SIX-MONTH REPORT OF THE ADR GROUP as of June 30, 2004

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

Corporate Officers

Aeroporti di Roma S.p.A.

Board of Directors
(after the General Meeting and the Board of Directors' meeting of March 24, 2003, the Board of Directors' meeting of January 16, 2004, the General Meeting of April 29, 2004 and the Board of Directors' meeting of May 3, 2004)

Chairman	Federico Falck *(from January 16, 2004) (*)* Achille Colombo *(until January 14, 2004)*
Deputy Chairman	Paolo Savona *(*)*
Managing Director	Francesco Di Giovanni *(from May 3, 2004)*
Directors	Marcus Charles Balmforth *(*)* Martyn Booth Andrea Ciffo Federico Falck *(Chairman from January 16, 2004) (*)* Nicholas Moore Cesare Pambianchi John Stuart Hugh Roberts Pier Giorgio Romiti *(*)* Cesare Romiti Massimo Scarpelli Francesco Sensi Alessandro Triscornia *(until March 22, 2004)*
Secretary	Massimo Faccioli Pintozzi

(*) member of the Executive Committee until May 3, 2004

Board of Statutory Auditors

	until June 4, 2004	*from June 4, 2004*
Chairman	Fabrizio Rimassa	Fabrizio Rimassa
Statutory Auditors	Francesco Ricco Giancarlo Russo Corvace Emanuele Torrani Luigi Tripodo	Roberto Ascoli Giuseppe Cappella Giorgio Palasciano Luigi Tripodo
Alternate Auditors	Roberto Ascoli Franco Fontana	Giorgio Bovi Guido Zavadini

General Manager	Enrico Casini *(until March 15, 2004)*

Independent Auditors	Deloitte & Touche S.p.A.

CONTENTS

ADR GROUP: CONSOLIDATED SIX-MONTH ACCOUNTS

CONSOLIDATED BALANCE SHEET
as of June 30, 2004

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

		06/30/2004			12/31/2003	
ASSETS						
UNPAID SHARE CAPITAL DUE						
FROM SHAREHOLDERS			0			0
FIXED ASSETS						
INTANGIBLE FIXED ASSETS						
▪ Incorporation and development costs		1,111			1,284	
▪ Industrial patents and intellectual property rights		594			571	
▪ Concessions, licenses,trademarks and similar rights		1,973,260			1,997,821	
▪ Goodwill arising on consolidation		4,213			4,404	
▪ Leasehold improvements in process and advances		38,808			38,522	
▪ Others		148,266			148,181	
			2,166,252			2,190,783
TANGIBLE FIXED ASSETS						
▪ Land and buildings		1,064			1,074	
▪ Plant and machinery		15,978			15,795	
▪ Industrial and commercial equipment		1,244			1,351	
▪ Fixed assets to be relinquished		71,759			74,375	
▪ Other assets		3,599			3,678	
▪ Work in progress and advances		10,633			4,096	
			104,277			100,369
FINANCIAL FIXED ASSETS						
▪ Equity investments in:						
- unconsolidated subsidiary undertakings	100			100		
- associated undertakings	133,861			120,291		
- other companies	1,895			1,895		
		135,856			122,286	
▪ Receivables due from others:						
. within 12 months	3			3		
. beyond 12 months	4,932			5,322		
		4,935			5,325	
			140,791			127,611
Total fixed assets			**2,411,320**			**2,418,763**
CURRENT ASSETS						
INVENTORY						
▪ Raw, ancillary and consumable materials		2,800			2,813	
▪ Contract work in progress		10,917			10,997	
▪ Finished goods and goods for resale						
- goods for resale	8,918			8,444		
		8,918			8,444	
▪ Advances		96			97	
			22,731			22,351
RECEIVABLES						
▪ Due from clients		159,015			136,742	
▪ Due from unconsolidated subsidiary undertakings		0			0	
▪ Due from associated undertakings		1,227			992	
▪ Due from tax authorities		1,596			4,109	
▪ Defered Tax assets		24,534			24,473	
▪ Due from others:						
- various						
. within 12 months	69,809			55,363		
. beyond 12 months	2,378			2,378		
- advances to suppliers for services to be rended	25			79		
		72,212			57,820	
			258,584			224,136
MARKETABLE SECURITIES			0			0
CASH ON HAND AND IN BANKS						
▪ Bank and post office deposits		45,005			68,954	
▪ Checks		54			0	
▪ Cash and notes in hand		790			433	
			45,849			69,387
Total current assets			**327,164**			**315,874**
ACCRUED INCOME AND PREPAID EXPENSES						
▪ Accrued income and other prepaid expenses			**6,579**			**3,685**
TOTAL ASSETS			**2,745,063**			**2,738,322**

CONSOLIDATED BALANCE SHEET
as of June 30, 2004

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

	06/30/2004			12/31/2003		
LIABILITIES AND SHAREHOLDERS' EQUITY						
SHAREHOLDERS' EQUITY						
SHARE CAPITAL:						
ordinary shares		62,225			62,225	
SHARE PREMIUM RESERVE		667,389			667,389	
REVALUATION RESERVES		0			0	
LEGAL RESERVE		12,445			12,445	
RESERVE FOR OWN SHARES		0			0	
STATUTORY RESERVES		0			0	
OTHER RESERVES		85			85	
RESERVE FOR FOREIGN CURRENCY TRANSLATION ADJUSTMENTS		(2,983)			(12,625)	
RETAINED EARNINGS (ACCUMULATED LOSSES)		(40,489)			(38,462)	
GROUP NET INCOME (LOSS) FOR THE PERIOD		(4,525)			(2,027)	
			694,147			689,030
MINORITY INTEREST						
▪ Share capital, reserves and net income (loss) for the period		22,103			20,291	
			22,103			20,291
GROUP AND MINORITY INTEREST IN CONSOLIDATED SHAREHOLDERS' EQUITY			**716,250**			**709,321**
ALLOWANCES FOR RISKS AND CHARGES						
▪ For Taxes		162			650	
▪ Other		28,716			27,192	
Total allowances for risks and charges			**28,878**			**27,842**
EMPLOYEE SEVERANCE INDEMNITIES			**66,947**			**66,576**
PAYABLES						
▪ Due to banks						
. within 12 months	2,125			2,071		
. beyond 12 months	480,000			480,000		
		482,125			482,071	
▪ Due to other financial institutions:						
. within 12 months	1,327			13,777		
. beyond 12 months	1,265,019			1,265,019		
		1,266,346			1,278,796	
▪ Advances:						
- from clients						
. from the Ministry of Transport:						
. within 12 months	631			652		
. beyond 12 months	4,770			4,770		
. other	2,712			2,386		
- prepayment of invoices to be paid in installments						
. from clients	40			109		
		8,153			7,917	
▪ Due to suppliers:						
. within 12 months	102,769			105,714		
. beyond 12 months	6,394			6,550		
		109,163			112,264	
▪ Due to associated undertakings		1,060			1,060	
▪ Due to parent companies:						
. within 12 months	0			4		
		0			4	
▪ Taxes due:						
.within 12 months	14,719			5,828		
		14,719			5,828	
▪ Due to social security agencies		9,410			8,686	
▪ Other payables: various creditors						
. within 12 months	34,135			32,961		
. beyond 12 months	678			630		
		34,813			33,591	
Total payables			**1,925,789**			**1,930,217**
ACCRUED EXPENSES AND DEFERRED INCOME						
▪ Accrued expenses and other deferred income			**7,199**			**4,366**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**2,745,063**			**2,738,322**

MEMORANDUM ACCOUNTS
as of June 30, 2004
(in thousands of euros)
(Translation from the original issued in Italian)

	06/30/2004		12/31/2003	
General guarantees				
• Sureties	111		111	
• Other	378		184	
		489		295
Collateral guarantees		0		0
Commitments on purchases and sales		48,933		36,536
Other		892,230		893,654
		941,652		**930,485**

CONSOLIDATED INCOME STATEMENT
for the period Jan.-June 2004
(in thousands of euros)
(Translation from the original issued in Italian)

	First half 2004			First half 2003		
TOTAL REVENUES						
▪ Revenues from sales and services:						
- revenues from sales	22,268			20,576		
- revenues from services	239,843			215,344		
- revenues from contract work	200	262,311		9,289	245,209	
▪ Changes in contract work in progress		(96)			(4,665)	
▪ Capitalized costs and expenses		1,345			1,578	
▪ Other income and revenues:						
- revenue grants	31			71		
- profits on disposals	97			15		
- other	1,781			2,078		
		1,909			2,164	
			265,469			**244,286**
OPERATING COSTS						
▪ raw, ancillary and consumable materials and goods for resale		22,503			20,913	
▪ services		40,208			43,726	
▪ leases		11,026			10,350	
▪ payroll:						
- wages and salaries	57,871			55,104		
- social security	16,930			16,375		
- employee severance indemnities	4,534			4,548		
- *other*	707			730		
		80,042			76,757	
▪ Depreciation, amortization and write-downs:						
- amortization of intangible fixed assets	39,696			40,246		
- depreciation of tangible fixed assets	6,560			7,712		
- provisions for doubtful accounts	931			117		
		47,187			48,075	
▪ Changes in inventories of raw, ancillary and consumable materials and goods for resale		(462)			(681)	
▪ Provisions for risks		6,123			988	
▪ Other provisions		100			0	
▪ Sundry operating costs:						
- losses on disposals	14			0		
- license fees	54			81		
- other	3,277			4,776		
		3,345			4,857	
			(210,072)			**(204,985)**
Operating income			**55,397**			**39,301**
FINANCIAL INCOME AND EXPENSE						
▪ Income from equity investments:						
- dividends from other companies	26			0		
- other income from equity investments	0			0		
		26			0	
▪ Other financial income:						
- from long-term receivables						
. other	69			93		
- other						
. interest and commissions from others and sundry revenues	1,830			2,117		
		1,899			2,210	
▪ Interest expense and other financial charges:						
- interest and commissions to parent companies	0			191		
- interest and commissions to others and sundry charges	50,702			49,688		
		(50,702)			(49,879)	
▪ Profits and losses on Exchange						
- Profits	117			125		
- Losses	85			81		
		32			44	
Total financial income (expense), net			**(48,745)**			**(47,625)**

CONSOLIDATED INCOME STATEMENT
for the period Jan.-June 2004
(in thousands of euros)
(Translation from the original issued in Italian)

	First half 2004			First half 2003		
ADJUSTMENTS TO FINANCIAL ASSETS						
▪ Revaluations						
- of equity investments		2,194			7,315	
▪ Write-downs:						
- of equity investments		0			0	
Total adjustments			**2,194**			**7,315**
EXTRAORDINARY INCOME AND EXPENSE						
▪ Income:						
- gains on disposal	372			287		
- other	0			0		
		372			287	
▪ Expense:						
- taxes relating to previous period	146			2,007		
- other	1,922			2,962		
		(2,068)			(4,969)	
Total extraordinary income (expense), net			**(1,696)**			**(4,682)**
Income before taxes			**7,150**			**(5,691)**
Income taxes:						
- current		(10,324)			(5,938)	
- deferred tax assets		61			(295)	
			(10,263)			**(6,233)**
Net income (loss) for the period			**(3,113)**			**(11,924)**
of which:						
▪ minority interest			1,412			2,977
▪ **Parent Company's share**			**(4,525)**			**(14,901)**

MANAGEMENT REPORT AND NOTES TO THE CONSOLIDATED ACCOUNTS

OPERATING REVIEW

GROUP OPERATIONS

INTRODUCTION

Despite that fact that the Group reports a net loss of 3.1 million euros for the first half of 2004 (with the Parent Company's interest amounting to 4.5 million euros), this was significantly better (8.8 million euros) than the same period of 2003. This was essentially due to a good operating performance.

The Parent Company, ADR, also witnessed an improvement, closing the first six months of the year with a small loss of 1.1 million euros, compared with the 16.4 million euros of the first half of 2003.

The improvement in the Group's operating performance was driven by growth in international traffic, where passenger numbers rose 19.3%. Domestic traffic, which was hit by the crisis affecting the national carrier Alitalia, increased by 2.3%.

The increase in revenues directly correlated to traffic numbers did not keep pace with the overall 11.4% rise in traffic, with airport fees (unchanged since 2001) and revenues from direct retail sales rising 7.9% and 8.1%, respectively. This provides the Group with further growth potential, to be exploited via a review of the fees charged and a retail offering more in line with changes in the type of passenger.

Development of the Group's infrastructure and facilities continued during the first half. Above all, work on the Cargo City, which entered service in August, was completed. The new, highly innovative and modern facilities will provide a base for further development of the cargo business, with a positive impact on traffic.

The Group continued to closely monitor its financial position, with net debt declining from the 1,640.1 million euros of the end of 2003 to 1,636.6 million euros as of June 30, 2004. The cash flow generated during the first half exceeded the figure established in the budget.

Finally, after years of uncertainty about the level of fees to be charged, the process of negotiating a planning agreement with the Civil Aviation Authority, containing the new tariff plan for the next five years, is nearing completion.

The following table summarizes main traffic data for the first half of the year for Rome's airport system and shows changes with respect to the first half of 2003.

Traffic component	**SYSTEM**	**% CHANGE**
Movements	169,644	*+4.0%*
Aircraft tonnage	11,942,631	*+2.1%*
Total passengers	14,241,688	*+11.4%*
Total freight (tons)	75,235	*+2.3%*

The following table summarizes key economic, financial and operational data for the first half of 2004.

Key economic, financial and operational data (thousands of euros)		
	1st half 2004	**1st half 2003**
Revenues	262,246	240,614
EBITDA	110,512	91,363
EBIT	55,397	39,301
Net income	(3,113)	(11,924)
	June 30, 2004	**Dec 31, 2003**
Invested capital	2,352,874	2,349,469
Shareholders' equity	716,250	709,321
Net debt	1,636,624	1,640,148
Short-term cash and cash equivalents	108,395	104,871
Medium-/long-term debt	1,745,019	1,745,019
Ratios		
	1st half 2004	**1st half 2003**
Revenues/average headcount (€000)	77	73
No. of passengers/average headcount	4,174	3,891

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

Key economic, financial and operational data (thousands of euros)		
	1st half 2004	**1st half 2003**
Revenues	228,586	217,441
EBITDA	104,900	89,777
EBIT	52,071	39,575
Net income	(1,091)	(16,415)
	June 30, 2004	**Dec 31, 2003**
Invested capital	2,387,751	2,392,980
Shareholders' equity	744,718	745,809
Net debt	1,643,033	1,647,171
Short-term cash and cash equivalents	101,986	97,848
Medium-/long-term debt	1,745,019	1,745,019
Ratios		
	1st half 2004	**1st half 2003**
Revenues/average headcount (€000)	105	98
No. of passengers/average headcount	6,527	5,748

BACKGROUND

Principal macro-economic indicators

The performance of the leading industrialized countries, particularly in terms of GDP growth, is a leading external factor affecting future air traffic trends. The following is a concise analysis of the world macro-economic situation[1].

In 2004 economic recovery has strengthened and spread to almost all the main macro-regions. Led principally by the United States and East Asia, the world economy has grown by around 6%, the highest annual rate since 1999. Various factors contributed to the progressive consolidation of this trend in early 2004. Firstly, industrial output was back on track, sustained by an upturn in international trade and private investment. Secondly, levels of business confidence in the sustainability of this new growth phase - and to a lesser extent consumer confidence - have revived.

Overall, the world economy's ability to respond to economic and other kinds of upheaval has surpassed expectations. By the end of the year, global economic growth is set to reach 4.6%, compared with 3.9% in 2003. However, the outlook is subject to various imponderables, some of which by definition are unquantifiable. It should be stressed that geopolitical uncertainty may well last for a long time, thus adding to the volatility of energy prices and putting a damper on production and trade.

First-quarter GDP growth in the USA in 2004 is estimated at 4.4% on an annual basis. Such growth is up not only on the previous quarter, but also on projections that predicted growth of only 4.2%. This figure was largely influenced by an upswing in industrial production and private investment.

In Japan, economic recovery is forging ahead. After registering growth of 2.5% in 2003, GDP rose by 1.5% in the first quarter of 2004. With an annual growth rate of more than 6%, the Japanese economy has topped US growth (4.4%) for the second quarter running. Economic activity has been mainly driven by exports, particularly to China.

After the slowdown and uncertainty created by the SARS epidemic, the emerging economies of East Asia have rallied strongly. As this region increasingly generates demand for goods and services from other countries, the repercussions that any downturn in Asian growth might entail are a cause for concern.

Although the latest trends in Europe (the euro area) show slight improvements, consumption is still weak and many economic indicators continue to drift on a tide of uncertainty. On the one hand, the new members of the European Union are still benefiting from a favorable situation, although many difficulties need to be tackled. Over the next ten years the new member countries will have to absorb the high cost of upgrading their industries, especially agriculture, in addition to modernizing social, infrastructure and environmental systems.

In South Africa, the economy is still dominated by raw material exports, which slows down the process of integrating the internal market with the global market. This hampers growth of the South African economy, which is based on only a few commercial products.

[1] *Source: Macro-economic Forecasts - Confindustria – December 2003*

It should also be taken into account that development of the internal market also depends on external factors that have a negative impact in the short term. The weakness of the US dollar continues to erode export profit margins, especially in the mining and manufacturing sectors. Indebtedness to the United States, which accounts for 5% of annual GDP, leaves little room for maneuver and, in terms of fundamentals, the overall state of the economy appears sluggish.

In **Italy**, in the first quarter of 2004 GDP rose by 0.4% compared with the last quarter of 2003. This growth in added value affected almost all sectors of agriculture, industry and services.
Demand was fuelled almost exclusively by growth in household consumption and investment, which rose after a downturn lasting four consecutive quarters.
However, exports fell in the first quarter of 2004 (down 2.1%), most likely as a result of the sharp rise in the value of the euro in the early part of the year. More surprising was a further downturn in imports in a period of strong growth in internal demand.

Legal and regulatory context

In a letter dated January 12, 2004, ADR has requested the Civil Aviation Authority to begin the procedure for drawing up the **Planning Agreement** provided for in point 5 of the Ministry of Infrastructure and Transport's **Tariff reform plan**, approved by CIPE (Interdepartmental Committee for Economic Planning) Resolution no. 86 of August 4, 2000.
The tariff plan covers the period 2004-2008 and, prepared on the basis of the regulatory principles and criteria established by CIPE Resolution no. 86/2000, will govern airport fees for services offered on an exclusive basis at Fiumicino and Ciampino airports (landing and take-off fees, apron and hangar fees, passenger boarding fees, freight loading and unloading fees, charges for security checks, and the fees to be charged for the use centralized infrastructures, common assets and assets for exclusive use).
The negotiation process launched by the Civil Aviation Authority will lead to the definition of a planning agreement with the Authority. This must then be approved by Inter-ministerial Decree (the Ministry of Infrastructure and Transport and the Ministry of the Economy).

On April 7, 2004, Assaeroporti informed its members that, on March 31, 2004, the Deputy Minister for Infrastructure and Transport issued decrees by which existing charges for **security screening of passengers and carry-on baggage** and **100% screening of hold baggage** - determined by the Ministerial Decree of March 14, 2003 - were confirmed and extended until December 31, 2004.
The deadline for the analytical and audited accounts to be filed, in accordance with the above Ministerial Decree, was also extended until September 30, 2004.

Article 2, paragraph 11, of Law no. 350 dated December 24, 2003 (Finance Bill 2004) introduced a **municipal surtax on passenger aircraft boarding fees** for 2004. The surtax, set at 1 euro per passenger, is to be collected by the Treasury, with subsequent redistribution of any monies exceeding 30 million euros to the municipalities where airports are located and to neighboring municipalities (20%) and to the Ministry of the Interior (80%).
Pursuant to art. 7 *quater*, of Law no. 140 of May 28, 2004,which converted Legislative Decree no. 80 of March 29, 2004, the surtax is no longer a one-off measure for 2004 and has become permanent.
In a letter to Assaeroporti, dated April 30, 2004, the Civil Aviation Authority ruled, with immediate effect, "that carriers should set up procedures - where not already implemented - to collect the 1-euro surtax on passenger boarding fees as of June 1, 2004".
The letter also stipulates that carriers should pay said amounts to the operator who, in turn, shall pay such surtax to the relevant Provincial Treasury office on a monthly basis. No fees for carrying out such activities are envisaged for the operator.
ADR has placed the matter in the hands of a lawyer who will lodge an appeal with the Lazio Regional Administrative Court against the aforementioned letter from the Civil Aviation Authority, deeming that its contents have no legal or conventional grounds and are prejudicial to the Company's interests.

In February ADR submitted a complaint to the European Commission (pursuant to Rule no. 17/62 and Rule no. 659/99) in which it requested that "the system for determining airport license fees for 2003 provided for by the State Property Office no. 1 of the EU Treaty", and also called for an investigation of aspects of the decree that it alleges distort competition.
On June 24, 2004 the European Commission requested further information which ADR must supply by July 16, 2004.

On February 10, 2004 the Civil Aviation Authority issued ADR with the "Airport Certificate", which certifies that "Leonardo da Vinci airport in Fiumicino, operated by ADR S.p.A., is in compliance with airport certification requirements as laid down in the Airport Construction and Operation Regulations (in application of ICAO Annex 14) and is suitable for commercial air traffic operations, in accordance with the conditions of the certification specifications" attached to the certificate.
On May 24, 2004 ADR formally requested the Civil Aviation Authority to launch preliminary proceedings for issuing Rome's G.B. Pastine airport in Ciampino with an Airport Certificate. Pursuant to Annex 1A of Section 1 of the Regulations for the Construction and Operation of Airports, Second Edition dated October 21, 2003, Rome's Ciampino airport must obtain the Airport Certificate by November 30, 2004.

The Consolidation Data Protection Act (Legislative Decree no. 196/039), or so-called **Data Protection Code**, came into effect on January 1, 2004. The Act has reformed previous data protection legislation, rationalizing existing regulations and establishing a series of general principles to be applied to the processing of data in all sectors.
Legislative Decree no. 158 of June 24, 2004 extended the previously established period for adopting the minimum security measures regarding the processing of personal data contained in articles 33 and 35 of Legislative Decree no. 196/03, and in particular the new Security Planning Document, from June 30, 2004 to December 31, 2004.

ACTIVITIES

Aviation activities

Air traffic

World air traffic continued to recover during the first few months of the year compared with the downturn at the beginning of 2003 due to the war in Iraq and the SARS epidemic. At **global level**, during the first three months of 2004 annual figures showed a rise in passengers (8.1%) and movements (3.1%) compared with the same period in the previous year.

Europe was also affected by the international situation. Compared with the corresponding period in 2003, the first three months of 2004 reported an increase in passengers (8.3%) and movements (1.3%).

In **Italy**, compared with the previous year, the first five months of 2004 posted an increase in passengers of 9.7% and a decrease in movements of 0.7%.

Passenger traffic - monthly percentage increases compared with 2003

	Jan. '04	Feb. '04	Mar. '04	Apr. '04	May '04	Jun. '04
WORLD (a)	+5.4%	+9.1%	+9.7%			
Europe (a)	+5.0%	+9.9%	+9.9%	+12.2% (*)	+11.0% (*)	
Italy (b)	+5.1%	+7.6%	+7.7%	+14.1%	+12.2%	
FCO + CIA	**+2.2%**	**+8.0%**	**+11.6%**	**+19.1%**	**+15.7%**	**+9.8%**

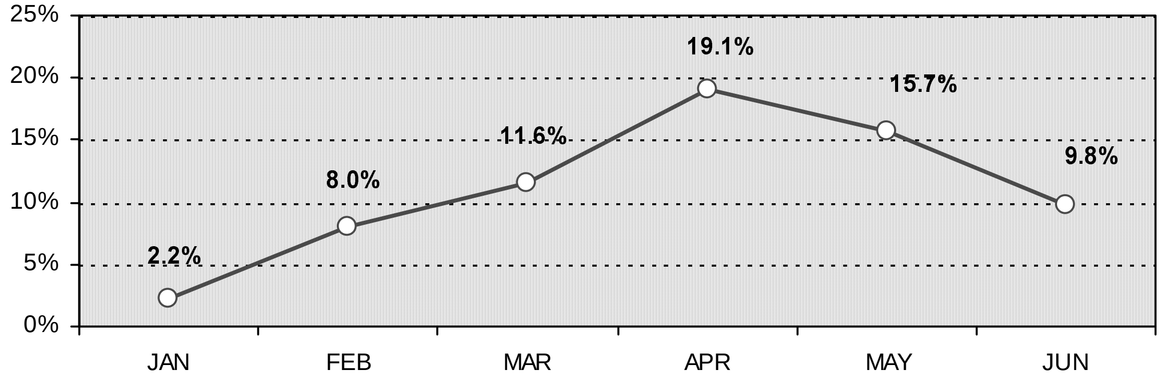
Source: (a) ACI World Traffic Monthly Report (*) Provisional data
(b) ASSAEROPORTI

The airport system

During the first five months of 2004 the **main European airports**[2] against which the Group's performance is measured, achieved the following passenger traffic results: Madrid (up 10.0%), London (up 9.7%), Paris (up 9.0%), Frankfurt (up 8.9%) and Amsterdam (up 8.7%). During the same period (January to May) the Roman airport system rose by 11.7%, confirming its position as Europe's best performer.

During the first six months of 2004 the Roman airport system reported an increase in passenger traffic of 11.4%, with monthly performances as shown in the following graph:

THE ROMAN AIRPORT SYSTEM
Total Passengers – Monthly percentage changes compared with 2003



Information regarding trends in traffic components is provided below:

Data up to June 30, 2004 (The figures in brackets indicate the percentage change with respect to the previous year)

Traffic component	SYSTEM	Fiumicino	Ciampino	Domestic	International
Movements	169,644	148,867	20,777	83,767	85,877
	(+4.0%)	*(+2.4%)*	*(+16.5%)*	*(-1.2%)*	*(+9.5%)*
Aircraft tonnage	11,942,631	11,066,230	876,401	4,810,523	7,132,108
	(+2.1%)	*(+0.8%)*	*(+21.9%)*	*(-0.9%)*	*(+4.3%)*
Total passengers	14,241,688	13,121,726	1,119,962	6,109,107	8,132,581
	(+11.4%)	*(+9.4%)*	*(+40.5%)*	*(+2.3%)*	*(+19.3%)*
Total freight (tons)	75,235	65,038	10,197	7,124	68,111
	(+2.3%)	*(+2.3%)*	*(+2.3%)*	*(-30.2%)*	*(+7.5%)*

[2] *Source: Airport Council International; Rapid Data Exchange Program.*

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

Traffic component		International	EU	Non EU
Movements		85,877	58,053	27,824
		(+9.5%)	*(+13.9%)*	*(+1.4%)*
Aircraft tonnage		7,132,108	3,885,884	3,246,224
		(+4.3%)	*(+13.1%)*	*(-4.6%)*
Total passengers		8,132,581	5,275,741	2,856,840
		(+19.3%)	*(+20.3%)*	*(+17.4%)*
Total freight (tons)		68,111	19,631	48,480
		(+7.5%)	*(+35.2%)*	*(-0.7%)*

At Fiumicino the recovery in traffic resulted in an increase in capacity (total movements up 2.4% and aircraft tonnage up 0.8%), accompanied by a greater increase in passenger traffic (up 9.4%) due to recovery of the load factor and the freight component (up 2.3%).

Breakdowns for the different areas are as follows:

Domestic traffic: This sector, representing 46.5% of total passenger traffic, reported the following:

- *Domestic, Alitalia* (61.5% of passenger market share): the carrier reported decreased passenger traffic (down 9.5.%), due primarily to a reduction in capacity (movements were down 7.3%, aircraft tonnage was down 9.3%);
- *Domestic, other carriers* (38.5% of passenger market share): the increase in passenger traffic (passengers up 29.5%; movements up 9.3%; aircraft tonnage up 15.9%) derived from increased capacity on the part of some domestic carriers, including AirOne, Volare Airlines and Meridiana;

International European Union traffic: This sector, which was positively affected by the entry of ten new nations on May 1 and represents 32.0% of total passenger traffic, reported the following:

- *European Union, Alitalia* (31.5% of passenger market share): the carrier reported an increase in passenger levels (passengers up 3.0%), due to an increase in capacity (movements up 8.3%) and aircraft tonnage (up 3.0%);
- *European Union, other carriers* (68.5% of passenger market share): all the other carriers reported a remarkable increase of 21.9% due to a steep rise in capacity (movements up 11.0%; aircraft tonnage up 13.0%) and the load factor;

International traffic outside the European Union: This sector, representing 21.5% of total passenger traffic, reported the following:

- *Traffic outside the European Union, Alitalia* (24.3% of passenger market share): the carrier saw a rise in passenger levels (up 9.6%) due to an increase in capacity (movements up 6.6% and aircraft tonnage up 5.6%);
- *Traffic outside the European Union, other carriers* (75.7% of passenger market share): other airlines reported a substantial increase of 21.1% despite a fall in capacity (movements down 2.2%; aircraft tonnage down 7.6%), principally due to an increase in the load factor.

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

The *domestic* sector saw Meridiana begin operating nine daily flights to Milan Linate in February, whilst in March AirOne began a daily flight to Albenga and during the early part of the year Alitalia stepped up services to Verona.

Within the *European Union* Air Berlin transferred its flight operations from Ciampino to Fiumicino (routes to Munster, Berlin and Nuremberg); Alitalia opened new routes to Copenhagen, Malaga and Stockholm; Channel Express started a route to Glasgow with two weekly flights; Skyeurope launched routes to Bratislava and Budapest, with three and four weekly flights, respectively; Air Poland inaugurated two weekly flights to Warsaw; the carrier, Niki, started up a daily flight to Vienna; and other companies stepped up their operations, for example, Volare began flying to Valencia.

Regarding *non-European traffic* Alitalia increased the number of its daily flights to New York from one to two and started new routes to Toronto and Zurich; American Airlines inaugurated a daily flight to New York and three flights per week to Chicago; and Delta resumed flights to Cincinnati and Northwest restored its seasonal daily flight to Detroit.

At Ciampino airport the increase in passengers (up 40.5%) with respect to the same period in 2003 is primarily due to the development of low-cost traffic. Ryanair stepped up its operations with seven additional daily flights (two flights to Barcelona Girona, one to Baden Baden, one to Paris Beauvais, one to Klagenfurt, one to Karlsruhe and one to Glasgow Prestwick). In June EasyJet inaugurated a new route to Nottingham and other carriers started operating at Ciampino, including: Wizzair to Budapest and Katowice, Helvetic to Zurich and ThomsonFly to Coventry.

Freight traffic performance at the airport, mainly arising from the activities of the express couriers, DHL, TNT and UPS, registered an increase of 2.3% compared with the first half of 2003.

Airport fees

During the first six months of 2004, revenues from airport fees, which are directly correlated with airport traffic, rose by 7.9% due to traffic trends and the related mix.

In detail, the increase in revenues from landing and take-off fees (up 1.1%) was slightly less than overall traffic growth (aircraft tonnage: up 2.1%). This difference is due to a contraction in the non-EU component (which has higher unit tariffs than the domestic and EU components) of 4.6%. Two factors gave rise to this reduction: a series of flights connected to logistical operations regarding the war in Iraq and enlargement of the European Union as of May 1, 2003.

Passenger boarding fees, on the other hand, rose by 13% compared with the same period in the previous year, higher than the increase registered by passenger traffic (up 11.4%). This difference is primarily due to the greater increase in the international non-EU component (for which passenger boarding fees also have higher unit tariffs than the domestic and EU components).

Management of centralized infrastructures

The management of centralized infrastructures and terminal services, which are carried out directly by the Parent Company, ADR, were substantially in line with the first half of 2003 (up 0.3%), with revenues of 16.6 million euros.

In particular, loading-bridge revenues were down on the same period in 2003, primarily as a result of two factors:

- carry-over of the effects of a review of "night parking" fees that took place in August 2003;
- reduction of the average turn-around time at Fiumicino airport, due to carriers' optimization of aircraft fleet management.

This reduction was largely offset by higher revenues from the use of baggage handling systems.

During the first half of 2004 the automated baggage handling system processed around 2,580,000 pieces of baggage (up 22.86% compared with the first half of 2003), with the number of misdirected pieces of baggage totaling 0.082% (up 0.047% with respect to the first half of 2003), of which 0.036% were caused by equipment and 0.046% were due to multi-level equipment and security checks.

Security

The security activities carried out by the Parent Company, ADR, consist of security checks on passengers and carry-on baggage, 100% screening of checked luggage, explosive detection checks, other security services requested and surveillance of the airport system.

As of June 1, 2004, in compliance with EU regulations, training activities regarding the issue of a security certificate were begun. This certificate has become obligatory for anyone applying to the local airport authority for entry permits to the airport system for a period of more than 15 days.

During the first half of 2004, security activities generated revenues of 24.5 million euros. This figure is not comparable with the same period of 2003 (14.7 million euros) as the new 100% security screening service for hold baggage, which came on stream on February 1 of last year, was only charged for from June 3, 2003. Net of this component, revenues rose by 3.9%.

Operational safety

At Fiumicino airport a Civil Aviation Authority team began checks regarding certification obtained in 2003.

At Ciampino airport permanent surveillance of operational safety regarding "follow-me" operations and the monitoring and clearance of birds was set up. An ornithological study was also launched, as provided for in Civil Aviation Authority memoranda.

Real estate management

Sub-concessions

Revenues from sub-concessions, deriving from fees and utilities at Fiumicino and Ciampino airports amounted to 12.9 million euros, up 8% compared with the first half of 2003.

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

- sub-concession of an area of 1,400 square meters to the freight operator, Alha, for storage use;
- an increase in the office and storage spaces used by Nuance;
- the drawing up of a contract with Vodafone, which establishes a new pricing policy for mobile telephone operators;
- activation of the sub-concession of the "Catering Ovest" premises to LSG Sky Chefs.

Revenues from royalties at Fiumicino totaled 8.5 million euros, compared with 7.7 million euros in the same period of the previous year. This rise was primarily due to greater earnings from aviation fuel and also to higher fees as of June 2003 resulting from a new type of commercial agreement with chauffeur-driven hire car operators and improved performance of the airport hotel.

Management of car parks

Management of the parking systems at Fiumicino and Ciampino airports brought in revenues of 12.2 million euros, a rise of 20.2% compared with the same period of 2003. This increase was due to tariff increases and, to a lesser extent, passenger traffic performance, even though the latter experienced limited growth in the domestic component.

Infrastructure maintenance

Maintenance activities to guarantee the reliability of airport infrastructure (buildings, runways and road network) continued during the first half of 2004, and preliminary checks were begun ahead of the launch of the new Cargo City.

During the period under consideration, renewal of the two-year contracts for the cleaning of Lot 3 (airport buildings), and the road network and external areas (airside and landside), including the new Cargo City, was put out to tender. These contracts are expected to be awarded during the second half of 2004.

Non-aviation activities

Revenues from direct sales rose by 8.1% compared with an increase in passenger traffic of 11.4%.

This performance was due to the change in the services provided as of June 2003, which saw a reduction in both space and products in favor of activities in sub-concession, with a view to improving the overall efficiency of all non-aviation activities.

Direct sales activities are expected to come fully on stream during the second half of the year following restructuring of Shop 1 in the International area (completed on June 15, 2004), restructuring of Shop 5 in the Schengen area (as of November 15, 2004) and the opening of a new outlet in the transit lounge in International Terminal "C" (during the third quarter of 2004).

Revenues from retail sub-concessions increased by 31.0% in comparison with the first half of 2003. This result was obtained thanks to a sharp increase in the retail sector (up 41.1%) and the good performance posted by the refreshment sector (up 23.3%).

The opening of new outlets, with an area of around 400 square meters, such as Bulgari, Hermes, Ferragamo, Timberland and Imaginarium, and the effect of the guaranteed minimum in the agreement with the sub-concessionaire, Nuance, contributed to the growth of retail earnings. In particular, regarding relations with Nuance, the sales performance was not yet in line with projections for the first half of 2004.

In April two new currency exchange businesses - Travelex (a leading global operator) and Maccorp (a leading Italian operator) - took over from Banca di Roma.

Evaluation of offers by various parties which may be interested in taking over the activities currently managed by the sub-concessionaire Cisim Food (in liquidation) are still in progress.

The sale of advertising space at Fiumicino and Ciampino airports has been carried out as of March 1, 2003 by the subsidiary undertaking, ADR Advertising SpA, on the basis of an agreement with the Parent Company regarding the lease of the advertising division. Revenues rose by 3.5% with respect to the first half of 2003 due to substantial increases in sales of advertising space in the domestic terminal and Schengen area, which more than compensated for the drop in sales in the non-Schengen area.

Technical and IT services

Maintenance of plants and facilities

During the first half of 2004 management and maintenance activities of existing **infrastructures and facilities** were carried out to guarantee reliability and provide quality services in line with customer expectations and leading European airports.

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

- construction of the control platform for heating and air conditioning equipment, which is nearing completion;
- start-up of activities to upgrade hold baggage screening at Terminals "B" and "C"; completion of construction of a first-level security checking system at Terminal "B";
- launch of procedures to award a contract for upgrading of the BHS (Baggage Handling System) located in the Europa Pier;
- completion of activities regarding the ALCE project. In particular, the following facilities are expected to enter service by the end of July:
    - a baggage handling carousel for baggage in transit from international flights located in the new building in the area near the People Mover;
    - a new carousel for domestic flight baggage handling (area below former departure gates 18-25);
- drawing up and signing of contracts for management of BHS and HBS baggage handling and screening systems.

Information Technology

During the first half of 2004, works to upgrade the technology and practical use of certain **applications** continued. In particular:

- **New Cargo Handling System (CHS)**: Development and personalization of the system were completed during the period. The system is expected to be released at the same time as the start-up of the new Cargo City, scheduled in August 2004.
- **New "Sales Cycle" Management System:** Work carried out was aimed at automating data feed for key corporate processes. In particular, work was completed on the new freight system (CHS) interface, which will start operating at the same time as this system.
- **New technologies for the development of applications**: The purpose of this project is to introduce new technological standards (operating systems, languages, support modules) for the development of applications. The pilot application was completed and tested during the period. A detailed study was also carried out to enable application of the new technology to the reengineering of airport systems. In addition, construction of a software module regarding the airport database (ADBM – Airport Data Base Machine) was commissioned, which will be completed by the end of 2004.
- **New airport operations management system (UFIS):** Activities were launched to acquire and personalize management modules for airport infrastructure and passenger handling, as well as acquisition of a wireless module for the system (Grams) which will enable real-time gathering of operational data. Completion of these activities is expected by the end of the first quarter of 2005.
- **New system of information diffusion**: Replacement of obsolete peripheral hardware, which enabled the migration of Alitalia's EDP system to ADR's EDP system, was completed.
- **Centralized system for passenger and baggage check-in procedures (CUTE):** Activities aimed at extending the system to fully cover all existing workstations and at upgrading the network were completed.

Environmental protection

Environmental impact

During the first half of 2004, maintenance and development of the Environmental Management System (EMS) at Fiumicino and Ciampino continued according to plan.

The certifying body, Dasa - Rägister, carried out a periodic maintenance check at Fiumicino in January and confirmed full compliance with EMS standards. Checks will be carried out at Ciampino in September to renew expiring certification for a further three-year period.

Ongoing monitoring of electromagnetic fields continued at Fiumicino, and the second phase of air quality monitoring, which is scheduled to be completed by the end of 2004, was begun.

Preparation of ADR's first Environmental Report continued at both airports. This document will be distributed, internally and externally, during the second half of the year.

Noise abatement

Since its incorporation the Parent Company, Aeroporti di Roma, has actively sought to improve the compatibility of airport activities with the environment and the surrounding area.
In particular, with a view to reducing the acoustic impact of aircraft in the vicinity of the airport, the following initiatives will soon be implemented:

- Installation of a new aircraft noise monitoring system with a radar interface to control aircraft flight paths, partly financed by the Ministry of the Environment, at Fiumicino and Ciampino airports;
- Project to redesign the layout of the "Via Coccia di Morto" pinewood, which creates obstacles. This will enable the use of the entire length of Runway 2 (runway head 25) and thus further reduce traffic on Runway 1. As this initiative concerns a protected area of the Roman Coastal Park, it's implementation entails a complex authorization procedure that has been underway for some time. The project is currently being examined by the "Coastal Reserve" Commission.

For details of the initiatives already implemented, please see the Consolidated Financial Statements as of December 31, 2003.

Quality

The first phase of customer satisfaction surveys at Fiumicino, carried out between April 8 and May 12, 2004, and involving 2,831 interviews with passengers, reported an increase in the average score from passengers: 4.89 compared with 4.85 during the same phase in 2003 and with the average score of 4.83 for last year (with possible valuations from 1-terrible to 6-excellent).

The increase in customer satisfaction particularly concerned Terminal C (4.93 against 4.88 in the spring of 2003) and Terminal A (4.88 against 4.83), while the score for Terminal B remained unchanged (4.87).

Fiumicino is still reckoned to be the best Italian airport, while with respect to other leading European airports it rose by three places compared with the first phase of 2003 and by two places compared with last fall.

The following significant changes to the socio-behavioral profile of customers were also reported during the period:

- a three-percentage-point rise in business traffic compared with the same phase of 2003, thereby partially clawing back the drop in this traffic segment in the three-year period 2001-2003 (8%);
- a two-percentage-point increase in overseas customers, especially from South America, Africa and the Asia-Pacific region, while the number of those from Europe remained stable (22%);
- the average number of flights to/from Fiumicino rose from 4.7 in the spring of 2003 to 5.6 (the average annual figure for 2003 stood at 4.5);
- overseas customers, who in general are more critical, expressed the same overall level of satisfaction with Fiumicino as Italian passengers (4.89).

ADR's program of internal checks was implemented during the year:

- Over 50,000 objective checks, equivalent to around 16,000 reports, were carried out. These checks were based on daily surveys of the quality of baggage reclaim, check-in, carry-on baggage checks, the cleanliness of toilets and the functioning of display screens;
- A "micro" customer satisfaction plan was launched with spot checks of quality levels as perceived by customers in the places where services are provided. So far, around 300 interviews have been conducted at 80 airport refreshment outlets, and in coming months other front-line services will be monitored.

Analysis of the results revealed a good-to-average level of services at Fiumicino, especially in the arrivals area, which has gradually improved compared with the previous year. Customers also expressed greater satisfaction with the services provided in this area. Regarding departures, some data registered for indicators regarding the aviation area still show room for improvement. While performance was up on 2003, the standards laid down in the Service Charter were not met.

A more detailed analysis of quality levels reveals that:

- Baggage reclaim times met the set standard (to be respected in 90% of cases), standing at 90.6% for the first piece of baggage and 91.1% for the last;
- Average waiting times at carry-on baggage security check points stood at 3 minutes and 16 seconds, around 3 minutes less than the set standard;
- The percentage of incoming flights arriving more than 15 minutes late was 27.1% against 32.1% in the first half of 2003. Outgoing flights leaving more than 15 minutes late posted a similar performance of 27.4% against 30.4% in the same period of the previous year.

  Consequently, the "recovery of airport transit time" indicator (the difference between delays to incoming and outgoing flights with respect to scheduled times) fell below the projected figure (up 1%), and the "percentage of delayed outgoing flights" indicator exceeded the set standard of 25% by two points;

- The average passenger check-in waiting time was 7 minutes and 34 seconds, less than the figure reported for the first half of 2003 (9 minutes and 46 seconds) but short of the standard stipulated in the Service Charter (6 minutes).

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

GROUP INVESTMENT

During the period under consideration, the ADR Group carried out investment totaling 26.7 million euros (30.5 million euros in the first half of 2003).

The following **infrastructure development** projects are underway within the framework of the implementation program:

- *Infrastructure:* Cargo City freight movement system and works to upgrade warehouses and offices (explosives store; emergency power supply; layout of green spaces; cold storage facilities; battery charging unit; construction of offices - Level 2, common services building); 5th module of the multi-story car park; extension of long-stay car park - phase 2 ; upgrading of long-stay bus/chauffeur-driven hire car/taxi parking area; construction of new first floor car rental company premises; extraordinary maintenance on airport road network;
- *Plant:* replacement of MV control panels, electric insulation of landside transformers and second phase works on the tunnel network;
- *Runways:* Runaway 16/L-34/R - RESA areas for compliance with Civil Aviation Authority regulations; repair works on sections of Runway 16/C-34/C; doubling of Bravo taxiway, northern sector;
- *Ciampino:* upgrading of departure lounges (phase two) and restructuring of retail areas (phase two).

The following works were also completed:

- *Infrastructure:* upgrading of Cargo City warehouses and offices (provision of roofing for packed freight; changing room for cleaning staff; provision of freight moving equipment; modification of lift trucks); industrial waste water collector in the Eastern area;
- *Terminals:* restructuring work on ADR Shop 3 in Terminal B; upgrading of sensitive flights area in Terminal C (phase one); ALCE project, insulation of x-ray building phase one B civil works; restructuring works on outlets 1-4 in the transit area; terminals B and C, lighting and alarm systems for security check points;
- *Ciampino:* development plan, extension of DHL express courier area and restructuring of retail areas (phase one);
- *Runways:* upgrading of Bravo-Delta-November taxiways, Delta taxiway connection with Cargo City and upgrading of airside road network surfacing.

Future works soon to be started include:

- *Infrastructure:* completion of works to upgrade Cargo City warehouses and offices; extraordinary maintenance of airport road network (phase two); extension of ground-level car park;
- *Terminals:* Pier A, replacement of false ceilings and lighting equipment; Pier B, upgrading of outlet 5; ALCE project, insulation of x-ray building (phase two);
- *Runways:* repair of perimeter road network and access runways; construction of aircraft aprons in Southeast area (phase one); repair of ECHO aprons (phase one); Runway 2 and ALFA taxiway - joint sealing; implementation of noise monitoring system; urgent works on DELTA taxiway;
- *Ciampino:* road network and car park maintenance.

MAIN GROUP COMPANIES

ADR Handling SpA

During the first half of 2004 the main components of the traffic served at Fiumicino by ADR Handling SpA (ADRH), the Group company that provides passenger and ramp services, are analyzed in the following tables:

Traffic component	1st half 2004		1st half 2003		Change	
	Handling at Fiumicino	*% of total Fiumicino*	Handling at Fiumicino	*% of total Fiumicino*	*% of total Fiumicino*	*2004–2003*
No. of aircraft movements	46,785	31.4%	40,612	27.9%	+ 15.2%	+ 3.5%
Aircraft tonnage	4,463,014	40.6%	4,223,811	38.5%	+ 5.7%	+ 2.1%
No. of passengers	4,552,606	34.7%	3,469,018	28.9%	+ 31.2%	+ 5.8%
Traffic unit	4,813,602	35.0%	3,728,488	29.5%	+ 29.1%	+ 5.5%

Compared with the same period of 2003, there was an increase in the volumes of traffic handled by ADHR, resulting in increased market share, due to a variety of factors including:

- Acquisition of new carriers: Air Alps, Air Berlin, Air Memphis, Air Polond, Air Transat, Aviajet, Cairo Aviation, Malno Aviation, Miniliner, NL Luftfahrt GMBH "FLYNIKI", Skyeurope Hungarian Airlines, Skyeurope Slovak Airlines, TACV Cabo Verde Airlines and TAI - Trasporti Aerei Italiani;
- Increased carrier traffic volumes:
  - Meridiana, especially on the Rome-Milan route;
  - Volare across all routes.
- The loss of customers: Azzurra Air (ceased operations on March 7, 2004), Gandalf (ceased operations on January 9, 2004), NEOS (handled by EAS as of January 15, 2004), Stryrian Spirit (operations suspended on April 1, 2004).

Ciampino airport reported traffic which, in terms of movements, tonnage and passengers, was substantially in line with projections. The total amount of freight transported increased significantly despite partial closure of the airport for military exercises and a parade on June 2 and a 40-hour closure for a visit by the President of the United States.

Traffic component	1st half 2004	1st half *2003*	*change*
No. of aircraft movements	20,827	17,831	16.8%
Including: Scheduled	*8,540*	*5,329*	*60.3%*
Charter	*1,042*	*1,598*	*(34.5%)*
Express couriers	*1,947*	*2,272*	*(14.3%)*
General aviation	*9,298*	*8,632*	*7.7%*
Aircraft tonnage	876,714	719,158	21.9%
No. of passengers	1,119,962	790,326	41.7%
Freight	10,186	9,961	2.3%

In addition to the increased daily frequencies of Ryanair and EasyJet flights, the following events should be noted:

- cessation of operations by Air Berlin (transferred to Fiumicino), Hapag Lloyd Express (airport closure) and Failine (economic difficulties);
- start-up of operations by Helvetic, Thomsonfly and Wizzair.

Service quality indicators[3] during the period under consideration are shown below:

	1st half 2004	1st half 2003	Target for 2004
Left-behind	0.46	0.35	0.60
Airport punctuality	99.70%	99.91%	99.50%

Finally, in relation to the zero minute airport punctuality standard with a target of 98%, the result achieved during the first half of 2004 stood at 98.90%.

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

	1st half 2004	1st half 2003	Target for 2004
Baggage reclaim domestic flights - Service Charter first bag*	96.34%	n.a.	90.0%
Baggage reclaim domestic flights - Service Charter last bag*	97.46%	n.a.	90.0%
Baggage reclaim international flights - Service Charter first bag*	97.84%	n.a.	90.0%
Baggage reclaim international flights - Service Charter last bag*	96.28%	n.a.	90.0%
Baggage reclaim - Service Charter first bag ***	n.a.	98.10%	90.0%
Baggage reclaim - Service Charter last bag***	n.a.	98.77%	90.0%

* NEW STANDARD 2004: baggage reclaim starts within 22 minutes and finishes within 30 minutes of flight arrival; to be respected for 90% of flights.
** NEW STANDARD 2004: baggage reclaim starts within 30 minutes and finishes within 38 minutes of flight arrival; to be respected for 90% of flights.
*** STANDARD 2003: baggage reclaim starts within 26 minutes and finishes within 34 minutes of flight arrival; to be respected for 90% of flights. Indicator used for all flights.

Service quality at Ciampino airport is not yet recorded using a pre-established schedule and methods. Internal checks carried out on operations at Ciampino confirm that Service Charter indicators are substantially complied with.

Traffic growth registered at Fiumicino airport (movements up by 6,173) and the effect of extending handling to Ciampino airport (movements up by 20,827) resulted in an improvement in revenues amounting to 6,027 thousand euros compared with the same period in the previous year. This figure, together with constant attention paid to cutting operating costs and the overall stability of payroll costs, led to a significant improvement in EBITDA (up 3,199 thousand euros on the first half of 2003).

The company reported a net loss of 812 thousand euros (compared with a loss of 2,166 thousand euros in the first half of 2003), substantially in line with projections and showing steady recovery ahead of year end.

ADR Engineering SpA

The company substantially broke even during the first half of 2004 reporting net income of 5 thousand euros, compared with net income of 139 thousand euros in the same period of 2003.

This result is due to a drop of 25.5% in revenues, which was not compensated for by an overall reduction of 21% in operating costs (consumption of raw materials and services down 39.7%; payroll costs up 13.0%).

---

[3] ***Key:***
LEFT-BEHIND: the figure indicates for every 1,000 passengers boarded, the number of pieces of luggage not loaded together with the "owner", the responsibility for which can be attributed to the handler.
AIRPORT PUNCTUALITY: indicates the percentage of departing flights which did not experience a delay of more than 15 minutes, the responsibility for which can be attributed to the handler.
BAGGAGE RECLAIM: the figure shows the percentage of flights for which the time standards for baggage reclaim were respected, taking sole account of the responsibilities of the handler. The standards refer to placement of the last bag on the belt within a certain number of minutes of the ATA (Actual Time of Arrival).

ADR Tel SpA

The company reported net income of 262 thousand euros at the end of the first half of 2004. This figure may not be compared with the same period of the previous year because it started operations on April 1, 2003.

Revenues totaled 2,772 thousand euros, and EBITDA stood at 758 thousand euros, representing an EBITDA margin of 27.3%. EBIT amounted to 562 thousand euros.

ADR Advertising SpA

The company reported net income of 498 thousand euros at the end of the first half of 2004, after taxes of 330 thousand euros. Revenues totaled 10,820 thousand euros, while EBIT stood at 843 thousand euros, representing an EBIT margin of around 7.8%.

A comparison with figures for the first half of 2003 is not significant as the company only started operations on March 1, 2003 following the signing of a contract regarding the lease of ADR's advertising unit.

ACSA Ltd

At the end of the period, the company, which is 20% owned by ADR IASA Ltd, posted net income of 159.9 million rands (19.5 million euros, at the average exchange rate for the period), compared with 394.8 million rands at the end of the first half of 2003 (44.4 million euros).

This significant reduction derives from the prudent recognition in ACSA's accounts of a sum of 127 million rands before the related tax effect (15.5 million euros at the average exchange rate for the period). This regards a reduction in fees posted by the company in the years ended March 31, 2002 and March 31, 2003, as provided for in a document issued by the "Regulating Committee", appointed by the South African government. The company is currently in dispute with the government over this matter.

Moreover, the result for the first quarter of 2003 benefited from a gain on the sale of land owned by the company at Durban airport (115 million rands – 12.9 million euros at the average exchange rate for the first quarter of 2003).

GROUP PERSONNEL

The headcount as of June 30, 2004, including staff on temporary contracts, was **4,018** broken down as follows:

Category	**June 30, 2004**	**Dec. 31, 2003**	**Change on Dec. 2003**	**June 30, 2003**	**Change on June 2003**
Managers	60	64	(4)	65	(5)
Supervisors	254	239	15	241	13
White-collar	2,109	1,988	121	1,917	192
Blue collar	1,595	1,403	192	1,441	154
Total	**4,018**	**3,694**	**324**	**3,664**	**354**
Including:					
on permanent contracts	*2,925*	*2,904*	*21*	*2,919*	*6*
on temporary contracts	*1,093*	*790*	*303*	*745*	*348*

Category	June 30, 2004	Dec. 31, 2003	Change on Dec. 2003	June 30, 2003	Change on June 2003
ADR SpA	2,303	2,256	47	2,326	(23)
ADR Handling SpA	1,655	1,381	274	1,282	373
ADR Engineering SpA Unipersonale	32	31	1	31	1
ADR Tel SpA	17	15	2	14	3
ADR Advertising SpA	11	11	0	11	0
total	**4,018**	**3,694**	**324**	**3,664**	**354**

Compared with December 31, 2003, Group personnel increased by a total of 324 (up 8.8%). Staff on permanent contracts increased by 21 (up 0.7%), while those on temporary contracts increased by 303 (up 38.4%).

In particular, the increase in the numbers of staff on permanent contracts (down 12 at ADR, up 30 at ADRH, up 2 at ADR Tel, up 1 at ADRE) is due to the conversion of some temporary contracts into permanent ones, in implementation of the trade union agreement of May 29, 2004 regarding stabilization of long-term temporary contracts. This change was offset by the early retirement scheme which concerned 39 members of staff.

The increase in the numbers of staff on temporary contracts (up 59 at ADR, up 244 at ADRH), in line with budget forecasts, is principally due to traffic growth with respect to the previous year (up 9.8% compared with June 2003) and greater activities during the summer period.
However, it should be noted that the increase in staff of 185 (up 48 at ADR, up 137 at ADRH) is connected to the Company's policy of encouraging recruitment of seasonal part-time staff on 4-hour contracts.

In-house **training** courses involved 50,844 hours and a total of 2,247 participants including managers, middle management, administrative and ground staff.

In March a new operational and organizational model regarding airport security was launched, including implementation of a new operational management and planning system that will enable optimization of resources employed, with consequent improvement of quality levels for the services provided to passengers.

Moreover, with regard to the upcoming inauguration of the new Cargo City in August, an organizational project was drawn up with a view to creating a cargo operational model that will boost operational effectiveness and efficiency.

Development of procedures continued regarding the organization, management and control model provided for by Legislative Decree no. 231/2001. Activities particularly concerned Personnel Management and Administration for which procedures for "Personnel recruitment" and "Advance payment of employee severance indemnities" were drawn up.
A review of procedures for dealing with states of emergency at Fiumicino and Ciampino airports was begun, with initiatives taken by the departments concerned with a view to updating the related "instructions".

In accordance with the provisions of the national collective labor contract (trade union consultation procedures), certain work shifts in the freight sector were optimized. This led to a reduction in the number of staff employed on particular activities and less use of night shifts, thus resulting in cost savings.

In May 2004 an agreement was reached with the trade unions regarding Aeroporti di Roma and Aeroporti di Roma Handling. This agreement provides for the introduction of multi-purpose ramp handling activities (a single off-board team) and a reduction of costs incurred by Group companies (staff transportation to and from Fiumicino airport).

In June a trade union working group was set up at Assaeroporti, the employers' association to which ADR belongs. This group, which includes representatives of the various categories of staff at airport operating companies, is to discuss renewal of the National Collective Labor Contract.

Absenteeism due to strikes stood at 1,600 hours (slightly down with respect to the previous year), while absenteeism due to illness (down 4.5%) and accidents (down 11.7%) decreased.

GROUP FINANCIAL POSITION AND OPERATING RESULTS

Reclassified Consolidated Income Statement

RECLASSIFIED CONSOLIDATED INCOME STATEMENT
(Euros/thousand)

	First half 2004	First half 2003
Revenues from sales and services	262,142	235,991
Contract work in progress	104	4,623
A.- REVENUES	262,246	240,614
Capitalized costs and expenses	1,345	1,578
B.- REVENUES FROM ORDINARY ACTIVITIES	263,591	242,192
Cost of materials and external services	(73,183)	(74,208)
C.- GROSS MARGIN	190,408	167,984
Payroll costs	(79,896)	(76,621)
D.- GROSS OPERATING INCOME	110,512	91,363
Amortization and depreciation	(46,256)	(47,958)
Other provisions	(931)	(117)
Provisions for risks and charges	(6,223)	(988)
Other income (expense), net	(1,705)	(2,999)
E.- OPERATING INCOME	55,397	39,301
Financial income (expense), net	(48,745)	(47,625)
Adjustments to financial assests	2,194	7,315
F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	8,846	(1,009)
Extraordinary income (expense), net	(1,696)	(4,682)
G.- INCOME BEFORE TAXES	7,150	(5,691)
Income taxes for the period	(10,324)	(5,938)
Deferred tax assets	61	(295)
H.- NET INCOME FOR THE PERIOD	**(3,113)**	**(11,924)**
including:		
- **Parent Company's Interest**	**(4,525)**	**(14,901)**
- Minority interest	1,412	2,977

Comparison between the earnings performances of the first halves of 2004 and 2003 is influenced by specific negative factors affecting the first six months of 2003 which penalized traffic (the war in Iraq, the SARS epidemic), with inevitable repercussions on all airport businesses, as well as more traditional aviation activities. Significant among these factors was the delayed remuneration (June) of the security screening of checked baggage, which ADR was obliged to launch in February.

The Group's revenues from ordinary activities (thereby excluding the contract works component which is nearing completion), which rose by 11.1%, increased at a slightly slower rate than the rise in traffic (11.4%).

As well as the above-mentioned security revenues, revenues from sub-concessions (up 16.0%) and car parks (up 20.2%) fared well, while other income components registered growth figures below the increase in traffic, including fees (up 7.9%) centralized infrastructures (up 3.0%) and directly managed retail outlets (up 8.1%). The latter continued to be penalized by the reconfiguration of directly managed outlets in order to provide an offering more in line with changed passenger profiles.

Thanks to cost-cutting measures that continued in 2004, and despite growth in activities, service costs were down by 1.4% compared with the same period in 2003 which, despite a rise in payroll costs (up 4.3%), led to a significant increase in EBITDA both in absolute terms (up 21%) and as a margin (rising from 38.0% to 42.1%).

Despite higher provisions for risks and doubtful accounts (up 6 million euros), the reduction in amortization and depreciation (down 1.7 million euros) and the balance of other operating costs (up 1.3 million euros) led to an improved EBIT margin, which rose from 16.3% to 21.1%.

ADR Handling's results improved, both in terms of EBITDA (4.7 million euros against 1.5 million euros compared with the first half of 2003) and EBIT (up 1.1 million euros as of June 30, 2004 compared with 0.6 million euros as of June 30, 2003).

The South African subsidiary undertaking, ACSA, however reported a drop in net income (2.2 million euros against 7.3 million euros in the first half of 2003) primarily due to two factors: the 2003 result benefited from gains deriving from the sale of a plot of land, while the 2004 result was penalized by the effects of a reduction in revenues regulated by a new tariff policy, which is currently under discussion with the local authority.

The company reported a net loss of 3.1 million euros (of which 4.5 million euros is attributable to the Parent Company), a significant improvement compared with June 30, 2003 (a net loss of 11.9 million euros, of which 14.9 million euros was attributable to the Parent Company), accompanied by a slight increase (up 2.4%) in financial expense as well as increased provisions for taxation.

Reclassified Consolidated Balance Sheet

RECLASSIFIED CONSOLIDATED BALANCE SHEET
(Euros/thousand)

	06-30-2004	12-31-2003	Change
A. - NET FIXED ASSETS			
Intangible fixed assets *	2,166,252	2,190,783	(24,531)
Tangible fixed assets	104,277	100,369	3,908
Non - current financial assets	140,791	127,611	13,180
	2,411,320	2,418,763	(7,443)
B. - WORKING CAPITAL			
Inventory	22,731	22,351	380
Trade receivables	159,712	137,205	22,507
Other assets	39,366	39,080	286
Trade payables	(118,342)	(121,207)	2,865
Allowances for risks and charges	(28,878)	(27,842)	(1,036)
Other liabilities	(66,088)	(52,305)	(13,783)
	8,501	(2,718)	11,219
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	2,419,821	2,416,045	3,776
D. - EMPLOYEE SEVERANCE INDEMNITIES	66,947	66,576	371
E. - INVESTED CAPITAL, minus short-term liabilities and E.S.I. (C-D)	**2,352,874**	**2,349,469**	**3,405**
financed by:			
F. - SHAREHOLDERS' EQUITY			
- Parent Company's interest	694,147	689,030	5,117
- minority interest	22,103	20,291	1,812
	716,250	709,321	6,929
G. - MEDIUM/LONG-TERM BORROWING	1,745,019	1,745,019	0
H. - SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)			
.Short-term debt	3,539	16,052	(12,513)
.Cash and current receivables	(111,934)	(120,923)	8,989
	(108,395)	(104,871)	(3,524)
(G+H)	1,636,624	1,640,148	(3,524)
I. - TOTALE AS IN "E" (F+G+H)	**2,352,874**	**2,349,469**	**3,405**
(*) including the value of the concession totaling	*1,971,346*	*1,995,988*	*(24,642)*

Invested capital, amounting to 2,352.9 million euros as of June 30, 2004, was substantially in line with the end of 2003 (up 3.4 million euros) due to the compensatory changes that regarded the fixed asset component and working capital.

In particular, fixed assets fell by 20.6 million euros during the first half of 2004 as amortization and depreciation were higher than investment. This decrease was only partly offset by an increase in financial assets, which was almost entirely due to the beneficial effect on the value of the equity investment in the subsidiary undertaking, ACSA, deriving from appreciation of the South African rand.

The slight increase in working capital (up 11.2 million euros) derives from trade payables (up 22.5 million euros) which reflect the effects of earnings growth, accentuated by the seasonal factor.

The effect of trade payables on working capital was partly mitigated by an increase in "Other liabilities", primarily due to the estimated tax burden for the period.

The period witnessed a 6.9 million euro increase in **shareholders' equity** arising from the favorable exchange rate with the South African rand (up 11.4 million euros), which was partly offset by the net loss for the first half of 2004 and the distribution of dividends to minority shareholders.

The Group's **net debt** as of June 30, 2004 stood at 1,636.6 million euros, registering a slight decrease compared with the end of the previous year, due to the short-term component.

Indeed, while the medium- and long-term component remained stable at 1,745.0 million euros, net cash and cash equivalents rose by 3.5 million euros due to a decrease in short-term debt of 12.5 million euros as a result of lower interest charges. This was only partly offset by a reduction in cash and cash equivalents and short-term financial receivables (down 8.9 million euros).

Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS
(Euros/thousand)

	First half 2004	First half 2003
A.- CASH AND CASH EQUIVALENTS-OPENING BALANCE	**104,871**	**81,340**
B.- CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Net income (loss) for the period	(3,113)	(11,924)
Amortization and depreciation	46,256	47,958
(Gains) losses on disposal of fixed assets	(83)	(15)
(Revaluations) write-downs of fixed assets	(2,263)	(7,408)
Net change in working capital	(11,219)	(24,131)
Net change in employee severance indemnities	371	(3,407)
	29,949	1,073
C.- CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
Investment in fixed assets:		
.intagible	(15,230)	(39,713)
.tangible	(10,910)	(2,972)
.financial	(43)	(45)
Proceeds from disposal, or redemption value of fixed asset	1,092	1,187
Other changes	(11,376)	(6,266)
	(36,467)	(47,809)
D.- CASH FLOW FROM (FOR) FINANCING ACTIVITIES		
New loans	0	480,000
Shareholders' contributions	0	0
Repayments of loans	0	(386,319)
Buy-back of shares	0	0
Other changes	0	751
	0	94,432
E.- DIVIDENDS PAID	(1,372)	(32,357)
F.- ALLOWANCE FOR EXCHANGE RATE VARIATIONS		
Change in allowance for exchange rate variations (*)	11,414	6,087
G.- CASH FLOW FOR THE PERIOD (B+C+D+E+F)	3,524	21,426
H.- CASH AND CASH EQUIVALENTS (NET BORROWING) - CLOSING BALANCE (A+G)	**108,395**	**102,766**

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

Operating cash flow, amounting to 29.9 million euros, was sufficient to cover the Group's financial expense and investment requirements during the period (totaling 26.1 million euros).

Net cash and cash equivalents as of June 30, 2004, totaling 108.4 million euros, were therefore substantially in line with the end of the previous year (up 3.5 million euros).

RELATIONS WITH PARENT COMPANIES AND OTHER RELATED PARTIES

As of June 30, 2004, financial, trade and other receivables and payables due to and from the ADR Group in relation to the parent and associated undertakings were as follows (in thousands of euros):

	RECEIVABLES			PAYABLES		
	financial	**trade**	**other**	**financial**	**trade**	**other**
PARENT COMPANY						
Leonardo Srl	0	0	0	0	0	0
	0	**0**	**0**	**0**	**0**	**0**
ASSOCIATED UNDERTAKINGS						
ACSA Ltd	0	697	0	0	57	0
Ligabue Gate Gourmet Roma S.p.A. (bankrupt)	0	0	530	0	969	0
La Piazza di Spagna Srl	0	0	0	0	0	34
	0	**697**	**530**	**0**	**1,026**	**34**
TOTAL	**0**	**697**	**530**	**0**	**1,026**	**34**

TREASURY STOCK OR PARENT COMPANY'S SHARES IN THE PORTFOLIO

The Group did not hold, directly, or indirectly, any of its own shares or any shares in the Parent Company, either at the end of the first half of 2004 or at the end of 2003. In addition, no purchase or sale of its own shares or shares in the Parent Company took place, either directly or indirectly, during the first half of 2004.

NOTICE REGARDING THE "MANAGEMENT AND COORDINATION" OF THE COMPANY

With reference to the corporate law reform introduced by article 2497 and subsequent articles of the Italian Civil Code, ADR is not subject to "management and coordination" by its shareholder Leonardo S.r.l., which, despite holding a controlling interest pursuant to art. 2359 of the Italian Civil Code, does not exercise influence over the subsidiary undertaking's management strategies and operations.

On the other hand, ADR exercises "management and coordination" of its subsidiary undertakings.

SUBSEQUENT EVENTS

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

Data as of July 31, 2004 *(the figures in brackets indicate the percentage change with respect to the same period in 2003)*

Traffic component	SYSTEM	Fiumicino	Ciampino	Domestic	International
Movements	202,259	177,075	25,184	99,709	102,550
	(+4.0%)	*(+2.3%)*	*(+17.2%)*	*(-1.4%)*	*(+9.7%)*
Aircraft tonnage	14,244,618	13,200,876	1,043,742	5,686,538	8,558,080
	(+2.3%)	*(+1.1%)*	*(+20.7%)*	*(-1.7%)*	*(+5.2%)*
Total passengers	17,242,446	15,891,269	1,351,177	7,320,139	9,922,307
	(+11.4%)	*(+9.5%)*	*(+40.1%)*	*(+2.2%)*	*(+19.4%)*
Total freight (tons)	89,940	77,680	12,260	8,378	81,562
	(+3.8%)	*(+3.8%)*	*(+3.9%)*	*(-30.9%)*	*(+9.5%)*

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

Traffic component	International	EU	Non EU
Movements	102,550	69,563	32,987
	(+9.7%)	*(+14.6%)*	*(+0.7%)*
Aircraft tonnage	8,558,080	4,667,364	3,890,716
	(+5.2%)	*(+14.2%)*	*(-3.9%)*
Total passengers	9,922,307	6,438,087	3,484,220
	(+19.4%)	*(+21.4%)*	*(+15.8%)*
Total freight (tons)	81,562	23,678	57,884
	(+9.5%)	*(+40.3%)*	*(+0.5%)*

July, with a **total of 3,000,592 passengers**, was the Roman Airport System's busiest ever month since its two airports at (Fiumicino and Ciampino) opened.

During the first seven months of 2004 Fiumicino airport reported an increase of 2.3% in movements and 9.5% in passengers. The latter resulted from an overall increase in capacity (3.7% more seats available) and a 3.2% rise in the Load Factor compared with the same period of 2003.
The most significant events included the start-up of a new service to Boston by Alitalia (five flights a week) and the fact that, for the first time in the airport's history, the number of passengers using the airport in one single day exceeded the 100,000 mark (July 30,: 100,878 total PAX).

Ciampino again saw growth in low-cost traffic, which resulted in increases in both passengers and movements (up 40.1% and 17.2%, respectively).
In July the carrier, EasyJet increased the routes on offer with a new daily service to and from Dortmund (from July 15).

On July 21, 2004, two decrees dated March 31, 2004, were published in the Official Gazette, which confirmed and extended until December 31, 2004 the current tariffs for passenger and carry-on baggage security checks and for 100% screening of hold baggage, as determined by the Ministerial Decree of March 14, 2003.

The deadline for the analytical and audited accounts to be filed, in accordance with the above Ministerial Decree of March 14, 2003, was also extended until September 30, 2004.

In July 2004 ADR lodged an appeal with the Lazio Regional Administrative Court against the letter, dated April 30, 2004, in which the Civil Aviation Authority ruled, with immediate effect, "that carriers should set up procedures to collect the 1-euro surtax on passenger boarding fees as of June 1, 2004".

OUTLOOK

The encouraging signs emerging from traffic performance point towards a confirmation of the positive growth trend during the second half of the year, although at a slower pace than the first half where indicators were affected by comparison with a particularly sluggish first six months of 2003.

The ADR Group will continue to pursue its financial targets, despite a scenario marked by instability with regard to energy costs and the economy, and bearing in mind ongoing uncertainty over the fate of the country's principal carrier.

THE BOARD OF DIRECTORS

BASIS OF PRESENTATION

GENERAL PRINCIPLES

The report and accounts for the six months ended June 30, 2004, published in accordance with art. 2428, paragraph 3 of the Italian Civil Code, have been prepared in accordance with CONSOB Ruling 11971 of May 14, 1999 and subsequent amendments, as reflected in Accounting Principle no. 30.

In view of the fact that the Parent Company is required to prepare consolidated accounts, the six-month report has been prepared on a consolidated basis and consists of the consolidated accounts, the notes to the consolidated accounts and the accounts of the Parent Company.

The consolidated accounts have been prepared in compliance with articles 25/43 of Decree 127 of April 9, 1991 and those of the Parent Company with the requirements of the Italian Civil Code with regard to statutory accounts. They are based on the underlying accounting records updated to June 30, 2004, integrated by extra-accounting information deriving from entries recorded at the end of the financial year on December 31, during preparation of the annual financial statements. Account was also taken of the new regulations governing financial statements introduced via company law reform pursuant to Legislative Decree no. 6 of January 17, 2003. In particular, the presentation of the accounting schedules used for the Balance Sheet and the Income Statement was modified (see the section entitled "Notice".)

The date of reference for the consolidated accounts is that of the accounts of the Parent Company, Aeroporti di Roma S.p.A. The accounts of subsidiary undertakings used for consolidation purposes refer to the period ended June 30, 2004, as approved by the respective boards of directors.

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

The reconciliation of shareholders' equity and net income as of and for the six months ended June 30, 2004, as reported in the financial statements of Aeroporti di Roma S.p.A., and the related consolidated amounts for the same period is shown in the note to consolidated shareholders' equity.

Income Statement data for the first half of 2004 is compared with the amounts for the same period of the previous year. Balance Sheet data as of June 30, 2004 is compared with the corresponding amounts as of December 31, 2003.

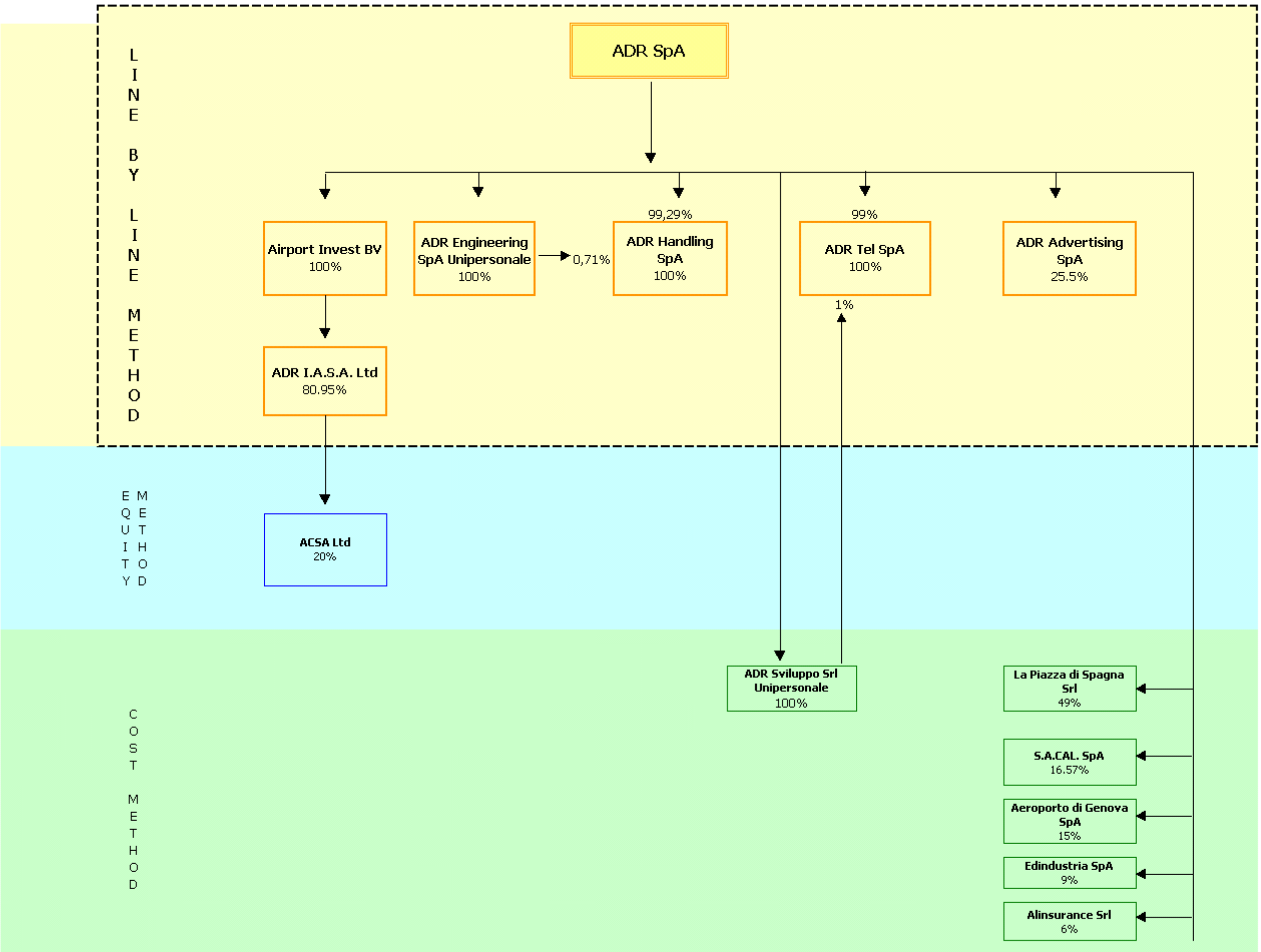
Amounts shown in the consolidated accounts are expressed in thousands of euros.

The Income Statement and Balance Sheet items, preceded by Arabic numerals, showing zero balances across the periods used for comparison are not shown.

BASIS OF CONSOLIDATION

The consolidated accounts as of and for the six months ended June 30, 2004 include the accounts for the same period, consolidated on a line-by-line basis, of the Parent Company, Aeroporti di Roma S.p.A., and the Italian and overseas subsidiary undertakings in which the Parent Company holds, either directly or indirectly, the majority of the voting rights.

BASIS OF CONSOLIDATION as of June 30, 2004



As of June 30, 2004, the basis of consolidation includes the following companies:

COMPANIES consolidated on a line-by-line basis	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	Group's %	Via: Company	%
Aeroporti di Roma S.p.A.	Fiumicino (Rome)	EUR	62,224,743	Parent Company		
Airport Invest B.V.	Amsterdam (Holland)	EUR	70,417,038	100%	Aeroporti di Roma	100%
ADR International Airports South Africa (Proprietary) Limited	Johannesburg (South Africa)	ZAR	819,000,000	80.95%[4]	Airport Invest	80.95%
ADR Handling S.p.A.	Fiumicino (Rome)	EUR	18,060,000	100%	Aeroporti di Roma ADR Engineering	99.29% 0.71%
ADR Engineering S.p.A. Unipersonale	Fiumicino (Rome)	EUR	774,690	100%	Aeroporti di Roma	100%
ADR Tel S.p.A.	Fiumicino (Rome)	EUR	600,000	99%	Aeroporti di Roma	99%[5]
ADR Advertising SpA	Fiumicino (Rome)	EUR	1,000,000	25.5%[6]	Aeroporti di Roma	25.5%

With respect to December 31, 2003, the basis of consolidation remains unchanged.

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

COMPANIES valued at equity	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	Group's %	Via: Company	%
Airports Company South Africa Limited	Bedfordview (South Africa)	ZAR	500,000,000	16.19%[7]	ADR International Airports South Africa	20%

The following equity investments are valued at cost:

COMPANIES valued at cost	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	Group's %	Via: Company	%
ADR Sviluppo S.r.l. Unipersonale	Fiumicino (Rome)	EUR	100,000	100%	Aeroporti di Roma	100%
La Piazza di Spagna S.r.l.	Fiumicino (Rome)	EUR	100,000	49%	Aeroporti di Roma	49%
Ligabue Gate Gourmet Roma S.p.A. in liquidation	Tessera (Venice)	EUR	103,200	20%	Aeroporti di Roma	20%
S.A.CAL. S.p.A.	Lamezia Terme (Catanzaro)	EUR	5,170,000	16.57%	Aeroporti di Roma	16.57%
Aeroporto di Genova S.p.A.	Genova Sestri	EUR	4,648,140	15%	Aeroporti di Roma	15%
Edindustria S.p.A.	Rome	EUR	624,000	9%	Aeroporti di Roma	9%
Alinsurance S.r.l.	Rome	EUR	104,000	6%	Aeroporti di Roma	6%

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

4 Equity investment in the company's total share capital (including preference shares). The interest in the ordinary stock amounts to 100%.
5 The remaining 1% stake is held by ADR Sviluppo Srl Unipersonale
6 Equity investment in the company's total share capital of 1,000,000 euros (including preference shares). The interest in the ordinary stock amounts to 500,000 euros (51%).
7 Calculated on the basis of the percentage interest in the total share capital of ADR IASA (80.95%)

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

CONSOLIDATION PRINCIPLES

The main consolidation principles are described below:

- the book value of consolidated equity items has been eliminated against the corresponding entry of individual asset and liability items, in accordance with the line-by-line method. Any positive differences arising are included among fixed assets under the item "Goodwill arising from consolidation", which is amortized on a straight-line basis in relation to the estimated possibility of recovery. Any negative differences are posted to the "Reserve for consolidation adjustments" under shareholders' equity, or to the "Consolidation allowance for risks and charges" should such negative goodwill be due to forecast losses;
- the minority interest in net income and shareholders' equity are reported separately as appropriate items in the Income Statement and under shareholders' equity;
- inter-company profits and losses still to be realized, as well as significant sums relating to payables and receivables and costs and revenues relating to consolidated companies have been eliminated;
- adjustments made to eliminate items of a purely fiscal nature, as well as other consolidation adjustments, take account, where applicable, of the related deferred taxation. Furthermore, the statements show deferred tax assets relating to items which will be recoverable in future years;
- dividends received by subsidiary undertakings during the period and recorded in the Parent Company's Income Statement as income from equity investments are eliminated against the item retained earnings;
- dividends paid by subsidiary undertakings, posted on an accruals basis in the Parent Company's accounts, are eliminated;
- the financial statements denominated in foreign currency have been translated into euros using current exchange rates. Balance Sheet items, with the exception of those forming shareholders' equity, have been translated using period-end exchange rates, whilst average exchange rates for the period were applied to Income Statement items. Any exchange rate differences arising have been recorded among consolidated shareholders' equity at a specific item, "Reserve for foreign currency translation adjustments".

The following table shows the exchange rates applied:

Exchange rates	*average 1st half 2004*	*June 30, 2004*	*average 2003*	*Dec. 31, 2003*	*average 1st half 2003*	*June 30, 2003*
euros/South African rand (ZAR)	8.211	7.618	8.531	8.328	8.884	8.542

NOTICE

Pursuant to the provisions introduced by company law reform, in the Balance Sheet under "Current receivables" the item "Due from tax authorities", which was previously included under "Due from others", has been separately posted. Consequently, the relevant data from the financial statements as of December 31, 2003 has been reclassified, with a total of 4,109 thousand euros posted separately under "Due from tax authorities" and deduction of a similar amount from the item "Due from others".

In the Income Statement, under "Financial income and expense", gains and losses on foreign exchange transactions were posted separately. Consequently, the data regarding the first half of 2003 used for comparison were reclassified. In particular, "Gains on foreign exchange transactions" of 125 thousand euros and "Losses on foreign exchange transactions" of 81 thousand euros were posted, with deductions of similar amounts regarding "Interest and commissions received from other companies and sundry income" and "Interest and commissions due to others and sundry charges", respectively.

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 Group that conform with generally accepted accounting principles in Italy do not conform with the generally accepted accounting principles in other countries.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the six-month accounts as of June 30, 2004 are those required by the relevant legislation, interpreted and integrated by the accounting principles established by the Italian Accounting Profession, and are those applied throughout the Group.

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

Fixed assets

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

- Intangible fixed assets

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

- *Incorporation and development costs*

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

- *Industrial patents and intellectual property 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 the basis of the residual duration of the concession, which will expire on June 30, 2044.

- *Goodwill arising on consolidation*

The goodwill represented by the difference between the cost of investments and the current value of shareholders' equity is amortized on a straight-line basis over a period of twenty years (with effect from 1998) for the subsidiary undertaking, ADR IASA, and over a period of ten years for the subsidiary undertaking, ADR Handling.

- *Other*

This item essentially includes:

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

- Tangible fixed assets

Tangible fixed assets have a limited service life and their cost is depreciated on a straight-line basis during each financial period according to their residual service life. Rates reflect the estimated useful life of the asset and fall within the limits established by tax regulations.

A summary of the rates used is provided below:

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

- *Land and buildings*

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

- *Fixed assets to be relinquished*

Such assets are recorded at purchase cost adjusted in accordance with the above-mentioned art. 3 of Law 72/83, including any ancillary charges and subsequent development costs.
Such assets are depreciated in relation to their residual useful lives. In addition, provisions are made for transfer costs relating to the fixed assets to be relinquished, with the aim of covering the estimated costs which will be borne on expiry of the concession (in 2044) when the assets are to be transferred to the Ministry in good working condition.

- Non-current financial assets

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

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

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

Non-current receivables are recorded at their nominal value.

Current assets

- Inventories

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

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

- *Contract work in progress*

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

- Receivables

These are recorded at their estimated realizable value.

- Cash on hand and in banks

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

Accruals and deferrals

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

Allowances for risks and charges

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

Employee severance indemnities

Employee severance indemnities were calculated for all the Company's employees and in accordance with governing legislation. This amount was calculated for indemnities matured up to June 30, 2004 and is shown net of any advance payments. Such liabilities are subject to revaluation according to appropriate indices.

Payables

Payables are recorded at their nominal value.

Receivables and payables recorded in foreign currency

In line with the new provisions introduced by company law reform, items expressed in foreign currency are posted at the current 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.
If the translation of short-term receivables and payables denominated in foreign currency, at period-end rates, results in a net gain or loss, such an amount is recorded in the Income Statement.

Memorandum accounts

- General/secured guarantees given

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

- Commitments on purchases and sales

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

- Other

- *Secured/general guarantees received*

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

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

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

- *Company-owned assets lodged with third parties*

These are recorded at their net book value.

Revenues

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

Taxation

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

Deferred tax assets and liabilities represent the temporary difference between taxable income and net income reported in the Income Statement for the period, applying the tax liability method. Deferred tax assets are recorded only when there is reasonable certainty of their recoverability. The balance of deferred tax assets and liabilities are reported under the "Allowance for deferred taxes" in the case of a liability and under "Deferred tax assets" in the case of an asset.

Derivatives contracts

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

The Group's hedging policy, in accordance with obligations laid down in loan agreements, stipulates that at least 51% of a loan should be subject to a fixed rate of interest (currently 78%).

NOTES TO THE CONSOLIDATED BALANCE SHEET

FIXED ASSETS

Intangible fixed assets

	12-31-2003			Changes during the period			06-30-2004		
	Cost	Amortization	Book value	Purchases/ Capitalization	Reclassifications (1)	Amortization	Cost	Amortization	Book value
- Incorporation and development costs	1,891	(607)	1,284	15	0	(188)	1,906	(795)	1,111
	1,891	(607)	1,284	15	0	(188)	1,906	(795)	1,111
- Industrial patents and intellectual property rights	2,295	(1,724)	571	135	8	(120)	2,438	(1,844)	594
	2,295	(1,724)	571	135	8	(120)	2,438	(1,844)	594
						0			
- Concessions, licenses, trademarks and similar rights	2,177,558	(179,737)	1,997,821	539	135	(25,235)	2,178,196	(204,936)	1,973,260
	2,177,558	(179,737)	1,997,821	539	135	(25,235)	2,178,196	(204,936)	1,973,260
- Goodwill arising on consolidation	4,894	(490)	4,404	0	0	(191)	4,894	(681)	4,213
	4,894	(490)	4,404	0	0	(191)	4,894	(681)	4,213
						0			
- Leasehold improvements in process and advances:									
. Leasehold improvements in process	38,522	0	38,522	10,597	(10,311)	0	38,808		38,808
. Advances to suppliers	0	0	0	0	0	0	0	0	0
	38,522	0	38,522	10,597	(10,311)	0	38,808	0	38,808
- Others									
. Leasehold improvements	302,024	(197,631)	104,393	3,944	10,104	(11,837)	316,065	(209,462)	106,603
. Ancillary charges for loans	47,886	(4,098)	43,788	0	0	(2,125)	47,886	(6,223)	41,663
	349,910	(201,729)	148,181	3,944	10,104	(13,962)	363,951	(215,685)	148,266
				0	0				
	2,575,070	(384,287)	2,190,783	15,230	(64)	(39,696)	2,590,193	(423,941)	2,166,252

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

- **Concessions, licenses, trademarks and similar fees** include the value of the airport concession, amounting to 1,971,346 thousand euros as of June 30, 2004. The decrease of 24,561 thousand euros is due to the combined effect of amortization for the period (25,235 thousand euros), investment (539 thousand euros), transfers from work in process (153 thousand euros) and reclassifications amounting to 18 thousand euros;

- **Leasehold improvements in process** is substantially in line with the end of 2003 (up 286 thousand euros) as work carried out during the first half of 2004, amounting to 10,597 thousand euros, was almost entirely offset by transfers of assets entering service to "Leasehold improvements" and "Concessions, licenses, trademarks and similar" (10,226 thousand euros), and negative reclassifications of 85 thousand euros;

- **Other** intangible fixed assets were also in line with December 31, 2003. **Leasehold improvements** increased by 2,210 thousand euros due to acquisitions in the first half of 2004, totaling 3,944 thousand euros, transfers from work in process amounting to 10,073 thousand euros and reclassifications (up 31 thousand euros), partly offset by amortization for the period (11,837 thousand euros). **Ancillary charges for loans** decreased by 2,125 thousand euros due to amortization for the period.

The principal leasehold improvements in process (equal to 10,597 thousand euros) include:

- work relating to the Cargo City (4,261 thousand euros);
- BHS system – upgrading and implementation (1,000 thousand euros);
- Alce project (978 thousand euros);
- licenses primarily relating to the new freight system (297 thousand euros);
- UFIS system (269 thousand euros);
- extension of LAN network (841 thousand euros).

The main leasehold improvements completed during the year (totaling 14,048 thousand euros) include:

- the structural upgrading of the Bravo/Delta/November taxiways (4,752 thousand euros);
- adaptation of system for upgrading of manual coding area (896 thousand euros).
- Eastern area – industrial waste water collector (236 thousand euros).

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

Tangible fixed assets

	12-31-2003					Changes during the period				06-30-2004				
	Cost	Reval. (Law 72/1983)	Write-downs	Allowances for depreciation	Book value	Purch./ Capital.	Reclass.	Disposals/ Retirements	Depreciation	Cost	Reval. (Law 72/1983)	Write-downs	Allowances for depreciation	Book value
- Land and buildings	16,829	465	0	(16,220)	1,074	131	10	0	(151)	16,970	465	0	(16,371)	1,064
- Plant and machinery	93,907	0	0	(78,112)	15,795	1,528	846	(17)	(2,174)	94,576	0	0	(78,598)	15,978
- Industrial and commercial equipment	13,418	0	0	(12,067)	1,351	131	0	0	(238)	13,468	0	0	(12,224)	1,244
- Fixed assets to be relinquished	136,081	1,908	0	(63,614)	74,375	232	9	0	(2,857)	136,322	1,908	0	(66,471)	71,759
- Other assets	40,286	0	0	(36,608)	3,678	852	633	(424)	(1,140)	39,744	0	0	(36,145)	3,599
- Work in progress and advances	4,096	0	0	0	4,096	8,036	(1,499)	0	0	10,633	0	0	0	10,633
	304,617	2,373	0	(206,621)	100,369	10,910	(1)	(441)	(6,560)	311,713	2,373	0	(209,809)	104,277

Tangible fixed assets increased by 3,908 thousand euros, due to investment totaling 10,910 thousand euros. This was partly compensated for by depreciation amounting to 6,560 thousand euros and disposals totaling 441 thousand euros.

The most significant capitalization during the period, within the category **plant and machinery** (1,528 thousand euros), regarded the acquisition of boarding bridges (333 thousand euros), motor vehicles (171 thousand euros) and car park equipment (190 thousand euros). Tangible fixed assets in process and advances (up 8,036 thousand euros) relate to works regarding construction of the 5th module of the multi-story car (3,890 thousand euros), metal roofing for freight at the Cargo City (299 thousand euros) and the new baggage sorting building.

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

Equity investments held as non-current financial assets

	12-31-2003	changes during the period	06-30-2004
Equity investments in:			
▪ unconsolidated subsidiary undertakings:			
ADR Sviluppo S.r.l. Unipersonale	100	0	100
	100	0	100
▪ associated undertakings:			
ACSA Ltd	120,242	13,570	133,812
La Piazza di Spagna Srl	49	0	49
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	0	0	0
	120,291	13,570	133,861
▪ other companies:			
Alinsurance Srl	6	0	6
Aeroporto di Genova SpA	930	0	930
S.A.CAL. SpA	878	0	878
Edindustria SpA	81	0	81
	1,895	0	1,895
	122,286	**13,570**	**135,856**

The change during the period, consisting of an increase of 13,570 thousand euros, derives entirely from the positive effects of valuation at equity of the associated undertaking, ACSA. In detail:

- **ACSA (Airports Company South Africa) Ltd.**
  The company, in which the Parent Company has a 20% interest via ADR IASA, has produced specially prepared accounts as of June 30, 2004, which show shareholders' equity of 417.1 million euros (83.4 million euros pro rata, including the minority interest), calculated at the exchange rate of June 30, 2004, and net income for the period of 19.5 million euros (3.9 million euros pro rata, including the minority interest) calculated on the basis of the average exchange rate.
  The valuation of the associated undertaking at equity as of June 30, 2004, reflects both the positive effect of net income for the period, amounting to 3,894 thousand euros, and the impact of the increase in the value of the South African rand, totaling 11,376 thousand euros (with a corresponding positive impact on the reserve for foreign currency translation adjustments), and the negative effect of the Group's interest in the amortization of goodwill, amounting to 1,700 thousand euros (applied at an annual rate of 5%).
  Given that the residual value of goodwill as of December 31, 2004 is 50,400 thousand euros, the book value of the equity investment amounts to the addition of the above sum to the interest (20%) in the shareholders' equity of the associated undertaking (83,412 thousand euros).

For further information regarding the performance of the Group's principal equity investments during the first half of 2004, reference should be made to the section "Equity investments" in the Parent Company's Management Report on Operations.

As security for the loans governed by agreements with Romulus Finance Srl, a syndicate of banks and Banca OPI – described in detail in the notes to "Payables" - the Parent Company, ADR, has granted the lenders a lien on the Parent Company's shareholdings in the subsidiary undertakings, ADR Tel SpA and ADR Advertising SpA. Such a guarantee is valid until the above loans have been fully repaid.

Receivables due and other items under non-current financial assets

	12-31-2003	changes during the period	06-30-2004
Receivables:			
▪ due from others:			
Public bodies for licenses	24	0	24
Other	5,301	(390)	4,911
	5,325	**(390)**	**4,935**

The reduction in such receivables, amounting to 390 thousand euros, was due to rebates of 502 thousand euros, disbursements of 43 thousand euros and the revaluation of the amount due from the tax authorities in relation to the payment of withholding tax on employee severance indemnities as required by Law 662/96. Such item is classified under "Other", and totals 69 thousand euros.

There are no receivables falling due beyond five years.

CURRENT ASSETS

Inventory

	12-31-2003	changes during the period	06-30-2004
▪ Raw, ancillary and consumable materials	2,813	(13)	2,800
▪ Finished goods and goods for resale:			
goods for resale	8,444	474	8,918
▪ Contract work in progress	10,997	(80)	10,917
less accumulated write-downs (art. 60 Decree 917/86)	0	0	0
	10,997	(80)	10,917
▪ Advances	97	(1)	96
	22,351	**380**	**22,731**

Inventory increased substantially (up 380 thousand euros) with respect to December 31 2003, due to the item **Finished goods and goods for resale** following a rise in direct sales.
Stocks of **Finished goods and goods for resale** reflect the reductions resulting from the physical stock checks carried out during February and June 2004, as partially estimated in the 2003 financial statements. The checks regarded all categories of merchandise held in the six retail outlets managed by the Parent Company, ADR, at Fiumicino and Ciampino.

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

Current receivables

	12-31-2003	changes during the period		06-30-2004
		Contracted (+) Repayments (-)	provisions (-) value recoveries (+)	
▪ Due from clients	162,450	23,740	0	186,190
less				
allowance for doubtful accounts	(20,853)	67	(931)	(21,717)
allowance for overdue interest	(4,855)	131	(734)	(5,458)
	136,742	23,938	(1,665)	159,015
▪ Due from associated undertakings	2,919	235	0	3,154
less				
allowance for doubtful accounts	(1,927)	0	0	(1,927)
	992	235	0	1,227
▪ Due from the tax authorities	4,109	(2,513)	0	1,596
▪ Deferred tax assets	24,473	61	0	24,534
▪ Due from others:				
sundry	57,741	14,446	0	72,187
advances to suppliers for services to be rendered	79	(54)	0	25
	57,820	14,392	0	72,212
	224,136	**36,113**	**(1,665)**	**258,584**

Due from clients, net of allowances for doubtful accounts, amount to 159,015 thousand euros and includes trade receivables due from clients and amounts due from public bodies for financed works and the supply of utilities and services. The rise in net receivables of 22,273 thousand euros compared with December 31, 2003 reflects the effects of increased revenues, accentuated by the seasonal factor.

Due from associated undertakings, totaling 1,227 thousand euros, regard amounts due to the Parent Company, ADR, from Ligabue Gate Gourmet Roma SpA in liquidation (530 thousand euros), classified among preferential liabilities, and amounts due from ACSA Ltd (697 thousand euros). The increase of 235 thousand euros, compared with December 31, 2003, relates to trading relations with the associated undertaking, ACSA.

Deferred tax assets totaling 24,534 thousand euros as of June 30, 2004, increased by 61 thousand euros compared with December 31, 2003. Changes during the period are shown in the following table.

Analisys of temporary defferences

Balance sheet item	Opening balance		Increase		Decrese		Closing balance	
	Tax base	Tax	Tax base	Tax	Tax base	Tax	Tax base	Tax
DEFERRED TAX ASSETS								
Allowances for risks and charges	21.546	7.578	4.897	1.681	4.700	1.553	21.743	7.707
Accumulated inventory write-downs	2.698	1.005	0	0	1.517	565	1.181	440
Allowance for doubtful accounts	20.810	6.866	208	69	0	0	21.019	6.935
Provisions for personnel	3.551	1.172	2.792	921	38	12	6.306	2.080
Accelerated depreciation	2.425	903	0	0	0	0	2.425	903
Consolidated adjustaments	22.712	8.460	111	41	1.477	550	21.346	7.952
Tax losses	477	158	0	0	42	14	435	144
Other	3.937	1.398	908	327	1.415	493	3.430	1.232
Total deferred tax assets	**78.157**	**27.541**	**8.916**	**3.039**	**9.189**	**3.187**	**77.885**	**27.392**
DEFERRED TAX LIABILITIES								
Valuation of contracts	(487)	(181)	(454)	(169)	(487)	(181)	(454)	(169)
Dividends	(11)	(4)	0	0	(11)	(4)	0	0
Gains	(1.777)	(234)	(40)	(15)	(407)	(152)	(1.409)	(97)
Advance depreciation	(7.111)	(2.649)	(6.959)	(2.592)	(7.111)	(2.649)	(6.959)	(2.592)
Total defered tax liabilities	**(9.386)**	**(3.068)**	**(7.453)**	**(2.776)**	**(8.016)**	**(2.986)**	**(8.822)**	**(2.858)**
TOTAL	**68.772**	**24.473**	**1.463**	**263**	**1.172**	**202**	**69.063**	**24.534**
: FOR THE PERIOD POSTED TO INCOME STATEMENT			**61**					

Amounts due from others: sundry rose by 14,446 thousand euros mainly due to increased liquidity (up 14,486 thousand euros) deposited in the term current account in the name of the Security agent for ADR's loans denominated "Debt Service Reserve Account", amounting to 64,568 thousand euros as of June 30, 2004. In accordance with the procedures established in the relevant agreement, ADR has deposited a sum in this account to guarantee repayment of the loans.

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

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

Amounts due as of June 30, 2004 comprise 159,712 thousand euros of trade receivables, 66,085 thousand due in the form of financial receivables, and 32,787 thousand euros of other categories. There are no promissory notes or similar bills.

Receivables falling due beyond five years, amounting to 701 thousand euros, are due from Group customers.

There are no receivables subject to exchange rate risk.

Cash on hand and in banks

	12-31-2003	changes during the period	06-30-2004
▪ Bank and post office deposits	68,954	(23,949)	45,005
▪ Checks	0	54	54
▪ Cash and notes in hand	433	357	790
	69,387	**(23,538)**	**45,849**

The Group's available cash, which decreased by 23,538 thousand euros over the first half, in addition to temporary liquidity held in banks, consists of the balance of the "Option Reserve" (20,000 thousand euros as of June 30, 2004). This has been earmarked for exercise of the option relating to the preferential share capital owned by United Towers.

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

ACCRUED INCOME AND PREPAID EXPENSES

	12-31-2003	changes during the period	06-30-2004
▪ **Accrued income**	74	(63)	11
▪ **Prepaid expenses**			
Service costs	798	649	1,447
Leased assets	3	(3)	0
Payroll costs	36	66	102
Sundry operating costs	0	151	151
Interest expense and other financial charges	2,774	2,094	4,868
	3,685	**2,894**	**6,579**

The change of 2,894 thousand euros is mainly due to Prepaid expenses – interest expense and other financial charges, which includes prepayment of the installment due for the period for the monoline insurance premium paid to AMBAC Assurance UK, which secured the bonds issued by Romulus Finance Srl that correspond to Facility A.

SHAREHOLDERS' EQUITY

	Share capital	Share premium reserve	Legal reserve	Other reserves	Reserve for foreign currency translation adjustments	Retained earnings	Net result for the period	Group interest in consolidated shareholders' equity	Minority interest	Group and minority interest in shareholders' equity
Balances as of 12-31-2003	**62,225**	**667,389**	**12,445**	**85**	**(12,625)**	**(38,462)**	**(2,027)**	**689,030**	**20,291**	**709,321**
Allocation of net income 2003						(2,027)	2,027	**0**	(554)	**(554)**
Change to reserves									(201)	**(201)**
Foreign currency translation adjustments on conversion of accounts denominated in foreign currency					9,642			9,642	1,772	**11,414**
Net income (loss) for the period							(4,525)	(4,525)	1,412	**(3,113)**
Interim dividend									(617)	**(617)**
Net income for the period							(4,525)	(4,525)	795	**(3,730)**
Balances as of 06-30-2004	**62,225**	**667,389**	**12,445**	**85**	**(2,983)**	**(40,489)**	**(4,525)**	**694,147**	**22,103**	**716,250**

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

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

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

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

The increase of 6,929 thousand euros in shareholders' equity with respect to December 31, 2003 is due to the positive difference in the "Reserve for foreign currency translation adjustments" (up 11,414 thousand euros), which was partly compensated for by the loss for the period (down 3,113 thousand euros) and the distribution of dividends by the Parent Company, ADR, amounting to 1,372 thousand euros.

In particular, during the first half of 2004 ADR IASA distributed an **interim dividend** for 2004 of 617 thousand euros to the preferential shareholder, United Towers (Pty) Ltd, as well as 201 thousand euros from earnings retained from the previous year. ADR Advertising distributed net income for 2003 amounting to 554 thousand euros to the minority shareholder, IGP Decaux.

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 result for the period and shareholders' equity

	Net result for the period		Shareholders' equity	
	1st half 2004	1st half 2003	06-30-2004	12-31-2003
Balance in ADR's accounts	**(1,091)**	**(16,415)**	**744,717**	**745,808**
Elimination of accelerated depreciation, net of deferred tax liabilities	(4,463)	(183)	0	4,463
Effect of consolidation of subsidiary undertakings	551	2,446	30,126	29,580
Elimination of inter-company net income and other adjustments	581	(416)	(29,909)	(30,495)
Effect of deferred tax assets	(509)	(739)	7,951	8,460
Merger effect	406	406	(55,755)	(56,161)
Exchange rate adjustments arising from the translation of accounts denominated in foreign currency	0	0	(2,983)	(12,625)
Balance in consolidated accounts	**(4,525)**	**(14,901)**	**694,147**	**689,030**

ALLOWANCES FOR RISKS AND CHARGES

	12-31-2003	changes during the period		06-30-2004
		Provisions (Reversals to Income Statement)	Releases	
▪ **Income taxes:**	**650**	**162**	**(650)**	**162**
▪ **Other:**				
disputes in progress	17,079	5,950	(554)	22,475
insurance deductibles	1,347	168	(44)	1,471
maintenance of leased assets	31	5	0	36
restructuring	4,534	0	(4,101)	433
fixed assets to be relinquished	4,201	100	0	4,301
	27,192	**6,223**	**(4,699)**	**28,716**
	27,842	**6,385**	**(5,349)**	**28,878**

Allowances for risks and charges, totaling 28,878 thousand euros, increased by 1,036 thousand euros overall. In detail:

- the **allowance for income taxes** decreased by 488 thousand euros primarily due to reclassification of amount due of 650 thousand euros following the Parent Company's decision to take advantage of the tax amnesty for 2002 (regarding direct taxation), which was carried out in the first half of 2004;

- the **allowance for disputes in progress** reports a net increase of 5,396 thousand euros. Direct releases amounting to 554 thousand euros are primarily due to the settlement of disputes with Group employees. The allowance as of June 30, 2004 covers potential liabilities arising from legal disputes the Group is involved in and the prudent valuation of the outcomes of current disputes with clients;

- the **allowance for restructuring**, which covers the expected expenses to be incurred by the Group to meet the cost of streamlining and reorganizing the Group's operations, aimed at improving efficiency in order to ensure that profit targets are met, reports releases of 4,101 thousand euros, in line with the redundancy plan in the process of implementation.

EMPLOYEE SEVERANCE INDEMNITIES

BALANCE AS OF 12.31.2003	**66,576**
changes during the period	
Provisions	4,534
Releases to pay indemnities	(2,332)
Releases to pay advances	(1,633)
Other	(198)
BALANCE AS OF 06-30-2004	**66,947**

Employee severance indemnities increased by 371 thousand euros during the first half of 2004 due to provisions for the period totaling 4,534 thousand euros, which were partly offset by indemnities and advances of 3,965 thousand euros paid, and other negative changes of 198 thousand euros.

PAYABLES

	12-31-2003	changes during the period	06-30-2004
▪ Due to banks	482,071	54	482,125
▪ Due to other financial institutions	1,278,796	(12,450)	1,266,346
▪ Advances:			
- from clients:			
. from the Ministry of Transport	5,422	(21)	5,401
. other	2,386	326	2,712
- on invoices paid in installments:			
. from clients	109	(69)	40
	7,917	236	8,153
▪ Due to suppliers	112,264	(3,101)	109,163
▪ Due to associated undertakings	1,060	0	1,060
▪ Due to parent companies	4	(4)	0
▪ Taxes due	5,828	8,891	14,719
▪ Due to social security agencies	8,686	724	9,410
▪ Other payables: sundry creditors	33,591	1,222	34,813
	1,930,217	**(4,428)**	**1,925,789**

The Group's payables fell by 4,428 thousand euros during the period. The principal reasons for such a change are analyzed below.

Amounts due to banks total 482,125 thousand euros, of which 480,000 thousand euros represents the principal on long-term lines of credit denominated "B Term Facility", "C Term Facility" and "BOPI Facility". The remaining 2,125 thousand euros represents amounts due for interest, commissions and negative swap differentials accrued during the period but not yet settled.

In this respect it should be recalled that on February 19, 2003, ADR negotiated further bank loans totaling 575 million euros, which break down as follows:

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

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

lender	*facility loan*	*amount* *(millions of EUR)*	*interest rate*	*repayment*	*life*	*maturity date*
syndacate of banks	**B Term Facility**	245	floating rate linked to EURIBOR + margin	bullet	5 years	Feb. 2008
	C Term Facility	150	floating rate linked to EURIBOR + margin	bullet	6 years	Feb. 2009
	Revolving Facility	95	floating rate linked to EURIBOR + margin	revolving	5 years	Feb. 2008
		490				
Banca OPI	**BOPI Facility**	**85**	floating rate linked to EURIBOR + margin	after 5 years in six-monthly installments	15 years	Mar. 2018
	TOTAL	**575**				

As of June 30, 2004, all the long-term lines of credit ("B Term Facility", "C Term Facility" and "BOPI Facility"), totaling 480,000 thousand euros, have been used; the "Revolving Facility", however, has not been used.

Amounts due to other financial institutions total 1,266,346 thousand euros. The item includes principal of 1,265,019 thousand euros due from the Parent Company to Romulus Finance Srl and an amount of 1,327 thousand euros consisting of interest accrued on the above-mentioned loan and not yet paid. The decrease of 12,450 thousand euros compared with December 31, 2003 is exclusively due to the interest component which varies in accordance with the interest settlement periods applicable to the various lines of credit that comprise the loan.

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's original lenders for loans taken out in August 2001.

The loan from Romulus Finance Srl breaks down into five 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 EUR)*	*interest rate*	*repayment*	*life*	*maturity date*
Romulus Finance Srl	**A1**	500	fixed	bullet	10 years	Feb. 2013
	A2	200	floating rate linked to EURIBOR + margin	bullet	12 years	Feb. 2015
	A3	175	floating rate linked to EURIBOR + margin	bullet	12 years	Feb. 2015
	A4	325	floating rate linked to EURIBOR + margin up to 12/20/2009 and after fixed rate	bullet	20 years	Feb. 2023
	B	65	floating rate linked to EURIBOR + margin	bullet	7 years	Feb. 2010
	TOTAL	**1,265**				

In accordance with the hedging policy established within the framework of loan agreements with the banks and with Romulus Finance, the following interest rate swap agreements entered into by ADR in 2001, and designed to hedge the interest rate risk associated with a portion of the loan (864 million euros), are in force. Such interest rate swaps - the counterparties for which are Mediobanca – Banca di Credito Finanziario SpA, Barclays, UBM, Royal Bank of Scotland and Deutsche Bank - mature on October 2, 2009. The overall fair value of the swaps as of June 30, 2004 is negative at 60 million euros.

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

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

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

In addition ADR has undertaken to periodically meet specific covenants. As of June 30 such covenants had been satisfied.

Taxes due, totaling 14,719 thousand euros, increased by 8,891 thousand euros, principally due to the estimated taxes payable for the first half of 2004.

Other payables: sundry creditors increased by 1,222 thousand euros overall, mainly due to the combined effect of increased amounts due to personnel (up 3,573 thousand euros) and settlement of a portion of the payable due to the Menzies Aviation Group for acquisition of 49% of ADRH (down 1,749 thousand euros).

As of June 30, 2004, total payables of 1,925,789 thousand euros include 1,748,558 thousand euros of a financial nature, 118,342 thousand euros of trade payables and 58,889 thousand euros of sundry items.

Payables secured by collateral on the Group's assets amount to 1,748,471 thousand euros (as described in the paragraph regarding amounts due to banks and other financial institutions).

Payables falling due beyond five years amount to 1,500,019 thousand euros and regard amounts due to banks totaling 235,000 thousand euros and amounts due to other financial institutions of 1,265,019 thousand euros.

Payables in currency exposed to exchange rate risks total 2,846 thousand euros and refer to services supplied.

ACCRUED EXPENSES AND DEFERRED INCOME

	12-31-2003	changes during the period	06-30-2004
▪ Accrued expenses	15	5	20
▪ Deferred income			
. Subconcessions and license fees	1,884	2,700	4,584
. Other services	2,467	128	2,595
	4,366	**2,833**	**7,199**

NOTES TO THE CONSOLIDATED MEMORANDUM ACCOUNTS

GENERAL GUARANTEES

	06-30-2004			12-31-2003		
	Secured credits	Unsecured credits	Total	Secured credits	Unsecured credits	Total
Sureties						
. in favor of third parties	0	111	111	0	111	111
Other:						
. in favor of clients	0	378	378	0	184	184
	0	**489**	**489**	**0**	**295**	**295**

COMMITMENTS ON PURCHASES AND SALES

	06-30-2004	12-31-2003
COMMITMENTS ON PURCHASES		
Investment:		
. information systems, other	538	0
. electronic equipment	174	1,663
. maintenance and services	731	1,454
. vehicles and equipment	0	68
. self-financed works	23,365	11,871
. contract work	942	942
. financial transactions	22,253	19,608
	48,003	**35,606**
COMMITMENTS ON SALES		
. electronic equipment	**930**	**930**

The sub-item **Investment: financial transactions** refer to a commitment given by the Group (worth 22,253 thousand euros) to purchase the preference shares held by the South African financial institution, United Towers Ltd, in the associated undertaking, ADR IASA on April 11, 2005 – or before such deadline on the occurrence of certain events – at their issue price of 156 million rands. United Towers will also receive all the unpaid dividends accrued to that date, which are prudently estimated at June 30, 2004 to total around 13.5 million rands. The equivalent amount in euros was computed by applying the rand/euro exchange rate of 7.618 at the end of the period. The put option granted to United Towers is exercisable until April 30, 2005.

On April 8, 2004, United Towers (ABSA Bank Group), ADR IASA Ltd and ADR SpA signed an agreement to extend the deadline for repayment of the preference shares held by United Towers in the share capital of ADR IASA from April 9, 2004 to April 11, 2005.

On February 28, 2003 the Parent Company, ADR, granted IGPDecaux SpA a put option on its holding in ordinary and preference shares in ADR Advertising SpA. Such option is exercisable from the date of approval of the financial statements of ADR Advertising SpA as of December 31, 2004 until December 31, 2011, given the occurrence of specific conditions. As the exercise price is equal to the pro rata book value of shareholders' equity, it may not be quantified.

Commitments on purchases also include ADR's commitment, as an operator of airport infrastructures, to draw up and implement noise reduction and abatement plans, as required by noise pollution legislation (Law 4477/95) and the Ministerial Decree of November 29, 2000. Such commitments are difficult to quantify given the general nature of the regulations regarding the basis for calculation. In any event such costs, given that they would extend the useful lives of the Company-owned and leased assets to which they refer, would be capitalized. In the Management Report on Operations, the measures that the Parent Company, ADR, has implemented - or intends to implement in the near future – with a view to alleviating the acoustic impact of aircraft in the vicinity of the airport, are listed in the section on "Environmental protection". For details of the initiatives already implemented, reference should be made to the Consolidated Financial Statements as of December 31, 2003.

A series of interest rate swaps have been entered into to hedge interest rate risk on a number of outstanding loans. For further details reference should be made to the relevant section of the notes to "Payables".

OTHER MEMORANDUM ACCOUNTS

	06-30-2004	12-31-2003
GENERAL GUARANTEES RECEIVED		
Sureties:		
. received from suppliers	42,705	43,711
. received from clients	35,766	35,954
	78,471	79,665
THIRD PARTY ASSETS ON FREE LOAN DEPOSITED IN CUSTODY, LEASED OR SIMILAR		
. leased assets	17	17
. goods in process deposited with third parties	0	430
. CAA - plant and equipment at Fiumicino	119,812	119,812
. CAA - plant and equipment at Ciampino	29,293	29,293
. works carried out on behalf of the State	664,637	664,437
	813,759	813,989
	892,230	**893,654**

Third party assets in free loan, deposited in custody, leased or similar include the value of assets received under concession at Fiumicino and Ciampino airports and the value of the work financed, completed and invoiced to the Civil Aviation Authority.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

TOTAL REVENUES

Revenues

	1st half 2004	1st half 2003
▪ ***Revenues from sales:***		
. Non-aviation activities:		
Duty Free and Duty Paid	21,891	20,255
Other	377	321
	22,268	**20,576**
▪ ***Revenues from services:***		
. Aviation activities:		
Fees	68,539	63,500
Handling	51,383	49,893
Centralized infrastructures	16,563	16,517
Security	24,519	14,664
Other	5,075	4,785
	166,079	149,359
. Non-aviation activities:		
Sub-concessions and utilities	38,643	33,300
Car parks	12,152	10,108
Advertising	11,677	11,282
Refreshments	4,032	3,891
Other	7,260	7,404
	73,764	65,985
	239,843	**215,344**
▪ ***Revenues from contract work***	**200**	**9,289**
Total revenues from sales and services	**262,311**	**245,209**
▪ ***Change in contract work in progress***	**(96)**	**(4,665)**
▪ ***Revenue grants***	**31**	**71**
TOTAL REVENUES	**262,246**	**240,615**

63.3% of revenues, which total 262,246 thousand euros, derived from "aviation activities" carried out by the Group, whilst 36.7% were generated by "non-aviation" activities. In the first half of 2003 aviation activities accounted for 62.1% of revenues and non-aviation for 37.9%.

Revenues from sales, amounting to 22,268 thousand euros, increased by 8.2% with respect to the first half of 2003, due to the increased turnover at directly managed shops, deriving above all from the growth of traffic.

Revenues from services totaled 239,843 thousand euros, up 11.4% on the same period of 2003. A detailed analysis is provided in the section of the Management Report on Operations dealing with the Group's financial position and operating performance.

Revenues from contract work (200 thousand euros) fell substantially with respect to the first half of 2003 (down 9,089 thousand euros), reflecting the lesser amount invoiced to the Civil Aviation Authority as works progressively reached completion. Similarly, **Contract work in progress** fell by 96 thousand euros compared with the decrease of 4,665 thousand euros in the first half of 2003.

Segment information

As required by CONSOB ruling no. 98084143 dated October 27, 1998, the following section provides segment information on the Group's business. It is important to note that the type of activity carried out by the Group does not permit a breakdown of the various areas of activity into fully independent segments in relation to markets and customers. The "traffic" element currently affects all the Group's activities.

However, it is possible to identify segments on the basis of the type of product or service offered and the production process involved. Information regarding the resulting segments has been extracted directly from the Group's accounts. The following table provides information relating to the principal areas of activity identified:

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

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

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

REVENUES	Fees	Handling	Centralized infrastructure	Non-aviation activities		Other activities	Total
				Sub-concessions	Direct sales		
1st half 2004	68,539	51,383	16,563	38,643	22,268	64,850	**262,246**
1st half 2003	63,500	49,893	16,517	33,300	20,576	56,828	**240,614**

Total revenues can be broken down into two macro-areas:

- Aviation (including fees, handling, management of centralized infrastructure, security services and left luggage) amounting to 166,079 thousand euros, compared with the 149,359 thousand euros of the first half of 2003;
- Non-aviation (including sub-concessions, direct sales, the management of advertising space and car parks, refreshments, design and contract work on behalf of the state) amounting to 96,167 thousand euros, compared with the 91,255 thousand euros of the first half of 2003.

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

Other income and revenues: other

	1st half 2004	1st half 2003
▪ **Revenue grants**	31	71
▪ **Gains on disposals**	97	15
▪ **Other:**		
. Releases:		
release from allowance for overdue interest	59	11
. Expense recoveries	35	68
. Recovery of personnel expenses	111	113
. Other revenues	1,576	1,886
	1,781	2,078
	1,909	**2,164**

Other revenues, amounting to 1.6 million euros, includes the effects of updated valuations of costs and revenues, formerly estimated at the end of the previous year. Such items, defined during the first half of the year, refer to amounts due from clients relating to previous years (0.5 million euros).

OPERATING COSTS

Depreciation, amortization and write-downs

Amortization and depreciation in the first half of 2004 amounted to 46,256 thousand euros (47,958 thousand euros in the first half of 2003), including amortization of intangible fixed assets of 39,696 thousand euros (40,246 thousand euros in 2003) and depreciation of tangible fixed assets of 6,560 thousand euros (7,712 thousand euros in 2003). Amortization of intangible fixed assets includes the charge for amortization of the concession, amounting to 24,642 thousand euros.

Further details are provided in the notes to fixed assets.

Provisions for doubtful accounts totaled 931 thousand euros (117 thousand euros in the first half of 2003) and reflect an updated assessment of the creditworthiness of the Group's clients.

Provisions for risks

Provisions for risks break down as follows:

	1st half 2004	1st half 2003
. disputes in progress	5,950	744
. leases of company divisions	5	13
. insurance deductibles	168	231
	6,123	**988**

Other provisions (totaling 100 thousand euros) refer to provisions made for fixed assets to be relinquished.

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

It should be borne in mind that provisions to the Income Statement are made following assessment of potential liabilities not absorbed by any surplus funds deriving from updating of the risk positions in which the Group is involved.

Other operating costs

	1st half 2004	1st half 2003
▪ losses on disposals	14	0
▪ concession fees	54	81
▪ other	3,277	4,776
	3,345	**4,857**

The item **Other**, amounting to 3,277 thousand euros, primarily regards membership dues (355 thousand euros) and indirect taxes and duties (453 thousand euros), in addition to updated valuations of over-estimated costs and under-estimated revenues recognized in the 2003 financial statements (1,163 thousand euros), as well as losses on receivables (1,186 thousand euros) mainly due to the settlement of transactions with clients.

FINANCIAL INCOME AND EXPENSE

Other financial income

	1st half 2004	1st half 2003
▪ **Interest and commissions on long-term receivables:**		
Other	69	93
▪ **Other:**		
Interest on overdue current receivables:		
. Clients	734	517
Interest and commissions received from other companies and sundry income:		
. Interest from banks	1,018	1,583
. Interest from clients	51	10
. Other	27	7
	1,830	2,117
	1,899	**2,210**

Interest from banks, amounting to 1,018 thousand euros, fell with respect to the first half of 2003 as a result of reduced average liquidity held at banks primarily due to the exercise of options on the share capital of ADR IASA at the end of 2003 and the subsequent withdrawal of 36.8 million euros from the "Option Reserve" account.

Interest expense and other financial charges

	1st half 2004	1st half 2003
▪ **Interest and commissions due to parent companies**	0	191
▪ **Interest and commissions due to others and sundry charges:**		
. Interest and commissions paid to banks	8,488	16,846
. Interest and commissions paid to other financial institutions	27,917	21,277
. Provisions for overdue interest on doubtful accounts	734	517
. Other	13,563	11,048
	50,702	49,688
	50,702	**49,879**

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

The item **Other** includes the sum of 13,030 thousand euros regarding negative interest differentials accruing on interest rate swaps during the period. Such swaps have been entered into in compliance with the loan agreement, as described in the notes to payables.

ADJUSTMENTS TO FINANCIAL ASSETS

	1st half 2004	1st half 2003
▪ **Revaluations:**		
- of equity investments:		
. ACSA Ltd.	2,194	7,315
	2,194	**7,315**

The revaluation of the associated undertaking, ACSA Ltd., derives from application of the equity method.

The decrease with respect to the first half of 2003 is due to the prudential estimate in ACSA's accounts of an amount of 127 million rands regarding a tariff modification that affected fees collected during the previous two years. The result for the first half of 2003 also benefited from profits made on the sale of a plot of land located near Durban airport. For further information see the section on "Equity investments" in the Report on Operations.

EXTRAORDINARY INCOME AND EXPENSE

Income

Extraordinary income for the period totaled 372 thousand euros and breaks down as follows:

	1st half 2004	1st half 2003
▪ **Other:**		
Income relating to previous years and other deriving from:		
. Total revenues	8	233
. Operating costs	28	45
. Contingent liabilities	336	9
	372	**287**

Expense

Extraordinary expense for the period totaled 2,068 thousand euros and breaks down as follows:

	1st half 2004	1st half 2003
▪ **Taxes relating to previous years**	**146**	**2,007**
▪ **Other:**		
Extraordinary expense:		
Total revenues	375	42
Operating costs	924	717
Financial income and expense	0	4
Agreed settlements	242	1,175
Reversal of revenues	52	430
	1,593	2,368
Other extraordinary expense:		
Payments due for lost freight	162	36
Fines	165	53
Antitrust penalty	0	463
Damages and compensation paid to third parties	2	42
	329	594
	2,068	**4,969**

The item Taxes relating to previous years, totaling 146 thousand euros compared with 2,007 thousand euros in the first half of 2003, includes expense deriving from Group companies' participation in the tax amnesty pursuant to Law 289/2002.

Regarding Other extraordinary expense, it is to be noted that, as part of the current efficiency drive, incentive payments were brought forward with regard to the Parent Company, ADR, and the subsidiary undertaking, ADR Handling. This gave rise to expense of 242 thousand euros.

INCOME TAXES

This item reports the estimated expense for current taxes for the period totaling 10,324 thousand euros. Deferred tax liabilities of 61 thousand euros have also been recognized.

	1st half 2004	1st half 2003
▪ **Current taxes**		
. IRPEG	0	208
. IRES	4,342	0
. IRAP	5,973	5,730
. taxes on income from overseas companies	9	
	10,324	**5,938**
▪ **Net deferred tax assets (liabilities)**	**(61)**	**295**
	10,263	**6,233**

The increase in current taxes, above all IRES, which accounts for 61% of income before taxes compared with a theoretical rate of 33%, is primarily due to non-deductible provisions for risks. The reduced amount of IRES and IRPEG paid in the first half of 2003 is essentially due to the tax loss reported by the Parent Company.

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

OTHER INFORMATION

HEADCOUNT

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

Average	1st half 2004	1st half 2003	2003
Management	62	68	(6)
Administrative staff	2,077	1,957	120
Ground staff and other	1,273	1,262	11
Total	**3,412**	**3,287**	**125**[c1][c2]

REMUNERATION OF DIRECTORS AND STATUTORY AUDITORS

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

Category	Fees (€000)
Directors	302
Statutory Auditors	156
Total	**458**

INFORMATION REGARDING CURRENT DISPUTES

Tax litigation

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

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

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

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

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

Administrative, civil and labor litigation

Administrative, civil and labor litigation is followed by the Group through its internal legal department which has provided, for the preparation of the accounts as of and for the period ended June 30, 2004, a complete and exhaustive breakdown of the different civil, administrative and arbitration proceedings outstanding as of that date.
As regards litigation as a whole, the Group carried out a valuation of the risk of negative outcomes leading to the creation of a specific allowance under "Allowances for risks and charges" to cover the cost of litigation likely to result in a negative outcome and for which a reasonable estimate of the amount involved could be made. The disputes for which a negative outcome was merely possible, given the different legal interpretations, were not the object of provisions in accordance with the principles and procedures governing the preparation of financial statements. Furthermore, there are a limited number of civil proceedings underway, for which no provisions were made, as the impact of any negative outcome, while negligible, could not be measured.

Significant disputes are summarized below:

- With regard to relations with public bodies, Supreme Court sentence 15023/01 regarding the appeal against the **arbitrator's award of June 12, 1996** and the subsequent sentence issued by the Court of Appeal on May 18, 1999, turned down both ADR's appeal and the counter-appeal presented by the government.
  The sentence thus confirmed the validity of the Court of Appeal's judgment passed in 1999. This, on the one hand, established that public bodies should have rent-free access to the premises necessary in order to carry out their legally required duties regarding aircraft, passengers and freight movements, whilst, on the other, requiring such bodies to pay for the services and utilities relating to said premises (the arrangement already applied in ADR's financial statements).
  In the meantime the Parent Company has proceeded to apply to the Ordinary Court for injunctions allowing it to recover accrued receivables due from the various ministries. The latter have opposed such injunctions, not questioning that payment is due for use of services, but challenging the determination of amounts and the methods of calculation. The related judgments are pending.
- On May 26, 1999, ADR appealed Ministry of Finance Decree 86, dated March 5, 1999, before the Lazio Regional Administrative Court. The Decree establishes the **license fees** to be paid by airport operators for the years prior to 1997. The appeal, which has been prepared by the appointed legal counsel, highlights the absence of grounds for application of the above fees to ADR, and the absence of any legal basis for demanding back-dated payments in accordance with former legislation (Law 755/73). Judgment is still pending.
- Following a complaint by Alitalia, A.G.I.S.A. (Association of Independent Airport Services Operators), Aviation Services, Cimair Blu and ARE, the **Antitrust Authority** launched an **investigation** of ADR to ascertain whether the company had abused its dominant position regarding fees charged for ground handling services, or whether it had put obstacles in the way of self-handling operations. In a resolution of September 20, 2000, the Authority closed the investigation of ADR, launched with the resolution of November 4, 1999, finding that the Company had not abused its dominant position either with respect to the fees charged for ground handling services, or with regard to self-handling. The Authority did, however, find anti-competitive practices in relation to Aviation Services (Meridiana Group), although no fine was inflicted. The Company has appealed the latter finding before the Lazio Regional Administrative Court, but a date for the hearing has yet to be set.

- Alitalia and Alitalia Airport have appealed to the Lazio Regional Administrative Court against the Italian Civil Aviation Authority (E.N.A.C.) and the Director of Fiumicino Airport and against ADR and ADRH as interest parties. The appellants have requested the cancellation, subject to suspension, of both the Aviation Authority's provisions of September 26, 2000, by which the Authority defined the **centralized infrastructure** at Fiumicino Airport, including the cargo storage plant, and the act of March 29, 2001, by which the Director of Rome Fiumicino Airport ordered the appellants to "cease, with immediate effect, all activities regarding cargo handling, in relation to both services subject to limits and those for which it might have been necessary to use "Alitalia's cargo plant"…". An announcement of the date of the relevant hearing is awaited, given that the appellants have withdrawn their request for a suspension.
- On March 3, 2003, ADR, together with Assaeroporti and the leading Italian airport operators, submitted an extraordinary appeal to the President of the Republic for annulment, with prior suspension, of the **Civil Aviation Authority Regulations** dated September 9, 2002 regarding "the construction and operation of airports", with which the Authority intends to apply **ICAO Annex 14**.
- The Ministerial Decree of November 29, 2000 requires the operators of public transport services and relative infrastructure to draw up action plans for the **reduction and abatement of noise**, and to make provisions in line with forecast penalties if such limits should be exceeded. The legislation has been independently appealed by all airport operators to the Council of State, with the aim of obtaining an annulment of Lazio Regional Administrative Court's sentence no. 3382/2002. A hearing to discuss the appeal was held on June 11, 2004. A sentence has yet to be passed. The accounting treatment is described in the notes to the "Memorandum accounts".
- In July 2003 ADR lodged an appeal with the Lazio Regional Administrative Court in which it contested the request by the **Antitrust Authority** of May 12, 2003 to pay a sum of 1.2 million euros, equivalent to thirteen six-monthly "surcharges" on **penalties** of 0.9 million euros, imposed on ADR in 1993 following a dispute about handling.

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

  In ADR's opinion, the surcharges are not due for the period in which the Antitrust Authority's penalty was "suspended" following acceptance by the Lazio Regional Administrative Court of ADR's request for a suspension in 1993 (as part of the appeal in which ADR contested the Antitrust Authority ruling), and until the sentence handed down by the court in July 2000.

  With sentence no. 198/2004, handed down on May 6, 2004, the Lazio Regional Administrative Court accepted ADR's appeal and, in particular: 1) annulled the disputed act (the letter from the Antitrust Authority dated May 12, 2003 in which the Authority laid claim to a sum of 1.7 million euros rather than 0.5 million euros; 2) ruled that ADR was not liable for payment of the surcharge stipulated in said act; and 3) ordered payment of legal interest to ADR for the period of the dispute (thirteen six-month periods, unless a different interpretation of the letter containing the grounds for the sentence emerges). The Antitrust Authority will be notified of the ruling in order to expedite any counter-claim.
- In September 2003, ADR issued notice of appeal to the 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% control of checked baggage**, as interpreted, in relation to the date from which such fees are to be applicable, in Civil Aviation Authority letters dated June 3, 2003 and June 11, 2003. The main reasons for the appeal are: (a) the contradictory nature of the two letters from the Civil Aviation Authority; and (b) the lack of any provision regarding collection of the fees prior to the implementation of the Ministerial Decree. In fact, pursuant to local airport authority ordinance 14/2002, as interpreted by the local airport authority's letter of January 9, 2003, ADR was obliged, as of February 1, 2003, to carry out 100% screening of hold baggage with no possibility of charging fees for the service. Such fees were belatedly determined by the Ministerial Decree published in the Official Gazette on June 3, 2003. The appeal aims, among other things, to recover the fees due for the period between the date the decree became valid (June 3, 2003) and the date authorized by the Civil Aviation Authority in a separate letter (26 June 2003).

- In September 2003 ADR lodged an appeal with the Lazio Regional Administrative Court against the Executive Decree of June 30, 2003 (definition of **airport license fees** for 2003) published in the Official Gazette on July 7, 2003, as amended in the notice published in the Official Gazette on September 6, 2003. This decree established methods different from those applied until the end of 2002, for calculating annual fees due from, among others, global airport operators pursuant to special laws. Such methods of calculation are deemed to be illegitimate as they introduce an element of "adjustment" to the resulting figures regarding the "earnings" that passengers produce in relation to the airport. In ADR's opinion, such an adjustment is not provided for in the related legislation, and is also discriminatory and detrimental to fair competition.
- On December 12, 2003, four sentences were published relating to four respective judgments regarding opposition to injunctions proposed by ADR to recover payables due from **Air Sicilia**, which is in liquidation, pending before the eighth section of the Civil Court of Rome. The outcome of these judgments is favorable to ADR as the Court ordered Air Sicilia to pay 0.6 million euros, a sum that will be added to the statement of account presenting proof of the debts due from the bankruptcy of Air Sicilia (declared on January 21, 2003 by the Bankruptcy Court of Caltagirone) together with amounts accrued subsequent to the above-mentioned judgments. The next hearing to ascertain liabilities is set for October 29, 2004. On June 23, 2004, an action was instituted for damages, with ADR as plaintiff, in judicial proceedings brought before the Attorney's Office of Caltagirone against seven members of the Board of Directors and the Board of Statutory Auditors of the bankrupt Air Sicilia SpA, with accusation of fraudulent bankruptcy. A date has yet to be fixed for a hearing to discuss this action.

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

- With partial judgment no. 15154/2003 the judge in the lawsuit taken out by **ATI Alpine Bau** has postponed assessment of the amount of damages until after the outcome of an expert appraisal, to be carried out by the same expert appointed by the principal judge.
  The judge concluded his ruling by adjourning the proceedings until the hearing of September 16, 2004 and stipulating a period of 90 days for submission of the expert's final report.
- In the lawsuit taken out by **ATI COMER Costruzioni Meridionali Srl - F.lli Panci Srl - Marino Appalti** (summons notified on February 22, 2002) regarding works to upgrade Runway 16R/34L, the section of the Alfa taxiway north of the AB connecting taxiway, and the AA and AB connecting taxiways at Fiumicino airport, amounting to 0.7 million euros plus interest, the judge ordered a technical appraisal "of the claimed damages" caused by ADR.
  At a hearing on March 30 2004, ADR's defense counsel argued that the expert appraisal should be annulled and also requested a period for submission of critical comments. Such a period was fixed to end on June 30, 2004 and the case was adjourned until September 16, 2004 for examination of such comments.
- A lawsuit was taken out by **ATI Elsag SpA - CML Handling Technology SpA** regarding payment of sums posted to accounts relating to the contract to construct the new baggage handling system at Fiumicino airport, amounting to 7.4 million euros, plus interest. At a hearing on June 16, 2004 the judge, taking into account the plaintiffs' request for an enquiry and ADR's response, adjourned the case until a hearing on November 18, 2004.
- A claim filed by **Consorzio Cooperative Costruzioni** to obtain compensation for damages purportedly incurred by the plaintiff while work was under way to enlarge the central area of the international terminal. Given a demand for 8.3 million euros, plus VAT, interest and monetary revaluation, the dispute currently involves approximately 4 million euros, plus VAT, interest and revaluation. ADR has filed a counterclaim for 1.9 million euros, demanding that the responsibilities of Consorzio Cooperative Costruzioni be ascertained, with reference to damages suffered on related projects. An expert appraisal has been requested. On September 1, 2003, the judge passed sentence no. 27648/20 which partially accepted the demands made by CCC (amounting to around 4.6 million euros) and ordered ADR to pay a sum of 1.2 million euros as well as legal costs and interest. ADR has decided to lodge an appeal;

- A claim for damages, in relation to the contract for the extension and restructuring of the international terminal at Rome's Fiumicino Airport and related works brought by **Consorzio AEREST (in liquidation).** The claim amounts to approximately 2.2 million euros plus VAT, interest and revaluation.
  The appointed judge held that it was necessary to first decide on issues relating to *an debeatur*, by which the case is ready to be decided on without the need for a preliminary inquiry.
- A claim by Astaldi SpA (which took over APL contract no. 704/95 from Italstrade S.p.A.) regarding the construction of the road link between runways 07/25 and 16L/34R at Leonardo da Vinci Airport in Fiumicino, in which the plaintiff requests that ADR be ordered to pay eleven reserves posted in the accounts in relation to said works, for a total of 3.0 million euros plus legal interest, as well as legal costs and fees.
  At a hearing on June 30, 2004, ADR's defense counsel opposed acceptance of the expert appraisal and the judge deferred his decision.
- A claim brought by **Astaldi SpA** (which took over APM contract no. 450/95 from Italstrade S.p.A.) regarding the construction of the Satellite West aprons and road network at Leonardo da Vinci Airport in Fiumicino, in which the plaintiff requests that ADR be ordered to pay twenty-one reserves posted in the accounts in relation to said works, for a total of 7.3 million euros, as well as legal costs and fees. The lawsuit was adjourned at the hearing of February 19, 2004 for an enquiry pursuant to art. 184 of the Code of Civil Procedure. The hearing to examine evidence was officially postponed until September 16, 2004.
- A civil lawsuit brought by **Finprest** to obtain recognition of its right to a sum of 3.2 million euros pertaining to review of contract prices, revaluations and interest in relation to a contract (dating back to 1988) for restructuring and extension works at the "old" domestic terminal (Terminal A) at Leonardo da Vinci airport in Fiumicino. The relevant hearing will take place on October 19, 2004.
- On May 22, 2003, the Civil Court of Rome, in sentence no. 17134/2003, partially accepted the request made by **Garboli Rep** (plaintiff) and ordered ADR to pay damages to the former on the grounds that claims 5 and 7 were justified. Damages were set at 0.4 million euros, plus legal interest and overdue interest.
  The above-mentioned dispute refers to 7 claims (totaling 0.8 million euros) posted in the accounts relating to the contract for work on the road network, sub-service networks and transit tunnels within the scope of the so-called "Lot Opposite International Terminal" at Fiumicino. ADR has decided to lodge an appeal.

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

* * *

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

THE BOARD OF DIRECTORS

ADR GROUP: COMPARATIVE ACCOUNTS

CONSOLIDATED BALANCE SHEET
as of June 30, 2004

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

	06/30/2004			12/31/2003			06/30/2003		
ASSETS									
UNPAID SHARE CAPITAL DUE									
FROM SHAREHOLDERS			0			0			0
FIXED ASSETS									
INTANGIBLE FIXED ASSETS									
• Incorporation and development costs		1,111			1,284			1,110	
• Industrial patents and intellectual									
property rights		594			571			161	
• Concessions, licenses,trademarks and similar rights		1,973,260			1,997,821			2,022,301	
• Goodwill arising on consolidation		4,213			4,404				
• Leasehold improvements in process and advances		38,808			38,522			1,789	
• Others		148,266			148,181			38,206	
			2,166,252			2,190,783		152,863	
TANGIBLE FIXED ASSETS									2,216,430
• Land and buildings		1,064			1,074				
• Plant and machinery		15,978			15,795			1,205	
• Industrial and commercial equipment		1,244			1,351			16,256	
• Fixed assets to be relinquished		71,759			74,375			1,215	
• Other assets		3,599			3,678			77,043	
• Work in progress and advances		10,633			4,096			3,830	
			104,277			100,369		1,812	
FINANCIAL FIXED ASSETS									101,361
• Equity investments in:									
- unconsolidated subsidiary undertakings	100			100					
- associated undertakings	133,861			120,291			100		
- other companies	1,895			1,895			119,143		
		135,856			122,286		1,895	121,138	
• Receivables due from others:									
. within 12 months	3			3			3		
. beyond 12 months	4,932			5,322			5,861		
		4,935			5,325			5,864	
			140,791			127,611			127,002
Total fixed assets			**2,411,320**			**2,418,763**			**2,444,793**
CURRENT ASSETS									
INVENTORY									
• Raw, ancillary and consumable materials		2,800			2,813			2,874	
• Contract work in progress		10,917			10,997			10,297	
• Finished goods and goods for resale									
- goods for resale	8,918			8,444			8,988		
		8,918			8,444			8,988	
• Advances		96			97			105	
			22,731			22,351			22,264
RECEIVABLES									
• Due from clients		159,015			136,742			149,294	
• Due from unconsolidated subsidiary undertakings		0			0			0	
• Due from associated undertakings		1,227			992			744	
• Due from tax authorities		1,596			4,109			3,789	
• Defered Tax assets		24,534			24,473			19,937	
• Due from others:									
- various									
. within 12 months	69,809			55,363			54,488		
. beyond 12 months	2,378			2,378			2,378		
- advances to suppliers for services to be rended	25			79			12		
		72,212			57,820			56,878	
			258,584			224,136			230,642
MARKETABLE SECURITIES			0			0			0
CASH ON HAND AND IN BANKS									
• Bank and post office deposits		45,005			68,954			80,580	
• Checks		54			0			1	
• Cash and notes in hand		790			433			650	
			45,849			69,387			81,231
Total current assets			**327,164**			**315,874**			**334,137**
ACCRUED INCOME AND PREPAID EXPENSES									
• Accrued income and other prepaid expenses			**6,579**			**3,685**			**6,595**
TOTAL ASSETS			**2,745,063**			**2,738,322**			**2,785,525**

CONSOLIDATED BALANCE SHEET
as of June 30, 2004

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

	06/30/2004			12/31/2003			06/30/2003		
LIABILITIES AND SHAREHOLDERS' EQUITY									
SHAREHOLDERS' EQUITY									
SHARE CAPITAL:									
ordinary shares		62.225			62.225			62.225	
SHARE PREMIUM RESERVE		667.389			667.389				
REVALUATION RESERVES		0			0			667.389	
LEGAL RESERVE		12.445			12.445			0	
RESERVE FOR OWN SHARES		0			0			12.445	
STATUTORY RESERVES		0			0			0	
OTHER RESERVES		85			85			85	
RESERVE FOR FOREIGN CURRENCY TRANSLATION ADJUSTMENTS		(2.983)			(12.625)			(13.480)	
RETAINED EARNINGS (ACCUMULATED LOSSES)		(40.489)			(38.462)			(38.462)	
GROUP NET INCOME (LOSS) FOR THE PERIOD		(4.525)			(2.027)			(14.901)	
			694.147			689.030			675.301
MINORITY INTEREST									
• Share capital, reserves and net income (loss) for the period		22.103			20.291			53.441	
			22.103			20.291			53.441
GROUP AND MINORITY INTEREST IN CONSOLIDATED SHAREHOLDERS' EQUITY			**716.250**			**709.321**			**728.742**
ALLOWANCES FOR RISKS AND CHARGES									
• For Taxes		162			650			0	
• Other		28.716			27.192			25.198	
Total allowances for risks and charges			**28.878**			**27.842**			**25.198**
EMPLOYEE SEVERANCE INDEMNITIES			**66.947**			**66.576**			**65.241**
PAYABLES									
• Due to banks									
. within 12 months	2.125			2.071			27.486		
. beyond 12 months	480.000			480.000			480.000		
		482.125			482.071			507.486	
• Due to other financial institutions:									
. within 12 months	1.327			13.777			1.462		
. beyond 12 months	1.265.019			1.265.019			1.265.019		
		1.266.346			1.278.796			1.266.481	
• Advances:									
- from clients									
. from the Ministry of Transport:									
. within 12 months	631			652			4.991		
. beyond 12 months	4.770			4.770			652		
. other	2.712			2.386			1.503		
- prepayment of invoices to be paid in installments									
. from clients	40			109			58		
		8.153			7.917			7.204	
• Due to suppliers:									
. within 12 months	102.769			105.714			110.300		
. beyond 12 months	6.394			6.550			6.820		
		109.163			112.264			117.120	
• Due to associated undertakings		1.060			1.060			986	
• Due to parent companies:									
. within 12 months	0			4			4		
		0			4			4	
• Taxes due:									
.within 12 months	14.719			5.828			12.385		
		14.719			5.828			12.385	
• Due to social security agencies		9.410			8.686			8.614	
• Other payables: various creditors									
. within 12 months	34.135			32.961			39.595		
. beyond 12 months	678			630			532		
		34.813			33.591			40.127	
Total payables			**1.925.789**			**1.930.217**			**1.960.407**
ACCRUED EXPENSES AND DEFERRED INCOME									
• Accrued expenses and other deferred income			**7.199**			**4.366**			**5.937**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**2.745.063**			**2.738.322**			**2.785.525**

MEMORANDUM ACCOUNTS
as of June 30, 2004
(in thousands of euros)
(Translation from the original issued in Italian)

	06/30/2004		12/31/2003		06/30/2003	
General guarantees						
• Sureties	111		111		111	
• Other	378		184		1,239	
		489		295		1,350
Collateral guarantees		0		0		0
Commitments on purchases and sales		48,933		36,536		69,409
Other		892,230		893,654		897,205
		941,652		**930,485**		**967,964**

CONSOLIDATED INCOME STATEMENT
for the period Jan.-June 2004
(in thousands of euros)
(Translation from the original issued in Italian)

	First half 2004			First half 2003			2003		
TOTAL REVENUES									
▪ Revenues from sales and services:									
- revenues from sales	22.268			20.576			46.211		
- revenues from services	239.843			215.344			464.406		
- revenues from contract work	200	262.311		9.289	245.209		11.455	522.072	
▪ Changes in contract work in progress		(96)			(4.665)			(3.949)	
▪ Capitalized costs and expenses		1.345			1.578			4.232	
▪ Other income and revenues:									
- revenue grants	31			71			71		
- profits on disposals	97			15			23		
- other	1.781			2.078			5.821		
		1.909			2.164			5.915	
			265.469			244.286			528.270
OPERATING COSTS									
▪ raw, ancillary and consumable materials and goods for resale		22.503			20.913			44.935	
▪ services		40.208			43.726			87.084	
▪ leases		11.026			10.350			22.215	
▪ payroll:									
- wages and salaries	57.871			55.104			108.493		
- social security	16.930			16.375			32.330		
- employee severance indemnities	4.534			4.548			8.884		
- *other*	707			730			1.387		
		80.042			76.757			151.094	
▪ Depreciation, amortization and write-downs:									
- amortization of intangible fixed assets	39.696			40.246			81.192		
- depreciation of tangible fixed assets	6.560			7.712			14.619		
- provisions for doubtful accounts	931			117			3.061		
		47.187			48.075			98.872	
▪ Changes in inventories of raw, ancillary and consumable materials and goods for resale		(462)			(681)			(77)	
▪ Provisions for risks		6.123			988			845	
▪ Other provisions		100			0			0	
▪ Sundry operating costs:									
- losses on disposals	14			0			0		
- license fees	54			81			161		
- other	3.277			4.776			11.772		
		3.345			4.857			11.933	
			(210.072)			(204.985)			(416.901)
Operating income			**55.397**			**39.301**			**111.369**
FINANCIAL INCOME AND EXPENSE									
▪ Income from equity investments:									
- dividends from other companies	26			0			59		
- other income from equity investments	0			0			0		
		26			0			59	
▪ Other financial income:									
- from long-term receivables									
. other	69			93			151		
- other									
. interest and commissions from others and sundry revenues	1.830			2.117			3.421		
		1.899			2.210			3.572	
▪ Interest expense and other financial charges:									
- interest and commissions to parent companies	0			191			191		
- interest and commissions to others and sundry charges	50.702			49.688			101.216		
		(50.702)			(49.879)			(101.407)	
▪ Profits and losses on Exchange									
- Profits	117			125			303		
- Losses	85			81			96		
		32			44			207	
Total financial income (expense), net			**(48.745)**			**(47.625)**			**(97.569)**

CONSOLIDATED INCOME STATEMENT
for the period Jan.-June 2004
(in thousands of euros)
(Translation from the original issued in Italian)

	First half 2004			First half 2003			2003		
ADJUSTMENTS TO FINANCIAL ASSETS									
• Revaluations									
- of equity investments		2,194			7,315			13,438	
• Write-downs:									
- of equity investments		0			0			0	
Total adjustments			**2,194**			**7,315**			**13,438**
EXTRAORDINARY INCOME AND EXPENSE									
• Income:									
- gains on disposal	372			287			0		
- other	0			0			3,161		
		372			287			3,161	
• Expense:									
- taxes relating to previous period	146			2,007			2,660		
- other	1,922			2,962			12,193		
		(2,068)			(4,969)			(14,853)	
Total extraordinary income (expense), net			**(1,696)**			**(4,682)**			**(11,692)**
Income before taxes			**7,150**			**(5,691)**			**15,546**
Income taxes:									
- current		(10,324)			(5,938)			(18,704)	
- deferred tax assets		61			(295)			4,241	
			(10,263)			**(6,233)**			**(14,463)**
Net income (loss) for the period			**(3,113)**			**(11,924)**			**1,083**
of which:									
• minority interest			1,412			2,977			3,110
• Parent Company's share			**(4,525)**			**(14,901)**			**(2,027)**

AEROPORTI DI ROMA SPA: SIX-MONTH ACCOUNTS

ADR SPA

BALANCE SHEET
as of June 30, 2004
(in euros)
(Translation from the original issued in Italian)

ASSETS	06/30/2004			12/31/2003		
UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS			0			0
FIXED ASSETS						
INTANGIBLE FIXED ASSETS:						
• Incorporation and development costs		200,743			267,658	
• Industrial patents and intellectual property rights		578,147			552,685	
• Concessions, licenses,trademarks and similar rights		2,005,420,289			2,030,684,949	
• Leasehold improvements in process and advances		45,329,364			44,381,850	
• Leasehold improvements		147,215,496			148,172,325	
			2,198,744,039			2,224,059,467
TANGIBLE FIXED ASSETS:						
• Land and buildings		1,063,955			1,041,215	
• Plant and machinery		12,881,700			13,177,320	
• Industrial and commercial equipment		1,064,920			1,069,940	
• Fixed assets to be relinquished		71,869,330			67,586,679	
• Other assets		3,422,007			3,565,854	
• Work in progress and advances		11,753,528			4,271,400	
			102,055,440			90,712,408
FINANCIAL FIXED ASSETS:						
• Equity investments in:						
- subsidiary undertakings	138,863,589			138,863,589		
- associated undertakings	49,001			49,001		
- other companies	1,895,376			1,895,376		
		140,807,966			140,807,966	
• Receivables due from others:						
. within 12 months	3,099			3,099		
. beyond 12 months	4,333,630			4,642,725		
		4,336,729			4,645,824	
			145,144,695			145,453,790
Total fixed assets			**2,445,944,174**			**2,460,225,665**
CURRENT ASSETS						
INVENTORY						
• Raw, ancillary and consumable materials		2,800,134			2,812,616	
• Contract work in progress		9,264,001			8,952,365	
• Finished goods and goods for resale						
- goods for resale	8,918,442			8,444,427		
		8,918,442			8,444,427	
• Advances		30,500			34,170	
			21,013,077			20,243,578
RECEIVABLES						
• Due from clients						
. within 12 months	120,642,969			106,374,906		
. beyond 12 months	1,847,282			0		
		122,490,251			106,374,906	
• Due from subsidiary undertakings		13,099,262			13,062,655	
• Due from associated undertakings		529,585			529,543	
• Due from tax authorities		873,895			2,873,475	
• Defered Tax assets		15,214,846			17,892,846	
• Due from others:						
- various						
. within 12 months	68,850,880			54,858,733		
. beyond 12 months	2,416,294			2,416,294		
- advances to suppliers for services to be rendered	32,328			100,434		
		71,299,502			57,375,461	
			223,507,341			198,108,886
MARKETABLE SECURITIES			0			0
CASH ON HAND AND IN BANKS						
• Bank and post office deposits		42,318,634			62,094,501	
• Checks		53,235			0	
• Cash and notes in hand		728,911			333,371	
			43,100,780			62,427,872
Total current assets			**287,621,198**			**280,780,336**
ACCRUED INCOME AND PREPAID EXPENSES						
• Accrued income and other prepaid expenses			**6,397,247**			**3,464,861**
TOTAL ASSETS			**2,739,962,619**			**2,744,470,862**

ADR SPA

BALANCE SHEET
as of June 30, 2004
(in euros)
(Translation from the original issued in Italian)

	30/06/2004			31/12/2003		
LIABILITIES AND SHAREHOLDERS' EQUITY						
SHAREHOLDERS' EQUITY						
· SHARE CAPITAL						
ordinary shares			62,224,743			62,224,743
· SHARE PREMIUM RESERVE			667,389,495			667,389,495
· REVALUATION RESERVES			0			0
· LEGAL RESERVE			12,444,949			12,444,949
· RESERVE FOR OWN SHARES			0			0
· STATUTORY RESERVES			0			0
· OTHER RESERVES			1,747,554			1,747,554
· RETAINED EARNINGS (ACCUMULATED LOSSES)			2,001,607			932,531
· NET INCOME (LOSS) FOR THE YEAR			(1,091,031)			1,069,076
Total shareholders' equity			**744,717,317**			**745,808,348**
ALLOWANCES FOR RISKS AND CHARGES						
· For Taxes						
	162,000			650,000		
	0	162,000		0	650,000	
· Other		26,781,633			26,406,137	
Total allowances for risks and charges			**26,943,633**			**27,056,137**
EMPLOYEE SEVERANCE INDEMNITIES			**47,313,366**			**47,450,385**
PAYABLES						
· Due to banks						
. within 12 months	2,125,396			2,071,142		
. beyond 12 months	480,000,000			480,000,000		
		482,125,396			482,071,142	
· Due to other financial institutions:						
. within 12 months	1,327,099			13,776,639		
. beyond 12 months	1,265,018,896			1,265,018,896		
		1,266,345,995			1,278,795,535	
· Advances:						
- from clients						
. from the Ministry of Transport:						
. within 12 months	630,729			651,971		
. beyond 12 months	4,770,000			4,770,000		
. other	1,852,965			2,004,556		
		7,253,694			7,426,527	
· Due to suppliers:						
. within 12 months	94,322,129			98,287,325		
. beyond 12 months	6,393,094			6,549,021		
		100,715,223			104,836,346	
· Due to subsidiary undertakings:						
. within 12 months	10,736,437			7,931,227		
		10,736,437			7,931,227	
· Due to associated undertakings:						
. within 12 months	1,002,980			1,002,980		
		1,002,980			1,002,980	
· Due to parent companies:						
. within 12 months	0			4,120		
		0			4,120	
· Taxes due:						
. within 12 months	10,736,516			3,478,952		
. beyond 12 months	0			0		
		10,736,516			3,478,952	
· Due to social security agencies		6,199,557			6,023,703	
· Other payables: various creditors						
. within 12 months	28,221,721			28,410,686		
. beyond 12 months	677,608			629,513		
		28,899,329			29,040,199	
Total payables			**1,914,015,127**			**1,920,610,731**
ACCRUED EXPENSES AND DEFERRED INCOME						
· Accrued expenses and other deferred income			**6,973,176**			**3,545,261**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**2,739,962,619**			**2,744,470,862**

MEMORANDUM ACCOUNTS
as of June 30, 2004
(in thousands of euros)
(Translation from the original issued in Italian)

	06/30/2004		12/31/2003	
General guarantees				
• Sureties	22,363,518		19,718,755	
• Other	791,505		672,000	
		23,155,023		20,390,755
Collateral guarantees		0		0
Commitments on purchases and sales		28,940,239		18,267,159
Other		891,524,953		893,297,236
		943,620,215		**931,955,150**

ADR SPA

INCOME STATEMENT
for the period Jan.-June 2004
(in euros)
(Translation from the original issued in Italian)

	First half 2004			First half 2003		
TOTAL REVENUES						
Revenues from sales and services:						
- revenues from sales	22,948,925			21,121,256		
- revenues from services	205,094,095			191,707,613		
- revenues from contract work	200,227			9,289,370		
		228,243,247			222,118,239	
Changes in contract work in progress		311,637			(4,748,243)	
Other income and revenues:						
- revenue grants	30,910			70,510		
- profits on disposals	96,670			15,261		
- other	1,767,539			2,507,634		
		1,895,119			2,593,405	
			230,450,003			**219,963,401**
OPERATING COSTS						
raw, ancillary and consumable materials and goods for resale		22,335,532			20,893,020	
services		38,766,253			41,216,232	
leases		10,620,734			13,460,294	
payroll:						
- wages and salaries	38,082,233			38,266,112		
- social security	10,902,331			11,285,355		
- employee severance indemnities	3,081,302			3,269,442		
- other	574,247			489,401		
		52,640,113			53,310,310	
Depreciation, amortization and write-downs:						
- amortization of intangible fixed assets	39,717,013			40,421,534		
- depreciation of tangible fixed assets	5,824,411			5,982,113		
- provisions for doubtful accounts	553,171			0		
		46,094,595			46,403,647	
Changes in inventories of raw, ancillary and consumable materials and goods for resale		(461,533)			(681,366)	
Provisions for risks		4,975,376			814,903	
Other provisions		100,000			0	
Sundry operating costs:						
- losses on disposals	13,379			0		
- license fees	53,736			81,240		
- other	3,241,479			4,890,385		
		3,308,594			4,971,625	
			(178,379,664)			**(180,388,665)**
Operating income			**52,070,339**			**39,574,736**
FINANCIAL INCOME AND EXPENSE						
Income from equity investments:						
- dividends from other companies	25,700			0		
		25,700			0	
Other financial income:						
- from long-term receivables						
. other	59,851			80,527		
- other						
. Interest and commissions from subsidiary undertakings	6,991			8,963		
. Interest and commissions from banks	944,379			1,534,603		
. Interest and commissions from clients	733,719			517,070		
. Interest and commissions from others	26,166			6,717		
		1,771,106			2,147,880	
Interest expense and other financial charges:						
- interest and commissions due to parent company	0			191,142		
- interest and commissions due to subsidiary undertakings	21,022			63,578		
- interest and commissions due to banks	8,488,167			16,845,931		
- interest and commissions due to other financial institutions	27,917,298			21,277,371		
- interest and commissions due to others	13,550,300			11,047,819		
- provisions for overdue interest on written down receivables	733,721			517,072		
		(50,710,508)			(49,942,913)	
Profits and losses on Exchange						
- Profits	115,529			23,918		
- Losses	77,647			15,682		
		37,882			8,236	
Total financial income (expense), net			**(48,875,820)**			**(47,786,797)**

ADR SPA

INCOME STATEMENT
for the period Jan.-June 2004
(in euros)
(Translation from the original issued in Italian)

	First half 2004			First half 2003		
ADJUSTMENTS TO FINANCIAL ASSETS						
• Write-downs:						
- of equity investments		0			0	
Total adjustments			**0**			**0**
EXTRAORDINARY INCOME AND EXPENSE						
• Income:						
- other(*)	7.469.679			275.090		
		7.469.679			275.090	
• Expense:						
- taxes relating to previous years	145.810			1.489.345		
- other(*)	3.847.485			2.288.248		
		(3.993.295)			(3.777.593)	
Total extraordinary income (expense), net			**3.476.384**			**(3.502.503)**
Income before taxes			**6.670.903**			**(11.714.564)**
Income taxes:						
- current		(7.732.934)			(4.740.410)	
- deferred tax assets (liabilities)		(29.000)			40.000	
			(7.761.934)			**(4.700.410)**
Net income (loss) for the period			**(1.091.031)**			**(16.414.974)**

(*) Extraordinary income of 7,111 thousand euros represents the impact of eliminating the tax effect of accelerated depreciation charged to the Income Statement in previous years from the Parent Company's accounts as of June 30, 2004.This accounting treatment has been adopted in application of corporate law reform on preparation of financial statements, introduced by Decree 6/03. Extraordinary expense includes 2,649 thousand euros representing deferred tax liabilities due in relation to the accelerated depreciation eliminated.

REPORT OF THE INDEPENDENT AUDITORS

Deloitte.

Deloitte & Touche S.p.A.
Via della Camilluccia, 589/A
00135 Roma
Italia

Tel: +39 06 367491
Fax: +39 06 36749282
www.deloitte.it

REPORT OF THE INDEPENDENT AUDITORS ON THE REVIEW OF THE SIX-MONTH REPORT AS OF JUNE 30, 2004

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

1. We have performed a review of the consolidated accounting schedules and related explanatory notes included in the six-month report as of June 30, 2004 of Aeroporti di Roma S.p.A. We have also checked the part of the report related to the information on operations with the sole purpose of verifying the consistency thereof with the rest of the six-month report.

2. Our review was made in accordance with the criteria for reviews recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("CONSOB") under Resolution No. 10867 of July 31, 1997. Our review consisted principally of obtaining the information regarding the items reported in the accounting schedules and the consistency of the valuation criteria through discussion with company management and of applying analytical procedures to the data contained in the accounting schedules. Our review did not include those audit procedures such as compliance tests and substantive tests of assets and liabilities and was significantly less in scope than an audit conducted in accordance with generally accepted auditing standards. As a consequence, unlike the auditors' report accompanying the annual consolidated financial statements, we do not express an opinion on the six-month report.

3. With regard to the comparative information related to the annual consolidated financial statements as of December 31, 2003 and to the prior year six-month report, reference should be made to the reports issued by other auditors on April 2, 2004 and September 9, 2003, respectively.

4. Based on our review, we are not aware of any material modifications or additions that should be made to the consolidated accounting schedules and related explanatory notes identified in paragraph 1 of this report, for them to be in conformity with the reporting standards set out by the CONSOB regulation related to six-month reports as approved by Resolution No. 11971 of May 14, 1999 and subsequent amendments.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Falcone
Partner

Rome, Italy
September 15, 2004

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

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

Member of
Deloitte Touche Tohmatsu

Sede Legale: Palazzo Carducci - Via Olona, 2 - 20123 Milano
Capitale Sociale: versato Euro 6.720.406,00 - sottoscritto Euro 10.327.590,00 - deliberato Euro 10.850.000,00
Partita IVA/Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239