UNDERTAKINGS

INVESTMENTS IN OTHER COMPANIES

(*) ADR SpA also a 25% holding in the E.T.L. - European Transport Law Consortium in liquidation
(**) of ordinary share capital

As of December 31, 2011, 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	%
ADR SpA	Fiumicino (Rome)	EUR	62,224,743.00	Parent Company		
ADR Engineering SpA Unipersonale	Fiumicino (Rome)	EUR	774,690.00	100%	ADR	100%
ADR Assistance Srl Unipersonale	Fiumicino (Rome)	EUR	6,000,000.00	100%	ADR	100%
ADR Tel SpA	Fiumicino (Rome)	EUR	600,000.00	99%	ADR	99%[1]
ADR Advertising SpA	Fiumicino (Rome)	EUR	1,000,000.00	25.5%	ADR	25.5%[2]

No changes are noted for the basis of consolidation as at December 31, 2010.

The following equity investments are valued at cost:

EQUITY INVESTMENTS valued at cost	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	Group's %	Via:	
					Company	%
unconsolidated subsidiary undertakings:						
ADR Sviluppo Srl Unipersonale	Fiumicino (Rome)	EUR	100,000.00	100%	ADR	100%
associated undertakings:						
Consorzio E.T.L. – European Transport Law (in liquidation)	Rome	EUR	82,633.11	25%	ADR	25%
Ligabue Gate Gourmet Roma SpA (insolvent)	Tessera (Venice)	EUR	103,200.00	20%	ADR	20%
other companies:						
S.A.CAL. SpA	Lamezia Terme (Catanzaro)	EUR	7,755,000.00	16.57%	ADR	16.57%
Aeroporto di Genova SpA	Genova Sestri	EUR	7,746,900.00	15%	ADR	15%
Leonardo Energia – Società Consortile a r.l.	Fiumicino (Rome)	EUR	10,000.00	10%	ADR	10%

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

The holdings in the following associated undertakings have been valued at cost and not according to the equity method given that:

- Consorzio E.T.L. – European Transport Law (in liquidation): European Transport Law is a non-profit consortium dedicated to research, and therefore valuation according to the equity method would have no significant effects on the consolidated financial statements; the company was placed in liquidation as of December 31, 2010;
- Ligabue Gate Gourmet Roma SpA (insolvent): the company is insolvent.

CONSOLIDATION PRINCIPLES

The main consolidation principles are described below:

1 The remaining 1% stake is held by ADR Sviluppo Srl Unipersonale, which is not included in the basis of consolidation.
2 Equity investment in the company's total share capital of 1,000,000 euros (including preference shares). The interest in the ordinary shares amounts to 500,000 euros (51%).

- the carrying 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;
- the minority interest in net income and shareholders' equity are reported separately as appropriate items in the income statement and under shareholders' equity;
- intercompany profits and losses still to be realized, as well as significant sums relating to payables and receivables and costs and revenues relating to consolidated companies have been eliminated;
- adjustments made to eliminate items of a purely tax nature, as well as other consolidation adjustments, take account, where applicable, of the related deferred taxation. Furthermore, the statements show deferred tax assets relating to items that will be recoverable in future years;
- dividends received by subsidiary undertakings during the period and recorded in the Parent Company's income statement as income from equity investments are eliminated against retained earnings. Dividends paid by subsidiary undertakings, posted on an accruals basis in the Parent Company's accounts, are eliminated;
- 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 undertaking's shareholders' equity at the transaction date (thus including the net income or loss reported for the months prior to the disposal), plus any residual carrying amount of "Goodwill arising from consolidation".

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, 2011 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 financial statements were prepared in the assumption of going-concern. The group actually assessed that, despite the persisting difficult economic and financial backdrop, there are no significant uncertainties on the going-concern of the company.

The principal accounting policies are summarized below. A more detailed explanation of certain policies can be found in the notes to the single classes of items.

Fixed assets

These are recorded at purchase cost and are revalued, where necessary, for single items in accordance with the laws applying to monetary revaluation. Directly connected incidental costs are included in the purchase cost. Should there be a permanent impairment of value of such fixed assets, the relevant fixed asset is written down accordingly. The appropriate value of such fixed assets, adjusted solely to take account of 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 useful lives and their cost is amortized on a straight-line basis during each financial year in relation to their residual useful lives. In particular:

- *Incorporation and development costs*

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

- *Industrial patents and intellectual property fees*

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

- *Concessions, licenses, trademarks and similar*

These are recorded at purchase cost. Amortization begins when the right is taken up or can be taken up, and is applied over a period of three years in the case of concessions and licenses and of not more than ten years for trademarks.
The value of the airport management concession, paid by the Parent Company, Leonardo SpA (now ADR SpA) on acquiring its holding in ADR, is amortized on a straight-line basis over the residual concession term, 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;
- *transaction costs incurred 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 limited useful lives and their cost is depreciated on a straight-line basis during each financial year according to their residual useful lives. Rates of depreciation are applied that reflect the estimated useful lives of the assets.
The rates used are summarized below:

Land and buildings	10%
Plant and machinery	from 10% to 25%
Industrial and commercial equipment	from 10% to 25%
Fixed assets to be handed over	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 handed over*

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 handed over, with the aim of covering the estimated costs which will be borne at the end of the concession term (in 2044) when the assets are to be transferred to the grantor in good working condition.

- Non-current financial assets

The investment in the unconsolidated subsidiary undertaking (ADR Sviluppo Srl) has been valued at cost; this method of valuation, given that the company is non-operational, is in any event representative of the Group's interest in shareholders' equity.

Equity in associated undertakings is valued in accordance with the equity method. When they have no significant effects on the Group's results of operations and financial position, associated undertakings are recorded at purchase cost, adjusted to reflect any loss in value. The investments in the associated undertakings, Ligabue Gate Gourmet Roma SpA and Consorzio E.T.L. – European Transport Law in liquidation are valued at cost for the reasons given in the section regarding the "Basis of consolidation".
Other investments are recorded at purchase cost, adjusted to reflect any permanent impairment.
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.

Securities in the Group's portfolio held as a long-term investment until their maturity are recorded under non-current financial assets.
These securities are recorded at purchase cost, including any transaction costs.
The premium, representing the difference between the purchase price of the security and the final redemption value, should be recorded in the results for each reporting period throughout the period of ownership of the security. This income represents an additional constant rate of return on the capital invested compared with the return generated by explicit interest.
Should there be an impairment in value, which may derive from a reduction in the market price or a negative exchange rate difference – or a combination of both factors – the value of the investment is written down.

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 grantor, constitute, depending on the nature of the changes, either a write-down of the agreed value (in the case of assets which may not be operated autonomously) or, alternatively, intangible fixed assets (where such variations are considered improvements to and/or conversions of third party assets).

- Receivables

These are recorded at their estimated realizable value.

- Current financial assets

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

- Cash on hand and in banks

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

Accruals and deferrals

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

Allowances for risks and charges

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

Employee severance indemnities

Employee severance indemnities were calculated for all employees and in accordance with governing legislation. This amount was calculated for indemnities accrued up to December 31, 2011 and is shown net of any advance payments and amounts paid in the form of supplementary pension benefits or to the Treasury Fund set up at the Italian Social Security Institute (INPS).

Following the entry into force of the reform of supplementary pensions on January 1, 2007, the personnel of private companies with more 50 employees may choose to have their employee severance indemnities allocated to a form of supplementary pension fund or leave them with their company. In the latter case, the company pays employee severance indemnities into a fund set up at INPS, in accordance with the implementing Decree of January 30, 2007, denominated “Allowance for employee severance indemnities” or “Treasury Fund”. Consequently, amounts for employee severance indemnities maturing as of January 1, 2007 are classified on a monthly basis under “Due to social security agencies”. The following month the indemnities are paid to the supplementary pension fund or the Treasury Fund.

Payables

Payables are recorded at their nominal value.

Receivables and payables recorded in foreign currency

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”.

Memorandum accounts

- General/secured guarantees given

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

- Commitments on purchases and sales

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

- Other

- *Secured/general guarantees received*

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

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

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

- *Company-owned assets lodged with third parties*

These are recorded at their net book value.

Revenues

Revenues are reported net of returns, discounts, reductions and premiums as follows:
- revenues from sales: upon delivery;
- revenues from services: upon supply of the service.

Income taxes

"Current taxes" are calculated on the basis of taxable income. The related payable is posted to "Taxes due".
Regarding participation in the domestic tax consolidation regime by ADR SpA and the subsidiary undertakings, ADR Tel SpA, ADR Engineering SpA, ADR Assistance Srl and ADR Sviluppo Srl as consolidated companies, and the Parent Company, Gemina SpA, as the consolidating company, taxable income and tax losses transferred to the consolidating company are recorded under current tax "expense" and "income from tax consolidation", respectively, with contra-entries for amounts due to and from the parent companies.
Any excess taxable operating income transferred under the tax consolidation regime, and used to offset non-deductible interest expense transferred under the regime, is remunerated by applying the IRES rate to 50% of the positive difference between taxable operating income and interest expense, in accordance with contractual agreements.
The consolidated companies also transfer withholding taxes, tax credits and rebates from previous tax returns to the consolidating company, which may offset the IRES resulting from the consolidated income.
Deferred tax assets and liabilities represent the temporary difference between taxable income and net income for the period. Deferred tax assets are recorded only when there is reasonable certainty of their recoverability; deferred tax liabilities are not entered if there is a poor chance that this debt arises. 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.

Derivative instruments

The positive and negative interest rate differentials deriving from Interest Rate Collar agreements and accrued at the end of the period are recorded on an accruals basis in the income statement among finance income and costs.
The Group's hedging policy, in accordance with the obligations laid down in loan agreements, stipulates that at least 51% of the loan should be subject to a fixed rate of interest.

NOTES TO THE CONSOLIDATED BALANCE SHEET

FIXED ASSETS

Intangible fixed assets

	12-31-2010			Changes during the period			12-31-2011		
	Cost	Amortization	Book value	Purchases/ Capitalization	Reclassifications	Amortization	Cost	Amortization	Book value
- Incorporation and development costs	1,892	(1,885)	7	0	0	(3)	1,892	(1,888)	4
	1,892	(1,885)	7	0	0	(3)	1,892	(1,888)	4
- Industrial patents and intellectual property rights	9,073	(7,359)	1,714	335	31	(1,053)	9,439	(8,412)	1,027
	9,073	(7,359)	1,714	335	31	(1,053)	9,439	(8,412)	1,027
- Concessions, licenses, trademarks and similar rights	2,192,974	(537,888)	1,655,086	903	275	(51,577)	2,194,151	(589,465)	1,604,687
	2,192,974	(537,888)	1,655,086	903	275	(51,577)	2,194,151	(589,465)	1,604,687
- Leasehold improvements in process and advances:									
. Leasehold improvements in process	25,690	0	25,690	9,586	(9,617)	0	25,659	0	25,659
. Advances to suppliers	6	0	6	0	0	0	6	0	6
	25,696	0	25,696	9,586	(9,617)	0	25,665	0	25,665
- Others									
. Leasehold improvements	610,751	(392,962)	217,789	31,056	9,291	(38,457)	651,098	(431,419)	219,679
. Transaction costs incurred on loans	53,822	(37,754)	16,068	1,043	0	(3,563)	54,865	(41,316)	13,549
	664,573	(430,716)	233,857	32,099	9,291	(42,020)	705,963	(472,735)	233,228
	2,894,209	(977,848)	1,916,360	42,924	(20)	(94,652)	2,937,111	(1,072,500)	1,864,611

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 concession, amounting to 1,601,719 thousand euros as of December 31, 2011. The decrease of 50,399 thousand euros is primarily due to amortization for the period, amounting to 51,577 thousand euros;

- "**Leasehold improvements in process**" decreases as a whole by 31 thousand euros due to the combined effect of the following:
  - a decrease of 9,617 thousand euros deriving from improvements entering service during the period and reclassified under "industrial patent and intellectual property rights", "concessions, licenses, trademarks and similar rights" and "leasehold improvements", as well as adjustments;
  - an increase of 9,586 thousand euros due to new investments;

- "**Other**" intangible fixed assets decreased by 629 thousand euros. "Leasehold improvements" rose by 1,890 thousand euros due to purchases during the year (31,056 thousand euros), and transfers from work in process and reclassifications (up 9,291 thousand euros), partly offset by amortization for the period (38,457 thousand euros). Instead "Transaction costs incurred on loans" fell by 2,519 thousand euros due to amortization for the period. These reductions were partly offset by a 1,043 thousand euros increase related to the subsequent costs for the refinancing of the Revolving facility.

The principal leasehold improvements in process (equal to 9,586 thousand euros) include:
- runway 3 surface upgrade (1,632 thousand euros);
- "curbside" and road improvements (938 thousand euros);
- upgrade improvements of BHS at T3 (479 thousand euros);
- upgrade of electricity network for HBS/BHS at former Alitalia (541 thousand euros);
- renovation of the rest rooms at T1 (446 thousand euros);
- Fiumicino development program (1,600 thousand euros).

The main leasehold improvements completed during 2011 (equal to 31,056 thousand euros) include:
- adaptation of Satellite West for A380 aircraft (772 thousand euros);

- taxiway extraordinary maintenance at Ciampino (1,134 thousand euros);
- 2nd and 3rd phase aircraft apron repair (932 thousand euros);
- operational upgrade of BHS at T3 (964 thousand euros);
- shop renovation (400 thousand euros);
- works on stairs and moving walkways (1,089 thousand euros);
- improvements to night flight cabin electrical equipment (833 thousand euros);
- UPS for runways (945 thousand euros);
- renovation of the rest rooms at T3 (605 thousand euros);
- electricity network monitoring system integration (599 thousand euros);
- "curbside" and road improvements (415 thousand euros);
- "avl" systems and runway electricity network adaptation (834 thousand euros);
- BHS/HBS extraordinary maintenance and new lines (1,396 thousand euros);
- runway and aircraft apron improvements at Ciampino (1,080 thousand euros);
- air-conditioning equipment and refrigeration units upgrade at T3 (1,261 thousand euros).

Once again in 2011, investment in airport infrastructure development was funded from increased boarding fees received during the year.

Tangible fixed assets

	12-31-2010				Changes during the period					12-31-2011			
	Cost	Reval. Law (72/1983)	Allowances for depreciation	Book value	Purchases./ Capital.	Reclassi-fication	Disposals/ Retirements	Depreciation	Amortization	Cost	Reval. Law (72/1983)	Allowances for depreciation	Book value
- Land and buildings	21,716	465	(19,484)	2,697	185	(3)	0	0	(531)	21,898	465	(20,015)	2,348
- Plant and machinery	148,174	0	(90,554)	57,620	8,887	203	0	0	(11,347)	157,252	0	(101,889)	55,363
- Industrial and commercial equipment	9,483	0	(7,928)	1,555	345	7	(8)	0	(491)	9,825	0	(8,417)	1,408
- Fixed assets to be relinquished	195,877	1,908	(111,104)	86,681	2,763	298	0	0	(7,677)	198,918	1,908	(118,761)	82,065
- Other assets	31,500	0	(28,417)	3,083	411	35	0	0	(1,408)	31,946	0	(29,825)	2,121
- Tangible fixed assets in progress and advances	37,053	0	0	37,053	8,388	329	0	0	0	45,770	0	0	45,770
	443,803	2,373	(257,487)	188,689	20,978	869	(8)	0	(21,454)	465,609	2,373	(278,907)	189,075

Net tangible fixed assets rose by 386 thousand euros substantially in relation to investments of 20,978 thousand euros, partly offset by depreciation for the year, totaling 21,454 thousand euros.

The most significant capitalizations during the period include:

- within the category "**plant and machinery**" (8,887 thousand euros), baggage conveyor belts (5,832 thousand euros) and special communication systems (358 thousand euros);
- the category "**fixed assets to be relinquished**", amounting to 2,763 thousand euros, which includes civil works and buildings (1,515 thousand euros), plant and machinery (1,155 thousand euros);
- the category "**tangible fixed assets in progress and advances**" (8,388 thousand euros), which includes departure area F [formerly Pier C – the portion financed by ADR] (5,391 thousand euros) and the new baggage handling system at the former Alitalia cargo warehouse (964 thousand euros).

As security for the loans governed by agreements with Romulus Finance Srl, a syndicate of banks, EIB and BIIS (formerly Banca OPI) – described in detail in the notes to "Payables" – has been granted a lien (in the form of a mortgage ranking *pari passu* with other claims) on the plant, machinery and capital goods recorded at any time in the book of depreciable assets and ADR SpA's inventory. This guarantee is valid until the above loans have been fully repaid.

Equity investments held as non-current financial assets

	12-31-2010	changes during the period	12-31-2011
Equity investments in:			
▪ unconsolidated subsidiary undertakings:			
ADR Sviluppo Srl Unipersonale	100	0	100
	100	0	100
▪ associated undertakings:			
Consorzio E.T.L. (in Liquidation)	10	0	10
Ligabue Gate Gourmet Roma SpA (insolvent)	0	0	0
	10	0	10
▪ other companies:			
Aeroporto di Genova SpA	895	0	895
S.A.CAL. SpA	1,307	0	1,307
Leonardo Energia – Società Consortile a r.l.	1	0	1
	2,203	0	2,203
	2,313	**0**	**2,313**

There were no changes in **Equity investments** in 2011. For further information regarding equity investments during 2011, reference should be made to the section "Equity investments" in the Parent Company's Management Report on Operations.

As security for the loans taken out via contracts entered into with Romulus Finance Srl, and a syndicate of banks, EIB and BIIS (formerly Banca OPI), ADR SpA has granted the lenders a lien on the Company's shareholdings in the subsidiary undertakings, ADR Tel SpA, ADR Advertising SpA and ADR Assistance Srl. These guarantees are valid until the above loans have been fully repaid.

Long-term receivables due and other non-current financial assets

	12-31-2010	changes during the period	12-31-2011
Receivables:			
▪ due from others:			
Public bodies for licenses	23	0	23
other	603	(156)	447
	626	**(156)**	**470**

The sub-item "other" primarily includes guarantee deposits issued by the Group in favor of third parties. The reduction of 156 thousand euros compared with December 31, 2010 is due to the recovery of the entire residual amounts due from tax authorities in relation to the payment of withholding tax on employee severance indemnities, as required by Law no. 662/96 (112 thousand euros).

There are no receivables falling due beyond five years.

	12-31-2010	changes during the period	12-31-2011
Other securities:			
▪ bonds	2,758	0	2,758
	2,758	**0**	**2,758**

The item "bonds" includes a portion of the A4 bonds issued by the special purpose vehicle, Romulus Finance Srl, purchased in the market by the Parent Company on February 13, 2009. The bonds, which had a face value of 4 million pounds sterling, were purchased at a price of 2.8 million euros (equal to 2.4 million pounds). The A4 bonds, falling due in February 2023, accrue half-yearly interest at a fixed rate of 5.441%.

CURRENT ASSETS

Inventories

	12-31-2010	changes during the period	12-31-2011
▪ Raw, ancillary and consumption materials	2,661	30	2,691
▪ Finished goods and goods for resale:			
goods for resale	7,521	1,134	8,655
▪ Contract work in progress	11,872	(4,724)	7,148
	22,054	**(3,560)**	**18,494**

"Inventories" registered an overall decrease of 3,560 thousand euros compared with the end of the previous year, primarily due to:

- a 4,724 thousand euro decrease in stocks of "**contract work in progress**", largely relating to the state-financed portion of construction works in departure area F (formerly Pier C);
- a 1,134 thousand euro increase in "**goods**" for resale (directly managed duty-free and duty-paid shops) due to the increase in sales volumes as well as the launch and introduction of new high-end products and the creation of the new "*shop in shop*" (display area) Chanel. It should also be borne in mind that the level of the inventories at the end of last year was influenced by the robbery at the central warehouse.

As security for the loans governed by agreements with Romulus Finance Srl, a syndicate of banks, EIB and BIIS (formerly Banca OPI), the Parent Company, ADR SpA, has granted the lenders a lien (in the form of a mortgage ranking *pari passu* with other claims) on the raw materials, work in progress, stocks, finished goods, goods for resale and other goods forming part of ADR SpA's inventory. This guarantee is valid until the above loans have been fully repaid.

Current receivables

	12-31-2010	changes during the period		12-31-2011
		Increases (+) Repayments (-)	Provisions (-) Value recoveries (+)	
▪ Due from clients	224,228	12,044	0	236,272
less				
allowance for doubtful debt	(38,941)	1,357	(7,367)	(44,951)
allowance for overdue interest	(8,065)	48	(95)	(8,112)
	177,222	13,449	(7,462)	183,209
▪ Due from associated undertakings	482	0	0	482
▪ Due from parent companies	24	296	0	320
▪ Due from tax authorities	20,248	6,422	0	26,670
▪ Deferred tax assets	31,928	8,696	0	40,624
▪ Due from others:				
sundry	59,084	140	0	59,224
advances to suppliers for services	112	31	0	143
	59,196	171	0	59,367
	289,100	**29,034**	**(7,462)**	**310,672**

"**Due from clients**", net of allowances for doubtful debt, amounts to 183,209 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 6.0 million euros increase is due to the increase in revenues, given substantially the same extension days compared to last year.
This item includes amounts due to the Group from Alitalia Group companies under special administration, totaling 20.2 million euros. For the amounts due from Alitalia SpA in a.s., the surety of 6.3 million euros was enforced, issued by Alitalia/CAI to secure the amounts due to ADR SpA from Alitalia SpA in a.s. (as well as to the aircraft owned by lessors, obliged in a fair manner) in order to allow the aircraft owned by the lessors to reach Alitalia/CAI free from claims of seizure for protection purposes made by ADR. For further information reference should be made to notes on Payables.

"**Due from associated undertakings**", amounting to 482 thousand euros, includes amounts due to ADR SpA from the insolvent Ligabue Gate Gourmet Roma SpA, classified among preferential liabilities.

"**Due from tax authorities**", amounting to 26,670 thousand euros, includes 23.7 million euros corresponding to recognition of installments paid – in accordance with the installment plan agreed to by the Collection Agent – of sums provisionally due regarding the current litigation with the Customs Office. Indeed, these constitute advance payments as they have been provisionally recognized given that no definitive penalty has been imposed. For a more detailed overview of the accounting repercussions of this case, see the notes on "Allowances for risks and charges".
The 6.4 million euro increase in tax credits includes the payment in the year of the installments above for 7.4 million euros, partly offset by the reduction in the VAT credit of 0.9 million euros of the Parent company ADR Spa.

"**Deferred tax assets**", amounting to 40,624 thousand euros, registered an increase of 8,696 thousand euros with respect to December 31, 2010. The composition of deferred tax assets and changes during the period are shown in the following table.

Balance sheet item	Balance at 12.31.2010 (A)		Increase (B)		Decrease (C)		Change rate previous year (D)	Balance at 12.31.2011 (A+B-C+D)	
	Tax base	Tax	Tax base	Tax	Tax base	Tax		Tax base	Tax
DEFFERED TAX ASSETS									
Allowances for risks and charges	34,826	10,597	20,069	6,403	8,450	2,344	117	46,445	14,773
Accumulated inventory write-downs	351	97	246	68	305	84	0	292	81
Allowance for doubtful accounts	35,935	9,884	6,750	1,856	238	65	0	42,447	11,675
Provision for personnel	7,756	2,133	7,401	2,035	7,529	2,070	0	7,628	2,098
Accelerated depreciation	857	238	0	0	135	37	0	722	201
Financial income and expense	0	0	0	0	0	0		0	0
Consolidated adjustment	17,841	5,766	2,657	867	1,846	602	54	18,652	6,085
Tax losses	0	(0)	0	0	0	0		0	(0)
Other	11,701	3,218	9,697	2,667	628	174	0	20,770	5,711
Total deffered tax assets	**109,267**	**31,933**	**46,820**	**13,896**	**19,131**	**5,376**	**171**	**136,956**	**40,624**
DEFFERED TAX LIABILITIES									
Gain	(17)	(5)	0	0	(17)	(5)	0	0	0
Total deffered tax liabilities	**(17)**	**(5)**	**0**	**0**	**(17)**	**(5)**	**0**	**0**	**0**
TOTAL	**109,250**	**31,928**	**46,820**	**13,896**	**19,114**	**5,371**	**171**	**136,956**	**40,624**

FOR THE YEAR POSTED TO INCOME STATEMENT	**8,696**

"**Amounts due from others: sundry**", rose by 171 thousand euros during the year, and include (55,709 thousand euros) the balance of the Debt Service Reserve Account (55,649 thousand euros as at December 31, 2010).
It should be borne in mind that, in accordance with ADR SpA's loan agreements, the "Debt Service Reserve Account" is a term current account in the name of the Security Agent in which the Company is obliged to keep a sum as security for debt servicing, to be adjusted every six months (periods March 20 – September 19 and September 20 – March 19). Debt servicing currently has different weightings in the above-mentioned six-month periods, so the due dates on which the reserve is increased (in March) and decreased (in September) alternate constantly.

As security for the loans governed by agreements with Romulus Finance Srl, a syndicate of banks, BEI and BIIS (formerly Banca OPI), the Parent Company, ADR SpA, has granted the lenders the following liens. These guarantees are valid until the above loans have been fully repaid:

- a lien (in the form of a mortgage ranking *pari passu* with other claims) on all receivables deriving from the sale of plant, machinery and capital goods and rights constituting ADR SpA's inventory, as well as other goods and rights subject to liens;
- a lien on all receivables and contracts with clients regarding ADR Tel SpA, ADR Advertising SpA and ADR Assistance Srl and insurance policies.

Amounts due as of December 31, 2011 (310,672 thousand euros) comprise trade receivables (183,529 thousand euros), financial receivables (56,112 thousand euros) and sundry receivables (71,031 thousand euros). 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	172,815	8,720	1,264	58	84	268	**183,209**
Parent companies	320						**320**
	173,135	8,720	1,264	58	84	268	**183,529**

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

Cash on hand and in banks

	12-31-2010	changes during the period	12-31-2011
▪ Bank and post office deposits	189,561	(16,000)	173,561
▪ Cash and notes in hand	625	239	864
	190,186	(15,761)	**174,425**

The Group's cash on hand and in banks decreased by 15,761 thousand euros compared to the end of the period substantially due to the loan repayments for 92.8 million euros.

Bank deposits include the balance of the account provided for under ADR SpA's loan agreements, denominated the "Recoveries Account". Any liquidity deriving from extraordinary transactions is required to be deposited in this account. In 2006 the amount collected from the sale of the equity investment in Flightcare Italia SpA (formerly ADR Handling SpA) was deposited in this account, net of related expenses. As of December 31, 2011, the balance in the account amounted to 11.1 million euros (also 11.1 million euros as of December 31, 2010), access to which is restricted under the price adjustment mechanism included in the relevant contract of sale (for further information, see the notes to the memorandum accounts).

The Group's cash on hand and in banks include 52.1 million euros for the balance of the account denominated "loan collateral" on which, at the application date of September 2011, in compliance with the provisions of the loan agreements, 17.0 million euros were deposited in order to "collateralize" Tranche A1 of the loan from Romulus Finance Srl.

As security for the loans governed by agreements with Romulus Finance Srl, the ADR SpA has granted a syndicate of banks, the EIB and BIIS (formerly Banca OPI), a lien on all the Company's current accounts governed by a specific agreement ("Account Bank Agreement"). This guarantee is valid until the above loans have been fully repaid.

As of December 31, 2011, 43.4 million euros was held in an ADR SpA current account that is not subject to a lien (even in the event of a cash sweep). This amount derives from free cash flow generated in previous years and may, therefore, be used for the payment of dividends under ordinary circumstances.

ACCRUED INCOME AND PREPAID EXPENSES

	12-31-2010	changes during the period	12-31-2011
▪ **Prepaid expenses**			
Service costs	711	760	1,471
Expenses for leased assets	40	(35)	5
Payroll costs	11	1	12
Other operating costs	4	23	27
Finance costs	3,777	(4)	3,773
	4,543	**745**	**5,288**

Prepaid expenses rose by 745 thousand euros in the year in relation to the increase in the "service costs" component (+760 thousand euros), which at year end equals 1,471 thousand euros.

"Finance costs", amounting to 3,773 thousand euros as at December 31, 2011 comprises prepayments, not accruing in the period, of the following premiums:
- 3,653 thousand euros (3,657 thousand at December 31, 2010) for the monoline insurance paid to AMBAC Assurance UK, which has secured the bonds issued by Romulus Finance Srl that correspond to Facility A;
- 120 thousand euros (120 thousand euros at December 31, 2010) paid to BIIS, the bank that has guaranteed the loan granted to ADR SpA by the EIB.

SHAREHOLDERS' EQUITY

	Share Capital	Share premium reserve	Legal reserve	Other reserve	Retained earnigs	Net income for the year	Consolidated shareholders' equity	Minority interest	Group and minority interest in consolidated shareholders' equity
Balances at 12.31.2009	**62,310**	**667,389**	**12,462**	**0**	**(19,364)**	**5,164**	**727,961**	**816**	**728,777**
Allocation of net income 2009					5,163	(5,164)	0	0	0
Net income for the year						22,313	22,313	(637)	21,676
Balances at 12.31.2010	**62,310**	**667,389**	**12,462**	**0**	**(14,201)**	**22,313**	**750,273**	**179**	**750,452**
Allocation of net income 2010					22,313	(22,313)	0	0	0
Other changes	(85)			85	180		180	0	180
Net income for the year						41,492	41,492	424	41,916
Balances at 12.31.2011	**62,225**	**667,389**	**12,462**	**85**	**8,292**	**41,942**	**791,945**	**603**	**792,548**

The Parent Company's "**share capital**" amounts to 62,224,743 euros, represented by 62,224,743 shares with a par value of 1 euro each.
On May 9, 2011 the Board of Directors of ADR SpA ascertained the failed execution of the increase in share capital resolved by the Board in the meeting of May 7, 2004, in exercising the delegation conferred by the General Meeting on July 9, 1999, renewed by the Meeting on April 27, 2001.

This increase, from 62,224,743 euros to 62,309,801 euros - to be implemented by issuing 85,058 ordinary shares with a par value of 1 euro each to be assigned to company managers, by attributing to the capital the amount of 85,058 euros of the "Reserve for share issue pursuant to art. 2349 of the Italian Civil Code" - was not carried out due to both the failed subscription of the shares and the consequent issue, as verified at Monte Titoli SpA. Thus the capital increase procedure was not finalized.
The share capital was re-determined at 62,224,743 euros and the "Reserve for share issue pursuant to art. 2349 of the Italian Civil Code" was reinstated for the sum of 85,058 euros, included in the "Other reserves".
Consequently the amount of the dividends related to the abovementioned 85,058 shares (180 thousand euros), whose distribution was resolved on in the previous years, was reclassified by the item "Other Payables: sundry creditors" under item "Retained earnings".

"Group shareholders' equity" increased with respect to December 31, 2010 due to the net income of 41,492 thousand euros and the reclassification of 180 thousand euros above; also the "Minority interest in shareholders' equity" increased by 424 thousand euros in relation to the year's positive result.

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

Reconciliation of net income for the period and shareholders' equity

	Net income (loss) for the year		Shareholders' equity	
	2011	**2010**	**12-31-2011**	**12-31-2010**
Balances in ADR SpA's accounts	**39,686**	**21,267**	**825,571**	**785,705**
Effect of consolidation of subsidiary undertakings	1,589	388	5,413	3,824
Gain (elimination) of inter-company profits and other adjustments	(913)	(245)	(18,731)	(17,818)
Effect of deferred tax assets	318	91	6,084	5,766
Merger effect[3]	812	812	(26,392)	(27,204)
Balances in consolidated accounts	**41,492**	**22,313**	**791,945**	**750,273**

[3] Merger data different from first-time consolidation.

ALLOWANCES FOR RISKS AND CHARGES

	12-31-2010	changes during the period		12-31-2011
		Provisions	Releases /Reabsorptions	
▪ **Taxation, including deferred taxes**	**26,093**	**0**	**0**	**26,093**
▪ **Other**:				
current and potential disputes	30,630	20,591	(2,043)	49,178
insurance deductibles	1,559	170	0	1,729
restructuring	7,515	0	(6,437)	1,078
to cover investee companies' losses	15	0	0	15
fixed assets to be handed over	5,980	260	0	6,240
customer loyalty programs	4	0	(4)	0
	45,703	**21,021**	**(8,484)**	**58,240**
	71,796	**21,021**	**(8,484)**	**84,333**

Allowances for risks and charges, totaling 84,333 thousand euros, have increased 12,537 thousand euros compared with December 31, 2010. The most important changes are analyzed below.

The "**allowance for taxation, including deferred taxes**" includes the entire charge (taxes, interest and ancillary charges) relating to the current litigation with the Customs Office.
The procedure is underway to collect the sum due, which the Company is paying in 36 installments following the application submitted to the Collection Agent, after paying an advance of 4 million euros. The installments already paid, totaling 23.7 million euros, have been recognized as tax credits; at December 31, 2011, 4 installments amounting to 2.5 million euros, including interest, were outstanding.
For further information reference should be made to the section on "Tax litigation".

As part of "**current and potential disputes**", a provision of 20,591 thousand euros was made in order to provide cover for likely potential liabilities and releases in the year in relation to new disputes/risks in the relationships with customers and contractors. Worth mentioning is the integration of the fund made necessary with reference to the revocatory actions Volare in a.s. and Air Europe in a.s. following the decision which ordered ADR to return 8.9 million euros (including interest). For more information reference should be made to the section on Information concerning disputes. Releases equal 2,043 thousand euros and derive from the settlement of disputes with customers and personnel.

The "**allowance for restructuring**", recorded in 2009-2010 in order to cover the restructuring program launched by the ADR Group, which will enable implementation of redundancy schemes regarding around 280 ADR SpA staff and 12 staff from subsidiary undertakings, has been released for an amount of 6,437 thousand euros.

EMPLOYEE SEVERANCE INDEMNITIES

BALANCE AS OF 12-31-2010	**28,490**
changes during the period	
Provisions to the income statement	6,854
Releases for restructuring	65
Releases to pay indemnities	(4,586)
Releases to pay advances	(957)
Other	89
Amounts allocated to pension funds or to the Treasury Fund	(5,163)
BALANCE AS OF 12-31-2011	**24,792**

In 2011, employee severance indemnities of the ADR Group report a net decrease of 3,698 thousand euros. Given provisions for the period of 6,919 thousand euros (including 65 thousand euros already allocated in 2009 for the restructuring program), severance indemnities dropped due to the releases for indemnities paid, amounting to 4,586 thousand euros, mainly in connection with 93 employees switching from the redundancy fund to the mobility fund, and an amount of 5,163 thousand euros for indemnities paid into pension funds and the Treasury Fund.

PAYABLES

	12-31-2010	changes during the period	12-31-2011
▪ Due to banks	274,396	(101,224)	173,172
▪ Due to other financial institutions	1,214,117	45	1,214,162
▪ Advances:			
- from clients:			
. from the Ministry of Transport	3,954	(843)	3,111
. other	5,166	519	5,685
	9,120	(324)	8,796
▪ Due to suppliers	146,076	(22,764)	123,312
▪ Due to associated undertakings	969	0	969
▪ Due to parent companies	11,660	5,582	17,242
▪ Taxes due	43,190	4,260	47,450
▪ Due to social security agencies	7,502	27	7,529
▪ Other payables: sundry creditors	55,829	15,220	71,049
	1,762,859	**(99,178)**	**1,663,681**

The principal reasons for such a change in payables are analyzed below.

"**Amounts due to banks**" totaling 173,172 thousand euros, include:
- 171,872 thousand euros representing the principal on long-term lines of credit granted to ADR SpA denominated Term Loan Facility (65,522 thousand euros), BOPI Facility (26,350 thousand) and EIB Term Loan (80,000 thousand euros);
- 801 thousand euros of amounts due from ADR SpA for interest, commissions and swap differentials accrued during the period but not yet settled;
- 499 thousand euros for the short-term line of credit granted to the subsidiary undertaking, ADR Advertising SpA, by Unicredit SpA to meet temporary liquidity requirements.

The decrease of 101,224 thousand euros compared with December 31, 2010 derives from the combined effect of the following changes:
- repayment of 92,765 thousand euros of the Term Loan Facility at the application date of March 2011 for 90,272 thousand euros and at the application date of September 2011 for 2,494 thousand euros;
- repayment of 8,500 thousand euros of the BIIS loan in connection with payment of installments, falling due in March and September 2011;
- increase of 43 thousand euros in the amounts due for interest, commissions and swap differentials accrued during the period but not yet settled;
- a decrease of 2 thousand euros in the lines of credit granted to ADR Advertising SpA.

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

Lender	*Facility Loan*	*Amount* (millions of euros) *residual 12.31.2011*	*used 12.31.2011*	*Interest rate*	*Repayment*	*Life*	*Maturity date*
Syndacate of banks	**Term Loan Facility**	65.5	65.5	floating rate linked EURIBOR + margin	bullet	6 years	feb. 2012
Syndacate of banks	**Revolving Facility**	100.0	0.0	floating rate linked EURIBOR + margin	revolving	1.5 years	feb. 2013
		165.5	**65.5**				
Banca BIIS	**BOPI Facility**	**26.4**	**26.4**	floating rate linked EURIBOR + margin	after five years in six-monthly installments	12 years	mar. 2015
BEI	**EIB Term Loan**	**80.0**	**80.0**	floating rate linked EURIBOR + margin	bullet	10 years	feb. 2018
	TOTAL	**271.9**	**171.9**				

The long-term line of credit denominated the "Term Loan Facility" was granted on September 20, 2005 by a syndicate of banks with the mandated lead arrangers comprising Barclays Capital, Calyon SA, (Crédit Agricole Corporate and Investment Bank since February 6, 2010), Mediobanca – Banca di Credito Finanziario SpA, Unicredit SpA (formerly Unicredit Banca Mobiliare SpA) and WestLB AG.
For the Term Loan Facility line of credit, initially worth 290,000 thousand euros, 98,600 thousand euros was repaid on September 20, 2006, 21,400 thousand euros on March 20, 2008, 11,712 thousand euros on September 20, 2010, 90,272 thousand euros on March 20, 2011, 2,494 thousand euros on September 20, 2011, thus reducing it to 65,522 thousand euros.

With reference to the Revolving Facility it should be noted that, on August 22, 2011 ADR SpA signed with a pool of seven banks consisting of Banca Nazionale del Lavoro SpA, Barclays Bank Plc, Crédit Agricole Corporate & Invest Bank, Mediobanca – Banca di Credito Finanziario SpA (Mediobanca), Natixis S.A., The Royal Bank of Scotland N.V. and UniCredit SpA, an agreement for a revolving facility for a total of 100 million euros, expiring on February 20, 2013. Mediobanca also plays the role of Bank Agent.
This new facility, secured by the same collaterals issued for the other loans of ADR SpA, guarantees, until the stated maturity date, the availability of the seamless Revolving facility compared to the expiry of the validity of the pre-existing one negotiated in 2005 and valid until August 22, 2011[4]. The cost conditions obtained can be considered as in line with the best ones that can obtained in the market for companies with the same rating. The margin applied to the euribor can be further deducted if the Company, in the near future, manages to improve the rating assigned by both agencies.

The line of credit denominated the “BOPI Facility” was granted on February 19, 2003 by BIIS – Banca Infrastrutture Innovazione e Sviluppo (formerly Banca OPI) and guaranteed by CDC IXIS Financial Guaranty Europe. This line of credit, which was initially granted for an amount of 85,000 thousand euros, was reduced to 26,350 thousand euros following advance repayment of an amount of 28,900 thousand euros on September 20, 2006, and of an amount of 12,750 thousand euros on March 20, 2008, corresponding to the installments falling due in September 2008, and in March and September 2009, and payment of installments falling due in March and September 2010 and march and September 2011, totaling 17,000 thousand euros.

80,000 thousand euros of the line of credit denominated "EIB Term Loan" was disbursed by the EIB (European Investment Bank) on May 27, 2008. This facility is guaranteed by BIIS.

The interest rates applied to the “Term Loan Facility”, the “Revolving Facility” and the “OPI Facility” vary in terms of the level of ADR’s rating, whilst the loan granted by the EIB is not affected by the rating.

[4] This Revolving Facility had been granted on September 20, 2005 by a syndicate of banks with the mandated leas arrangers comprising Barclays Capital, Calyon SA (Crédit Agricole Corporate and Investment Bank since February 6, 2010), Mediobanca – Banca di Credito Finanziario SpA, Unicredit SpA (formerly Unicredit Banca Mobiliare S.p.A.) and WestLB AG

"Amounts due to other financial institutions" total 1,214,162 thousand euros. The item includes the principal of 1,200,019 thousand euros due from the Parent Company ADR SpA to Romulus Finance Srl ("Romulus Finance") and 14,143 thousand euros consisting of interest accrued on the above-mentioned loans and not yet paid.

The increase of 45 thousand euros compared to December 31, 2010 is entirely attributable to the ascertained 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 Srl of the amount due to ADR SpA's original lenders for loans taken out in August 2001. Romulus Finance, a vehicle established pursuant to Law no. 130/99 on securitization and controlled by two Dutch foundations, financed acquisition of the pre-existing bank loan to ADR SpA via the issue of asset-backed bonds amounting to 1,265 million euros, to be listed on the Luxembourg Stock Exchange and subscribed by institutional investors.

After the advance repayment of "Loan B", amounting to 65,000 thousand euros and carried out in March 2008, the loan from Romulus Finance Srl breaks down into four lines of credit, summarized in the table below. The conditions reflect those of the bonds issued by Romulus Finance to finance the purchase of amounts due to ADR's creditor banks:

Lender	*Facility Loan*	*Amount (millions of euros)*	*Interest rate*	*Repayment*	*Life*	*Maturity date*
Romulus Finance Srl	**A1**	500.0	fixed	bullet	10 years	feb. 2013
	A2	200.0	floating rate linked EURIBOR + margin	bullet	12 years	feb. 2015
	A3	175.0	floating rate linked EURIBOR + margin	bullet	12 years	feb. 2015
	A4	325.0	floating rate linked EURIBOR + margin up to 12/20/09 and after fixed rate	bullet	20 years	feb. 2023
	TOTAL	**1,200.0**				

The bonds issued by Romulus regarding Classes A1, A2, A3 and A4 are secured by the monoline insurance company, Ambac Assurance UK Limited; from April 2011 the insurance company is no longer subject to rating.

The level of ADR's rating affects the amount of the premium paid to Ambac for the surety on the bonds, but not the interest rate applied to each class of bond.

It must be remembered that to guarantee payment of Class A1, at the application date of September 2011 ADR SpA collateralized an amount of 17.0 million euros in the account denominated "loan collateral", which was added to the amount of 35.1 million euros collateralized during the same year, for a total of 52.1 million euros as of December 31, 2011.

The **hedging policy,** an integral part of the loan agreements entered into by the parent company ADR SpA, requires that at least 51% of all debt be hedged against fluctuations in interest rates.
At December 31, 2011, 60.1% of ADR SpA's lines of credit have fixed interest rates (at December 31, 2010: 56.0%).

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

These contracts were signed to hedge interest rate risk for an additional three years regarding total notional capital of 240 million euros, thus increasing the proportion of total debt hedged against interest rate risk to 77.6% (72.3% at December 31, 2010).

As of December 31, 2011, the fair value of the swap agreements entered into is a negative 1.0 million euros. The characteristics of outstanding swaps are listed below:

(€000)	NOTIONAL	FAIR VALUE DERIVATIVE at 12.31.2011	DERIVATIVE PURPOSE	FINANCIAL RISK	FINANCIAL LIABILITY HEDGED
COLLAR FORWARD START of 2006 (cash flow hedge)	240,000	(985)	hedge	interest rate	240,000
TOTAL					

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

The effects of the interest rate swap agreements on the income statement for the period are shown in the notes on finance income and costs.

The bank loans and the loan from Romulus Finance are **guaranteed**, as described in detail in the individual balance sheet items, by:

- a lien (in the form of a mortgage) on the plant, machinery, capital goods and goods constituting ADR SpA's inventory, as well as any receivables deriving from the sale of these assets;
- a lien on all receivables, and more generally on any right deriving from contracts with clients and insurance policies;
- a lien on all of ADR SpA's bank current accounts;
- a lien on ADR's shareholdings in ADR Tel SpA, ADR Advertising SpA and ADR Assistance Srl;
- "ADR Deed of Charge" (a lien under British law on loans, hedging agreements and insurance policies governed by British law).

A large number of contractual regulations (**commitments and covenants*)*** govern the management of ADR's borrowings, partly due to their size, and also because of Ambac's requirement to protect the risk of non-compliance and insolvency on the part of ADR, thereby seeking to minimize the actual difference between the maximum rating insured and the rating of the issuer/debtor. Such regulations include:

- financial assets may only be acquired with the permission of creditors or via a "non-recourse vehicle", and in any case only using authorized borrowing or liquidity;
- income from the sale of financial assets may be used for investment or, if not used within 12 months of collection, must be used to repay borrowings;
- dividends may only be distributed if specific financial ratios exceed contractually pre-established thresholds, and if no events of default or trigger events have occurred;
- further loans may only be undertaken if the above financial ratios exceed determined thresholds (higher than those required under normal lending conditions) and if the rating awarded to ADR is greater than pre-defined minimum levels;
- if a maturing line of credit is not repaid at least 12 months before the maturity date, any surplus cash flow generated during this period must be allocated on a priority basis (based on defined proportions) to the repayment of borrowing, which is known as a retention regime. However, if determined financial ratios are not met 24 months ahead of maturity, a 24-month retention regime may come into force;
- if the financial ratios are below certain predetermined minimum thresholds, or if the rating is below sub-investment grade levels, or if other specific contractually defined critical situations occur, further restrictive measures relating to cash flow management are set in motion in order to protect creditors from the risk of default by ADR SpA.

The principal covenants included in the current loan agreements consist of ratios, defined on the basis of final and forecast data, which measure: (i) the ratio between available cash flow and debt servicing, (ii) the ratio between discounted future cash flows and net debt, and (iii) the ratio between net debt and gross operating income.
These ratios are checked twice a year, on the application dates of March 20 and September 20, by applying the calculation methods of the respective ratios to the relative data at December 31 and June 30.
If these ratios are above specific levels, dividends may be paid and further borrowing undertaken; if on the other hand, the ratios fall below specific thresholds, a trigger event or an event of default may occur.
For further information on compliance with the covenants, reference is made to the description in the Management Report on Operations, paragraph "Risks related to outstanding loan agreements".

A trigger event results in a series of operating restrictions for ADR, especially the following:

a) a cash sweep with an obligation to use all available cash flow on the application dates (March 20 and September 20) (i) to pay interest rate installments; (ii) to repay all creditors early on a *pari passu* basis; and (iii) the Romulus bonds that may not be repaid in advance should be secured via the establishment of specific cash reserves held in specific current accounts serving as a lien for Ambac (so-called cash collateralization);
b) an embargo on the payment of dividends and prohibition of the use such funds to carry out authorized investments;
c) the right of creditors, via the security agent, to obtain any information deemed necessary and to take part in devising a recovery plan and the related implementation time frames by hiring an independent expert to take part in drawing up the business plan containing the measures and remedies designed to restore an acceptable rating. Failure to implement the recovery plan could give Ambac the right to increase the premium on the guarantee issued on the Romulus Finance bonds;
d) prohibition of the acquisition of financial assets and of taking out new loans, even if they are designed to repay existing borrowings; and
e) the transfer of all cash amounts due to ADR SpA as guarantees to the creditors, with consequent notification of the debtors transferred.

As regards ratings assigned, the **Trigger Event and Cash Sweep** restrictions already activated following Standard & Poor's lowering of its rating on November 30, 2007 (from BBB stable to BBB- stable) continue.
Finally, in compliance with contractual conditions, ADR SpA has allocated all the available liquidity on the application dates of 2011 as follows:

- application date of March 2011: 90.3 million euros for the advance repayment of the "Term Loan Facility";
- application date of September 2011: 19.5 million euros of which 17.0 million euros to collateralization of Tranche A1 (expiring on February 20, 2013) and 2.5 million euros for the early repayment of the "Term Loan Facility" expiring on February 20, 2012.

"**Amounts due to suppliers**" dropped by 22,764 thousand euros due to the decreased volume of capital investment during the period.

"**Amounts due to parent companies**", totaling 17,242 thousand euros, includes trade payables amounting to 413 thousand euros and amounts due to Gemina SpA for tax consolidation totaling 16,829 thousand euros. The increase of 5,582 thousand euros with respect to December 31, 2010 primarily derives from the estimated IRES for the period, totaling 35.8 million euros, net of the taxes due for 2009, part of the taxes due for 2010 and the transfer of tax credits for 2011 regarding the advances already paid for a total of 30.3 million euros.
For more information, reference should be made to the section "Relations with parent companies and other related parties" in the Management Report on Operations.

"**Taxes due**", amounting to 47,450 thousand euros, were up 4,260 thousand euros on the previous year, essentially due to an increase in the amount due to the tax authorities for the municipal surtax on passenger fees for 3.3 million euros.

In this regard, it should be remembered that ADR SpA began charging carriers this surtax from June 1, 2004 at the rate of 1 euro, which was subsequently increased to 2 euros from April 2005, pursuant to Law no. 43 of March 31, 2005. This rate was increased by an additional 50 cents from January 1, 2007, in compliance with the provisions of Law no. 296 of December 27, 2006 (the Finance Act for 2007), and by an additional 2 euros from November 2008, pursuant to Law Decree no. 134/08, making a total of 4.50 euros.
The surtax of 1 euro provided for by Law no. 43/2005 and the increase of 2 euros pursuant to Law Decree no. 134/08 are allocated to a special fund, managed by INPS, in support of the income, employment, reorganization and retraining of air transport sector personnel.
Law no. 122 of July 30, 2010 and the subsequent resolution of the Commission responsible for the administrative management of the municipality of Rome of November 12, 2010, also introduced, starting from January 1, 2011, an administrative surcharge on the boarding fees of passengers departing from Rome's airports in order to contribute to expenses deriving from the rescheduling of the Municipality of Rome's debt.
The amount due as municipal surtax on passenger fees totaled 42,055 thousand euros as of December 31, 2011. This amount was paid the following month after collection of municipal surtax from carriers, while the outstanding amount due is recorded in a contra-entry under receivables. The amount to be paid in January 2012 in connection with collections in the month of December equals 7.9 million euros.

"**Other payables: sundry creditors**" rose by a total of 15,220 thousand euros primarily due to the effect of:

- the greater amount due for the contribution towards the cost of the fire prevention and fire fighting service for 2011 (8.6 million euros). The amounts due recorded in the financial statements regarding the years from 2007 to 2011 total 42.9 million euros; these amounts due have yet to be settled awaiting the outcome of pending judgments relating to appeals lodged by some of the major airport operators;
- posting of the amount due to Alitalia/CAI for 6.3 million euros following the enforcement of the surety issued to secure the amounts due from ADR SpA to Alitalia SpA in a.s. (as well as to the aircraft owned by lessors, obliged in a fair manner) in order to allow that aircraft owned by the lessors to reach Alitalia/CAI free from claims of seizure for protection purposes made by ADR. This debt will be settled if Alitalia/CAI becomes a surrogate in the position of ADR and is admitted to the liabilities of Alitalia in a.s. or in case Alitalia in a.s. collected the same amounts.

Briefly, as of December 31, 2011 total payables of 1,663,681 thousand euros include 1,387,334 thousand euros of a financial nature, 133,455 thousand euros of trade payables and 142,892 thousand euros of sundry items.

A breakdown of the Group's trade payables by geographical area is not provided as it is not significant given the limited amount due to overseas creditors.

Payables secured by collateral on the Group's assets amount to 1,386,836 thousand euros (as described in the paragraph regarding amounts due to banks and other financial institutions).

Payables falling due beyond five years amount to 405,019 thousand euros and regard amounts due to banks totaling 80,000 thousand euros (EIB loan) and amounts due to other financial institutions of 325,019 thousand euros.

Foreign currency payables exposed to exchange rate risk total 28 thousand euros and refer to services supplied.

ACCRUED EXPENSES AND DEFERRED INCOME

	12-31-2010	changes during the period	12-31-2011
▪ Accrued expenses			
. Sub-concessions and license fees	564	(86)	478
. Other	2,468	(193)	2,275
	3,032	**(279)**	**2,753**

The sub-item "Other", totaling 2,275 thousand euros as of December 31, 2011, includes 1,184 thousand euros for the advance billing of advertising and miscellaneous services, and 1,091 thousand euros regarding grants collected but not accruing during the period.

NOTES TO THE CONSOLIDATED MEMORANDUM ACCOUNTS

GENERAL GUARANTEES

	12-31-2011	12-31-2010
Sureties		
. in the interest of third parties	111	111
Other:		
. in favor of clients	328	328
	439	**439**

COMMITMENTS ON PURCHASES AND SALES

	12-31-2011	12-31-2010
COMMITMENTS ON Investments:		
. electronic equipment	361	310
. maintenance and services	1,651	2,205
. self-financed works	73,593	84,598
	75,605	**87,113**

It is to be noted that:

– on February 28, 2003 ADR SpA, granted IGPDecaux SpA a put option on its holding in ordinary and preference shares in ADR Advertising SpA. This right expired on December 31, 2011;

– 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. 477/95) and the Ministerial Decree of November 29, 2000, for Fiumicino and Ciampino airports.

To this end ADR SpA is currently assessing whether or not the relevant limits have been exceeded, and if so will proceed with preparation of the necessary noise reduction and abatement plans.
Such commitments are difficult to quantify and are, by necessity, determined on the basis of interpretations, given that there are no specific indications of the activities to be considered as "maintenance" and "extension" of infrastructures, which form the basis for calculation pursuant to Law no. 447/1995 (the framework law on noise pollution).
In view of the above, ADR SpA, based on available estimates regarding the investments made on the date of these Statements, judges its overall commitment to be no more than approximately 37 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;

– the agreements on the sale of the equity investment in Flightcare Italia SpA (formerly ADR Handling SpA), entered into on November 3, 2006, provide for a price adjustment of up to 12.5 million euros. Of this, the amount deemed most probable to arise was charged to the income statement in the years 2006-2011 under extraordinary items with a contra-entry in allowances for risks and charges, totaling around 4.6 million euros as of December 31, 2011. The remaining amount, currently deemed unlikely to be incurred, will be re-assessed in future years;

– finally, a series of interest rate swap contracts aimed at hedging interest rate risk on existing loans have been entered into. For further information reference should be made to the notes to "Payables".

OTHER MEMORANDUM ACCOUNTS

	12-31-2011	12-31-2010
GENERAL GUARANTEES RECEIVED		
Sureties:		
. received from suppliers	64,736	69,783
. received from clients	90,956	94,695
	155,692	164,478
THIRD PARTY ASSETS ON FREE LOAN DEPOSITED IN CUSTODY, LEASED OR SIMILAR		
. leased assets	11	5,021
. CAA - plant and equipment at Fiumicino	119,812	119,812
. CAA - plant and equipment at Ciampino	29,293	29,293
. "Work carried out on behalf of the State":	689,369	680,309
	838,485	834,435
	994,177	**998,913**

The reduction in the item third parties' assets is attributable to the purchase in 2011 of the system dedicated to baggage handling at Terminal 5, previously on free loan.

"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.

The increase in the item "works carried out on behalf of the State" is due to invoicing of the portion of state-funded works regarding departure area F to the Civil Aviation Authority in 2011.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

TOTAL REVENUES

Revenues

	2011	2010	change
▪ ***Revenues from sales:***			
. "*Non-aeronautical*" activities:			
duty free and duty paid	89,364	84,881	4,483
other	2,928	2,463	465
	92,292	**87,344**	**4,948**
▪ ***Revenues from services:***			
. "*Aeronautical*" activities:			
fees	181,608	174,850	6,758
centralized infrastructures	40,493	35,378	5,115
security	70,350	67,705	2,645
other	31,020	29,321	1,699
	323,471	307,254	16,217
. "*Non-aeronautical*" activities:			
sub-concessions and utilities	119,316	113,888	5,428
car parks	31,594	30,468	1,126
advertising	20,049	22,393	(2,344)
refreshments	7,422	7,060	362
other	19,818	22,680	(2,862)
	198,199	196,489	1,710
	521,670	**503,743**	**17,927**
▪ ***Revenues from contract work***	**9,219**	**7,311**	**1,908**
Total revenues from sales and services	**623,181**	**598,398**	**24,783**
▪ ***Changes in contract work in progress***	**(3,591)**	**575**	**(4,166)**
▪ ***Grants and subsidies***	**446**	**760**	**(314)**
TOTAL REVENUES	**620,036**	**599,733**	**20,303**

Revenues total 620,036 thousand euros. Of these, 52.2% derived from “aeronautical activities” carried out by the Group and 47.8% from “non-aeronautical activities” (51.2% and 48.8% in 2010 respectively).

"Revenues from sales" amounted to 92,292 thousand euros, up 5.7% on 2010. This change was due to the increased sales volumes for directly managed shops, linked to the upturn in traffic.

“**Revenues from services**” totaled 521,670 thousand euros, up 3.6% compared to the year of comparison.

“**Revenues from contract work**”, amounting to 9,219 thousand euros, primarily regard revenues deriving from the re-billing of the portion of works regarding the state-funded departure area F (formerly Pier C) to the Civil Aviation Authority.

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;
- **Centralized infrastructures**;
- **Non-aeronautical 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 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, assistance to passengers with reduced mobility, contract work on behalf of the State, etc.

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

REVENUES (€000)	**Fees**	**Centralized infrastructures**	**Commercial activities**		**Other activities**	**Total**
			Sub-concessions	**Direct sales**		
2011	181,608	40,493	119,316	92,292	186,326	**620,036**
2010	174,850	35,378	113,888	87,344	188,273	**599,733**
change	6,758	5,115	5,429	4,948	(1,947)	20,303
% change	*3.9%*	*14.5%*	*4.8%*	*5.7%*	*(1.0%)*	*3.4%*

Total revenues can be broken down into two macro-areas:
- "Aeronautical" (including fees, handling, management of centralized infrastructure, security services, left luggage, assistance to passengers with reduced mobility, etc.) amounting to 323,471 thousand euros, compared with 307,254 thousand euros in 2010 (up 5.3%);
– "Non-aeronautical" (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 296,565 thousand euros, compared with 292,479 thousand euros in the year of comparison (+1.4%).

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

Other income and revenues: other

	2011	2010
▪ ***Grants and subsidies***	446	760
▪ **Gains on disposals**	2	3
▪ **Other:**		
. Releases:		
release from allowance for overdue interest	16	102
release from other allowances	0	0
. Expense recoveries	826	1,149
. Damages and compensation from third parties	6,799	344
. Recovery of personnel expenses	172	162
. Other income	8,415	5,772
	16,228	7,529
	16,676	**8,292**

"**Revenue grants**" include grants of 118 thousand euros relating to management training programs, mainly funded by Fondimpresa, and grants of 328 thousand euros from the European Union regarding the feasibility study for the Integrated Multimodal Transport System.

Regarding "**Other income**", damages and compensation from third parties include the amount of 6.7 million euros, finally paid to ADR SpA as an indemnity (in addition to interest) for the favorable Council of State ruling on the dispute with the Ministry for Infrastructure and Transport and Civil Aviation Authority on the payment date of the price for the service of performing security checks on 100% of hold baggage. The related interest (1.3 million euros) was classified in the item "other revenues – updated valuations". The total amount recognized to ADR SpA (8.0 million euros) was collected by the company between June and September 2011.
For more information reference should be made to the paragraph on Information concerning disputes.
"Other revenues", amounting to 8.4 million euros (4.8 million euros in the previous year), include the effect of updated valuations of costs and revenues, formerly estimated at the end of the previous year for 6.0 million euros.

OPERATING COSTS

Amortization, depreciation and write-downs

Amortization and depreciation in 2011 amounted to 116,106 thousand euros (110,082 thousand euros in 2010), including amortization of intangible fixed assets of 94,652 thousand euros (89,465 thousand euros in 2010) and depreciation of tangible fixed assets of 21,454 thousand euros (20,617 thousand euros in 2010). 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 debt totaled 7,367 thousand euros (12,646 thousand euros in 2010) and reflect an updated assessment of the recoverability of the Group's receivables.

Provisions for risks and other charges

The item "Provisions for risks" breaks down as follows:

	2011	2010
. current and potential disputes	20,342	5,602
. insurance deductibles	170	191
	20,512	**5,793**

"Other provisions", totaling 260 thousand euros, regard provisions for fixed assets to be handed over. Further information is provided in the note to allowances for risks and charges.

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

Other operating costs

	2011	2010
▪ concession fees	14	7
▪ other	9,218	8,281
	9,232	**8,288**

The item "Other" primarily comprises:
- 1,008 thousand euros for membership fees (995 thousand euros in 2010);
- 3,903 thousand euros for indirect taxes and duties (3,931 thousand euros in 2010), including 2,442 thousand euros for local property taxes;
- 2,966 thousand euros for updated valuations of costs and revenues recognized in the 2010 financial statements (2,707 thousand euros in the previous year).

FINANCE INCOME AND COSTS

Income from equity investments

"Income from equity investments", equals zero compared to the amount of 56 thousand euros in 2010, related to the capital gains arising from completion of the liquidation of the associated undertaking, Alinsurance Srl.

Other finance income

	2011	2010
▪ **Finance income on securities recorded in non-current financial assets that do not qualify as equity investments**	380	386
▪ **Other:**		
Interest on overdue current receivables:		
. Clients	95	213
Interest and commissions received from other companies:		
. Interest from banks	2,724	1,254
. Interest from clients	150	27
. Other	47	6
	3,016	1,500
	3,396	**1,886**

"Finance income on securities recorded in non-current financial assets that do qualify as equity investments" includes finance income accrued during the period on the portion – with a face value of 4 million pounds sterling – of the A4 bonds issued by the special purpose vehicle Romulus Finance Srl, which ADR SpA purchased on February 13, 2009.

"Interest from banks", totaling 2,724 thousand euros, increased by 1,470 thousand euros compared with 2010, despite the increase in interest rates.

Interest expense and other financial charges

	2011	2010
▪ Interest and commissions due to others and sundry charges:		
. Interest and commissions paid to banks	5,210	5,541
. Interest and commissions paid to other financial institutions	63,755	61,651
. Provisions for overdue interest on doubtful debt	95	203
. Other	5,947	7,237
	75,007	**74,632**

"Interest and commissions paid to banks" registered a decrease of 331 thousand euros due to the reduced average exposure deriving from repayments of the Term Loan Facility in September 2010 and March and September 2011 for a total of 104.5 million euros and payment of installments falling due, totaling 8.5 million euros, relating to the Banca OPI loan, partly compensated by the mentioned interest rate increase.

"Interest and commissions paid to other financial institutions" increased overall by 2,104 thousand euros for the greater financial charges relating to Classes A2 and A3, with a floating rate, always due to the rise in rates.

"Other" consists substantially of the negative differential (5,661 thousand euros) paid by ADR SpA to the counterparties with which the Company has signed interest rate collar contracts, becoming active in October 2009; on these differentials the mentioned interest rate increase has a positive effect (-1,369 thousand euros compared to the previous year).

Foreign exchange gains/(losses)

	2011	2010
. Foreign exchange gains	41	51
. Foreign exchange losses	8	11
	33	**40**

ADJUSTMENTS TO FINANCIAL ASSETS

Write-downs of equity investments

"Write-downs of equity investments" equaled zero in 2011 compared to 534 thousand euros in the year of comparison (of which 500 thousand euros relate to the equity investment held in the Aeroporto di Genova, 15 thousand euros to the completion of the liquidation of La Piazza di Spagna Srl and 19 thousand euros to the covering of losses of Consorzio E.T.L.).

EXTRAORDINARY INCOME AND EXPENSE

Income

	2011	2010
▪ **Other:**		
Income and recovery of expenses relating to previous years deriving from:		
. Total revenues	0	82
. Operating costs	23	56
. Finance income	0	15
. Taxes relating to previous years	21	259
. Other extraordinary income	7	511
. Reversal of liabilities	1,786	482
	1,837	**1,405**

"Reversal of liabilities" includes 1.1 million euros of debts for invoices to be received, offset against the costs for works financed by the State, relating to the departure area F, to Tangible fixed assets in progress. This adjustment was necessary since, at the time of applying the additional deed to the Loan Agreement, the expenses incurred for the executive design were not made restorable, which therefore were included in the self-financed component. The economic effect was counterbalanced by the write-down of the inventories for contract work in progress, registered between the extraordinary expense in the item "reversal of assets".

In 2010 the item "Other extraordinary income" included the income and related interest deriving from the favorable Council of State ruling confirming the Regional Administrative Court ruling that had reduced by 30% the amount of the fine imposed on ADR in 2008, concerning the Antitrust Authority proceedings regarding airport fees.

Expense

	2011	2010
▪ **Taxes relating to previous years**	**4**	**13,976**
▪ **Other:**		
Extraordinary expense deriving from:		
Total revenues	23	0
Operating costs	85	74
Staff costs	0	0
Finance costs	0	43
Restructuring charges	0	3,109
Exceptional asset write-downs	1,224	322
	1,332	**3,548**
Other extraordinary expense:		
Payments due for lost cargo	39	103
Fines	77	66
Cost of wastage and theft	0	924
Damages and compensation paid to third parties	8	0
Costs relating to extraordinary operations	249	369
	373	**1,462**
	1,705	**5,010**
	1,709	**18,986**

For the note on the "reversal of assets" reference should be made to the description in the paragraph "extraordinary income – reversal of liabilities".

It is worth remembering that in 2010 the item "Taxes relating to previous years" included further provisions regarding the current dispute with the Customs Office following the negative outcome of the appeal ADR SpA submitted to the Regional Tax Commission for Rome.
For further information reference should be made to the section on "Tax litigation".

Furthermore in 2010 the item "Restructuring costs" included expenses of 3.1 million euros arising from the review of the restructuring program launched by the Company last year.

INCOME TAXES

	2011	2010
▪ Current taxes		
. IRES	369	5
. income from tax consolidation	(382)	(1,127)
. expenses from tax consolidation	36,131	26,042
. IRAP	16,508	14,957
	52,626	**39,877**
▪ Deferred tax (assets) liabilities		
. deferred tax assets	8,691	2,723
. deferred tax liabilities	5	8
	8,696	**(2,731)**
	43,930	**37,146**

It should be remembered that, having met the related prerequisites, ADR SpA and the other Group companies (ADR Engineering SpA, ADR Tel SpA, ADR Assistance Srl and ADR Sviluppo Srl) along with the consolidating company, Gemina SpA, have opted to participate in the tax consolidation regime introduced by the Tremonti Reform for the three-year period 2010-2012.

As regards deferred taxation, current agreements stipulate continuation of the posting of the assets and allowances that generated temporary differences in the individual companies' financial statements.

Pursuant to the above tax legislation, against the taxable income transferred by the consolidated companies ADR SpA, ADR Tel SpA, ADR Engineering SpA and ADR Assistance Srl to the consolidating company, Gemina SpA, "expenses from tax consolidation" of 36,131 thousand euros has been recorded. Income from tax consolidation of 382 thousand euros has been recorded as a result of the application – in the form of remuneration - of the IRES rate to 50% of the positive difference between taxable operating income and interest expense, in accordance with contractual agreements.

The item "Current taxes – IRES" refers exclusively to the subsidiary undertaking ADR Advertising SpA, which does not take part in the consolidated tax regime of the Gemina Group.

The calculation of IRES, included in the expenses from tax consolidation, benefited from the introduction of ACE (economic growth assistance) pursuant to Law Decree 201/2011, which led to the exclusion from the taxable base of an amount of 0.6 million euros corresponding to the notional return (equal to 3% for 2011), referable to the profits reinvested in the company.

With reference to "current taxes – IRAP", it should be noted that the Parent company ADR SpA's tax burden was calculated by applying a rate equaling 5.12%, which considers the 0.30% increase in the base rate, pursuant to Law no. 111 of July 15, 2011 for the statutory corporations other than those for the construction of motorways and tunnels, in force since 2011.

In particular, IRES, accounting for 42.5%[5] of pre-tax income, is higher than the statutory rate of 27.5%. Reconciliation of the statutory and effective rates is provided in the table below.

	2011	2010
Pre-tax income	**85,846**	**58,822**
Statutory rate (IRES)	***27.5%***	***27.5%***
Taxation at statutory rate	**23,608**	**16,176**
Effect of increases (decreases) in the ordinary rate:		
income from overseas companies	0	18
non-deductible costs	6,209	7,801
other permanent differences	(668)	(794)
temporary differences (increases)	12,625	10,987
temporary differences (decreases)	(5,265)	(8,141)
Expenses from tax consolidation + IRES	**36,509**	**26,047**
Effective rate	***42.5%***	***44.3%***

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

Finally, it should be noted that, given the absence of clear indications on the availability of tax provisions, non-operating income of 1,610 thousand euros (including 1,565 thousand euros regarding ADR SpA, 22 thousand euros regarding ADR Tel SpA and 23 thousand euros regarding ADR Engineering SpA) has been prudently omitted from income statement data. This sum relates to an IRES rebate deriving from the 10% deduction of IRAP regarding the years from 2004 to 2007. Rebate applications were submitted by the consolidating company, ADR SpA, for the years from 2004 to 2006, and by the consolidating company, Gemina SpA, for 2007, on February 1, 2010 and February 24, 2010, respectively.

OTHER INFORMATION

HEADCOUNT

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

Company	2011	2010	Change
Managers	43.2	45.7	(2.5)
Administrative staff	179.8	170.3	9.5
White-collar	1625.5	1,574.4	51.1
Blue-collar	550.5	566.5	(16.0)
Total	**2,399.0**	**2,356.8**	**42.1**

[5] The tax rate for IRES on pre-tax income was calculated with reference to the items “IRES” and “expenses deriving from tax consolidation”.

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

Company	2011	2010	Change
ADR SpA	2,080.4	2,048.9	31.6
ADR Engineering SpA	34	33.6	0.4
ADR Tel SpA	16	16.8	(0.8)
ADR Advertising SpA	8.5	9	(0.5)
ADR Assistance Srl	260.1	248.7	11.4
Total	**2,399.0**	**2,356.8**	**42.1**

REMUNERATION OF DIRECTORS AND STATUTORY AUDITORS

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

Category	Remuneration (€000)
Directors	129
Directors with positions required by Legislative Decree no. 231/2001	101
Statutory Auditors	301
Total	**531**

REMUNERATION OF INDEPENDENT AUDITORS

In accordance with art. 149-12 of the Issuers' Regulations, which apply to ADR SpA as it is a company controlled by a listed company (Gemina SpA), a breakdown of the fees paid to the ADR Group's principal independent auditors is shown in the table below (€/000):

Type of service	Entity providing the service	Client	Fees 2011
Auditing	Deloitte & Touche S.p.A.	ADR S.p.A.	175
Attestation	Deloitte & Touche S.p.A.	ADR S.p.A.	77
Auditing	Deloitte & Touche S.p.A.	ADR Engineering S.p.A. ADR Tel S.p.A. ADR Assistance S.r.l.	90
Total			**342**

LITIGATION

Administrative, civil and labor litigation is followed by the Group through its internal legal department which has provided, for the preparation of the accounts as of and for the period ended December 31, 2011, 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.

Tax litigation

The most significant disputes involving the Parent Company, ADR SpA, are shown below. These are the same as those described in the Company's statutory financial statements, given that no significant disputes involving other Group companies, which might lead to potential liabilities not recorded in the financial statements, are reported.

- In 1987 a general tax audit of ADR SpA's accounts from January 1, 1985 to February 18, 1987 was carried out, focusing in addition on certain aspects relating to previous years.
  Despite the fact that the auditors found no evidence of irregular accounting practices or violations of statutory regulations, including misdemeanors punishable by fine in compliance with Law 516 of August 7, 1982, ADR was notified of certain irregularities regarding both direct and sales tax for the years between 1982 and 1987. The Parent Company appealed the tax authorities' interpretation before the competent Tax Commissions.
  In relation to the IRPEG and ILOR assessment notices concerning the years 1985 and 1986 the tax authorities appealed to the Supreme Court, and the Company responded by depositing its counter-evidence with the Court. At a hearing to discuss the matter on November 7, 2007, the Supreme Court accepted the appeal and referred the case to a different department of the Regional Tax Commission.
  With sentence, filed on July 7, 2011, the Regional Tax Commission turned down the appeal of the Office and confirmed the cancellation of the IRPEG/ILOR assessment notices for the taxation periods 1985 and 1986.
  Thus far the outcomes of the hearings conducted by the various tax commissions have been in ADR's favor, confirming the legal interpretation adopted and a positive outcome for the Company.

- On November 3, 2006 the Tax Office of Rome (UTF) initiated an audit of the Company's accounts regarding taxation of the consumption of electricity.
  In its report dated February 23, 2007, the Tax Office informed the Company that it intended to recover the amounts relating to the consumption tax and related local surtaxes on electricity sold to third parties for the years between 2002 and 2005.
  The Tax Office formalized the request for data and information regarding the supply of electricity for the above period, and carried out additional audits aimed at carrying out technical checks on the equipment and on the means of distribution and consumption of electricity on the part of ADR, in order to identify and separate the consumption subject to the tax exemption in accordance with art. 52 of Consolidated Act no. 504/1995 for the tax period January 1, 2002 – May 31, 2007.
  Following the audits, the Tax Office issued 15 demands for payment of a total of 4.4 million euros (including interests and expenses), regarding failure to pay the tax on electricity consumption and the related surtax for the period 2002-2006. This amount includes interest expense, penalties for late payment and notification expenses.
  Generally speaking, the disputes relate to the alleged sale to third parties of electricity acquired by ADR, as well as the refusal to recognize the favorable terms applied in accordance with art. 52 of the Consolidated Customs Act to entities qualifying for inclusion in the category "industrial operators".
  Along with the demands for payment, there were 9 notifications of administrative irregularities, amounting to a total of 1.5 million euros for 2002, concerning the sanctions imposed in relation to the failure to pay the above taxes.
  Backed up by the opinion of its tax experts, ADR SpA deems it highly likely that the legitimacy of its behavior will be recognized, and has therefore appealed the demands in question before the Provincial Tax Commission for Rome.
  At hearings in 2008 and 2009, the Provincial Tax Commission for Rome granted all the appeals regarding payment of taxation and the imposition of sanctions.
  The Custom Office then lodged an appeal against the sentences issued by the Provincial Tax Commission for Rome.

To date the Regional Tax Commission has issued and filed nineteen sentences confirming the decision of the Provincial Tax Commission and rejecting the appeals lodged by the Customs Office.
On November 5, 2010 the Attorney General's Office contested the sentences issued by the Lazio Regional Tax Commission before the Supreme Court. The Company took formal legal action.

- On March 1, 2011, the Customs Office – Rome Office 2 began to audit ADR SpA, concerning the correct application of legislation in force regarding taxation of the consumption, excise tax and surcharge on electricity in the period 2007-2010.
  The audit is linked to the one undertaken, for the years 2002 to 2006, by the former Rome Tax Office, for which a tax litigation is still pending before the Supreme Court (see previous point). On February 9, 2012 the company was notified a tax assessment with which the Office quantified the amount of the failed payment of the consumption tax and related surcharges and VAT due for the abovementioned period to be 2.5 million euros. In acknowledging the notice, the Company has reserved its right to defend itself before the competent authorities.

- The Municipality of Fiumicino notified ADR SpA two tax assessments, challenging the failure to declare and pay the local property tax for 2001 and 2002 regarding Hilton Rome Airport Hotel.
  The Company, considering that there are valid arguments in favor of its non-liability to pay this tax, has appealed against these tax assessments to the Provincial Tax Commission for Rome.
  On December 20, 2010 the Provincial Tax Commission for Rome deposited sentence no. 503/59/10, which rejected ADR SpA's appeal and issued a tax assessment for 2002.
  Due to the limited degree of investigation of the legal issues at stake in this case, the Company intends to appeal against the sentence of the Provincial Tax Commission for Rome.
  On December 23, 2011 the Provincial Tax Commission for Rome deposited sentence no. 498/01/11, which accepted ADR SpA's appeal against the tax assessment for 2001.
  On May 5, 2011 the Municipality of Fiumicino notified ADR SpA another two tax assessments, challenging its failure to declare and pay the local property tax for 2005 and 2006. The company, in line with the action for 2001 and 2002, has appealed against these tax assessments to the Provincial Tax Commission for Rome.

- On August 16, 2007, the Rome II Customs District Office notified ADR SpA of reported irregularities in the sales carried out at its duty free shops from January 1, 1993 to January 31, 1998. The findings essentially regard sales made to passengers traveling within the EU that exceeded duty free allowances in terms of amount and value.
  On December 18, 2007, the same Customs District Office ordered payment of sums regarding VAT, excise duties and tobacco duties, as a result of the findings set out in the assessment report. The total amount of taxes and interest charged adds up to around 22.3 million euros.
  ADR SpA appealed this demand for payment before the Provincial Tax Commission. On April 6, 2009 the Provincial Tax Commission for Rome filed Sentence no. 149/39/00, which rejected the appeal lodged by the Company. Following the judgment, the Customs Office activated the procedure to collect the sum due, which the Company is paying in 36 installments subsequent to acceptance of the application submitted to the Collection Agent, after paying an advance of 4 million euros via an irrevocable payment order on April 27, 2009. The total assessment, including interest and ancillary charges, amounts to 26.1 million euros.
  On July 14, 2009 ADR SpA lodged an appeal against the sentence handed down by the Provincial Tax Commission for Rome.

On May 26, 2010 the Provincial Tax Commission for Rome deposited sentence no. 105/35/10, which rejected ADR SpA's appeal and required the Company to pay costs.
This further adverse development has given additional weight to the risk of a negative outcome, regardless of the fact that the position of the Company and its tax experts expressed during the legal proceedings, which maintains that there are no grounds for the imposition of such taxation, is unchanged. Moreover, the Company is convinced of the substantial and formal legitimacy of its behavior.
Consequently, in preparing the financial statements for the year ended December 31, 2010, it was decided to allocate provisions based on the estimated amount of taxes assessed, thereby bringing the allowance for taxes into line with the tax payable, inclusive of interest and ancillary charges.
ADR SpA, which firmly maintains its position that there are no grounds for the imposition of such taxation and is convinced of the substantial and formal legitimacy of its behavior, appealed to the Supreme Court against the adverse sentence no. 105/35/10 handed down by the Regional Tax Commission.

- Within the scope of annual checks pursuant to art. 42 of Law no. 388/2000, on June 4, 2009 the Lazio Regional Tax Office initiated a general tax assessment of ADR SpA regarding IRAP and VAT for 2007.
  At the end of the audit, on October 29, 2009 the Company was notified of certain irregularities regarding IRES and IRAP, entailing higher taxation of 1.2 million euros and higher VAT of 2.4 million euros. In acknowledging the notice, the Company has reserved its right to defend itself before the competent authorities.

Administrative, civil and labor litigation

The most significant disputes involving the Parent Company, ADR SpA, are shown below. These are the same as those described in the Company's statutory financial statements, given that no significant disputes involving other Group companies, which might lead to potential liabilities not recorded in the financial statements, are reported.

Airport fees and regulated tariffs

- With regard to the preparatory phase for the Planning Agreement 2005-2009, in November 2005 ADR SpA appealed to Lazio Regional Administrative Court for an annulment of the decisions and considerations contained in the notes issued by the Ministry of Infrastructure and Transport and the Ministry of the Economy, in which the company is 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 included a claim for damages from the ministries, in view of the unwarranted delay the above document had caused in finalizing the Planning Agreement provided for in Point 5 of the regulatory framework annexed to CIPE (Interdepartmental Committee for Economic Planning) Resolution 86/2000 and art. 4 of the Ministerial Decree of November 14, 2000. The Agreement governs the determination of airport fees and the other regulated revenues earned by ADR. An announcement of the date of the relevant hearing is awaited.
- Actions brought by ADR following the issue of the provisions implementing Law no. 248/2005 (so-called "system requirements"), include the proceedings brought before the civil court of Rome in February 2006 against the Ministry of Infrastructure and Transport. This regards a claim for damages, estimated at 27.6 million euros, caused to ADR SpA as a result of the failure to bring airport fees into line with the target inflation rate until December 2005, in compliance with article 2, paragraph 190 of Law no. 662/1996, which was repealed by Law no. 248/2005. With sentence no. 19720/2010 the Court rejected ADR's requests, on the grounds that: a) the airport fee increases provided for until 2000 were above the rate of inflation; b) the obligation to bring airport fees into line with the target inflation rate was only applicable until Ministerial Decree of November 14, 2000 was issued; c) the matter was completely re-regulated by Italian Legislative Decree no. 203/05, the so-called "system requirements" legislation. ADR SpA intends to appeal. The case is adjourned until June 25, 2014 to pronounce the final judgment.

- A further action relating to “system requirements” regards the appeal filed by ADR SpA before the Lazio Regional 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. With sentence no. 2289/2007 lodged on June 5, 2007 the Lazio Regional Administrative Court rejected the appeal. In November 2007 ADR SpA appealed this sentence before the Council of State. At the hearing, held on November 22, 2011, Alitalia filed the sentence to be put into special administration, with consequent interruption of the judgment which was undertaken by ADR at the beginning of February 2012. A hearing for discussion is set for May 29, 2012.
- On November 21, 2007, ADR lodged an appeal with the Lazio Regional Administrative Court (without a request for suspension) to obtain cancelation of CIPE Resolution no. 38/07 and the attached “Directive regarding tariff regulation of airport services offered on an exclusive basis”. Subsequently, ADR appealed (also without request for suspension) against the Guidelines issued by the Civil Aviation Authority in implementation of this Directive.

  The principal grounds for the appeal regard the remuneration of invested capital and, more generally speaking, the allocation of concessionary charges, application of the single till criterion (the contribution of a percentage of commercial margins towards the determination of airport fees) and regulated tariff trends. An announcement of the date of the relevant hearing is awaited. On March 25, 2009, ADR SpA presented additional arguments supporting its appeal before the Lazio Regional Administrative Court against Ministerial Decree of December 10, 2008 published in Official Gazette no. 42 of February 20, 2009, which approves the Civil Aviation Authority’s Guidelines and abolishes the previous Ministerial Decree, which was never published in the Official Gazette and appealed by ADR SpA. An announcement of the date of the relevant hearing is awaited.
- On February 17, 2010, ADR SpA lodged an appeal with the Lazio Regional Administrative Court against the decree of the Ministry of Infrastructure and Transport regarding “Revised airport fees for 2009”, published on December 22, 2009. This decree raised airport fees in line with the target inflation rate for 2009 which, in the Economic and Financial Planning Document, is projected at 1.5%. This appeal to the Lazio Regional Administrative Court is similar, in terms of reasoning and arguments, to the one in which ADR appealed against the previous decree that revised airport fees for 2008 in line with inflation.
- In February 2010, ADR SpA, as counterparty, was notified of separate appeals lodged before Lazio Regional Administrative Court by Codacons and the Air, Sea and Rail Transport Users' Association and other carriers aimed at obtaining cancellation, with prior suspension, of the Ministerial Decree of December 8, 2009 regarding “Revised airport fees for 2009". The principal grounds for appeal were: investigative shortcomings, including lack of correlation between airport operators' costs and revenues as a prerequisite for the increase, infringement and misapplication of Law no. 241/1990 and violation of the principle of due process. The relevant hearing was held on May 19, 2011 and with sentence no. 7526/2011 the appeal was rejected.
- ADR has contested a letter from the Civil Aviation Authority dated April 13, 2010 and a memorandum from the Ministry of Transport of May 13, 2010 (and all other related memoranda) before the Lazio Regional Administrative Court. These notifications stipulate that EU fees should be applied to Swiss carriers, as well as all flights to and from the territory of the Swiss Confederation (conversely ADR SpA applies non-EU fees for these flights).

  The Civil Aviation Authority's assertion is based on the fact that the Agreement between the EU and Swiss Confederation of January 21, 1999 (which came into force on June 1, 2002) placed Swiss carriers on an equal footing with EU ones, and therefore ADR SpA is discriminating against Swiss carriers.

  The Company, on the other hand, maintains that no discrimination is involved as the application of airport fees, and related amounts, is governed in Italy by the Ministerial Decree of November 14, 2000 which is based on the air space a flight passes through (within or beyond the European Union) rather than the carrier that operates it. Moreover, the above-mentioned Agreement is not referred to in any EU legislation, nor in the recently amended Annex.

  At the hearing before the Regional Administrative Court, scheduled for July 12, 2010, regarding suspension of the contested communications, ADR requested, on the grounds of procedural expediency, that the case be directly referred for discussion of its merits.

  The total maximum amount to be potentially returned is estimated at around 8 million euros plus interest. Obviously, the fees claimed by carriers would in turn be verified in a court of law.

On this subject, on July 21, 2011, Swiss International Airlines Ltd summoned ADR SpA to the Court of Civitavecchia to return the sum of 5.2 million euros including interest equaling the presumed excess difference paid by Swiss from 2002 to 2009 for landing and take-off fees. On August 18, 2011, ADR SpA was notified a similar deed, again by Swiss, with a request equal to 3.1 million euros, plus interest, for a total of 3.5 million euros concerning the passenger boarding fees (landing and take-off fees are no longer mentioned).
At the first hearing set for December 23, 2011, Swiss, in the judgment relating to the landing and take-off fees, re-quantified the value of its claim, which was reduced from 5.2 million euros to 1.6 million euros, admitting to have made a material error on the point.

- In September 2003 ADR SpA issued notice of appeal to Lazio Regional Administrative Court against Ministerial Decree 14/T of March 14, 2003 (published in the Official Gazette of June 3, 2003) containing provisions regarding the payment of fees for the 100% screening of hold baggage, as interpreted, in relation to the date from which such fees are to be applicable, in Civil Aviation Authority letters dated June 3, 2003 and June 11, 2003. The main reasons for the appeal are: (a) the contradictory nature of the two letters from the Civil Aviation Authority; and (b) the lack of any provision regarding collection of the fees prior to the implementation of the Ministerial Decree. 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). With sentence no. 13847/2010 the Lazio Regional Administrative Court ordered the Civil Aviation and the Ministry of Infrastructure and Transport, jointly, to pay ADR SpA 6.7 million euros, plus legal interest accruing between the date the receivable arose to the date of payment. In October 2010 the authorities lodged an appeal against the above-mentioned sentence handed down by the Regional Administrative Court and the hearing was held on October 11, 2011. With the sentence filed with the Chancery on October 27, 2011 the appeal was fully repealed, thus definitively recognizing in ADR's favor the amount of 6.7 million euros, plus legal interest, in the meantime settled by ENAC and the Italian Ministry of Transport and Infrastructure between June and September 2011.
- On July 11, 2011 ADR SpA was notified, in its capacity as involved party, the appeal lodged before the Lazio Regional Administrative Court by IBAR and ten airlines (Brussels Airlines, Qatar Airways, Kuwait Airways, Egypt Air, Cyprus Airways, Bulgaria Air, Malaysia Airlines, Iberia, Tunisair) for the cancelation of the Civil Aviation Authority directive pursuant to letter of May 11, 2011. With the mentioned directive the Civil Aviation Authority declared that, with reference to the fee to use the automatic handling system of transit baggage "NET6000", the cost connection limit just for 2011 is "equal to 1.87 euro per piece of baggage". The applicant did not made a request for suspensive relief and a date for the relevant hearing has yet to be set. Therefore, in relation to the failed payment from January 2011 for the use of the NET6000 system by the ten airlines, on December 22, 2011 ADR SpA filed the relevant appeals for injunctions to recover its credit expired on November 30, 2011, equal to 3.8 million euros towards: Alitalia (3.6 million euros), Air France, Delta, Korean, Air One, United, Darwin, Emirates, Continental and Qatar. On January 17, 2012 the company filed the supplementary notes to the appeals for injunctions towards Alitalia, Air One, Emirates, Delta and Air France to demand their provisional enforceability, while it withdrew those towards Darwin and Continental, given that these airlines paid the due debt. Also United paid the entire due debt and, given that the action can no longer be withdrawn from, the Injunction will not be notified.

Airport Fuel Supply Fees

- In March 2006 ADR SpA appealed to the Lazio Administrative Court 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. An announcement of the date of a hearing to discuss the matter is awaited.
- IBAR (Italian Board Airlines Representatives) and 6 carriers (Iberia, Tap, American Airlines, Delta Airlines, Ethiopian Airlines and Cyprus Airlines) lodged an appeal with the Lazio Administrative Court, against the Civil Aviation Authority's memorandum of September 15, 2006 (protocol no. 60600) (in addition to other previous measures), with which the Civil Aviation Authority communicated the results of the controls carried out at airports managed by full-service operators "in order to analyze the correlation between costs and the flat rates charged by airport operators to oil companies".

Subsequently, IBAR put forward additional grounds and requested the Regional Administrative Court to acknowledge the illegitimacy of the most recent rulings issued by the Civil Aviation Authority regarding the matter. An announcement of the date of a hearing to discuss the matter is awaited.

- ENI has brought a claim before the Rome civil court against its own client airlines (Air One, Alitalia, Eurofly, Livingston, Meridina and Neos) in order to ascertain the obligation to pay oil companies the amounts regarding the concession fee that the company owes to airport operators, and, consequently, that the carriers are ordered to pay ENI the amounts accrued to this effect since October 2005 (with Law Decree no. 211/2005 regarding the so-called "system requirements").
- In the same claim, ENI has also brought a secondary claim against airport operators, including ADR SpA (and the Civil Aviation Authority for the airports managed by the State) in order to ascertain that the concession fees paid by ENI to airport operators should not be calculated on the basis of the amount of fuel supplied to airlines. Moreover, as specifically regards ADR, on the one hand, ENI requests that the Company be ordered to pay an amount corresponding to the sum paid since October 2005, totaling 276 thousand euros, and, on the other, that it be determined that ENI does not owe ADR the amount of 1.1 million euros (as determined for the period up to 31 May 2006), which is as yet unpaid. Following the interruption of the judgment due to the sentences declaring the bankruptcy of Alitalia SpA and Livingston SpA, ENI notified the appeal for reinstatement. At the hearing February 9, 2012, after the discussion the Judge adjourned the case to pronounce the final judgment to January 24, 2013.
- AirOne has taken out legal proceedings at the Civil Tribunal of Rome against Tamoil, its jet fuel supplier, as well as certain airport operators (SAB – Aeroporto di Bologna, ADR, SEA and SAVE), claiming the illegality of the fees charged to oil companies by operators in return for the use of airport infrastructure, which these companies subsequently "pass on" to carriers. Consequently, Airone also requests that Tamoil – together with the above airport operators, each according to their portion of responsibility – be ordered to repay the sum paid by Airone since 2003, amounting to 2.9 million euros. The issue of the sentence is awaited.

Catering company fees

- IBAR, together with 13 carriers, on the one hand, and Assaero and Volare, on the other hand, in separate requests, appealed to the Lazio Regional Administrative Court, with concomitant request for suspensive relief, for the cancellation of Civil Aviation Authority rulings no. A0035898 and no. 0035899 of June 5, 2007, regarding the setting of fees for the catering carried out at Rome and Milan airports, respectively. The plaintiffs have withdrawn their request for suspension.
  Subsequently, IBAR put forward additional grounds and requested the Regional Administrative Court to acknowledge the illegitimacy of the most recent rulings issued by the Civil Aviation Authority regarding the matter. In the hearing for the discussion of the appeal proposed by Assaero, held on June 9, 2011, judgment was withheld. Concerning the appeal proposed by IBAR, the relevant hearing must still be set.

Concession fees

- On May 26, 1999, ADR appealed Ministry of Finance Decree 86, dated March 5, 1999, before the Lazio Administrative Court. The Decree establishes the concession fees to be paid by airport operators for the years prior to 1997. Judgment is still pending.
  A similar action brought by ADR SpA before the Civil Court of Rome, with the aim of ascertaining that the Company is not required to pay any back-dated fees to the Ministry of Transport for the years prior to 1997, ended with the issue of sentence no. 5283/2004. This sentence, which upheld ADR SpA's position, declared that the Company has no obligation to pay the government concession fees for the years prior to 1997.
- In 2003 ADR SpA lodged an appeal with Lazio Regional Administrative Court against the Executive Decree of June 30, 2003 (definition of airport concession fees for 2003) published in the Official Gazette on 7 July 2003, as amended in the notice published in the Official Gazette on 6 September 2003. This decree established methods different from those previously applied for calculating annual fees due from full-service airport operators pursuant to special laws. Such methods of calculation are deemed to be discriminatory and to distort competition between airports, as they introduce an element of "adjustment" to the resulting figures regarding the "earnings" that passengers produce in relation to the airport.

In a parallel civil court judgment, on July 12, 2007 ADR SpA was notified of the purview of sentence no. 12189 of June 13, 2007 with which the Court of Rome, accepting ADR's request, "following misapplication of the executive decree issued by the director of the state property office on June 30, 2003", declared that "Aeroporti di Roma SpA did not owe the Italian Civil Aviation Authority any amounts greater than the concession fees due for the years 2003, 2004 and 2005 calculated in conformity with Law no. 662/1996, in application of the calculation criteria set forth in the Ministerial Decree dated December 12, 1998".
On June 16, 2008 the state property office lodged an appeal against this sentence. The issue of the sentence is awaited.

Fire prevention fund

- In November 2009 ADR SpA lodged an appeal before the Lazio Regional Administrative Court, without a request for suspensive relief, against the Civil Aviation Authority directive of July 31, 2009, protocol no. 0050644/DIRGEN/CEC, which included a table indicating the amounts of the contributions due from each operator for the fire prevention fund.
  In February 2010 additional grounds were provided against the subsequent Civil Aviation Authority directive of December 11, 2009, protocol 0087809/DIRGEN/DG which, referring to a table that had already been superseded with the previous directive of July 31, 2009, reiterated the request to airport operators to make the related payments as soon as possible in order to "rectify non-compliance with the provisions of Law no. 296 of December 27, 2006". The principal grounds for the appeals include lack of clarity regarding the charge levied on airport operators (tax or fee for provision of service), and therefore the impossibility of identifying the competent jurisdiction.
  An announcement of the date of the relevant hearing is awaited.
  With a sentence on October 26, 2010, the Tax Commission ruled on an appeal lodged by thirteen airport operators (not including ADR which, like other operators, opted to contest the directive before the above-mentioned Lazio Regional Administrative Court), declaring that the appellants were not obliged, from January 1, 2009, to pay "the contributions laid down by art. 1, paragraph 1328 of Law no. 296/2006, as amended by art. 4, paragraphs 3.2, 3.3 and 3.4, of Law no. 185/2008, into the so-called 'fire prevention fund', given that such contributions, as demonstrated, are to be allocated for purposes other than those laid down by law".
  In fact, whilst initially admitting its competence regarding the assumption that this is a tax for a specific purpose rather than an airport fee as asserted by the Civil Aviation Authority, the Tax Commission recognized that, as of 1 January 2009, amendments had come into force identifying purposes that are completely alien to those originally provided for by the legislation regarding the provision of fire prevention services at airports.
  With sentence no. 252/10/11 the Regional Tax Commission (2nd instance), accepting the appeal of the authorities, reformed the abovementioned 1st instance sentence by simply qualifying the amount requested from the management companies pursuant to art. 1, paragraph 1328, Law 296/2006, as "airport fee", without assessing the dispute and the issues raised by the parties, thus declaring its lack of jurisdiction in favor of the ordinary judge.

Antitrust authority

- In a resolution of September 20, 2000, the Antitrust Authority closed the investigation of ADR SpA, started in 1999 after the notices filed by some airport operators, finding that the Company had not abused its dominant position with respect to the fees and relationships with third-party suppliers. The Authority did, however, find anti-competitive practices in relation to Aviation Services (Meridiana Group), although no fine was imposed. The Company has appealed the latter finding before the Lazio Administrative Court, but the date for the hearing has yet to be set.

Noise abatement measures

- The Ministerial Decree of November 29, 2000 requires the operators of public transport services and the related infrastructure to draw up action plans for the reduction and abatement of noise, and to make provisions in line with forecast penalties if such limits should be exceeded. The legislation has been independently appealed by all airport operators to the Council of State, with the aim of obtaining an annulment of Lazio Regional 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 Council of State 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;
  - 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".
- ADR appealed to the Lazio Regional Administrative Court requesting cancellation of the proceedings of July 1, 2010 by which the Services Conference, convened to define and approve acoustic zoning for "G.B Pastine" airport in Ciampino, approved acoustic zoning Proposal no. 2 for this airport. No request for suspensive relief was made and a date for the relevant hearing has yet to be fixed.

Traffic restrictions at Ciampino

- Ryanair appealed to the Lazio Regional Administrative Court requesting cancellation – with prior suspension – of Ordinance no. 14/2007 of July 9, 2007 issued by the management of Ciampino airport, stipulating that no more than 100 commercial movements by the holders of slots could be effected in any one day, with slots to be allocated between 6am and 11.30pm during the winter of 2007/2008. At the hearing held on October 11, 2007 to discuss suspensive relief, the Administrative Court rejected Ryanair's appeal, thereby maintaining the restricted number of slots for the winter of 2007-2008.
  With Ordinance no. 5752/2007 the Council of State upheld Ryanair's appeal (and therefore the original application for suspensive relief submitted by the airline). On March 25, 2008 Ryanair notified ADR SpA of an appeal on additional grounds to the Lazio Regional Administrative Court, following the denial by Assoclerance of two slots that did not exceed the current daily of limit of 138 slots, and which the airline had not made use of during the summer of 2007.

This denial was based on a contradictory interpretation by the Civil Aviation Authority, according to which the effects of the contested Civil Aviation Authority ordinance remained in force, even after the ruling by the Council of State, if Ryanair were to request slots different from those allocated to it in the summer of 2007, as only the loss of these slots would constitute the serious and irreparable harm that the ordinance intended to avoid.

At a hearing held to discuss the matter on April 24, 2008, Ryanair requested that the case be adjourned until a hearing on the merits, a date for which is awaited. At the same time, regarding the carrier's request to execute Council of State Ruling no. 5752/2007, the same judge, with Ruling no. 2046/08, rejected Ryanair's demands on the following grounds: "*for the purposes of executing Ruling no. 5752 of November 6, the position taken by the appellant with regard to the present dispute, appears to be correct and satisfactory regarding maintenance of the same number of S07 slots previously allocated to Ryanair by the Civil Aviation Authority and Assoclearance, including the S08 season, given that the damages claimed by Ryanair should be measured only on the basis of the number of slots allocated to the airline at the time when the number of total slots allocated to Ciampino airport were reduced from 138 to 100".*

Bankruptcy proceedings involving clients

- A series of sentences passed by the Bankruptcy Court in Rome have declared the following companies bankrupt: Alitalia – Linee Aeree Italiane SpA in a.s., Volare SpA in a.s., Alitalia Express SpA in a.s., Alitalia Servizi SpA in a.s., Alitalia Airport SpA in a.s., ADR SpA lodged appeals regarding the relative bankruptcy claims. Regarding the proceedings related to Alitalia SpA, ADR's claim was dealt with at a hearing on December 16, 2009. On this occasion, ADR SpA was the only operator deemed to have adequately proved its claims, and a first statement of affairs was duly filed. Subsequently the amounts due after the opening of the procedure were excluded from the statement of affairs due to the guideline adopted by the Commissioners, by virtue of which, dealing with "non insolvent" amounts due, the related assessment is referred to the Delegated Judge only in case of formal dispute by the Commissioners due to allocation and/or amount. In the meantime, an expert was arranged by the Delegated Judge, also for the amounts due alleged by ADR SpA, similarly to the process relating to the other operators. In December 2011 the statement of affairs was made executive. Pursuant to art. 97 of the bankruptcy law, communications shall be sent to the creditors to inform them of the filing with the chancery of the statement of affairs, as well as the outcome of the application. From the time of receiving this communication, the terms shall apply for any opposition (30 days).

  As per the other companies of the Alitalia group in a.s. (Alitalia Servizi SpA in a.s., Alitalia Airport SpA in a.s., Volare SpA in a.s. and Alitalia Express in a.s.), between June and December 2011, the statements of affairs were made executive although the related communications have still not been received by ADR SpA. Moreover, several legal initiatives have been undertaken at the Court of Civitavecchia, in support of ADR's claims for amounts due from Alitalia for navigation fees, secured by a lien on the aircraft, also in respect of their related owners, who are jointly liable under the law.
- In October 2009 Volare Airlines SpA, a company under special administration entered into civil proceedings before the Court of Busto Arsizio in order to obtain cancellation of payments made to ADR SpA during the year prior to the carrier's entry into bankruptcy on November 30, 2004, and an order requiring the Company to pay back a sum of 6.7 million euros.

  The plaintiff's request was essentially based on the premise that ADR SpA was aware of the insolvency of the carrier, and the entire group of which it formed part together with Air Europe and the Volare Group, at least since 2002. With sentence no. 492/2011 the Court of Busto Arsizio, utterly ignoring the exceptions raised by ADR SpA - for having omitted any grounds as to the peculiarity of the function carried out by the operator, the same not being able to suspend the performances of its services, entrusting the solvency audits to the competence of ENAC - in accepting the applications by the plaintiff, declared the payments made by the airline to ADR SpA ineffective pursuant to art. 67 paragraph 2 of the Bankruptcy law, and thus ordered the Company to pay 6.7 million euros plus interest in favor of Volare Airlines under special administration. ADR intends to appeal. The hearing is adjourned until February 6, 2014 to pronounce the final judgment.

- In October 2009 Air Europe SpA, a company under special administration entered into civil proceedings before the Court of Busto Arsizio in order to obtain cancellation of payments made to ADR SpA during the year prior to the carrier's entry into bankruptcy on November 30, 2004, and an order requiring the Company to pay back a sum of 1.8 million euros. The plaintiff's request was essentially based on the premise that ADR SpA was aware of the insolvency of the carrier, and the entire group of which it formed part together with Volare Airlines and the Volare Group, at least since 2002. With sentence no. 486/2011 the Court of Busto Arsizio, utterly ignoring the exceptions raised by ADR - for having omitted any grounds as to the peculiarity of the function carried out by the operator, the same not being able to suspend the performances of its services, entrusting the solvency audits to the competence of the Civil Aviation Authority - in accepting the applications by the plaintiffs, declared the payments made by the airline to ADR SpA ineffective pursuant to art. 67 paragraph 2 of the Bankruptcy Law, and thus ordered the Company to pay 1.8 million euros plus interest in favor of Air Europe under special administration. ADR intends to appeal. At the hearing of February 2, 2012, a lengthy discussion was held on the suspension – requested by ADR – of the provisional enforcement of the sentence. The Judge (Appeal Court) took it under advisement. With subsequent ruling filed on February 7, the Court accepted ADR's appeal and suspended the enforcement of the 1st instance sentence on the following grounds *"given that the Appellant"* (ADR) *"does not seem specious and that it seems worthwhile to contemplate the interests of the parties; on the one side, as a matter of fact, the provisional enforcement of the appealed sentence could seriously jeopardize the appellants, obliging them to pay a significant sum and, on the other side, the respondent, under special administration, would not obtain any solid benefit as it would not be able to have the sum available immediately"*.
- In April 2011 Livingston SpA, a company under special administration entered into civil proceedings before the Court of Busto Arsizio in order to obtain cancellation of payments made to ADR SpA during the six months prior to the carrier's entry into bankruptcy on October 21, 2010, and an order requiring the Company to pay back a sum of 1.0 million euros. The plaintiff's request is essentially based on the premise that ADR SpA was aware of the insolvency of the carrier. The judgment is adjourned to the hearing of March 28, 2012, for the admission of the measures of inquiry.
- In August 2011 the companies of the Alitalia group under special administration entered into civil proceedings before the Court of Busto Arsizio in order to obtain cancellation of payments made to ADR SpA during the six months prior to the carrier's entry into bankruptcy. The plaintiff's requests are essentially based on the premise that ADR SpA was aware of the insolvency of the same. Below is the main data of the individual appeals:
  - Alitalia SpA under special administration: canceled payments made in the six months prior to the carrier's entry into bankruptcy on August 29, 2008 for a total of 191 thousand euros. In the hearing held on February 29, 2012, the case was adjourned until June 19, 2012 for the admission of the measures of inquiry;
  - Alitalia Airport SpA under special administration: canceled payments made in the six months prior to the carrier's entry into bankruptcy on 16 September 2008 for a total of 462 thousand euros. At the first hearing held on March 7, 2012, the Judge granted the Parties the terms for the filing of representations, and adjourned the hearing to June 25, 2012, for the discussion on the admission of the measures of inquiry.
  - Alitalia Servizi SpA under special administration: canceled payments made in the six months prior to the carrier's entry into bankruptcy on 16 September 2008 for a total of 1,246 thousand euros; the hearing was set for May 30, 2012.

Labor disputes

- A judgment is pending before the Lazio Regional Administrative Court in a case brought by ADR against the Ministry of Labor and Social Policies regarding obligatory employment. The case derives from a request submitted by ADR to the Ministry of Labor regarding the possibility of excluding from the reserve quota of disabled workers ADR employees who carry out *security*, *property surveillance* and *safety* duties (472 staff at the time of the request), as such personnel are involved in activities that are included in or that are similar to those exempted under the relevant legislation (Law no. 68/1999).

As the Ministry refused to grant this request, ADR appealed to the Regional Administrative Court with a request for preventive suspension.
In a ruling on May 4, 2006, handed down with regard to the preventive suspension, the Regional Administrative Court accepted ADR's claim and consequently suspended the Ministry's refusal with immediate effect; judgment on the merits is still pending.

- A case was brought before the Court of Civitavecchia by a former employee who was dismissed on disciplinary grounds in 2004. Specifically, the plaintiff was dismissed regarding events that occurred during working hours, for which he was subsequently acquitted in a criminal court. Even though the dismissal was not contested in accordance with the law, the plaintiff claimed damages amounting to 0.9 million euros, on the grounds of false dismissal. The dispute was settled in favor of ADR by a sentence on May 19, 2011 that rejected all the claims made by the counterparty, who was also ordered to reimburse ADR's legal costs. The terms for a possible proposal of appeal are currently pending.
- A group of 16 parties summonsed ADR SpA and the bankrupt Ligabue Gourmet, thereby challenging the validity of ADR's sale of the West catering business unit to Ligabue, with a claim for damages totaling around 9.8 million euros until the end of 2006, including future damages and staff termination benefits. The dispute was settled in favor of ADR SpA by a sentence on June 29, 2010 that rejected all the claims made by the counterparty, who was also ordered to reimburse ADR's legal costs. Of the 16 parties of the first instance phase, 14 have proposed an appeal summons, to which ADR SpA responded. A further hearing has been fixed for December 2, 2014.
- With notification of a sentence of July 13, 2009, the level of appeal was concluded in the case brought by a group of 34 plaintiffs, all of whom are former ADR employees transferred to Ligabue after the sale of the West catering business unit by ADR to the latter company, which subsequently went bankrupt. Via said notification the Appeal Court of Rome declared the case to be closed regarding 5 plaintiffs, with whom a settlement was reached, and ordered ADR to pay a sum of 60 thousand euros to each of the remaining 29 plaintiffs, amounting to 1.7 million euros in compensation pursuant to art. 1381 of the Italian Civil Code (third-party obligation). The claim specifically regards a ruling that dealt with the issue of employment following the bankruptcy of Ligabue signed at the Ministry of Labor and Social Policies on August 2, 2002, and endorsed by ADR and other interested parties, and the relevant national and regional authorities and labor organizations. ADR appealed to the Supreme Court, which was met with two counter cross-appeals from a group of nine plaintiffs, who claim the right to be employed by ADR. A date for the hearing has yet to be fixed. Moreover, appeals are pending for litigations with some of the above-mentioned 29 plaintiffs, currently numbering 17, regarding the withholding tax deducted at source by ADR on the sum claimed, which the group of 17 plaintiffs deem not liable for taxation.

Tenders

- ATI Alpine Bau, which was awarded the contract for works relating to the structural and operational upgrading of runway 3 at Fiumicino airport, appealed sentence no. 1347/06 handed down by Rome's Civil Court. This sentence ordered ADR SpA to pay 1.2 million euros, plus legal interest from the time of the claim, totaling 0.2 million euros. The appeal reiterates the claims for damages made in first instance (66 million euros, plus legal interest accrued from the time of the claim). In addition a further appeal is pending against the partial judgment in first instance. For both the proceedings, though not having been joined, the hearing has been scheduled for January 24, 2012. In this occasion the judgments were withheld; therefore the issue of the sentences is awaited.
- 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 Roma partially upheld the claims of Consorzio Aerest and ordered ADR SpA to pay 167 thousand euros, rejecting any other account in the claim. On April 27, 2005 Consorzio Aerest appealed against the above-mentioned sentence, substantially reiterating the claim submitted in first instance. The hearing has been scheduled for October 4, 2011 and the issue of a sentence is awaited.

- Finprest has brought an action designed 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 at Fiumicino airport. With partial judgment no. 6265/2008 the Court of Rome rejected the claims of the plaintiff, ATI Finprest, whilst accepting the plaintiff's claim for interest for alleged late payment of installments paid regarding revised prices during the term of the contract. In a separate ruling, the Court thus ordered the proceedings to continue with appointment of an expert to ascertain whether ADR had made delayed payments of the revised installments and, if so, to determine the related interest. In a report filed on May 5, 2009, the expert assessed the amount of interest for delayed payments and accounting to be paid by ADR at 174 thousand euros. At a hearing to question the expert on April 1, 2010, given the positions expressed by the parties regarding the report, the judge decided to recall the expert on December 9, 2010. On this occasion the case was adjourned until a hearing on April 28, 2011, after a further exchange of opinions with ADR's expert consultant. A hearing to pronounce final judgment has been scheduled for March 20, 2014.
- In December 2004 ATI NECSO Entrecanales - Lamaro Appalti notified its decision to appeal sentence 35859/2003 issued by the Civil Court of Rome, summonsing ADR SpA to appear before the Appeal Court of Rome. In addition to rejecting ATI Necso's claims, the judge at the initial hearing also ordered the company to pay ADR SpA's costs. ATI claimed damages of 9.8 million euros, plus interest, revaluation and costs, from ADR 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 airport. With an injunction in April 2009, the Court of Appeal decided that, in order to determine the claims for damages regarding the longer duration of the contract works attributable to the purchaser, ADR, technical consultancy would be required. On June 18, 2010 an expert appraisal was deposited, deeming claims amounting to 3.3 million euros made by the company awarded the contract to be reasonable. At a hearing for final judgment held on February 8, 2011, judgment was withheld. With decisions disclosed in September 2011, the Appeal Court fully rejected the claims of ATI Necso ordering it to pay ADR's legal costs. The terms are elapsing for any appeal to the Supreme Court.
- On February 1, 2005 Fondedile Costruzioni Srl lodged an appeal against sentence no. 23019/2004 of the Civil Court of Rome, which rejected all the requests made by Fondedile, and also ordered the company to reimburse ADR SpA's legal costs. This appeal reiterates the claim submitted in first instance for a total of 3.6 million euros, as well as legal and overdue interest and revaluation, regarding higher charges and damages incurred during the execution of construction works on a service tunnel at Fiumicino airport. A hearing to pronounce final judgment scheduled for March 8, 2011 was adjourned until March 13, 2012.
- In January 2012 the companies Claudio Salini Grandi Lavori SpA and IRCOP SpA filed a claim to the Lazio Regional Administrative Court against ADR and towards Impresa Cavalleri Ottavio SpA and De Sanctis Costruzioni SpA for the cancelation, with prior suspension, of a series of rulings which produced the exclusion of the plaintiffs, due to an anomaly in the economic bid, from the restricted procedure for the entrustment of the works to "upgrade the surface of Runway 07/25, taxiways "Hotel and Golf", arrangement of the safety areas (*Runway strip*) and adaptation of the "AVL" systems at Fiumicino airport. In addition, with the same appeal, in a subordinate manner, the acceptance of the claim for compensation for damages suffered and being suffered consequently to the failed awarding has been requested, to be quantified in the course of proceedings, and in any case not less than 10% of the value of the bid, in addition to the damages suffered and being suffered concerning the pre-contractual and/or extra-contractual responsibilities, to be also quantified in the course of proceedings. The parties mutually agreed to withdraw from the discussion of the application for interim relief in the short term, whose hearing was already set for May 10, 2012.
- Though not a dispute, it is worth noting that the construction works of the departure area F (formerly Pier C) entrusted to the Associazione Temporanea di Impresa (ATI) Cimolai are progressing late compared to the provisions of the contract. At the end of 2011 an agreement was reached with the company to remodel the works, among other things, and define the reserves recorded in the works journal.

Claims for damages

- On June 22, 2011 ADR SpA received a formal claim for damages from AXA Assicurazioni, in its capacity as insurer of the airline Ryanair, for the damage suffered by aircraft B737-800 E-IDYG as a consequence of the emergency landing due to the "bird strike" event taking place on November 10, 2008 at the airport of Ciampino. ADR SpA declines any responsibility for the event since the investigations by the competent authorities are, to date, still underway. The claim for damages amounts to about 27 million dollars for direct damages (the indirect ones are still being defined) and any compensation would be, in terms of insurance, covered by the third-party liability insurance policy of the Airport Operator in case the investigations were to reveal ADR SpA's clear responsibility for the event.

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

* * *

In conclusion, we declare that these consolidated financial statements present a true and fair view of the Group's financial position and results of operations for the period.

THE BOARD OF DIRECTORS

REPORT OF THE INDEPENDENT AUDITORS

Deloitte.

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AUDITORS' REPORT PURSUANT TO
ART. 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND TO ART. 165 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 ("Aeroporti di Roma Group") as of December 31, 2011. These consolidated financial statements prepared in accordance with the Italian law governing 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 prior year's consolidated financial statements, the balances of which are presented for comparative purposes, reference should be made to our auditors' report issued on March 22, 2011.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of Aeroporti di Roma Group as of December 31, 2011, and of the results of its operations for the year then ended in accordance with the Italian law governing financial statements.

4. The Company's Directors are responsible for the preparation of the Management Report on Operations in accordance with the applicable law. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Management Report on Operations is consistent with the consolidated financial statements of Aeroporti di Roma Group as of December 31, 2011.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Falcone
Partner

Rome, Italy
March 19, 2012

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

Financial Statements 2011

BALANCE SHEET AND INCOME STATEMENT

BALANCE SHEET
as of December 31, 2011
(in euros)
(Translation from the original issued in Italian)

ASSETS

	12/31/2011			12/31/2010		
UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS			0			0
FIXED ASSETS						
INTANGIBLE FIXED ASSETS:						
▪ Industrial patents and intellectual property rights		1,023,412			1,691,034	
▪ Concessions, licenses,trademarks and similar rights		1,630,994,645			1,682,112,441	
▪ Leasehold improvements in process and advances		31,644,945			30,161,631	
▪ Leasehold improvements		235,464,781			235,307,652	
			1,899,127,783			1,949,272,758
TANGIBLE FIXED ASSETS:						
▪ Land and buildings		2,348,229			2,697,373	
▪ Plant and machinery		53,144,366			55,041,017	
▪ Industrial and commercial equipment		1,399,102			1,555,476	
▪ Fixed assets to be relinquished		83,928,838			88,979,281	
▪ Other assets		2,079,227			3,036,406	
▪ Work in progress and advances		49,643,143			41,031,619	
			192,542,905			192,341,172
NON-CURRENT FINANCIAL ASSETS:						
▪ Equity investments in:						
- subsidiary undertakings	7,338,324			7,338,324		
- associated undertakings	10,330			10,330		
- other companies	2,202,006			2,202,006		
		9,550,660			9,550,660	
▪ Receivables due from others:						
. beyond 12 months	470,171			625,628		
		470,171			625,628	
▪ Other securities:						
- bonds	2,758,309			2,758,309		
		2,758,309			2,758,309	
			12,779,140			12,934,597
Total fixed assets			**2,104,449,828**			**2,154,548,527**
CURRENT ASSETS						
INVENTORY						
▪ Raw, ancillary and consumable materials		2,691,494			2,661,184	
▪ Contract work in progress		6,977,683			11,779,398	
▪ Finished goods and goods for resale						
- goods for resale	8,654,811			7,520,893		
		8,654,811			7,520,893	
			18,323,988			21,961,475
RECEIVABLES						
▪ Due from clients		173,624,308			167,595,282	
▪ Due from subsidiary undertakings		9,106,673			9,996,489	
▪ Due from associated undertakings		482,332			482,332	
▪ Due from parent companies		319,741			22,427	
▪ Due from tax authorities						
. within 12 months	2,693,824			3,603,512		
. beyond 12 months	23,695,105			16,320,801		
		26,388,929			19,924,313	
▪ Deferred tax assets		33,662,345			25,490,345	
▪ Due from others:						
- various						
. within 12 months	59,141,965			58,946,944		
- advances to suppliers for services to be rendered	140,417			110,042		
		59,282,382			59,056,986	
			302,866,710			282,568,174
MARKETABLE SECURITIES			0			0
CASH ON HAND AND IN BANKS						
▪ Bank and post office deposits		172,539,799			186,046,547	
▪ Cash and notes in hand		862,184			623,001	
			173,401,983			186,669,548
Total current assets			**494,592,681**			**491,199,197**
ACCRUED INCOME AND PREPAID EXPENSES						
▪ Accrued income and other prepaid expenses			**5,160,375**			**4,381,338**
TOTAL ASSETS			**2,604,202,884**			**2,650,129,062**

BALANCE SHEET
as of December 31, 2011
(in euros)
(Translation from the original issued in Italian)

	12/31/2011			12/31/2010		
LIABILITIES AND SHAREHOLDERS' EQUITY						
SHAREHOLDERS' EQUITY						
▪ SHARE CAPITAL						
ordinary shares			62,224,743			62,309,801
▪ SHARE PREMIUM RESERVE			667,389,495			667,389,495
▪ REVALUATION RESERVES			0			0
▪ LEGAL RESERVE			12,461,960			12,461,960
▪ RESERVE FOR OWN SHARES			0			0
▪ STATUTORY RESERVES			0			0
▪ OTHER RESERVES			501,358			416,300
▪ RETAINED EARNINGS (ACCUMULATED LOSSES)			43,307,323			21,859,955
▪ NET INCOME (LOSS) FOR THE YEAR			39,686,164			21,267,045
Total shareholders' equity			**825,571,043**			**785,704,556**
ALLOWANCES FOR RISKS AND CHARGES						
▪ For Taxes, including deferred:						
- taxes		26,092,600			26,092,600	
▪ Other		57,653,868			44,883,174	
Total allowances for risks and charges			**83,746,468**			**70,975,774**
EMPLOYEE SEVERANCE INDEMNITIES			**23,461,324**			**27,237,028**
PAYABLES						
▪ Due to banks						
. within 12 months	74,823,908			9,257,388		
. beyond 12 months	97,850,000			264,637,500		
		172,673,908			273,894,888	
▪ Due to other financial institutions:						
. within 12 months	14,142,990			14,097,989		
. beyond 12 months	1,200,018,896			1,200,018,896		
		1,214,161,886			1,214,116,885	
▪ Advances:						
- from clients						
. from the Ministry of Transport:						
. within 12 months	267,000			267,000		
. beyond 12 months	2,844,461			3,687,284		
. other	5,658,505			5,156,588		
		8,769,966			9,110,872	
▪ Due to suppliers:						
. within 12 months	112,400,696			132,493,749		
. beyond 12 months	2,861,092			3,547,325		
		115,261,788			136,041,074	
▪ Due to subsidiary undertakings:						
. within 12 months	17,426,781			13,000,493		
		17,426,781			13,000,493	
▪ Due to associated undertakings:						
. within 12 months	968,680			968,680		
		968,680			968,680	
▪ Due to parent companies:						
. within 12 months	17,165,031			11,540,035		
		17,165,031			11,540,035	
▪ Taxes due:						
. within 12 months	46,498,097			42,508,036		
		46,498,097			42,508,036	
▪ Due to social security agencies		6,417,490			6,461,549	
▪ Other payables: various creditors						
. within 12 months	60,623,175			52,023,847		
. beyond 12 months	8,975,230			2,414,805		
		69,598,405			54,438,652	
Total payables			**1,668,942,032**			**1,762,081,164**
ACCRUED EXPENSES AND DEFERRED INCOME						
▪ Accrued expenses and other deferred income			**2,482,017**			**4,130,540**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**2,604,202,884**			**2,650,129,062**

MEMORANDUM ACCOUNTS

as of December 31, 2011

(in euros)

	12/31/2011		12/31/2010	
GENERAL GUARANTEES				
▪ Suretis	110,522		110,522	
▪ Other	715,841		715,841	
		826,363		826,363
COLLATERAL GUARANTEES		0		0
COMMITMENTS ON PURCHASES AND SALES		83,208,010		95,467,570
OTHER		989,532,007		995,987,264
TOTAL MEMORANDUM ACCOUNTS		**1,073,566,380**		**1,092,281,197**

INCOME STATEMENT
for the year 2011
(in euros)
(Translation from the original issued in Italian)

	2011			2010		
TOTAL REVENUES						
▪ Revenues from sales and services:						
- revenues from sales	92,530,419			87,526,254		
- revenues from services	517,247,373			499,822,490		
- revenues from contract work	9,059,909			7,310,630		
		618,837,701			594,659,374	
▪ Changes in contract work in progress		(3,668,453)			921,029	
▪ Other income and revenues:						
- revenue grants	446,371			759,874		
- profits on disposals	1,940			3,100		
- other	16,006,596			7,440,642		
		16,454,907			8,203,616	
			631,624,155			**603,784,019**
OPERATING COSTS						
▪ raw, ancillary and consumable materials and goods for resale		79,695,601			75,544,606	
▪ services		126,105,410			128,635,732	
▪ leases		11,741,057			11,323,104	
▪ payroll:						
- wages and salaries	79,906,686			77,419,262		
- social security	22,715,619			22,019,500		
- employee severance indemnities	6,100,230			5,639,213		
- other	995,182			1,198,414		
		109,717,717			106,276,389	
▪ Depreciation, amortization and write-downs:						
- amortization of intangible fixed assets	94,713,228			89,971,053		
- amortization of tangible fixed assets	21,030,267			20,162,187		
- provisions for doubtful accounts	6,642,667			11,576,118		
		122,386,162			121,709,358	
▪ Changes in inventories of raw, ancillary and consumable materials and goods for resale		(1,164,228)			(790,037)	
▪ Provisions for risks		20,431,441			5,230,989	
▪ Other provisions		260,000			283,224	
▪ Sundry operating costs:						
- license fees	13,904			7,334		
- other	8,869,495			7,892,766		
		8,883,399			7,900,100	
			(478,056,559)			**(456,113,465)**
Operating income			**153,567,596**			**147,670,554**
FINANCIAL INCOME AND EXPENSE						
- other income from equity investments	0			714,736		
		0			714,736	
▪ Other financial income:						
- securities included in fixed assets which are not equity investments	379,821			385,862		
- other						
. Interest and commissions from subsidiary undertakings	46,575			71,628		
. Interest and commissions from banks	2,713,999			1,248,281		
. Interest and commissions from clients	244,343			239,644		
. Interest and commissions from others	47,006			6,520		
		3,431,744			1,951,935	
▪ Interest expense and other financial charges:						
- interest and commissions due to subsidiary undertakings	6,431			10,269		
- interest and commissions due to banks	5,197,523			5,522,130		
- interest and commissions due to other financial institutions	63,755,230			61,652,147		
- interest and commissions due to others	5,938,138			7,218,875		
- provisions for overdue interest on written down receivables	94,902			202,781		
		(74,992,224)			(74,606,202)	
▪ Profits and Losses on Exchange						
- profits	40,532			51,281		
- losses	7,511			10,995		
		33,021			40,286	
Total financial income (expense), net			**(71,527,459)**			**(71,899,245)**

INCOME STATEMENT
for the year 2011
(in euros)
(Translation from the original issued in Italian)

	2011			2010		
ADJUSTMENTS TO FINANCIAL ASSETS						
• Write-downs:						
- of equity investments		0			738,348	
Total adjustments			**0**			**(738,348)**
EXTRAORDINARY INCOME AND EXPENSE						
• Income:						
- other	1,832,521			1,327,550		
		1,832,521			1,327,550	
• Expense:						
- taxes relating to previous years	0			13,976,098		
- other	1,738,613			5,357,789		
		(1,738,613)			(19,333,887)	
Total extraordinary income (expense), net			**93,908**			**(18,006,337)**
Income before taxes			**82,134,045**			**57,026,624**
Income taxes of the period, current, deferred assets (liabilities):						
- current		(50,619,881)			(38,300,579)	
- deferred tax assets (liabilities)		8,172,000			2,541,000	
			(42,447,881)			**(35,759,579)**
Net income (loss) for the year			**39,686,164**			**21,267,045**

NOTES TO THE FINANCIAL STATEMENTS

GENERAL PRINCIPLES

The financial statements for the year ended December 31, 2011, consisting of the Balance Sheet, Income Statement and Notes, have been prepared in accordance with the law, as interpreted and integrated by the accounting standards issued by the Italian Accounting Standards Setter (collectively referred to as Italian GAAP).

The balance sheet data as of December 31, 2011 and the income statement for the year then ended are compared with the data for 2010. 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.

These Notes include details of changes in each balance sheet and income statement component with respect to the previous year, as well as providing additional disclosures on the Balance sheet and the Income statement, in order to guarantee a true and fair view of ADR SpA's financial position and operating performance.

The financial statements for the year ended December 31, 2011 have been audited by Deloitte & Touche SpA.

ABOUT THE COMPANY

Leonardo SpA (now ADR SpA) was incorporated on January 25, 2000[1] for the purpose of acquiring holdings in airport management companies.

As a result of the privatization of ADR SpA, on July 31, 2000 Leonardo SpA acquired 51.148% of the share capital of ADR SpA, an airport management company founded on February 12, 1974, from IRI SpA (now Fintecna SpA).

This holding was increased to 95.860% following the public offerings (obligatory and residual) launched by Leonardo SpA, in order to acquire the remaining shares of ADR SpA, 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 SpA 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 SpA's shares, which had been quoted since July 24, 1997, were subsequently delisted.

The deed for the ensuing merger of ADR SpA and Leonardo was drawn up on May 16, and came into effect on May 21, 2001, under the terms of art. 2503 of the Italian Civil Code. At the time of the merger of ADR SpA with Leonardo SpA, the latter changed its name to ADR SpA.
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, ADR SpA, 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 755 dated November 10, 1973 and subsequent amendments.

This activity is carried out under a concession granted by the Italian Ministry of Transport and Infrastructure (the grantor). The current concession term is due to expire in 2044. The concession, regulated by specific contractual agreements with the grantor, includes the management of infrastructures and services (retail outlets, etc.) and the maintenance of plant, machinery and buildings. ADR SpA also provides security screening services for passengers and carry-on and checked baggage.

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[1] Leonardo was incorporated as a limited liability company with the name of Sysira Srl. The Extraordinary General Meeting of July 4, 2000 resolved to convert the company into a joint-stock company with the name of Leonardo SpA.

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, it is important to note that the assets used by the Company are classified according to four different categories, as analyzed below:

- "Company-owned fixed assets": consist of assets purchased outright by the Company using its own funds and that the Company considers will not be handed over on expiry of the concession. This category includes temporary buildings, plant and machinery, industrial and commercial equipment and other items (mainly furniture and fittings). These assets are recorded in "Tangible fixed assets".
- "Fixed assets to be handed over": consist of assets purchased by the Company using its own funds and which the Company will be obliged to transfer to the grantor free of charge, in good working condition, at the end of the concession term. "Fixed assets to be handed over" are defined as all permanent works and installations constructed on government land within the airport. This category includes industrial buildings and plant and machinery recorded in "Tangible fixed assets".
- "Assets received under the concession": consist of assets purchased or constructed by the government and made available to the Company under the concession. This category primarily includes the infrastructure already present on the airport grounds before Aeroporti di Roma SpA was formed in 1974. As the Company does not hold title to such assets, they are recorded in the Memorandum Accounts under "Other".
- "Assets completed on behalf of the State": consist of assets resulting from construction projects carried out by the Company pursuant to the Development Program on behalf of, and financed by, the government, for which the Company generally makes no gain or loss deriving from their construction. These are recorded in the Memorandum Accounts under "Other" for the part obtained by the Italian Civil Aviation Authority, 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 at year end. In order to carry out such works, the Company has received a cash advance from the grantor. The advance provides funds to manage the works, recorded in the Company's balance sheet as a payable, under "Advances". Thereafter, the costs actually incurred by the Company in relation to works, supplies and price reviews are recorded and invoiced to the grantor on the basis of the work completed, thus reducing the advances received during the construction period. The grantor has made a lump-sum payment to the Company to cover general construction costs relating to design, inspections, testing and works supervision. This lump-sum payment is equal to 9% of the loan which corresponds to the total amount of the relevant estimated costs incurred by the company.

The invoiced portion of assets included in "Assets received under the concession" and "Assets completed on behalf of the State" is recorded in the Memorandum Accounts, since such assets are used by the Company over the entire concession term.

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 SpA's merger with Leonardo, represents the goodwill purchased by Leonardo SpA and reflecting the difference between the price paid for ADR SpA'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".

As of December 31, 2011, the Company is a subsidiary of Gemina SpA, which owns 95.897% of the share capital.

EXEMPTIONS

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.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements for the year ended December 31, 2011 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 financial statements were prepared in the assumption of going-concern. The Company actually assessed that, despite the persisting difficult economic and financial backdrop, there are no significant uncertainties on the going-concern of the company.

The principal accounting policies are summarized below. A more detailed explanation of certain policies can be found in the notes to the single classes of items.

Fixed assets

These are recorded at purchase cost and are revalued, where necessary, for single items in accordance with the laws applying to monetary revaluation. Directly connected incidental costs are included in the purchase cost. Should there be a permanent impairment of value of such fixed assets, the relevant fixed asset is written down accordingly. The appropriate value of such fixed assets, adjusted solely to take account of 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 useful lives and their cost is amortized on a straight-line basis during each financial year in relation to their residual useful lives. In particular:

- *Industrial patents and intellectual property fees*

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

- *Concessions, licenses, trademarks and similar*

These are recorded at purchase cost. Amortization begins when the right is taken up or can be taken up, and is applied over a period of three years in the case of concessions and licenses and of not more than ten years for trademarks.

The value of the airport management concession, paid by the parent company, Leonardo SpA (now ADR SpA) on acquiring its holding in ADR SpA, is amortized on a straight-line basis over the residual concession term, 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;
- *Transaction costs incurred 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 limited useful lives and their cost is depreciated on a straight-line basis during each financial year according to their residual useful lives. Rates of depreciation are applied that reflect the estimated useful lives of the assets.

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 handed over	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. As at 31 December 2011, assets amounting to 2,372,924 euros continue to be held by the Company. The original revaluation reserve was utilized in previous years to absorb losses.

- *Land and buildings*

These are recorded at purchase cost adjusted in accordance with art. 3 of Law 72/83.

- *Fixed assets to be handed over*

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 handed over, with the aim of covering the estimated costs which will be borne at the end of the concession term (in 2044) when the assets are to be transferred to the grantor in good working condition.

- Non-current financial assets

Non-current financial assets include equity investments recorded at purchase cost in accordance with the previously explained criteria applied to fixed assets. Should there be a permanent impairment in the value of an asset, due to losses incurred 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.

Securities in the company's portfolio held as a long-term investment until maturity are recorded under non-current financial assets. These securities are recorded at purchase cost, including any transaction costs.
The premium, representing the difference between the purchase price of the security and the final redemption value, should be recorded in the results for each reporting period throughout the period of ownership of the security. This income represents an additional constant rate of return on the capital invested compared with the return generated by explicit interest.
Should there be an impairment in value, which may derive from a reduction in the market price or a negative exchange rate difference – or a combination of both factors – the value of the investment is written down.

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 Company in relation to changes in the original project, as requested by the grantor, constitute, depending on the nature of the changes, either a write-down of the agreed value (in the case of assets which may not be operated autonomously) or, alternatively, intangible fixed assets (where such variations are considered improvements to and/or conversions of third party assets).

- Receivables

These are recorded at their estimated realizable value.

- Current financial assets

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

- Cash on hand and in banks

Such items are recorded at their nominal value subject to verification of the clearance of bank checks and the availability of bank deposits.

Accrued income and prepaid expenses

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 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 the related losses and charges.

Employee severance indemnities

Employee severance indemnities were calculated for all employees and in accordance with governing legislation. This amount was calculated for indemnities accrued up to December 31, 2011 and is shown net of any advance payments and amounts paid in the form of supplementary pension benefits or to the Treasury Fund set up at the Italian Social Security Institute (INPS).
Following the entry into force of the reform of supplementary pensions on January 1, 2007, the personnel of private companies with more 50 employees may choose to have their employee severance indemnities allocated to a form of supplementary pension fund or leave them with their company. In the latter case, the company pays employee severance indemnities into a fund set up at INPS, in accordance with the implementing Decree of January 30, 2007, denominated "Allowance for employee severance indemnities" or "Treasury Fund". Consequently, amounts for employee severance indemnities maturing as of January 1, 2007 are classified on a monthly basis under "Due to social security agencies". The following month the indemnities are paid to the supplementary pension fund or the Treasury Fund.

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". As any net income deriving from translation using closing exchange rates is unrealized profit, this is allocated to a special undistributable reserve until it is subsequently 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 the end of the period. These primarily consist of sureties granted by major banks and insurance companies.

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

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

- *Company-owned assets lodged with third parties*

These are recorded at their net book value.

This item also includes the value of the advertising business unit leased to ADR Advertising SpA, as recorded in the inventory check carried out on the 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, if the dividend distribution proposed is approved by the company's board of directors prior to the date of approval of ADR SpA's financial statements.

Income taxes

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

Regarding participation in the domestic tax consolidation regime by ADR SpA, as the consolidated company, and the parent company, Gemina SpA, as the consolidating company, taxable income and tax losses transferred to the consolidating company are recorded under current tax "expense" and "income from tax consolidation", respectively, with contra-entries for amounts due to and from the parent companies.
Any excess taxable operating income transferred under the tax consolidation regime, and used to offset non-deductible interest expense transferred under the regime, is remunerated by applying the IRES rate to 50% of the positive difference between taxable operating income and interest expense, in accordance with contractual agreements.
The consolidated company also transfers withholding taxes, tax credits and rebates from previous tax returns to the consolidating company, which may offset the IRES resulting from the consolidated income.
Deferred tax assets and liabilities represent the temporary difference between taxable income and net income for the period. Deferred tax assets are recorded only when there is reasonable certainty of their recoverability; the deferred tax liabilities are not entered if there is a poor chance that this debt arises. 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.

Derivative instruments

The positive and negative interest rate differentials deriving from Interest Rate Swaps and accrued at the end of the period are recorded on an accruals basis in the income statement among finance income and costs.
The Company's hedging policy, in accordance with the 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

	12-31-2010			Changes during the year			12-31-2011		
	Cost	Amortization	Book value	Purchases Capitalization	Reclassification	Amortization	Cost	Amortization	Book value
Incoroporation and development costs	672,577	(672,577)	0	0	0	0	672,577	(672,577)	0
	672,577	(672,577)	0	0	0	0	672,577	(672,577)	**0**
Industrial patents and intellectual property rights	9,012,315	(7,321,281)	1,691,034	335,484	31,800	(1,034,906)	9,379,599	(8,356,187)	1,023,412
	9,012,315	(7,321,281)	1,691,034	335,484	31,800	(1,034,906)	9,379,599	(8,356,187)	**1,023,412**
Concessions, licenses, trademarks and similar rights	2,203,081,766	(520,969,325)	1,682,112,441	902,988	275,954	(52,296,737)	2,204,260,458	(573,265,813)	1,630,994,645
	2,203,081,766	(520,969,325)	1,682,112,441	902,988	275,954	(52,296,737)	2,204,260,458	(573,265,813)	**1,630,994,645**
Leasehol imprvements in process and advances:									
- Leasehold improvements in process	29,984,683	0	29,984,683	11,846,986	(10,363,672)	0	31,467,997	0	31,467,997
- Advances to suppliers	176,948	0	176,948	0	0	0	176,948	0	176,948
	30,161,631	0	30,161,631	11,846,986	(10,363,672)	0	31,644,945	0	**31,644,945**
Others:									
- Leasehold improvements	611,113,679	(391,874,666)	219,239,013	30,537,289	9,958,017	(37,819,003)	651,583,012	(429,667,697)	221,915,315
- Transaction costs incurred on loans	53,822,639	(37,754,000)	16,068,639	1,043,409	0	(3,562,581)	54,866,048	(41,316,581)	13,549,467
	664,936,318	(429,628,666)	235,307,652	31,580,697	9,958,017	(41,381,585)	706,449,060	(470,984,278)	**235,464,781**
Total	**2,907,864,607**	**(958,591,849)**	**1,949,272,758**	**44,666,155**	**(97,902)**	**(94,713,228)**	**2,952,406,639**	**(1,053,278,856)**	**1,899,127,783**

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 concession, amounting to 1,628,111 thousand euros as of December 31, 2011. The decrease of 51,117 thousand euros is due to the combined effect of amortization for the period (52,297 thousand euros), capital investment (903 thousand euros), transfers from work in process (278 thousand euros) and negative reclassifications (1 thousand euros);

- "**Leasehold improvements in process**" increased by 1,483 thousand euros in 2011 due to the following:
  - an increase of 11,847 thousand euros for new capital investment;
  - a decrease of 10,264 thousand euros deriving from improvements entering service during the period and reclassified under "industrial patent and intellectual property rights", "leasehold improvements" and "concessions, licenses, trademarks and similar rights";
  - write-downs of 100 thousand euros;

- "**Other**" intangible fixed assets increased by 157 thousand euros. "Leasehold improvements" rose by 2,676 thousand euros due to purchases during the year (30,537 thousand euros), and transfers from work in process and reclassifications (up 9,958 thousand euros), partly offset by amortization for the period (37,819 thousand euros). "Transaction costs incurred on loans" fell by 2,520 thousand euros due to amortization for the period. These reductions were partly offset by a 1,043 thousand euros increase related to the subsequent costs for the refinancing of the Revolving facility.

The principal leasehold improvements in process (equal to 11,847 thousand euros) include:
- runway 3 surface upgrade (1,632 thousand euros);
- "curbside" and road improvements (938 thousand euros);
- upgrade improvements of BHS at T3 (479 thousand euros);

- upgrade of electricity network for HBS/BHS at former Alitalia (541 thousand euros);
- renovation of the rest rooms at T1 (446 thousand euros);
- Fiumicino development program (1,600 thousand euros).

The main leasehold improvements completed during 2011 (equal to 30,537 thousand euros) include:

- adaptation of Satellite West for A380 aircraft (772 thousand euros);
- taxiway extraordinary maintenance at Ciampino (1,134 thousand euros);
- 2nd and 3rd phase aircraft apron repair (932 thousand euros);
- operational upgrade of BHS at T3 (964 thousand euros);
- shop renovation (400 thousand euros);
- works on stairs and moving walkways (1,089 thousand euros);
- improvements to night flight cabin electrical equipment (833 thousand euros);
- UPS for runways (945 thousand euros);
- renovation of the rest rooms at T3 (605 thousand euros);
- electricity network monitoring system integration (599 thousand euros);
- "Curbside" and road improvements (415 thousand euros);
- "avl" systems and runway electricity network adaptation (834 thousand euros);
- BHS/HBS extraordinary maintenance and new lines (1,396 thousand euros);
- runway and aircraft apron improvements at Ciampino (1,080 thousand euros);
- air-conditioning equipment and refrigeration units upgrade at T3 (1,261 thousand euros).

Once again in 2011, investment in airport infrastructure development was funded from increased boarding fees received during the year.

Tangible fixed assets

	12-31-2010				Changes during the year				12-31-2011			
	Cost	Reval. Law (72/1983)	Allowances for depreciation	Book value	Purchases /Capital	Reclassification	Disposals Retirements	Amortization	Cost	Reval. Law (72/1983)	Allowances for depreciation	Book value
- Land and buildings	21,715,578	465,128	(19,483,333)	2,697,373	184,550	(2,635)	0	(531,060)	21,897,494	465,128	(20,014,393)	2,348,229
	21,715,578	465,128	(19,483,333)	2,697,373	184,550	(2,635)	0	(531,060)	21,897,494	465,128	(20,014,393)	**2,348,229**
- Plant and machinery	142,245,780	0	(87,204,763)	55,041,017	8,436,994	203,606	0	(10,537,251)	150,873,557	0	(97,729,192)	53,144,366
	142,245,780	0	(87,204,763)	55,041,017	8,436,994	203,606	0	(10,537,251)	150,873,557	0	(97,729,192)	**53,144,366**
- Industrial and commercial equipment	9,402,342	0	(7,846,866)	1,555,476	335,209	6,000	(7,760)	(489,823)	9,733,851	0	(8,334,749)	1,399,102
	9,402,342	0	(7,846,866)	1,555,476	335,209	6,000	(7,760)	(489,823)	9,733,851	0	(8,334,749)	**1,399,102**
- Fixed assets to be relinquished	200,184,188	1,907,796	(113,112,703)	88,979,281	2,669,719	358,557	0	(8,078,719)	203,192,178	1,907,796	(121,171,136)	83,928,838
	200,184,188	1,907,796	(113,112,703)	88,979,281	2,669,719	358,557	0	(8,078,719)	203,192,178	1,907,796	(121,171,136)	**83,928,838**
- Other assets	31,052,376	0	(28,015,970)	3,036,406	401,435	34,800	0	(1,393,415)	31,488,612	0	(29,409,385)	2,079,227
	31,052,376	0	(28,015,970)	3,036,406	401,435	34,800	0	(1,393,415)	31,488,612	0	(29,409,385)	**2,079,227**
-Tangible fixed assets in progress and advances	41,031,619	0	0	41,031,619	8,343,800	267,724	0	0	49,643,143	0	0	49,643,143
	41,031,619	0	0	41,031,619	8,343,800	267,724	0	0	49,643,143	0	0	**49,643,143**
Total	**445,631,883**	**2,372,924**	**(255,663,635)**	**192,341,172**	**20,371,707**	**868,052**	**(7,760)**	**(21,030,267)**	**466,828,835**	**2,372,924**	**(276,658,854)**	**192,542,905**

Net tangible fixed assets rose by 202 thousand euros primarily due to capital investment of 21,240 thousand euros, partly offset by depreciation for the year, totaling 21,030 thousand euros.

The most significant capitalizations during the period include:

- within the category "**plant and machinery**" (8,437 thousand euros), baggage conveyor belts (5,832 thousand euros) and special communication systems (358 thousand euros);
- the category "**Fixed assets to be relinquished**", amounting to 2,670 thousand euros, which includes civil works and buildings (1,514 thousand euros), plant and machinery (1,155 thousand euros);

- the category "**tangible fixed assets in progress and advances**" (8,344 thousand euros), which includes departure area F [formerly Pier C – the portion financed by ADR] (5,391 thousand euros) and the new baggage handling system at the former Alitalia cargo warehouse (964 thousand euros).

As security for the loans governed by agreements with Romulus Finance Srl, a syndicate of banks, EIB and BIIS (formerly Banca OPI) – described in detail in the notes to "Payables" – has been granted a lien (in the form of a mortgage ranking *pari passu* with other claims) on the plant, machinery and capital goods recorded at any time in the book of depreciable assets and ADR SpA's inventory. This guarantee is valid until the above loans have been fully repaid.

Equity investments held as non-current financial assets

	12-31-2010	Changes during the year			12-31-2011
		Acquisitions/ Equity investments	Depreciation	disposals/ Equity reimburseme	
Subsidiary undertakings :					
ADR Engineering S.p.A. Unipersonale	593,926	0	0	0	593,926
ADR Assistance S.r.l. Unipersonale	6,000,000	0	0	0	6,000,000
ADR Tel S.p.A.	594,000	0	0	0	594,000
ADR Advertising S.p.A.	50,399	0	0	0	50,399
ADR Sviluppo S.r.l. Unipersonale	100,000	0	0	0	100,000
	7,338,325	**0**	**0**	**0**	**7,338,325**
Associated undertakings:					
Consorzio E.T.L. in liquidation	10,329	0	0	0	10,329
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	1	0	0	0	1
	10,330	**0**	**0**	**0**	**10,330**
Investments in other companies:					
Alinsurance S.r.l. in liquidation	0	0	0	0	0
Aeroporto di Genova S.p.A.	894,436	0	0	0	894,436
S.A.Cal. S.p.A.	1,306,569	0	0	0	1,306,569
Leonardo Energia s.c.ar.l.	1,000	0	0	0	1,000
	2,202,005	**0**	**0**	**0**	**2,202,005**
	9,550,660	**0**	**0**	**0**	**9,550,660**

There were no changes in **Equity investments** in 2011. For further information regarding the performance of Group companies during 2011, reference should be made to the section "Equity investments" in the Management Report on Operations.

A comparison between the carrying amount and the value calculated on the basis of the equity method is provided in the following table:

in euros

	Registered office	Share Capital	Shareholders' equity at 12-31-2011	Net Income (Loss) 2011	Holding %	Corresponding book value of	Book value (B)	Valuation art. 2426 n. 4 CC (C)	Surplus B-A	Surplus B-C
Subsidiary undertakings:										
ADR Engineering S.p.A. Unipersonale	Fiumicino (Rome)	774,690	2,367,852	583,929	100%	2,367,852	593,926	(10,085,184)	(1,773,926)	10,679,110
ADR Assistance S.r.l. Unipersonale	Fiumicino (Rome)	6,000,000	6,204,109	100,893	100%	6,204,109	6,000,000	6,204,109	(204,109)	(204,109)
ADR Tel S.p.A.	Fiumicino (Rome)	600,000	3,926,877	769,351	99.0%	3,887,608	594,000	3,600,818	(3,293,608)	(3,006,818)
ADR Advertising S.p.A.*	Fiumicino (Rome)	1,000,000	756,564	558,920	25,5%	192,924	50,399	286,148	(142,525)	(235,749)
ADR Sviluppo S.r.l. Unipersonale	Fiumicino (Rome)	100,000	107,582	(862)	100%	107,582	100,000	107,582	(7,582)	(7,582)
Associated undertakings:										
Consorzio E.T.L. in liquidation	Rome	82,633	(°) 6,814	(°) (71,990)	25.0%	1,704	10,329	1,704	8,626	8,626
total							**7,348,654**			

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

(°) 2010 data, latest approved financial statements

The positive difference between the carrying amount of the equity investment in ADR Engineering SpA and the valuation under article 2426 of the Italian Civil Code primarily derives from the reversal of inter-company income realized by the company from services provided to ADR SpA, capitalized as fixed assets, and is of temporary nature.

As security for the loans taken out via contracts entered into with Romulus Finance Srl, and a syndicate of banks, EIB and BIIS (formerly Banca OPI), ADR SpA has granted the lenders a lien on the Company's shareholdings in the subsidiary undertakings, ADR Tel SpA, ADR Advertising SpA and ADR Assistance Srl. These guarantees are valid until the above loans have been fully repaid.

Long-term receivables due and other non-current financial assets

	12-31-2010	changes during the period	12-31-2011
Receivables:			
Due from others:			
. Public bodies for licenses	24,100	105	24,205
. other	601,528	(155,562)	445,966
	625,628	**(155,457)**	**470,171**

The sub-item "other", equal to 446 thousand euros, consists of guarantee deposits issued by the company in favor of third parties. The reduction of 155 thousand euros compared with December 31, 2010 is due to the recovery of the entire residual amounts due from tax authorities in relation to the payment of withholding tax on employee severance indemnities, as required by Law no. 662/96 (112 thousand euros).

There are no receivables falling due beyond five years.

	12-31-2010	changes during the period	12-31-2011
Other securities:			
▪ bonds	2,758,309	0	2,758,309
	2,758,309	**0**	**2,758,309**

The item "bonds" includes a portion of the A4 bonds issued by the special purpose vehicle, Romulus Finance Srl, purchased in the market by ADR SpA on February 13, 2009. The bonds, which had a face value of 4 million pounds sterling, were purchased at a price of 2.8 million euros (equal to 2.4 million pounds). The A4 bonds, falling due in February 2023, accrue half-yearly interest at a fixed rate of 5.441%.

CURRENT ASSETS

Inventories

	12-31-2010	changes during the period	12-31-2011
Raw, ancillary and consumable materials	2,661,184	30,310	2,691,494
Finished goods and goods for resale:			
- goods for resale	7,520,893	1,133,918	8,654,811
Contract work in progress	11,779,398	(4,801,715)	6,977,683
	21,961,475	**(3,637,487)**	**18,323,988**

The decrease of 3,637 thousand euros in inventories is primarily due to:

- a 4,802 thousand euro decrease in stocks of "contract work in progress", largely relating to the state-financed portion of construction works in departure area F (formerly Pier C);
- a 1,134 thousand euro increase in "goods" for resale (directly managed duty-free and duty-paid shops) due to the increase in sales volumes, as well as the launch and introduction of new high-end products and the creation of the new "*shop in shop*" (display area) Chanel. It should also be borne in mind that the level of the inventories at the end of last year was influenced by the robbery at the central warehouse.

As security for the loans governed by agreements with Romulus Finance Srl, a syndicate of banks, EIB and BIIS (formerly Banca OPI), ADR SpA has granted the lenders a lien (in the form of a mortgage ranking *pari passu* with other claims) on the raw materials, work in progress, stocks, finished goods, goods for resale and other goods forming part of ADR SpA's inventory. This guarantee is valid until the above loans have been fully repaid.

Current receivables

	12-31-2010	changes during the period		12-31-2011
		Increases (+) Repayments (-)	Provisions (-) Value recoveries (+)	
Clients	212,431,779	11,408,787	0	223,840,566
less				
. allowance for doubtful debt	(36,773,629)	1,309,349	(6,642,667)	(42,106,947)
. allowance for overdue interest	(8,062,868)	48,459	(94,902)	(8,109,311)
	167,595,282	12,766,595	(6,737,569)	173,624,308
Due from subsidiary undertakings	9,996,489	(889,816)	0	9,106,673
Due from associated undertakings	482,332	0	0	482,332
Parent companies	22,427	297,314	0	319,741
Due from tax authorities	19,924,313	6,464,616	0	26,388,929
Deferred tax assets	25,490,345	8,172,000	0	33,662,345
Due from others:				
. sundry	58,946,944	195,021	0	59,141,965
. advances to suppliers for services	110,042	30,375	0	140,417
	59,056,986	225,396	0	59,282,382
	282,568,174	**27,036,105**	**(6,737,569)**	**302,866,710**

The main changes are analyzed below.

"**Due from clients**", net of allowances for doubtful debt, amounts to 173,624 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 6.0 million euro increase is due to the increase in revenues, substantially equal to the extension days compared to last year.
This item includes amounts due to the ADR SpA from Alitalia Group companies under special administration, totaling 20.1 million euros. For the amounts due from Alitalia SpA in a.s., the surety of 6.3 million euros was enforced, issued by Alitalia/CAI to secure the amounts due to ADR SpA from Alitalia SpA in a.s. (as well as to the aircraft owned by lessors, obliged in a fair manner) in order to allow the aircraft owned by the lessors to reach Alitalia/CAI free from claims of seizure for protection purposes made by ADR. For further information reference should be made to notes on Payables.

"**Due from subsidiary undertakings**", totaling 9,107 thousand euros, decreased by 890 thousand euros compared with December 31, 2010, due to a reduction in both trade and financial receivables, partly compensated by the increase of financial payables.
A breakdown of receivables due from subsidiary undertakings shows that 8,112 thousand euros derives from trading relations (9,365 thousand euros as of December 31, 2010) and 994 thousand euros from financial relations (631 thousand euros as of December 31, 2010).
For more information, reference should be made to the section "Relations with parent companies and other related parties" in the Management Report on Operations.

"**Due from associated undertakings**", amounting to 482 thousand euros, includes amounts due to the Company from the insolvent Ligabue Gate Gourmet Roma SpA, classified among preferential liabilities.

"**Due from tax authorities**", amounting to 26,389 thousand euros, includes 23.7 million euros corresponding to recognition of installments paid – in accordance with the installment plan agreed to by the Collection Agent – of sums provisionally due regarding the current litigation with the Customs Office. Indeed, these constitute advance payments as they have been provisionally recognized given that no definitive penalty has been imposed. For a more detailed overview of the accounting repercussions of this case, see the notes on "Allowances for risks and charges".
The 6.5 million euro increase in tax credits includes the payment in the year of the installments above for 7.4 million euros, partly offset by the reduction in the VAT credit of 0.9 million euros.

"**Deferred tax assets**", totaling 33,660 thousand euros, registered an increase of 8,172 thousand euros with respect to December 31, 2011, primarily due to provisions made to the allowances for risks and charges and for doubtful debt. For further information, reference should be made to the item "Income taxes".

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

		Balance at 12.31.2010 (A)		Increase (B)		Decrease (C)		Change rate previous year (D)	Balance at 12.31.2011 (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	*27,5% - 32,62%*	34,123	10,404	20,068	6,403	8,165	2,264	111	46,026	14,654
Accumulated inventory write-downs	*27.50%*	352	97	247	69	305	84	0	294	82
Allowance for doubtful accounts	*27.50%*	35,701	9,818	5,519	1,518	238	65	0	40,982	11,271
Provisions for personnel	*27.50%*	6,653	1,830	6,743	1,854	6,654	1,829	0	6,742	1,854
Accelerated depreciation	*27.50%*	857	236	0	0	135	37	0	722	199
Other	*27.50%*	11,314	3,111	9,577	2,635	529	145	(0)	20,362	5,601
Total deferred tax assets		**89,000**	**25,496**	**42,154**	**12,479**	**16,026**	**4,424**	**(0)**	**115,128**	**33,660**
DEFFERED TAX LIABILITIES										
Gains	*27.50%*	(17)	(6)	0	0	(17)	(6)	0	0	0
Total deferred tax liabilities		**(17)**	**(6)**	**0**	**0**	**(17)**	**(6)**	**0**	**0**	**(0)**
TOTAL		**88,983**	**25,490**	**42,154**	**12,479**	**16,009**	**4,419**	**0**	**115,129**	**33,660**
Net deferred tax (assets) liabilities to income statement				**8,172**						

"**Amounts due from others: sundry**", rose by 195 thousand euros during the year, and include (55,709 thousand euros) the balance of the Debt Service Reserve Account (55,649 thousand euros as at December 31, 2010).
It should be borne in mind that, in accordance with ADR SpA's loan agreements, the "Debt Service Reserve Account" is a term current account in the name of the Security Agent in which the Company is obliged to keep a sum as security for debt servicing, to be adjusted every six months (periods March 20–September 19 and September 20 – March 19). Debt servicing currently has different weightings in the above-mentioned six-month periods, so the due dates on which the reserve is increased (in March) and decreased (in September) alternate constantly.

As security for the loans governed by agreements with Romulus Finance Srl, a syndicate of banks, BEI and BIIS (formerly Banca OPI), ADR SpA has granted the lenders the following liens. These guarantees are valid until the above loans have been fully repaid:

- a lien (in the form of a mortgage ranking *pari passu* with other claims) on all receivables deriving from the sale of plant, machinery and capital goods and rights constituting ADR SpA's inventory, as well as other goods and rights subject to liens;
- a lien on all receivables and contracts with clients regarding ADR Tel SpA, ADR Advertising SpA and ADR Assistance Srl and insurance policies.

Amounts due as of December 31, 2011 (302,867 thousand euros) comprise trade receivables (182,057 thousand euros), financial receivables (57,106 thousand euros) and sundry receivables (63,704 thousand euros). There are no promissory notes or similar bills.

The following table shows a geographical breakdown of the Company's trade receivables (in thousand of euros):

	Italy	Other EU countries	Rest of Europe	Africa	Asia	America	TOTAL
Clients	163,238	8,713	1,264	58	268	84	173,625
Parent companies	320	0	0	0	0	0	320
Due from subsidiary undertakings	8,112	0	0	0	0	0	8,112
	171,670	**8,713**	**1,264**	**58**	**268**	**84**	**182,057**

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

Cash on hand and in banks

	12-31-2010	changes during the period	12-31-2011
Bank and post office deposits	186,046,547	(13,506,748)	172,539,799
Cash and notes in hand	623,001	239,183	862,184
	186,669,548	**(13,267,565)**	**173,401,983**

The Company's cash on hand and in banks amounted to 173,402 thousand euros at December 31, 2011, down 13,268 thousand euros with respect to the end of the previous year.

Bank deposits include the balance of the following accounts provided for under ADR SpA's loan agreements:

- the "Recoveries Account", in which any cash deriving from extraordinary transactions must be deposited. In 2006 the amount collected from the sale of the equity investment in Flightcare Italia SpA (formerly ADR Handling SpA) was deposited in this account, net of related expenses. As of December 31, 2011, the balance in the account amounted to 11.1 million euros (also 11.1 million euros as of December 31, 2010), access to which is restricted under the price adjustment mechanism included in the relevant contract of sale (for further information, see the notes to the memorandum accounts);
- account called "loan collateral", with a balance of 52.1 million euros on which, in relation to the continuation of the Cash Sweep -Trigger Event condition, at the application date of September 2011, in compliance with the provisions of the loan agreements, 17.0 million euros were deposited in order to "collateralize" Tranche A1 of the loan from Romulus Finance Srl;
- other bank accounts used for the operating cash flow with a balance of 65.9 million euros.

As security for the loans governed by agreements with Romulus Finance Srl, ADR SpA has granted a syndicate of banks, the EIB and BIIS (formerly Banca OPI), a lien on all the Company's current accounts governed by a specific agreement ("Account Bank Agreement"). This guarantee is valid until the above loans have been fully repaid.

As of December 31, 2011, 43.4 million euros was held in an ADR SpA current account that is not subject to a lien (even in the event of a cash sweep). This amount derives from free cash flow generated in previous years and may, therefore, be used for the payment of dividends under ordinary circumstances.

ACCRUED INCOME AND PREPAID EXPENSES

	12-31-2010	changes during the period	12-31-2011
Prepaid expenses			
. service costs	549,482	794,828	1,344,310
. leased assets	40,000	(35,002)	4,998
. payroll costs	10,429	446	10,875
. other operating costs	3,750	23,250	27,000
. finance costs	3,777,677	(4,485)	3,773,192
	4,381,338	**779,037**	**5,160,375**

Prepaid expenses rose 779 thousand euros in the year in relation to the increase in the "service costs" component (+795 thousand euros), which at year end equals 1,344 thousand euros.

"Finance costs", 3,773 thousand euros as at December 31, 2011 comprises prepayments, not accruing in the period, of the following premiums:
- 3,653 thousand euros (3,657 thousand at December 31, 2010) for the monoline insurance paid to AMBAC Assurance UK, which has secured the bonds issued by Romulus Finance Srl that correspond to Facility A;
- 120 thousand euros (120 thousand euros at December 31, 2010) paid to BIIS, the bank that has guaranteed the loan granted to ADR SpA by the EIB.

SHAREHOLDERS' EQUITY

	Share capital (1)	Share premium reserve	Revaluation reserves	Legal reserve	Statutory reserves	Reserve for own shares	Distributable reserves	Retained earnings	Net income for the year	Total
Balance as of 12-31-2008	**62,309,801**	**667,389,495**	**0**	**12,461,960**	**0**	**0**	**416,300**	**23,814,301**	**(7,047,940)**	**759,343,916.82**
Allocation of net income:										
- allocation of reserve								(7,047,940)	7,047,940	0
Net income for the year									5,093,594	5,093,594
Balance as of 12-31-2009	**62,309,801**	**667,389,495**	**0**	**12,461,960**	**0**	**0**	**416,300**	**16,766,361**	**5,093,594**	**764,437,511**
Allocation of net income:										
- allocation of reserve								5,093,594	(5,093,594)	0
Net income for the year									21,267,045	21,267,045
Balance as of 12-31-2010	**62,309,801**	**667,389,495**	**0**	**12,461,960**	**0**	**0**	**416,300**	**21,859,955**	**21,267,045**	**785,704,556**
Allocation of net income:										
- allocation of reserve								21,267,045	(21,267,045)	0
Other changes	(85,058)						85,058	180,323		180,323
Net income for the year									39,686,164	39,686,164
Balance as of 12-31-2011	**62,224,743**	**667,389,495**	**0**	**12,461,960**	**0**	**0**	**501,358**	**43,307,323**	**39,686,164**	**825,571,043**

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

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

On May 9, 2011 the Board of Directors of ADR SpA ascertained the failed execution of the increase in share capital resolved by the Board in the meeting of May 7, 2004, in exercising the delegation conferred by the General Meeting on July 9, 1999, renewed by the Meeting on April 27, 2001.
This increase, from 62,224,743 euros to 62,309,801 euros - to be implemented by issuing 85,058 ordinary shares with a par value of 1 euro each to be assigned to company managers, by attributing to the capital the amount of 85,058 euros of the "Reserve for share issue pursuant to art. 2349 of the Italian Civil Code" - was not carried out due to both the failed subscription of the shares and the consequent issue, as verified at Monte Titoli SpA. Thus the capital increase procedure was not finalized.
The share capital was re-determined at 62,224,743 euros and the "Reserve for share issue pursuant to art. 2349 of the Italian Civil Code" was reinstated for the sum of 85,058 euros, included in the "Other reserves".
Consequently the amount of the dividends related to the abovementioned 85,058 shares (180 thousand euros), whose distribution was resolved on in the previous years, was reclassified by the item "Other Payables: sundry creditors" under item "Retained earnings".

The changes occurring in the year reflect the positive result of 2011, equal to 39,686 thousand euros and the abovementioned reclassification of 180 thousand euros from the item "Other payables: sundry creditors" under item "Retained earnings", in addition to the allocation of the net profit for 2010, (21,267 thousand euros), approved by the General Meeting of Shareholders of April 13, 2011, according to which this profit was retained.

The following statement shows changes in shareholders' equity during the year and a breakdown of available and distributable reserves:

	amount	**Potential use**	**Availlable portion**	**Summary of uses in previous years 2009-2011**	
				to cover losses:	*other reasons:*
Share capital	62,224,743				(85,058)
Capital reserves:					
Reserve for share issues	667,389,495	A, B, C (*)	667,389,495		
Retained profit reserves:					
Legal reserve	12,461,960	B			
Availlable reserve	501,358	A, B, C	501,358		
Retained earnings	43,307,323	A, B, C	43,307,323	(7,047,940)	
TOTAL SHARE CAPITAL AND RESERVES	**785,884,879**		**711,198,176**		
Undistributable portion (ex art. 2426, no.5)			0		
Remaining distributable portion			**711,198,176**		

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 available portion of reserves may be fully distributed without incurring tax expense.

ALLOWANCES FOR RISKS AND CHARGES

	12-31-2010	changes during the period		12-31-2011
		Provisions	Releases	
▪ Taxation, including deferred taxes	**26,092,600**	**0**	**0**	**26,092,600**
▪ Other:				
current and potential disputes	30,068,435	20,510,660	(1,982,173)	48,596,922
insurance deductibles	1,559,018	169,781	0	1,728,799
restructuring	7,256,568	0	(6,183,421)	1,073,147
to cover investee companies' losses	15,000	0	0	15,000
fixed assets to be handed over	5,980,000	260,000	0	6,240,000
customer loyalty programs	4,153	0	(4,153)	0
	44,883,174	**20,940,441**	**(8,169,747)**	**56,653,868**
	70,975,774	**20,940,441**	**(8,169,747)**	**83,746,468**

Allowances for risks and charges, totaling 83,746 thousand euros, have increased 12,771 thousand euros compared with December 31, 2010. The most important changes are analyzed below.

The "**allowance for taxation, including deferred taxes**" includes the entire charge (taxes, interest and ancillary charges) relating to the current litigation with the Customs Office.
The procedure is underway to collect the entire sum due, which ADR SpA is paying in 36 installments following the application submitted to the Collection Agent, after paying an advance of 4 million euros. The installments already paid, totaling 23.7 million euros, have been recognized as tax credits; at December 31, 2011, 4 installments amounting to 2.5 million euros, including interest, were outstanding.
For further information reference should be made to the section on "Tax litigation".

As part of "**current and potential disputes**", a provision of 20,511 thousand euros was made in order to provide cover for likely potential liabilities and releases in the year in relation to new disputes/risks in the relationships with customers and contractors. Worth mentioning is the integration of the fund made necessary with reference to the revocatory actions Volare in a.s. and Air Europe in a.s. following the decision which ordered ADR to return 8.9 million euros (including interest). For more information reference should be made to the section on Information concerning disputes. Releases equal 1,982 thousand euros and derive from the settlement of disputes with customers and personnel.

The "**allowance for restructuring**", allocated in 2009-2010 to cover the restructuring program launched, which will enable implementation of redundancy schemes regarding around 280 staff, has been released for an amount of 6,183 thousand euros.

The "**allowance for customer loyalty programs**" was zeroed following the closure of the "Shop & Fly" scheme.

EMPLOYEE SEVERANCE INDEMNITIES

BALANCE AS OF 12-31-2010	**27,237,028**
changes during the period	
Provisions	6,100,229
Releases for restructuring	61,695
Releases to pay indemnities	(4,335,634)
Releases to pay advances	(907,480)
Amounts allocated to pension funds or to the Treasury Fund	(4,773,133)
Other	78,619
BALANCE AS OF 12-31-2011	**23,461,324**

Employee severance indemnities report a net decrease of 3,776 thousand euros for the period. Given provisions for the period of 6,161 thousand euros (including 61 thousand euros already allocated in 2009 for the restructuring program), severance indemnities dropped due to the releases for indemnities paid, amounting to 4,336 thousand euros, mainly in connection with 90 employees switching from the redundancy fund to the mobility fund, and an amount of 4,773 thousand euros for indemnities paid into pension funds and the Treasury Fund.

PAYABLES

	12-31-2010	changes during the period	12-31-2011
Due to banks	273,894,888	(101,220,980)	172,673,908
Due to other financial institutions	1,214,116,885	45,001	1,214,161,886
Advances:			
a) from the Ministry of Transport	3,954,284	(842,823)	3,111,461
b) from clients	5,156,588	501,917	5,658,505
Due to suppliers	136,041,074	(20,779,286)	115,261,788
Due to subsidiary undertakings	13,000,493	4,426,288	17,426,781
Due to associated undertakings	968,680	0	968,680
Due to parent companies	11,540,035	5,624,996	17,165,031
Taxes due	42,508,036	3,990,061	46,498,097
Due to social security agencies	6,461,549	(44,059)	6,417,490
Other payables: sundry creditors	54,438,652	15,159,753	69,598,405
	1,762,081,164	(93,139,132)	**1,668,942,032**

The Company's payables fell by 93,139 thousand euros during the period. The principal reasons for such a change are analyzed below.

"**Amounts due to banks**" totaling 172,674 thousand euros, include:
- 171,872 thousand euros representing the principal on long-term lines of credit granted to ADR SpA denominated Term Loan Facility (65,522 thousand euros), BOPI Facility (26,350 thousand) and EIB Term Loan (80,000 thousand euros);
- 802 thousand euros of amounts due from ADR SpA for interest, commissions and swap differentials accrued during the period but not yet settled.

The decrease of 101,221 thousand euros compared with December 31, 2010 derives from the combined effect of the following changes:
- repayment of 92,765 thousand euros of the Term Loan Facility at the application date of March 2011 for 90,272 thousand euros and at the application date of September 2011 for 2,494 thousand euros;
- repayment of 8,500 thousand euros of the BIIS loan in connection with payment of installments, falling due in March and September 2011;
- an increase of 44 thousand euros in the amounts due for interest, commissions and swap differentials accrued during the period but 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*
		residual 12.31.2011	*used 12.31.2011*				
Syndacate of banks	**Term Loan Facility**	65.5	65.5	floating rate linked EURIBOR + margin	bullet	6 years	feb. 2012
Syndacate of banks	**Revolving Facility**	100.0	0.0	floating rate linked EURIBOR + margin	revolving	1.5 years	feb. 2013
		165.5	**65.5**				
Banca BIIS	**BOPI Facility**	**26.4**	**26.4**	floating rate linked EURIBOR + margin	after five years in six-monthly installments	12 years	mar. 2015
BEI	**EIB Term Loan**	**80.0**	**80.0**	floating rate linked EURIBOR + margin	bullet	10 years	feb. 2018
	TOTAL	**271.9**	**171.9**				

The long-term line of credit denominated the "Term Loan Facility" was granted on September 20, 2005 by a syndicate of banks with the mandated lead arrangers comprising Barclays Capital, Calyon SA, (Crédit Agricole Corporate and Investment Bank since February 6, 2010), Mediobanca – Banca di Credito Finanziario SpA, Unicredit SpA (formerly Unicredit Banca Mobiliare SpA) and WestLB AG.
For the Term Loan Facility line of credit, initially worth 290,000 thousand euros, 98,600 thousand euros was repaid on September 20, 2006, 21,400 thousand euros on March 20, 2008, 11,712 thousand euros on September 20, 2010, 90,272 thousand euros on March 20, 2011, 2,494 thousand euros on September 20, 2011, thus reducing it to 65,522 thousand euros.

With reference to the Revolving Facility it should be noted that, on August 22, 2011 ADR SpA signed with a pool of seven banks consisting of Banca Nazionale del Lavoro SpA, Barclays Bank Plc, Crédit Agricole Corporate & Invest Bank, Mediobanca – Banca di Credito Finanziario SpA (Mediobanca), Natixis S.A., The Royal Bank of Scotland N.V. and UniCredit SpA, an agreement for a revolving facility for a total of 100 million euros, expiring on February 20, 2013. Mediobanca also plays the role of Bank Agent.
This new facility, secured by the same collaterals issued for the other loans of ADR SpA, guarantees, until the stated maturity date, the availability of the seamless Revolving facility compared to the expiry of the validity of the pre-existing one negotiated in 2005 and valid until August 22, 2011[2]. The cost conditions obtained can be considered as in line with the best ones that can obtained in the market for companies with the same rating. The margin applied to the euribor can be further deducted if the Company, in the near future, manages to improve the rating assigned by both agencies.

The line of credit denominated the “BOPI Facility” was granted on February 19, 2003 by BIIS – Banca Infrastrutture Innovazione e Sviluppo (formerly Banca OPI) and guaranteed by CDC IXIS Financial Guaranty Europe. This line of credit, which was initially granted for an amount of 85,000 thousand euros, was reduced to 26,350 thousand euros following advance repayment of an amount of 28,900 thousand euros on September 20, 2006, and of an amount of 12,750 thousand euros on March 20, 2008, corresponding to the installments falling due in September 2008, and in March and September 2009, and payment of installments falling due in March and September 2010 and March and September 2011, totaling 17,000 thousand euros.

80,000 thousand euros of the line of credit denominated "EIB Term Loan" was disbursed by the EIB (European Investment Bank) on May 27, 2008. This facility is guaranteed by BIIS.

The interest rates applied to the “Term Loan Facility”, the “Revolving Facility” and the “OPI Facility” vary in terms of the level of ADR’s rating, whilst the loan granted by the EIB is not affected by the rating.

[2] This Revolving Facility was granted on September 20, 2005 by a syndicate of banks with the mandated lead arrangers comprising Barclays Capital, Calyon SA, (Crédit Agricole Corporate and Investment Bank since February 6, 2010), Mediobanca – Banca di Credito Finanziario SpA, Unicredit SpA (formerly Unicredit Banca Mobiliare SpA) and WestLB AG.

"**Amounts due to other financial institutions**" total 1,214,162 thousand euros. The item includes the principal of 1,200,019 thousand euros due from ADR SpA to Romulus Finance Srl ("Romulus Finance") and 14,143 thousand euros consisting of interest accrued on the above-mentioned loans and not yet paid.

The increase of 45 thousand euros compared to December 31, 2010 is entirely attributable to the ascertained 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 Srl of the amount due to ADR SpA's original lenders for loans taken out in August 2001. Romulus Finance, a vehicle established pursuant to Law no. 130/99 on securitization and controlled by two Dutch foundations, financed acquisition of the pre-existing bank loan to ADR SpA via the issue of asset-backed bonds amounting to 1,265 million euros, to be listed on the Luxembourg Stock Exchange and subscribed by institutional investors.

After the advance repayment of "Loan B", amounting to 65,000 thousand euros and carried out in March 2008, the loan from Romulus Finance breaks down into four lines of credit, summarized in the table below. The conditions reflect those of the bonds issued by Romulus Finance to finance the purchase of amounts due to ADR's creditor banks:

Lender	*Facility Loan*	*Amount (millions of euros)*	*Interest rate*	*Repayment*	*Life*	*Maturity date*
Romulus Finance Srl	**A1**	500.0	fixed	bullet	10 years	feb. 2013
	A2	200.0	floating rate linked EURIBOR + margin	bullet	12 years	feb. 2015
	A3	175.0	floating rate linked EURIBOR + margin	bullet	12 years	feb. 2015
	A4	325.0	floating rate linked EURIBOR + margin up to 12/20/09 and after fixed rate	bullet	20 years	feb. 2023
	TOTAL	**1,200.0**				

The bonds issued by Romulus regarding Classes A1, A2, A3 and A4 are secured by the monoline insurance company, Ambac Assurance UK Limited; since April 2011 the insurance company is no longer subject to rating.

The level of ADR's rating affects the amount of the premium paid to Ambac for the surety on the bonds, but not the interest rate applied to each class of bond.

It must be remembered that to guarantee payment of Class A1, at the application date of September 2011 ADR SpA collateralized an amount of 17.0 million euros in the account denominated "loan collateral", which was added to the amount of 35.1 million euros collateralized during the same year, for a total of 52.1 million euros as of December 31, 2011.

The **Hedging policy**, an integral part of the loan agreements entered into by ADR SpA, requires that at least 51% of all debt be hedged against fluctuations in interest rates.
At December 31, 2011, 60.1% of ADR SpA's lines of credit have fixed interest rates (at December 31, 2010: 56.0%).

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

These contracts were signed to hedge interest rate risk for an additional three years regarding total notional capital of 240 million euros, thus increasing the proportion of total debt hedged against interest rate risk to 77.6% (72.3% at December 31, 2010).

As of December 31, 2011, the fair value of the swap agreements entered into is a negative 1.0 million euros. The characteristics of outstanding swaps are listed below:

(€/000)	NOTIONAL	FAIR VALUE DERIVATIVE at 12.31.2011	DERIVATIVE PURPOSE	FINANCIAL RISK	FINANCIAL LIABILITY HEDGED
COLLAR FORWARD START of 2006 (*cash flow hedge*)	240,000	(985)	hedge	interest rate	240,000
TOTAL					

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

The effects of the interest rate swap agreements on the income statement for the period are shown in the notes on finance income and costs.

The bank loans and the loan from Romulus Finance are **guaranteed**, as described in detail in the individual balance sheet items, by:

- a lien (in the form of a mortgage) on the plant, machinery, capital goods and goods constituting ADR SpA's inventory, as well as any receivables deriving from the sale of these assets;
- a lien on all receivables, and more generally on any right deriving from contracts with clients and insurance policies;
- a lien on all of ADR SpA's bank current accounts;
- a lien on ADR's shareholdings in ADR Tel SpA, ADR Advertising SpA and ADR Assistance Srl;
- "ADR Deed of Charge" (a lien under British law on loans, hedging agreements and insurance policies governed by British law).

A large number of contractual regulations (**commitments and covenants*)*** govern the management of ADR's borrowings, partly due to their size, and also because of Ambac's requirement to protect the risk of non-compliance and insolvency on the part of ADR, thereby seeking to minimize the actual difference between the maximum rating insured and the rating of the issuer/debtor. Such regulations include:

- financial assets may only be acquired with the permission of creditors or via a "non-recourse vehicle", and in any case only using authorized borrowing or liquidity;
- income from the sale of financial assets may be used for investment or, if not used within 12 months of collection, must be used to repay borrowings;
- dividends may only be distributed if specific financial ratios exceed contractually pre-established thresholds, and if no events of default or trigger events have occurred;
- further loans may only be undertaken if the above financial ratios exceed determined thresholds (higher than those required under normal lending conditions) and if the rating awarded to ADR is greater than pre-defined minimum levels;
- if a maturing line of credit is not repaid at least 12 months before the maturity date, any surplus cash flow generated during this period must be allocated on a priority basis (based on defined proportions) to the repayment of borrowing, which is known as a retention regime. However, if determined financial ratios are not met 24 months ahead of maturity, a 24-month retention regime may come into force;
- if the financial ratios are below certain predetermined minimum thresholds, or if the rating is below sub-investment grade levels, or if other specific contractually defined critical situations occur, further restrictive measures relating to cash flow management are set in motion in order to protect creditors from the risk of default by ADR SpA.

The principal covenants included in the current loan agreements consist of ratios, defined on the basis of final and forecast data, which measure: (i) the ratio between available cash flow and debt servicing, (ii) the ratio between discounted future cash flows and net debt, and (iii) the ratio between net debt and gross operating income.

These ratios are checked twice a year, on the application dates of March 20 and September 20, by applying the calculation methods of the respective ratios to the relative data at December 31 and June 30.
If these ratios are above specific levels, dividends may be paid and further borrowing undertaken; if on the other hand, the ratios fall below specific thresholds, a trigger event or an event of default may occur.
For further information on compliance with the covenants, reference is made to the description in the Management Report on Operations, paragraph "Risks related to outstanding loan agreements".

A trigger event results in a series of operating restrictions for ADR, especially the following:

a) a cash sweep with an obligation to use all available cash flow on the application dates (March 20 and September 20) (i) to pay interest rate installments; (ii) to repay all creditors early on a *pari passu* basis; and (iii) the Romulus bonds that may not be repaid in advance should be secured via the establishment of specific cash reserves held in specific current accounts serving as a lien for Ambac (so-called cash collateralization);
b) an embargo on the payment of dividends and prohibition of the use such funds to carry out authorized investments;
c) the right of creditors, via the security agent, to obtain any information deemed necessary and to take part in devising a recovery plan and the related implementation time frames by hiring an independent expert to take part in drawing up the business plan containing the measures and remedies designed to restore an acceptable rating. Failure to implement the recovery plan could give Ambac the right to increase the premium on the guarantee issued on the Romulus Finance bonds;
d) prohibition of the acquisition of financial assets and of taking out new loans, even if they are designed to repay existing borrowings;
e) transfer of all cash amounts due to ADR SpA as guarantees to the creditors, with consequent notification of the debtors transferred.

As regards ratings assigned, the **Trigger Event and Cash Sweep** restrictions already activated following Standard & Poor's lowering of its rating on November 30, 2007 (from BBB stable to BBB- stable) continue.
Finally, in compliance with contractual conditions, ADR SpA has allocated all the available liquidity on the application dates of 2011 as follows:

- application date of March 2011: 90.3 million euros for the advance repayment of the "Term Loan Facility";
- application date of September 2011: 19.5 million euros of which 17.0 million euros to collaterize Tranche A1 (expiring on February 20, 2013) and 2.5 million euros for the early repayment of the "Term Loan Facility" expiring on February 20, 2012.

"**Amounts due to suppliers**" dropped by 20,779 thousand euros due to the decreased volume of capital investment during the period.

"**Amounts due to subsidiary undertakings**" increased by 4,426 thousand euros due to an increase in trade payables.
A breakdown of receivables due from subsidiary undertakings shows that 16,572 thousand euros derives from trading relations (11,108 thousand euros as of December 31, 2010) and 855 thousand euros from financial relations (1,892 thousand euros as of December 31, 2010).

For more information on amounts due to subsidiary undertakings, reference should be made to the section "Relations with parent companies and other related parties" in the Management Report on Operations.

"**Amounts due to parent companies**", totaling 17,165 thousand euros, includes trade payables amounting to 413 thousand euros and amounts due to Gemina SpA for tax consolidation totaling 16,752 thousand euros. The increase of 5,625 thousand euros with respect to December 31, 2010 primarily derives from the estimated IRES for the period, totaling 35.0 million euros, net of the taxes due for 2009, part of the taxes due for 2010 and the transfer of tax credits for 2011 regarding the advances already paid for a total of 29.6 million euros.

For more information, reference should be made to the section “Relations with parent companies and other related parties” in the Management Report on Operations.

“**Taxes due**”, amounting to 46,498 thousand euros, were up 3,990 thousand euros on the previous year, essentially due to an increase in the amount due to the tax authorities for the municipal surtax on passenger fees for 3.3 million euros.
In this regard, it should be remembered that ADR SpA began charging carriers this surtax from June 1, 2004 at the rate of 1 euro, which was subsequently increased to 2 euros from April 2005, pursuant to Law no. 43 of March 31, 2005. This rate was increased by an additional 50 cents from January 1, 2007, in compliance with the provisions of Law no. 296 of December 27, 2006 (the Finance Act for 2007), and by an additional 2 euros from November 2008, pursuant to Law Decree no. 134/08, making a total of 4.50 euros.
The surtax of 1 euro provided for by Law no. 43/2005 and the increase of 2 euros pursuant to Law Decree no. 134/08 are allocated to a special fund, managed by INPS, in support of the income, employment, reorganization and retraining of air transport sector personnel.
Law no. 122 of July 30, 2010 and the subsequent resolution of the Commission responsible for the administrative management of the municipality of Rome of November 12, 2010, also introduced, starting from January 1, 2011, an administrative surcharge on the boarding fees of passengers departing from Rome's airports in order to contribute to expenses deriving from the rescheduling of the Municipality of Rome's debt.
The amount due as municipal surtax on passenger fees totaled 42,055 thousand euros as of December 31, 2011. This amount was paid the following month after collection of municipal surtax from carriers, while the outstanding amount due is recorded in a contra-entry under receivables. The amount to be paid in January 2012 in connection with collections in the month of December equals 7.9 million euros.

“**Other payables: sundry creditors**” rose by a total of 15,160 thousand euros primarily due to the effect of:

- the greater amount due for the contribution towards the cost of the fire prevention and fire fighting service for 2011 (8.6 million euros). The amounts due recorded in the financial statements regarding the years from 2007 to 2011 total 42.9 million euros; these amounts due have yet to be settled awaiting the outcome of pending judgments relating to appeals lodged by some of the major airport operators;
- posting of the amount due to Alitalia/CAI for 6.3 million euros following the enforcement of the surety issued to secure the amounts due from ADR SpA to Alitalia SpA in a.s. (as well as to the aircraft owned by lessors, obliged in a fair manner) in order to allow that aircraft owned by the lessors to reach Alitalia/CAI free from claims of seizure for protection purposes made by ADR. This debt will be settled if Alitalia/CAI becomes a surrogate in the position of ADR and is admitted to the liabilities of Alitalia in a.s. or in case Alitalia in a.s. collected the same amounts.

Briefly, as of December 31, 2011 total payables of 1,668,942 thousand euros include 1,387,690 thousand euros of a financial nature, 141,985 thousand euros of trade payables and 139,267 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 the limited amount due to overseas creditors (4.4 million euros out of a total of 116.1 million euros).

Payables secured by collateral on the Group’s assets amount to 1,386,836 thousand euros (as described in the paragraph regarding amounts due to banks and other financial institutions).

Payables falling due beyond five years amount to 405,019 thousand euros and regard amounts due to banks totaling 80,000 thousand euros (EIB loan) and amounts due to other financial institutions of 325,019 thousand euros.

Foreign currency payables exposed to exchange rate risk total 28 thousand euros and refer to services supplied.

ACCRUED EXPENSES AND DEFERRED INCOME

	12-31-2010	changes during the period	12-31-2011
Accrued expenses			
. Sub-concessions and license fees	1,983,311	(1,505,102)	478,209
. Other	2,147,229	(143,421)	2,003,808
	4,130,540	**(1,648,523)**	**2,482,017**

The sub-item "Other", totaling 2,004 thousand euros as of December 31, 2011, includes 913 thousand euros for the advance billing of advertising and miscellaneous services, and 1,091 thousand euros regarding grants collected but not accruing during the period.

NOTES TO THE MEMORANDUM ACCOUNTS

General guarantees

	12-31-2011	12-31-2010
Sureties:		
. in the interest of third parties	110,522	110,522
Other:		
. in the interest of subsidiary undertakings	715,841	715,841
	826,363	**826,363**

Commitments on purchases and sales

	12-31-2011	12-31-2010
COMMITMENTS ON PURCHASES		
Investments:		
. due from subsidiary undertakings	7,602,428	8,354,111
. electronic equipment	361,353	310,275
. maintenance and services	1,650,789	2,204,977
. self-financed works	73,593,440	84,598,207
	83,208,010	**95,467,570**
COMMITMENTS ON SALES	**0**	**0**
COMMITMENTS ON PURCHASES AND SALES	**83,208,010**	**95,467,570**

It is to be noted that:

– on February 28, 2003 ADR SpA, granted IGPDecaux SpA a put option on its holding in ordinary and preference shares in ADR Advertising SpA. This right expired on 12.31.2011;

– commitments on purchases also include ADR SpA'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. 477/95) and the Ministerial Decree of November 29, 2000, for Fiumicino and Ciampino airports.
To this end ADR SpA is currently assessing whether or not the relevant limits have been exceeded, and if so will proceed with preparation of the necessary noise reduction and abatement plans.
Such commitments are difficult to quantify and are, by necessity, determined on the basis of interpretations, given that there are no specific indications of the activities to be considered as "maintenance " and "extension" of infrastructures, which form the basis for calculation pursuant to Law no. 447/1995 (the framework law on noise pollution).
In view of the above, ADR SpA, based on available estimates regarding the investments made on the date of these Statements, judges its overall commitment to be no more than approximately 37 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;

– the agreements on the sale of the equity investment in Flightcare Italia SpA (formerly ADR Handling SpA), entered into on November 3, 2006, provide for a price adjustment of up to 12.5 million euros. Of this, the amount deemed most probable to arise was charged to the income statement in the years 2006-2011 under extraordinary items with a contra-entry in allowances for risks and charges, totaling around 4.6 million euros as of December 31, 2011. The remaining amount, currently deemed unlikely to be incurred, will be re-assessed in future years;

– finally, a series of interest rate swap contracts aimed at hedging interest rate risk on existing loans have been entered into. For further information reference should be made to the notes to "Payables".

Other memorandum accounts

	12-31-2011	12-31-2010
GENERAL GUARANTEES RECEIVED		
Sureties	150,953,297	161,458,463
	150,953,297	161,458,463
THIRD PARTY ASSETS ON FREE LOAN DEPOSITED IN CUSTODY, LEASED OR SIMILAR		
. leased assets	11,063	5,021,063
. 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	689,369,115	680,309,206
	838,485,487	834,435,578
OTHER MATTERS IN QUESTION		
.assets leased to subsidiary undertakings	93,223	93,223
	93,223	93,223
COMMITMENTS TO OTHER COMPANIES		
OTHER MEMORANDUM ACCOUNTS	**989,532,007**	**995,987,264**

The reduction in the item third parties' assets is attributable to the purchase in 2011 of the system dedicated to baggage handling at Terminal 5, previously on free loan.

"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.

The increase in the item “works carried out on behalf of the State” is due to invoicing of the portion of state-funded works regarding departure area F to the Civil Aviation Authority in 2011.

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

NOTES TO THE INCOME STATEMENT

TOTAL REVENUES

Revenues

	2011	2010	change
- Revenues from sales:			
. "*Non-aeronautical*" activities:			
duty free and duty paid	89,363,926	84,881,610	4,482,316
other	3,166,493	2,644,644	521,849
	92,530,419	**87,526,254**	**5,004,165**
- Revenues from services:			
. "*Aeronautical*" activities:			
fees	181,608,044	174,849,510	6,758,534
security	70,349,984	67,704,806	2,645,178
centralized infrastructures	40,493,331	35,377,552	5,115,779
other	31,019,552	29,321,320	1,698,232
	323,470,911	307,253,188	16,217,723
. "*Non-aeronautical*" activities:			
sub-concessions and utilities	130,121,645	127,902,769	2,218,876
car parks	31,712,296	30,566,402	1,145,894
advertising	2,821,134	2,858,748	(37,614)
refreshments	7,639,357	7,274,066	365,291
other	21,482,030	23,967,317	(2,485,287)
	193,776,462	192,569,302	1,207,160
	517,247,373	**499,822,490**	**17,424,883**
- Revenues from contract work	**9,059,909**	**7,310,630**	**1,749,279**
Total revenues from sales and services	**618,837,701**	**594,659,374**	**24,178,327**
- Changes in contract work in progress	**(3,668,453)**	**921,029**	**(4,589,482)**
- Grants and subsidies	**446,371**	**759,874**	**(313,503)**
TOTAL REVENUES	**615,615,619**	**596,340,277**	**19,275,342**

Revenues total 615,616 thousand euros. Of these, 52.5% derived from “aeronautical activities” carried out by the Company and 47.5% were generated by “non-aeronautical activities” (51.5% and 48.5% in 2010 respectively).

"Revenues from sales" amounted to 92,530 thousand euros, up 5.7% on 2010. This change was due to the increased sales volumes for directly managed shops, linked to the upturn in traffic.

"Revenues from services" totaled 517,247 thousand euros, up 3.5% on 2010.

"Revenues from contract work", amounting to 9,060 thousand euros, primarily regard revenues deriving from the re-billing of the portion of works regarding the state-funded departure area F (formerly Pier C) to the Civil Aviation Authority.

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 Group's activities.

However, it is possible to identify segments on the basis of the type of product or service offered and the production process involved. Information regarding the resulting segments has been extracted directly from the Group's accounts. The following table provides information relating to the three principal areas of activity identified:

- **Airport fees**: paid in return for use of airport infrastructure;
- **Centralized infrastructures**;
- **Non-aeronautical 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[3] space, 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.

REVENUES	Fees	Centralized infrastructures	Commercial activities		Other activities	Total
			Sub-concessions	Direct sales		
2011	181,608	40,493	130,122	92,530	170,863	**615,616**
2010	174,850	35,378	127,903	87,527	170,682	**596,340**
change	*6,758*	*5,115*	*2,219*	*5,003*	*181*	***19,276***
% change	*3.9%*	*14.5%*	*1.7%*	*5.7%*	*0.1%*	***3.2%***

Total revenues can be broken down into two macro-areas:
- "Aeronautical" (including fees, handling, management of centralized infrastructure, security services, left luggage, assistance to passengers with reduced mobility, etc.) amounting to 323,471 thousand euros, compared with 307,253 thousand euros in 2010;
- "Non-aeronautical" (including sub-concessions, direct sales, the management of advertising space and car parks, refreshments and contract work on behalf of the state) amounting to 292,145 thousand euros, compared with the 289,087 thousand euros of 2010.

[3] Until March 1, 2003, the date on which the lease of the advertising business unit to the subsidiary undertaking, ADR Advertising SpA, came into effect; the sale of advertising space in retail outlets, on the other hand, continues to be carried out by ADR SpA.

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: other

	2011	2010
- Grants and subsidies	446,371	759,874
▪ Gains on disposals	1,940	3,100
▪ Other:		
. Releases:		
release from allowance for overdue interest	18,435	102,391
. Damages and compensation paid to third parties	6,799,259	343,967
. Expense recoveries	1,497,583	1,151,550
. Recovery of personnel expenses	154,806	145,090
. Revaluations of prior years	5,902,230	4,483,348
. Other income	1,634,283	1,214,296
	16,006,596	7,440,642
	16,454,907	**8,203,616**

"**Revenue grants**" include grants of 118 thousand euros relating to management training programs, mainly funded by Fondimpresa, and grants of 328 thousand euros from the European Union regarding the feasibility study for the Integrated Multimodal Transport System.

Regarding **"Other income",** damages and compensation from third parties include the amount of 6.7 million euros, finally paid to ADR SpA as an indemnity (in addition to interest) for the favorable Council of State ruling on the dispute with the Ministry for Infrastructure and Transport and Civil Aviation Authority on the payment date of the price for the service of performing security checks on 100% of hold baggage. The related interest (1.3 million euros) was classified in the item "other revenues – updated valuations". The total amount recognized to ADR SpA (8.0 million euros) was collected by the company between June and September 2011.
For more information reference should be made to the paragraph on Information concerning disputes.
"Revaluations of prior years", amounting to 5,902 thousand euros, primarily 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 during the period amounted to 115,743 thousand euros (110,133 thousand euros in 2010), of which 94,713 thousand euros relating to intangible fixed assets and 21,030 thousand euros relating to tangible fixed assets (89,971 thousand euros and 20,162 thousand euros in the previous year respectively). Amortization of intangible fixed assets includes the charge for the amortization of the concession, amounting to 50,096 thousand euros.
Further details are provided in the note to fixed assets.

Provisions for doubtful debt totaled 6,643 thousand euros (11,576 thousand euros in 2010) and reflect an updated assessment of the recoverability of ADR SpA's receivables.

Provisions for risks and other charges

	2011	2010
. current and potential disputes	20,261,659	5,040,402
. insurance deductibles	169,782	190,587
	20,431,441	**5,230,989**

"Other provisions", totaling 260 thousand euros, regard provisions for fixed assets to be handed over and the allowance for customer loyalty programs.
Further information is provided in the note to allowances for risks and charges.

It should be noted that provisions in the income statement are made following the assessment 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

	2011	2010
. concession fees	13,904	7,334
. other	8,869,495	7,892,766
	8,883,399	**7,900,100**

The item "Other", amounting to 8,883 thousand euros, primarily comprises:
- 1,003 thousand euros for membership fees (990 thousand euros in 2010);
- 3,707 thousand euros for indirect taxes and duties (3,806 thousand euros in 2010), including 2,442 thousand euros for local property taxes;
- 2,441 thousand euros for updated valuations of costs and revenues recognized in the 2010 financial statements (2,472 thousand euros in 2010).

FINANCE INCOME AND COSTS

Income from equity investments

	2011	2010
Other income from equity investments	0	714,736
	0	**714,736**

The sub-item "Other income from equity investments" included in 2010 the capital gains deriving from completion of the liquidation procedures regarding the subsidiary undertaking, Airport Invest BV (659 thousand euros), and the associated undertaking, Alinsurance Srl (56 thousand euros).

Other finance income

	2011	2010
Interest and commissions on long-term receivables:		
Other	0	0
Finance income on securities recorded in non-current financial assets that do not qualify as equity investments	379,821	385,862
Other:		
Interest on overdue current receivables:		
. Clients	244,343	239,644
Interest and commissions received from other companies:		
. Interest from subsidiary undertakings	46,575	71,628
. Interest from banks	2,713,999	1,248,281
. Other	47,006	6,520
	3,431,744	**1,951,935**

"Finance income on securities recorded in non-current financial assets that do qualify as equity investments" includes finance income accrued during the period on the portion – with a face value of 4 million pounds sterling – of the A4 bonds issued by the special purpose vehicle Romulus Finance Srl, which ADR SpA purchased on February 13, 2009.

"Interest from banks", totaling 2,714 thousand euros, decreased by 1,466 thousand euros compared with 2010, despite the increase in interest rates.

Interest expense and other financial charges

	2011	2010
Interest paid to subsidiary undertakings	6,431	10,269
Interest and commissions due to others and sundry charges:		
. Interest and commissions paid to banks	5,197,523	5,522,130
. Interest and commissions paid to other financial institutions	63,755,230	61,652,147
. Provisions for overdue interest on doubtful accounts	94,902	202,781
. Other	5,938,138	7,218,875
	74,992,224	**74,606,202**

"Interest and commissions paid to banks" registered a decrease of 325 thousand euros due to the reduced average exposure deriving from repayments of the Term Loan Facility in September 2010 and March and September 2011 for a total of 104.5 million euros and payment of installments falling due, totaling 8.5 million euros, relating to the Banca OPI loan, partly compensated by the mentioned interest rate increase.

"Interest and commissions paid to other financial institutions" increased overall by 2,103 thousand euros for the greater financial charges relating to Classes A2 and A3, with a floating rate, always due to the rise in rates.

"Other" consists substantially of the negative differential (5,661 thousand euros) paid by ADR SpA to the counterparties with which the Company has signed interest rate collar contracts, becoming active in October 2009; on these differentials the mentioned interest rate increase has a positive effect (-1,369 thousand euros compared to the previous year).

Foreign exchange gains/(losses)

	2011	2010
. Foreign exchange gains	40,532	51,281
. Foreign exchange losses	7,511	10,995
	33,021	**40,286**

The conversion of receivables and payables denominated in non-EU currencies at closing exchange rates resulted in a net loss of one thousand euros.

ADJUSTMENTS TO FINANCIAL ASSETS

Write-downs

	2011	2010
Write-downs of equity investments	0	738,348
	0	**738,348**

"Write-downs of equity investments" equaled zero in 2011 compared to 738 thousand euros in 2010 (of which 500 thousand euros relate to the equity investment held in the Aeroporto di Genova, 205 thousand euros to the subsidiary ADR Advertising SpA, 15 thousand euros to the completion of the liquidation of La Piazza di Spagna Srl and 19 thousand euros to the covering of losses of Consorzio E.T.L.).

EXTRAORDINARY INCOME AND EXPENSE

Income

	2011	2010
▪ **Other:**		
Income and recovery of expenses relating to previous years deriving from:		
. Revenues from sales and services	0	81,909
. Operating costs	23,108	4,905
. Finance income and costs	0	15,020
. Reversal of liabilities	1,785,606	480,410
. Taxes relating to previous years	16,747	234,295
.Other extraordinary income	7,060	511,011
	1,832,521	**1,327,550**

"Reversal of liabilities" includes 1.1 million euros of debts for invoices to be received, offset against the costs for works financed by the State, relating to the departure area F, to Tangible fixed assets in progress. This adjustment was necessary since, at the time of applying the additional deed to the Loan Agreement, the expenses incurred for the executive design were not made restorable, which therefore were included in the self-financed component. The economic effect was counterbalanced by the write-down of the inventories for contract work in progress, registered between the extraordinary expense in the item "reversal of assets".

In 2010 the item "Other extraordinary income" included the income and related interest deriving from the favorable Council of State ruling confirming the Regional Administrative Court ruling that had reduced by 30% the amount of the fine imposed on ADR in 2008, concerning the Antitrust Authority proceedings regarding airport fees.

Expense

	2011	2010
▪ **Taxes relating to previous years**	**0**	**13,976,098**
▪ **Other**		
Extraordinary expense deriving from:		
Operating costs	151,566	420,776
Payroll costs	0	77,133
Finance costs	0	42,767
Amortization, depreciation and write-downs	0	725
Exceptional asset write-downs	1,224,004	321,697
	1,375,570	863,098
Other extraordinary expense:		
Payments due for lost goods	39,180	103,259
Fines	67,068	60,869
Restructuring charges	0	3,037,836
Damages and compensation paid to third parties	7,795	0
Extraordinary costs (wastage and theft)	0	923,727
Costs relating to extraordinary operations	249,000	369,000
	363,043	4,494,691
	1,738,613	**5,357,789**
	1,738,613	**19,333,887**

For the note on the "reversal of assets" reference should be made to the description in the paragraph "extraordinary income – reversal of liabilities".

It is worth remembering that in 2010 the item "Taxes relating to previous years" included further provisions regarding the current dispute with the Customs Office following the negative outcome of the appeal ADR SpA submitted to the Regional Tax Commission for Rome.

For further information reference should be made to the section on "Tax litigation".
Furthermore in 2010 the item "Restructuring costs" included expenses of 3.0 million euros arising from the review of the restructuring program launched by the Company last year.

INCOME TAXES

	2011	2010
Current taxes		
. income from tax consolidation	(355,058)	(993,974)
. expenses from tax consolidation	35,379,194	25,185,849
	35,024,136	24,191,875
. IRAP	15,595,745	14,108,704
	50,619,881	38,300,579
Deferred tax (assets) liabilities		
. deferred tax assets	(8,166,000)	(2,534,000)
. deferred tax liabilities	(6,000)	(7,000)
	(8,172,000)	(2,541,000)
	42,447,881	**35,759,579**

It should be remembered that, having met the related prerequisites, ADR SpA and the other Group companies (ADR Engineering SpA, ADR Tel SpA, ADR Assistance Srl and ADR Sviluppo Srl) along with the consolidating company, Gemina SpA, have opted to participate in the tax consolidation regime introduced by the Tremonti Reform for the three-year period 2010-2012.

As regards deferred taxation, it was decided to continue posting the assets and allowances that generated temporary differences in the individual companies' financial statements.

Pursuant to the above tax legislation, against the taxable income transferred by ADR SpA to the consolidating company, Gemina SpA, "expenses from tax consolidation" of 35,379 thousand euros (regarding IRES) has been recorded. Income from tax consolidation of 355 thousand euros has been recorded as a result of the application – in the form of remuneration - of the IRES rate to 50% of the positive difference between taxable operating income and interest expense, in accordance with contractual agreements.

With reference to "current taxes – IRAP", it should be noted that ADR SpA's tax burden was calculated by applying a rate equaling 5.12%, which considers the 0.30% increase in the base rate, pursuant to Law no. 111 of July 15, 2011 for the statutory corporations other than those for the construction of motorways and tunnels, in force since 2011. This increase in the rate determined higher taxes for 2011 of 914 million euros.

The calculation of IRES, included in the expenses from tax consolidation, benefited from the introduction of ACE (economic growth assistance) pursuant to Law Decree 201/2011, which led to the exclusion from the taxable base of an amount of 0.6 million euros corresponding to the notional return (equal to 3% for 2011), referable to the profits reinvested in the company.

IRES[4] accounts for 43.1% of the pre-tax result compared to the expected rate of 27.5%.

Reconciliation of the statutory and effective rates is provided in the table below.

	2011	2010
Pre-tax income	**82,134**	**57,027**
Statutory rate (IRES)	***27.5%***	***27.5%***
Taxation at statutory rate	**22,587**	**15,682**
Effect of increases (decreases) in the ordinary rate:		
Non-deductible costs	6,177	7,642
other permanent differences	(647)	(807)
temporary differences (increases)	11,671	9,745
temporary differences (decreases)	(4,409)	(7,077)
Expenses from tax consolidation	**35,379**	**25,185**
Effective rate	***43.1%***	***44.2%***

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

Finally, it should be noted that, given the uncertainty surrounding the availability of government funds to pay tax rebates, contingent assets of 1,565 thousand euros have prudently not been recognized in the income statement. This sum relates to an IRES rebate deriving from the 10% deduction of IRAP for the years from 2004 to 2007.
The rebate was applied for by ADR SpA, for the years from 2004 to 2006, and by the consolidating company, Gemina SpA, for 2007, on February 1, 2010 and February 24, 2010, respectively.

[4] For the purposes of calculating the tax rate for IRES, IRES expense was added to the income and expenses from tax consolidation.

OTHER INFORMATION

HEADCOUNT

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

Company	2011	2010	change
Managers	38.2	40.7	(2.5)
Administrative staff	163.8	154.2	9.6
White-collar	1,536.4	1,488.2	48.2
Blue-collar	342.0	365.7	(23.7)
Total	**2,080.4**	**2,048.8**	**31.6**

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) (€/000):

Category		Remuneration	Other remuneration (d)	TOTAL
Directors	(a)	115	40	155
Executive Directors	(b)	101	12	113
Statutory Auditors	(c)	228	17	245
Total		**444**	**69**	**513**

(a) remuneration determined pursuant to art. 2389, paragraph I, of the Italian Civil Code, approved by the General Meeting of April 15, 2010 and June 8, 2011;
(b) see resolutions of Board of Directors' meetings of April 15, 2010 and May 13, 2010, pursuant to art. 2389, paragraph III, of the Italian Civil Code; on June 11, 2010 a specific agreement was signed between Gemina SpA and ADR SpA regarding remuneration of the Chairman;
(c) see resolution of the General Meeting of Shareholders of April 15, 2010;
(d) social security charges incurred by the Company (14 thousand euros for Directors and 2 thousand euros for Statutory Auditors) and the reimbursement of expenses.

On June 8, 2011 the General Meeting re-determined the number of the members in the Board of Directors (from 14 to 11), with the consequent reduction in the global gross annual remuneration to be attributed to the Board of Directors for 2011 and 2012, to the tune of 110 thousand euros.

At a meeting on August 2, 2010 the Board of Directors also approved payment of gross annual remuneration of 75 thousand euros to the members of the Supervisory Board pursuant to Legislative Decree no. 231/2001. In the meeting of May 9, 2011 the Board, at the same time as appointing the internal member, specified the remuneration of 10 thousand euros due to him/her, to be intended as include in the remuneration, as "Internal Audit" manager.

REMUNERATION OF INDEPENDENT AUDITORS

In accordance with art. 149-12 of the Issuers' Regulations, which apply to ADR SpA as it is a company controlled by a listed company (Gemina SpA), a breakdown of the fees paid to the ADR Group's principal independent auditors is shown in the table below (thousand euros):

Type of service	Entity providing the service	Client	Fees 2011
Auditing	Deloitte & Touche S.p.A.	ADR S.p.A.	175
Attestation	Deloitte & Touche S.p.A.	ADR S.p.A.	77
Total			**252**

SHAREHOLDINGS OF DIRECTORS AND STATUTORY AUDITORS

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

NUMBER OF SHARES

The share capital of 62,224,743 euros is represented by 62,224,743 shares with a par value of 1 euro each. As of December 31, 2011 the interest of the majority shareholder, Gemina SpA, amounts to 95.897% (59,671,885 shares).

On May 9, 2011 the Board of Directors ascertained the failed execution of the increase in share capital resolved by the Board in the meeting of May 7, 2004, in exercising the delegation conferred by the General Meeting on July 9, 1999, renewed by the Meeting on April 27, 2001.

This increase, from 62,224,743 euros to 62,309,801 euros - to be implemented by issuing 85,058 ordinary shares with a par value of 1 euro each to be assigned to company managers, by attributing to the capital the amount of 85,058 euros of the "Reserve for share issue pursuant to art. 2349 of the Italian Civil Code" - was not carried out due to both the failed subscription of the shares and the consequent issue, as verified at Monte Titoli SpA. Thus the capital increase procedure was not finalized.
The share capital was re-determined at 62,224,743 euros and the "Reserve for share issue pursuant to art. 2349 of the Italian Civil Code" was reinstated for the sum of 85,058 euros, included in the “Other reserves”.

CONDENSED FINANCIAL STATEMENTS OF GEMINA SPA FOR THE YEAR ENDED DECEMBER 31, 2010

From August 2, 2007, ADR SpA qualifies as a company “managed and coordinated” by Gemina SpA, which wholly owned Leonardo Srl, subsequently merged into Gemina SpA.

Key data from the financial statements of Gemina SpA as of December 31, 2010, the latest available financial statements approved by the company’s General Meeting of Shareholders on April 19, 2011, are shown in the table below:

GEMINA S.p.A. BALANCE SHEET AS OF DECEMBER 31, 2010

BALANCE SHEET
(in Euros)

ASSETS	12/31/2010	
Non-current assets		
Intagible fixed assets	785	
Tangible fixed assets	35,265	
Investment in subsidiary companies	1,843,246,286	
Investment in associated companies and joint venture	2,231,743	
Investment assets	28,255	
Other non-current assets	116	
Deferred tax assets	1,028,997	
Total non -current assets		1,846,571,447
Current assets		
Trade receivables	578,327	
Other receivables	13,012,292	
Other current financial assets	2,934,423	
Cash and cash equivalents	11,136,773	
Total current assets		27,661,815
Activities held for sales		0
TOTAL ASSETS		**1,874,233,262**

GEMINA S.p.A. BALANCE SHEET AS OF DECEMBER 31, 2010

BALANCE SHEET
(in Euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	12/31/2010	
Shareholders' equity		
Share Capital	1,472,960,320	
Capital reserve	199,706,821	
Coverage reserve	(403,283)	
Other reserves	83,106,078	
Profit (loss) from previuos years	64,279,101	
Profit (loss) for the year	(8,686,388)	
Total Shareholders' equity		1,810,962,649
Non-current liabilities		
Employee benefits	244,339	
Provisions for risks and charges	11,300,000	
Total non-current liabilities		11,544,339
Current Liabilities		
Trade payables	711,378	
Current financial liabilities	41,953,635	
Provisions for risks and charges	1,922,139	
Derivates	581,212	
Other current liabilities	6,557,910	
Total current Liabilities		51,726,274
Liabilities held for sales		0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,874,233,262**

GEMINA S.p.A. BALANCE SHEET AS OF DECEMBER 31, 2010

PROFIT (LOSS) FOR THE YEAR
(in Euros)

	2010	
Financial income (expense) from equity investments		(1,348,180)
Financial income (expense), net		(2,998,144)
Personnel costs	(1,525,942)	
Other operating costs	(3,846,358)	
Amortisation, depreciation and write-down of fixed assets	(2,259,456)	
Revenues	1,043,965	
Total Costs operating, net		(6,587,791)
Profit (loss) before taxation		**(10,934,115)**
Income tax		2,247,727
Profit (loss) for the year		**(8,686,388)**

LITIGATION

Administrative, civil and labor litigation is followed by the Group through its internal legal department which has provided, for the preparation of the accounts as of and for the period ended December 31, 2011, 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.

Tax litigation

The most significant disputes involving the Parent Company, ADR SpA, are shown below. These are the same as those described in the Company's statutory financial statements, given that no significant disputes involving other Group companies, which might lead to potential liabilities not recorded in the financial statements, are reported.

- In 1987 a general tax audit of ADR SpA’s accounts from January 1, 1985 to February 18, 1987 was carried out, focusing in addition on certain aspects relating to previous years.
  Despite the fact that the auditors found no evidence of irregular accounting practices or violations of statutory regulations, including misdemeanors punishable by fine in compliance with Law 516 of August 7, 1982, ADR was notified of certain irregularities regarding both direct and sales tax for the years between 1982 and 1987. The Parent Company appealed the tax authorities’ interpretation before the competent Tax Commissions.
  In relation to the IRPEG and ILOR assessment notices concerning the years 1985 and 1986 the tax authorities appealed to the Supreme Court, and the Company responded by depositing its counter-evidence with the Court. At a hearing to discuss the matter on November 7, 2007, the Supreme Court accepted the appeal and referred the case to a different department of the Regional Tax Commission.
  With sentence, filed on July 7, 2011, the Regional Tax Commission turned down the appeal of the Office and confirmed the cancellation of the IRPEG/ILOR assessment notices for the taxation periods 1985 and 1986.
  Thus far the outcomes of the hearings conducted by the various tax commissions have been in ADR's favor, confirming the legal interpretation adopted and a positive outcome for the Company.

- On November 3, 2006 the Tax Office of Rome (UTF) initiated an audit of the Company's accounts regarding taxation of the consumption of electricity.
  In its report dated February 23, 2007, the Tax Office informed the Company that it intended to recover the amounts relating to the consumption tax and related local surtaxes on electricity sold to third parties for the years between 2002 and 2005.
  The Tax Office formalized the request for data and information regarding the supply of electricity for the above period, and carried out additional audits aimed at carrying out technical checks on the equipment and on the means of distribution and consumption of electricity on the part of ADR, in order to identify and separate the consumption subject to the tax exemption in accordance with art. 52 of Consolidated Act no. 504/1995 for the tax period January 1, 2002 – May 31, 2007.
  Following the audits, the Tax Office issued 15 demands for payment of a total of 4.4 million euros (including interests and expenses), regarding failure to pay the tax on electricity consumption and the related surtax for the period 2002-2006. This amount includes interest expense, penalties for late payment and notification expenses.
  Generally speaking, the disputes relate to the alleged sale to third parties of electricity acquired by ADR, as well as the refusal to recognize the favorable terms applied in accordance with art. 52 of the Consolidated Customs Act to entities qualifying for inclusion in the category "industrial operators".
  Along with the demands for payment, there were 9 notifications of administrative irregularities, amounting to a total of 1.5 million euros for 2002, concerning the sanctions imposed in relation to the failure to pay the above taxes.
  Backed up by the opinion of its tax experts, ADR SpA deems it highly likely that the legitimacy of its behavior will be recognized, and has therefore appealed the demands in question before the Provincial Tax Commission for Rome.
  At hearings in 2008 and 2009, the Provincial Tax Commission for Rome granted all the appeals regarding payment of taxation and the imposition of sanctions.
  The Custom Office then lodged an appeal against the sentences issued by the Provincial Tax Commission for Rome.
  To date the Regional Tax Commission has issued and filed nineteen sentences confirming the decision of the Provincial Tax Commission and rejecting the appeals lodged by the Customs Office.
  On November 5, 2010 the Attorney General's Office contested the sentences issued by the Lazio Regional Tax Commission before the Supreme Court. The Company took formal legal action.

- On March 1, 2011, the Customs Office – Rome Office 2 began to audit ADR SpA, concerning the correct application of legislation in force regarding taxation of the consumption, excise tax and surcharge on electricity in the period 2007-2010.
  The audit is linked to the one undertaken, for the years 2002 to 2006, by the former Rome Tax Office, for which a tax litigation is still pending before the Supreme Court (see previous point). On February 9, 2012 the company was notified a tax assessment with which the Office quantified the amount of the failed payment of the consumption tax and related surcharges and VAT due for the abovementioned period to be 2.5 million euros. In acknowledging the notice, the Company has reserved its right to defend itself before the competent authorities.

- The Municipality of Fiumicino notified ADR SpA two tax assessments, challenging the failure to declare and pay the local property tax for 2001 and 2002 regarding Hilton Rome Airport Hotel.
  The Company, considering that there are valid arguments in favor of its non-liability to pay this tax, has appealed against these tax assessments to the Provincial Tax Commission for Rome.
  On December 20, 2010 the Provincial Tax Commission for Rome deposited sentence no. 503/59/10, which rejected ADR SpA's appeal and issued a tax assessment for 2002.
  Due to the limited degree of investigation of the legal issues at stake in this case, the Company intends to appeal against the sentence of the Provincial Tax Commission for Rome.
  On December 23, 2011 the Provincial Tax Commission for Rome deposited sentence no. 498/01/11, which accepted ADR SpA's appeal against the tax assessment for 2001.
  On May 5, 2011 the Municipality of Fiumicino notified ADR SpA another two tax assessments, challenging its failure to declare and pay the local property tax for 2005 and 2006. The company, in line with the action for 2001 and 2002, has appealed against these tax assessments to the Provincial Tax Commission for Rome.

- On August 16, 2007, the Rome II Customs District Office notified ADR SpA of reported irregularities in the sales carried out at its duty free shops from January 1, 1993 to January 31, 1998. The findings essentially regard sales made to passengers traveling within the EU that exceeded duty free allowances in terms of amount and value.
  On December 18, 2007, the same Customs District Office ordered payment of sums regarding VAT, excise duties and tobacco duties, as a result of the findings set out in the assessment report. The total amount of taxes and interest charged adds up to around 22.3 million euros.
  ADR SpA appealed this demand for payment before the Provincial Tax Commission. On April 6, 2009 the Provincial Tax Commission for Rome filed Sentence no. 149/39/00, which rejected the appeal lodged by the Company. Following the judgment, the Customs Office activated the procedure to collect the sum due, which the Company is paying in 36 installments subsequent to acceptance of the application submitted to the Collection Agent, after paying an advance of 4 million euros via an irrevocable payment order on April 27, 2009. The total assessment, including interest and ancillary charges, amounts to 26.1 million euros.
  On July 14, 2009 ADR SpA lodged an appeal against the sentence handed down by the Provincial Tax Commission for Rome.
  On May 26, 2010 the Provincial Tax Commission for Rome deposited sentence no. 105/35/10, which rejected ADR SpA's appeal and required the Company to pay costs.
  This further adverse development has given additional weight to the risk of a negative outcome, regardless of the fact that the position of the Company and its tax experts expressed during the legal proceedings, which maintains that there are no grounds for the imposition of such taxation, is unchanged. Moreover, the Company is convinced of the substantial and formal legitimacy of its behavior.
  Consequently, in preparing the financial statements for the year ended December 31, 2010, it was decided to allocate provisions based on the estimated amount of taxes assessed, thereby bringing the allowance for taxes into line with the tax payable, inclusive of interest and ancillary charges.
  ADR SpA, which firmly maintains its position that there are no grounds for the imposition of such taxation and is convinced of the substantial and formal legitimacy of its behavior, appealed to the Supreme Court against the adverse sentence no. 105/35/10 handed down by the Regional Tax Commission.

- Within the scope of annual checks pursuant to art. 42 of Law no. 388/2000, on June 4, 2009 the Lazio Regional Tax Office initiated a general tax assessment of ADR SpA regarding IRAP and VAT for 2007.
  At the end of the audit, on October 29, 2009 the Company was notified of certain irregularities regarding IRES and IRAP, entailing higher taxation of 1.2 million euros and higher VAT of 2.4 million euros. In acknowledging the notice, the Company has reserved its right to defend itself before the competent authorities.

Administrative, civil and labor litigation

The most significant disputes involving the Parent Company, ADR SpA, are shown below. These are the same as those described in the Company's statutory financial statements, given that no significant disputes involving other Group companies, which might lead to potential liabilities not recorded in the financial statements, are reported.

Airport fees and regulated tariffs

- With regard to the preparatory phase for the Planning Agreement 2005-2009, in November 2005 ADR SpA appealed to Lazio Regional Administrative Court for an annulment of the decisions and considerations contained in the notes issued by the Ministry of Infrastructure and Transport and the Ministry of the Economy, in which the company is 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 included a claim for damages from the ministries, in view of the unwarranted delay the above document had caused in finalizing the Planning Agreement provided for in Point 5 of the regulatory framework annexed to CIPE (Interdepartmental Committee for Economic Planning) Resolution 86/2000 and art. 4 of the Ministerial Decree of November 14, 2000. The Agreement governs the determination of airport fees and the other regulated revenues earned by ADR. An announcement of the date of the relevant hearing is awaited.

- Actions brought by ADR following the issue of the provisions implementing Law no. 248/2005 (so-called "system requirements"), include the proceedings brought before the civil court of Rome in February 2006 against the Ministry of Infrastructure and Transport. This regards a claim for damages, estimated at 27.6 million euros, caused to ADR SpA as a result of the failure to bring airport fees into line with the target inflation rate until December 2005, in compliance with article 2, paragraph 190 of Law no. 662/1996, which was repealed by Law no. 248/2005. With sentence no. 19720/2010 the Court rejected ADR's requests, on the grounds that: a) the airport fee increases provided for until 2000 were above the rate of inflation; b) the obligation to bring airport fees into line with the target inflation rate was only applicable until Ministerial Decree of November 14, 2000 was issued; c) the matter was completely re-regulated by Italian Legislative Decree no. 203/05, the so-called "system requirements" legislation. ADR SpA intends to appeal. The case is adjourned until June 25, 2014 to pronounce the final judgment.
- A further action relating to "system requirements" regards the appeal filed by ADR SpA before the Lazio Regional 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. With sentence no. 2289/2007 lodged on June 5, 2007 the Lazio Regional Administrative Court rejected the appeal. In November 2007 ADR SpA appealed this sentence before the Council of State. At the hearing, held on November 22, 2011, Alitalia filed the sentence to be put into special administration, with consequent interruption of the judgment which was undertaken by ADR at the beginning of February 2012. A hearing for discussion is set for May 29, 2012.
  On November 21, 2007, ADR lodged an appeal with the Lazio Regional Administrative Court (without a request for suspension) to obtain cancelation of CIPE Resolution no. 38/07 and the attached "Directive regarding tariff regulation of airport services offered on an exclusive basis". Subsequently, ADR appealed (also without request for suspension) against the Guidelines issued by the Civil Aviation Authority in implementation of this Directive.
  The principal grounds for the appeal regard the remuneration of invested capital and, more generally speaking, the allocation of concessionary charges, application of the single till criterion (the contribution of a percentage of commercial margins towards the determination of airport fees) and regulated tariff trends. An announcement of the date of the relevant hearing is awaited. On March 25, 2009, ADR SpA presented additional arguments supporting its appeal before the Lazio Regional Administrative Court against Ministerial Decree of December 10, 2008 published in Official Gazette no. 42 of February 20, 2009, which approves the Civil Aviation Authority's Guidelines and abolishes the previous Ministerial Decree, which was never published in the Official Gazette and appealed by ADR SpA. An announcement of the date of the relevant hearing is awaited.
- On February 17, 2010, ADR SpA lodged an appeal with the Lazio Regional Administrative Court against the decree of the Ministry of Infrastructure and Transport regarding "Revised airport fees for 2009", published on December 22, 2009. This decree raised airport fees in line with the target inflation rate for 2009 which, in the Economic and Financial Planning Document, is projected at 1.5%. This appeal to the Lazio Regional Administrative Court is similar, in terms of reasoning and arguments, to the one in which ADR appealed against the previous decree that revised airport fees for 2008 in line with inflation.
- In February 2010, ADR SpA, as counterparty, was notified of separate appeals lodged before Lazio Regional Administrative Court by Codacons and the Air, Sea and Rail Transport Users' Association and other carriers aimed at obtaining cancellation, with prior suspension, of the Ministerial Decree of December 8, 2009 regarding "Revised airport fees for 2009". The principal grounds for appeal were: investigative shortcomings, including lack of correlation between airport operators' costs and revenues as a prerequisite for the increase, infringement and misapplication of Law no. 241/1990 and violation of the principle of due process. The relevant hearing was held on May 19, 2011 and with sentence no. 7526/2011 the appeal was rejected.
- ADR has contested a letter from the Civil Aviation Authority dated April 13, 2010 and a memorandum from the Ministry of Transport of May 13, 2010 (and all other related memoranda) before the Lazio Regional Administrative Court. These notifications stipulate that EU fees should be applied to Swiss carriers, as well as all flights to and from the territory of the Swiss Confederation (conversely ADR SpA applies non-EU fees for these flights).
  The Civil Aviation Authority's assertion is based on the fact that the Agreement between the EU and Swiss Confederation of January 21, 1999 (which came into force on June 1, 2002) placed Swiss

carriers on an equal footing with EU ones, and therefore ADR SpA is discriminating against Swiss carriers.
The Company, on the other hand, maintains that no discrimination is involved as the application of airport fees, and related amounts, is governed in Italy by the Ministerial Decree of November 14, 2000 which is based on the air space a flight passes through (within or beyond the European Union) rather than the carrier that operates it. Moreover, the above-mentioned Agreement is not referred to in any EU legislation, nor in the recently amended Annex.
At the hearing before the Regional Administrative Court, scheduled for July 12, 2010, regarding suspension of the contested communications, ADR requested, on the grounds of procedural expediency, that the case be directly referred for discussion of its merits.
The total maximum amount to be potentially returned is estimated at around 8 million euros plus interest. Obviously, the fees claimed by carriers would in turn be verified in a court of law.
On this subject, on July 21, 2011, Swiss International Airlines Ltd summoned ADR SpA to the Court of Civitavecchia to return the sum of 5.2 million euros including interest equaling the presumed excess difference paid by Swiss from 2002 to 2009 for landing and take-off fees. On August 18, 2011, ADR SpA was notified a similar deed, again by Swiss, with a request equal to 3.1 million euros, plus interest, for a total of 3.5 million euros concerning the passenger boarding fees (landing and take-off fees are no longer mentioned).
At the first hearing set for December 23, 2011, Swiss, in the judgment relating to the landing and take-off fees, re-quantified the value of its claim, which was reduced from 5.2 million euros to 1.6 million euros, admitting to have made a material error on the point.

- In September 2003 ADR SpA issued notice of appeal to Lazio Regional Administrative Court against Ministerial Decree 14/T of March 14, 2003 (published in the Official Gazette of June 3, 2003) containing provisions regarding the payment of fees for the 100% screening of hold baggage, as interpreted, in relation to the date from which such fees are to be applicable, in Civil Aviation Authority letters dated June 3, 2003 and June 11, 2003. The main reasons for the appeal are: (a) the contradictory nature of the two letters from the Civil Aviation Authority; and (b) the lack of any provision regarding collection of the fees prior to the implementation of the Ministerial Decree. 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). With sentence no. 13847/2010 the Lazio Regional Administrative Court ordered the Civil Aviation and the Ministry of Infrastructure and Transport, jointly, to pay ADR SpA 6.7 million euros, plus legal interest accruing between the date the receivable arose to the date of payment. In October 2010 the authorities lodged an appeal against the above-mentioned sentence handed down by the Regional Administrative Court and the hearing was held on October 11, 2011. With the sentence filed with the Chancery on October 27, 2011 the appeal was fully repealed, thus definitively recognizing in ADR's favor the amount of 6.7 million euros, plus legal interest, in the meantime settled by ENAC and the Italian Ministry of Transport and Infrastructure between June and September 2011.
- On July 11, 2011 ADR SpA was notified, in its capacity as involved party, the appeal lodged before the Lazio Regional Administrative Court by IBAR and ten airlines (Brussels Airlines, Qatar Airways, Kuwait Airways, Egypt Air, Cyprus Airways, Bulgaria Air, Malaysia Airlines, Iberia, Tunisair) for the cancelation of the Civil Aviation Authority directive pursuant to letter of May 11, 2011. With the mentioned directive the Civil Aviation Authority declared that, with reference to the fee to use the automatic handling system of transit baggage "NET6000", the cost connection limit just for 2011 is "equal to 1.87 euro per piece of baggage". The applicant did not made a request for suspensive relief and a date for the relevant hearing has yet to be set. Therefore, in relation to the failed payment from January 2011 for the use of the NET6000 system by the ten airlines, on December 22, 2011 ADR SpA filed the relevant appeals for injunctions to recover its credit expired on November 30, 2011, equal to 3.8 million euros towards: Alitalia (3.6 million euros), Air France, Delta, Korean, Air One, United, Darwin, Emirates, Continental and Qatar. On January 17, 2012 the company filed the supplementary notes to the appeals for injunctions towards Alitalia, Air One, Emirates, Delta and Air France to demand their provisional enforceability, while it withdrew those towards Darwin and Continental, given that these airlines paid the due debt. Also United paid the entire due debt and, given that the action can no longer be withdrawn from, the Injunction will not be notified.

Airport Fuel Supply Fees

- In March 2006 ADR SpA appealed to the Lazio Administrative Court 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. An announcement of the date of a hearing to discuss the matter is awaited.
- IBAR (Italian Board Airlines Representatives) and 6 carriers (Iberia, Tap, American Airlines, Delta Airlines, Ethiopian Airlines and Cyprus Airlines) lodged an appeal with the Lazio Administrative Court, against the Civil Aviation Authority's memorandum of September 15, 2006 (protocol no. 60600) (in addition to other previous measures), with which the Civil Aviation Authority communicated the results of the controls carried out at airports managed by full-service operators "in order to analyze the correlation between costs and the flat rates charged by airport operators to oil companies".
  Subsequently, IBAR put forward additional grounds and requested the Regional Administrative Court to acknowledge the illegitimacy of the most recent rulings issued by the Civil Aviation Authority regarding the matter. An announcement of the date of a hearing to discuss the matter is awaited.
- ENI has brought a claim before the Rome civil court against its own client airlines (Air One, Alitalia, Eurofly, Livingston, Meridina and Neos) in order to ascertain the obligation to pay oil companies the amounts regarding the concession fee that the company owes to airport operators, and, consequently, that the carriers are ordered to pay ENI the amounts accrued to this effect since October 2005 (with Law Decree no. 211/2005 regarding the so-called "system requirements").
- In the same claim, ENI has also brought a secondary claim against airport operators, including ADR SpA (and the Civil Aviation Authority for the airports managed by the State) in order to ascertain that the concession fees paid by ENI to airport operators should not be calculated on the basis of the amount of fuel supplied to airlines. Moreover, as specifically regards ADR, on the one hand, ENI requests that the Company be ordered to pay an amount corresponding to the sum paid since October 2005, totaling 276 thousand euros, and, on the other, that it be determined that ENI does not owe ADR the amount of 1.1 million euros (as determined for the period up to 31 May 2006), which is as yet unpaid. Following the interruption of the judgment due to the sentences declaring the bankruptcy of Alitalia SpA and Livingston SpA, ENI notified the appeal for reinstatement. At the hearing February 9, 2012, after the discussion the Judge adjourned the case to pronounce the final judgment to January 24, 2013;
- Airone has taken out legal proceedings at the Civil Tribunal of Rome against Tamoil, its jet fuel supplier, as well as certain airport operators (SAB – Aeroporto di Bologna, ADR, SEA and SAVE), claiming the illegality of the fees charged to oil companies by operators in return for the use of airport infrastructure, which these companies subsequently "pass on" to carriers. Consequently, Airone also requests that Tamoil – together with the above airport operators, each according to their portion of responsibility – be ordered to repay the sum paid by Airone since 2003, amounting to 2.9 million euros. The issue of the sentence is awaited.

Catering company fees

- IBAR, together with 13 carriers, on the one hand, and Assaero and Volare, on the other hand, in separate requests, appealed to the Lazio Regional Administrative Court, with concomitant request for suspensive relief, for the cancellation of Civil Aviation Authority rulings no. A0035898 and no. 0035899 of June 5, 2007, regarding the setting of fees for the catering carried out at Rome and Milan airports, respectively. The plaintiffs have withdrawn their request for suspension.
  Subsequently, IBAR put forward additional grounds and requested the Regional Administrative Court to acknowledge the illegitimacy of the most recent rulings issued by the Civil Aviation Authority regarding the matter. In the hearing for the discussion of the appeal proposed by Assaero, held on June 9, 2011, judgment was withheld. Concerning the appeal proposed by IBAR, the relevant hearing must still be set.

Concession fees

- On May 26, 1999, ADR appealed Ministry of Finance Decree 86, dated March 5, 1999, before the Lazio Administrative Court. The Decree establishes the concession fees to be paid by airport operators for the years prior to 1997. Judgment is still pending.
  A similar action brought by ADR SpA before the Civil Court of Rome, with the aim of ascertaining that the Company is not required to pay any back-dated fees to the Ministry of Transport for the years prior to 1997, ended with the issue of sentence no. 5283/2004. This sentence, which upheld ADR SpA's position, declared that the Company has no obligation to pay the government concession fees for the years prior to 1997.
- In 2003 ADR SpA lodged an appeal with Lazio Regional Administrative Court against the Executive Decree of June 30, 2003 (definition of airport concession fees for 2003) published in the Official Gazette on 7 July 2003, as amended in the notice published in the Official Gazette on 6 September 2003. This decree established methods different from those previously applied for calculating annual fees due from full-service airport operators pursuant to special laws. Such methods of calculation are deemed to be discriminatory and to distort competition between airports, as they introduce an element of “adjustment” to the resulting figures regarding the “earnings” that passengers produce in relation to the airport.
  In a parallel civil court judgment, on July 12, 2007 ADR SpA was notified of the purview of sentence no. 12189 of June 13, 2007 with which the Court of Rome, accepting ADR’s request, “following misapplication of the executive decree issued by the director of the state property office on June 30, 2003”, declared that “Aeroporti di Roma SpA did not owe the Italian Civil Aviation Authority any amounts greater than the concession fees due for the years 2003, 2004 and 2005 calculated in conformity with Law no. 662/1996, in application of the calculation criteria set forth in the Ministerial Decree dated December 12, 1998”.
  On June 16, 2008 the state property office lodged an appeal against this sentence. The issue of the sentence is awaited.

Fire prevention fund

- In November 2009 ADR SpA lodged an appeal before the Lazio Regional Administrative Court, without a request for suspensive relief, against the Civil Aviation Authority directive of July 31, 2009, protocol no. 0050644/DIRGEN/CEC, which included a table indicating the amounts of the contributions due from each operator for the fire prevention fund.
  In February 2010 additional grounds were provided against the subsequent Civil Aviation Authority directive of December 11, 2009, protocol 0087809/DIRGEN/DG which, referring to a table that had already been superseded with the previous directive of July 31, 2009, reiterated the request to airport operators to make the related payments as soon as possible in order to "rectify non-compliance with the provisions of Law no. 296 of December 27, 2006". The principal grounds for the appeals include lack of clarity regarding the charge levied on airport operators (tax or fee for provision of service), and therefore the impossibility of identifying the competent jurisdiction.
  An announcement of the date of the relevant hearing is awaited.
  With a sentence on October 26, 2010, the Tax Commission ruled on an appeal lodged by thirteen airport operators (not including ADR which, like other operators, opted to contest the directive before the above-mentioned Lazio Regional Administrative Court), declaring that the appellants were not obliged, from January 1, 2009, to pay “the contributions laid down by art. 1, paragraph 1328 of Law no. 296/2006, as amended by art. 4, paragraphs 3.2, 3.3 and 3.4, of Law no. 185/2008, into the so-called 'fire prevention fund', given that such contributions, as demonstrated, are to be allocated for purposes other than those laid down by law”.
  In fact, whilst initially admitting its competence regarding the assumption that this is a tax for a specific purpose rather than an airport fee as asserted by the Civil Aviation Authority, the Tax Commission recognized that, as of 1 January 2009, amendments had come into force identifying purposes that are completely alien to those originally provided for by the legislation regarding the provision of fire prevention services at airports.
  With sentence no. 252/10/11 the Regional Tax Commission (2nd instance), accepting the appeal of the authorities, reformed the abovementioned 1st instance sentence by simply qualifying the amount requested from the management companies pursuant to art. 1, paragraph 1328, Law 296/2006, as “airport fee”, without assessing the dispute and the issues raised by the parties, thus declaring its lack of jurisdiction in favor of the ordinary judge.

Antitrust authority

- In a resolution of September 20, 2000, the Antitrust Authority closed the investigation of ADR SpA, started in 1999 after the notices filed by some airport operators, finding that the Company had not abused its dominant position with respect to the fees and relationships with third-party suppliers. The Authority did, however, find anti-competitive practices in relation to Aviation Services (Meridiana Group), although no fine was imposed. The Company has appealed the latter finding before the Lazio Administrative Court, but the date for the hearing has yet to be set.

Noise abatement measures

- The Ministerial Decree of November 29, 2000 requires the operators of public transport services and the related infrastructure to draw up action plans for the reduction and abatement of noise, and to make provisions in line with forecast penalties if such limits should be exceeded. The legislation has been independently appealed by all airport operators to the Council of State, with the aim of obtaining an annulment of Lazio Regional 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 Council of State 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;
  - 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".
- ADR appealed to the Lazio Regional Administrative Court requesting cancellation of the proceedings of July 1, 2010 by which the Services Conference, convened to define and approve acoustic zoning for "G.B Pastine" airport in Ciampino, approved acoustic zoning Proposal no. 2 for this airport. No request for suspensive relief was made and a date for the relevant hearing has yet to be fixed.

Traffic restrictions at Ciampino

- Ryanair appealed to the Lazio Regional Administrative Court requesting cancellation – with prior suspension – of Ordinance no. 14/2007 of July 9, 2007 issued by the management of Ciampino airport, stipulating that no more than 100 commercial movements by the holders of slots could be effected in any one day, with slots to be allocated between 6am and 11.30pm during the winter of 2007/2008. At the hearing held on October 11, 2007 to discuss suspensive relief, the Administrative Court rejected Ryanair's appeal, thereby maintaining the restricted number of slots for the winter of 2007-2008.
  With Ordinance no. 5752/2007 the Council of State upheld Ryanair's appeal (and therefore the original application for suspensive relief submitted by the airline). On March 25, 2008 Ryanair notified ADR SpA of an appeal on additional grounds to the Lazio Regional Administrative Court, following the denial by Assoclerance of two slots that did not exceed the current daily of limit of 138 slots, and which the airline had not made use of during the summer of 2007. This denial was based on a contradictory interpretation by the Civil Aviation Authority, according to which the effects of the contested Civil Aviation Authority

ordinance remained in force, even after the ruling by the Council of State, if Ryanair were to request slots different from those allocated to it in the summer of 2007, as only the loss of these slots would constitute the serious and irreparable harm that the ordinance intended to avoid.

At a hearing held to discuss the matter on April 24, 2008, Ryanair requested that the case be adjourned until a hearing on the merits, a date for which is awaited. At the same time, regarding the carrier's request to execute Council of State Ruling no. 5752/2007, the same judge, with Ruling no. 2046/08, rejected Ryanair's demands on the following grounds: "*for the purposes of executing Ruling no. 5752 of November 6, the position taken by the appellant with regard to the present dispute, appears to be correct and satisfactory regarding maintenance of the same number of S07 slots previously allocated to Ryanair by the Civil Aviation Authority and Assoclearance, including the S08 season, given that the damages claimed by Ryanair should be measured only on the basis of the number of slots allocated to the airline at the time when the number of total slots allocated to Ciampino airport were reduced from 138 to 100".*

Bankruptcy proceedings involving clients

- A series of sentences passed by the Bankruptcy Court in Rome have declared the following companies bankrupt: Alitalia – Linee Aeree Italiane SpA in a.s., Volare SpA in a.s., Alitalia Express SpA in a.s., Alitalia Servizi SpA in a.s., Alitalia Airport SpA in a.s., ADR SpA lodged appeals regarding the relative bankruptcy claims. Regarding the proceedings related to Alitalia SpA, ADR's claim was dealt with at a hearing on December 16, 2009. On this occasion, ADR SpA was the only operator deemed to have adequately proved its claims, and a first statement of affairs was duly filed. Subsequently the amounts due after the opening of the procedure were excluded from the statement of affairs due to the guideline adopted by the Commissioners, by virtue of which, dealing with "non insolvent" amounts due, the related assessment is referred to the Delegated Judge only in case of formal dispute by the Commissioners due to allocation and/or amount. In the meantime, an expert was arranged by the Delegated Judge, also for the amounts due alleged by ADR SpA, similarly to the process relating to the other operators. In December 2011 the statement of affairs was made executive. Pursuant to art. 97 of the bankruptcy law, communications shall be sent to the creditors to inform them of the filing with the chancery of the statement of affairs, as well as the outcome of the application. From the time of receiving this communication, the terms shall apply for any opposition (30 days).
  As per the other companies of the Alitalia group in a.s. (Alitalia Servizi SpA in a.s., Alitalia Airport SpA in a.s., Volare SpA in a.s. and Alitalia Express in a.s.), between June and December 2011, the statements of affairs were made executive although the related communications have still not been received by ADR SpA. Moreover, several legal initiatives have been undertaken at the Court of Civitavecchia, in support of ADR's claims for amounts due from Alitalia for navigation fees, secured by a lien on the aircraft, also in respect of their related owners, who are jointly liable under the law.
- In October 2009 Volare Airlines SpA, a company under special administration entered into civil proceedings before the Court of Busto Arsizio in order to obtain cancellation of payments made to ADR SpA during the year prior to the carrier's entry into bankruptcy on November 30, 2004, and an order requiring the Company to pay back a sum of 6.7 million euros.
  The plaintiff's request was essentially based on the premise that ADR SpA was aware of the insolvency of the carrier, and the entire group of which it formed part together with Air Europe and the Volare Group, at least since 2002. With sentence no. 492/2011 the Court of Busto Arsizio, utterly ignoring the exceptions raised by ADR SpA - for having omitted any grounds as to the peculiarity of the function carried out by the operator, the same not being able to suspend the performances of its services, entrusting the solvency audits to the competence of ENAC - in accepting the applications by the plaintiff, declared the payments made by the airline to ADR SpA ineffective pursuant to art. 67 paragraph 2 of the Bankruptcy law, and thus ordered the Company to pay 6.7 million euros plus interest in favor of Volare Airlines under special administration. ADR intends to appeal. The hearing is adjourned until February 6, 2014 to pronounce the final judgment.

- In October 2009 Air Europe SpA, a company under special administration entered into civil proceedings before the Court of Busto Arsizio in order to obtain cancellation of payments made to ADR SpA during the year prior to the carrier's entry into bankruptcy on November 30, 2004, and an order requiring the Company to pay back a sum of 1.8 million euros. The plaintiff's request was essentially based on the premise that ADR SpA was aware of the insolvency of the carrier, and the entire group of which it formed part together with Volare Airlines and the Volare Group, at least since 2002. With sentence no. 486/2011 the Court of Busto Arsizio, utterly ignoring the exceptions raised by ADR - for having omitted any grounds as to the peculiarity of the function carried out by the operator, the same not being able to suspend the performances of its services, entrusting the solvency audits to the competence of the Civil Aviation Authority - in accepting the applications by the plaintiffs, declared the payments made by the airline to ADR SpA ineffective pursuant to art. 67 paragraph 2 of the Bankruptcy Law, and thus ordered the Company to pay 1.8 million euros plus interest in favor of Air Europe under special administration. ADR intends to appeal. At the hearing of February 2, 2012, a lengthy discussion was held on the suspension – requested by ADR – of the provisional enforcement of the sentence. The Judge (Appeal Court) took it under advisement. With subsequent ruling filed on February 7, the Court accepted ADR's appeal and suspended the enforcement of the 1st instance sentence on the following grounds *"given that the Appellant"* (ADR) *"does not seem specious and that it seems worthwhile to contemplate the interests of the parties; on the one side, as a matter of fact, the provisional enforcement of the appealed sentence could seriously jeopardize the appellants, obliging them to pay a significant sum and, on the other side, the respondent, under special administration, would not obtain any solid benefit as it would not be able to have the sum available immediately*".
- In April 2011 Livingston SpA, a company under special administration entered into civil proceedings before the Court of Busto Arsizio in order to obtain cancellation of payments made to ADR SpA during the six months prior to the carrier's entry into bankruptcy on October 21, 2010, and an order requiring the Company to pay back a sum of 1.0 million euros. The plaintiff's request is essentially based on the premise that ADR SpA was aware of the insolvency of the carrier. The judgment is adjourned to the hearing of March 28, 2012, for the admission of the measures of inquiry.
- In August 2011 the companies of the Alitalia group under special administration entered into civil proceedings before the Court of Busto Arsizio in order to obtain cancellation of payments made to ADR SpA during the six months prior to the carrier's entry into bankruptcy. The plaintiff's requests are essentially based on the premise that ADR SpA was aware of the insolvency of the same. Below is the main data of the individual appeals:
  - Alitalia SpA under special administration: canceled payments made in the six months prior to the carrier's entry into bankruptcy on August 29, 2008 for a total of 191 thousand euros. In the hearing held on February 29, 2012, the case was adjourned until June 19, 2012 for the admission of the measures of inquiry;
  - Alitalia Airport SpA under special administration: canceled payments made in the six months prior to the carrier's entry into bankruptcy on 16 September 2008 for a total of 462 thousand euros. At the first hearing held on March 7, 2012, the Judge granted the Parties the terms for the filing of representations, and adjourned the hearing to June 25, 2012, for the discussion on the admission of the measures of inquiry.
  - Alitalia Servizi SpA under special administration: canceled payments made in the six months prior to the carrier's entry into bankruptcy on 16 September 2008 for a total of 1,246 thousand euros; the hearing was set for May 30, 2012.

Labor disputes

- A judgment is pending before the Lazio Regional Administrative Court in a case brought by ADR against the Ministry of Labor and Social Policies regarding obligatory employment. The case derives from a request submitted by ADR to the Ministry of Labor regarding the possibility of excluding from the reserve quota of disabled workers ADR employees who carry out *security*, *property surveillance* and *safety* duties (472 staff at the time of the request), as such personnel are involved in activities that are included in or that are similar to those exempted under the relevant legislation (Law no. 68/1999). As the Ministry refused to grant this request, ADR appealed to the Regional Administrative Court with a request for preventive suspension.

In a ruling on May 4, 2006, handed down with regard to the preventive suspension, the Regional Administrative Court accepted ADR's claim and consequently suspended the Ministry's refusal with immediate effect; judgment on the merits is still pending.

- A case was brought before the Court of Civitavecchia by a former employee who was dismissed on disciplinary grounds in 2004. Specifically, the plaintiff was dismissed regarding events that occurred during working hours, for which he was subsequently acquitted in a criminal court. Even though the dismissal was not contested in accordance with the law, the plaintiff claimed damages amounting to 0.9 million euros, on the grounds of false dismissal. The dispute was settled in favor of ADR by a sentence on May 19, 2011 that rejected all the claims made by the counterparty, who was also ordered to reimburse ADR's legal costs. The terms for a possible proposal of appeal are currently pending.
- A group of 16 parties summonsed ADR SpA and the bankrupt Ligabue Gourmet, thereby challenging the validity of ADR's sale of the West catering business unit to Ligabue, with a claim for damages totaling around 9.8 million euros until the end of 2006, including future damages and staff termination benefits. The dispute was settled in favor of ADR SpA by a sentence on June 29, 2010 that rejected all the claims made by the counterparty, who was also ordered to reimburse ADR's legal costs. Of the 16 parties of the first instance phase, 14 have proposed an appeal summons, to which ADR SpA responded. A further hearing has been fixed for December 2, 2014.
- With notification of a sentence of July 13, 2009, the level of appeal was concluded in the case brought by a group of 34 plaintiffs, all of whom are former ADR employees transferred to Ligabue after the sale of the West catering business unit by ADR to the latter company, which subsequently went bankrupt. Via said notification the Appeal Court of Rome declared the case to be closed regarding 5 plaintiffs, with whom a settlement was reached, and ordered ADR to pay a sum of 60 thousand euros to each of the remaining 29 plaintiffs, amounting to 1.7 million euros in compensation pursuant to art. 1381 of the Italian Civil Code (third-party obligation). The claim specifically regards a ruling that dealt with the issue of employment following the bankruptcy of Ligabue signed at the Ministry of Labor and Social Policies on August 2, 2002, and endorsed by ADR and other interested parties, and the relevant national and regional authorities and labor organizations. ADR appealed to the Supreme Court, which was met with two counter cross-appeals from a group of nine plaintiffs, who claim the right to be employed by ADR. A date for the hearing has yet to be fixed. Moreover, appeals are pending for litigations with some of the above-mentioned 29 plaintiffs, currently numbering 17, regarding the withholding tax deducted at source by ADR on the sum claimed, which the group of 17 plaintiffs deem not liable for taxation.

Tenders

- ATI Alpine Bau, which was awarded the contract for works relating to the structural and operational upgrading of runway 3 at Fiumicino airport, appealed sentence no. 1347/06 handed down by Rome's Civil Court. This sentence ordered ADR SpA to pay 1.2 million euros, plus legal interest from the time of the claim, totaling 0.2 million euros. The appeal reiterates the claims for damages made in first instance (66 million euros, plus legal interest accrued from the time of the claim). In addition a further appeal is pending against the partial judgment in first instance. For both the proceedings, though not having been joined, the hearing has been scheduled for January 24, 2012. In this occasion the judgments were withheld; therefore the issue of the sentences is awaited.
- 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 Roma partially upheld the claims of Consorzio Aerest and ordered ADR SpA to pay 167 thousand euros, rejecting any other account in the claim. On April 27, 2005 Consorzio Aerest appealed against the above-mentioned sentence, substantially reiterating the claim submitted in first instance. The hearing has been scheduled for October 4, 2011 and the issue of a sentence is awaited.

- Finprest has brought an action designed 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 at Fiumicino airport. With partial judgment no. 6265/2008 the Court of Rome rejected the claims of the plaintiff, ATI Finprest, whilst accepting the plaintiff’s claim for interest for alleged late payment of installments paid regarding revised prices during the term of the contract. In a separate ruling, the Court thus ordered the proceedings to continue with appointment of an expert to ascertain whether ADR had made delayed payments of the revised installments and, if so, to determine the related interest. In a report filed on May 5, 2009, the expert assessed the amount of interest for delayed payments and accounting to be paid by ADR at 174 thousand euros. At a hearing to question the expert on April 1, 2010, given the positions expressed by the parties regarding the report, the judge decided to recall the expert on December 9, 2010. On this occasion the case was adjourned until a hearing on April 28, 2011, after a further exchange of opinions with ADR's expert consultant. A hearing to pronounce final judgment has been scheduled for March 20, 2014.
- In December 2004 ATI NECSO Entrecanales - Lamaro Appalti notified its decision to appeal sentence 35859/2003 issued by the Civil Court of Rome, summonsing ADR SpA to appear before the Appeal Court of Rome. In addition to rejecting ATI Necso's claims, the judge at the initial hearing also ordered the company to pay ADR SpA's costs. ATI claimed damages of 9.8 million euros, plus interest, revaluation and costs, from ADR 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 airport. With an injunction in April 2009, the Court of Appeal decided that, in order to determine the claims for damages regarding the longer duration of the contract works attributable to the purchaser, ADR, technical consultancy would be required. On June 18, 2010 an expert appraisal was deposited, deeming claims amounting to 3.3 million euros made by the company awarded the contract to be reasonable. At a hearing for final judgment held on February 8, 2011, judgment was withheld. With decisions disclosed in September 2011, the Appeal Court fully rejected the claims of ATI Necso ordering it to pay ADR’s legal costs. The terms are elapsing for any appeal to the Supreme Court.
- On February 1, 2005 Fondedile Costruzioni Srl lodged an appeal against sentence no. 23019/2004 of the Civil Court of Rome, which rejected all the requests made by Fondedile, and also ordered the company to reimburse ADR SpA's legal costs. This appeal reiterates the claim submitted in first instance for a total of 3.6 million euros, as well as legal and overdue interest and revaluation, regarding higher charges and damages incurred during the execution of construction works on a service tunnel at Fiumicino airport. A hearing to pronounce final judgment scheduled for March 8, 2011 was adjourned until March 13, 2012.
- In January 2012 the companies Claudio Salini Grandi Lavori SpA and IRCOP SpA filed a claim to the Lazio Regional Administrative Court against ADR and towards Impresa Cavalleri Ottavio SpA and De Sanctis Costruzioni SpA for the cancelation, with prior suspension, of a series of rulings which produced the exclusion of the plaintiffs, due to an anomaly in the economic bid, from the restricted procedure for the entrustment of the works to “upgrade the surface of Runway 07/25, taxiways “Hotel and Golf”, arrangement of the safety areas (*Runway strip*) and adaptation of the “AVL” systems at Fiumicino airport. In addition, with the same appeal, in a subordinate manner, the acceptance of the claim for compensation for damages suffered and being suffered consequently to the failed awarding has been requested, to be quantified in the course of proceedings, and in any case not less than 10% of the value of the bid, in addition to the damages suffered and being suffered concerning the pre-contractual and/or extra-contractual responsibilities, to be also quantified in the course of proceedings. The parties mutually agreed to withdraw from the discussion of the application for interim relief in the short term, whose hearing was already set for May 10, 2012.
- Though not a dispute, it is worth noting that the construction works of the departure area F (formerly Pier C) entrusted to the Associazione Temporanea di Impresa (ATI) Cimolai are progressing late compared to the provisions of the contract. At the end of 2011 an agreement was reached with the company to remodel the works, among other things, and define the reserves recorded in the works journal.

Claims for damages

- On June 22, 2011 ADR SpA received a formal claim for damages from AXA Assicurazioni, in its capacity as insurer of the airline Ryanair, for the damage suffered by aircraft B737-800 E-IDYG as a consequence of the emergency landing due to the "bird strike" event taking place on November 10, 2008 at the airport of Ciampino. ADR SpA declines any responsibility for the event since the investigations by the competent authorities are, to date, still underway. The claim for damages amounts to about 27 million dollars for direct damages (the indirect ones are still being defined) and any compensation would be, in terms of insurance, covered by the third-party liability insurance policy of the Airport Operator in case the investigations were to reveal ADR SpA's clear responsibility for the event.

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

* * *

In conclusion, we declare that these financial statements present a true and fair view of the Company's financial position and results of operations for the period.

THE BOARD OF DIRECTORS

ANNEXES

LIST OF SIGNIFICANT EQUITY INVESTMENTS

ADR ENGINEERING SpA 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 ASSISTANCE Srl Unipersonale

Date of incorporation	June 23, 2008
Tax Code and Companies' Register	Rome 10062661003
R.E.A.	Rome 1206621
Registered office	00054 Fiumicino – Via dell'Aeroporto di Fiumicino 320
Share capital	6,000,000.00 euros
100% of voting rights at ordinary general meeting	

ADR Tel SpA

Date of incorporation	July 31, 2002
Tax Code and Companies' Register	Rome 07169231003
R.E.A.	Rome 1014944
Registered office	00054 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%** (including **1%** held via ADR Sviluppo Srl)	

ADR ADVERTISING SpA

Date of incorporation	January 10, 2003
Tax Code and Companies' Register	Rome 07336861005
R.E.A.	Rome 1027780
Registered office	00054 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 share capital	

ADR SVILUPPO Srl Unipersonale

Date of incorporation	July 27, 2001
Tax Code and Companies' Register	Rome 06708221004
R.E.A.	Rome 984688
Registered office	00054 Fiumicino - Via dell'Aeroporto di Fiumicino, 320
Share capital	100,000 euros
100% of voting rights at ordinary general meeting	

CONSORZIO E.T.L. – EUROPEAN TRANSPORT LAW (in liquidation)

Date of incorporation	June 24, 1999
Tax Code and VAT Number	Rome 05813501003
R.E.A.	Rome 924720
Registered office	c/o Studio Commercialista Rag. Roberto Pratesi, Circ.ne Nomentana 256 – 00162 Rome
Consortium fund	82,633.11 euros
25% of voting rights at Management Board meetings	

LIGABUE GATE GOURMET ROMA SpA (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%**	

SOCIETA' AEROPORTUALE CALABRESE - S.A.CAL. SpA

Date of incorporation	February 23, 1990
Tax Code and Companies' Register	Catanzaro 01764970792
Registered office	Lamezia Terme (CZ) – Lamezia Terme International 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 SpA

Date of incorporation	July 12, 1985
Tax Code and Companies' Register	Genoa 02701420107
Registered office	Genova Sestri – Passenger Terminal
Share capital	7,746,900.00 euros represented by 15,000 shares with a par value of 516.46 euros each
Holding: 2,250 shares with voting rights at ordinary general meeting, amounting to **15%**	

CONDENSED FINANCIAL STATEMENTS OF SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

ADR Engineering SpA

Corporate officers

Board of Directors *Three-year period 2011/2013*	*after the General Meeting and Board Meeting of March 15, 2011*
Chairman	Sandro Capparucci
Directors	Giorgio Gregori Ruggero Poli
Secretary	Roberto Mignucci

Board of Statutory Auditors *Three-year period 2009/2011*	*(after the General Meeting of March 20, 2009)*
Chairman	Antonio Mastrapasqua
Statutory Auditors	Pietro Cerasoli Gianpaolo Davide Rossetti
Alternate Auditors	Lelio Fornabaio Carlo Regoliosi

Independent Auditors	Deloitte & Touche SpA

Reclassified balance sheet and income statement

RECLASSIFIED BALANCE SHEET (€/000)	**12-31-2011**	**12-31-2010**
Intangible fixed assets	92	171
Tangible fixed assets	13	30
A. - FIXED ASSETS	105	201
Inventory	4,409	5,978
Trade receivables	4,265	1,052
Other assets	353	529
Trade payables	(3,665)	(4,446)
Allowances for risks and charges	(532)	(627)
Other liabilities	(1,335)	(1,231)
B. - WORKING CAPITAL	3,495	1,255
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	3,600	1,456
D. - EMPLOYEE SEVERANCE INDEMNITIES (ESI)	744	677
E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and ESI	**2,856**	**779**
financed by:		
Share capital	775	775
Reserves and retained earnings	1,009	682
Income (loss) for the year	584	327
F. - SHAREHOLDERS' EQUITY	2,368	1,784
G. - MEDIUM/LONG-TERM BORROWING	0	0
H. - SHORT-TERM BORROWING		
short-term debt	516	0
cash and current receivables	(28)	(1,005)
(G+H)	488	(1,005)
I. - TOTAL AS IN "E" (F+G+H)	**2,856**	**779**

RECLASSIFIED INCOME STATEMENT (€/000)	**2011**	**2010**
A.- REVENUES	6,283	9,646
B.- REVENUES FROM ORDINARY ACTIVITIES	6,283	9,646
Cost of materials and external services	(2,706)	(5,812)
C.- ADDED VALUE	3,577	3,834
Staff costs	(2,469)	(2,641)
D.- EBITDA	1,108	1,193
Amortization/depreciation	(96)	(93)
Allowances for risks and charges	(29)	(501)
Other income (expense), net	45	121
E.- EBIT	1,028	720
Finance income (costs), net	(24)	(48)
F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	1,004	672
Extraordinary income (expense), net	3	3
G.- INCOME BEFORE TAXES	1,007	675
Current taxes for the year	(335)	(466)
Deferred tax (assets) liabilities for the year	(88)	118
	(423)	(348)
H.- INCOME (LOSS) FOR THE YEAR	**584**	**327**

ADR Assistance Srl

Corporate officers

Sole Director	*(after the General Meeting of March 16, 2011)* Elia Pistola
Board of Statutory Auditors *Three-year period 2011/2013*	*(after the General Meeting of March 16, 2011)*
Chairman	Alberto Dello Strologo
Statutory Auditors	Fernando Pergolini Pietro Cerasoli
Alternate Auditors	Eugenio Lagomarsino Carlo Regoliosi
Independent Auditors	Deloitte & Touche SpA

Reclassified balance sheet and income statement

RECLASSIFIED BALANCE SHEET (€/000)	**12-31-2011**	**12-31-2010**
Intangible fixed assets	1,294	1,503
Tangible fixed assets	1,193	1,352
A. - FIXED ASSETS	2,487	2,855
Trade receivables	4,038	2,387
Other assets	237	341
Trade payables	(612)	(1,724)
Allowances for risks and charges	0	0
Other liabilities	(1,434)	(1,635)
B. - WORKING CAPITAL	2,229	(631)
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	4,716	2,224
D. - EMPLOYEE SEVERANCE INDEMNITIES (ESI)	7	15
E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and ESI	**4,709**	**2,209**
financed by:		
Share capital	6,000	6,000
Reserves and retained earnings	103	(328)
Income (loss) for the year	101	431
F. - SHAREHOLDERS' EQUITY	6,204	6,103
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	(1,495)	(3,894)
(G+H)	(1,495)	(3,894)
I. - TOTAL AS IN "E" (F+G+H)	**4,709**	**2,209**

RECLASSIFIED INCOME STATEMENT (€/000)	**2011**	**2010**
A.- REVENUES	14,767	14,367
B.- REVENUES FROM ORDINARY ACTIVITIES	14,767	14,367
Cost of materials and external services	(2,498)	(2,425)
C.- ADDED VALUE	12,269	11,942
Staff costs	(10,948)	(10,255)
D.- EBITDA	1,321	1,687
Amortization/depreciation	(636)	(600)
Allowances for risks and charges	(1)	0
Other income (expense), net	193	144
E.- EBIT	877	1,231
Finance income (costs), net	5	1
F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	882	1,232
Extraordinary income (expense), net	1	52
G.- INCOME BEFORE TAXES	883	1,284
Current taxes for the year	(779)	(800)
Deferred tax (assets) liabilities for the year	(3)	(53)
	(782)	(853)
H.- INCOME (LOSS) FOR THE YEAR	**101**	**431**

ADR Tel SpA

Corporate officers

Board of Directors *Three-year period 2011/2013*	*after the General Meeting and Board Meeting of March 16, 2011*
Chairman	Guido Massimo Mannella
Directors	Antonio Abbate *(until March 16, 2011)* Mauro Pasquali *(from March 16, 2011)* Andrea Pontecorvo
Secretary	Roberto Mignucci

Board of Statutory Auditors *Three-year period 2011/2013*	*(after the General Meeting of March 16, 2011)*
Chairman	Alberto Dello Strologo
Statutory Auditors	Pietro Cerasoli Carlo Regoliosi
Alternate Auditors	Eugenio Lagomarsino Fernando Vitaliano Pergolini *(from March 16, 2011)*

Independent Auditors	Deloitte & Touche SpA

Reclassified balance sheet and income statement

RECLASSIFIED BALANCE SHEET (€/000)	**12-31-2011**	**12-31-2010**
Intangible fixed assets	4,112	4,568
Tangible fixed assets	174	208
A. - FIXED ASSETS	4,286	4,776
Trade receivables	4,973	3,629
Other assets	301	318
Trade payables	(4,545)	(4,299)
Allowances for risks and charges	(54)	(192)
Other liabilities	(487)	(444)
B. - WORKING CAPITAL	188	(988)
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	4,474	3,788
D. - EMPLOYEE SEVERANCE INDEMNITIES (ESI)	402	405
E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and ESI	**4,072**	**3,383**
financed by:		
Share capital	600	600
Reserves and retained earnings	2,558	2,210
Income (loss) for the year	769	347
F. - SHAREHOLDERS' EQUITY	3,927	3,157
G. - MEDIUM/LONG-TERM BORROWING	0	0
H. - SHORT-TERM BORROWING		
.short-term debt	478	631
.cash and current receivables	(333)	(405)
(G+H)	145	226
I. - TOTAL AS IN "E" (F+G+H)	**4,072**	**3,383**

RECLASSIFIED INCOME STATEMENT (€/000)	**2011**	**2010**
A.- REVENUES	11,072	10,748
B.- REVENUES FROM ORDINARY ACTIVITIES	11,072	10,748
Cost of materials and external services	(7,135)	(7,004)
C.- ADDED VALUE	3,937	3,744
Staff costs	(1,122)	(1,137)
D.- EBITDA	2,815	2,607
Amortisation/depreciation	(1,808)	(1,804)
Other provisions	(56)	(55)
Allowances for risks and charges	(50)	(61)
Other income (expense), net	398	(11)
E.- EBIT	1,299	676
Finance income (costs), net	(23)	(38)
F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	1,276	637
Extraordinary income (expense), net	(39)	(56)
G.- INCOME BEFORE TAXES	1,237	581
Current taxes for the year	(435)	(270)
Deferred tax (assets) liabilities for the year	(32)	36
	(467)	(234)
H.- INCOME (LOSS) FOR THE YEAR	**769**	**347**

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Corporate officers

Board of Directors *Three-year period 2009/2011*	*(after the General Meeting and Board meeting of March 16, 2009 and June 18, 2010, and the Board Meeting of October 22, 2010, Meeting of April 7, 2011)*
Chairman	Massimo Pini
Managing Director	Fabrizio Du Chene De Vere
Directors	Antonio Abbate *(until March 10, 2011)* Fabio Capozio *(from April 7, 2011)* Marco Treggiari Andrea Ghisolfi
Secretary	Roberto Mignucci

Board of Statutory Auditors *Three-year period 2009/2011*	*(after the General Meeting of March 16, 2009)*
Chairman	Christian Cisternino
Statutory Auditors	Giancarlo Russo Corvace Guido Croci
Alternate Auditors	Marco Baccani Pietro Cerasoli

General Manager	Sandro Loreti

Independent Auditors	Reconta Ernst & Young SpA

Reclassified balance sheet and income statement

RECLASSIFIED BALANCE SHEET (€/000)	**12-31-2011**	**12-31-2010**
Intangible fixed assets	0	1
Tangible fixed assets	1,033	1,264
A. - FIXED ASSETS	1,033	1,265
Trade receivables	7,186	7,548
Other assets	1,687	1,625
Trade payables	(7,680)	(9,204)
Allowances for risks and charges	(93)	(93)
Other liabilities	(721)	(391)
B. - WORKING CAPITAL	377	(514)
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	1,411	750
D. - EMPLOYEE SEVERANCE INDEMNITIES (ESI)	177	156
E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and ESI	**1,234**	**594**
financed by:		
Share capital	1,000	1,000
Reserves and retained earnings	(802)	32
income (loss) for the year	559	(834)
F. - SHAREHOLDERS' EQUITY	757	198
G. - MEDIUM/LONG-TERM BORROWING	0	0
H. - NET SHORT-TERM DEBT		
.short-term debt	498	500
.cash and current receivables	(20)	(104)
(G+H)	477	396
I. - TOTAL AS IN "E" (F+G+H)	**1,234**	**594**

RECLASSIFIED INCOME STATEMENT (€/000)	**2011**	**2010**
A.- REVENUES	17,613	19,717
B.- REVENUES FROM ORDINARY ACTIVITIES	17,613	19,717
Cost of materials and external services	(15,041)	(18,246)
C.- ADDED VALUE	2,572	1,471
Staff costs	(611)	(647)
D.- EBITDA	1,962	824
Amortization/depreciation	(413)	(459)
Other provisions	(668)	(1,015)
Allowances for risks and charges	0	0
Other income (expense), net	(184)	(127)
E.- EBIT	696	(777)
Finance income (costs), net	(9)	(16)
F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	687	(793)
Extraordinary income (expense), net	0	0
G.- INCOME BEFORE TAXES	687	(793)
Current taxes for the year	(458)	(41)
Deferred tax (assets) liabilities for the year	330	0
	(128)	(41)
H.- INCOME (LOSS) FOR THE YEAR	**559**	**(834)**

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Corporate officers

Sole Director	*(after the General Meeting of March 10, 2011)* Roberto Mignucci

Reclassified balance sheet and income statement

RECLASSIFIED BALANCE SHEET (in euros)	**12-31-2011**	**12-31-2010**
Intangible fixed assets	4,141	4,141
Tangible fixed assets	6,000	6,000
A. - FIXED ASSETS	10,141	10,141
Trade receivables		
Other assets	1,482	1,294
B. - WORKING CAPITAL	1,482	1,294
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	11,623	11,435
D. - EMPLOYEE SEVERANCE INDEMNITIES (ESI)	0	0
E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and ESI	**11,623**	**11,435**
financed by:		
Share capital	100,000	100,000
Reserves and retained earnings	8,443	9,603
Income (loss) for the year	(862)	(1,160)
F. - SHAREHOLDERS' EQUITY	107,582	108,443
G. - MEDIUM/LONG-TERM BORROWING	0	0
H. - NET SHORT-TERM DEBT		
.short-term debt	0	0
.cash and current receivables	(95,958)	(97,008)
(G+H)	(95,958)	(97,008)
I. - TOTAL AS IN "E" (F+G+H)	**11,623**	**11,435**

RECLASSIFIED INCOME STATEMENT (in euros)	**2011**	**2010**
A.- REVENUES	0	0
B.- REVENUES FROM ORDINARY ACTIVITIES	0	0
Cost of materials and external services	(1,250)	(1,079)
C.- GROSS MARGIN	(1,250)	(1,079)
Staff costs	0	0
D.- EBITDA	(1,250)	(1,079)
Amortization/depreciation	0	0
Other provisions	0	0
Allowances for risks and charges	0	0
Other income (expense), net	(879)	(873)
E.- EBIT	(2,129)	(1,952)
Finance income (costs), net	943	354
F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	(1,186)	(1,598)
Extraordinary income (expense), net	0	0
G.- INCOME BEFORE TAXES	(1,186)	(1,598)
Current taxes for the year	325	438
Deferred tax (assets) liabilities for the year	0	0
	325	438
H.- INCOME (LOSS) FOR THE YEAR	**(862)**	**(1,160)**

Consorzio E.T.L. (in liquidation)

Reclassified balance sheet and income statement

RECLASSIFIED BALANCE SHEET (€/000)	12-31-2010	12-31-2009
Intangible fixed assets	0	0
Tangible fixed assets	0	0
Non-current financial assets	0	0
A. - FIXED ASSETS	0	0
Trade receivables	104	125
Other assets	0	0
Trade payables	(219)	(312)
Allowances for risks and charges	0	0
Other liabilities	0	0
B. - WORKING CAPITAL	(115)	(187)
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	(115)	(187)
D. - EMPLOYEE SEVERANCE INDEMNITIES (ESI)	0	0
E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and ESI	**(115)**	**(187)**
financed by:		
Share capital	83	83
Reserves and retained earnings	(4)	(16)
Income (loss) for the year	(72)	(171)
F. - SHAREHOLDERS' EQUITY	7	(104)
G. - MEDIUM/LONG-TERM BORROWING	0	0
H. - NET SHORT-TERM DEBT		
.short-term debt		
.cash and current receivables	(122)	(83)
(G+H)	(122)	(83)
I. - TOTAL AS IN "E" (F+G+H)	**(115)**	**(187)**

RECLASSIFIED INCOME STATEMENT (€/000)	2010	2009
A.- REVENUES	157	193
B.- REVENUES FROM ORDINARY ACTIVITIES	157	193
Cost of materials and external services	(212)	(350)
C.- GROSS MARGIN	(55)	(157)
Staff costs	0	0
D.- EBITDA	(55)	(157)
Amortization/depreciation	0	0
Other provisions	0	0
Allowances for risks and charges	0	0
Other income (expense), net	(15)	(12)
E.- EBIT	(70)	(169)
Finance income (costs), net	0	0
F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	(70)	(169)
Extraordinary income (expense), net	(2)	0
G.- INCOME BEFORE TAXES	(72)	(169)
Current taxes for the year	0	2
Deferred tax (assets) liabilities for the year	0	0
	0	2
H.- INCOME (LOSS) FOR THE YEAR	**(72)**	**(171)**

REPORT OF THE BOARD OF STATUTORY AUDITORS

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE ORDINARY GENERAL MEETING OF THE SHAREHOLDERS OF AEROPORTI DI ROMA SpA, PURSUANT TO ART. 2429 OF THE ITALIAN CIVIL CODE

Dear Shareholders,

During the year ended December 31, 2011 the Board of Statutory Auditors 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.

With the exception of cases of absence with leave, we attended all the general meetings and Board of Directors' meetings held during the year, which were conducted in compliance with the related statutory requirements, laws and regulations.

In the course of meetings with the Board of Directors, we obtained information on the Company's activities and on transactions with a material impact on the results of operations and financial position carried out by the Company and its subsidiary undertakings. Based on the information in its possession, the Board of Statutory Auditors can 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 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.

The Company has adopted an "Organizational, management and control model" that complies with the requirements of Legislative Decree no. 231/2001. This model was updated by the Board of Directors at its meeting of December 14, 2011 to take account of changes in the related legislation and ongoing developments in the regulations governed by Legislative Decree no. 231/2001.

The Company's Supervisory Board has reported on its activities during 2011, without noting any aspects of concern.

In the course of our checks, we also examined certain company procedures, noting that the Company has complied with the guidelines therein.

We assessed the adequacy and reliability of the organizational structure and its ability to ensure a fair presentation of operating activities, in part by obtaining information from the heads of the various departments and the auditors.

We have not received any complaints pursuant to art. 2408 of the Italian Civil Code.

In view of the fact that we do not have responsibility for auditing the financial statements, the Board has examined the financial statements for the year ended December 31, 2011 in order to verify 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 requirements.

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 information communicated to us in the course of carrying out our duties, and we have no observations to make in this regard.

The consolidated financial statements of Aeroporti di Roma SpA and its subsidiary undertakings for the year ended December 31, 2011 have been prepared in compliance with the provisions of Legislative

Decree no. 127 of April 9, 1991. 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.

Dear Shareholders,

The independent auditors, Deloitte & Touche SpA, have issued clean reports on the separate and consolidated financial statements, including assurance that the Management Report on Operations is consistent with the financial statements. In view of the above, we invite you to approve the financial statements for the year ended December 31, 2011 and the Board of Directors' proposal for the appropriation of net income for the year.

Fiumicino, Italy, March 19, 2012.

Maria Laura Prislei - Chairwoman
Luca Aurelio Guarna – Statutory Auditor
Silvano Montaldo - Statutory Auditor
Enrico Proia - Statutory Auditor
Mario Tonucci - Statutory Auditor

REPORT OF THE INDEPENDENT AUDITORS

Deloitte.

Deloitte & Touche S.p.A.
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AUDITORS' REPORT PURSUANT TO
ART. 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND TO ART. 165 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. (the "Company") as of December 31, 2011. These financial statements prepared in accordance with the Italian law governing 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 prior year's financial statements, the balances of which are presented for comparative purposes, reference should be made to our auditors' report issued on March 22, 2011.

3. In our opinion, the financial statements give a true and fair view of the financial position of Aeroporti di Roma S.p.A. as of December 31, 2011, and of the results of its operations for the year then ended in accordance with the Italian law governing financial statements.

4. The Company's Directors are responsible for the preparation of the Management Report on Operations in accordance with the applicable law. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Management Report on Operations is consistent with the financial statements of Aeroporti di Roma S.p.A as of December 31, 2011.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Falcone
Partner

Rome, Italy
March 19, 2012

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

SHAREHOLDER RESOLUTIONS

SHAREHOLDER RESOLUTIONS ADOPTED AT THE ORDINARY GENERAL MEETING OF APRIL 3, 2012

The General Meeting approved the Board of Directors' Management Report on Operations and the financial statements for the year ended December 31, 2011, which report net income of 39,686,164.03 euros to be taken to retained earnings.