

GEMINA

FINANCIAL STATEMENTS 2010

REPORT ON OPERATIONS

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1 STATUTORY BOARDS

BOARD OF DIRECTORS

Chairman

Fabrizio Palenzona

Managing Director

Guido Angiolini

Directors

Giuseppe Angiolini

Valerio Bellamoli

Giuseppe Bencini

Stefano Cao

Giovanni Fontana

Beng Huat Ho

Sergio Iasi

Aldo Milanese

Aldo Minucci

Andrea Novarese

Clemente Rebecchini

INTERNAL CONTROL COMMITTEE

Giuseppe Angiolini (Chairman)

Valerio Bellamoli

Sergio Iasi

REMUNERATION AND HUMAN RESOURCES COMMITTEE

Giuseppe Bencini (Chairman)

Giuseppe Angiolini

Stefano Cao

Giovanni Fontana

Clemente Rebecchini

BOARD OF STATUTORY AUDITORS

Chairman

Luca Aurelio Guarna

Statutory Auditors

Giorgio Oldoini

Maurizio Dattilo

Alternate Auditors

Paolo Lenzi

Pier Luca Mazza

Sergio De Simoi

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

Appointment extended by the Shareholders' Meeting
of May 7, 2007 for the 2007-2012 period.

2 MAIN ECONOMIC AND FINANCIAL FIGURES

2.1 GEMINA GROUP

	<i>(in millions of euro)</i>	
	2010	2009 (*)
FINANCIAL INFORMATION		
Revenues	597.6	560.1
EBITDA	245.9	208.4
Amortisation, depreciation and provisions	(178.1)	(147.4)
EBIT	67.8	61.0
Pre-tax profit (loss)	(21.5)	(27.0)
Net profit (loss) for the year	(37.9)	(44.7)
Net profit (loss) attributable to the Group	(37.2)	(43.7)

	12/31/2010	12/31/2009 (*)
EQUITY INFORMATION		
Net capital invested (NCI)	2,943.8	3,066.0
Net financial indebtedness	1,338.9	1,425.1
Shareholders' equity	1,604.9	1,640.9
Group shareholders' equity	1,572.0	1,607.4

	2010	2009 (*)
RATIOS		
R.O.S. (EBIT/Revenues)	11.3%	10.9%
EBITDA/Revenues	41.1%	37.2%
R.O.I. (EBIT/Net Capital Invested)	2.3%	2.0%
Revenues/Net Capital Invested	0.20	0.18
Net earnings per share	(0.025)	(0.030)
Net financial indebtedness/ Shareholders' equity	0.8	0.9
Shareholders' equity per share	1.1	1.1
Net financial indebtedness/EBITDA	5.4	6.8
Net financial expense/EBITDA	0.4	0.4

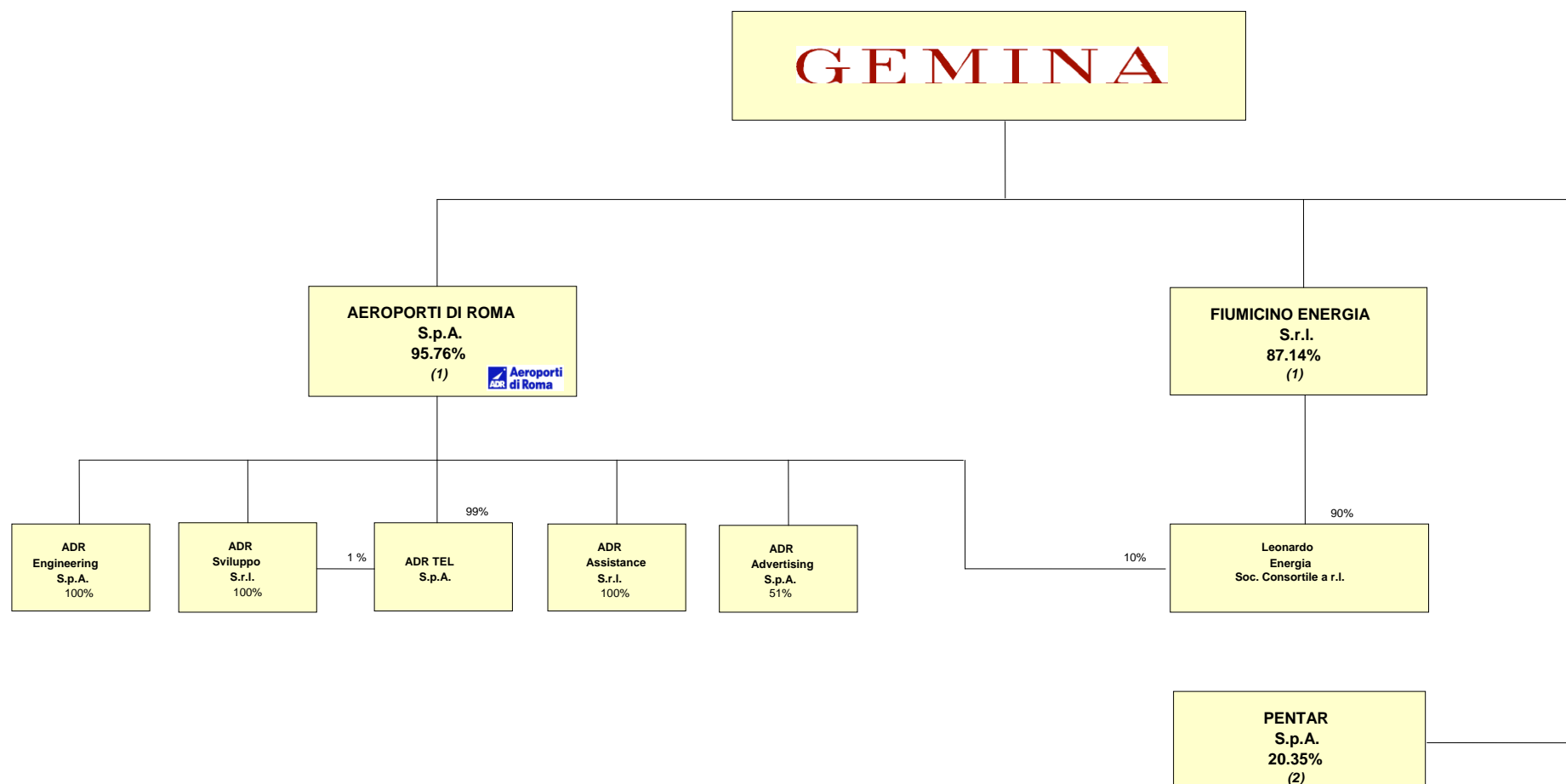
	12/31/2010	12/31/2009
NUMBER OF GROUP EMPLOYEES (**)	2,658	2,552

(*) Values redetermined following the application of IFRIC 12

(**) Employees of the Gemina S.p.A. ("Gemina, Parent Company, Company, Issuer"), of the Aeroporti di Roma Group ("ADR Group") and of Fiumicino Energia S.r.l. ("Fiumicino Energia"). As at December 31, 2010, the Extraordinary Earnings Supplement Fund ("CIGS") is being used for 93 employees, while as at December 31, 2009 it was being used for 88 employees.

2 MAIN ECONOMIC AND FINANCIAL FIGURES

2.2 GEMINA GROUP STRUCTURE AS AT DECEMBER 31, 2010



(1) Fully consolidated on a line-by-line basis

(2) Valued at cost less impairment losses

2 MAIN ECONOMIC AND FINANCIAL FIGURES

2.3 GEMINA S.P.A.

<i>(in millions of euro)</i>	2010	2009
FINANCIAL INFORMATION		
Income (charges) on equity investments	(1.3)	(3.7)
Financial income (expense)	(3.0)	(3.2)
Net operating costs	(4.4)	(3.7)
Provisions	(2.2)	(3.1)
Pre-tax profit (loss)	(10.9)	(13.7)
Net profit (loss) for the year	(8.7)	(14.1)

	12/31/2010	12/31/2009
EQUITY INFORMATION		
Equity investments	1,845.5	1,851.8
Net capital invested (NCI)	1,839.5	1,851.0
Net financial indebtedness	28.5	31.6
Shareholders' equity	1,811.0	1,819.4

	2010	2009
RATIOS		
Net financial indebtedness/ Shareholders' equity	0.02	0.02
Shareholders' equity per share	1.23	1.24

2 MAIN ECONOMIC AND FINANCIAL FIGURES

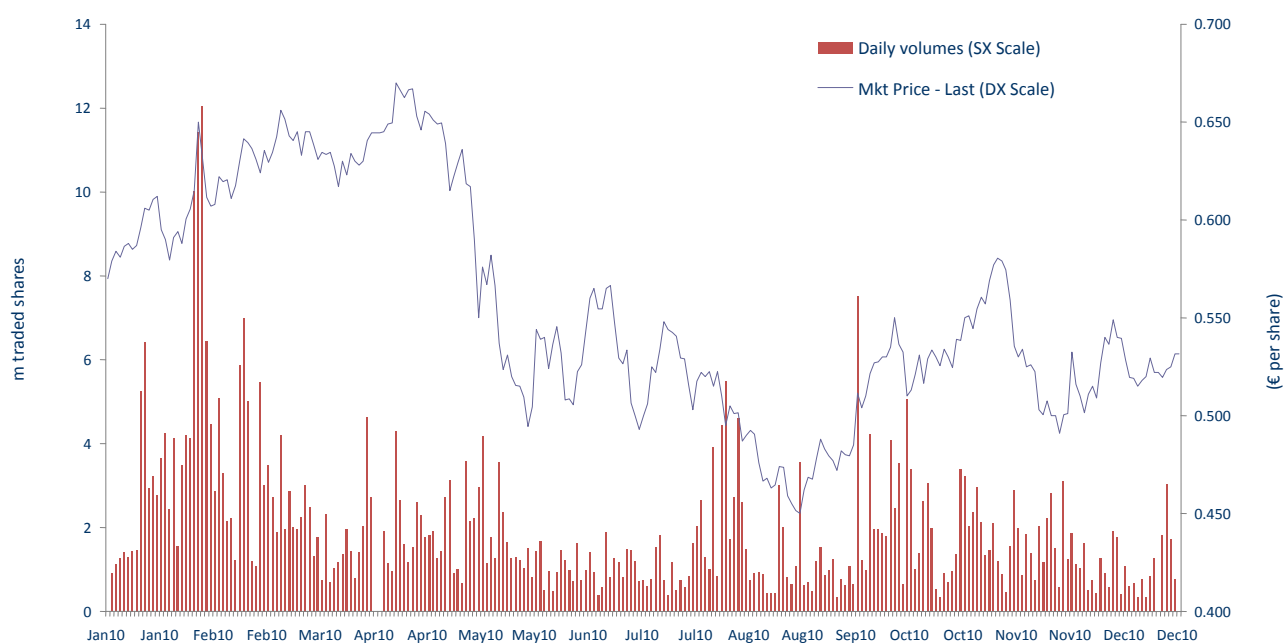
2.4 SHARE PERFORMANCE

SHARES		
NO. OF ORDINARY SHARES	1,469,197,552	
NO. OF SAVINGS SHARES	3,762,768	

CAPITALISATION		
<i>(in millions of euro)</i>	12/31/2010	12/31/2009
	782.0	848.9

SHARE PRICES AND TRADING VOLUMES		
	2010	2009
MAX. REF. PRICE (EURO)	0.670 APR-9	0.700 OCT-9
MIN. REF. PRICE (EURO)	0.450 AUG-25	0.214 MAR-9
AVERAGE REF. PRICE (EURO)	0.556	0.479
AV. DAILY TRADING VOLUMES (M)	2.0	4.0
MAX. DAILY TRADING VOLUMES (M)	12.0 FEB-03	22.0 OCT-13
MIN. DAILY TRADING VOLUMES (M)	0.3 SEP-07	0.4 JUL-14

SHARE PRICE AND TRADING VOLUME PERFORMANCE FOR THE YEAR

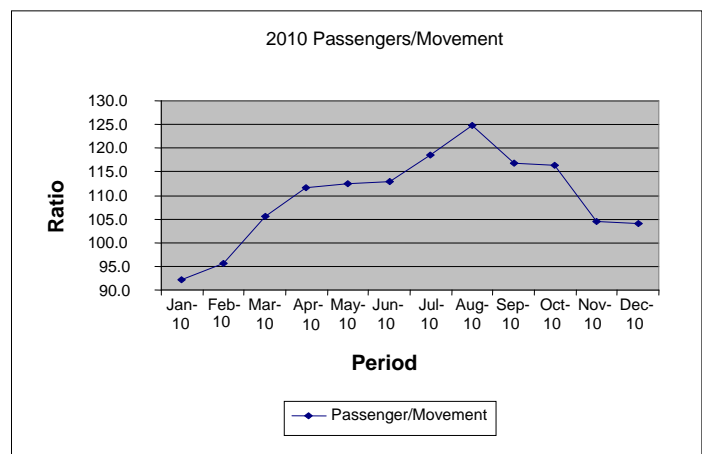
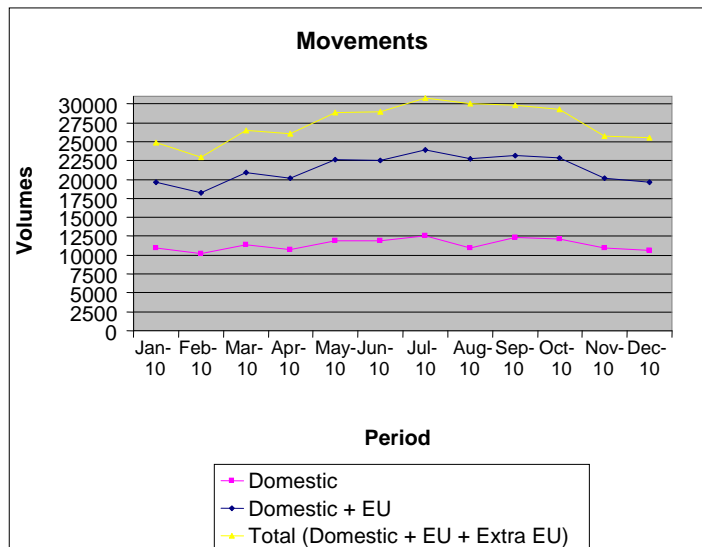
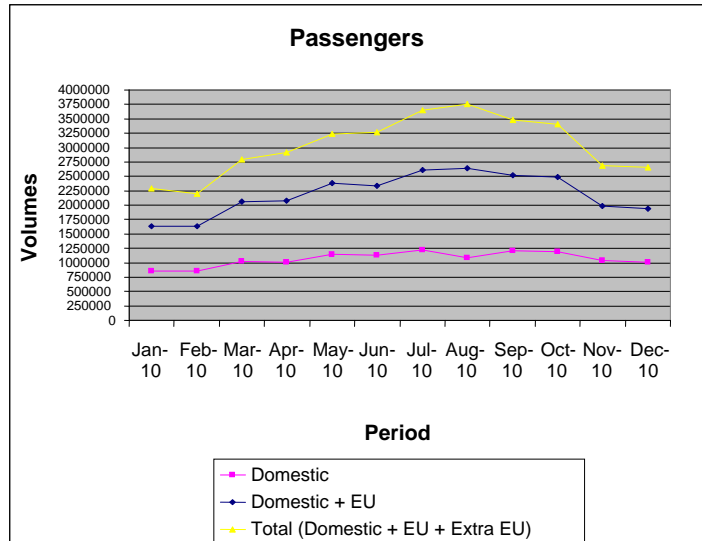


2 MAIN ECONOMIC AND FINANCIAL FIGURES

2.5 CONNECTIVITY

2 MAIN ECONOMIC AND FINANCIAL FIGURES

2010 TRENDS



WE CONNECT THE WORLD WITH THE ETERNAL CITY



FIUMICINO – 2010 NETWORK	ITALY	WESTERN EUROPE	EASTERN EUROPE	NORTH AMERICA	CENTRAL & SOUTH AMERICA	MIDDLE EAST	FAR EAST	AFRICA	TOTAL
DESTINATIONS	30	61	31	13	7	11	12	19	184
AIRLINES	14	45	24	8	5	14	14	18	<i>(1)</i>
COUNTRIES	1	19	17	2	6	10	12	11	78
AVERAGE FLIGHTS/DAY	178	153	37	15	4	14	7	21	429

Figures refer to commercial operations with at least 1 flight per week; average values for the period in question.

(1) Insignificant figure in that one airline may operate in more than one geographic area.

3 REPORT ON OPERATIONS

3.1 OVERVIEW OF THE FINANCIAL YEAR

<i>(in millions of euro)</i>	2010	2009 (*)	CHANGE %
REVENUES	597.6	560.1	6.7
INFRASTRUCTURE PURSUANT TO IFRIC 12	55.5	30.1	84.4
EBITDA	245.9	208.4	18.0
EBIT	67.8	61.0	11.1
INVESTMENTS <i>(INCLUDING INVESTMENTS PURSUANT TO IFRIC 12)</i>	110.5	70.0	57.9
NET FINANCIAL INDEBTEDNESS (*)	1,338.9	1,425.1	-6.1
AIRPORT TRAFFIC:			
PASSENGERS (NO.)	40,909,255	38,622,838	5.9
CARGO (TONNES)	171,680	143,966	19.3

() Adjusted to account for the effects of application of IFRIC 12.*

The global economy saw a significant improvement with growth in Gross Domestic Product (GDP) estimated at 4.5% over the previous year, led by developing countries, primarily Brazil, China and India.

The diminished favourable effects from factors such as tax and monetary stimuli and depletion of the inventory cycle weakened the growth rate in the second half of the year.

The economic recovery was evident in air traffic, with 8.2% growth in passengers and 20.6% growth in cargo, but with divergent values in the various regions:

<i>(% change over 2009)</i>	PASSENGERS (*)	CARGO (*)
AFRICA	12.9%	23.8%
ASIA/PACIFIC	9.0%	24.0%
EUROPE	5.1%	10.8%
LATIN AMERICA	8.2%	29.1%
MIDDLE EAST	17.8%	26.7%
NORTH AMERICA	7.4%	21.8%
WORLDWIDE	8.2%	20.6%

() IATA (International Air Transport Association). Change in reference to passengers/kilometre and tonnes/kilometre.*

3 REPORT ON OPERATIONS

The recovery in passenger and cargo traffic, production capacity changes caused by the grounding of aircraft and effectively stable costs have resulted in a strong and rapid improvement in carriers' profits after the significant losses of recent years.

Asian carriers showed substantial improvements, while European and North American airlines showed some continuing difficulties despite their overall improvements.

The consolidation process continued among airlines with various types of agreements: the merger of British Airways and Iberia and the joint venture with American Airlines, the merger of Continental and United Airlines, Alitalia's inclusion in the joint venture between Air France, KLM and Delta, and, more generally, the strengthening of the three largest alliances, Sky Team (13 members), Star Alliance (27 members) and Oneworld (12 members).

However, there were some problems during the year, sometimes related to substantial government support for airlines in difficulty. Among the more noteworthy examples are Japan Airlines and Mexicana de Aviacion, the bankruptcy of the regional carrier Mesa Airlines in the US and the temporary receivership of the Italian carrier Livingston.

Despite continued delays in the production chain for the two major aircraft manufacturers, 18 additional Airbus 380s were commissioned during the year, bringing to 42 the number of Airbus 380s in the fleets of Singapore Airlines, Quantas, Emirates and the European airlines Air France and Lufthansa. After the first test flight in December 2009, and some further delays, Boeing scheduled the delivery of the first 787 Dreamliner for the third quarter of 2011.

The Rome airport system proved its capabilities by handling more traffic than it had before the crisis.

During the year, passenger traffic reached 40,909,255, an increase of 2.2% over 2008 and 5.9% over 2009.

<i>(no. passengers)</i>	FIUMICINO	CIAMPINO	TOTAL
2010	36,338,179	4,571,076	40,909,255
(% CHANGE OVER 2009)	7.5%	(5.0%)	5.9%
(% CHANGE OVER 2008)	3.2%	(4.6%)	2.2%
2009	33,811,637	4,811,201	38,622,838
(% CHANGE OVER 2008)	(4.0%)	0.4%	(3.5%)
2008	35,227,209	4,790,956	40,018,165

3 REPORT ON OPERATIONS

In August, Fiumicino reached a record number of passengers for the month, with a total of 3,750,249, and August 1 reached a daily record of 137,747 passengers.

Nevertheless, Fiumicino's saturation and environmental constraints on Ciampino are a hindrance to the physiological development of the Rome airports, whose growth rates during the year were lower than the national average, according to data published in Assaeroporti:

Airport traffic (% change over 2009)

	ITALY	ROME SYSTEM
PASSENGERS	+7.0%	+5.9%
CARGO (*)	+12.5%	+19.3%

Additionally, volumes above the airport saturation level cause a decline in the service level, delays, limitations on traffic and demonstrate that infrastructure support cannot be deferred in a regulatory and rate context that is fixed over the long term.

Negotiations continued with ENAC to enter into a planning agreement in derogation pursuant to Law 102/2009 for the major national airports.

Defining a satisfactory regulatory and tariff system that ensures stability in the concessionary relationship and remuneration of invested capital is an indispensable condition for beginning the serious investment plan necessary for the Rome airport system.

This postponement, which has a negative impact on the construction of airport infrastructures suited to meet air traffic quality and quantity needs, also for extraordinary events, such as the 2020 Rome Olympics project and hampers Fiumicino airport in increasing its quality and efficiency levels to achieve those of the best airports.

Aeroporti di Roma S.p.A. ("ADR") entered into an agreement with Scott Wilson Ltd. (Great Britain) to develop a master plan through 2044 for Fiumicino airport, whose implementation is dependent on the signing of a new regulatory and tariff contract.

In addition, a strategic and operations consultancy agreement for airport development was entered into with Changi Airport Consultant Group, a subsidiary of Changi Airports Group, Company shareholder and Member of the Shareholders' Agreement as "Business Partner", which can commence only after the signing of the planning agreement.

3 REPORT ON OPERATIONS

Revenues for the year were 597.6 million euro, up 6.7% over 2009, primarily due to growth in non-aviation activities, whose revenues were up 9.3%.

Though penalised by unchanging rates, aviation revenues were up 5.4%, essentially in line with the increase in passenger traffic.

Reductions in staff costs and contained increases in other operating costs had a positive effect on the income statement for the year, which closed with a loss of 37.9 million euro, compared to a loss of 44.7 million euro in 2009.

Delays in signing the planning contract and the upcoming sizeable financial maturities resulted in a change to the investment plans, giving priority to security and maintenance investments while gradually reducing and eventually eliminating investments for infrastructure support. In total, the expenditures for the year were 110.5 million euro compared to 70.0 million euro in 2009.

The positive trend in ordinary management, cutbacks in investments and collection of certain shareholder accounts resulted in the year closing with net financial indebtedness of 1,338.9 million euro, compared to 86.2 million euro as at December 31, 2009.

This is consistent with the plan prepared by ADR to meet financial maturities with internally generated means starting in 2012.

With the sale of S.I.T.T.I. S.p.A. (“SITTI”), Gemina essentially completed its disposal programme for smaller equity investments.

3.2 TRAFFIC

The increase in frequency of flights and the opening of new routes were the result of marketing initiatives by the Company directed at foreign airlines.

	TOTAL	DOMESTIC	EU	EXTRA EU	ALITALIA
INCREASE IN FREQUENCY	24	-	12	12	6
NEW ROUTES	55	5	34	16	5
TOTAL	79	5	46	28	11

3 REPORT ON OPERATIONS

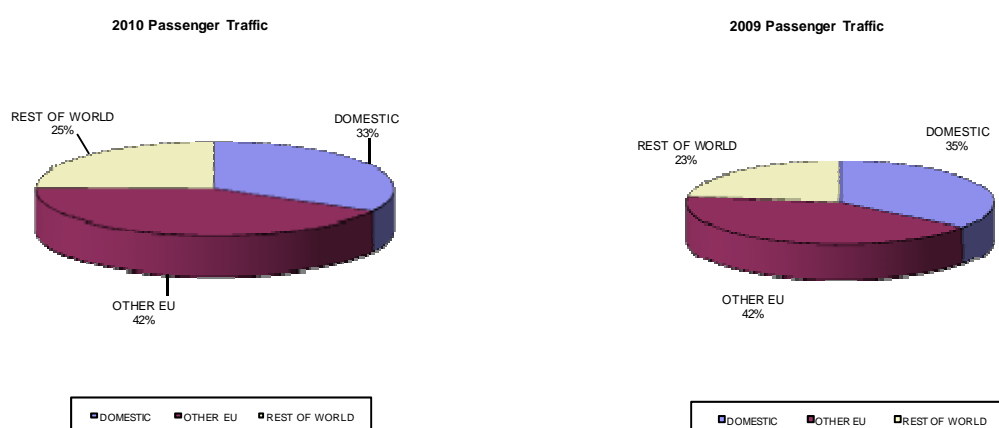
Passenger traffic grew 5.9% over 2009 and reached 40,909,255.

While Fiumicino grew 7.5%, Ciampino decreased by 5.0%. Domestic traffic declined slightly while flights outside the European Union grew.

Movements grew somewhat, and passengers per aircraft increased markedly.

Cargo movements also improved.

SYSTEM



	DOMESTIC	OTHER EU	REST OF WORLD	TOTAL
PASSENGERS	13,540,830	17,266,208	10,102,217	40,909,255
<i>% over PY</i>	<i>(0.6%)</i>	<i>6.8%</i>	<i>14.3%</i>	<i>5.9%</i>
MOVEMENTS	155,341	151,858	76,110	383,309
<i>% over PY</i>	<i>(6.3%)</i>	<i>3.7%</i>	<i>9.1%</i>	<i>0.3%</i>
TONNAGE	9,648,155	10,658,845	9,625,765	29,932,765
<i>% over PY</i>	<i>(4.3%)</i>	<i>5.8%</i>	<i>9.0%</i>	<i>3.3%</i>
CARGO (TONNES)	5,615	31,852	134,213	171,680
<i>% over PY</i>	<i>(5.5%)</i>	<i>6.5%</i>	<i>24.1%</i>	<i>19.3%</i>

FIUMICINO

	DOMESTIC	OTHER EU	REST OF WORLD	TOTAL
PASSENGERS	12,738,446	13,562,335	10,037,398	36,338,179
<i>% over PY</i>	<i>0.9%</i>	<i>8.4%</i>	<i>15.8%</i>	<i>7.5%</i>
MOVEMENTS	136,473	120,329	72,467	329,269
<i>% over PY</i>	<i>(5.3%)</i>	<i>4.6%</i>	<i>10.9%</i>	<i>1.5%</i>

3 REPORT ON OPERATIONS

	DOMESTIC	OTHER EU	REST OF WORLD	TOTAL
TONNAGE	9,083,884	8,667,592	9,524,118	27,275,594
% over PY	(3.3%)	6.6%	10.0%	4.2%
CARGO (TONNES)	5,471	13,994	134,213	153,678
% over PY	(6.7%)	7.5%	24.1%	21.0%

CIAMPINO

	DOMESTIC	OTHER EU	REST OF WORLD	TOTAL
PASSENGERS	802,384	3,703,873	64,819	4,571,076
% over PY	(19.2%)	1.5%	(61.6%)	(5.0%)
MOVEMENTS	18,868	31,529	3,643	54,040
% over PY	(13.3%)	0.3%	(16.7%)	(6.2%)
TONNAGE	564,271	1,991,253	101,647	2,657,171
% over PY	(17.6%)	2.3%	(40.0%)	(5.1%)
CARGO (TONNES)	144	17,858	-	18,002
% over PY	77.3%	5.7%	(100%)	6.0%

Towards the end of the year, Alitalia grew at a higher rate than other carriers, resulting in a market share of 47.1%, after having reported a decline in the earlier part of the year.

Alitalia – Market share – Fiumicino Airport

JAN.	FEB.	MAR.	APR.	MAY	JUN.
48.1	48.1	47.2	45.5	46.3	46.3
JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
47.2	45.1	47.2	47.3	49.4	49.0

The share of domestic traffic dropped, from 38.4% in 2008 to 35.1% in 2010, while Far East remain unchanged, and other areas increased:

	2008		2009		2010	
	PAX	%	PAX	%	PAX	%
DOMESTIC	13,540,507	38.4%	12,629,323	37.4%	12,738,446	35.1%
WESTERN EUROPE	12,590,531	35.7%	11,979,967	35.4%	13,247,474	36.4%

3 REPORT ON OPERATIONS

	2008		2009		2010	
	PAX	%	PAX	%	PAX	%
EASTERN EUROPE	2,415,259	6.9%	2,463,026	7.3%	2,674,447	7.3%
NORTH AMERICA	2,194,143	6.2%	2,222,591	6.6%	2,463,325	6.8%
CENTRAL AND SOUTH AMERICA	638,112	1.8%	630,179	1.9%	726,456	2.0%
MIDDLE EAST	1,015,030	2.9%	1,056,111	3.1%	1,412,302	3.9%
FAR EAST	1,201,149	3.4%	1,166,156	3.4%	1,234,307	3.4%
AFRICA	1,632,478	4.7%	1,664,284	4.9%	1,841,422	5.1%
TOTAL	35,227,209	100.0%	33,811,637	100.0%	36,338,179	100.0%

The primary destinations for Fiumicino traffic were: Milan, Catania and Palermo for domestic traffic; Paris, London and Madrid in the European Union; New York, Tel Aviv and Istanbul for the rest of the world,

Passengers by major destinations

	DOMESTIC			EUROPEAN UNION			REST OF WORLD				
	PAX/ 000	% VAR. PY	% SHARE	PAX/ 000	% VAR. PY	% SHARE	PAX/ 000	% VAR. PY	% SHARE		
MILAN	2,258,172	(7.6%)	17.7%	PARIS	1,445,292	(0.3%)	10.6%	NEW YORK	597,305	3.4%	6.0%
CATANIA	1,714,622	5.3%	13.5%	LONDON	1,416,757	2.5%	10.4%	TEL AVIV	481,485	28.1%	4.8%
PALERMO	1,418,786	2.7%	11.1%	MADRID	1,272,629	10.6%	9.4%	ISTANBUL	463,076	34.5%	4.6%
TURIN	884,868	1.6%	6.9%	AMSTERDAM	808,843	23.6%	6.0%	DUBAI	393,094	56.7	3.9%
VENICE	794,148	7.0%	6.2%	BARCELONA	687,563	(0.6%)	5.1%	MOSCOW	326,557	16.0%	3.3%
CAGLIARI	744,493	(4.8%)	5.8%	FRANKFURT	652,733	(0.8%)	4.8%	CAIRO	324,888	15.6%	3.2%
LAMEZIA TERME	619,240	24.1%	4.9%	ATHENS	537,592	9.3%	4.0%	ZURICH	302,012	(9.0%)	3.0%
BARI	574,349	(15.5%)	4.5%	MUNICH	464,720	5.2%	3.4%	TOKYO	283,757	2.1%	2.8%
GENOA	538,708	11.9%	4.2%	BRUSSELS	459,011	(4.9%)	3.4%	GENEVA	282,036	57.7%	2.8%
BRINDISI	433,580	10.9%	3.3%	VIENNA	416,038	48.7%	3.1%	TUNIS	275,996	8.3%	2.8%
TOP 10	9,980,966	0.8%	78.3%	TOP 10	8,161,178	6.2%	60.2%	TOP 10	3,730,206	18.2%	37.2%
TOT. FCO	12,738,446	0.9%	100%	TOT. FCO	13,562,335	8.4%	100%	TOT. FCO	10,037,398	15.8%	100%

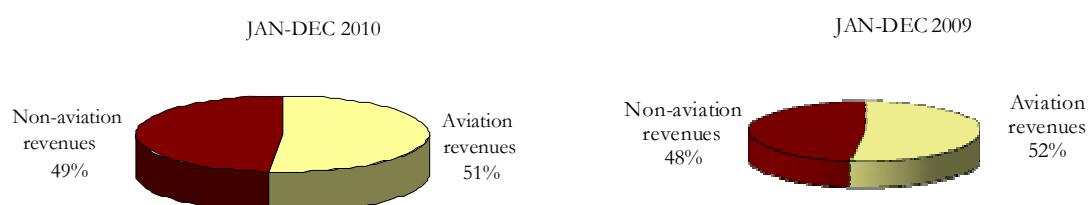
The market share held by the major airlines is equivalent to 100% of domestic traffic, 72% of traffic with the European Union and 62% of the traffic with the rest of the world.

3 REPORT ON OPERATIONS

Alitalia, the airport's principal airline, covers 75.7% of domestic traffic, 26.7% of traffic with the European Union and 38.1% of the traffic with the rest of the world.

The destinations of flights from Ciampino are primarily cities in the European Union. Ryanair is the principal carrier at the airport, with a market share of 77.9%, followed by EasyJet and WizzAir.

3.3 OPERATIONS AND RELATED REVENUES

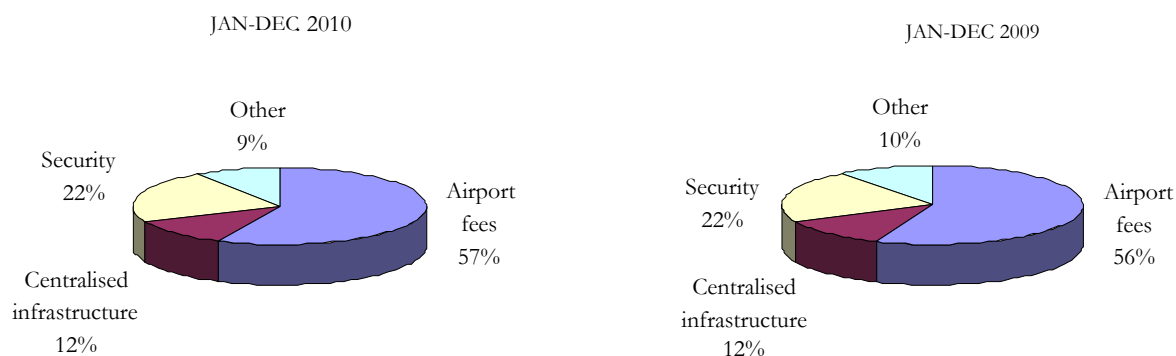


(in millions of euro)	2010	2009 (*)	CHANGE	% CHG
AVIATION	307.3	291.5	15.8	5.4%
AIRPORT FEES	174.9	163.2	11.7	7.2%
CENTRALISED INFRASTRUCTURES	35.4	35.5	(0.1)	(0.3%)
SECURITY	67.7	62.9	4.8	7.6%
OTHER	29.3	29.9	(0.6)	(2.0%)
NON-AVIATION	290.3	268.6	21.7	8.1%
REAL ESTATE	59.7	56.3	3.4	6.0%
SUB-CONCESSIONS AND UTILITIES	59.7	56.3	3.4	6.0%
NON-AVIATION	201.3	184.1	17.2	9.3%
SALES	87.3	80.2	7.1	8.9%
SUB-CONCESSIONS AND UTILITIES	54.1	46.9	7.2	15.4%
CAR PARKS	30.5	27.5	3.0	10.9%
ADVERTISING	22.4	22.8	(0.4)	(1.8%)
REFRESHMENTS	7.0	6.7	0.3	4.5%
OTHER	29.3	28.2	1.1	3.9%
TOTAL REVENUES	597.6	560.1	37.5	6.7%
INFRASTRUCTURE PURSUANT TO IFRIC 12	55.5	30.1	25.4	84.4%
TOTAL	653.1	590.2	62.9	10.7%

(*) Restated amounts to account for the effects of application of IFRIC 12.

3 REPORT ON OPERATIONS

AVIATION SEGMENT



Airport fees – Revenues were 174.9 million euro, up 7.2% compared to the same period of 2009:

- take-off, landing and aircraft parking fees: while movements remained essentially unchanged at +0.3%, the 4.2% revenue increase reflected the operation of aircraft with greater average capacity/tonnage and the increase in unit fees that occurred on January 21, 2010 for adjustments to programmed inflation (+1.5%);
- passenger boarding fees: revenues increased 7.9% due to a greater number of boarded passengers (+6.0%), with growth in Extra EU destinations that have a higher unit fee and the aforementioned fees adjustment (+1.5%);

Cargo traffic increased 19.3%, with increased revenue of 1.0 million euro.

Centralised infrastructure – Revenues, equivalent to 35.4 million euro, were substantially unchanged from the prior year.

Loading bridge revenue declined 1.8%, due to the closing of two aircraft aprons reached by a boarding jetway because of airport expansion works, the reduction in aircraft movements in the first half of the year and the penalising of certain systems due to construction work.

In the second half of 2010, higher aircraft movements and improvement initiatives for infrastructure management offset part of the decline in the first half.

3 REPORT ON OPERATIONS

Despite lower availability of the systems, the decline of the loading bridge commitment for individual flights meant a 3.3% increase in flights assisted with a boarding jetway that served more than 19 million passengers, an increase of 7.1% compared to 2009, with a consequent service improvement.

Baggage system revenue was similar to the previous year, as the higher number of inbound and outbound passengers was offset by the changed distribution of outbound passengers in various airport areas that have different unit fees for baggage handling.

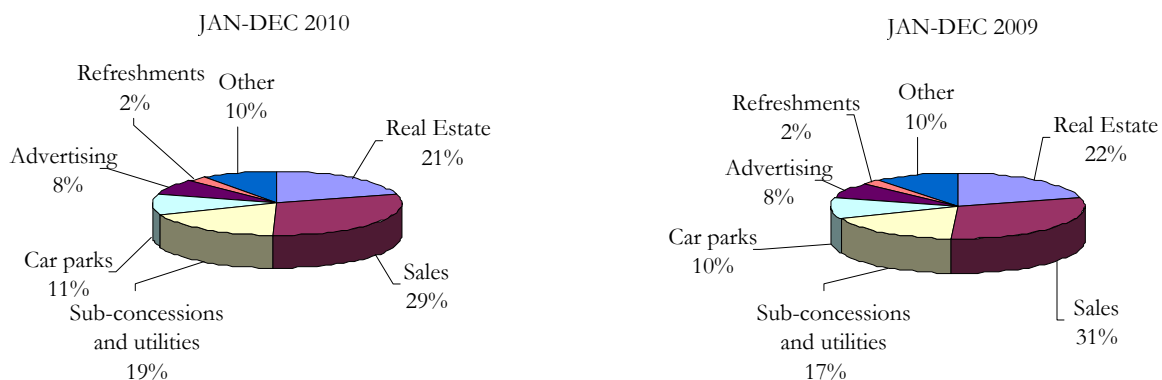
Revenues from centralised information systems increased 6.6%.

Security – Security services, which include checking passenger's hold and hand baggage, checking for explosives, services requested and surveillance of the airport system, generated revenues of 67.7 million euro, 7.6% more than 2009 as a result of increased passenger traffic and hold baggage and a significant increase in services rendered to other operators.

Other – Assistance for passengers with reduced mobility generated revenue of 13.2 million euro, 2.2% less than the prior year due to the lower fee applied.

3 REPORT ON OPERATIONS

NON-AVIATION SEGMENT



In 2010, non-aviation activities grew 9.3% compared to the previous year, more than the 5.9% growth in passenger traffic.

In terms of potential market, represented by outbound, transit and inbound passengers, the most significant events that affected the growth in non-aviation activities during the year were:

- changing Terminal 1 from the Domestic Terminal to the Dedicated Terminal for AZ and SkyTeam (November 2009);
- changing SkyTeam flights for France and Holland from boarding area D to boarding area B (June 2010);
- eruption of the Eyjafjallajökull volcano (April 2010).

The first two events resulted in a substantial change in traffic mix and volume in the commercial areas of the Domestic/Schengen zone, with an overall negative effect in that the increase in passenger flow was concentrated in an area with fewer services offered (area B).

Real Estate

Sub-concessions and utilities – Real estate revenues amounted to 59.7 million euro, a 6.0% increase.

Sub-concessions generated 43.8 million euro in revenue, an increase of 6.3% over the prior year.

The revenue increase in this areas was due to new contractual terms defined with AZ-CAI for sub-concessions through December 31, 2010 for the entire assets of the so-called “Technical Area”, the effect of sub-concessions spaces in Office Tower 2 becoming operational and delivered at different points during 2009 and 2010, as well as the portion of Aerostazione Merci assigned to Flightcare Italia becoming operational as cargo handler.

Sub-concession revenues, adjusted for the volumes of activities managed, amounted to 15.9 million euro, a 5.3% increase over 2009.

The increase is substantially due to both the new unit amount for the “aviation allocation”, which increased from 3.82 euro to 3.91 per cubic metre starting on March 1, 2010, as well as better performance in hotel reception (+5.2%).

Sales – Sales revenue, equivalent to 87.3 million euro, showed 8.9% growth compared to the previous year, higher than the growth in outbound traffic of 6.0%.

The average spend per passenger grew 3.3% over 2009 and was equivalent to 4.2 euro.

Growth was seen in all major product categories, with higher than average results for “Wines” (+15.0%), “Fragrances” (+12.6%), “Spirits” (+11.5%) and “Make up” (+10.1%).

Fiumicino experienced growth of 10.9% in turnover and an increase in average spend of 3.1%.

This result was achieved due to marketing initiatives (such as “Il Vino del mese” [Wine of the Month], “Summer Time”, and Christmas displays and promotional initiatives) aimed at increasing footfall, penetration and average sale.

This activity also benefitted from improvements in logistics processes, which will continue in 2011.

The Ciampino airport saw a decline in turnover of 7.2% compared to 2009, more than the decline in boarded passengers (-4.8%), with a resulting decline in average spend of 2.5%.

As regards marketing initiatives to support sales in directly-managed shops, following on the success of the “Il Vino del mese” programme, a communication project called “Promo del mese” [Promo of the Month] was created, which will involve the ad hoc use of panels and exhibits in shops.

In December, a promotion began that gave ADR employees a 30% discount on products in the *Good Buy Roma* shops, excluding tobacco and luxury products, as well as an initiative to develop a Christmas music compilation, as drivers to increase the spending level, supported by related communications in the airport systems and Christmas promotional activity for all customers.

Sub-concessions and utilities – Royalty revenues for sub-concessioned non-aviation activities, equivalent to 54.1 million euro, were up 15.4% with an increase in average revenues per passenger of 9.0%, or 2.66 euro (Specialist Retail +9.7%, Food & Beverage +7.7%, Services +10.0%).

Sub-concession activity in Fiumicino saw revenue growth of 16.1% against an increase in outbound traffic of 7.5%, resulting in an increase in average revenue per passenger of 8.0%.

The results achieved in Specialist Retail (revenue +16.9% or +3.9 million euro) are mostly attributable to performance of businesses in the Extra-Schengen area, who benefitted from the considerable increase in outbound passengers.

In addition, during the year, 11 new stores opened, increasing the commercial surface area by more than 800 square metres, new brands were introduced, including Geox, Burberry and Giunti and refurbishment/expansion work was carried out on more than 1,000 square metres of offer.

The Food & Beverage segment also grew (revenues + 14.5%, or +2.5 million euro) due to continued improvements to quality and expansion of the offer (i.e., the Asian food corner in Autogrill Ciao in T3, landside, and a sushi corner in Chef Express T3 transit) and refurbishment/expansion of 10 shops (4,600 square metres equivalent to more than 40% of the total).

The “Services” category (Other Royalties) saw revenues of 5.6 million euro, up 18.1% compared to the prior year (+0.9 million euro) and the opening of two new currency exchange stations in the landside area of Terminal 3.

Sub-concessions in Ciampino airport saw revenue growth of 7.0% against a decline in outbound traffic of 4.8%.

Due to marketing activities in support of the Rome Airport Shopping Gallery, the project to ease “business navigation” of the Satellite was expanded with specific communication on the brands available at each boarding gate.

3 REPORT ON OPERATIONS

After the Rome-Milan Fast Track was implemented, a new system was put in place on the mezzanine level of T1 with indications about the shopping area and the brands.

Car parks – Management of the car parks system resulted in revenue of 30.5 million euro, up 10.9%, greater than the 4.5% increase in the potential originating passenger market. Marketing initiatives in support of the Easy Parking brand including a summer radio, text message and on-line campaign was carried out to promote On-line Booking (BOL) (+35%), which saw an increase in average spend of 58%. A call centre was set up to provide customer support.

Advertising – Advertising revenues for 2010 were 22.4 million euro, a decline of 1.8% compared to the prior year. Specifically, revenues from the sale of advertising space in directly-managed shops were 2.9 million euro, up 2.4%, while revenues from indirect sale of advertising space were 20.0 million euro, down 2.3%.

Refreshments – Revenues were 7.0 million euro against 6.7 million euro in 2009. This activity is directed at staff working in the terminals.

Other – These revenues are related to services rendered to third parties for repairs, maintenance and other secondary activities. They also include revenue for the sale of energy to GSE and of CO₂.

3.4 REGULATORY CONTEXT

Update of airport fees for inflation

Ministerial Decree no. 4 of October 4, 2010 regarding “Update of airport fees for 2010” was published in the Official Gazette no. 289 of December 11, 2010.

Pursuant to said Decree, airport fees in the preceding Ministerial Decree no. 8 of October 8, 2009 were updated for programmed inflation for 2010, which was established at 1.5% in the 2010/2013 Economic and Financial Planning Document.

The new fees will be applied beginning on January 10, 2011, the effective date of the Decree.

New commissarial surcharges on passenger boarding fees

Law Decree no. 78 of May 31, 2010 was published on that date including “Urgent measures on financial stabilisation and economic competitiveness”.

Law no. 122 of July 30, 2010 regarding “Conversion into law, with amendments, of Legislative Decree no. 78 of May 31, 2010 including urgent measures on financial stabilisation and economic competitiveness” (Official Gazette no. 176 of July 31, 2010) was definitively introduced, with a request by the Commissioner in charge of the commissarial administration and the Mayor of Rome for an additional commissarial surcharge on outbound passenger boarding fees from the airports of Rome - within the maximum limit of 1 euro per passenger - in order to contribute to the charges deriving from the debt repayment plan of the Municipality of Rome up to a total of 200 million euro.

The establishment of this additional commissarial surcharge was resolved by the Special Commissioner on November 12, 2010 for a maximum amount of 1 euro per passenger beginning January 1, 2011.

The surcharge will be duly applied by ADR beginning on said date.

Planning agreement in derogation

In the second half of the year, the dialogue between ADR and ENAC on the final details of the terms and conditions to be included in the “planning agreement in derogation” moved at a particularly fast pace.

It involves a tool offered by the legislation (Law no. 102 of August 3, 2009) to ENAC and larger national airports with traffic greater than 10 million passengers annually, under which they can outline specific multi-year tariff regulation models.

It would allow that, with a single deed, both the legal/administrative profile of the airport management assignment as well as the typical regulatory/tariff profile can be administered.

This change to the planning agreement would markedly simplify the regulatory context introduced in the Committee for Economic Planning (CIPE) regulations and the ENAC application guidelines and establish a clear and fixed reference framework through the expiration of the ADR management concession (June 30, 2044). It would also allow for a strict correlation between the investment planning activity and the related financial coverage by the combining the preparation of the airport development plan with that of the economic-financial plan.

Consistent with the above and in order to propose to ENAC a planning agreement that corresponds to international best practices, as well as for the subsequent project financing, ADR has carried out benchmarking with other airport agreements and other sectors in utilities.

A proposal was sent to ENAC on August 4, 2010, subsequently completed in October and December 2010, annexed it with a series of analyses explaining the reasoning behind choices made.

With a note dated November 25, 2010, ENAC sent ADR its changes to the text of the planning convention/agreement that, while considering certain proposals put forward by ADR, did not, however, accept other points that were a priority for the Company.

Discussions with the Grantor and further consultation with the Ministry of Infrastructure and Transport are continuing both in terms of infrastructure (verifying the proposed investments) and judicial/legal (the agreement's rules as such) as well as economic and financial (the plan over the short/medium term and long term).

It is not currently possible to foresee the terms and timing for signing the agreement or when the new plan will come into effect.

Guideline on the Lazio airport system

On June 7, 2010, the Ministry for Infrastructure and Transport issued a programmatic guideline directed to ENAC, and subsequently forwarded to ADR, with a view to providing, while awaiting the closure and formalisation of the study on the network of national airports, the strategic references concerning the airport structure of Lazio, aiming in this way to a correlated and organised valuation of its future development.

The guideline identifies the priorities with regard to the structural interventions of the airports of Fiumicino and Ciampino, respectively, and related to the carrying out of the Viterbo airport.

Second phase of the “open sky” agreement

The second phase of the US-EU “open sky” agreement was signed in Luxembourg on June 24, 2010, which builds on the benefits resulting from the US-EU “open sky” agreement signed in 2007.

The agreement creates new aviation opportunities and strengthens cooperation in regulatory and environmental context, social responsibility, security and competition.

3.5 QUALITY AND THE ENVIRONMENT

During 2010, with the support of a specialised external company, airport activities continued to be monitored through the daily survey of the level of quality provided and perceived, for a total of over 50,000 measurements and the completion of about 28,000 questionnaires by passengers.

The study of Fiumicino airport's quality positioning continued through participation in the international benchmark programme "Airport Service Quality" and through targeted meetings with the leading European airport management companies.

The voluntary certifications programme was also developed, as a tool to support improvement.

The 2009 Environmental Report was published, and is available on the site www.adr.it.

MONITORING OF QUALITY LEVELS

Fiumicino

On a scale from 6 (excellent) to 1 (poor), passengers gave an average satisfaction rating for services provided of 4.35, up from 4.30 in 2009.

In 2010, passengers completed the security check of hand baggage within the 12 minutes indicated in the Service Charter in 92% of cases, essentially unchanged from 2009.

The percentage of flights for which baggage was delivered within the time indicated in the Service Charter was 81.16% for the first baggage compared to 79.94% in 2009, and 86.25% for the last compared to 85.48% in 2009.

The percentage of departing flights with delays greater than 15 minutes was 29.9% compared to 39.2% for the prior year. While performance has improved, the airport does not meet the standard provided for in the Service Charter (25%).

For arriving flights, delays greater than 15 minutes were 22.5%, compared to 22.9% in 2009.

As a result, the recovery of airport transit times (difference between the % of delays in arrival and departure) was negative (-7.4%).

The percentage of passengers that completed check-in operations within the times indicated in the Services Charter was 85.16%.

The service level declined 3 percentage points compared to the previous year.

Ciampino

The average passenger satisfaction rating declined from 4.34 in 2009 to 4.23 in 2010.

Improvements were seen in the security checks/baggage delivery times and passenger check-in time compared to 2009.

However, the passenger check-in operations and percentages, aircraft departure times and the transit recover times do not meet the standards.

FUNCTIONALITY

Certain initiatives to improve the functionality of the terminal were implemented.

In the second half, the following groups of toilet facilities were renovated:

- Terminal 1: departures area, city side, near the security check area on the west side; arrivals area, passenger exit for those with hand baggage only;
- Terminal 3: boarding area C (gates C8/C16); boarding area D (gates D5/D7);

for a total of 7 restrooms renovated during the year. In addition to the new group of toilet facilities in the arrivals area of Terminal 1 and renovation is underway for the toilet facilities in boarding area D (gate D6).

The Fast Track was completed in Terminal 3 for first and business class passengers and, in the Terminal 3 transit area, refurbishments on the ceiling voids and the technology equipment contained therein was completed.

At “station E” in T3, expansion work on the security check area for passengers in transit was completed.

A new ADR information booth was added in the Terminal 1 departures area, city-side.

The floors and waiting areas were renovated in some of the Terminals.

SEPARATE WASTE COLLECTION

The programme to develop separate collection of solid urban waste continued at Fiumicino airport, in relation to paper, cardboard, wood, and plastic waste collected from the terminals, the ADR offices and the company cafeteria.

The programme to collect the biological portion of waste produced in preparing company meals at Fiumicino was also initiated.

An ecological area was established that all Fiumicino airport operators can use to deposit certain types of special waste.

Separate collection of packaging waste in paper, cardboard, wood and plastic was launched at Ciampino airport, using blue waste cans.

3 REPORT ON OPERATIONS

Both airports were entered in the S.I.S.T.R.I. (*Sistema di controllo della tracciabilità dei rifiuti*, Waste traceability control system) established with Ministerial Decree by the Ministry of the Environment and Protection of the Territory and of the Sea.

S.I.S.T.R.I. “Delegates” were identified and trained in using the system platform.

POLLUTION MONITORING

The first audit of CO₂ (carbon dioxide) emissions was conducted at Fiumicino airport, defining the calculation methodology.

Air quality monitoring activities were carried out and, in order to measure the atmosphere’s capacity to remove pollutants (atmospheric stability), the height of the remixing layer was measured, delineating the area’s climatology.

Additionally, electromagnetic fields were measured at both Fiumicino and Ciampino.

The results of the monitoring campaign both for air pollutants and electromagnetic fields demonstrated full compliance with reference legislation.

The continuous monitoring of the waste water treatment system in the soil at Fiumicino airport verified the correct functioning of the system, in particular, that of biological purification, showing concentrations of the chief pollutants markedly lower than the 50% limit imposed by law.

On July 1, 2010, the Service Conference, established by the Lazio Region to define the sound zoning of the Ciampino airport, concluded its work. As a result, ADR will be expected to carry out analyses in advance to launch certain activities associated with the renovation plan.

ADR has submitted a petition to the Lazio Regional Administrative Court (TAR) to annul the report in which the aforementioned Service Conference approved the acoustic zoning of Ciampino airport, the result of which could impact the construction area.

3.6 INVESTMENTS, RESEARCH AND DEVELOPMENT

	2010		
	INVESTM.	RENEWALS	TOTAL
ADR GROUP INVESTMENTS			
HBS TRANSIT BAGGAGE AZ	20.7	1.3	22.0

3 REPORT ON OPERATIONS

<i>(in millions of euro)</i>	2010		
	INVESTM.	RENEWALS	TOTAL
BOARDING AREA F (FORMERLY PIER C)	19.6	-	19.6
MAINTENANCE AND OPTIMISATION WORK IN THE TERMINALS	0.6	9.4	10.0
BAGGAGE SYSTEMS AND X-RAY MACHINES FIUMICINO –	5.1	2.6	7.7
ELECTROMECHANICAL SYSTEM MAINTENANCE FIUMICINO – ELECTRICAL AND AIR CONDITIONING SYSTEM MAINTENANCE	0.9	5.7	6.6
RUNWAYS AND AIRCRAFT APRONS	-	7.0	7.0
CIAMPINO – INFRASTRUCTURE UPGRADE WORKS	-	6.4	6.4
FIUMICINO – CIVIL ENGINEERING WORKS MAINTENANCE	0.3	5.6	5.9
EX ALITALIA CARGO HBS/BHS	0.2	3.6	3.8
OTHER	3.9	-	3.9
GROUP COMP. INVEST.			
CO-GENERATION POWER PLANT	11.1	6.3	17.4
TOTAL INVESTMENTS	62.6	47.9	110.5

As a result of the absence of the early introduction of the 3 euro/passenger fee, the protracted negotiations on the new rates and the upcoming financial maturities, there was a tightening in expenditures during the second half year for new infrastructure, for a total of 62.6 million euro, of which 43,0 million euro were carried out in the first half.

The key investments involved boarding area F (formerly Pier C), for expenditures of 19.6 million euro and the new baggage handling system for transit passengers for 20.7 million euro.

The Group has not carried out research and development activities.

3.7 HUMAN RESOURCES AND ORGANISATION

As at December 31, 2010, the number of staff was 2,658, of which 93 staff from ADR Group were in the Extraordinary Earnings Supplement Fund.

3 REPORT ON OPERATIONS

		EXECUTIVES	MANAG ERS	EMPLOYEES	WORKERS	TOTAL STAFF	<i>of which:</i>	
							<i>Fixed-term contracts</i>	<i>Open-ended contracts</i>
GEMINA	12/31/2010	3	4	4	-	11	-	11
	12/31/2009	3	4	4	-	11	-	11
	<i>CHANGE</i>	-	-	-	-	-	-	-
ADR AND SUBSIDIARY COMPANIES	12/31/2010	46	201	1,771	628	2,646	706	1,940
	12/31/2009	47	180	1,716	598	2,541	650	1,891
	<i>CHANGE</i>	<i>(1)</i>	<i>21</i>	<i>55</i>	<i>30</i>	<i>105</i>	<i>56</i>	<i>49</i>
FIUMICINO ENERGIA	12/31/2010	-	1	-	-	1	-	1
	12/31/2009	-	-	-	-	-	-	-
	<i>CHANGE</i>	-	<i>1</i>	-	-	<i>1</i>	-	<i>1</i>
TOTAL	12/31/2010	49	206	1,775	628	2,658	706	1,952
	12/31/2009	50	184	1,720	598	2,552	650	1,902
	<i>CHANGE</i>	<i>(1)</i>	<i>22</i>	<i>55</i>	<i>30</i>	<i>106</i>	<i>56</i>	<i>50</i>
	<i>%</i>	<i>(2.0%)</i>	<i>12.0%</i>	<i>3.2%</i>	<i>5.0%</i>	<i>4.2%</i>	<i>8.6%</i>	<i>2.6%</i>

The increase was 4.2% over the previous year, less than the increase in traffic of 5.9%.

During the year, average staff was 2,367.4, excluding those in the Extraordinary Earnings Supplement Fund.

The increase in staff with open-ended contracts is due to various factors. Specifically, for ADR (+46 staff), the combined effect of the hiring of new staff with specialised skills to launch planned initiatives, implementation of the new organisational structure resolved by the Board of Directors during the year, the establishment of temporary work contracts in implementation of the union agreement of August 10, 2010 that actuated the relevant legislation, transformation of apprenticeship contracts in operating areas or integration contracts in the other areas and finally, the termination of working relationships due to resignation or dismissal all influenced the result.

For ADR Engineering S.p.A. (“ADR Engineering”) and ADR Tel S.p.A. (“ADR Tel”), the increase of staff with open-ended contracts (+3 and +2, respectively) is the result of hiring individuals with specialised technical skills for their respective areas.

The increase in temporary staff from the prior year is due to ADR's initiatives for expansion/refurbishment of certain airport infrastructures (NET, HBS Terminal 3).

For ADR Assistance S.r.l. (“ADR Assistance”) (+26 staff), the increase is due to the growing trend in assistance, in addition to compliance with the objectives defined in the Service Charter.

3 REPORT ON OPERATIONS

Unit staff costs declined 1.8%, a positive result of the restructuring plan of 2008/2009.

Staff costs, totalling 122.0 million euro, were 33% of the value added, slightly lower than 2009 for the reasons noted above:

		2007	2008	2009	2010
STAFF COSTS	%	32	38	41	33
VALUE ADDED					

Compensation to executives and managers consists of a fixed portion and a variable portion based on the extent to which their individual assigned objectives were achieved.

In ADR, variable compensation is subordinated to reaching a certain “threshold” at a company level.

In 2010, the threshold was determined to be the ratio of net financial position/cash flow.

In 2010, the new ADR organisational structure resolved by the Board of Directors on 15 April 2010 was implemented to confront the changed reference context.

As such, the following Committees were formed: Investments, Corporate Identity and Communication and Contract Works.

In addition, the project to adapt the Organisation and Control Model pursuant to Law no. 262/05 was completed, involving sixteen business processes.

The Gemina Board of Directors resolved to transfer the Company offices to Fiumicino.

Gemina will perform its holding activities making use of ADR’s operating services (finance, administration, staff, legal, IT, etc.).

It is expected that the employment relationships of the Milan office staff will be terminated assisted by leaving incentives and placement services as well as recourse to applicable legislative institutions.

The CCNL (collective national labour agreement) for airport management companies that expired in 2007 was renewed in February 2010 through negotiations at Assaeroporti.

As part of the agreement, a new contractual framework was established that applies to the entire Air Transport department and includes a general section and more specific sections that govern the three relevant sectors (airport management companies, handling and catering) based on business specifics.

3 REPORT ON OPERATIONS

The renewed text revises the stratification of agreements amending/supplementing the last CCNL that developed over multiple years, offering more clarity between the stipulating parties.

The new CCNL will be valid until December 31, 2011 both for the regulatory and economic portion.

The agreement signed with the business representatives to discontinue transporting staff on company buses was particularly important for ADR.

After review, the company realised that the marginal use of the service had an extremely high cost.

The cancellation of the transport contract equates to a savings of 1.9 million euro annually, with benefits already accruing the last quarter of 2010.

For ADR Assistance, an agreement was signed that introduces partial changes to the previous work organisation.

It enhanced the role of the professional staff members belonging to the operations control grade level in the central coordination area as well as the peripheral oversight areas.

Simultaneously, it introduced tools for greater organisational flexibility in response to fluctuations in assistance requests.

The restructuring plan that began in the previous year continued in 2010.

3.8 CORPORATE GOVERNANCE

INTRODUCTION

The structure of corporate governance adopted by Gemina draws inspiration from the recommendations and rules contained in the Code of Conduct adopted by the Corporate Governance Committee of Borsa Italiana S.p.A., with the latest revision in 2006 (“Borsa Italiana Code”). It is our conviction that, on the one hand, having a structured system of rules allows the Company to operate according to criteria of maximum efficiency and, on the other, ensuring utmost transparency contributes to increasing the Company’s image of reliability amongst investors.

In its meeting of March 27, 2007, the Gemina Board of Directors approved its own Gemina Code of Conduct (“Gemina Code”) in keeping with the main provisions of the Borsa Italiana Code.

Pursuant to article 123 bis of Legislative Decree 58/98 (Consolidated Finance Law), the Gemina Board of Directors approved the Report on the Corporate Governance and the ownership structure for 2010, available on the website www.gemina.it (corporate governance section).

The most important aspects of the annual Report on the Corporate Governance and the ownership structures are summarised below.

GOVERNANCE STRUCTURE

As a company registered in Italy that issues shares admitted to trading on the stock exchange, and, as noted, having adopted the Borsa Italiana Code, the Gemina governance structure - based on the traditional organisational model - comprises the following bodies:

- Shareholders' General Meeting;
- Board of Directors that functions through its Chairman and Managing Director as Executive Directors, within the limits of the authority vested in them. The Board of Directors is supported by advisory committees for internal control and human resources and remuneration;
- Board of Statutory Auditors;
- Independent Auditors.

Governance tools also include the Code of Ethics, approved by the Board of Directors in March 2004 and updated by the Board of Directors on August 5, 2010, as well as the Organisational, Management and Control Model, in accordance with Article 6 of Legislative Decree 231/2001, approved by the Board of Directors in March 2004 and most recently updated on Board on March 15, 2010. Both documents are available on the website www.gemina.it, along with the Internal Control system.

Gemina has identified its subsidiary ADR as the company with strategic significance.

This decision forms part of Gemina's mission to focus its holding business on the airport infrastructure sector, and therefore to divest its portfolio equity investments that operate in other sectors.

Gemina exercises management and coordination activity pursuant to Article 2497 bis of the Italian Civil Code on the subsidiaries ADR, Fiumicino Energia and Leonardo Energia S.c. a r.l.

BOARD OF DIRECTORS

The Gemina Board of Directors is appointed based on lists presented by shareholders in compliance with the provisions of Article 11 of the Articles of Association.

The Ordinary Shareholders' Meeting of April 28, 2010 appointed the Gemina Board of Directors that will remain in office until the shareholders' meeting for approval of the financial statements as at December 31, 2012.

3 REPORT ON OPERATIONS

The table below shows the composition of the Gemina Board of Directors as at December 31, 2010. The table also contains information on the list the Director belongs to, the personal and professional details of each Director (executive or non-executive, whether or not they meet the independence requirements pursuant to the Gemina Code and the Consolidated Finance Law), and the attendance of each Director at Board meetings, in percentage terms.

The list of other offices held by each Director is reported in the attachment A) of the Report on the Corporate Governance and the ownership structures; the *curricula vitae* of the Directors are available on the website www.gemina.it (corporate governance section).

NAME	OFFICE	IN OFFICE SINCE	LIST	EXEC.	NON-EXEC	INDEP. GEMINA CODE	INDEP. CONS. FIN. LAW	% BoD	OTHER OFFICES
FABRIZIO PALENZONA	Chairman	04/28/2010	M	X		NA	NO	67	11
GUIDO ANGIOLINI	Managing Director	04/28/2010	M	X		NA	YES	100	3
GIUSEPPE ANGIOLINI	Director	04/28/2010	M		X	YES	YES	100	7
VALERIO BELLAMOLI	Director	04/28/2010	M		X	NO	NO	83	4
GIUSEPPE BENCINI	Director	04/28/2010	M		X	YES	YES	89	1
STEFANO CAO	Director	04/28/2010	M		X	NO	NO	100	9
GIOVANNI FONTANA	Director	04/28/2010	M		X	YES	YES	89	-
BENG HUAT HO	Director	04/28/2010	M		X	NO	NO	100	1
SERGIO IASI	Director	04/28/2010	m		X	YES	YES	100	1
ALDO MILANESE	Director	04/28/2010	M		X	YES	YES	83	11
ALDO MINUCCI	Director	04/28/2010	M		X	NO	NO	78	12
ANDREA NOVARESE	Director	04/28/2010	M		X	NO	NO	67	11
CLEMENTE REBECCHINI	Director	04/28/2010	M		X	NO	NO	89	2

M = majority list

m = minority list

The Director Alessandro Grimaldi resigned from office on February 26, 2010.

On March 15, 2010, the Board of Directors acknowledged the resignation of Director Alessandro Grimaldi and given the upcoming Shareholders' Meeting on April 28, 2010, did not make any decisions on his replacement.

With the shareholders' meeting to approve the financial statements as at December 31, 2009, Directors Michele Mogavero and Eugenio Pinto completed their three-year term in office.

The Board of Directors deemed that the assessment on the maximum number of offices as Director or Auditor in other companies listed in regulated markets (also foreign markets), as well as in finance companies, banks, insurance companies or companies of significant size, which might be deemed as compatible with an efficient performance of the office as Director in the Company, is first of all the task of Shareholders while proposing candidates, and then of each single Director.

The Board of Directors nominated Fabrizio Palenzona as Chairman of the Board and Guido Angiolini as Managing Director of the Company in the Shareholders' Meeting of April 28, 2010.

Pursuant to Art. 18 of the Articles of Association, the Board of Directors granted to the Chairman, Mr. Palenzona, signing authority and legal representation before third parties and in matters of the court.

In addition to calling the Board of Directors' meeting, the Chairman sets the agenda, sends the Directors any necessary documentation suitably in advance to allow for effective participation in Board business and directs the meetings, ensuring adequate information flows between any Board committees and the Board itself and making certain that the decisions of the Company's corporate boards are consistent.

The Chairman ensures that the Board of Directors and the Board of Statutory Auditors are duly informed of any significant events and, at least quarterly, reports on the overall performance of the Company and its subsidiaries.

The Chairman is also granted certain managing powers.

Consistent with programmes approved by corporate bodies, the Chairman supervises general initiatives for promoting the image of the Company and its subsidiaries and oversees the performance of corporate affairs and the proper implementation of corporate bodies' resolutions.

Additionally, the Chairman is responsible for the Company's and its subsidiaries' institutional relationships with Italian and foreign authorities, agencies and bodies, including international bodies, and defines and manages the related institutional communication.

Mr. Palenzona is also Chairman of ADR's Board of Directors.

The Board of Directors granted managing powers to the Managing Director, Mr. Guido Angiolini.

In addition to signing authority and legal representation before third parties and in matters of the court, the Managing Director is vested with all ordinary management powers of the Company that are not reserved for the Board of Directors and Chairman, with free and several signature powers up to a limit of 1 million euro for each single transaction, for signing agreements or the undertaking of commitments of any kind whatsoever (including, but not limited to, loans or issue of guarantees).

The Managing Director is responsible for developing and defining proposals to the Board of Directors in relation to budgets, strategic, business and financial plans, including multi-year plans, and intervention and investment plans for Company and its subsidiaries, overseeing their execution.

As the Responsible Director in accordance with Principle no. 8 of the Gemina Code, the Managing Director must oversee the functioning of the internal control system, defining the implementation tools and methodologies based on guidelines provided by the Board of Directors.

The Managing Director must also oversee the Company's performance, the performance of its equity investments, the Gemina organisational structure, as well as carry out the Company's business communications, particularly in regards to relationships with supervisory bodies and the stock exchange management company.

Designated bodies report to the Board regarding the activities carried out during the year in exercise of the powers at the first suitable meeting and at least on a quarterly basis.

The Executive Directors for the Gemina Board of Directors are the Chairman of the Board and the Managing Director.

EXECUTIVE COMMITTEE

The Gemina Board of Directors appointed by the Shareholders' Meeting of April 28, 2010 did not establish an Executive Committee in order to simplify and facilitate Company governance.

COMMITTEES WITHIN THE BOARD

The Board of Directors meeting held on April 28, 2010 following the Shareholders' Meeting electing the new Board, appointed the "Human Resource and Remuneration Committee" consisting of five non-executive Directors, the majority of whom are independent pursuant to Article 3 of the Gemina Code: Giuseppe Bencini, named Chairman, Giuseppe Angiolini, Stefano Cao, Giovanni Fontana and Clemente Rebecchini.

3 REPORT ON OPERATIONS

More than one Committee member has adequate knowledge and experience in financial matters.

The Committee has duties to investigate, advise and propose to the Board of Directors, of Gemina as well as its subsidiaries, on allocating the remuneration resolved by the shareholders' meeting for the entire Board, the remuneration of Directors to cover specific roles and variable compensation of Group management as well as hiring, appointment and dismissal of executives.

In the same April 28, 2010 meeting, the Board of Directors appointed the Internal Control Committee, consisting of three non-executive Directors, the majority of whom are independent pursuant to Article 3 of the Gemina Code: Giuseppe Angiolini named Chairman, Valerio Bellamoli and Sergio Iasi.

More than one Internal Control Committee member has adequate knowledge and experience in accounting and financial matters.

The Committee advises and proposes to the Board of Directors on matters such as assisting the Board to carry out its responsibilities related to the internal control system as identified in Article 8.C.1 of the Borsa Italiana Code and the development and evaluation of the effectiveness and adequacy of subsidiaries' internal control system.

The Committee also expresses its opinion to the Board on the proposal of the executive Director in charge of supervising the operations of the Internal Control System (the "Responsible Director") and in relation to the appointment and dismissal of the Internal Control Officer (the "Officer") and his/her remuneration.

Together with the Manager in charge of preparing corporate accounting documents and the independent auditors, the Committee evaluates the adequacy of the accounting principles used, their proper application and their consistency in preparing the financial statements and consolidated financial statements.

Upon request of the Responsible Director, the Committee expresses opinions on specific aspects related to identifying the chief business risks as well as planning, implementing and managing the internal control system, reviews the Officer's work plan as well as receives and evaluates the periodic reports the Officer prepares, reviews in advance Gemina's annual internal audit plans as well as those of other Group companies, and finally, periodically reviews the status of audits scheduled in the Gemina annual plan and that of its subsidiaries, the results of said audits, any corrective measures taken and the implementation of these measures, and if necessary, provides comments and suggestions. The Committee receives and evaluates the half-year report of the Supervisory Body in accordance with Legislative Decree 231/2001, offers its opinion to the Board on adopting the procedure regulating approval and execution methodologies for transactions with related parties and performs additional functions assigned to the Committee as part of the aforementioned procedures, reports to the Board at least twice a year upon the approval of the financial statements and half-year report, regarding the activities it has undertaken and the adequacy of the internal control system and performs other tasks that the Board of Director of Gemina or the subsidiaries assign to it.

INTERNAL CONTROL SYSTEM

In the meeting of March 25, 2004, the Board of Directors passed a motion to provide the Company with an Internal Control System, which is an essential element of the corporate governance system of the Company and its subsidiaries and plays a fundamental role in identifying, preventing and managing significant risks of the Gemina Group and safeguarding corporate assets.

The Internal Control System decreases, but cannot entirely eliminate, the possibility of erroneous decisions, human error, fraudulent violation of the control systems and unanticipated events.

Therefore a good Internal Control System should provide reasonable, but not absolute, assurances that the Company is not hindered from reaching its corporate objectives or the ordered and legitimate running of its own affairs by circumstances that can be reasonably anticipated.

Qualifying elements of the Control System of the Gemina Group:

Tools safeguarding operating targets:

- *separation of roles* in carrying out of operating activities;

3 REPORT ON OPERATIONS

- *organisational structure* defined in accordance with top management and documented in official organization charts;
- *system of delegations and authorisations* which attribute to the top management powers that are in line with the responsibilities assigned;
- *system of procedures* for the correct carrying out of corporate processes;
- *adequate tracking* of the activities carried out.
- *Code of Ethics*, approved by the Board of Directors on August 5, 2010, which defines the fundamental principles and values of the corporate ethics, and the rules of behaviour with respect to these principles.

Tools safeguarding the compliance:

- *Legislative Decree 231/2001*: the Company has adopted an Organisational Model, and the Board of Directors appointed the Supervisory Body the task of ensuring its correct operation and for updating it.
- *Law 262/2005 as amended ("Law on Savings") with respect to accounting and financial disclosures*: the Company adopted an administrative-financial governance model in accordance with the Law on Savings;
- *data security*: the Company has a system of organisational procedures and structures aimed at managing data security (for the purposes of the legislation on Privacy);
- *other rules and regulations*: the Managers of the various Departments monitor development and compliance with the laws and regulations of their areas of competence.

Reporting tools:

- *accounting and financial statement disclosures*: the Company has an accounting manual and administrative-accounting procedures which govern the processes of collecting, processing, representing and issuing corporate information;
- *privileged information*: the Company has adopted a procedure for the treatment of privileged information which, in line with the indications of the Code of Conduct in the matter of Internal Dealing, provides that the management and outgoing communication of documents and information concerning the Company and the Group takes place in compliance with the requirements for correctness, clarity and parity of access to the information.

The Board identified the Managing Director as the executive Director in charge of supervising the operations of the Internal Control System and appointed the Internal Control Officer.

The Internal Control Officer is responsible for ensuring that internal and external regulations are observed and for implementing, through the internal audit department which he/she manages, activities aimed at identifying specific risk areas, and setting up monitoring and control activities for this purpose. In consideration of Gemina's lean organisational structure, the manager of the internal audit department uses the services of an independent risk consulting company for some operating activities.

At the meeting held on March 25, 2004, the Board of Directors approved the Organisational Model which is based on the Confindustria and Assonime guidelines and Italian best practice, aiming to avoid the possibility of committing significant offences according to the decree and, as a consequence, the administrative responsibility of the Company.

The Organisational Model, updated over the years in accordance with new provisions of the law, comprises a general part that includes a description of the contents of Legislative Decree 231/2001 among other things, the objectives and functioning of the Organisational Model, the duties of the Supervisory Body, and the disciplinary rules, and seven separate "Special Parts" that cover the different types of illegal actions envisaged by Legislative Decree 231/2001.

Special Parts Nos. 6 and 7 were introduced by the Board of Directors on March 15, 2010, and the general part of the Organisational Model was also amended to introduce the categories of crimes added by Legislative Decree 231/2001 including computer crimes, organised crime, counterfeiting, false legal tender, stamp duty or instrument identification crimes, crimes against industry and commerce, crimes relating to copyright infringement, crimes regarding the failure to testify or bearing false testimony before court authorities.

The Board of Directors meeting of November 13, 2009 decided to transform the Supervisory Body from a monocratic body to a collegial body.

In the meeting of April 28, 2010, the Board of Directors confirmed the members of the Supervisory Body: Renato Colavolpe (Chairman), Giuseppe Angiolini and Luigi Manganelli, aligning their terms in office to that of the Board's, expiring at the shareholders' meeting to approve the financial statements as at December 31, 2012.

The Supervisory Body is subject to regulations that govern its operation and identify the powers, duties and responsibilities assigned in particular, in compliance with the principles set out in the Organisational Model.

TRANSACTIONS WITH RELATED PARTIES

In order to ensure transparency and accuracy, both substantially and procedurally, for transactions with related parties carried out directly or through subsidiaries and to adopt the new provisions issued by Consob in Resolution no. 17221 of March 12, 2010, later modified with Resolution no. 17389 of June 23, 2010 (Consob Regulation), the Gemina Board of Directors adopted a procedure pursuant to Article 4 of the Consob Regulation (“Procedure”) in its meeting of November 12, 2010, after having received the favourable opinion of a specially established committee made up solely independent Directors.

The Procedure became effective January 1, 2011 and replaced the previous procedure adopted by the Board of Directors in the meeting of June 8, 2007 and updated in March 2009, pursuant to Article 2391 bis of the Italian Civil Code and in accordance with Article 9 of the Gemina Code.

The Procedure also regulates the approval processes for transactions carried out through subsidiaries and the disclosure that should be provided regarding transactions with related parties.

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors is made of up three statutory auditors and three alternate auditors.

The Board of Statutory Auditors is appointed based on lists presented by shareholders in compliance with the provisions of Article 20 of the Articles of Association.

The Ordinary Shareholders’ Meeting of April 28, 2009 appointed the Gemina Board of Directors that will remain in office until the shareholders’ meeting for approval of the financial statements as at December 31, 2011.

The table below shows the composition of the Gemina Board of Statutory Auditors as at December 31, 2010. The table also contains information on the list the Auditor belongs to, the personal and professional details of each Auditor (whether or not they meet independence requirements pursuant to the Gemina Code), and the attendance of each Auditor at meetings of the Board of Statutory Auditors, in percentage terms.

The list of other offices held by each Auditor in listed companies is reported in attachment C) of the Report on the Corporate Governance and the ownership structures; the *curricula vitae* of the Auditors are available on the web-site www.gemina.it (corporate governance section).

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NAME	OFFICE	IN OFFICE SINCE	LIST	INDEP. ACCORD. TO CODE	% ATTEND MEETINGS	OTHER OFFICES HELD IN LISTED COMPANIES
LUCA AURELIO GUARNA	Chairman	04/28/2009	M	YES	100	1
MAURIZIO DATTILO	Statutory Auditor	04/28/2009	M	YES	100	-
GIORGIO OLDOINI	Statutory Auditor	04/28/2009	M	YES	83	1

INDEPENDENT AUDITORS

Pursuant to Article 8, subsection 7 of Legislative Decree 303/2006, the Gemina Shareholders' Meeting held on May 7, 2007, elected to extend the appointment of Deloitte & Touche S.p.A. to audit the financial statements, including the consolidated financial statements, to audit on a limited basis the half-year report and to carry out the other activities provided by Article 155 of the TUF, for the period 2007-2012.

CHANGES THAT OCCURRED AFTER THE END OF THE PERIOD

The Special Meeting for Savings Shareholders held on January 26, 2011 appointed Mario Rosario Maglione as Common Representative of the savings shareholders for the 2011 to 2013 period, through the approval of the financial statements as at December 31, 2013, with a compensation of 36,000 euro for the entire term in office.

3.9 INTERCOMPANY RELATIONS AND TRANSACTIONS WITH RELATED PARTIES

INTERCOMPANY RELATIONS

Relations between the Parent Company and its subsidiaries and associated companies are governed at market terms and conditions, taking account of services rendered.

Specifically, please note the following:

- loans to Fiumicino Energia pursuant to the contract stipulated on December 4, 2009 and on June 8, 2010, for a total amount of 4 million euro which, as at December 31, 2010 amounted to 2.9 million euro, disbursed upon request in the form of a giro account;
- agreement for the provision of services to Fiumicino Energia within the company's business and administration activities;
- rent agreement for the equipped area with ADR;
- tax consolidation agreements with ADR, ADR Tel, ADR Engineering and ADR Sviluppo S.r.l., ADR Assistance, Fiumicino Energia and Leonardo Energia;

- contract for the provision of e-mail services by ADR Tel;
- staff secondment agreement with ADR.

The bond issue of the associated company SITI (sold in December 2010) on June 30, 2006 for 1.4 million euro, expired on June 30, 2010 and was repaid.

TRANSACTIONS WITH RELATED PARTIES

It is hereby stated that, pursuant to Art. 154 ter of Legislative Decree 58/2008, no transactions such as to have a significant impact on the economic and financial position of Gemina were carried out during 2010.

Transactions hereunder, which have already been described in the Report on operations as at 31 December 2009, did not undergo any change or development that would result in a significant impact on the economic and financial position of the Company.

As regards the Parent Company, reference should be made to:

- the cash loan agreement made on December 11, 2008, by and between Gemina, as borrower, Mediobanca Banca di Credito Finanziario S.p.A. ("Mediobanca"), as agent, mandated lead arranger, bookrunner and initial lender, Bayerische Hypo – und Vereinsbank AG, Milan Branch as mandated lead arranger and bookrunner and UniCredit MedioCredito Centrale (now UniCredit S.p.A.) ("UniCredit") as initial lender for a maximum amount of 70 million euro, with a maximum duration of 3 years;
- hedging contracts with notional value of 31.6 million euro, relating to the above loan, entered into with Mediobanca and UniCredit;
- a fixed-term current account contract in favour of Mediobanca, established for the settlement of cash flows as part of the loan transaction;
- guarantees of 4.0 million euro in the interest of subsidiary Fiumicino Energia to guarantee the fulfilment of obligations deriving from the lease contract entered into with UniCredit Leasing S.p.A. ("UniCredit Leasing");
- guarantees for a maximum of 2 million euro in the interest of subsidiary Fiumicino Energia to guarantee the fulfilment of obligations deriving from the loan agreement entered into with UniCredit;
- subscription of a joint deed of pledge on the entire share, equal to 86.12% of the share capital, held in Fiumicino Energia as guarantee of all receivables deriving from the lease agreement entered into with UniCredit Leasing.

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- signing of insurance policies with Assicurazioni Generali S.p.A. (“Assicurazioni Generali”) and Fondiaria-SAI S.p.A.

With regard to ADR and its subsidiaries, the following is worth noting:

- the main insurance policies signed during the year on airport activities with Assicurazioni Generali;
- transactions with Mediobanca as advisor, in addition to relations connected with the role played by Mediobanca within the outstanding loan agreements:
 - Mandated Lead Arranger of Term Loan Facilities (158,288 thousand euro) and Revolving Facilities (100,000 euro) and taking part in the Lender’s pool;
 - Security Agent, representing all creditors of ADR;
 - Facility Agent representing banks as parties of the Bank Facility Agreement;
 - Administrative Agent and Account Bank for some ADR’s current accounts, regulated by facility agreements, amongst which the following are indicated: Debt Service Account, Interim Proceeds Account, Recoveries Account e Loan Collateral Account.
Mediobanca is also the Account Bank of the fixed-term deposit called “Debt Service Reserve Account”.
- transactions carried out by ADR Group with UniCredit Group for the sub-concession of spaces, in addition to relations connected with the role played by Mediobanca within the outstanding loan agreements:
 - Mandated Lead Arranger of Term Loan Facilities (158,288 thousand euro) and Revolving Facilities (100,000 euro) and taking part in the Lender’s pool;
 - Account Bank for some ADR’s bank current accounts, regulated by facility agreements, and for the current accounts of some ADR Group companies.
- transactions with Autogrill S.p.A. and Alpha Retail Italia S.r.l. (subsidiary), regarding the sub-concession of stores, royalties, utilities, car parks and services;
- transactions with Pavimental S.p.A. for works on runways and aircraft aprons;
- transactions with Changi Group (Changi Airport Planners and Engineers Pte. Ltd) regarding the support supplied for the preparation of the Masterplan on the Fiumicino airport.

With regard to Fiumicino Energia and Leonardo Energia, the following is highlighted:

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- loan granted by UniCredit for the financial coverage necessary for the construction of civil engineering works of the co-generation power plant in Fiumicino, for an original aggregate amount of 2.0 million euro;
- finance lease for the construction of the co-generation power plant, entered with UniCredit Leasing, for a financed amount of 18.0 million euro;
- two insurance agreements regarding the co-generation power plant to cover civil liability risks for damages due to the operation of the Power Plant and the possible pollution risks of such operation, entered with Assicurazioni Generali.

3.10 INFORMATION ABOUT RISKS AND UNCERTAINTIES

SPECIFIC RISKS OF GEMINA ASSOCIATED WITH ITS ACTIVITY

In view of the fact it is an investment holding company, the results of the parent company Gemina are affected by the results of the investee companies and, in particular, by the dividends they distribute.

After the transfer of SITTI, occurred in the second half of December 2010, ADR is actually the only equity investment in Gemina's portfolio, given the fact that Fiumicino Energia produces electric and thermal power for Fiumicino airport and that the co-generation power plant will be transferred free of charge to ADR in 2023.

The payment of dividends by ADR is conditioned not only by the results achieved, but also by the observance of the financial covenants provided for by the company's loan agreements and assigned ratings.

Indeed, failure to fulfil covenants entails activating measures to secure financiers, including the inability to pay dividends.

The trigger event status determined by the rating level, BB negative according to Standard & Poor's and Bal stable, according to Moody's, is a condition that hinders payment of dividends.

SPECIFIC RISKS OF ADR ASSOCIATED WITH ITS ACTIVITY

ADR manages the Rome airport system, made up of the Fiumicino and Ciampino airports, as a concession regulated by Agreement no. 2820 of June 26, 1974 signed with the Ministry of Transport, expiring on June 30, 2044.

The above-mentioned agreement sets a series of obligations the operator must accept and also clearly expresses the causes of cancellation or repeal of the concession, mostly attributable to cases of unfulfilment.

The ADR Group carries out its activity in a highly regulated sector on the national, European Community and international level.

The extended situation of uncertainty relating to the complexity of the procedure for achieving a satisfactory regulatory and tariff system, is an important risk factor that affects the Group's future economic and financial balance.

The results of the ADR Group are also strongly influenced by the air traffic trend at the Fiumicino and Ciampino airports, which is in turn affected by:

- the economic trend;
- flight operations of the single airline companies;
- economic-financial conditions of each single airline. This risk is increased by the condition of Fiumicino airport as hub of the reference carrier which is undergoing a delicate reorganization phase;
- alliances between carriers;
- competition on some routes of alternative means of transport (e.g. High Speed railway Rome-Milan);
- wars, acts of terrorism and aircraft accidents that negatively influence the propensity to travel, whether for business or for pleasure.

In any case, it should be pointed out that thanks to the attractiveness of Italy and of Rome in particular, the Fiumicino airport has shown an enormous recovery capability following significant negative events (such as the war in Iraq, the Twin Towers attack, bird flu epidemic, etc.).

CREDIT RISK

Credit risk is the risk that a customer or a counterpart of a financial instrument causes a financial loss by not fulfilling an obligation.

The maximum theoretical exposure to the credit risk for the Group as at December 31, 2010 is represented by the book value of financial assets disclosed, in addition to the par value of guarantees granted on payables or third-party commitments.

The greatest exposure to credit risk is that of the ADR Group for trade receivables due from customers.

This risk is also functional to the exposure to credit risk of customers.

The commercial policies that the ADR Group has implemented aim at controlling investments according to the following guidelines:

- requests for payments in cash for commercial transactions carried out with end customers (sales in directly-managed shops, multi-storey and long-term car parks, first aid, etc.) and with occasional counterparts (for example, for baggage tagging, portage, managing access to taxi service, etc.);
- requests for payment in cash in advance from occasional carriers or those without suitable creditworthiness or collateral guarantees;
- granting of extension of payment terms to customers deemed reliable (carriers with medium-term flight schedules and holders of sub-concessions) while, however, monitoring their creditworthiness and requesting collateral guarantees.

For a quantitative analysis of credit risk and of the policies implemented to manage it, please refer to note 40 of the Consolidated Financial Statements – Explanatory Notes.

LIQUIDITY RISK

Liquidity risk may occur when it is impossible to obtain, at fair conditions, the financial resources necessary to the Groups business.

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

The financial structure of the Group is distinguished by a significant incidence of the financial leverage component.

As a consequence, a considerable amount of the financial resources generated by operations is absorbed by the debt service and, in perspective, by the need to repay debt tranches coming due (the first of which will come due end of 2011 and beginning of 2012).

The current medium/long-term loan agreements of both the parent company Gemina and of ADR foresee not only ADR being subject to rating, but also numerous series of control measures to guarantee priority allocation of the cash generated for the debt service.

These measures become more stringent when, as is the current situation, the level of the rating or several agreed financial indicators fail to reach specific minimum thresholds.

The current rating assigned to ADR prevents it from taking out additional indebtedness without specific authorisation from its financial creditors. Therefore, any contingent additional need for financial resources deriving from the management of working capital or from investments can be covered by a significant amount of cash, in addition to a revolving facility of 100 million euro (currently not used) specifically aimed at supporting this type of need.

The revolving facility is currently useable in observance of the conditions set forth in the “Revolving and Term Loan Facility Agreement” and given the fact that the waiver of restraints resulting from the occurrence of the trigger event, obtained on March 16, 2010, is still in force.

The primary allocation of cash generated by debt service, the above-mentioned restriction control measures for the utilisation of finance resources and the extended negotiations for the signature of the planning agreement resulted in a review of investment plans to ensure the required facility availability to cover maturity terms at the beginning of 2012.

ADR also started negotiations to renew the revolving facility due in February 2012.

With special reference to Gemina, this company has the necessary cash available to cover the needs of current operations, and started negotiations to renovate the loan of 42.1 million euro with a maturity term in December 2011.

Gemina’s treasury is managed in coordination with those of Fiumicino Energia and Leonardo Energia.

In ADR, the centralised treasury in place with several subsidiaries, regulated at market terms, permits the optimisation of the management of financial resources and facilitates the settlement of intercompany commercial relations.

See also note 40 of the Consolidated Financial Statements – Explanatory Notes.

INTEREST RATE RISK

The Group uses outside financial resources in the form of debt.

Fluctuations in the market interest rates have an impact on the cost of the various types of loans, affecting the extent of financial expenses.

To hedge these risks, the Group uses derivative instruments, with the purpose of mitigating, at economically acceptable terms, the potential impact of interest rate fluctuations on the economic result.

In particular, Gemina uses interest rate collars to manage its exposure to unfavourable changes in the market interest rate.

For a quantitative analysis of interest rate risk and of the policies implemented to manage it, please refer to note 40 of the Consolidated Financial Statements – Explanatory Notes.

EXCHANGE RISK

The Group uses foreign currency hedging derivatives in order to mitigate any future increases in the outgoing cash flow attributable to unfavourable changes in the exchange rate.

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As far as commercial transactions are concerned, the Group bears a negligible exposure to the risk deriving from the fluctuation of exchange rates as the transactions in non-EU currencies are attributable to some supplies of goods and services of an insignificant amount.

The financial indebtedness, expressed in currency other than the Euro (Tranche A4 in Pounds Sterling), was covered by a currency swap in Euro.

For a quantitative analysis of exchange risk, please refer to note 40 of the Consolidated Financial Statements – Explanatory Notes.

RISKS ASSOCIATED WITH CURRENT LOAN AGREEMENTS

GEMINA

In December 2008 Gemina contracted a 70 million euro loan with Mediobanca and UniCredit. 50 million euro of this loan was aimed at the repayment of the residual amount of the Bridge Loan, contracted in 2007, 15 million euro to the payment of interest due and 5 million euro to cover current expenses of the company (“Loan”).

The agreement includes the right of withdrawal for the financiers in the event that ADR is given a credit rating lower than BB-/Ba3 by Standard & Poor’s and Moody’s, or at least one of the two agencies. Currently, ADR’s ratings are BB with negative outlook for Standard & Poor’s and Ba1 with “stable” outlook for Moody’s.

A change in the interest rate is planned in the event of the downgrading of ADR.

Gemina is committed to allocating the income from the disposal of equity investments, the collection of dividends and other payments to the repayment of debt.

The loan is backed by a senior pledge on ordinary shares of ADR representing at least 35% of the share capital, and will be adjusted according to a formula defined in the contractual documents, linked mainly to the performance of the Gemina share.

As at December 31, 2010, just as at February 28, 2011, ADR shares used as guarantee numbered 21,808,430, equal to 3% of share capital.

At year end, the loan amounted to 42.1 million euro and shall be repaid by December 11, 2011.

In order to have the resources necessary to repayment, Gemina entailed negotiations with some credit institutions in order to have the necessary resources available in the event self-generated resources be lacking.

Gemina has undertaken the following commitments towards the UniCredit Group, in relation to the financial indebtedness transferred by Sistemi di Energia S.p.A. to Fiumicino Energia as a result of the spin-off:

- waiving the distribution of dividends for the Fiumicino Energia 2009 and 2010 financial statements;
- maintaining the ratio of Net financial indebtedness/Shareholders' equity at fair value at 3 or less in the Fiumicino Energia financial statements;
- issuing guarantees for 6 million euro and a pledge on 86.12% share capital of Fiumicino Energia as guarantee of the loans.

AEROPORTI DI ROMA

Covenants

The contractual structure of ADR's bank loans and of the bonds issued by Romulus Finance S.r.l. ("Romulus"), guaranteed by a monoline insurance policy, includes a series of specific covenants with the aim of:

- safeguarding the preservation of adequate rating levels;
- preventing the rights granted to each creditor from being determined in ways other than according to the pre-established rules.

These contractual clauses are fully described in note 32 of the Consolidated Financial Statements - Explanatory Notes regarding "Guarantees and major covenants on payables".

In particular, it should be stressed that the loan agreements provide for a series of financial control ratios (calculated on a historic and perspective basis) that measure: (i) the ratio between cash flow available and debt service (DSCR – Debt Service Coverage Ratio), (ii) the ratio between future discounted cash flows and net indebtedness (CLCR – Concession Life Cover Ratio), in addition to (iii) ratio between net indebtedness and EBITDA (Leverage Ratio).

These ratios are checked twice a year, on two of the four dates serviceable for making payments regarding the debt service (application dates) – March 20 and September 20 – by applying the calculation formulas to the figures of reference of the financial statements as at December 31 and of the half-year report as at June 30.

If the aforementioned ratios surpass certain levels, it may result in the distribution of dividends (if surplus cash is available) and recourse to further indebtedness at higher levels; on the contrary, in the event in which these ratios fall below certain levels, it may result in a trigger event or event of default.

3 REPORT ON OPERATIONS

With reference to the ratio more sensitive to the short-term changes of the generated cash flows and amount of debt service to be met in each control period, a table summarising various threshold values of the DSCR and relevant contractual consequences established is provided below.

LEVEL	CONDITION
≥ 1.7	ADDITIONAL DEBT
≥ 1.5	DISTRIBUTION OF DIVIDENDS
< 1.25	TRIGGER EVENT
< 1.1	DEFAULT

The financial ratios, calculated based on the financial statements as at December 31, 2010, show a DSCR higher than 2 and a leverage ratio around 5, certifying values at better levels than the minimum requirements to maintain ordinary operating conditions of the company. However, these conditions are restricted by the trigger event condition occurred following the first Standard & Poor's downgrading in November 2007.

The loan agreements also provide for events that cancel the benefits upon termination, resolution or withdrawal which are typical for loans with similar characteristics.

Rating

The loan agreements are subject to rating by Standard & Poor's and Moody's.

The cost of debt and of the insurance guarantee of the monoline AMBAC are, effectively, tied to the rating assigned to ADR by the two agencies.

Moreover, if the rating goes below the minimum thresholds, which are contractually defined, this causes the financial creditors to set up tighter cash flow control, implemented by introducing additional obligations affecting the Company's managerial flexibility (known as "trigger events").

In relation to the assigned rating, ADR is still subject to the trigger event and cash sweep restrictive regime previously implemented following the downgrading of the rating assigned by Standard & Poor's on November 30, 2007 (from BBB stable to BBB- stable) as described in more detail in note 32 of the Consolidated Financial Statements - Explanatory Notes.

3 REPORT ON OPERATIONS

As regards the substitution of Ambac Financial Services (“AFS”), as the counterpart to Romulus in the Cross Currency Swap, the procedure, initiated at end 2009, was successfully completed. This procedure aimed at identifying a Financial Institution which could substitute AFS as the counterpart to Romulus in the Cross Currency Swap related to Tranche A4 of the bonds denominated in GBP.

This substitution was required due to the down grading of the Ambac Group made by rating agencies.

At the end of the second phase of the process, which was concluded on February 8, 2010, UniCredit submitted the most cost-effective bid. On February 12, 2010 AFS formally notified ADR that it accepted UniCredit’s economic bid for substitution.

The agreements on the substitution of AFS with UniCredit, the new counterpart in the swap, sided also by Mediobanca, were signed on March 18, 2010, at the best market terms, with a share of risk linked to the transaction of 75% and 25%, respectively.

For ADR and Romulus the substitution is guaranteed at the same terms and conditions as the previous contractual framework.

On January 12, Moody’s downgraded to Ba1 level, with “stable” outlook.

According to the agency, the review of the level reflects the greater pressure resulting from the fact that primary repayment terms of the existing indebtedness are getting closer, also in light of the fact that a new tariff agreement, which is essential to define the company's future development, is still missing.

3.11 EQUITY, ECONOMIC AND FINANCIAL HIGHLIGHTS FOR THE GROUP

3.11.1 ECONOMIC POSITION

<i>(in millions of euro)</i>	2010	2009 (*)	CHANGE
REVENUES	597.6	560.1	37.5
INFRASTRUCTURE PURSUANT TO IFRIC			
12	55.5	30.1	25.4
TOTAL	653.1	590.2	62.9
CONSUMPTION AND OTHER OPERATING COSTS	(234.0)	(213.6)	(20.4)
<i>(in millions of euro)</i>	2010	2009 (*)	CHANGE
COSTS OF INFRASTRUCTURE	(51.2)	(26.2)	(25.0)
ADDED VALUE	367.9	350.4	17.5

3 REPORT ON OPERATIONS

<i>(in millions of euro)</i>	2010	2009 (*)	CHANGE
STAFF COSTS	(122.0)	(142.0)	20.0
EBITDA	245.9	208.4	37.5
AMORTISATION, DEPRECIATION AND PROVISIONS	(178.1)	(147.4)	(30.7)
EBIT	67.8	61.0	6.8
FINANCIAL INCOME (EXPENSES)	(87.5)	(86.2)	(1.3)
INCOME(CHARGES) FROM EQUITY INVESTMENTS	(1.8)	(1.8)	-
PROFIT OF CURRENT ASSETS BEFORE TAXATION	(21.5)	(27.0)	5.5
INCOME TAXES	(16.4)	(17.7)	1.3
PROFIT (LOSS) ATTRIBUTABLE TO MINORITY SHAREHOLDERS	(0.7)	(1.0)	(0.3)
PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	(37.2)	(43.7)	6.5
NET EARNINGS (LOSSES) PER SHARE:			
FROM RECURRING ACTIVITIES	(0.025)	(0.030)	0.005
FROM RECURRING AND DISCONTINUED ACTIVITIES	(0.025)	(0.030)	0.005

(*) Adjusted to take into account the effects of application of IFRIC 12.

Revenues, amounting to 597.6 million euro, up by 6.7% compared to 2009, are almost entirely due to ADR Group's activities.

Increase in revenues and cost containment increase value added to 367.9 million euro compared to 350.4 of 2009.

Consumption and operating costs– The cost of assets destined to direct sales amounted to 41.6 million euro, compared to 35.9 million euro in 2009.

The cost of methane for the co-generation power plant amounted to 10.8 million euro, compared to 8.3 million euro in 2009.

The production of electric energy from co-generation, destined to cover power needs of the Fiumicino airport, amounted to GWh 146.3, up by 28.3% compared to the previous year:

<i>(GWh)</i>	12/31/2010
ENERGY PRODUCED	146.3
ENERGY PURCHASED	46.0
ENERGY AVAILABLE	192.3
FOR:	
ADR	172.0
MARKET	20.3

The production of thermal energy is also increasing from 46.0 Gcal in 2009 to 65.6 Gcal this year.

3 REPORT ON OPERATIONS

The documents aimed at acknowledging the right of “green certificates” until 2016 are being prepared with GSE, RINA and EMAS.

For the year 2010, however, the non-fulfilment of energy and thermal parameters set forth by regulations in force, does not allow for the access to green certificates.

The allocation connected with the dispute with the Customs Office, amounting to 14.0 million euro and made in the first half of 2010, was supplemented following the unfavourable outcome of ADR's appeal lodged with the Regional Tax Commission of Rome.

Receivables from airport operators, totalling 8.8 million euro, were written off due to their non recoverability.

In 2009, **staff costs** included charges allocated for the restructuring plan and amounting to 20.3 million euro.

Amortisation, depreciation and provisions, in 2010, included supplementary allocations to the renovation provisions, pursuant to IFRIC 12:

	2010	2009
AMORTISATION/DEPRECIATION	108.2	106.8
ALLOCATION TO RENOVATION PROVISION PURSUANT TO IFRIC 12	69.9	40.6
TOTAL	178.1	147.4

The Group closed 2010 with a loss of 37.2 million euro, after taxes equal to 16.4 million euro and financial expenses totalling 87.5 million euro.

3.11.2 FINANCIAL POSITION

<i>(in millions of euro)</i>	12/31/2010	12/31/2009 (*)	CHANGE
FIXED ASSETS	3,219.2	3,311.8	(92.6)
NET WORKING CAPITAL	54.9	76.2	(21.3)
RISK, CHARGES AND EMPLOYEE SEVERANCE INDEMNITIES	(330.3)	(322.0)	(8.3)
<i>(in millions of euro)</i>	12/31/2010	12/31/2009 (*)	CHANGE
NET CAPITAL INVESTED	2,943.8	3,066.0	(122.2)
FINANCED BY:			
SHAREHOLDERS' EQUITY	1,604.9	1,640.9	(36.0)
NET FINANCIAL INDEBTEDNESS	1,338.9	1,425.1	(86.2)
TOTAL	2,943.8	3,066.0	(122.2)

(*) Adjusted to take into account the effects of application of IFRIC 12.

3 REPORT ON OPERATIONS

Net fixed assets, which include system renovations, decreases due to amortisation, depreciations and provisions for the period longer than investments.

The 8.3 million euro increase in **provisions for risks and charges** is mainly due to a further allocation of 14 million euro, provided for in connection with the dispute with the Customs Office.

The decrease in **net working capital** of 21.3 million euro does not include receipts by Alitalia in Extraordinary Administration ("A.S"), totalling 7.8 million euro.

Shareholders' equity substantially decreased due to the loss for the year.

3.11.3 NET FINANCIAL POSITION

<i>(in millions of euro)</i>	12/31/2010	12/31/2009
A. CASH AND CASH EQUIVALENTS	201.7	149.3
OTHER RECEIVABLES - FINANCIAL ASSETS	59.4	56.9
FINANCIAL DERIVATIVES	-	0.5
B. FINANCIAL ASSETS	59.4	57.4
C. TOTAL CURRENT FINANCIAL ASSETS (A) +(B)	261.1	206.7
D. TOTAL NON-CURRENT FINANCIAL ASSETS	-	-
E. CURRENT FINANCIAL LIABILITIES	(67.7)	(28.8)
F. FINANCIAL DERIVATIVES	(146.6)	(157.7)
G. TOTAL CURRENT FINANCIAL LIABILITIES (E) + (F)	(214.3)	(186.5)
H. FINANCIAL INDEBTEDNESS	(278.1)	(347.8)
I. OUTSTANDING BONDS	(1,107.6)	(1,097.5)
L. TOTAL NON-CURRENT FINANCIAL LIABILITIES (H) + (I)	(1,385.7)	(1,445.3)
<i>(in millions of euro)</i>	12/31/2010	12/31/2009
NET FINANCIAL INDEBTEDNESS (C) + (D) + (G) + (L)	(1,338.9)	(1,425.1)
OF WHICH:		
CURRENT NET FINANCIAL ASSETS (C) +(G)	46.8	20.2

The following contribute to forming the indebtedness:

3 REPORT ON OPERATIONS

	12/31/2010	12/31/2009
ADR	1,291.5	1,371.8
FIUMICINO ENERGIA	18.9	21.7
GEMINA	28.5	31.6
	1,338.9	1,425.1

Cash and cash equivalents of the Group, equal to 201.7 million euro, include the balance of the current account named “loan collateral” on which, at the application date of September 2010, 35.1 million euro were deposited, restricted to the repayment of Romulus’ tranche A, upon maturity.

3.11.4 RECONCILIATION BETWEEN THE RECLASSIFIED STATEMENTS AND THE FINANCIAL STATEMENTS

The items of the Income Statement and of the Balance Sheet can be deduced from the financial statements, considering the following:

Fixed assets – Comprises:

- “Non-current assets”, with the exclusion of “Invested receivables”, “Deferred tax assets”, “Other non-current assets”, “Other non-current financial assets”, “System renovation provisions”.

Net working capital - Comprises:

- “Current assets”, with the exclusion of “Financial instruments - derivatives”, “Other current financial assets” and “Cash and cash equivalents”;
- the following items under “Non-current assets”: “Invested receivables”, “Deferred tax assets” and “Other non-current assets”;
- the following items under “Current liabilities”: “Trade payables”, “Current tax liabilities” and “Other current liabilities”;
- the following items under “Non-current liabilities”: “Deferred tax liabilities”;
- “Assets held for sale”;
- “Liabilities held for sale”.

3 REPORT ON OPERATIONS

3.12 GEMINA S.P.A.

3.12.1 ECONOMIC POSITION

<i>(in millions of euro)</i>	2010	2009	CHANGE
INCOME (CHARGES) ON EQUITY INVESTMENTS	(1.3)	(3.7)	2.4
NET FINANCIAL INCOME (EXPENSE)	(3.0)	(3.2)	0.2
REVENUES	1.0	0.9	0.1
OPERATING COSTS	(5.4)	(4.6)	(0.8)
PROVISIONS	(2.2)	(3.1)	0.9
PRE-TAX PROFIT (LOSS)	(10.9)	(13.7)	2.8
INCOME TAXES	2.2	(0.4)	2.6
PROFIT (LOSS) FOR THE PERIOD	(8.7)	(14.1)	5.4

Some elements, such as staff selection, certification for IFRIC 12 and other elements, increased the operating costs.

Allocations comprise:

- use of the provision for risks, allocated in relation to the transfer of the equity investment in Elilario Italia S.p.A. (“Elilario”), due to the collection of 4 million euro due from the purchaser INAER;
- further allocation, equal to 3.6 million euro, to the provision by virtue of the ADR/Customs Office dispute, to adjust the amount for the surety granted to ADR by Gemina;
- allocations for other minor risks, equal to 0.4 million euro;
- a 2.2 million euro allocation connected with alleged future losses of the subsidiary Pentar S.p.A. (“Pentar”).

The better net financial position and the decrease in interest rates resulted in decreased financial expenses.

<i>(in millions of euro)</i>	2010	2009	CHANGE
INTEREST INCOME	0.4	0.8	(0.4)
INTEREST EXPENSE	(2.2)	(3.4)	1.2
OTHER FINANCIAL EXPENSE	(0.4)	(0.6)	0.2
NET FINANCIAL INCOME (EXPENSES)	(2.2)	(3.2)	1.0

3 REPORT ON OPERATIONS

3.12.2 FINANCIAL POSITION

<i>(in millions of euro)</i>	12/31/2010	12/31/2009	CHANGE
FIXED ASSETS	1,845.5	1,856.5	(11.0)
NET WORKING CAPITAL	7.5	5.6	1.9
RISK, CHARGES AND EMPLOYEE SEVERANCE INDEMNITIES	(13.5)	(11.1)	(2.4)
NET CAPITAL INVESTED	1,839.5	1,851.0	(11.5)
FINANCED BY:			
SHAREHOLDERS' EQUITY	1,811.0	1,819.4	(8.4)
NET FINANCIAL INDEBTEDNESS	28.5	31.6	(3.1)
TOTAL	1,839.5	1,851.0	(11.5)

FIXED ASSETS

<i>(in millions of euro)</i>	12/31/2010	12/31/2009	CHANGE
ADR	1,835.6	1,835.5	0.1
FIUMICINO ENERGIA	7.7	7.7	-
SITTI	-	5.0	(5.0)
PENTAR	2.2	3.6	(1.4)
TOTAL EQUITY INVESTMENTS	1,845.5	1,851.8	(6.3)
INVESTED RECEIVABLES	-	4.6	(4.6)
OTHER TANG. AND INTANG. FIXED ASSETS	-	0.1	(0.1)
TOTAL	1,845.5	1,856.5	(11.0)

The amount due from the INAER Group, purchaser of the company's equity investment in Elilario in 2008, was collected in advance in July 2010.

The original, interest bearing, receivable of 4 million euro was paid by INAER in advance, in application of a contract clause in which the receivable had to be immediately paid in the event the INAER Group was entirely refinanced.

The amount paid to Gemina was equal to 4.8 million euro, including capitalised interests (4.6 million euro as at December 31, 2009).

During the year, no equity investments were made, except for the purchase of 910 ADR shares sold by small shareholders and the subscription, for the unopted portion, of the share capital of Fiumicino Energia, which increased Gemina's equity investment from 86.12% to 87.14%.

3 REPORT ON OPERATIONS

The equity investment in SITI was transferred to IMI Fondi Chiusi SGR in December 2010, at a spot price in line with book value and according to the disposal plan of minor equity investments decided by the Company.

NET WORKING CAPITAL

<i>(in millions of euro)</i>	12/31/2010	12/31/2009	CHANGE
TRADE RECEIVABLES	0.6	0.4	0.2
RECEIVABLES FROM TAX CONSOLIDATION	11.4	13.4	(2)
PREPAID TAXES	1.0	2.0	(1)
TRADE PAYABLES	(0.7)	(0.4)	(0.3)
OTHER CURRENT ASSETS/LIABILITIES	(4.8)	(9.8)	5
TOTAL	7.5	5.6	1.9

RISK, CHARGES AND EMPLOYEE SEVERANCE INDEMNITIES

This item includes the residual of the provision for risks allocated against the guarantees granted to the purchaser of the equity investment in Elilario, the employee severance indemnities accrued by employees, the provisions allocated for the guarantees granted to ADR in 2002 in the event of a negative outcome for the subsidiary company of the litigation with the Customs Agency that, with the provisions for the period, amounted to 6.7 million euro, the provision for alleged 2.2 million euro losses of the subsidiary Pentar and other minor provisions.

3.12.3 NET FINANCIAL POSITION

<i>(in millions of euro)</i>	12/31/2010	12/31/2009
A. CASH AND CASH EQUIVALENTS	11.1	13.4
B. OTHER FINANCIAL ASSETS	2.9	3.0
C. TOTAL CURRENT FINANCIAL ASSETS (A) + (B)	14.0	16.4
D. TOTAL NON-CURRENT FINANCIAL ASSETS	-	-
E. CURRENT FINANCIAL LIABILITIES	(41.9)	(0.1)
<i>(in millions of euro)</i>	12/31/2010	12/31/2009
F. FINANCIAL DERIVATIVES	(0.6)	(0.9)
G. TOTAL CURRENT FINANCIAL LIABILITIES (E) + (F)	(42.5)	(1.0)

3 REPORT ON OPERATIONS

<i>(in millions of euro)</i>	12/31/2010	12/31/2009
H. FINANCIAL INDEBTEDNESS NET OF CURRENT SHARE	-	(47.0)
I. TOTAL NON-CURRENT FINANCIAL LIABILITIES (H)	-	(47.0)
NET FINANCIAL INDEBTEDNESS (C)+(D)+(G)+(I)	(28.5)	(31.6)
OF WHICH:		
CURRENT NET FINANCIAL ASSETS (LIABILITIES) (C) +(G)	(28.5)	15.4

Using the cash deriving from the collection of receivables from INAER, it was possible to cover current expenses also in the absence of income from investee companies.

The amount collected from the transfer of equity investments in SITT allowed for the partial advanced repayment of the Loan, with following improvement of the net financial indebtedness.

3.13 MAJOR SUBSEQUENT EVENTS

On January 12, 2011, Moody's agency downgraded ADR from Baa3, "negative" outlook, to Ba1, "stable" outlook, mainly due to the financial risk connected with the near repayment maturity terms of the indebtedness, given the fact that times and outcome of tariff adjustments are still uncertain.

On January 26, 2011, Mr. Mario Rosario Maglione was appointed representative of the holders of savings shares, for the 2011-2013 three-year period.

With a letter dated February 16, 2011, the Energy Services Operator (GSE), informed that no Green Certificates will be granted to Leonardo Energia as this company has not obtained the EMAS enrolment within two years from its entry into operation.

The company deems this decision objectionable and is seeking its cancellation.

In the event this decision be confirmed, the value, confirmed by the impairment test, of the equity investment in Fiumicino Energia, owner of the co-generation power plant rented to Leonardo Energia, will have to be adjusted in Gemina's financial statements.

The write-down will be approximately of 2.5 million euro.

3 REPORT ON OPERATIONS

3.14 BUSINESS OUTLOOK

Next year management will be mainly focused on generating finance resources destined to repay loans that will be due. Special attention is given to the evolution of relations with the reference carrier, representing around 24% of turnover. A better integration amongst Group companies will be implemented by moving Gemina's headquarters to Rome.

A new tariff regime, or the tariff advance of 3 euro/passenger are not expected.

The airport traffic volumes are expected to increase, although lower than those of the previous year.

In the January-February 2011 period, 5,384,958 passengers transited by ADR airports, up by 4.5% compared to the previous year.

	DOMESTIC	INTERNATIONAL	TOTAL
PASSENGERS	1,906,168	3,478,790	5,384,958
<i>% CHANGE</i>	<i>2.2%</i>	<i>5.9%</i>	<i>4.5%</i>
MOVEMENTS	22,794	33,089	55,883
<i>% CHANGE</i>	<i>(6.2%)</i>	<i>4.3%</i>	<i>(0.3%)</i>
TONNAGE	1,448,565	2,894,623	4,343,188
<i>% CHANGE</i>	<i>(5.0%)</i>	<i>3.4%</i>	<i>0.4%</i>
Cargo (tonnes)	1,109	22,358	23,467
<i>% CHANGE</i>	<i>32.3%</i>	<i>(3.3%)</i>	<i>(2.2%)</i>

3 REPORT ON OPERATIONS

3.15 EQUITY INVESTMENTS HELD BY DIRECTORS, STATUTORY AUDITORS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

In observance of what is indicated under Art. 79 of the Regulations approved by Consob with resolution no. 11971 of May 14, 1999 and subsequent amendments, information about the equity investments held by the Directors, the Statutory Auditors and the Executives who have strategic responsibility in the issuer and in its subsidiary companies is provided:

NAME AND SURNAME	INVESTEES COMPANY	NO. OF SHARES OWNED AT YEAR-END 2009	NO. OF SHARES PURCHASED	NO. OF SHARES SOLD	NO. OF SHARES OWNED AT YEAR-END 2010 OR AT END OF OFFICE
GUIDO ANGIOLINI		-	-	-	-
GIUSEPPE ANGIOLINI		-	-	-	-
GIUSEPPE BENCINI		-	-	-	-
STEFANO CAO					
GIOVANNI FONTANA		-	-	-	-
ALESSANDRO GRIMALDI		-	-	-	-
ALDO MINUCCI		-	-	-	-
MICHELE MOGAVERO		-	-	-	-
ANDREA NOVARESE		-	-	-	-
EUGENIO PINTO		-	-	-	-
CLEMENTE REBECCHINI		-	-	-	-
PAOLO ROVERATO		-	-	-	-
LUCA AURELIO GUARNA					
MAURIZIO DATTILO		-	-	-	-
GIORGIO OLDOINI					
GUIDO ZANIN		-	-	-	-
VITTORIO AMADIO EXECUTIVES WITH STRATEGIC RESPONSIBILITY		-	-	-	-

4 PROPOSALS TO THE SHAREHOLDERS' MEETING

PROPOSED RESOLUTION

Gemina S.p.A. closed the year with a 8,686,388 euro loss.

You are therefore invited to adopt the following

RESOLUTION

The Shareholders' Meeting:

- having heard the Report of the Board of Directors on operations,
- taking note of the Report of the Board of Statutory Auditors,
- taking note of the Report of the Independent Auditors,
- having read and examined the financial statements as at December 31, 2010 which report a loss of 8,686,388 euro,

RESOLVES

to approve:

- the Report of the Board of Directors on operations;
- the Income Statement, the Balance Sheet and the related Explanatory Notes to the financial statements for the year ended December 31, 2010, which report a loss of 8,686,388 euro, as presented by the Board of Directors, both as a whole and with regards to the individual entries, together with the allocations and provisions proposed therein;

to carry forward the loss as at December 31, 2010, equal to 8,686,388 euro.

Milan, March 10, 2011

for the Board of Directors
The Chairman
(Fabrizio Palenzona)

5. CONSOLIDATED FINANCIAL STATEMENTS

5.1 CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT

	NOTES	2010	OF WHICH DUE TO RELATED PARTIES	2009 (*)	OF WHICH DUE TO RELATED PARTIES
<i>(in thousands of euro)</i>					
REVENUES	1	597,543	10,839	560,086	10,117
INFRASTRUCTURE PURSUANT TO IFRIC 12		55,516		30,110	
CONSUMPTION OF RAW MATERIALS AND CONSUMABLES	2	(72,094)		(68,135)	
STAFF COSTS	3	(121,984)	(24)	(141,963)	
COSTS OF INFRASTRUCTURE		(51,201)	(349)	(26,189)	(1,056)
OTHER OPERATING COSTS	4	(161,847)	(3,659)	(145,483)	(3,465)
AMORTISATION, DEPRECIATION AND WRITE-DOWNS OF FIXED ASSETS	5	(108,179)		(106,821)	
ALLOCATIONS TO RENOVATION PROVISIONS	6	(69,971)		(40,571)	
EBIT		67,783		61,034	
FINANCIAL INCOME (EXPENSE)					
FINANCIAL INCOME:	7				
INTEREST INCOME		1,577	904	2,220	1,201
INCOME ON DERIVATIVES		7,830	7,523	34,070	1,716
EXCHANGE GAINS		51		49	
OTHER INCOME		246		1,864	
FINANCIAL EXPENSES:	8				
INTEREST EXPENSE		(66,350)	(3,012)	(72,596)	(3,577)
EXPENSES ON DERIVATIVES		(11,229)	(3,357)	(26,086)	(7,644)
EXCHANGE LOSSES		(7,560)		(16,399)	
OTHER EXPENSES		(12,084)	(376)	(9,322)	(520)
TOTAL FINANCIAL INCOME (EXPENSES)		(87,519)	1,682	(86,200)	(8,824)
INCOME (CHARGES) ON EQUITY INVESTMENTS	9	(1,816)		(1,842)	
PRE-TAX PROFIT (LOSS) ON CONTINUING OPERATIONS		(21,552)		(27,008)	
INCOME TAXES	10	(16,383)		(17,675)	
PROFIT (LOSS) ON CONTINUING OPERATIONS AFTER TAX		(37,935)		(44,683)	
NET INCOME FROM DISCONTINUED ACTIVITIES		-		-	
PROFIT (LOSS) FOR THE YEAR		(37,935)		(44,683)	
PROFIT (LOSS) ATTRIBUTABLE TO MINORITY SHAREHOLDERS		(668)		(1,016)	
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE GROUP		(37,267)		(43,667)	
NET EARNINGS PER SHARE (IN EURO)					
FROM RECURRING ACTIVITIES		(0.025)		(0.030)	
FROM RECURRING AND DISCONTINUED ACTIVITIES		(0.025)		(0.030)	

(*) The amounts are restated to take account of the application of IFRIC 12.

The basic net earnings per share, which coincides with the diluted net earnings per share, is calculated on the total shares in issue in the respective periods, equal to 1,472,960,320 as at December 31, 2010 and as at December 31, 2009. All Gemina S.p.A. shares are subscribed.

5.1 CONSOLIDATED INCOME STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in thousands of euro)</i>	2010	2009 (*)
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	(37,935)	(44,683)
PROFIT (LOSS) ON DERIVATIVE INSTRUMENTS (CASH FLOW HEDGES)	2,690	(13,353)
TAX EFFECT	(741)	3,672
TOTAL PROFIT (LOSS) (*)	(35,986)	(54,364)
TOTAL PROFIT (LOSS) ATTRIBUTABLE TO:		
GROUP	(35,390)	(52,959)
MINORITY SHAREHOLDERS	(596)	(1,405)

() The amounts are restated to take account of the application of IFRIC 12.*

5.2 CONSOLIDATED BALANCE SHEET

ASSETS

(in thousands of euro)

	NOTES	12/31/2010	OF WHICH DUE TO RELATED PARTIES	12/31/2009 (*)	OF WHICH DUE TO RELATED PARTIES
NON-CURRENT ASSETS					
AIRPORT MANAGEMENT CONCESSION		2,916,273		3,003,280	
AIRPORT MANAGEMENT CONCESSION - INVESTMENTS IN INFRASTRUCTURE IN CONCESSION		473,842		439,143	
OTHER INTANGIBLE FIXED ASSETS		6,400		6,976	
TOTAL INTANGIBLE FIXED ASSETS	11	3,396,515		3,449,399	
PLANT AND MACHINERY		10,488		10,105	
FIXTURES AND FITTINGS, TOOLS AND OTHER EQUIPMENT		1,561		1,169	
CONSTRUCTION IN PROGRESS AND ADVANCES		-		1,716	
OTHER TANGIBLE FIXED ASSETS		3,117		3,920	
TOTAL TANGIBLE FIXED ASSETS	12	15,166		16,910	
EQUITY INVESTMENTS IN ASSOCIATED COMPANIES VALUED AT NET EQUITY	13	2,232		8,649	
INVESTED RECEIVABLES	14	-		4,591	
OTHER EQUITY INVESTMENTS	15	2,250		2,756	
DEFERRED TAX ASSETS	16	101,616		89,229	
OTHER NON-CURRENT ASSETS	17	16,947		9,486	
OTHER NON-CURRENT FINANCIAL ASSETS	18	-		1,400	1,400
TOTAL NON-CURRENT ASSETS		3,534,726		3,582,420	1,400
CURRENT ASSETS					
INVENTORIES	19	10,182		10,164	
CONTRACT WORK IN PROGRESS	20	296		916	
TRADE RECEIVABLES	21	189,610	655	213,992	1,317
OTHER RECEIVABLES	22	9,297		6,926	33
FINANCIAL INSTRUMENTS – DERIVATIVES	23	-		534	
OTHER CURRENT FINANCIAL ASSETS	24	59,446	55,662	55,497	51,520
CASH AND CASH EQUIVALENTS	25	201,661	142,420	149,272	88,654
TOTAL CURRENT ASSETS		470,492	198,737	437,301	141,524
ASSETS HELD FOR SALE		-		-	
TOTAL ASSETS		4,005,218		4,019,721	

(*) The amounts are restated to take account of the application of IFRIC 12; the restatement and information required by IAS 1 as at January 1, 2009 are recorded in the half-year report as at June 30, 2010, to which reference is made.

5.2 CONSOLIDATED BALANCE SHEET

SHAREHOLDERS' EQUITY AND LIABILITIES

	NOTES	12/31/2010	OF WHICH DUE TO RELATED PARTIES	12/31/2009 (*)	OF WHICH DUE TO RELATED PARTIES
<i>(in thousands of euro)</i>					
SHAREHOLDERS' EQUITY					
SHARE CAPITAL		1,472,960		1,472,960	
CAPITAL RESERVES (SHARE PREMIUM RESERVE)		199,707		200,057	
HEDGING AND TRANSLATION RESERVE		(48,427)		(50,304)	
OTHER RESERVES		83,106		82,756	
PROFIT (LOSS) FROM PREVIOUS YEARS		(98,055)		(54,352)	
PROFIT (LOSS) FOR THE YEAR		(37,267)		(43,667)	
GROUP SHAREHOLDERS' EQUITY		1,572,024		1,607,450	
MINORITY SHAREHOLDERS IN CAPITAL AND RESERVES		32,846		33,451	
MINORITY INTEREST IN SHAREHOLDERS' EQUITY		32,846		33,451	
TOTAL SHAREHOLDERS' EQUITY	26	1,604,870		1,640,901	
NON-CURRENT LIABILITIES					
EMPLOYEE BENEFITS	27	24,525		24,653	
PROVISION FOR RISKS AND CHARGES – BEYOND 12 MONTHS	28	285,565		277,043	
PROVISIONS FOR RESTORATION CHARGES - BEYOND 12 MONTHS	29	142,847		124,591	
FINANCIAL INDEBTEDNESS NET OF CURRENT SHARE	30	278,092	14,028	347,825	63,843
OUTSTANDING BONDS	31	1,107,575		1,097,465	
TOTAL NON-CURRENT LIABILITIES		1,838,604	14,028	1,871,577	63,843
CURRENT LIABILITIES					
TRADE PAYABLES	33	159,690	565	144,959	10
CURRENT TAX LIABILITIES	34	1,217		11,353	
CURRENT FINANCIAL LIABILITIES	35	67,717	44,167	28,839	2,553
PROVISIONS FOR RISKS AND CHARGES – WITHIN 12 MONTHS	28	20,219		20,324	
PROVISIONS FOR RESTORATION CHARGES - WITHIN 12 MONTHS	29	54,168		41,346	
FINANCIAL INSTRUMENTS – DERIVATIVES	36	146,626	139,919	157,685	926
OTHER CURRENT LIABILITIES	37	112,107	3	102,737	12
TOTAL CURRENT LIABILITIES		561,744	184,654	507,243	3,501
LIABILITIES HELD FOR SALE		-		-	
TOT. SHAREHOLDERS' EQUITY AND LIABILITIES		4,005,218		4,019,721	

(*) The amounts are restated to take account of the application of IFRIC 12; the restatement and information required by IAS 1 as at January 1, 2009 are recorded in the half-year report as at June 30, 2010, to which reference is made.

5.3 STATEMENT OF CONSOLIDATED CASH FLOWS

(in thousands of euro)

	2010	2009
PROFIT (LOSS) FOR THE YEAR	(37,267)	(39,152)
Amortisation and depreciation of tangible and intangible fixed assets	108,179	100,442
Increase (decrease) of severance and other provisions (net of risks provision for transfer of Elilario)	8,289	11,199
(Increase) decrease in deferred tax liabilities	(12,387)	(8,855)
Allocations to system renovation provisions	69,971	41,723
(Revaluation) write-down of equity investments valued at net equity	1,903	1,374
(Gains) losses on disposal of non-current assets	-	-
OPERATING PROFIT (LOSS) BEFORE CHANGES IN WORKING CAPITAL	138,688	106,731
(Increase) decrease in inventories of contract work in progress	602	(4,046)
(Increase) decrease in trade receivables	24,382	(36,796)
(Increase) decrease in other current assets	2,220	(2,110)
Increase (decrease) in trade payables	14,731	(21,894)
Increase (decrease) in other current liabilities	(766)	38,669
TOTAL CHANGES IN WORKING CAPITAL	41,169	(26,177)
TOTAL CASH AND CASH EQUIVALENTS GENERATED (ABSORBED) BY OPERATIONS	179,857	80,554
STATEMENT OF CASH FLOWS FROM INVESTMENT ACTIVITIES		
Increases, purchases, capital increases and loss settlements of equity investments	-	-
Increase in tangible and intangible fixed assets	(93,144)	(93,012)
Changes in other items in non-current assets and liabilities	(7,461)	(9,141)
Proceeds from disposal of non-current assets	5,000	5,496
TOTAL CASH AND CASH EQUIVALENTS GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES	(95,605)	(96,657)
STATEMENT OF CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(188)
(Increase) decrease in trade receivables	(2,015)	(3,014)
Increase (decrease) in financial indebtedness	(25,709)	33,009
Raising of medium/long-term bank payables	-	-
Repayment of medium/long-term bank payables	(5,375)	-
Other changes in shareholders' equity	1,236	(8,630)
TOTAL CASH AND CASH EQUIVALENTS GENERATED (ABSORBED) BY FINANCING ACTIVITIES	(31,863)	21,177
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	52,389	5,074
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	149,272	144,198
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	201,661	149,272

5.4 STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

<i>(in thousands of euro)</i>	Share capital	Capital reserves	Hedging and translation reserve	Other reserves	Profit (loss) pertaining to previous years	Profit (loss) for the year	Shareholders' Equity Group	Minority shareholders in capital and reserves
Balances as at 12/31/2008	1,472,960	200,057	(41,012)	82,064	52,352	(33,784)	1,732,637	37,762
Effect of application of the interpretation IFRIC 12	-	-	-	-	(73,908)	-	(73,908)	(2,906)
Balances as at 01/01/2009 (adjusted)	1,472,960	200,057	(41,012)	82,064	(21,556)	(33,784)	1,658,729	34,856
Allocation of results as at 12/31/2008	-	-	-	692	(34,476)	33,784	-	-
Distribution of dividends to holders of savings shares	-	-	-	-	(188)	-	(188)	-
Change in consolidation area	-	-	-	-	1,868	-	1,868	-
Total profit (loss) for the year	-	-	(9,292)	-	-	(43,667)	(52,959)	(1,405)
Balances as at 12/31/2009	1,472,960	200,057	(50,304)	82,756	(54,352)	(43,667)	1,607,450	33,451
Allocation of results as at 12/31/2009	-	-	-	-	(43,667)	43,667	-	-
Other changes	-	(350)	-	350	(36)	-	(36)	(9)
Total profit (loss) for the period	-	-	1,877	-	-	(37,267)	(35,390)	(596)
Balances as at 12/31/2010	1,472,960	199,707	(48,427)	83,106	(98,055)	(37,267)	1,572,024	32,846

5.5 STATEMENT OF RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY OF GEMINA AND CONSOLIDATED SHAREHOLDERS' EQUITY AND BETWEEN PROFIT (LOSS) OF GEMINA AND CONSOLIDATED PROFIT (LOSS)

<i>(in thousands of euro)</i>	SHAREHOLDERS' EQUITY AS AT 12/31/2010	PROFIT (LOSS) 2010
GEMINA S.P.A.	1,810,963	(8,686)
CANCELLATION OF BOOK VALUE OF CONSOLIDATED EQUITY INVESTMENTS	(245,639)	(32,181)
DIFFERENCE BETWEEN BOOK VALUE AND PRO-RATA VALUE OF SHAREHOLDERS' EQUITY	(244,068)	(30,610)
PROFIT (LOSS) OF CONSOLIDATED COMPANIES	(1,571)	(1,571)
WRITE-OFF OF IMPACT OF TRANSACTIONS PERFORMED BETWEEN CONSOLIDATED COMPANIES	6,700	3,600
GUARANTEES PROVIDED TO SUBSIDIARIES	6,700	3,600
GROUP SHAREHOLDERS' EQUITY AND NET PROFIT (LOSS) FOR THE YEAR	1,572,024	(37,267)
MINORITY INTERESTS IN SHAREHOLDERS' EQUITY AND NET PROFIT (LOSS) FOR THE YEAR	32,846	(668)
CONSOLIDATED SHAREHOLDERS' EQUITY AND PROFIT (LOSS) FOR THE YEAR	1,604,870	(37,935)

5.6 EXPLANATORY NOTES

ACCOUNTING STANDARDS

The consolidated financial statements have been prepared according to the international accounting standards (IAS/IFRS) issued by the IASB (International Accounting Standard Board), as approved by the European Union.

The term IAS/IFRS refers to International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as supplemented by the interpretations issued by IFRIC (International Financial Reporting Interpretations Committee), and previously by the SIC (Standard Interpretation Committee).

Where necessary, the half-year figures of the consolidated investee companies, drawn up by the Boards of Directors or by the Sole Director, have been adjusted to bring the accounting standards used into line with those adopted by the Group.

The financial statements have been drawn up on the basis of the historical cost concept, except for:

- financial derivatives (and the financial liabilities hedged thereby);
- assets available for sale, the valuation of which has been effected on the basis of the fair value concept;
- the defined benefit plans for the employees of the ADR Group, for which the actuarial gains and losses have been recognised as prescribed by IAS 19.

The accounting statements have been prepared in thousands of euro.

CONSOLIDATION CRITERIA

The consolidated financial statements as at December 31, 2010 include data of the parent company Gemina and of the subsidiary companies over which Gemina exercises control either directly or indirectly, at the same date and based on the line-by-line method.

Pursuant to IAS 27, control is exercised when the Parent Company has the power to determine the financial and operating policies of an enterprise, in such a way as to obtain benefits from its activity.

The companies over which Gemina exercises joint control pursuant to IAS 31, starting from 2008, are included in the consolidated financial statements using the net equity method.

The equity investments in associated companies, over which Gemina exercises significant control pursuant to IAS 28, are consolidated using the net equity method.

5.6 EXPLANATORY NOTES

The lists of the subsidiaries and associated companies of the Gemina Group subject to consolidation are included in point 5.7.

Subsidiaries that are dormant or that generate an insignificant turnover are not included in the consolidated financial statements. Their influence on the total assets, liabilities, financial position and profit or loss of the Group is insignificant.

The main consolidation criteria are set forth below:

- all assets and liabilities, charges and income of companies consolidated using the line-by-line method are fully included in the consolidated financial statements.
The book value of the equity investments is set off against the corresponding share of Shareholders' Equity in the investee companies, attributing to the single asset and liability items their current value at the date of acquisition of control;
- the profits of subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition until the effective date of disposal;
- where necessary, adjustments have been made to the financial statements of subsidiaries to bring their accounting criteria in line with those adopted by the group;
- minority interests in the Shareholders' equity of subsidiaries is separately indicated with regard to Group Shareholders' equity;
- profits and losses that have not yet been realised by the Group, as they arise on intercompany transactions, have been eliminated, as well as significantly large items that give rise to payables and receivables, income and charges between consolidated companies;
- where applicable, consolidation adjustments take into account their deferred tax effect;
- dividends received in the year from subsidiaries that are recorded in the income statement of the Parent Company as income from equity investments have been set off against "profits carried forward".

EQUITY INVESTMENTS IN JOINT VENTURES

The Group records its share of the joint ventures using the net equity method.

The consolidated financial statements include the share pertaining to the Group of profit (loss) of joint-controlled companies, recorded using the Net Equity Method, starting from the date when significant influence begins until the date when said significant influence ceases to exist.

EQUITY INVESTMENTS IN ASSOCIATED COMPANIES

5.6 EXPLANATORY NOTES

An associated company is a company in which the Group is capable of exercising a significant influence, but not control or joint control, by contributing to the financial and operating decision-making policies of the investee, as it is described by IAS 28 – Investments in Associates.

The economic results of the associated companies have been recorded in the consolidated financial statements using the Net Equity Method, starting from the date when the significant influence begins until the date when said significant influence ceases to exist.

The surplus of the acquisition cost with respect to the Group's percentage of the current value of the assets, liabilities and potentially identifiable liabilities of the associated company at the date of acquisition is recognised as goodwill. Goodwill is included in the book value of the investment and is subject to impairment test.

VALUATION CRITERIA

The most significant valuation criteria used for the preparation of the consolidated financial statements are set forth below.

REVENUES

Revenues are recorded to the extent to which it proves possible to reliably determine their fair value and that the company is likely to enjoy the related economic benefits.

They are measured on an accrual basis and, in particular, according to the type of transaction. Revenues are recorded only when the following conditions are met:

- a) sale of assets:
 - significant risks and rewards of ownership are transferred to the buyer;
 - the effective control of the sold assets and the normal continuous level of activities associated with the property have ceased;
 - the costs incurred or to be incurred for the transaction may be reliably determined;
- b) provision of services:
 - the stage of completion of the transaction at the balance sheet reporting date may be reliably measured;
 - the costs incurred for the transaction and the costs to be incurred for its completion may be reliably determined.

COSTS

Costs are valued at the fair value of the amount paid or to be paid, and are recognised in the income statement on an accrual basis.

5.6 EXPLANATORY NOTES

USE OF ESTIMATES

Drawing up the financial statements requires estimates and assumptions to be made, which affect the book asset and liability values on the date of reference.

The estimates and assumptions are based on data that reflect the current state of knowledge available, so the final results of the year might differ from these estimates.

The estimates are primarily used to record estimation of the recoverability of the value of assets, the definition of the useful lives of the tangible assets, the valuation of employee benefits, taxes, other allocations, derivative instruments and provisions.

The estimates and underlying assumptions are periodically reviewed, and the effects of each change are reflected in the income statement or in Shareholders' equity, in connection with the classification of the item of reference.

The fairness of the book value of concession has been assessed based on the estimated cash flows in the economic and financial plans; the latter are based on assumptions.

DIVIDENDS

Dividends are recorded in the financial year when their distribution is resolved by the Shareholders' Meeting.

FINANCIAL INCOME AND EXPENSE

Financial income and expense are recorded in the income statement on an accrual basis, according to the interest accrued on the net value of the respective financial assets and liabilities using the actual interest rate.

INCOME TAXES

Current taxes are calculated based on taxable income, in compliance with the rates and regulations in force.

Any deferred or prepaid income taxes are calculated on the temporary differences between the equity values entered in the financial statements and the corresponding values recognised for tax purposes, applying the tax rate that is expected to be in effect on the date when the temporary difference will be paid.

The prepaid taxes are recognised to the extent in which it is probable that future income will become available, against which they can be recovered.

The deferred taxes are directly charged to the income statement, except for those concerning items recorded directly at Shareholders' equity; if this is the case, their deferred taxes will also be charged to Shareholders' Equity.

NET INCOME FROM DISCONTINUED ACTIVITIES

Pursuant to IFRS 5, paragraph 33, the economic results of the discontinued operating activities are shown in one amount only, "Net income from discontinued operations", which

5.6 EXPLANATORY NOTES

indicates:

- total profits or losses of the discontinued operations without tax effects;
- the capital gains (or losses) without tax effects, recorded after disposal of the activities.

In the explanatory notes, the Group also provides an analysis of the above-mentioned amount broken down into the following components:

- revenues, costs and profit and income taxes of discontinued operations;
- capital gains (or losses) recorded after disposal of the assets, net of taxes and directly related costs.

Pursuant to IFRS 5, paragraph 34, comparative information for the previous years is presented with the same logic described above so as to make the values presented homogeneous.

EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the Group's economic result by the weighted average of outstanding shares at year-end, not including own shares.

The profit (loss) attributable to each category of shares (ordinary and savings) is also represented. It is determined based on the respective rights to be given dividends.

The diluted profit corresponds to the basic earnings as diluting instruments have not been issued.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are recorded at the purchase or production cost, including directly attributable accessory charges necessary in order to make the assets ready to be used.

Assets with a defined useful life are systematically amortised from the moment when the asset becomes ready for use in relation to its expected useful life.

Recoverability of value is verified according to criteria provided by IAS 36 (Impairment of Assets) and illustrated in the paragraph "Impairment of assets" below.

Research costs are charged to the income statement for the period in which they are incurred.

Internally generated intangible fixed assets deriving from the development of Group products are recorded under assets, only if all the following conditions are fulfilled:

- the asset can be identified;
- the asset created is likely to generate future economic benefits;
- the development costs of the asset can be reliably measured.

5.6 EXPLANATORY NOTES

Intangible fixed assets are amortised on a straight-line basis over their useful life.

When internally generated assets cannot be recorded in the financial statements, their development costs are attributed to the income statement for the year when they were incurred.

Concessions

The value of the airport management concession is amortised on the basis of the residual life of said concession, which will expire on June 30, 2044 (see paragraph on “Information on the concession”).

Based on the application of IFRIC 12, all fixed assets, which are to be transferred to the grantor on conclusion of the concession, have been classified under item “Intangible Fixed Assets – Investments in infrastructures in concession” and amortised over the term of the concession. Supplementary allocations, which will be recorded in special provisions, were made with respect to the amortisation of the concession for those portions of infrastructures which have a technical-economic duration of less than the residual term of the concession.

Impairment of assets

Periodically, the Group reviews the book value of its tangible and intangible fixed assets to determine whether there are indications that these assets could be impaired.

When such indications are present, the recoverable amount of said assets is estimated, in order to calculate any write-downs.

The recoverable amount is the greater of the fair value net of selling costs and the value in use.

The fair value is estimated on the basis of the best information available in order to reflect the amount that the company could obtain from sale of the asset.

The value in use is determined by discounting back the expected cash flows at a rate reflecting the current market values of the interest rate and of the specific risks of the assets.

If the recoverable amount is estimated lower than its book value, it is reduced to that lesser value. The loss in value is recorded in the income statement.

When the loss of value does not occur or is reduced afterwards, except for goodwill, the revaluation that reinstates the book value, within the limits of the cost, is entered in the income statement.

TANGIBLE ASSETS

This item includes all fixed assets which are to be transferred to the grantor on conclusion of the concession.

Property, plant, machinery and equipment are entered at historical cost (in some cases increased pursuant to monetary revaluation laws) inclusive of any accessory charges and net of the accumulated depreciation and of any write-downs for

5.6 EXPLANATORY NOTES

impairment.

Fixed assets are depreciated on a straight-line basis in each period in accordance with the depreciation rates established in relation to the estimated useful life and, in the case of disposal, until the end of use.

Depreciation is recorded from the time the fixed asset is available for use, or is potentially capable of providing the economic benefits associated therewith.

A breakdown of the depreciation rates used is provided hereunder:

- Buildings from 3% to 10%
- Plant and machinery from 7% to 25%
- Equipment from 10% to 25%
- Other assets from 10% to 25%
- Land is not subject to depreciation.

In the case in which, regardless of the depreciation already recorded, there is evidence of impairment determined according to the criteria described in the concept "Impairment of fixed assets", the fixed asset is written down accordingly.

If in subsequent years the conditions for the write-down cease to exist, the original value will be reinstated within the limits of accumulated depreciation.

Profits and losses deriving from the transfer or disposal of tangible fixed assets are calculated as the difference between the revenues from the sale of the assets and their book value, and are recorded in the income statement for the year.

The costs incurred after the purchase are capitalised even if they increase the future economic benefits inherent in the asset to which they refer.

Maintenance costs are charged to the income statement.

Costs for improvements and maintenance that result in a significant and tangible increase in production capacity or that extend the useful life of the asset in question, are capitalised and added to the value of the relative asset; they are depreciated on the basis of the useful life of the asset to which they refer.

Costs for improvements to third-party goods which meet the requirements for inclusion under assets are recorded among tangible fixed assets and depreciated over the lesser of the remaining term of the agreement, and the remaining useful life of the asset.

LEASING

Lease contracts are treated as finance leases when the terms of the contract in question are such that all of the risks and rewards of ownership are substantially transferred to the lessee.

The assets to which the finance lease contracts refer are recorded as Group assets at their current value of minimum payments due for the lease and are subject to depreciation on

5.6 EXPLANATORY NOTES

the basis of their estimated useful life, as for group-owned assets, or, if less, at their fair value at the date of acquisition.

The corresponding liability towards the lessor is included in the balance sheet as financial liability. Payments for lease instalments are divided into principal and interest and the financial expenses are directly ascribed to the income statement for the year.

All the other leases are considered operating leases and the relative costs for the lease instalments are entered on the basis of the conditions set forth in the contract.

INVENTORIES

Inventories are recorded at the lower of acquisition or production cost and net realisable value.

Inventories are valued using the weighted average cost method.

The net realisable value is estimated sale price, less the estimated costs to completion and all costs required to perform the sale.

CONSTRUCTION CONTRACTS

When the profits of a construction contract can be reliably estimated, the revenues and costs regarding such work are recorded, respectively, as revenues and costs of the year in relation to the stage of completion of the work at the balance sheet date, based on the relationship between the costs incurred for the work performed to the balance sheet date, and the total estimated contract costs, except when this calculation is not deemed representative of the state of completion of the contract.

Any changes to the contract, price revision or incentives included are those that have been agreed with the contractor.

When the profits of a construction contract cannot be assessed with reasonable certainty, the revenues from said contract are recorded limited to the costs of work carried out to date, which are likely to be recovered.

Contract costs are recorded as expenses for the year in which they are incurred.

If it is likely that total contract costs exceed the revenues from the contract, all of the loss is recognised as soon as it is foreseen.

FINANCIAL ASSETS

Financial assets are initially valued at fair value, which corresponds to cost, including charges directly connected with their acquisition.

Financial assets other than those identified as held to maturity are classified as held for trading or available for sale (other equity investments), and are valued at fair value at the end of each period.

In the event of financial assets that are not quoted on an active market and for which a fair value cannot be determined

5.6 EXPLANATORY NOTES

in a reliable way, their book value is maintained at cost.

RECEIVABLES

Receivables are stated at their fair value in the financial statements, which corresponds to their par value, and are adjusted to their estimated realisable value.

In the case of receivables whose collection is expected to be long-term, a value equal to the current value of the estimated discounted cash flows is recorded.

Trade receivables whose expiration falls within the normal commercial terms are not discounted.

Receivables denominated in currencies other than the euro are valued at the exchange rate ruling at year-end.

CASH AND CASH EQUIVALENTS

The item includes cash, bank current accounts and deposits reimbursable upon request and other short-term financial investments with high liquidity, which can be easily converted into cash and are subject to an insignificant risk of change in value.

EMPLOYEE BENEFITS

ADR Group companies calculated the employee severance indemnities, for the portion remained pertinent to the company after the reformation of the complementary compensation funds as per Law Decree no. 252/2005, by applying an actuarial method - Projected unit credit method - based on a demographic and financial assumption which allows for a reasonable estimate of the amount of benefits that each employee has already accrued based on his years' of service.

Based on this method, the accrued amount payable must be projected in order to estimate the amount to be paid at the moment of terminating the employment relationship and subsequently actualised.

Using the actuarial valuation current service costs and interest costs are charged to the income statement as follows: current service costs, which represent the total benefits accrued by employees during the year under "Staff costs", whereas interest costs, which consist of the imputed charges that the business would incur by requesting a loan from the market of the same amount as its employee severance indemnities, are recorded under "Financial income (expense)".

Profits and losses that show the effects deriving from changes in the actuarial assumptions used are recorded in the income statement to the extent that their unrecorded value at the beginning of the financial year exceeds 10% of the liability (the so-called corridor method).

In the case of the other Group companies, post employment benefits have been valued according to Italian accounting standards and to current legislation regarding national collective labour agreements and company pension schemes

5.6 EXPLANATORY NOTES

in force.

An evaluation based on actuarial criteria was not made since the actuarial data expected, both in absolute terms and with respect to the Group Shareholders' equity, was insignificant.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges include the allocations arising from current obligations of a legal or implicit nature, deriving from past events, and the fulfilment of which will probably require the employment of resources, of which the amount cannot be reliably estimated.

Provisions are allocated based on the best estimate of the costs expected to fulfil the obligation at the balance sheet date, and are discounted when the amount involved and its effect is material.

FINANCIAL INDEBTEDNESS

Financial indebtedness is initially recorded at fair value, corresponding to the value received, net of any additional charges for its registration. Subsequently said loans are valued using "amortised cost" criteria.

The amortised cost is the amount of the liability recorded at the time of its initial recognition net of repayments of principal and additional charges amortised applying the effective interest rate method.

If the loans are hedged by derivative instruments of the "fair value hedge" type, in accordance with IAS 39, said loans are valued at fair value as are the related derivative instruments (also see the relevant paragraph "Derivatives and accounting treatment of hedging transactions").

BONDS

Bonds are initially recorded at their fair value, less any costs incurred to trade and issue the financial instrument (transaction cost).

Following the initial recognition, bonds are recorded at amortised cost.

TRADE PAYABLES

Trade payables are stated at their fair value, which corresponds to the par value. Those denominated in currencies other than the Euro are adjusted using the exchange rate ruling at the year end.

DERIVATIVES AND ACCOUNTING TREATMENT OF HEDGING TRANSACTIONS

The Group uses derivative instruments to hedge the risks arising from interest rate and exchange rate fluctuations relating to existing bank loans and bond issues.

The structure of the existing contracts complies with the hedging policy approved by the Boards of Directors of the Group companies and is consistent with the restraints

5.6 EXPLANATORY NOTES

imposed by the existing loan agreements.

Derivative instruments are initially recognised at their fair value, corresponding to cost and adjusted to their fair value at following balance-sheet dates.

The recording of hedging derivatives differs depending on the hedging objective: cash flow hedge or fair value hedge.

Cash flow hedge

Any changes in the fair value of derivatives, which are so designated, and considered to be effective in hedging against future cash flows of the Group's contractual commitments, are directly recorded in shareholders' equity less the relevant deferred taxes, while their ineffective portion is immediately recognised in the income statement.

Fair value hedge

If a derivative instrument is designated as an instrument to hedge exposure of the fair value changes of a balance sheet asset or liability, the profit or loss deriving from the subsequent fair value valuations of the hedging instrument is recorded in the income statement.

The profit or loss deriving from the fair value change of the hedged item modifies the book value of said item and is recorded in the income statement.

ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale include non-current assets or groups being disposed of, and the associated liabilities which have been selected for disposal.

Assets held for sale are valued at the lower of their book value and their fair value net of disposal costs.

The amounts of previous years, shown for comparison purposes, have not been reclassified under assets and liabilities held for sale, pursuant to IFRS 5 paragraph 40.

SEGMENT INFORMATION

The segmentation criteria of business areas, as provided for by IFRS 8, which substituted IAS 14, require that the Gemina Group profit and loss, shown in Note 40 of this Report, be divided in:

- activities of the Parent Company (corporate activities);
- airport infrastructures.

ADOPTION OF NEW STANDARDS

Accounting standards, amendments and interpretations applied from January 1, 2010

The following accounting standards, amendments and interpretations were applied for the first time by the Group starting from January 1, 2010.

IFRIC 12 - PUBLIC UTILITY CONCESSIONS

5.6 EXPLANATORY NOTES

From January 1, 2010, the Group has applied the interpretation IFRIC 12 “Service Concession Arrangements” (“IFRIC 12 or Interpretation”) that contains the methods for recognising and measuring concession contracts between a public party and a private company. A detailed description of the Interpretation and of the related effects on the economic and equity figures are described in point 5.8 to these Financial Statements.

Specifically:

- all fixed assets which are to be transferred to the grantor on conclusion of the concession have been classified under item “Intangible Fixed Assets” and amortised over the term of the concession;
- supplementary allocations are planned, recorded in specific system renovation provisions, with respect to the amortisation of the concession for those infrastructures whose technical-economical duration is expected to be less than the term of the concession;
- the investments in new infrastructures contribute to forming the value of production, while those for the renovation of existing infrastructures are charged to the use of the system renovation provisions;
- the item “revenues” does not include the value of the infrastructures carried out by the concessionaire and which are to be transferred to the grantor on conclusion of the concession. These are shown separately.

IAS 24 – RELATED PARTY DISCLOSURES

On November 4, 2009, IASB issued a revised version of this standard aimed at clarifying and supplementing the definition of related parties.

This standard must be applied as from January 1, 2011. The Group adopted the standard in advance as from January 1, 2010.

As regards the applicability of the principle to the Company, in particular, the revised Standard extends the meaning of related parties to companies controlled by entities with a significant influence on the Company.

The adoption of this standard has no effect on the evaluation of balance sheet items.

The following amendments, improvements and interpretations, in effect as from January 1, 2010, will regulate categories and cases not pertaining to the Company as at the date of these financial statements, but might have accounting effects on transactions and future agreements.

- IFRS 3 – Business Combinations;
- IAS 27 (2008) – Separate and Consolidated Financial Statements;
- Improvement to IFRS 5 – Non-current Assets Held for

5.6 EXPLANATORY NOTES

- Sales and Discontinued Operations;
- Amendments to IAS 38 – Equity Investments in Associated Companies and IAS 31 – Equity Investments in joint ventures, following amendments made to IAS 27;
- Improvement to IAS/IFRS (2009);
- Amendment to IFRS 2 – Share-Based Payments: payments based on Group shareholdings governed by cash;
- IFRIC 17 - Distribution of Non-Cash Assets to Owners;
- IFRIC 18 – Transfers of Assets from Customers;
- Amendment to IAS 39 – Financial Instruments: Recognition and Measurement – Eligible Hedged Items.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE AND NOT ADOPTED IN ADVANCE BY THE COMPANY.

A series of amendments and interpretations have been issued which are applicable following December 31, 2010: IAS 32 – Financial Instruments: Presentation and Classification of Rights Issues; IFRS 9 - Financial Instruments; IFRIC 14 - Advance Payments in Relation to Minimum Funding Requirements; IFRIC 19 – Extinguishing Financial Liabilities With Equity Instruments; IFRS 7 – Financial Instruments: Additional Information.

In May 2010, the IASB issued a set of modifications to the IFRS (“Improvements”) that will entail changes in the statement, recognition and valuation of the balance sheet items and modifications that will primarily bring about changes in terminology or publishing, with slight effects from the accounting viewpoint.

These standards have not been adopted in advance by the Group, as they regulate cases which were not applicable to the Group as at December 31, 2010.

INFORMATION ON CONCESSIONS

CONCESSIONARY RELATIONSHIP

ADR’s corporate purpose is the construction and management of airports or of a part thereof, and the exercise of any activity related or complementary to air traffic of any type or speciality.

The corporate purpose includes the management and development of the Rome airport system (made up of the “Leonardo da Vinci” Airport of Fiumicino and the “G.B. Pastine” Airport of Ciampino) according to the criteria of economy and coherent organisation, pursuant to Law no. 755 of November 10, 1973 and subsequent amendments.

DURATION OF THE CONCESSION

The above-mentioned activity is carried out as a concession

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on behalf of the competent State Administration (Ministry for Infrastructure and Transport) with expiration in 2044.

The term of the concession, originally set at 35 years and expiring on June 30, 2009 (Art. 3, subsection 2, Law 755/73), was extended by a further 35 years (to June 30, 2044) in compliance with Art. 14 of Law no. 359 of August 8, 1992, and Art. 1-quater of Law no. 351 of August 3, 1995, as set forth in the reports by the Ministry of Transport and Navigation on September 12, 1994 and January 23, 1998.

Pursuant to Agreement 2820/74, the concession (Art. 25) can be terminated with just cause for requirements of public safety. Moreover, other causes for termination of the concession are specified (Art. 24), including: unjustified delays in completing the work, irregularity and negligence in the management of the airport system, any transfer, even partial, of the concession, etc.

SUBJECT OF THE CONCESSION

Law 755/73 (Art. 1) sets forth the subject of the concession, consisting in the single management of the Capital's airport system, to be carried out under the supervision of the Ministry of Transport (now ENAC - Italian Civil Aviation Authority - pursuant to Italian Legislative Decree 250/1997) according to the provisions of the Navigation Code and regulations currently in force.

In particular, the concession, governed by specific agreements with the Grantor, includes the management of infrastructures and services and the maintenance of existing systems, machinery and buildings. ADR also supplies passengers with carry-on baggage and hold baggage security checks.

INCOME

Pursuant to Art. 6, subsection 1, of Law 755/73, "all revenues of the State, which derive from the management of the two airports, belong to the company holding the concession".

Art. 6 of Agreement 2820/74 groups the revenues into those deriving from the use of the airports, those regarding the use of services and the services rendered by the concessionaire, and those regarding the use of airport assets.

The Agreement also provides that the concessionaire has the right to claim fair payment from whoever carries out a profit-making activity in the airports.

With resolution no. 86 of August 4, 2000, the Interministerial Committee for Economic Planning ("CIPE") issued a favourable opinion on the "Reordering framework regarding the tariff system for airport services rendered on an exclusive basis" proposed by the Minister of Transport and Navigation in conjunction with the Minister of Finance.

According to said framework, revenues subject to regulation can be classified as follows:

- revenue due as payment (airport fees) for the use of

5.6 EXPLANATORY NOTES

- airport infrastructures that are instrumental in services of air transport;
- payments due for the use of airport assets (for common use, for exclusive use, centralised infrastructure) that are instrumental in terminal assistance services (supplied or self-produced);
 - payments for security services set forth in another concession deed;
 - payments for terminal assistance services, when supplied by the airport operator - in fact or by rights - under exclusive conditions.

The aforementioned CIPE Resolution no. 86/2000 was cancelled and substituted by CIPE Resolution no. 38/2007 of June 15, 2007 (published in the Official Gazette no. 221 of the Italian Republic of September 22, 2007), which approved the new “Directive” regarding the tariff system for airport services rendered on an exclusive basis (“Directive”).

The purpose of the Directive is to set forth guidelines for the implementation of Law no. 248/2005. It requires ENAC (Italian Civil Aviation Authority) to set forth, within 60 days from the publication of the CIPE Directive in the Official Gazette, “guidelines setting forth criteria for the application of the Directive”.

The definitive text of the application Guidelines of CIPE Directive no. 38/07 and the relative attachments, was published by ENAC on its website on January 7, 2008, then rewritten following the observations made by NARS.

On February 14, 2008, the Guidelines were approved by means of Interministerial Decree of the Minister of Transport and the Minister of the Economy and Finance no. 41/T. Said decree (never published in the Official Gazette) was repealed by the subsequent Decree of the Ministry for Infrastructure and Transport of December 10, 2008, which formally approved the Guidelines drawn up by ENAC for applying the Ministerial Directive regarding the tariff system for airport services rendered on an exclusive basis.

On March 27, 2008, CIPE then made a lexical change to its Resolution no. 38/2007 – publishing the subsequent Resolution no. 51/08 - pursuant to sentence no. 51 of the Constitutional Court dated February 27, 2008, which envisaged the need for the opinion of the Joint Conference. With this change (at point 5.3), the range of duties of the Regions in approving planning agreements was expanded.

All of the other decisions of resolution no. 38/2007 and of the attachment that is an integral part thereof are upheld and unchanged by the March 27, 2008 resolution (published with amendments in the Official Gazette no. 128 of June 3, 2008).

CIPE Resolution no. 51/08, the same as the previous no. 86/00, provides that the new regulated tariffs that the airport

5.6 EXPLANATORY NOTES

operator can apply will be established within a specific “planning agreement” to be entered into by the operator and ENAC.

In consideration of the long time frame required for the approval procedure of planning agreements, and waiting for the planning agreement approval to be completed, national regulations have established the terms of adapting only the airport fees on a provisional basis.

Specifically, Law no. 31 of February 28, 2008 (“Milleproroghe”) provided that until the enactment of the decrees to define airport fees pursuant to Law 248/05, the Minister of Transport issued its own decree, to be adopted by December 31, 2008, to index airport fees to programmed inflation.

Said term was extended once to December 31, 2009 (with Law Decree no. 207 of December 30, 2008, converted into Law 14/2009), then additionally extended to December 31, 2010 (by subsection 6 of Art. 5 of Law Decree no. 194 of December 30, 2009) and finally extended to March 31, 2011 (Law Decree no. 225 of December 29, 2010).

Following the above, the first Decree (Ministerial Decree 07/21/2008) was published in the Official Gazette dated October 21, 2008, containing the “Airport fee update”, to take into account the programmed inflation regarding 2008 that is expected to be 1.7% according to the Economic and Financial Planning Document.

Similarly, the Ministry of Infrastructure and Transport Decree of October 8, 2009 on “2009 Airport fee update” was then published in the Official Gazette of December 22, 2009. The amount of airport fees was updated to the amount of programmed inflation relating to 2009, which, in the Italian Economic and Financial Planning Document, was as equal to 1.5%.

Lastly, the Ministerial Decree of October 4, 2010 was published in the Official Gazette of December 11, 2010, including the “2010 Airport fee update”: according to this decree, the amount of airport fees as per the previous Ministerial Decree 10/8/2009, was updated to the programmed inflation rate relating to 2010 which, in the Italian Economic and Financial Planning Document, was equal to 1.5%.

The new amount of rights will be applicable starting to January 10, 2011, the date in which the above-mentioned Decree entered into force.

Again on the issue of airport fees, the Finance Law 2010 (Law no. 191 of December 23, 2009) permitted airport operators to increase the fees in advance.

On January 15, 2010, ADR submitted to ENAC its application for admission to the procedure for early introduction of fees. On March 5, 2010, ENAC informed

5.6 EXPLANATORY NOTES

ADR that checks on documents filed in by the company were concluded and the application transmitted to the competent Ministry of Infrastructure and Transportation.

No reply from the above-mentioned Ministry had been received by ADR as at December 2010.

In the Official Gazette of August 4, 2009 the Conversion law no. 102 of August 3, 2009 “Corrective measures of the Anti-Crisis Decree-Law no. 78 of 2009” was published, authorising ENAC to enter into planning agreements in derogation of current regulations for airports with traffic exceeding 10 million passengers per year (now eight million, following the amendments based on Law 122/010), introducing long-term tariff systems that, bearing in mind European levels and standards, are oriented towards costs of infrastructures and services, efficiency objectives and the criteria of adequate remuneration of investments and capital, with valid updating methods for the entire duration of the agreements.

Always regarding fees, the Law Decree no. 78 of May 31, 2010 (converted in Law no. 122 of July 30, 2010), bearing “Urgent measures on financial stabilisation and economic competitiveness”, Art. 14, subsection 14, set out a commissarial surcharge on outbound passenger boarding fees from the airports of Rome - within the maximum limit of 1 euro per passenger - in order to contribute to the charges deriving from the carrying out of the debt repayment plan of the Municipality of Rome up to a total of 200 million euro.

Pursuant to the above-mentioned standard, the Commissioner in charge of the commissarial administration – prior resolution no. 36 of the Municipality of Rome dated October 27, 2010 – decided this commissarial surcharge, equal to 1 euro per passenger, as from January 1, 2011.

CONCESSION FEE

Italian Legislative Decree 251/95, later converted into Law 351/95 introduced the obligation to pay a concession fee. The criteria for the calculation of the concession fee were modified by Art. 2, subsection 188 of Law 662/96. In compliance with said law, the fee was periodically set for each period considered, with reference to the volumes of passenger and cargo traffic.

In the 1997-2002 period, the concession fee was calculated “in an amount corresponding to ten percent of the total amount of revenue deriving from fees on the use of the two airports, as well as the fees for loading and unloading of cargo”.

The Decree of the State Property Agency on June 30, 2003 adopted a new, different reference parameter for calculating the fee, identified as the so-called “WLU (Work Load Unit)” which “corresponds to one passenger or 100 kg of cargo or post” and is “calculated using the data reported in the statistical yearbook of the Ministry for Infrastructure and Transport - ENAC (Italian Civil Aviation Authority)”.

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The same decree identified several levels of traffic and, through the use of a differentiated coefficient per layer, allows for the calculation of a fee that values and measures airport traffic.

Lastly it is noted that Article 11.10 of Law 248/2005 - mentioned earlier - has provided that the state concession fees be reduced by 75% up to the date of introduction of the system for determination of airport fees.

The Decree of the State Property Office of December 23, 2009, published in the Official Gazette no. 302 of December 30, 2009, extended to 2012 the methods for quantifying airport management fees due to operators, previously set forth in the inter-executive decree of June 30, 2003.

AIRPORT INFRASTRUCTURES

Using funds from autonomous loans or using funds issued by the State on the basis of specific regulations and agreements, the company has the task of coordinating all assets necessary for the creation of the “Development Plan” of airport infrastructures. The total amount of assets used by the company for the financial year in the exercise of its own activity is composed of four distinct types:

- “Own assets”: assets acquired as property by the company through its own financial means, for which the company does not believe that there is an obligation to assign them at the end of the term of the concession.
They consist of light buildings, systems and machinery, industrial and commercial equipment and other assets. They are shown under balance sheet assets among “Tangible/technical fixed assets”.
- “Revertible assets”: are assets purchased by the company using its own financial means and, based on the concession agreement in force, subject to free reconveyance to the Grantor, in conditions of normal use and regular functioning, upon termination of the concession.
Revertible assets include all works and fixed systems carried out on the airport State-owned soil. They consist of industrial building and fixed systems, and are shown under assets among “Intangible fixed assets – Airport concession – Investments on infrastructures under concession”.
- “Assets received in concession”: are assets owned by the State and received in concession for use. They essentially consist of previously existing infrastructures on airport soil at the moment of creation of the company in 1974.
As they are not property of the company, their relative value is only indicated in the notes (see the note 12 regarding “Intangible fixed assets”).
- “Assets created on behalf of the State”: are works created by the company, under the construction concession, on behalf of and using funds of the State, for which the

5.6 EXPLANATORY NOTES

company generally does not receive profits or losses deriving from their creation.

As they are not property of the company, the value of the part created by the company and reported to ENAC is indicated only in the notes (see note 12 regarding “Intangible fixed assets”).

The part under construction and not yet disclosed at year end, is included in Assets among “Receivables”.

For implementation of said works the company receives from the Grantor an advance, by way of funds provided for the management of the works, which is recorded under payables, at the item “Advances”. Thereafter the costs incurred by the Company for works, supplies and price revision are reported and invoiced to the Grantor on the basis of the state of progress of works, reducing the advances received throughout the period of time required to complete the works.

Only for general construction expenses (for design, inspectors’ fees, inspection fees, management of works, etc.) shall the Grantor pay the company a lump sum reimbursement, equal to 9% of the loan, corresponding, as a whole, to the total estimated costs that the company shall incur for that item.

In addition, the category Assets, among “Intangible fixed assets – Airport concession – Investments on infrastructures in concession”, includes fixed assets for modernisation or renovation carried out using autonomous financial means, on “Assets received in concession” and on “Assets created on behalf of the State”.

VALUATION OF THE CONCESSION

As stated in the paragraph regarding the concession relationship, ADR’s corporate purpose is the construction and management of airports.

The concession is the legal instrument that enables ADR to carry out this activity, settling fees and obligations both during and at the end of the concession.

As a result, the valuation of the concession effectively corresponds to the valuation of the company, and vice versa.

The airport management concession is recorded in the consolidated financial statements for a value of 2,916 million euro, originating as follows:

(in millions of euro)

Value entered at the time of the first consolidation of Leonardo S.p.A.		
1)	(now ADR), related to the difference in value between the price paid by Leonardo S.p.A. and ADR’s shareholders’ equity:	
	a) net value as at December 31, 2006 for the 51.08% share of ADR owned by Gemina	1,151
	b) net value as at July 1, 2007 for the 44.68% share of ADR purchased by Macquarie (change in consolidation area)	891
	Subtotal	2,042

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2) Value measured as at July 1, 2007:		
a) difference between ADR's shareholders' equity and the price paid to Macquarie	930	
b) deferred taxes on the value of 930	257	1,187
3) Depreciation regarding 2007-2008-2009		(233)
4) Value of concession as at December 31, 2009 (1+2+3)		2,996
5) Value recognised while consolidating Fiumicino Energia		7
6) Amortisation regarding 2010		(87)
7) Value of concession as at December 31, 2010 (4+5+6)		2,916

The value of the concession is amortised on a straight-line basis in each year along the duration of the concession, i.e. until June 30, 2044.

The fairness of the value has been assessed by discounting the cash flows estimated in the economic and financial projections drawn up by ADR management over the 2011-2044 period, divided in two parts: 2011 – 2020 and 2021 – 2044.

Forecasts for the 2011-2020 period made up the 2011-2020 Economic-financial Plan approved by ADR's Board of Directors held on January 28, 2011 and Gemina's Board of Directors held on February 4, 2011, to fulfil commitments arising from loan agreements.

Forecasts are based on the following assumptions:

- airport tariffs estimated at best by the current status of negotiations with ENAC;
- passenger traffic reaching 46 million in 2020 and 99 million in 2044;
- investments in infrastructure, amounting to 2.5 billion euro over the 2011-2020 period and 9.5 billion euro over the following period;
- discounting at 6.5% annual nominal rate after taxation.

Discounted financial flows, also using alternatives, confirm the value of concession as at December 31, 2010.

The two main ADR's business areas, aviation and non aviation, were considered as one single Cash Generating Unit for both their strict interconnection and the fact that one single value was assigned to the concession.

Investments over the 2011-2020 period are the first part of the development plan of the airport system in Rome until

5.6 EXPLANATORY NOTES

2044. This plan is aimed at meeting, at the end of the period, the passenger traffic needs of around 100 million per year, in addition to a significant improvement to the quality of services.

The new infrastructures, (“Fiumicino Nord”), for which a budget of around 7.2 billion euro investments is estimated, will be located in an area north of the existing airport, to which they will be linked.

The implementation of this demanding investment program is however subjected to the signature of a planning agreement which would ensure continuity and stability of contract clauses over the entire concession term.

CONSOLIDATION AREA

Due to the spin-off of Sistemi di Energia S.p.A., from July 1, 2009, the consolidation area includes Fiumicino Energia and Leonardo Energia.

These companies, together with Gemina and ADR, have been consolidated on a line-by-line basis. Pentar has been valued at written down cost for impairment losses.

NOTES TO THE INCOME STATEMENT

As regards items evaluated, the following tables generally show the amounts of the same, their breakdown, the amount pertaining to the previous year and/or any change with respect to the latter.

Figures shown are in thousands of euro, unless otherwise indicated, and amounts for 2009 are re-determined following the application of IFRIC 12.

NOTE 1 REVENUES

<i>(in millions of euro)</i>	2010	2009	CHANGE	% CHANGE
AVIATION	307.3	291.5	15.8	5.4%
AIRPORT FEES	174.9	163.2	11.7	7.2%
CENTRALISED INFRASTRUCTURES	35.4	35.5	(0.1)	(0.3%)
SECURITY	67.7	62.9	4.8	7.6%
OTHER	29.3	29.9	(0.6)	(2.0%)
NON AVIATION	290.3	268.6	21.7	8.1%
PROPERTIES	59.7	56.3	3.4	6.0%

5.6 EXPLANATORY NOTES

<i>SUB-CONCESSIONS AND UTILITIES</i>	59.7	56.3	3.4	6.0%
TRADE	201.3	184.1	17.2	9.3%
<i>SALES</i>	87.3	80.2	7.1	8.9%
<i>SUB-CONCESSIONS AND UTILITIES</i>	54.1	46.9	7.2	15.4%
<i>CAR PARKS</i>	30.5	27.5	3.0	10.9%
<i>ADVERTISING</i>	22.4	22.8	(0.4)	(1.8%)
<i>REFRESHMENTS</i>	7.0	6.7	0.3	4.5%
OTHER	29.3	28.2	1.1	3.9%
TOTAL REVENUES	597.6	560.1	37.5	6.7%
INFRASTRUCTURE PURSUANT TO IFRIC 12	55.5	30.1	25.4	84.4%
TOTAL	653.1	590.2	62.9	10.7%

Revenues almost entirely relate to airport activities, and have increased compared to the previous period.

The change compared to the previous year reflects the increase in traffic and is analysed in detail in paragraph 3.3 “Operations and related revenues” of the Report on Operations.

NOTE 2 CONSUMPTION OF RAW MATERIALS AND CONSUMABLES

	2010	2009
COMBUSTIBLES	14,888	16,767
FUEL AND LUBRICANTS	3,138	2,566
ELECTRICITY	4,154	2,604
SPARE PARTS (PRODUCTION PURCHASES)	4,358	5,005
DIRECT SALES MATERIALS	41,608	35,881
CONSUMABLES	4,738	4,221
CHANGES IN RAW MATERIAL	(790)	1,091
TOTAL	72,094	68,135

NOTE 3 STAFF COSTS

	2010	2009
SALARIES AND WAGES	88,427	89,029
SOCIAL SECURITY CHARGES	25,691	26,026
POST-EMPLOYMENT BENEFITS	5,557	5,660
RESTRUCTURING COSTS	3,183	20,348

5.6 EXPLANATORY NOTES

PREVIOUS YEARS COST OF LABOUR ADJUSTMENTS	(2,230)	(332)
OTHER COSTS	1,356	1,232
TOTAL	121,984	141,963

Staff costs decreased by 20.0 million euro compared to 2009, burdened by restructuring costs of about 20.3 million.

NOTE 4 OTHER OPERATING COSTS

	2010	2009
SERVICE CHARGES	107,917	99,215
COSTS FOR USE OF THIRD PARTY ASSETS	15,672	13,818
ALLOCATION TO PROVISION FOR RISKS	4,805	6,949
WRITE-DOWNS OF RECEIVABLES	12,646	5,935
OTHER OPERATING EXPENSES	20,807	19,566
TOTAL	161,847	145,483

“Other operating expenses” include the estimate of the charge regarding the Customs Office, for 14.0 million euro (12.0 million euro in 2009), of which Note 28 “Provisions for risks and charges” and the write-downs of receivables from handlers, as per Note 21 “Trade receivables”.

NOTE 5 AMORTISATION, DEPRECIATION AND WRITE-DOWNS OF FIXED ASSETS

	2010	2009
AMORTISATION OF INTANGIBLE FIXED ASSETS	102,721	101,514
DEPRECIATION OF TANGIBLE FIXED ASSETS	5,458	5,307
TOTAL	108,179	106,821

The amortisation of intangible fixed assets is broken down as follows:

	2010	2009
AMORTISATION OF AIRPORT MANAGEMENT CONCESSION “ACQUIRED RIGHTS”:	87,007	86,807
AMORTISATION OF AIRPORT MANAGEMENT CONCESSION “INVESTMENTS IN INFRASTRUCTURE”	11,742	10,862

5.6 EXPLANATORY NOTES

AMORTISATION OF INTANGIBLE FIXED ASSETS	3,972	3,845
TOTAL	102,721	101,514

Total amortisation of the airport management concession – “acquired rights” - amounted to 87.0 million euro and it is broken down for 2010 as follows:

AMORTISATION OF CONCESSION RECORDED IN ADR'S FINANCIAL STATEMENTS	49,284
AMORTISATION OF CONCESSION RECORDED IN GEMINA CONSOLIDATED FINANCIAL STATEMENTS FROM CONSOLIDATION OF 51.08% OF ADR	5,472
AMORTISATION OF CONCESSION RECORDED IN GEMINA CONSOLIDATED FINANCIAL STATEMENTS FROM CONSOLIDATION OF 44.68% OF ADR	32,051
AMORTISATION OF CONCESSION RECORDED IN FIUMICINO ENERGIA'S FINANCIAL STATEMENTS	200
TOTAL	87,007

NOTE 6 ALLOCATIONS TO RENOVATION PROVISIONS

They amounted to 69,971 thousand euro compared to 40,571 thousand euro in 2009.

They include supplementary allocations, with respect to the amortisation of the concession for those infrastructures whose technical-economical duration is expected to be less than the term of the concession.

NOTE 7 FINANCIAL INCOME

	2010	2009
INTEREST INCOME	1,577	2,220
INTEREST ON BANK DEPOSITS AND LOANS	1,577	2,220
INCOME ON DERIVATIVES	7,830	34,070
SWAP DIFFERENTIALS	-	14,200
VALUATION OF DERIVATIVES	7,830	16,390
VALUATION OF DEBT INSTRUMENTS UNDERLYING DERIVATIVES	-	3,480
EXCHANGE GAINS	51	49

5.6 EXPLANATORY NOTES

OTHER INCOME	246	1,864
DEFAULT INTEREST ON CURRENT RECEIVABLES	213	33
INTEREST FROM CUSTOMERS	27	1
INCOME FROM RECEIVABLES HELD AS FIXED ASSETS	-	3
OTHER INCOME	6	1,827
TOTAL	9,704	38,203

The difference with respect to the previous year is mainly attributable to:

- absence of swap differentials paid to ADR and Romulus by the counterparts with which the companies subscribed variable rate hedging contracts;
- lower income from evaluation of derivatives which were offset in item "Financial charges – exchange losses".

NOTE 8 FINANCIAL EXPENSES

	2010	2009
INTEREST EXPENSE	66,350	72,596
INTEREST ON OUTSTANDING BONDS	58,061	60,835
INTEREST ON BANK LOANS	7,770	11,410
INTEREST ON FINANCIAL PAYABLES	519	351
EXPENSES ON DERIVATIVES	11,229	26,086
SWAP DIFFERENTIALS	11,229	15,457
VALUATION OF DERIVATIVES	-	10,629
EXCHANGE LOSSES	7,560	16,399
OTHER EXPENSES	12,084	9,322
COMMISSION EXPENSE	101	327
DUE TO EMPLOYEES FOR SEVERANCE INDEMNITIES	703	722
EFFECTS OF APPLICATION OF THE AMORTISED COST METHOD	3,136	2,966
EFFECTS OF APPLICATION OF IFRIC 12	7,741	4,921
OTHER EXPENSES	403	386
TOTAL	97,223	124,403

The difference with respect to the previous year is attributable to:

- the decrease in interest expense due to the reduction in interest rates and to the lower average exposure as a result of repayments of 11.7 million euro in September 2010 regarding the term loan facility, as well as of the payment of instalments coming due of the debt with Banca OPI amounting to 8.5 million euro;
- lower evaluation charges on derivatives for the expiring in

5.6 EXPLANATORY NOTES

2009 of some contracts.

NOTE 9 INCOME (CHARGES) ON EQUITY INVESTMENTS

	2010	2009
MEASUREMENT OF SITTI	-	(34)
WRITE-DOWN OF LA PIAZZA DI SPAGNA	(15)	(44)
WRITE-DOWN OF AEROPORTO DI GENOVA	(500)	-
WRITE-DOWN OF PENTAR	(1,377)	(1,100)
OTHER INCOME/(CHARGES) ON EQUITY INVESTMENTS	76	(664)
TOTAL	(1,816)	(1,842)

The equity investment in Pentar was prudently written down to line up its book value with the quota of the Company's shareholder's equity, as is seen in the best information available.

The equity investment in SITTI was sold at a spot price in line with the book value of the equity investment.

ADR's equity investment in Genoa Airport was written-down by 0.5 million euro due to an updating of the impairment of the investment.

NOTE 10 INCOME TAXES

	2010	2009
CURRENT INCOME TAXES	37,759	31,580
IRES	65	375
CHARGES FROM CONSOLIDATED TAXATION	22,680	17,442
IRAP	15,014	13,763
INCOME TAXES FROM PRIOR PERIODS	(259)	1,230
NET (PREPAID) DEFERRED INCOME TAX	(21,117)	(15,135)
TOTAL	16,383	17,675

It is noted that a Group tax consolidation agreement is in force between Gemina, ADR, ADR Tel, ADR Engineering, ADR Sviluppo S.r.l., ADR Assistance., Leonardo Energia and Fiumicino Energia for the 2010-2012 period.

According to the above agreement, the Parent Company recorded IRES receivables as the company incurred tax losses during the year.

For details on calculation of prepaid taxes, please see note 16.

The following table shows the reconciliation of IRES theoretical tax with the actual tax (also including charges from consolidated taxation):

5.6 EXPLANATORY NOTES

	2010		2009	
PRE-TAX INCOME		(21,552)		(27,008)
TAX CALCULATED ON THE THEORETICAL IRES TAX RATE	(5,927)	27.5%	(7,427)	27.5%
EFFECT OF CHANGES INCREASES (DECREASES) COMPARED TO THE ORDINARY TAX RATE:				
PERMANENT DIFFERENCES:				
DIVIDENDS	-	-	(63)	-
UNDEDUCTIBLE COSTS	9,766		9,348	
OTHER PERMANENT DIFFERENCES	(896)		(586)	
TEMPORARY DIFFERENCES:				
INCREASE	21,010		13,783	
DECREASE	(8,337)		(6,569)	
TAX CONSOLIDATION ADJUSTMENTS	7,129		9,331	
USE OF GROUP LOSSES OF PREVIOUS YEARS			-	-
TOTAL ACTUAL CURRENT IRES	22,745	n/a	17,817	n/a

NOTES TO THE BALANCE SHEET

The compared 2009 figures are restated following the application of IFRIC 12.

NOTE 11 INTANGIBLE FIXED ASSETS

	01/01/2009	INCREASES	DECREASES	12/31/2009
AIRPORT MANAGEMENT CONCESSION "ACQUIRED RIGHTS"	3,083,181	6,906	(86,807)	3,003,280
AIRPORT MANAGEMENT CONCESSION "INVESTMENTS IN INFRASTRUCTURE"	401,681	47,951	(10,489)	439,143
OTHER INTANGIBLE FIXED ASSETS	6,269	3,935	(3,228)	6,976
TOTAL	3,491,131	58,792	(100,524)	3,449,399
	01/01/2010	INCREASES	DECREASES	12/31/2010
AIRPORT MANAGEMENT CONCESSION "ACQUIRED RIGHTS"	3,003,280	-	(87,007)	2,916,273
AIRPORT MANAGEMENT CONCESSION "INVESTMENTS IN INFRASTRUCTURE"	439,143	47,282	(12,583)	473,842
OTHER INTANGIBLE FIXED ASSETS	6,976	3,400	(3,976)	6,400
TOTAL	3,449,399	50,682	(103,566)	3,396,515

Airport management concession "acquired rights"

The change in value with respect to December 31, 2009 can

5.6 EXPLANATORY NOTES

be attributed to the amortisation over the period already described in Note 5.

Airport management concession “investments in infrastructure”

The item, pursuant to IFRIC 12, includes all fixed assets which are to be transferred to the grantor on conclusion of the concession. Moreover, reference is made to appendix 5.8.

The following table sets forth the value of the systems and infrastructure received in concession in the Fiumicino and Ciampino airports, and the value of the works financed, realised and reported to the National Civil Aviation Board.

	12/31/2010	12/31/2009
FIUMICINO ASSETS RECEIVED IN CONCESSION	119,812	119,812
CIAMPINO ASSETS RECEIVED IN CONCESSION	29,293	29,293
ASSETS CREATED ON BEHALF OF THE STATE	668,309	672,999
TOTAL	817,414	822,104

As these are assets received in concession, and not owned, the related value is not recorded under “Assets” in the Balance Sheet.

The other intangible fixed assets are broken down as follows:

	12/31/2009			CHANGES		12/31/2010		
	Cost	Accr. Amort.	Book Value	Incr. (decr.)	Amort. rate	Cost	Accr. Amort.	Book Value
INDUSTRIAL PATENTS AND INTELLECTUAL PROPERTY RIGHTS	7,813	(6,172)	1,641	1,259	(1,187)	9,072	(7,359)	1,713
CONCESSIONS, LICENCES, TRADEMARKS AND SIMILAR RIGHTS	21,907	(18,386)	3,521	3,122	(2,560)	25,029	(20,946)	4,083
OTHER	2,264	(450)	1,814	(981)	(229)	1,283	(679)	604
TOTAL	31,984	(25,008)	6,976	3,400	(3,976)	35,384	(28,984)	6,400

5.6 EXPLANATORY NOTES

NOTE 12 TANGIBLE/TECHNICAL FIXED ASSETS

	12/31/2009			CHANGES TO				12/31/2010		
	COST	ACCR. DEPR.	BOOK VALUE	INCREAS E (DECRE ASE)	RECLASS./CHANGE IN CONSOLIDATION AREA		DEPR. RATE	COST	ACCR. AMORT.	BOOK VALUE
COST					ACCR. DEPR.					
PLANT AND MACHINERY	38,880	(28,775)	10,105	3,661	62	-	(3,340)	42,603	(32,115)	10,488
FIXTURES AND FITTINGS TOOLS AND OTHER EQUIPMENT	8,769	(7,600)	1,169	888	(6)	6	(496)	9,651	(8,090)	1,561
FIXED ASSETS CONSTRUCTION IN PROGRESS AND ADVANCES	1,716	-	1,716	-	(1,716)	-	-	-	-	-
OTHER ASSETS	40,805	(36,885)	3,920	509	243	67	(1,622)	41,557	(38,440)	3,117
TOTAL	90,170	(73,260)	16,910	5,058	(1,417)	73	(5,458)	93,811	(78,645)	15,166

5.6 EXPLANATORY NOTES

EQUITY INVESTMENTS IN ASSOCIATED COMPANIES VALUED AT
NOTE 13 NET EQUITY

	12/31/2010	12/31/2009	CHANGE
SITTI	-	5,000	(5,000)
PENTAR	2,232	3,609	(1,377)
LA PIAZZA DI SPAGNA	-	40	(40)
TOTAL	2,232	8,649	(6,417)

In December 2010, the equity investment in SITTI was transferred to IMI Fondi Chiusi SGR at a price of 5 million euro, paid at closing, in addition to 0.5 million euro, which will be paid upon the occurrence of specific conditions related to the subsequent divestment by the Fund.

The book value of the equity investment in Pentar was written-down as a prudential measure for the protraction of losses recorded by the investee.

The liquidation procedure of the associated company "La Piazza di Spagna S.r.l. in liquidation" was concluded on December 16, 2010.

NOTE 14 INVESTED RECEIVABLES

The item, which included exclusively the receivables from the INAER Group resulting from the transfer of its shareholding in Elilario Italia, occurred in February 2008, are cancelled due to the advanced collection of the amount due.

This by applying a contract clause that envisages the immediate collectability of the receivable in the case of total refinancing of the debt of the INAER Group.

The amount collected by Gemina is equal to 4.8 million euro, including interests capitalised.

NOTE 15 OTHER EQUITY INVESTMENTS

	12/31/2010	12/31/2009	CHANGE
NON-CONSOLIDATED SUBSIDIARIES	10	10	-
DOMINO S.R.L.	10	10	-
NON-CONSOLIDATED ASSOCIATED COMPANIES	10	10	-
CONSORZIO E.T.L.	10	10	-
OTHER COMPANIES	2,230	2,736	(506)
KIWI 1 VENTURA SERVICOS S.A.	28	28	-
AEROPORTO DI GENOVA S.P.A.	895	1,395	(500)
S.A. CAL. S.P.A.	1,307	1,307	-
ALINSURANCE S.R.L.	-	6	(6)

5.6 EXPLANATORY NOTES

TOTAL	2,250	2,756	(506)
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NOTE 16 DEFERRED TAX ASSETS

The item amounted to 101,616 thousand euro, compared to 89,229 thousand euro as at December 31, 2009.

A breakdown of the item and movements recorded over the period is reported in the table below:

	12/31/2009		INCREASE		DECREASE		12/31/2010	
	Taxable income	Tax	Taxable income	Tax	Taxable income	Tax	Taxable income	Tax
	(A)		(B)		(C)		(A+B-C)	
PREPAID TAXES	302,956	90,908	76,091	23,028	37,211	10,476	341,836	103,460
PROVISIONS FOR RISKS AND CHARGES	32,857	9,949	8,728	2,603	6,759	1,955	34,826	10,597
SYSTEM RENOVATION PROVISIONS AND OTHER IFRIC 12 ADJUSTMENTS	117,677	38,035	36,449	11,780	-	-	154,126	49,815
PROVISION FOR OBSOLETE GOODS	473	131	277	76	399	110	351	97
BAD DEBT PROVISION	31,745	8,732	10,541	2,899	6,351	1,747	35,935	9,884
STAFF-RELATED ALLOCATIONS	10,618	2,921	7,632	2,099	10,681	2,938	7,569	2,082
PREPAID AMORT./DEPRECIATION NET FINANCIAL INCOME (EXPENSES)	996	276	-	-	139	38	857	238
CONSOLIDATION ADJUSTMENTS	17,560	5,675	2,901	938	2,620	847	17,841	5,766
OTHER	14,316	4,105	9,563	2,633	4,594	1,282	19,285	5,456
DERIVATIVES	73,874	20,303	-	-	2,828	778	71,046	19,525
DEFERRED TAXES	(6,096)	(1,679)	(597)	(167)	2	(2)	(6,695)	(1,844)
CAPITAL GAINS	(38)	(13)	-	-	(21)	(8)	(17)	(5)
OTHER	(6,058)	(1,666)	(597)	(167)	23	6	(6,678)	(1,839)
TOTAL	296,860	89,229	75,494	22,861	37,213	10,474	335,141	101,616

NOTE 17 OTHER NON-CURRENT ASSETS

The item amounted to 16,947 thousand euro, compared to 9,486 thousand euro as at December 31, 2009.

The value includes for 16.3 million euro the entry of the instalments paid (8.9 million euro as at December 31, 2009), in line with the instalment plan agreed by the Tax Collection Agency, as collection of the amounts provisionally assessed as owed within the litigation with the Customs Agency, described in Note 28.

These payments are effectively a financial advance, failing final judgement.

The increase is attributable to the instalments paid in 2010.

5.6 EXPLANATORY NOTES

NOTE 18 OTHER NON-CURRENT FINANCIAL ASSETS

They are zeroed compared to 1,400 thousand euro as at December 31, 2009, that included the portion of bond issue of SITTI, subscribed by Gemina, expired on June 30, 2010 and paid off.

NOTE 19 INVENTORIES

	12/31/2010	12/31/2009	CHANGE
RAW, ANCILLARY AND CONSUMABLE MATERIALS	2,661	2,919	(258)
FINISHED GOODS AND MERCHANDISE	7,521	7,245	276
TOTAL	10,182	10,164	18

The guarantees supplied by the ADR Group to some financiers regarding inventories are described in Note 32 of these Explanatory Notes.

NOTE 20 CONTRACT WORK IN PROGRESS

	12/31/2010	12/31/2009	CHANGE
WORK IN PROGRESS	93	441	(348)
RECEIVABLES FOR ACCOUNTS INVOICED	203	475	(272)
TOTAL	296	916	(620)

NOTE 21 TRADE RECEIVABLES

	12/31/2010	12/31/2009	CHANGE
DUE FROM CUSTOMERS	211,980	238,777	(26,797)
RECEIVABLES FOR CONSTRUCTION SERVICES	24,127	16,694	7,433
DUE FROM OTHERS	773	763	10
	236,880	256,234	(19,354)
BAD DEBT PROVISION	(39,206)	(34,164)	(5,042)
ALLOWANCE FOR DOUBTFUL ACCOUNTS	(8,064)	(8,078)	14
	(47,270)	(42,242)	(5,028)
TOTAL	189,610	213,992	(24,382)

The 24.4 million euro is attributable to the improvement of the time required for collection and the 5.0 million euro increase in the Bad debt provision, also resulting from the write-down of receivables from handlers totalling around

5.6 EXPLANATORY NOTES

8.8 million euro.

The figures includes the balance of 20.2 million euro of amounts due from companies of the Alitalia Group in extraordinary administration.

The guarantees supplied by the ADR Group to some financiers regarding receivables are described in Note 32 of these Explanatory Notes.

NOTE 22 OTHER RECEIVABLES

	12/31/2010	12/31/2009	CHANGE
DUE FROM ASSOCIATED COMPANIES	482	530	(48)
TAX RECEIVABLES	5,256	2,164	3,092
DUE FROM OTHERS	3,559	4,232	(673)
TOTAL	9,297	6,926	2,371

NOTE 23 FINANCIAL INSTRUMENTS - DERIVATIVES

	12/31/2010	12/31/2009	CHANGE
INTEREST RATE HEDGING DERIVATIVES	-	-	-
ACCRUED INTEREST	-	534	(534)
TOTAL	-	534	(534)

Details of all derivative contracts of the Group are described in Note 36, in the section regarding derivative liabilities.

NOTE 24 OTHER CURRENT FINANCIAL ASSETS

This item as at December 31, 2010 was equal to 59,446 thousand euro, compared to 55,497 thousand euro as at December 31, 2009.

The figure includes the balance, equal to 55.7 million euro, of the fixed-term deposit held by the “Security Agent” of the ADR loans, called the “Debt Services Reserve Account” (DSRA).

In accordance with loan agreements, the *DSRA* is a fixed-term deposit held by the “Security Agent” on which the company is obliged to deposit an amount as security on the servicing of debt to be adjusted on a six-month basis (periods from March 20 to September 19 and from September 20 to March 19).

Currently, the debt service has a different weight in the two mentioned six-month periods: hence, the due dates on which the reserve increases (March) is constantly alternated with the due dates on which the reserve must be decreased

5.6 EXPLANATORY NOTES

(September).

NOTE 25 CASH AND CASH EQUIVALENTS

	12/31/2010	12/31/2009	CHANGE
BANK AND POST OFFICE DEPOSITS	201,032	148,695	52,337
CASH ON HAND	629	577	52
TOTAL	201,661	149,272	52,389

Cash and cash equivalents of the Group increased by 52.4 million euro compared to December 31, 2009 due to greater cash flows generated by operations, in spite of higher volumes of investments and the repayment of financial indebtedness.

It is worth noting that bank deposits include the balance (11.1 million euro) of the “Recoveries Account”, required under the terms and conditions of ADR loan agreements, in which cash raised through extraordinary transactions is deposited, net of related costs.

Due to the protraction of the cash sweep-trigger event occurrence and according to the waiver granted in the first quarter of 2010, on the application date of September 2010, ADR deposited on the current account held at Mediobanca and denominated “Loan collateral”, 35.1 million euro for the securitisation of tranche A1 of Romulus.

As at December 31, 2010, the amount of 46.2 million euro, coming from the “free” cash (i.e. that can be also destined, under ordinary conditions, to the payment of dividends generated in previous years) was on a current account of ADR, which had not been pledged.

The guarantees supplied by the ADR Group to some financiers regarding cash equivalents are described in Note 32 of these Explanatory Notes.

NOTE 26 SHAREHOLDERS’ EQUITY

Group shareholders’ net equity for the period as at December 31, 2010 amounts to 1,572,024 thousand euro, while shareholders’ equity pertaining to minority shareholders amounts to 32,846 thousand euro.

Changes occurred over the period are highlighted in the special statement at section 5.4.

The fully paid-in share capital is made up of 1,469,197,552 ordinary shares and 3,762,768 non-convertible savings shares of the par value of 1 euro.

The reconciliation statement of Gemina shareholders’ equity with consolidated shareholders’ equity and the company’s profit (loss) for the year with the consolidated profit (loss)

5.6 EXPLANATORY NOTES

can be found in section 5.5 of these Explanatory Notes.

NOTE 27 EMPLOYEE BENEFITS

VALUE AS AT 12/31/2009	24,653
CURRENT SERVICE COST	5,883
FINANCIAL EXPENSES ON OBLIGATIONS ASSUMED	703
OTHER CHANGES	12
USE	(6,726)
VALUE AS AT 12/31/2010	24,525

NOTE 28 PROVISIONS FOR RISKS AND CHARGES

	12/31/2009	CHANGE			12/31/2010
		OTHER CHANGES	ALLOCATIONS	USE	
	297,367	-	29,537	(21,120)	305,784
OF WHICH:					
- BEYOND 12 MONTHS	277,043	(406)	26,040	(17,112)	285,565
- WITHIN 12 MONTHS	20,324	406	3,497	(4,008)	20,219

Provisions for risks and charges (within 12 months and after 12 months) as at December 31, 2010 amounted to 305,784 thousand euro, compared to 297,367 thousand euro as at December 31, 2009.

The item includes:

- deferred tax on the difference between price paid to Macquarie in July 2007 and ADR's shareholders' equity allocated to airport management concession; said value, equal to 238.5 million euro as at December 31, 2009, remains at 231.6 million euro as at December 31, 2010;
- 30.6 million euro in provisions for outstanding litigation, relating to probable liabilities connected with court cases in which the ADR Group is involved;
- the overall expense (taxes, interests and additional charges) relating to the dispute with the Customs Office (26.0 million euro); the additional provision of 14.0 million euro was carried out during the year owing to the negative result of the appeal lodged by ADR with the Regional Tax Commission of Rome.

In this regard it is noted that the procedure is underway to collect the sum due, which ADR is paying in 36

5.6 EXPLANATORY NOTES

instalments, following the application submitted to the Collection Agent after paying an advance of 4 million euro.

The instalments already paid, totalling 16.3 million euro, have been recognised as tax credits. At December 31, 2010, 16 instalments amounting to 9.8 million euro, including interest, were outstanding. Reference is made to Note 42 "Litigation".

- the residual amount of the provision for risks allocated in relation to the guarantees granted to the purchaser of the 2.0 million euro equity investment in Elilario;
- the restructuring provisions allocated for the restructuring plan launched by ADR, which envisages the use of mobility and the extraordinary earnings supplement fund, amounted to 8.6 million euro as at December 31, 2009, during 2010 4.2 million euro were used and a further 3.1 million euro were allocated;
- provision for internal insurance, equal to 1.6 million euro;
- the provision for alleged 2.2 million euro losses of the subsidiary Pentar;
- the allocation related to the Assessment Report issued by the Revenue Office for a tax audit on the year 2006, for 1.7 million euro;
- other minor provisions.

NOTE 29 SYSTEM RENOVATION PROVISIONS

01/01/09	CHANGE				12/31/09
	provision (+)	financial expense (+)	reabsorpt. (-)	use (-)	
153,737	41,723	4,923	(1,152)	(33,294)	165,937

01/01/10	CHANGE				12/31/10
	provision (+)	financial expense (+)	reabsorpt. (-)	use (-)	
165,937	71,168	7,741	(1,168)	(46,663)	197,015

It includes supplementary allocations, with respect to the amortisation of the concession for those infrastructures whose technical-economical duration is expected to be less than the term of the concession.

NOTE 30 FINANCIAL INDEBTEDNESS NET OF CURRENT SHARE

The Group's financial indebtedness is broken down as follows:

5.6 EXPLANATORY NOTES

FINANCER	NAME DESCRIP.	GEMINA GROUP COMPANIES	AMOUNT OF LOAN GRANTED	AMOUNT USED	RESIDUAL BOOK VALUE RECORDED IN FINANCIAL STATEMENTS	INTEREST RATE	REDEMPTION	DURATION	MATURITY TERM
POOL OF BANKS	Term Loan Facility	ADR	170,000	170,000	158,288	(*)	at maturity	6 years	Feb. 2012
	Revolving Facility	ADR	100,000	-	-	(*)	revolving	6 years	Feb. 2012
BEI	EIB Loan	ADR	80,000	80,000	79,637	(*)	at maturity	10 years	Feb. 2018
BANCA BIIS (FORM. BANCA OPI)	BOPI Facility	ADR	43,350	43,350	34,850	(*)	6-monthly instalments from 2010 to 2015	12 years	Mar. 2015
UNICREDIT LEASING	Leasing	Fiumicino Energia	18,022	18,022	14,939	(*)	monthly instalments	8 years	Apr. 2017
UNICREDIT MEDIOCREDITO CENTRALE (I)	Facility	Fiumicino Energia	2,000	2,000	1,302	(*)	monthly instalments	5 years	Aug. 2013
MEDIOBANCA	Tranche A	Parent Company	50,000	42,125 (**)	41,865	(*)	at maturity	3 years	Dec. 2011
UNICREDIT MEDIOCREDITO CENTRALE (I)	Tranche B	Parent Company	15,000	-(***)	-	(*)	at maturity	3 years	Dec. 2011
IN POOL	Tranche C	Parent Company	5,000	-	-	(*)	revolving	3 years	Dec. 2011
OTHER SHORT-TERM LOAN					14,928				
TOTAL					345,809				

(*) Variable indexed to the Euribor + margin

(**) The unused portion of this tranche was contractually written-off.

(***) This tranche was contractually written-off on January 22, 2010

(*) Now UniCredit S.p.A.

This amount is recorded for 278,092 thousand euro under non-current liabilities and for 67,717 thousand euro under current financial liabilities (see Note 35).

Tranche A of the Parent Group Loan was repaid in advance on December 16, 2010, for the amount of 5.4 million euro, of which 5.0 million euro arising from the amount of spot price for the sale of the equity investment in SITI and the residual amount from the cash.

The Term Loan Facility was partially repaid on September 20, 2010 for 11.7 million euro, decreasing to 158.3 million euro.

The Parent Group Loan, previously stated under item Medium/long-term financial indebtedness, is now stated in current financial liabilities as its maturity term is in December 2011.

New contracts with banks have been negotiated for the granting of a new loan. A new arm's length loan is expected to be concluded thanks to these negotiations.

The fair value estimate of medium-term loans granted by banks to the Gemina Group, recorded for a value of 330.9

5.6 EXPLANATORY NOTES

million euro, was equal to approximately 336.0 million euro (net of interest accrual), as at December 31, 2010.

The description of guarantees supplied and the major covenants on such loans is given in Note 32 of these Explanatory Notes.

NOTE 31 OUTSTANDING BONDS

The value of bonds as at December 31, 2010, equal to 1,107,575 thousand euro, can be attributed to the ADR Group.

	VALUE AS AT 12/31/2009	1,097,465
APPLICATION EFFECT OF AMORTISED COST METHOD	2,561	
ADJ. FOR CHANGE IN FAIR VALUE AND EXCHANGE RATE		
ADJUSTMENT	7,549	
	VALUE AS AT 12/31/2010	1,107,575

The item Outstanding bonds, which includes the bond issue made by Romulus, increased by 10.1 million euro, mainly due to the adjustment of Tranche A4, issued in Pounds Sterling, to the exchange rate at December 31, 2010.

In this regard, it is worth noting that on February 14, 2003 the creditor banks of ADR, in relation to the loan granted on August 2, 2001 for a total of 1,725 million euro, signed an agreement for transfer in lieu of payment of a portion of the debt claimed by ADR in favour of Romulus.

Romulus, Special Purpose Entity (SPE) vehicle, established pursuant to Law no. 130 of April 30, 1999 on securitisations and controlled by two entities governed by Dutch legislation, financed the acquisition of the pre-existing bank loan to ADR through the issue of 1,265 million euro in bonds listed on the Luxembourg Stock Exchange and underwritten by institutional investors.

Following the redemption of 2.8 million euro of February 2009, the characteristics of the issued securities are summarised below:

NAME	CURREN			COUPON	REDEMP	DURATI	EXPIRAT
	AMOUNT	CY	INTEREST RATE				
A1	500,000	euro	4.94%	annual	at maturity	10 years	Feb. 2013
A2	200,000	euro	Euribor 3M + 0.90%	quarterly	at maturity	12 years	Feb. 2015
A3	175,000	euro	Euribor 3M + 0.90%	quarterly	at maturity	12 years	Feb. 2015
A4	325,019	GBP	5.441%	six-monthly	at maturity	20 years	Feb. 2023
TOTAL	1,200,019 (*)						

(*) This is the par value of debt; the book value recorded in the financial statements (1,107.6 million euro) is adjusted on the amortised cost method, for changes in fair

5.6 EXPLANATORY NOTES

value, and for changes in interest rates for the component issued in Pounds Sterling.

The bonds were guaranteed by Ambac Assurance UK Limited, a monoline guarantee, which as at December 31, 2010 had a rating lower than ADR (Caa2 stable from Moody's).

ADR's rating level makes an impact on the amount of the premium paid to AMBAC for guaranteeing the bonds, but not on the interest margin applied on the single Classes of bonds.

The estimated fair value of the bonds as at December 31, 2010 is approximately 1,211.1 million euro, net of interest accrual.

The description of guarantees supplied and the major covenants on such bonds is given in Note 32 of these Explanatory Notes.

NOTE 32 GUARANTEES AND MAJOR COVENANTS ON PAYABLES

Bank loans and outstanding bonds of the ADR Group, specified in Notes 30 and 31, are secured through:

- special privilege (having the characteristics of a property mortgage) of equal degree on plants, machinery and instruments, as well as ADR's stocks and any receivables deriving from the sale of these assets;
- assignment in guarantee of receivables and, more generally, of any right deriving from contracts with customers and insurance policies;
- pledge on ADR's bank current accounts;
- pledge on all shares held by ADR in the capital of its subsidiaries ADR Tel, ADR Advertising and ADR Assistance.
- "ADR Deed of Charge", pledge provided for by the British legislation on receivables, hedging agreements and insurance policies subject to British legislation, pursuant to loan agreements.

These guarantees will remain valid until the related bank loans and outstanding bonds are extinguished.

The Loan that Mediobanca and Unicredit granted to the Parent Company on December 11, 2008 is backed by the following guarantees:

- a senior pledge on the ordinary shares of ADR representing at least 35% of the share capital of the company and to be supplemented if the guarantee margin drops to below 4.5x.

Gemina commits to ensure a guarantee margin of at least 4.5x, to be calculated on a monthly basis as the relationship between the simple average of the unit value of ADR shares owned by Gemina in the previous month

5.6 EXPLANATORY NOTES

(calculated by applying the formula included in the contract documents) and the residual loan amount.

As at December 31, 2010, 21,808,430 ADR shares – corresponding to 35% of the company's share capital – were pledged to Mediobanca and Unicredit for a value, determined based on the book value of the equity investment, of 670,873 thousand euro. This number was the same as at February 28, 2011;

- pledge of the current account Gemina holds at Mediobanca into which the income derived from the disposal of equity investments, collection of dividends and other compensation will go.

A number of contract provisions govern the management of ADR's indebtedness, both in reason of the entity of the same, and of AMBAC's need for hedging ADR's unfulfilment and insolvency risk in order to minimize the actual difference between the ensured maximum rating and the issuer/debtor rating. Amongst the main provisions the following can be noted:

- acquisitions of financial assets are possible only with the prior approval of creditors or through a vehicle company without recourse and in any case only through authorised indebtedness or available cash;
- profits from sale of financial assets can be used for investments or, if not used within 12 months from collection, they shall be destined to the repayment of the payable;
- payment of dividends is possible only if specific financial ratios are over the agreed thresholds and no event of default or a trigger event occurred;
- it is possible to arise a further loan only if the same financial ratios are over specified thresholds (higher with respect to those required for normal debt management) and if the rating granted to ADR is higher than the minimum preset levels;
- if a credit line due to expire is not repaid at least 12 months before the expiration term, during this period the entire exceeding cash generated shall be primarily destined (based on predefined percentage) to the repayment of the debt, the so-called retention regime (nevertheless, if determined financial ratios are not fulfilled 24 months before the expiration term, the retention regime can be of 24 months);
- if financial covenants are lower than certain preset minimum thresholds or the rating is below the thresholds near the sub-investment grade or other critical situations occur, as defined in the agreement, stricter measures will be adopted for the management of cash flows (trigger event) in order to hedge credits against default risk of ADR.

5.6 EXPLANATORY NOTES

ADR's loan agreements also include the respect of financial covenants consisting of ratios, defined based on actual and forecasted data, that measure: (i) the ratio between cash flow available and debt service, (ii) the ratio between future discounted cash flows and net indebtedness, in addition to (iii) ratio between net indebtedness and EBITDA.

The aforementioned ratios are verified twice a year, on the application dates of March 20 and September 20, by applying the calculation methods of the respective ratios to the reference dates as at December 31 and June 30.

If the aforementioned ratios surpass certain levels, it may result in the distribution of dividends and recourse to further indebtedness; on the contrary, in the event in which these ratios fall below certain levels, it may result in a trigger event or event of default.

The trigger event condition results in a series of management restrictions for ADR, principally:

- a) cash sweep with the obligation to use all available cash on the application dates (March 20 and September 20 of each year) for (i) interest payments, (ii) early capital repayment under *pari passu* regime, (iii) the guarantee of Romulus securities which cannot be repaid in advance through the creation of specific cash provisions in special current accounts as pledge in favour of AMBAC (so-called cash collateralization);
- b) blocking the payment of dividends and the proscription to use any provisions for dividends payments to make authorised investments (so-called authorised investments);
- c) through the Security Agent, creditors can obtain any information, which is deemed suited, and share a solution plan with related implementation schedule, by entrusting an independent expert to evaluate the corporate plan providing measures and solutions for the restatement of a compatible minimum rating. In the event the remedy plan is not implemented, AMBAC will have the faculty to increase the guarantee premium on Romulus bonds;
- d) no financial asset acquisitions and new loans will be allowed, even though they are destined to repay the existing indebtedness;
- e) transfer under warranty in favour of creditors of all monetary receivables of ADR with consequent notice to debtors transferred.

The financial ratios, calculated based on the financial statements as at December 31, 2010, show a DSCR higher than 2 and a leverage ratio around 5, certifying values at a greater level than the minimum requirements to maintain ordinary operating conditions of the company. These conditions are however restricted by the trigger event condition occurred following the first Standard & Poor's downgrading in November 2007.

5.6 EXPLANATORY NOTES

Due to the protraction of the cash sweep-trigger event occurrence, in the first quarter of 2010, ADR obtained a new waiver, containing the following, in brief:

- a) non-application of the cash sweep requirement at the application dates of March 2010 and September 2010, inclusive;
- b) authorisation to refinance the 170 million euro Bank Loan until the application date of September 2011, inclusive;
- c) waiver, until the application date in September 2010, inclusive, of all the restraints resulting from the occurrence of the trigger event, except for: distribution of dividends, independent auditing of rating recovery plan and disclosure obligations upon request of financial creditors.

According to the above-mentioned agreements, at the application date of September 2010, ADR allocated a total amount of 46.8 million euro to the two facilities.

In particular, 11.7 million euro were destined to the redemption of the Bank Loan and 35.1 million euro to the securitisation of Tranche A1.

The loan agreements also provide for events that cancel the benefits upon termination, resolution or withdrawal which are typical for loans with similar characteristics.

The Loan agreement obliges Gemina to allocate 100% of the net income deriving, inter alia, from ADR deeds of transfer or provision or of other assets of Gemina, capital transactions, subordinate and deferred shareholder loans, distribution of dividends or other distributions, issue of financial instruments or debt instruments, financial contracts and all transactions that depict a form of loan, shares of any kind, diversified financial instruments and bonds to the early repayment of the Loan, according to the procedures and within the limits stated in the Loan agreement.

The Loan also requires that Gemina provides declarations and guarantees, obligations, proscriptions and commitments, and provides for events that cancel the benefits upon termination, resolution or withdrawal which are typical for loans with similar characteristics.

It is reported that the Financers have the right of withdrawal should Standard & Poor's Rating Group and Moody's Investors Service Inc., or at least one of the two, assign ADR a rating lower than BB-/Ba3.

In relation to the lease contract stipulated by Fiumicino Energia, in the month of July 2009, Fiumicino Energia stipulated a credit assignment contract in favour of the

5.6 EXPLANATORY NOTES

financer, to guarantee payment of all amounts due by virtue of said lease contract.

The contract requires that Fiumicino Energia factor with recourse the entire receivable deriving from the lease rental that Leonardo Energia must pay to Fiumicino Energia pursuant to the company branch leasing contract.

Any surplus of the receivable compared to the monthly lease instalment shall be credited to Fiumicino Energia.

Gemina's commitments in relation to the financers of Fiumicino Energia are shown in Note 28 "Guarantees and Commitments" in the Financial Statements as at December 31, 2010.

NOTE 33 TRADE PAYABLES

As at December 31, 2010 trade payables stand at 159,690 thousand euro (144,959 thousand euro as at December 31, 2009).

The increase is due to the higher volumes in investments made over the year.

NOTE 34 CURRENT TAX LIABILITIES

As at December 31, 2010, the item records a total of 1,217 thousand euro (11,353 thousand euro as at December 31, 2009), substantially including the IRAP tax payables of Group companies.

NOTE 35 CURRENT FINANCIAL LIABILITIES

	12/31/2010	12/31/2009	CHANGE
INTEREST ON BONDS	13,980	13,815	165
INTEREST ON BANK LOANS	651	850	(199)
AMOUNTS PAYABLE TO OTHER FINANCERS	1,800	1,768	32
DUE TO BANKS	51,286	12,406	38,880
TOTAL	67,717	28,839	38,878

The amounts due to banks include the Parent Company Loan, with maturity term in December 2011, previously stated under item Medium-long term financial indebtedness and described in the table shown in Note 30 "Financial indebtedness net of current share".

New contracts with banks have been negotiated for the granting of a new loan.

The estimated fair value of the 42.1 million euro Loan, recorded in the financial statements for 41.9 million euro,

5.6 EXPLANATORY NOTES

was approximately 43.5 million euro as at December 31, 2010.

NOTE 36 FINANCIAL DERIVATIVES

	12/31/2010	12/31/2009	CHANGE
FOREIGN CURRENCY HEDGING DERIVATIVES	75,237	82,929	(7,692)
INTEREST RATE HEDGING DERIVATIVES	71,045	73,873	(2,828)
ACCRUED INTEREST	344	883	(539)
TOTAL	146,626	157,685	(11,059)

The table hereunder summarises the outstanding derivative contracts of the Group.

5.6 EXPLANATORY NOTES

SUMMARY TABLE OF DERIVATIVE INSTRUMENTS AND RELATED EFFECTS

GRANTOR	GEMINA GROUP COMPANIES	INSTRUMENT	TYPE	HEDGE D RISK	SUBSCR. DATE	MAT. TERM	HEDGED NOTIONAL VALUE	APPLIED RATE	FAIR VALUE OF DERIVATIVE		CHANGE IN FAIR VALUE	
									AS AT 12/31/10	AS AT 12/31/09	TO INCOME STATEMENT	TO SH. EQUITY (*)
MEDIOBANCA/UNICREDIT	ADR Group	Cross Currency Swap	CF	I	02/03	02/23	325,019	Receives a 5.441% fixed rate and pays 3-month Euribor + 90 bps until December 2009, then 6.4% fixed rate.	(63,992)	(62,462)	(169)	(1,361)
				C					(75,237)	(82,929)	7,692	-
									(139,229)	(145,391)	7,523	(1,361)
							(Note 36) Exchange risk hedging derivatives	(75,237)	(82,929)	-	-	
BARCLAYS ROYAL BANK OF SCOTLAND	ADR Group	Interest Rate Collar Forward Start	CF	I	05/06	02/12	240,000	Receives a variable Euribor 3-month rate and pays a variable 3-month Euribor rate with a 5% cap and a 3.64% floor	(6,498)	(10,517)	307	3,712
MEDIOBANCA	GEMINA	IRS	CF	I	12/08	12/11	15,797	Pays a 3.15% fixed rate and receives 6-month Euribor	(278)	(447)	-	169
UNICREDIT	GEMINA	IRS	CF	I	12/08	12/11	15,797	Pays a 3.15% fixed rate and receives 6-month Euribor	(277)	(447)	-	170
								(Note 36) Interest rate risk hedging derivatives	(71,045)	(73,873)		
								(Note 6) Financial income, income on derivatives, valuation of derivatives			7,830	
CHANGE IN HEDGING RESERVE											2,690	
TAX EFFECT											(741)	
TOTAL NET HEDGING RESERVE (5.4)											(**) 1,949	

(*) Change in hedging reserve.

(**) The change in hedging reserve shown in par. 5.4, equal to 1,877 thousand euro, is shown net of third party interests

Key:

FV Fair Value Hedge
CF Cash Flow Value Hedge
C Exchange rate
I Interest rate

5.6 EXPLANATORY NOTES

Derivatives hedging foreign currency risk (ADR)

The ADR Group uses hedging derivatives for exchange rate risks to mitigate any future increases in outgoing cash flows attributable to unfavourable changes in exchange rates.

Specifically, one component of the cross currency swap allows the cash flows in euro regarding the payment of interest and the redemption of the A4 bond in Pounds Sterling to be stabilised.

Derivatives hedging interest rate risk (ADR)

The Group uses interest rate swaps and interest rate collars to hedge its exposure to unfavourable changes in market interest rates.

The Group's hedging policy, which is an integral part of ADR's loan agreements, require that at least 51% of debt is secured against the risk of interest rate fluctuations.

As at December 31, 2010, 56.0 % of ADR's facilities is at fixed rate (55.2% as at December 31, 2009).

Starting from October 2, 2009 two Interest Rate Collar Forward Start contracts became active, subscribed on May 16, 2006 by ADR with Barclays and Royal Bank of Scotland on a notional capital of 120 million euro each. Based on these contracts ADR receives a variable 3-month Euribor rate and pays a variable 3-month Euribor rate with a 5% cap and a 3.64% floor, starting from October 2, 2009 until February 20, 2012.

Thanks to these hedging contracts, an extensive protective barrier has been built against interest rate risk for a further three years on a total notional amount of 240 million euro.

With these contracts, hedging of interest rate risk increases to 72.3% of total payables (71.3 as at December 31, 2009).

Derivatives hedging interest rate risk (Gemina)

Gemina uses an interest rate swap to manage its exposure to unfavourable changes in the market interest rate.

The hedging policy, which is an integral part of the current loan agreement, requires that at least 75% of Tranche A is protected from the risk of interest rate fluctuations.

On December 22, 2008 Gemina entered into two interest rate swap agreements with Mediobanca and UniCredit respectively, for a total amount of 35.6 million euro.

The amount of derivatives decreased from 31.6 million euro as from December 16, 2010, following the partial advanced repayment of the loan, for 5.4 million euro, in order to adjust it to 75% of the new par value of the debt.

The fair value of the aforesaid instruments has been calculated on the basis of the parameters in force as at December 31, 2010 on the reference market.

5.6 EXPLANATORY NOTES

The financial derivatives described in Notes 23 and 36 are included in “Level 2” of the “Fair Value Hierarchy” defined by IFRS 7, meaning that the fair value is measured based on valuation techniques taking parameters observable on the market, different from the prices of the financial instrument, as reference.

NOTE 37 OTHER CURRENT LIABILITIES

They amount to 112,107 thousand euro as at December 31, 2010 and mainly consist of tax payables, amounts due to social security institutions and sundry trade payables.

Specifically, they include:

- amounts due to the Tax Authorities for council surcharges on passenger boarding fees, totalling 38.8 million euro. This amount is paid in the following month for the portion collected by carriers and is offset in trade receivables for the amount still to be collected;
- payables of 34.5 million euro, of which the portion for 2010 is equal to 8.8 million euro; payables not yet settled while awaiting the outcome of pending cases on appeals lodged by several of the leading airport management companies;
- IRES payables for 5.5 million euro.
- payables due to personnel and former employees for employee severance indemnity to be settled, in addition to minor payables.

NOTE 38 CATEGORIES OF ASSETS/LIABILITIES IAS 39

	12/31/2010			
	RECEIVABLES AND LOANS	FIN. INSTR. AVAILABLE FOR SALE	PAYABLES AT AMORTISED COST	DERIVATIVES
BOOK VALUES AS AT 12/31/2010				
OTHER EQUITY INVESTMENTS		2,250		
INVESTED RECEIVABLES	-			
OTHER NON-CURRENT FINANCIAL ASSETS	-			
TRADE RECEIVABLES	189,610			
FINANCIAL INSTRUMENTS – DERIVATIVES	-			
	RECEIVABLES AND LOANS	FIN. INSTR. AVAILABLE FOR SALE	PAYABLES AT AMORTISED COST	DERIVATIVES
OTHER CURRENT FINANCIAL ASSETS	59,446			
CASH AND CASH EQUIVALENTS	201,661			
TOTAL ASSETS IAS 39	450,717	2,250		-

5.6 EXPLANATORY NOTES

FINANCIAL INDEBTEDNESS NET OF CURRENT SHARE		278,092	
TRADE PAYABLES		159,690	
CURRENT FINANCIAL LIABILITIES		67,717	
FINANCIAL INSTRUMENTS – DERIVATIVES			146,626
TOTAL LIABILITIES IAS 39		505,499	146,626
INCOME (CHARGES) RECORDED ON THE INCOME STATEMENT:			
INTEREST INCOME	1,577		
INCOME ON DERIVATIVES			7,830
OTHER INCOME	246		
INTEREST EXPENSE		(66,350)	
EXPENSES ON DERIVATIVES			(11,229)
OTHER EXPENSES		(12,084)	
	1,823	(78,434)	(3,399)
SHAREHOLDERS' EQUITY			1,877

	12/31/2009			
	RECEIVABLES AND LOANS	FIN. INSTR. AVAILABLE FOR SALE	PAYABLES AT AMORTISED COST	DERIVATIVES
BOOK VALUES AS AT 12/31/2009				
OTHER EQUITY INVESTMENTS	-	2,756		
INVESTED RECEIVABLES	4,591	-		
OTHER NON-CURRENT FINANCIAL ASSETS	1,400	-		
TRADE RECEIVABLES	213,992	-		
FINANCIAL INSTRUMENTS – DERIVATIVES	-	-		534
OTHER CURRENT FINANCIAL ASSETS	55,497	-		-
CASH AND CASH EQUIVALENTS	149,272	-		-
TOTAL ASSETS IAS 39	424,752	2,756		534

FINANCIAL INDEBTEDNESS NET OF CURRENT SHARE		347,825		
	12/31/2009			
	RECEIVABLES AND LOANS	FIN. INSTR. AVAILABLE FOR SALE	PAYABLES AT AMORTISED COST	DERIVATIVES
TRADE PAYABLES			144,959	-
CURRENT FINANCIAL LIABILITIES			28,839	-
FINANCIAL INSTRUMENTS – DERIVATIVES			-	157,685
TOTAL LIABILITIES IAS 39			521,623	157,685
INCOME (CHARGES) RECORDED ON				

5.6 EXPLANATORY NOTES

THE INCOME STATEMENT:				
INTEREST INCOME	2,220	-	-	-
INCOME ON DERIVATIVES	-	-	-	34,070
OTHER INCOME	1,864	-	-	-
INTEREST EXPENSE	-	-	(72,596)	-
EXPENSES ON DERIVATIVES	-	-	-	(26,086)
OTHER EXPENSES	-	-	(9,322)	-
	4,084	-	(81,918)	7,984
SHAREHOLDERS' EQUITY				(9,292)

NOTE 39 SEGMENT INFORMATION

INCOME STATEMENT (*)

<i>(in millions of euro)</i>	REVENUES (**)		AMORTISATION, DEPRECIATION AND WRITE-DOWNS		EBIT		NET PROFIT (LOSS) INCL. THE SHARE OF THIRD PARTIES	
	2010	2009	2010	2009	2010	2009	2010	2009
	1. CORPORATE ASSETS	1.0	0.9	-	-	(6.6)	(6.8)	(8.7)
2. AIRPORT INFRASTRUCTURES	652.8	589.9	(70.5)	(69.3)	108.5	102.2	(2.1)	(5.0)
3. AMORTISATION OF AIRPORT MANAGEMENT CONCESSION	-	-	(37.7)	(37.5)	(37.7)	(37.5)	(30.7)	(30.6)
4. OTHER CONSOLID. ITEMS	(0.7)	(0.6)	-	-	3.6	3.1	3.6	5.0
TOTAL GEMINA GROUP	653.1	590.2	(108.2)	(106.8)	67.8	61.0	(37.9)	(44.7)

(*) As at December 31, 2009, the "ENERGY" segment is included in the "Airport infrastructures" segment. It should be noted that 89.4% of electricity production is destined to the Airport needs.

(**) Including infrastructures "pursuant to IFRIC 12".

BALANCE SHEET

	NET CAPITAL INVESTED		SHAREHOLDERS' EQUITY		NET FINANCIAL POSITION	
	12/31/2010	12/31/2009	12/31/2010	12/31/2009	12/31/2010	12/31/2009
1. CORPORATE ASSETS AND CONSOLIDATION ITEMS (INCLUDING EQUITY INVESTMENTS AT NET EQUITY)	1,034.5	1,073.2	1,006.0	1,041.6	28.5	31.6
2. AIRPORT INFRASTRUCTURES (ADR GROUP)	1,909.3	1,992.8	598.9	599.3	1,310.4	1,393.5
TOT. GEMINA GROUP	2,943.8	3,066.0	1,604.9	1,640.9	1,338.9	1,425.1

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NOTE 40 FINANCIAL RISK MANAGEMENT

CREDIT RISK

The maximum theoretical exposure to the credit risk for the Gemina Group, as at December 31, 2010, is represented by the book value of financial assets disclosed, in addition to the par value of guarantees granted on payables or third-party commitments.

The greatest exposure to credit risk is that of the ADR Group for trade receivables due from customers.

A special bad debt provision is recorded in the financial statements for the risk of customer default in paying. Its amount is periodically reviewed. The write-down process the Group has adopted envisages that the trade positions are written down individually depending on the age of the receivable, the reliability of the single debtor, the status of the management file and debt recovery.

The commercial policies that the ADR Group has initiated aim at controlling investment in receivables as follows:

- Request of cash payments for commercial transactions made with end consumers (sales in the stores under direct management, long-term multi-level car parks, first aid, etc.), with occasional counterparts (e.g. for registration, baggage portorage, taxi access management activities, etc.);
- Request of cash or advance payments made to air carriers that are occasional or those without suitable creditworthiness or collateral guarantees;
- Granting of deferred payment to retained customers deemed reliable (carriers with medium-term flight scheduling and subcontractors) for which the credit rating and request of collateral is in any case monitored.

The analysis of trade receivables and other receivables broken down by expiration term is shown below.

		RECEIVABLES COMING DUE	RECEIVABLES EXPIRED NOT WRITTEN DOWN				TOTAL RECEIVABLES
			before 60 days	from 61 to 120 days	from 121 to 180 days	after 181 days	
TRADE RECEIVABLES	Dec. 31, 10	107.0	18.6	8.3	3.9	51.8	189.6
	Dec. 31, 09	95.5	47.0	14.3	5.7	51.5	214.0
OTHER RECEIVABLES	Dec. 31, 10	7.9	-	-	-	1.4	9.3
	Dec. 31, 09	5.0	-	-	-	1.9	6.9

Receivables not written down that have expired for more than 181 days mainly consist of amounts due from public

5.6 EXPLANATORY NOTES

administrations and the companies of the Alitalia Group under extraordinary administration.

The ADR Group's credit risk is highly concentrated in so far as about 58% (57% in 2009) of the credit not written down is due from ten customers.

LIQUIDITY RISK

Liquidity risk may occur when it is impossible to obtain, at fair conditions, the financial resources necessary to the Groups business.

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

Breakdown of payables by expiry terms is shown hereunder (in millions of euro).

	12/31/2010				12/31/2009			
	WITHIN THE FOLLOWING YEAR	BETWEEN 1 AND 5 YEARS	AFTER 5 YEARS	TOTAL	WITHIN THE FOLLOWING YEAR	BETWEEN 1 AND 5 YEARS	AFTER 5 YEARS	TOTAL
FINANCIAL INDEBTEDNESS NET OF CURRENT SHARE	185.3	90.6	2.2	278.1	-	262.4	85.4	347.8
OUTSTANDING BONDS	-	868.0	239.6	1,107.6	-	495.5	602.0	1,097.5
TRADE PAYABLES	152.5	7.2	-	159.7	137.7	7.3	-	145.0
CURRENT FINANCIAL LIABILITIES	67.7	-	-	67.7	28.8	-	-	28.8
OTHER CURRENT LIABILITIES	112.1	-	-	112.1	102.6	0.1	-	102.7

ADR Group

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

The current medium/long-term loan agreements require not only being rated by Moody's and Standard & Poor's, but also a large number of control measures to guarantee priority allocation of the cash generated for the debt service.

These measures become more stringent when, as is the current situation, the level of the rating or several agreed financial indicators fail to reach specific minimum thresholds.

This complex contractual structure lowers liquidity risk.

The current rating assigned to ADR, however, prevents it

5.6 EXPLANATORY NOTES

from taking out additional indebtedness without specific authorisation from its financial creditors. Any contingent additional need for financial resources deriving from the management of working capital or from investments can be covered by a significant amount of cash, in addition to a revolving facility of 100 million euro (currently not used) specifically aimed at supporting this type of need

The revolving facility is currently useable in observance of the conditions set forth in the “Revolving and Term Loan Facility Agreement” and given the fact that the waiver of restraints resulting from the occurrence of the trigger event, obtained on March 16, 2010, is still in force.

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

The centralised treasury system ADR manages with several of its subsidiary companies, which is adjusted to market conditions, allows management of financial resources to be optimised and regulation of infra-group trade relations to be facilitated.

Gemina

To meet its short-term commitments, the Company has liquidity of 11.1 million euro, in addition to bank credit lines of 6 million euro, and a 5 million euro revolving line of credit (Tranche C) for paying interest on current expenses.

The Company started negotiations to renew the facility of 42.1 million euro with maturity at end of 2011.

The Loan requires Gemina to allocate 100% of the net income deriving from the transfer or provision of shares of ADR and of the other investee companies, and from the distribution of dividends or other distributions of ADR and of the other investee companies to mandatory advance repayment.

The amount of the Loan not repaid with the income listed above will be refinanced upon maturity.

The Loan also provides for events that cancel the benefits upon termination, resolution or withdrawal which are typical for loans with similar characteristics. It is reported that the Financers have the right of withdrawal should Standard & Poor’s Rating Group and Moody’s Investors Service Inc., or at least one of the two, assign ADR a rating lower than BB-/Ba3.

INTEREST RATE RISK

The Gemina Group uses derivative instruments, with the purpose of mitigating, at economically acceptable terms, the potential impact of interest rate fluctuations on the economic

5.6 EXPLANATORY NOTES

result.

ADR Group

The Group's hedging policy, which is an integral part of ADR's loan agreements, require that at least 51% of debt is secured against the risk of interest rate fluctuations.

In conformity with this policy; ADR has entered into interest rate collar contracts whose characteristics are thoroughly described in Note 36.

The fixed-rate indebtedness as at December 31, 2010 was 72.3% of the total (71.3% as at December 31, 2009), due to the aforementioned hedges.

Gemina

The hedging policy, which is an integral part of the Loan entered into on December 11, 2008, requires that at least 75% of outstanding Tranche A be protected from the risk of interest rate fluctuations.

With regard to this contractual provision, on December 22, 2008 the Company entered into two interest rate swap agreements with Mediobanca and UniCredit, for a notional total amount of 35.6 million euro.

The amount of the derivative decreased from 31.6 million euro as from December 16, 2010, following the partial advanced repayment of the Loan, for 5.4 million euro, in order to adjust it to 75% of the new par value of the debt.

The characteristics of this derivative instrument are described in Note 36.

Sensitivity analysis

In order to evaluate the potential impact resulting from the fluctuation of interest rates applied, the variable-rate financial debts are analysed, for which the impact in the income statement and to shareholders' equity due to fluctuations of cash flows are assessed.

The potential impacts are shown gross of the tax effect.

Given the expiry and the activation of several hedging contracts on October 2, 2009, the sensitivity analysis was performed based on the conditions of outstanding loans and hedges as at December 31, 2009.

With reference to the variable-rate debts and their hedging derivatives, a hypothetical, immediate increased change of 0.5% of the market interest rate level would generate a positive effect on the cash flow hedge reserve equal to 6.7 million euro and increased financial expenses for the year totalling 2.2 million euro for the portion of unhedged debt.

To the contrary, a hypothetical, immediate decreased change of 0.5% of the market interest rate level would generate a negative impact on the cash flow hedge reserve equal to 7.0 million euro and a reduction of financial expenses equal to 2.2 million euro.

5.6 EXPLANATORY NOTES

Lastly, it should be emphasized that the interest rate applied to the Gemina Loan and to some of ADR's credit facilities is the same as Euribor plus a margin proportionate to the rating ADR has been given.

The financial expenses Gemina and ADR pay their financiers therefore depend not only on the fluctuation of interest rates, but on ADR's rating as well.

EXCHANGE RISK

As for the financial indebtedness, Tranche 4 of the bond issue made by Romulus, equal to 215 million Pound Sterling, was hedged with a currency swap in Euro for the entire duration (year 2023).

The characteristics of this derivative instrument are described in Note 36.

Sensitivity analysis

A hypothetical immediate increase of 10% in the exchange rates of the Euro compared to the Pound Sterling would have generated a positive impact on the cash flow hedge reserve of 4.4 million euro, whereas a hypothetical immediate decrease of 10% of the exchange rates of the Pound Sterling compared to the Euro would have generated a negative impact on the cash flow hedge reserve equal to 3.6 million euro.

Lastly, appreciable effects on the income statement due to Euro/Pound Sterling exchange rate changes would not be noticed.

NOTE 41 GUARANTEES AND COMMITMENTS

As at December 31, 2010 the Group had the following **guarantees**:

- guarantees issued for the loan agreements mentioned in Note 32;
- guarantees stood by the ADR Group to customers and third parties, for 439 thousand euro.

As regards the Group **commitments**, it should be noted that ADR holds purchase commitments amounting to 87,113 thousand euro.

It should be also noted that, on February 28, 2003 ADR granted IGPDecaux S.p.A. a put option on shares held by the latter in the ordinary and preferred capital of ADR Advertising.

Said option can be exercised up until December 31, 2011, subject to the fulfilment of special conditions, also in light of

5.6 EXPLANATORY NOTES

agreements entered between ADR and ADR Advertising to review the guaranteed minimum. The shareholder IGPDcaux S.p.A. has expressed its intention not to exercise its put right for 2011.

Within the context of purchase commitments, mention is given to ADR's commitment, as airport infrastructure operator, to draw up and implement plans for containing and abating noise, as provided by the Framework Law on noise pollution (Law no. 447/1995) and by Ministerial Decree dated November 29, 2000.

To this end, ADR is effecting a survey to establish whether and to what extent limits are actually exceeded and, should they not be respected, it will draw up plans for containing and abating noise.

These commitments prove difficult to quantify and in any case must be determined in an interpretative manner as there are no specific indications as to the activities to be considered in the "maintenance" and "upgrading" of the infrastructures that constitute the basis for calculation pursuant to Law no. 447/1995 (framework law on noise pollution).

In consideration of the above, and on the basis of the estimates available at reporting date, ADR deems that its total liability will not exceed the amount of 35 million euro.

Hence the amount is conditional on subsequent events and will be defined in relation to the actual programme of the measures to be taken. Future measures will most likely be entered as investment costs subject to capitalisation.

The November 3, 2006 agreements covering sale of the equity investment held in Flightcare Italia S.p.A. (formerly ADR Handling S.p.A.) contemplate a price adjustment condition for a maximum value of 12.5 million euro.

Of this, the portion considered to probably occur was entered in the income statement in the years 2006-2009 with provisions for risks and charges counter-item for a total of about 4.4 million euro as at December 31, 2010, whereas the remaining portion – presently considered improbable – will undergo updated valuation during future financial years.

It is also important to note the commitments undertaken by Gemina in relation to the financiers of Fiumicino Energia, which are shown in Note 28 of the Explanatory Notes to the Financial Statements.

NOTE 42 LITIGATION

As regards litigation in progress, the Group carried out a thorough assessment of existing risks in order to identify the litigation for which the risk of negative outcome is likely, in order to make a reasonable assessment of provisions to be allocated.

Provisions have not been made for litigation for which, given the different legal interpretations, a negative outcome is

5.6 EXPLANATORY NOTES

merely possible, 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 for the Group, although negligible, could not be measured.

We do not believe that current litigation and potential litigation can give rise to liabilities greater than the amounts already allocated to the relevant provisions.

Customs Agency

In August 16, 2007, the main Customs Office of Rome II served ADR an assessment report which charged irregularities in sales made at the Duty Free Shops over the period January 1, 1993 – January 31, 1998.

The objections are mainly related to sales made to passengers with destinations within the EU Community, exceeding the limits of quantities and value.

On December 18, 2007, the same main Customs Office served an order of payment for the amounts related to VAT, manufacture tax and duties on tobacco, due according to assessments made in the assessment report.

The total amount of taxes and interest required amounted to about 22.3 million euro.

ADR, believing, with the support of the opinions of its tax experts, that the recognition of the legitimacy of its actions to be highly likely, presented appeals to the Tax Commission for the Province of Rome against the afore-mentioned order of payment.

On April 6, 2009 the Tax Commission for the Province of Rome filed judgment no. 149/39/00 which turned down the appeal presented by the Company.

Following this ruling, the Customs Agency initiated the procedure for collection of the amounts assessed as owed, which the company is paying in 36 instalments, following the acceptance of the petition presented to the Tax Collection Agency, after having paid a down payment of 4 million euro, which the company set out using an irrevocable payment order on April 27, 2009.

The total amount, including interest and additional charges, was 26.1 million euro.

Moreover, on April 24, 2009, the Company filed in a petition to the Customs Agency requesting that collection of the assessed debt be suspended until the date the Lazio Regional Tax Commission issues its decision. With deed dated May 19, 2009, the Customs Agency notified its decision to reject the petition for suspension.

Therefore, on July 14, 2009, ADR submitted an appeal against the judgment issued by the Tax Commission for the Province of Rome.

On May 26, 2010, the judgement no. 105/35/10 of the Regional Tax Commission of Rome was awarded. In this

5.6 EXPLANATORY NOTES

judgement, ADR's appeal was rejected, with order of payment of its own legal expenses.

This further unfavourable evolution increased the risk of a negative outcome, independently from the unchanged position, in Court, of the Company and its tax experts on the lack of grounds of the tax claim and the substantial and formal correctness of the company's actions.

Therefore, in preparing the financial statements as at December 31, 2010, the provisions already made in the 2009 financial statements were supplemented with the entire amount of the alleged tax payment, including interest and additional charges.

While deeming the Company's position, in Court, unchanged as regards the groundless of the tax claim and the substantial and formal correctness of its actions, the Company proposed an appeal in the Court of Cassation against the Regional Tax Commission's judgment no. 105/35/10.

Aviation fuel charge risk

Assaero (National Air Transport Operators and Carriers Association) and Blu Panorama filed an appeal with the Lazio Regional Administrative Court (TAR), with concomitant plea for suspension, against the ENAC letter, protocol no. 60600 of September 15, 2006 in which the authority communicated the results of the inspections made at the fully managed airports "in order to analyse the correlation with cost of what the management companies are requesting the oil companies to pay as a flat rate".

The TAR rejected the petition in its judgment no. 11154/2007 and the appeal by the carriers was submitted on January 2, 2008. The Council of State admitted the appeal in its judgment no. 1416/2009.

While it confirmed the possibility for airport managers to legitimately charge "fuel royalties" in as much as these are effectively related to the costs incurred by the latter, and while it acknowledged ENAC's authority to monitor the imposition of surcharges by managers, the Council of State observed that when carrying out this work ENAC must first of all check actual, reliable figures for the costs of said activity.

In compliance with this judgment, following a new preliminary investigation, on April 24, 2009 ENAC issued a ruling which, while repealing all the previously issued rulings for the purpose of self-protection, also repeated that "the oil companies are required to directly pay the airport operator the amount due for the provision of the assets and systems necessary for carrying out the refuelling service within the limit of the ascertained costs".

IBAR (Italian Board Airlines Representatives) and 6 carriers (Iberia, Tap, American Airlines, Delta Airlines, Ethiopian Airlines and Cyprus Airlines) filed an appeal with the Lazio Regional Administrative Court, with concomitant injunctive

5.6 EXPLANATORY NOTES

relief, against ENAC letter protocol no. 60600 of September 15, 2006 (in addition to other prior provisions), with which the authority communicated the results of the inspections made at the airports with complete management “in order to analyse the correlation with the cost of what the management companies are requesting of the oil companies at a flat rate”. With deed notified on February 27, 2008, Esso Italiana submitted an objection to the sentence.

Subsequently, IBAR submitted additional grounds, requesting that the Lazio Regional Administrative Court confirm the illegality of the most recent rulings issued by ENAC on this issue.

The date of the hearing has yet to be announced.

Airone summoned in the Civil Court of Rome, both Tamoil, its supplier of avio fuels, and some airport operators (SAB - Bologna Airport, ADR, SEA and SAVE) with the request to assess any illegal payments for the use airport infrastructures required by the operators to the oil companies which, in their turn, charged these amounts to the carriers. The claim also includes the request that Tamoil – jointly with summoned airport operators – each for its pertaining share - be bound to refund the amount paid by Airone since 2003 and amounting to 2.9 million euro.

The hearing for specification of conclusions is scheduled on December 21, 2011.

Income tax assessment

As part of the annual audit plan set forth by Article 42 of Law 388/2000, on June 4, 2009 the Revenue Office - Lazio Regional Management instigated a general tax audit of ADR regarding income taxes, IRAP (Regional Income Tax) and VAT for the 2007 tax period.

Upon conclusion of the audit, on October 29, 2009 the company was served with an assessment report which presented some findings regarding direct taxes, IRES and IRAP, for a higher taxable income equal to 1,195 thousand euro, and VAT for 2,416 thousand euro.

In acknowledging this report, the Company reserved the right to produce replies and to take actions at the competent venues.

Application of rights to Swiss segments

ADR contested the Italian Civil Aviation Authority's April 13, 2010 letter and the Ministry of Transport's May 13, 2010 note (and all other related notes) before the Lazio TAR. These notes indicate that ADR must apply EU fee charges to Swiss carriers, or better, to flights to and from Swiss Confederation territory (vice versa, ADR applies extra-EU fees for these flights, and until now no other carrier or authority had expressed doubts on this matter).

The Italian Civil Aviation Authority's affirmation is based on

5.6 EXPLANATORY NOTES

the fact that the January 21, 1999 EU-Swiss Confederation agreement (which entered into force on June 1, 2002) gave equal rights to Swiss and EU carriers and, therefore, ADR is discriminating Swiss carriers.

However, the company retains that it has not discriminated, given that the application of airport fees, and their amounts, are regulated in Italy by Ministerial Decree dated November 14, 2000 which is based on the territory (within or outside of the European Union) of the flight and not on the subjectivity of the carrier that provides it; furthermore, no EC regulation on airport fees is indicated in the cited agreement, nor is it referred to in the annex, which was also recently amended.

In the hearing before the TAR for the suspension of contested deeds set for July 12, 2010, for procedural opportunities, ADR requested a deferral directly to hearing of the grounds shortly.

In the event of a negative outcome for ADR, the carriers operating the flights in question will in all likelihood request for the return of the higher amounts deposited as airport fees since June 2002, the date that the above-mentioned Agreement entered into force.

The total maximum amount has been estimated at about 8 million euro.

The right obtained by these carriers shall be assessed in Court.

Admittance of liabilities of the Alitalia Group under extraordinary administration

Following the rulings of the Bankruptcy Section of the Court of Rome declaring the state of insolvency of the companies Alitalia – Linee Aeree Italiane S.p.A. under extraordinary administration, Volare S.p.A. under extraordinary administration, Alitalia Express S.p.A. under extraordinary administration, Alitalia Servizi S.p.A. under extraordinary administration, and Alitalia Airport S.p.A. under extraordinary administration, ADR filed appeals for the respective admittance of liabilities.

As to the proceedings regarding Alitalia – Linee Aeree Italiane S.p.A., ADR's petition was discussed at the December 16, 2009 hearing.

At that time, given that ADR is the only operator whose petition and documentation produced was deemed adequate, the liabilities were admitted. The hearing fixed for the discussion on the receivables accrued after the start of the proceedings was postponed to a date to be defined in order to complete the checks, to be performed by the commissarial office, also with reference to the allocation of payments.

These are the other issues: AZ Servizi S.p.A. under extraordinary administration and AZ Airport S.p.A. under extraordinary administration: the next hearing for the discussion on the receivables required for pre-deduction was postponed on a date to be defined: Volare S.p.A. under

5.6 EXPLANATORY NOTES

extraordinary administration: in the hearing held on March 30, 2010, regarding creditors before the opening of the proceeding, a period of time to file in any remarks by creditors was granted. However, the Company deemed useless to file in any further memorandums or documents, in light of the fact that the Commissioner asked that all the company's receivables be considered as guaranteed receivables. The hearing for the discussion of receivables requested in pre-deduction was instead postponed to a date to be defined; Alitalia Express under extraordinary administration: in the hearing held on March 17, 2010, ADR's request for admittance of liabilities was discussed. The request was accepted almost entirely. In the hearing held on May 19, 2010, as regards receivables accrued after the opening of the proceeding, ADR's request was postponed on July 8, 2010.

On this occasion, the conclusions expressed by the Commissioner were made available and the entire amount requested by ADR was acknowledged as eligible for pre-deduction.

Numerous legal undertakings have also been adopted at the Court of Civitavecchia. They are focused on protecting ADR's evidence of credit for navigation fees Alitalia owes the company, sustained by lien on the aircraft with regard to the relevant owners as well, jointly and severally liable *ex lege*.

Antitrust

On March 23, 2010, the Italian Competition Authority ("AGCM") served ADR with a measure to commence an inquiry as regards the company to verify any abuse of a dominant position within the market of access to centralised infrastructures.

The commencement of this inquiry follows the partial acceptance by the Lazio Regional Administrative Court (TAR) of the Air One appeal against the measure with which the Antitrust had ordered ADR to pay administrative penalties, however excluding the violation.

ADR challenged the cited TAR judgment at the Council of State and on March 31, 2010, filed a petition to hasten the hearing on this matter.

On June 8, 2010, this court issued a judgment accepting ADR's appeal, definitively affirming the legitimacy of the Antitrust's decision that ADR had not committed any violation in that market.

In the summons of this ruling, however, the Authority proceeded with its new proceeding by sending an inquiry notice to ADR as regards costs and revenues of the airport infrastructures under evaluation.

Following the publication of the judgement of the Council of State on July 9, 2010, ADR sent its request to shelve the Proceeding based on the above-mentioned ruling. The Authority accepted the demand and therefore the enquiry

5.6 EXPLANATORY NOTES

notice sent by the Authority was shelved as well.

As regards the case in progress against the AGCM proceedings regarding ADR's alleged abuse of airport tariffs, the Council of State accepted ADR's appeal in the part regarding centralised infrastructure tariffs in its June 8, 2010 judgment.

Moreover, the TAR also partially accepted Air One's appeal in the part in which the claimant contested AGCM's exclusion of ADR's dominant position regarding access to centralised infrastructures.

Volare Group revocatory action

In October 2009, the companies Volare Airlines S.p.A. and Air Europe S.p.A. under extraordinary administration instituted a civil lawsuit before the Court of Busto Arsizio to obtain the revocation of the payments made to ADR over the year prior to the carrier's admission to insolvency proceedings, which occurred by way of decree of November 30, 2004 – and, as a result, the sentencing of ADR to return the amount of 6.7 million euro relating to Volare Airlines S.p.A. and 1.8 million euro relating to Air Europe S.p.A..

The plaintiff's request is substantially based on the presumption of ADR's knowledge of the state of insolvency of the carrier and the entire group it was part of, along with Air Europe and Volare Group, at least since 2002.

At the hearing for pronouncement of the judgement held on February 2, 2011, the ruling for the proceedings was postponed.

Ligabue Gate Gourmet S.p.A. bankruptcy

A group of 16 plaintiffs has served a writ of summons against ADR and Fallimento Ligabue Gate Gourmet S.p.A., whereby they are contesting the validity of the sale of the company branch of the Ovest catering company by ADR to the company Ligabue Gate Gourmet S.p.A., with a consequent request for compensation for damages for a total amount of about 9.8 million euro for damages up to 2006, for future damages and for employee severance indemnities. Though no decisions have yet been made on this litigation, it is deemed highly unlikely that the adverse party's claims will be accepted.

ADR won this dispute with a judgment on June 29, 2010, since all of the counterparty's petitions were rejected. They were moreover required to refund ADR all legal costs.

Litigation concerning public tenders

On December 30, 2004, ATI NECSO Entrecanales – Lamaro Appalti ("ATI") notified its decision to appeal judgment no. 35859/2003 issued by the Civil Court of Rome, summoning ADR before the Appeal Court of Rome.

In addition to rejecting ATI's claims, the judge at the initial hearing also ordered the company to pay ADR's legal

5.6 EXPLANATORY NOTES

expenses.

ATI is claiming damages of 9.8 million euro, plus interest, revaluation and costs, from ADR in relation to 7 reserves posted in the accounts relating to the contract for work on the extension and restructuring of the Satellite West at Fiumicino airport.

Consequent to the positive outcome of the ruling in the first instance, the probability of ADR losing appears to be remote and in any event, much lower than the adverse party's claims.

The proceedings for pronouncement of the sentence were held on November 18, 2008.

In April 2009, the Court of Appeals issued an order ruling that it is necessary for the court to appoint an expert witness for the verification of the claims for damages relating to the greater duration of the contract works attributable to the principal ADR.

The appointed expert witness was sworn in and assigned the specific issues on November 24, 2009.

Expert operations began on December 21, 2009.

On June 18, 2010, the expert witness report was filed in which the reserves set forth by the contractor company totalling 3.3 million euro were retained sustainable.

ADR's defendant's expert prepared his own observations which were discussed, together with the expert, in the September 28, 2010 hearing.

The remarks on the expert witness report were filed in on the occasion of the September 28, 2010 hearing.

At the hearing for pronouncement of the judgement held on February 8, 2011, the ruling for the proceedings was postponed.

Shareholder Serafini litigation

On March 31, 2010, the January 13, 2010 judgment was filed in the clerk's office of the 1st civil division of the Milan Court of Appeals in which the Milan Court of Appeals rejected shareholder Renato Serafini's appeal of the Court of Milan's first instance judgment which stated the inadmissibility of the applications made by the shareholder against the resolutions passed by Gemina's shareholders' meeting of May 10, 2002 (approval of the financial statements as at December 31, 2001 and adjustment of the financial statements as at June 30, 1991 and as at June 30, 1992) and by the shareholders' meeting of May 13, 2003 (approval of the financial statements as at December 31, 2002).

Surety on the Customs Agency litigation

On December 12, 2002, having received the consent of IRI to sell 44.74% of ADR to the Macquarie Group, Gemina, Impregilo S.p.A. and Falck S.p.A. took the place of IRI, directly assuming the commitment to indemnify ADR, with a share of 50%, 13.0% and 36.90%, respectively. This

5.6 EXPLANATORY NOTES

commitment was issued by IRI upon the privatisation of ADR for the purpose of covering 51.166% of capital losses the company may incur due to tax claims for deeds and declarations relating to periods prior to the privatisation, which took place in July 2000.

The ongoing dispute between ADR and the Customs Agency regards the period 1993-1998, and is covered by the aforementioned guarantee, which will be enforceable following the final judgment ruling against ADR in relation to the Tax Authorities.

Impregilo S.p.A. and Falck S.p.A. do not recognise the guarantee as valid. ADR has instituted action against these companies for the purpose of sentencing them to pay the amounts owed, on condition that the final judgment ruling against ADR is passed.

In the consolidated financial statements, provisions have been allocated against the risk relating to the litigation with the Customs Agency.

In Gemina's financial statements, provisions were allocated in the event of a total negative outcome for ADR and ADR's activation of the guarantee.

This allocation was included in the year 2010 following the negative outcome of the appeal lodged with the Regional Tax Commission of Rome and reversed in the consolidated financial statements, which reflect the amount allocated by ADR.

Rizzoli litigation

On March 3, 2010 Gemina was served, on request of RCS Mediagroup S.p.A. ("RCS"), with a writ of summons for a third party in the proceedings instigated by Mr. Angelo Rizzoli against RCS, Intesa San Paolo S.p.A., Mittel S.p.A., Edison S.p.A. and Giovanni Arvedi.

Mr. Rizzoli formulated a series of claims aimed at compensating for the economic damages he incurred as a result of the sale of Rizzoli Editore S.p.A., which owns Corriere della Sera, to group of entrepreneurs.

The events date back to 1974-1986.

RCS fully rejected the plaintiff's claims, stating they were completely groundless and considerably subject to the statute of limitations and, as a final alternative, requested that Gemina be summoned to court, as the party from which the current RCS derives, due to the known spin-off stipulated in 1997.

Gemina still deems Mr. Rizzoli's claims, as well as RCS's request to summon Gemina to court, to be groundless.

The judge, after rejecting the preliminary claims of the plaintiff, fixed the hearing for pronouncement of the sentence for next June 28.

GEMINA GROUP

5.7 LIST OF EQUITY INVESTMENTS

NAME	TYPE	REGISTERED	ASSETS	CURRENCY	CAPITAL	EQUITY INVESTMENT		CONSOLIDATION	CONSOLID.	BOOK
		OFFICE				% SHARE	THROUGH	SHARE	METHOD	VALUE
								*	**	***
PARENT COMPANY										
GEMINA	L	Milan	Holding of equity investments	euro	1,472,960,320	n/a	n/a	100.00	Line-by-line	
AIRPORT ACTIVITY										
AEROPORTI DI ROMA	UL	Fiumicino (Rome)	Airport management	euro	62,309,801	95.76	Direct	100.00	Line-by-line	
ADR Engineering	UL	Fiumicino (Rome)	Airport engineering	euro	774,690	100.00	Aeroporti di Roma S.p.A.	100.00	Line-by-line	
ADR Tel	UL	Fiumicino (Rome)	Telecommunications	euro	600,000	99.00	Aeroporti di Roma S.p.A.	100.00	Line-by-line	
						1.00	ADR Sviluppo			
ADR Advertising (1)	UL	Fiumicino (Rome)	Advertising	euro	1,000,000	51.00	Aeroporti di Roma S.p.A.	100.00	Line-by-line	
ADR Sviluppo	S.r.l.	Fiumicino (Rome)	Real estate	euro	100,000	100.00	Aeroporti di Roma S.p.A.	100.00	Line-by-line	
Romulus Finance	S.r.l.	Conegliano (Treviso)	Credit securitisation	euro	10,000	-	n/a	-	Line-by-line	
ADR Assistance	S.r.l.	Fiumicino (Rome)	Assistance to passengers with reduced mobility	euro	6,000,000	100.00	Aeroporti di Roma S.p.A.	100.00	Line-by-line	
Ligabue Gate Gourmet Rome in bankruptcy	UL	Tessera (Venice)	Airport catering	euro	103,200	20.00	Aeroporti di Roma S.p.A.	20.00	Valued at cost	
S.A.CAL.	UL	Lamezia Terme (Catanzaro)	Airport management	euro	7,755,000	16.57	Aeroporti di Roma S.p.A.	16.57	Valued at cost	1,307
Aeroporto di Genova	UL	Genova Sestri	Airport management	euro	7,746,900	15.00	Aeroporti di Roma S.p.A.	15.00	Valued at cost	894
Consorzio E.T.L. in liquidation	Cons.	Rome	Study of European transport rules	euro	82,633	25.00	Aeroporti di Roma S.p.A.	25.00	Valued at cost	
Fiumicino Energia	S.r.l.	Milan	Electricity Production	euro	741,795	87.14	Direct	100	Line-by-line	
Leonardo Energia	S.C.a r.l.	Milan	Electricity Production	euro	10,000	90.00	Fiumicino Energia S.r.l.	100	Line-by-line	
						10.00	Aeroporti di Roma S.p.A.			

GEMINA GROUP

5.7 LIST OF EQUITY INVESTMENTS

NAME	TYPE	REGISTERED	ASSETS	CURRENCY	CAPITAL	EQUITY INVESTMENT		CONSOLIDATION	CONSOLID.	BOOK	
		OFFICE				% SHARE	THROUGH		METHOD	VALUE	
OTHER											
PENTAR	UL	Milan	Holding company	euro	11,548,370	20.35	Direct		20.35	Valued at cost	2,232
DOMINO	S.r.l.	Milan	Internet services	euro	10,000	100.00	Direct		100.00	Valued at cost	10
KIWI 1 VENTURA SERVICOS	S.A.	Channel Islands	Investment fund	euro	110,610,000	0.92	Direct	(2)	0.92	Valued at cost	28
DIRECTIONAL CAPITAL HOLDINGS IN LIQUID.	N.V.	Channel Islands	Financial services	euro	6,249	5.00	Direct	(4)	5.00	Valued at cost	1 euro cent
GEMINA FIDUCIARY SERVICES	S.A.	Luxembourg	Trust company	euro	150,000	99.99	Direct		99.99	Valued at cost	1 euro cent
TELEFIN in liquidation (form. Tempo Libero) (3)	UL	Milan	Financial services	Lire	20,000,000,000	42.50	Direct		42.50	Valued at cost	1 euro cent

NOTES:

- * The consolidated share refers to consolidation within the specific group belonging to the Gemina Group.
- ** The consolidation method of indirect equity investments is attributable to sub-consolidation and not directly to Gemina.
- *** Book value for equity investments posted at cost, with the shareholders' equity method, in thousands of euro.
- (1) Equity investment held in the ordinary share capital of the company (500,000 euro). The stake held in the overall share capital (1,000,000 euro) is 25.5%.
- (2) The company has been in liquidation since January 2009, as per the Shareholders' Agreement.
- (3) On April 29, 1999, the Court of Milan declared its bankruptcy.
- (4) As from March 31 2008, the company is in liquidation.

KEY:

- L Listed joint stock company.
- UL Unlisted joint stock company.
- S.r.l. Limited liability company.
- Cons. Consortium.
- S.c. a r.l. Limited liability consortium company.

5.8 EFFECTS OF APPLICATION OF IFRIC 12

This appendix illustrates the changes introduced by the interpretation IFRIC 12 “Service Concession Agreements” (“Interpretation or IFRIC 12”), issued by the International Accounting Standards Board (“IASB”), which governs the methods of recognition and valuation of concession contracts between a public sector body and a private operator, in which the price for and nature of the services provided are regulated by the Grantor.

IFRIC 12, published by the IASB in November 2006, was approved by the European Commission with EC Regulation no. 254/2009 on March 25, 2009 and its application is mandatory for financial statements drawn up in compliance with the IAS/IFRS for financial years which began following the year of approval.

Therefore, starting from January 1, 2010, the Gemina Group publishes its accounting disclosures applying IFRIC 12.

Unlike the practice adopted until now without a specific criterion set forth by the IASB, moving beyond the concept of the transfer of “risks and benefits” which has prevailed until now in the body of the IFRS standards, according to IFRIC 12, the concessionaire must not enter the infrastructure in concession as a tangible asset as it does not have the “control”, but instead, only the right to use the asset to supply the service in agreement with the terms and procedures with the grantor. This right is classified as a financial asset or as an intangible asset, depending on whether or not there is an unconditioned right to receive remuneration regardless of the actual use of the infrastructure, rather than the right to charge the users for use of the service. In the event that the arrangement contains a combination of the two cases, the mixed model is applied.

Set forth below are the criteria used to apply the Interpretation to the concession assigned to ADR by the Ministry for Infrastructure and Transport regarding the Rome airport system (“Airport Management Concession”) and the effects deriving from the first-time application of the Interpretation.

It is also noted that these financial statements have also been prepared in compliance with the indications set forth in the draft document drawn up by the *Organismo Italiano di Contabilità* (the Italian Standard Setter) – Application no. 3 “Service Concession Arrangements”. If, in the future, also as a result of additional consultation on the method of application of the Interpretation to the specific case of the Group, new guidance or operating indications should arise, these shall be considered in the subsequent income statements and balance sheets drawn up by the Group.

5.8 EFFECTS OF APPLICATION OF IFRIC 12

Information on the airport management concession

IFRIC 12 is applicable to the Group in relation to the airport management concession of the subsidiary company ADR.

ADR's corporate purpose is the construction and management of airports or of a part thereof, and the exercise of any activity related or complementary to air traffic of any type or speciality. The corporate purpose includes the management and development of the Rome airport system (made up of the "Leonardo da Vinci" Airport of Fiumicino and the "G.B. Pastine" Airport of Ciampino) according to the criteria of economy and coherent organisation, pursuant to Law no. 755 of November 10, 1973 and subsequent amendments.

The above-mentioned activity is carried out as a concession on behalf of the competent State Administration (Ministry for Infrastructure and Transport) with expiration in 2044.

The purpose of the concession is the single management of the airport system and the concession includes the management of infrastructures and services and the maintenance of existing systems, machinery and buildings.

Using funds from autonomous loans or using funds issued by the State on the basis of specific regulations and agreements, ADR has the task of coordinating all assets necessary for the creation of the "Development Plan" of airport infrastructures.

Scope of application and first-time application of the interpretation

IFRIC 12 applies to service concession arrangements in which the grantor is a public sector body and the concessionaire is a private operator, if the following conditions are met:

- a) the grantor controls or regulates what services the concessionaire must provide using the infrastructure, to whom and at what price; and
- b) the grantor controls - through its ownership or in another way - any residual interest in the infrastructure at the end of the term of the arrangement.

Following the analysis performed, the new Interpretation was deemed to be applicable to the Group's Airport Management Concession.

On first-time application, the provisions contained in IFRIC 12 must be applied retroactively, recalculating the effects that would have occurred as at January 1, 2009 (start date of the financial year presented in the financial statements for comparative purposes), attributing these effects to Shareholders' Equity reserves.

Nonetheless, it is noted that in relation to the subsidiary

5.8 EFFECTS OF APPLICATION OF IFRIC 12

company ADR, the retroactive application regarded the period following January 1, 2001, the year of the merger between Leonardo S.p.A (now ADR) and ADR. In relation to this business combination, at the time of the transition to IFRS, the Group adopted the option provided by IFRS 1 of not recalculating the operation in compliance with IFRS 3.

Presentation of impacts deriving from the adoption of the Interpretation

In order to illustrate the effects deriving from the application of IFRIC 12, the following sections provide several accounting statements reconciling statement of financial position, income statement and cash flow values before and after the application of IFRIC 12. In particular:

- a) the comparative statements of the consolidated statement of financial position as at December 31, 2009, providing evidence of the effect of application of IFRIC 12 as at January 1, 2009;
- b) the comparative statements of the reclassified consolidated income statement for the entire year 2009;
- c) the statements of reconciliation between the consolidated shareholders' equity as at January 1 and December 31, 2009 and the consolidated profit (loss) for the entire year 2009.

It is noted that as a result of applying the interpretation, it was necessary to revise and adapt several items contained in the consolidated statements (official and restated) and, therefore, also the income statement, balance sheet and cash flow information disclosed.

Key points of the accounting representation of IFRIC 12

Based on the contractual agreements which fall within the scope of application of IFRIC 12, the concessionaire acts as a provider of services regarding (i) the realisation and/or improvement of infrastructures used to provide public services, and (ii) the management and maintenance of said assets, for a specific period of time. As a result, the construction and improvement of the infrastructure is treated as the activity of a construction company, and during the period in which the service is provided, the costs and revenues from construction are recorded in the income statement in compliance with IAS 11.

As indicated by IFRIC 12, in exchange for the construction and/or improvement services provided by the concessionaire, the grantor pays the concessionaire a consideration, to be recognised at its fair value, which may consist in rights over:

- a financial asset;
- an intangible fixed asset.

The financial asset model applies when the concessionaire has

5.8 EFFECTS OF APPLICATION OF IFRIC 12

an unconditional contractual right to receive cash for the construction services, irrespective of the actual use of the infrastructure.

According to the intangible fixed asset model, on the other hand, in exchange for the services of construction and improvement of the infrastructure, the concessionaire acquires the right to charge users of the infrastructure. Therefore, the concessionaire's cash flows are not guaranteed by the grantor, but are contingent on the users' effective use of the infrastructure, in which case demand risk is incurred by the concessionaire.

In the event that the arrangement contains a combination of the two cases, it falls within the scope of the mixed model.

The mixed model is applicable to the Airport Management Concession held by the Gemina Group. Principally, the construction and improvement works are remunerated through the tariffs for the use of the service using the intangible asset model, and the financial asset model is only marginally applicable.

Summary of the main financial statement items affected by IFRIC 12 or presented for the first time

In relation to the above, the main effects of application of IFRIC 12 to the balance sheet items of the consolidated financial statements of the Gemina Group regard:

- a) tangible assets: all fixed assets which are to be returned to the grantor on conclusion of the concession have been classified under the item "Intangible Fixed Assets";
- b) intangible fixed assets: the above fixed assets have been recorded in the item "Airport management concession – investments in infrastructure in concession" as concession rights deriving from the construction services, values which shall be recovered through the considerations for the use of the infrastructures (airport tariffs). These intangible assets are amortised over the term of the concession (up to 2044), using criteria that reflect the methods in which the economic benefits of the activity flow to the company. The amortisation starts from the moment the rights in question begin to produce the related economic benefits;
- c) contract work in progress/receivables: the values of works created using the financial means of the grantor have been restated from contract work in progress to receivables;
- d) receivables: the receivables relating to the amount due from the grantor for the realization of the works previously recorded under contract work in progress were recorded in this category;
- e) system renovation provisions: supplementary allocations are planned with respect to the amortisation of the concession for those portions of infrastructures which have a technical-

5.8 EFFECTS OF APPLICATION OF IFRIC 12

economic duration of less than the residual term of the concession, which shall be recorded in specific provisions.

Investments realised for the maintenance and renovation of infrastructures are charged to use of the provisions in question;

- f) deferred tax assets: pursuant to IAS 12, all the effects recorded upon first-time application of IFRIC 12, described in the above points, have generated deferred tax assets or liabilities;
- g) shareholders' equity, profit (loss) related o the new IFRS standards: the balance of the effects on equity recognised due to the application of the Interpretation was attributed to shareholders' equity reserves.

The most significant effects on the items of the Gemina Group consolidated income statement, in addition to those previously described and relating to the elimination of amortisation and depreciation for the fixed assets which are to be returned to the grantor on conclusion of the concession, to the recording of amortisation of the “airport management concession – investments in infrastructure in concession” and to the allocations and uses of the system renovation provisions, are as follows:

- h) revenues from construction services (“infrastructure pursuant to IFRIC 12): revenues from construction services are recognised in the income statement, referring to the state of completion of the construction works. They represent the consideration due to the concessionaire for the activity carried out, and are valued based on the total construction costs incurred. The item in question also includes revenues from construction of assets created using State funds.
- i) costs of infrastructure: costs for construction services are recognised in the income statement, referring to the state of completion of the construction works, and are mainly comprised of costs for external materials and services;
- j) financial income and expenses: compared to the accounting scheme prior to IFRIC 12, financial income and expenses have been changed as a result of the expenses incurred in the period in relation to the discounting of the system renovation provisions.

5.8 EFFECTS OF APPLICATION OF IFRIC 12

ASSETS <i>(in thousands of euro)</i>	12/31/2009 PRE-IFRIC 12 (*)	IFRIC 12 ADJUST./RECL ASSIFICATIONS AS AT 01/01/2009	IFRIC 12 ADJUSTMENTS /RECLASSIFICA TIONS 2009	12/31/2009 POST-IFRIC 12
NON-CURRENT ASSETS				
Airport management concession	2,996,374	-	6,906	3,003,280
Airport management concession - investments in infrastructure in concession	-	401,681	37,462	439,143
Goodwill	6,906	-	(6,906)	-
Other intangible fixed assets	5,167	(455)	2,264	6,976
TOTAL INTANGIBLE FIXED ASSETS	3,008,447	401,226	39,726	3,449,399
Land and buildings	87,638	(92,841)	5,203	-
Plant and machinery	74,386	(42,264)	(22,017)	10,105
Fixtures and fittings, tools and other equipment	1,169	-	-	1,169
Construction in progress and advances	53,180	(34,143)	(17,321)	1,716
Other tangible fixed assets	198,907	(194,129)	(858)	3,920
TOTAL TANGIBLE/TECHNICAL FIXED ASSETS	415,280	(363,377)	(34,993)	16,910
EQUITY INVESTMENTS IN ASSOCIATED COMPANIES VALUED AT NET EQUITY	8,649	-	-	8,649
INVESTED RECEIVABLES	4,591	-	-	4,591
OTHER EQUITY INVESTMENTS	2,756	-	-	2,756
DEFERRED TAX ASSETS	51,202	35,775	2,252	89,229
OTHER NON-CURRENT ASSETS	9,486	-	-	9,486
OTHER NON-CURRENT FINANCIAL ASSETS	1,400	-	-	1,400
TOTAL NON-CURRENT ASSETS	3,501,811	73,624	6,985	3,582,420
CURRENT ASSETS				
INVENTORIES	10,164	-	-	10,164
CONTRACT WORK IN PROGRESS	17,610	(11,892)	(4,802)	916
TRADE RECEIVABLES	197,298	11,892	4,802	213,992
OTHER RECEIVABLES	6,926	-	-	6,926
FINANCIAL INSTRUMENTS – DERIVATIVES	534	-	-	534
OTHER CURRENT FINANCIAL ASSETS	55,497	-	-	55,497
CASH AND CASH EQUIVALENTS	149,272	-	-	149,272
TOTAL CURRENT ASSETS	437,301	-	-	437,301
ASSETS HELD FOR SALE	-	-	-	-
TOTAL ASSETS	3,939,112	73,624	6,985	4,019,721

(*) Pursuant to the consolidated financial statements as at December 31, 2009 approved by the Board of Directors on March 15, 2010.

5.8 EFFECTS OF APPLICATION OF IFRIC 12

5.8 EFFECTS OF APPLICATION OF IFRIC 12

SHAREHOLDERS' EQUITY AND LIABILITIES <i>(in thousands of euro)</i>	12/31/2009 PRE-IFRIC 12 (*)	IFRIC 12 ADJUST./RECLA SSIFICATIONS AS AT 01/01/2009	IFRIC 12 ADJUSTMENTS/ RECLASSIFICATI ONS 2009	12/31/2009 POST- IFRIC 12
SHAREHOLDERS' EQUITY				
Share capital	1,472,960	-	-	1,472,960
Capital reserves (share premium reserve)	200,057	-	-	200,057
Hedging and translation reserve	(50,304)	-	-	(50,304)
Other reserves	82,756	-	-	82,756
Profit (loss) from previous years	19,556	(73,908)	-	(54,352)
Profit (loss) for the year	(39,152)	-	(4,515)	(43,667)
GROUP SHAREHOLDERS' EQUITY	1,685,873	(73,908)	(4,515)	1,607,450
Minority shareholders in capital and reserves	36,556	(2,906)	(199)	33,451
MINORITY INTEREST IN SHAREHOLDERS' EQUITY	36,556	(2,906)	(199)	33,451
TOTAL SHAREHOLDERS' EQUITY	1,722,429	(76,814)	(4,714)	1,640,901
NON-CURRENT LIABILITIES				
EMPLOYEE BENEFITS	24,653	-	-	24,653
PROVISION FOR RISKS AND CHARGES – BEYOND 12 MONTHS	280,843	(3,300)	(500)	277,043
PROVISIONS FOR RESTORATION CHARGES - BEYOND 12 MONTHS	-	119,292	5,299	124,591
FINANCIAL INDEBTEDNESS NET OF CURRENT SHARE	347,825	-	-	347,825
OUTSTANDING BONDS	1,097,465	-	-	1,097,465
TOTAL NON-CURRENT LIABILITIES	1,750,786	115,992	4,799	1,871,577
CURRENT LIABILITIES				
TRADE PAYABLES	144,959	-	-	144,959
CURRENT TAX LIABILITIES	11,353	-	-	11,353
CURRENT FINANCIAL LIABILITIES	28,839	-	-	28,839
PROVISIONS FOR RISKS AND CHARGES – WITHIN 12 MONTHS	20,324	-	-	20,324
PROVISIONS FOR RESTORATION CHARGES - WITHIN 12 MONTHS	-	34,446	6,900	41,346
FINANCIAL INSTRUMENTS – DERIVATIVES	157,685	-	-	157,685
OTHER CURRENT LIABILITIES	102,737	-	-	102,737
TOTAL CURRENT LIABILITIES	465,897	34,446	6,900	507,243

5.8 EFFECTS OF APPLICATION OF IFRIC 12

LIABILITIES HELD FOR SALE	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,939,112	73,624	6,985	4,019,721
	<i>(*) Pursuant to the consolidated financial statements as at December 31, 2009 approved by the Board of Directors on March 15, 2010.</i>			
		IFRIC 12		
<i>(in millions of euro)</i>	2009 (*)	ADJUSTMENTS/	2009	
	PRE-IFRIC 12	RECLASSIFICATIONS	POST-IFRIC 12	
REVENUES	570.9	(10.8)	560.1	
INFRASTRUCTURE PURSUANT TO IFRIC 12	-	30.1	30.1	
CONSUMPTIONS AND OPERATING COSTS	(222.9)	9.3	(213.6)	
COSTS OF INFRASTRUCTURE	-	(26.2)	(26.2)	
VALUE ADDED	348.0	2.4	350.4	
STAFF COSTS	(142.8)	0.8	(142.0)	
EBITDA	205.2	3.2	208.4	
AMORTISATION, DEPRECIATION AND PROVISIONS	(142.1)	35.3	(106.8)	
ALLOCATIONS TO SYSTEM RENOVATION PROVISIONS	-	(40.6)	(40.6)	
EBIT	63.1	(2.1)	61.0	
FINANCIAL INCOME/(EXPENSES)	(81.3)	(4.9)	(86.2)	
INCOME/(CHARGES) ON EQUITY INVESTMENTS	(1.8)	-	(1.8)	
PROFIT OF CURRENT ASSETS BEFORE TAXATION	(20.0)	(7.0)	(27.0)	
INCOME TAXES	(20.0)	2.3	(17.7)	
PROFIT (LOSS) OF THIRD-PARTY SHAREHOLDERS	(0.8)	(0.2)	(1.0)	
PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	(39.2)	(4.5)	(43.7)	
NET EARNINGS PER SHARE:				
FROM RECURRING ACTIVITIES	(0.027)	(0.003)	(0.030)	
FROM RECURRING AND DISCONTINUED ACTIVITIES	(0.027)	(0.003)	(0.030)	
	<i>(*) Pursuant to the consolidated financial statements as at December 31, 2009 approved by the Board of Directors on March 15, 2010.</i>			

5.8 EFFECTS OF APPLICATION OF IFRIC 12

RECONCILIATION OF SHAREHOLDERS' EQUITY
FOLLOWING THE INTRODUCTION OF IFRIC 12

<i>(in thousands of euro)</i>	SHAREHOLDERS' EQUITY 01/01/2009	CHANGES TO SHAREHOLDERS' EQUITY 2009	PROFIT (LOSS) 2009	SHAREHOLDERS' EQUITY 12/31/2009
CONSOLIDATED SHAREHOLDERS' EQUITY PRE-IFRIC 12	1,770,399	(8,001)	(39,969)	1,722,429
IFRIC 12 ADJUSTMENTS				
Adjustments to tangible and intangible fixed assets	35,950	-	4,296	40,246
System renovation provisions	(148,538)	-	(11,268)	(159,806)
	(112,588)	-	(6,972)	(119,560)
Tax effect on IFRIC 12 adjustments	35,774	-	2,258	38,032
TOTAL IFRIC 12 ADJUSTMENTS	(76,814)	-	(4,714)	(81,528)
CONSOLIDATED SHAREHOLDERS' EQUITY - IAS/IFRS - IFRIC 12 VALUES	1,693,585	(8,001)	(44,683)	1,640,901
ABSOLUTE CHANGE	(76,814)	-	(4,714)	(81,528)
PERCENTAGE CHANGE	(4.3%)	-	(11.8%)	(4.7%)

5.9 INFORMATION PURSUANT TO ART. 149-DUODECIES OF CONSOB ISSUERS' REGULATION

The following statement, drawn up pursuant to Art. 149-*duodecies* of the Consob Issuers' Regulation, highlights the remunerations pertaining to the 2010 financial year for audit services and other services rendered by the same Independent Auditors.

<i>(in thousands of euro)</i>	COMPANY THAT RENDERED THE SERVICE	TARGET COMPANY	REMUNERATIONS PERTAINING TO THE YEAR 2010
AUDIT	DELOITTE & TOUCHE S.P.A.	GEMINA PARENT COMPANY	139
	DELOITTE & TOUCHE S.P.A.	SUBSIDIARY COMPANIES	318
CERTIFICATION	DELOITTE & TOUCHE S.P.A. (1)	GEMINA PARENT COMPANY	3
	DELOITTE & TOUCHE S.P.A.	SUBSIDIARY COMPANIES	75
OTHER SERVICES	DELOITTE & TOUCHE S.P.A. (2)	GEMINA PARENT COMPANY	23

(1) Subscription of Income Tax Return and 770 forms.

(2) Technical and methodological support for the adoption of IFRIC 12 standard.

5.10 CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ART. 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

We, the undersigned, Guido Angiolini, in my position of Managing Director, and Alessandra Bruni, in my position of Manager in charge of preparing corporate accounting documents of Gemina S.p.A., taking also account of provisions set forth by Art. 154 *bis*, subsections 3 and 4 of Italian Legislative Decree no. 58 of February 24, 1998, hereby declare:

- the consistency with regard to the characteristics of the company and
- of the correct application of administration and accounting procedures for the drafting of the consolidated financial statements over 2010.

It is also stated that:

- the consolidated financial statements as at December 31, 2010:
 - were drawn up pursuant to the applicable International Accounting Standards adopted by the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council of July 19, 2002;
 - are consistent with figures disclosed in the accounting books and records;
 - supply a true and fair disclosure of the equity, economic and financial situation of the issuer and of the companies included in the consolidation area;
- the Report on Operations includes a reliable analysis of the performance and management result, as well as the situation of the issuer and of the companies included in the consolidation, together with the description of the major risks and uncertainties to which they are exposed.

Milan, March 10, 2011

The Managing
Director
(Guido Angiolini)

Manager
in charge of preparing
corporate accounting documents
(Alessandra Bruni)

5.11

INDEPENDENT AUDITORS' REPORT



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**AUDITORS' REPORT PURSUANT TO ART. 14 AND 16
OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010**

**To the Shareholders of
GEMINA – GENERALE MOBILIARE INTERESSENZE AZIONARIE S.p.A.**

1. We have audited the consolidated financial statements of Gemina – GENERALE MOBILIARE INTERESSENZE AZIONARIE S.p.A. (“Gemina S.p.A.”) and its subsidiaries the (“Gemina Group”), which comprise the consolidated balance sheet as of December 31, 2010, and the consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the prior year's consolidated financial statements, whose data are presented for comparative purposes, reference should be made to our auditors' report issued on March 31, 2010.
3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Gemina Group as of December 31, 2010, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

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

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

Member of Deloitte Touche Tohmatsu Limited

4. The Directors of Gemina S.p.A. are responsible for the preparation of the report on operations and the annual report on the corporate governance and the ownership structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual report on corporate governance, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the annual report on the corporate governance and the ownership structure are consistent with the consolidated financial statements of Gemina Group as of December 31, 2010.

DELOITTE & TOUCHE S.p.A.

Signed by
Vincenzo Mignone
Partner

Milan, March 25, 2011

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

6.

**FINANCIAL STATEMENTS
OF GEMINA S.P.A.**

6.1 GEMINA S.P.A. INCOME STATEMENT AS AT DECEMBER 31, 2010

<i>(in euro)</i>	Notes	2010 Financial Year	<i>of which due to related parties</i>	2009 Financial Year	<i>of which due to related parties</i>
INCOME (CHARGES) ON EQUITY INVESTMENTS					
DIVIDENDS FROM ASSOCIATED COMPANIES		-		240,000	
OTHER INCOME/(CHARGES) ON EQUITY INVESTMENTS		(1,348,180)		(3,952,922)	
TOTAL INCOME (CHARGES) ON EQUITY INVESTMENTS	1	(1,348,180)		(3,712,922)	
NET FINANCIAL INCOME (EXPENSE)					
FINANCIAL INCOME:					
INTEREST INCOME		389,201	90,290	837,299	208,695
FINANCIAL EXPENSES:					
INTEREST EXPENSE		(3,010,887)	(3,010,887)	(3,477,636)	(3,236,098)
OTHER EXPENSES		(376,458)	(376,458)	(604,840)	(520,190)
TOTAL NET FINANCIAL INCOME (EXPENSE)	2	(2,998,144)		(3,245,177)	
STAFF COSTS	3	(1,525,942)	(24,436)	(1,410,492)	
OTHER OPERATING COSTS	4	(3,846,358)	(87,747)	(3,163,118)	(79,573)
NET PROVISIONS	5	(2,239,601)	(3,600,000)	(3,100,000)	(3,100,000)
AMORTISATION/DEPRECIATION		(19,855)		(28,707)	
REVENUES	6	1,043,965	880,651	946,403	713,611
TOTAL NET OPERATING COSTS		(6,587,791)		(6,755,914)	
PRE-TAX PROFIT (LOSS)		(10,934,115)		(13,714,013)	
INCOME TAXES	7	2,247,727		(355,511)	
PROFIT (LOSS) FOR THE YEAR		(8,686,388)		(14,069,524)	

6.1 GEMINA S.P.A. INCOME STATEMENT AS AT DECEMBER 31, 2010

STATEMENT OF COMPREHENSIVE INCOME

<i>(in thousands of euro)</i>	2010	2009
PROFIT (LOSS) FOR THE YEAR	(8,686)	(14,070)
PROFIT (LOSS) ON DERIVATIVE INSTRUMENTS (CASH FLOW HEDGES)	338	(765)
TAX EFFECT	(93)	210
TOTAL PROFIT (LOSS) FOR THE YEAR	(8,441)	(14,625)

6.2 GEMINA S.P.A. BALANCE SHEET AS AT DECEMBER 31, 2010

ASSETS

<i>(in euro)</i>	Notes	12/31/2010	<i>of which due to related parties</i>	12/31/2009	<i>of which due to related parties</i>
NON-CURRENT ASSETS					
Other intangible fixed assets		785		3,141	
TOTAL INTANGIBLE FIXED ASSETS	8	785		3,141	
Fixtures and fittings, tools and other equipment		6,467		10,308	
Other tangible fixed assets		28,798		37,316	
TOTAL TANGIBLE FIXED ASSETS	9	35,265		47,624	
EQUITY INVESTMENTS IN SUBSIDIARIES	10	1,843,246,286		1,843,211,448	
EQUITY INVESTMENTS IN ASSOCIATES AND JOINT VENTURES	10	2,231,743		8,609,066	
OTHER EQUITY INVESTMENTS	10	28,255		28,255	
INVESTED RECEIVABLES	11	-		4,591,111	
DEFERRED TAX ASSETS	12	1,028,997		2,109,436	
OTHER NON-CURRENT ASSETS		116		116	
OTHER NON-CURRENT FINANCIAL ASSETS	13	-		1,400,000	<i>1,400,000</i>
TOTAL NON-CURRENT ASSETS		1,846,571,447		1,860,000,197	
CURRENT ASSETS					
TRADE RECEIVABLES	14	578,327	<i>578,077</i>	397,990	<i>335,755</i>
OTHER RECEIVABLES	15	13,012,292	<i>11,876,426</i>	14,434,597	<i>13,455,843</i>
OTHER CURRENT FINANCIAL ASSETS	16	2,934,423	<i>2,927,493</i>	1,566,043	<i>1,566,043</i>
CASH AND CASH EQUIVALENTS	17	11,136,773	<i>47,533</i>	13,433,520	<i>411,482</i>
TOTAL CURRENT ASSETS		27,661,815		29,832,150	
TOTAL ASSETS		1,874,233,262		1,889,832,347	

6.2 GEMINA S.P.A. BALANCE SHEET AS AT DECEMBER 31, 2010

SHAREHOLDERS' EQUITY AND LIABILITIES

<i>(in euro)</i>	Notes	12/31/2010	<i>of which due to related parties</i>	12/31/2009	<i>of which due to related parties</i>
SHAREHOLDERS' EQUITY					
Share capital		1,472,960,320		1,472,960,320	
Capital reserves		199,706,821		200,056,535	
Hedging reserve		(403,283)		(648,220)	
Other reserves		83,106,078		82,756,364	
Profit (loss) from previous years		64,279,101		78,348,625	
Profit (loss) for the year		(8,686,388)		(14,069,524)	
Total Shareholders' Equity	18	1,810,962,649		1,819,404,100	
NON-CURRENT LIABILITIES					
Employee benefits	19	244,339		193,240	
Provisions for risks and charges	20	11,300,000	<i>6,700,000</i>	9,100,000	<i>3,100,000</i>
Financial indebtedness net of current share	21	-		46,964,031	<i>46,964,031</i>
Total non-current liabilities		11,544,339		56,257,271	
CURRENT LIABILITIES					
Trade payables	22	711,378	<i>119,144</i>	478,115	<i>127,792</i>
Current financial liabilities	23	41,953,635	<i>41,953,635</i>	89,043	<i>89,043</i>
Provisions for risks and charges	20	1,922,139		1,902,715	
Financial instruments - derivatives	24	581,212	<i>581,212</i>	926,026	<i>926,026</i>
Other current liabilities	25	6,557,910	<i>438,115</i>	10,775,077	<i>11,884</i>
Total current liabilities		51,726,274		14,170,976	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,874,233,262		1,889,832,347	

6.3 GEMINA S.P.A. STATEMENT OF CASH FLOWS AS AT DECEMBER 31, 2010

<i>(in thousands of euro)</i>	12/31/2010	12/31/2009
PROFIT (LOSS) FOR THE YEAR	(8,686)	(14,070)
Amortisation and depreciation of tangible and intangible fixed assets	20	29
Increase (decrease) of employee benefits and other funds	2,271	4,858
(Increase) decrease in deferred tax assets	1,080	601
(Revaluation) write-down of equity investments	1,378	2,100
1) OPERATING PROFIT (LOSS) BEFORE CHANGES IN WORKING CAPITAL	(3,937)	(6,482)
(Increase) decrease in trade receivables	(180)	4,022
(Increase) decrease in other current assets	1,422	10,157
Increase (decrease) in trade payables	234	(83)
Increase (decrease) in other current liabilities and tax payables	(4,220)	9,407
2) CHANGES IN WORKING CAPITAL	(2,744)	23,503
3) TOTAL CASH AND CASH EQUIVALENTS GENERATED (ABSORBED) BY OPERATIONS (1+2)	(6,681)	17,021
STATEMENT OF CASH FLOWS FROM INVESTMENT ACTIVITIES		
Disposal of equity investments in SITTI	5,000	-
(Increase) decrease in invested receivables	4,591	(325)
Other changes in equity investments	(35)	(301)
(Increase) decrease in tangible and intangible fixed assets	(5)	-
4) TOTAL CASH AND CASH EQUIVALENTS GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES	9,551	(626)
STATEMENT OF CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(188)
(Increase) decrease in trade receivables	32	(1,279)
Increase (decrease) in financial payables	(5,444)	(2,684)
Other changes in shareholders' equity	245	(555)
5) TOTAL CASH AND CASH EQUIVALENTS GENERATED (ABSORBED) BY FINANCING ACTIVITIES	(5,167)	(4,706)
6) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (3+4+5)	(2,297)	11,689
7) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	13,434	1,745
8) CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (6+7)	11,137	13,434

6.4 GEMINA S.P.A. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT DECEMBER 31, 2010

<i>(in thousands of euro)</i>	Share capital	Capital reserves	Hedging reserve	Other reserves	Profit (loss) pertaining to previous years	Profit (loss) for the year	Shareholders' Equity
Balances as at 01/01/2009	1,472,960	200,057	(93)	82,064	65,373	13,855	1,834,216
Allocation of results year 2008				692	13,163	(13,855)	
Distribution of dividends to holders of savings shares					(188)		(188)
Total profit (loss) for the year			(555)			(14,070)	(14,625)
Balances as at 12/31/2009	1,472,960	200,057	(648)	82,756	78,349	(14,070)	1,819,404
Allocation of results year 2009					(14,070)	14,070	
Other changes		(350)		350			
Total profit (loss) for the year			245			(8,686)	(8,441)
Balances as at 12/31/2010	1,472,960	199,707	(403)	83,106	64,279	(8,686)	1,810,963

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING STANDARDS

These financial statements have been prepared according to the International Accounting Standards (IAS or International Financial Reporting Standards (IFRS)) and according to their “interpretations” as provided in documents issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) approved by the European Commission.

The financial statements and information contained herein were drawn up in conformity with the international standard IAS 1, as provided for by CONSOB communication no. 15519 and CONSOB communication no. 6064293 issued on July 28, 2006.

ADOPTION OF NEW STANDARDS

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM JANUARY 1, 2010

IAS 24 – RELATED PARTY DISCLOSURES

On November 4, 2009 IASB issued a revised version of this standard aimed at clarifying and supplementing the definition of related parties.

This standard must be applied as from January 1, 2011.

The company adopted the standard in advance as from January 1, 2010.

As regards the applicability of the principle to the Company, in particular, the revised Standard extends the meaning of related parties to companies controlled by entities with a significant influence on the Company.

The adoption of this standard has no effect on the evaluation of balance sheet items.

The following amendments, improvements and interpretations, in effect as from January 1, 2010, will regulate categories and cases not pertaining to the Company as at the date of these financial statements, but might have accounting effects on transactions and future agreements.

- IFRS 3 – Business Combinations;
- IAS 27 (2008) – Separate and Consolidated Financial Statements;
- Improvement to IFRS 5 – Non-current Assets Held for Sales and Discontinued Operations;
- Amendments to IAS 28 – Equity Investments in Associated Companies and IAS 31 – Equity Investments in Joint Ventures, following amendments made to IAS 27;

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

- Improvements to IAS/IFRS (2009);
- Amendment to IFRS 2 – Share-Based Payments: payments based on Group shareholdings governed by cash;
- IFRIC 17 – Distribution of Non-Cash Assets to Owners;
- IFRIC 18 – Transfers of Assets from Customers;
- Amendment to IAS 39 – Financial Instruments: Recognition and Measurement – Eligible Hedged Items.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE AND NOT ADOPTED IN ADVANCE BY THE COMPANY.

A series of amendments and interpretations have been issued which are applicable following December 31, 2010: IAS 32 – Financial Instruments: Presentation and Classification of Rights Issues; IFRS 9 - Financial Instruments; IFRIC 14 - Advance Payments in Relation to Minimum Funding Requirements; IFRIC 19 – Extinguishing Financial Liabilities With Equity Instruments; IFRS 7 – Financial Instruments: Additional Information.

In May 2010, the IASB issued a set of modifications to the IFRS (“Improvements”) that will entail changes in the statement, recognition and valuation of the balance sheet items and modifications that will primarily bring about changes in terminology or publishing, with slight effects from the evaluation viewpoint.

These standards have not been adopted in advance by the company, as they regulate cases which were not applicable to the company as at December 31, 2010.

VALUATION CRITERIA

These financial statements are prepared on an on-going concern.

CURRENCY OF REFERENCE

The financial statements of Gemina are drawn up in euro.

USE OF ESTIMATES

Drawing up the financial statements in application of the IFRS requires estimates and assumptions to be made, which affect the book asset and liability values on the date of reference.

The estimates and assumptions are based on data that reflect the current state of knowledge available, so the final results of the year might differ from these estimates.

The estimates and underlying assumptions are periodically reviewed, and the effects of each change are reflected in the income statement or in Shareholders’ equity, in connection with the classification of the item of reference.

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

DIVIDENDS

The dividends are recorded at the time the right of the shareholders to receive payment arises, which normally corresponds to the date of the annual Shareholders' Meeting that resolves on the distribution of the dividends.

The dividends payable to minority shareholders are shown as a change of the Shareholders' Equity as at the date when the Shareholders' Meeting approves them.

FINANCIAL INCOME AND EXPENSE

Financial income and expense are recorded in the income statement on an accrual basis, based on the interest accrued on the value of the respective financial assets and liabilities using the actual interest rate.

COSTS

Costs are valued at the fair value of the amount paid or to be paid, and are recognised in the income statement on an accrual basis.

Costs connected with share capital increase are charged directly as a decrease in Shareholders' equity.

REVENUES

Revenues from sales and services are respectively posted when the actual transfer of risks and benefits coming from the sale of the property or the supply of the service has occurred.

INCOME TAXES

The income tax on the income of the year is calculated based on current legislation.

Any deferred or prepaid income taxes are calculated on the temporary differences between the equity values entered in the financial statements and the corresponding values recognised for tax purposes, applying the tax rate that is expected to be in effect on the date when the temporary difference will be cancelled.

The prepaid taxes are recognised to the extent in which it is probable that future income will become available, against which they can be recovered.

Deferred taxes are recorded in the income statement, with the exception of those relating to items that are directly recorded in shareholders' equity. In that case, also deferred taxes are charged to shareholders' equity.

In its capacity of consolidating company, Gemina adopted the national consolidated financial statements, and the following companies participate in it: ADR, ADR Engineering, ADR Tel, ADR Sviluppo S.r.l., ADR Assistance, Fiumicino Energia and Leonardo Energia.

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

EQUITY INVESTMENTS IN SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Equity investments in subsidiary companies, associated companies and joint ventures are recorded at their purchase cost including additional charges, which is adjusted when there are losses of value pursuant to IAS 36.

The term subsidiary companies means all companies over which Gemina has the power to determine, either directly or indirectly, the financial and operating policies in order to obtain benefits from their activities.

The term joint ventures means all those companies in which Gemina exercises control together with other entities based on agreements that attribute joint powers to govern said Company.

Equity investments in associated companies are those in which Gemina is capable of exercising a significant influence, but not control or joint control, by contributing to the financial and operating decision-making policies of the investees.

The positive difference between acquisition cost and the share of shareholders' equity at current values of the Company's interest arising from the act of purchase is therefore included in the book value of the equity investment. When there is proof that these equity investments have sustained impairment, the latter is recorded in the income statement as a write-down of the book value.

If no impairment occurs or impairment is reduced afterwards, the revaluation that reinstates the book value up to the new estimation, within the limits of the cost, is entered in the income statement.

In the event the portion of losses of the investee company, which is pertaining to the Company, exceeds the book value of the equity investment, the value of the equity investment is zeroed and the portion of additional losses is disclosed as a provision under liabilities.

FINANCIAL ASSETS HELD FOR SALE (OTHER EQUITY INVESTMENTS) AND FINANCIAL ASSETS HELD FOR TRADING

These are made up of instruments representing the shareholders' equity, and are valued at fair value, if it can be determined.

When the fair value cannot be reliably determined, they are entered at cost – written down for impairment losses, if necessary – whose effect is recognised in the income statement.

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

In the case financial assets are classified as “held for sale” (“other equity investments”), the adjustment to fair value as at the date of reference is recorded under a specific item of shareholders’ equity. When they are sold or suffer an impairment loss, the profits or losses previously recorded under shareholders’ equity are charged to the income statement for the year.

If financial assets are classified as “held for trading”, the profits and losses resulting from the changes in fair value are recorded in the income statement for the year.

The financial assets are deleted from the balance sheet assets if and only if the risks and benefits correlated with their ownership have been substantially transferred.

OTHER FINANCIAL ASSETS

The other financial assets are recorded and reversed on the financial statements based on the trading date, and are initially valued at cost, including charges directly attributable to their acquisition.

TANGIBLE ASSETS

The tangible assets are recorded at historical cost.

Tangible fixed assets are depreciated on a straight-line basis in each year in relation to the estimated useful life and, in the case of disposal, until the end of use.

Depreciation is recorded from the time the fixed asset is available for use, or is potentially capable of providing the economic benefits associated therewith.

The estimated useful life of tangible assets is such that depreciation rates used are the following:

- Fixtures and fittings, 15%.
- Other assets 12% to 20%.

In the case that there is an impairment loss, aside from the depreciation already recorded, the asset is written down accordingly.

If in subsequent years the conditions for the write-down cease to exist, the original value will be reinstated within the limits of the write-downs previously made.

Profits and losses deriving from the transfer or disposal of tangible fixed assets are calculated as the difference between the revenues from the sale of the assets and their book value, and are recorded in the income statement for the year.

Any maintenance costs are charged to the income statement.

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

INTANGIBLE FIXED ASSETS

The intangible assets, all having a defined useful life, are recorded at purchase cost and disclosed net of their related amortisation.

Amortisation is calculated on a straight-line basis depending on the estimated useful life.

Amortisation therefore begins when the intangible asset becomes available for use.

RECEIVABLES

Receivables are stated at the fair value in the financial statements corresponding to their par value, and are adjusted to their estimated realisable value.

In the case of receivables whose collection is expected to be long-term, their current value is recorded.

Trade receivables whose expiration falls within the normal commercial terms are not discounted.

CASH AND CASH EQUIVALENTS

The item includes cash, bank current accounts and deposits reimbursable upon request and other short-term financial investments with high liquidity, which can be easily converted into cash and are subject to an insignificant risk of change in value.

TRADE PAYABLES

Trade payables are stated at the fair value corresponding to their par value.

FINANCIAL LIABILITIES

The financial liabilities are initially recognised at fair value corresponding to cost, net of directly attributable transaction costs.

Subsequently they are valued at the amortised cost. The amortised costs is the amount of the liability recorded at the time of its initial recognition net of capital repayments and additional charges amortised applying the effective interest rate method.

FINANCIAL DERIVATIVES

The Company uses derivatives for hedging interest rate fluctuation risks.

Interest rate risks derive from variable rate bank loans. To hedge these risks, the Company converted a portion of its variable rate debts into fixed rate debts and designated them as cash flow hedges.

Derivative instruments are initially recognised at fair value and adjusted to their fair value at year-end.

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

Any changes in the fair value of derivatives, which are so designated, and considered to be effective in hedging against future cash flows of the Company's contractual commitments and expected transactions, are directly recorded in shareholders' equity net of their tax effect, while their ineffective portion is immediately recognised in the income statement.

EMPLOYEE BENEFITS

Post employment benefits – ascribable to employee severance indemnities – have been valued according to Italian accounting standards and to current legislation regarding collective payroll agreements and company pension schemes.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges include the allocations arising from current obligations of a legal or implicit nature, deriving from past events, and the fulfilment of which will probably require the employment of resources, of which the amount cannot be reliably estimated.

Provisions are allocated based on a best estimate of the costs required for fulfilling the obligation at the year-end date of the financial statements.

NOTES TO THE INCOME STATEMENT

(in thousands of euro)

NOTE 1 INCOME (CHARGES) ON EQUITY INVESTMENTS

They amount to (1,348) thousand euro compared to (3,713) thousand euro in 2009.

DIVIDENDS

	2010	2009	CHANGE
FROM ASSOCIATED COMPANIES	-	240	(240)
SITTI	-	240	(240)
TOTAL	-	240	(240)

OTHER INCOME/(CHARGES) ON EQUITY INVESTMENTS

	2010	2009	CHANGE
WRITE-DOWNS OF EQUITY INVESTMENTS	(1,378)	(2,100)	722
PENTAR	(1,378)	(1,100)	(278)
SITTI	-	(1,000)	1,000
LOSS SETTLEMENT	(1)	(1,193)	1,192

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

FIUMICINO ENERGIA	-	(1,189)	1,189
	2010	2009	CHANGE
DOMINO	(1)	(4)	3
OTHER INCOME (CHARGES)	31	(660)	691
TOTAL	(1,348)	(3,953)	2,605

The equity investment in Pentar was written down to line up its book value with the quota of the Company's shareholder's equity, as is seen in the best information available.

The equity investment in SITI, as per Note 10, was sold at a spot price in line with the book value of the equity investment.

The itemised list of equity investments, the changes in terms of quantity and value that took place during the year, the portion held of each one, the name, registered office, share capital, shareholders' equity and book value are shown in Note 10.

NOTE 2 NET FINANCIAL INCOME (EXPENSE)

They amount to (2,998) thousand euro compared to (3,245) thousand euro in 2009.

INTEREST INCOME

	2010	2009	CHANGE
FROM RECEIVABLES ENTERED AS NON-CURRENT ASSETS	284	546	(262)
FROM ASSOCIATED COMPANIES	20	49	(29)
SITI - INTEREST ON BOND ISSUE	20	49	(29)
FROM OTHERS:	264	497	(233)
IDOMENEO S.A. (INAER GROUP)	264	497	(233)
FROM RECEIVABLES ENTERED AS CURRENT ASSETS	68	3	65
FROM SUBSIDIARY COMPANIES	68	3	65
FIUMICINO ENERGIA – INTEREST INCOME ON RECIPROCAL C/A	68	3	65
INCOME OTHER THAN THE ABOVE	37	288	(251)
INTEREST INCOME ON C/A AND BANK DEPOSITS	35	95	(60)
OF WHICH FROM RELATED PARTIES:			
MEDIOBANCA	2	1	1
INTEREST INCOME ON TAX CREDITS	2	157	(155)

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

OF WHICH FROM RELATED PARTIES:			
	2010	2009	CHANGE
ADR	-	106	(106)
ADR ENGINEERING	2	8	(6)
ADR TEL	-	6	(6)
IRS DIFFERENTIALS	-	36	(36)
OF WHICH FROM RELATED PARTIES:			
MEDIOBANCA	-	18	(18)
UNICREDIT	-	18	(18)
TOTAL	389	837	(448)

The interest income accrued from the INAER Group concerns remuneration of the 4 million euro credit coming from the disposal of Elilario Italia, described in Note 11, until collection date.

INTEREST EXPENSE

	2010	2009	CHANGE
INTEREST PAYABLE ON BANK LOANS	2,168	2,983	(815)
OF WHICH FROM RELATED PARTIES:			
MEDIOBANCA	1,084	1,451	(367)
UNICREDIT	1,084	1,451	(367)
EXPENSES ON DERIVATIVES	842	335	507
OF WHICH FROM RELATED PARTIES:			
MEDIOBANCA	421	167	254
UNICREDIT	421	167	254
OTHER INTEREST PAYABLE	-	160	(160)
TOTAL	3,010	3,478	(468)

The interest payable on bank loans refer entirely to the loan stipulated on December 11, 2008, described in Note 23. Expenses on derivatives comprise 744 thousand euro of the negative differential paid in relation to the interest rate swap contract in force, described in Note 24 and 25 thousand euro of accrued liabilities as at December 31, 2010 and 73 thousand euro of charges connected with the reduction in the notional value, from 35.6 million euro to 31.6 million euro, on the occasion of the partial repayment of the Loan.

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

OTHER EXPENSES			
	2010	2009	CHANGE
COMMISSIONS AND CHARGES ON LOANS	310	323	(13)
OF WHICH FROM RELATED PARTIES:			
MEDIOBANCA	172	176	(4)
UNICREDIT	138	140	(2)
COMMISSION EXPENSE ON THE ASSIGNMENT OF TAX CREDITS	-	77	(77)
COMMISSIONS ON NON-USE	66	205	(139)
OF WHICH FROM RELATED PARTIES:			
MEDIOBANCA	33	102	(69)
UNICREDIT	33	102	(69)
TOTAL	376	605	(229)

COMMISSIONS AND CHARGES ON LOANS

They refer to the portion pertaining to 2010 of the Loan granted on December 11, 2008.

NOTE 3 STAFF COSTS

	2010	2009	CHANGE
SALARIES AND WAGES	1,079	1,037	42
SOCIAL SECURITY CHARGES	348	293	55
POST-EMPLOYMENT BENEFITS	59	49	10
OTHER COSTS	40	31	9
TOTAL	1,526	1,410	116

Below is the average number of employees and the breakdown by category:

	12/31/2009	RECRUITS	LEAVERS	12/31/2010	AVERAGE
EXECUTIVES	3	1	(1)	3	3
MANAGERS	4	-	-	4	4
EMPLOYEES	4	-	-	4	4
TOTAL	11	1	(1)	11	11

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 OTHER OPERATING COSTS

	2010	2009	CHANGE
SERVICE CHARGES	2,670	2,282	388
OF WHICH FROM RELATED PARTIES:			
UNICREDIT	1	2	(1)
SdE (*)	-	10	(10)
ADR TEL	3	7	(4)
ADR	5	61	(56)
RENTALS	372	405	(33)
OTHER OPERATING EXPENSES	804	476	328
TOTAL	3,846	3,163	683

(*) Now UniCredit S.p.A.

SERVICE CHARGES (2,670 thousand euro)

Greater operating costs of the Board of Directors, and some elements, such as research costs for the Managing Director of ADR, legal aid in contractual relations with Changi, charges for the adoption of new IAS principles (IFRIC 12), are the main causes for the increase in operating costs.

OTHER OPERATING EXPENSES (804 thousand euro)

These include company costs, totalling 408 thousand euro, borne for publishing mandatory company notices and for organising the Shareholders' Meeting for approval of the financial statements, fiscal charges for non-deductible VAT and other taxes amounting to 216 thousand euro.

NOTE 5 NET PROVISIONS (2,240 thousand euro)

These refer to the provision, equal to 3.6 million euro, made in order to cover the risk of indemnifying ADR as a result of the guarantee issued to the subsidiary company in December 2002, against any capital losses the company may have had to incur due to tax claims relating to years prior to 2000.

Following the negative result of the appeal to the Tax Commission in the ADR/Customs Agency litigation, the provisions of the 2009 financial year was adjusted, by 3.1 million euro, to the amount for the surety granted to Gemina and described in Note 29 "Litigation".

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

The litigation with the Customs Office is described in Note 29 “Litigation”.

The item also includes:

- a 2.2 million euro allocation, equal to the book value at year end, due to future alleged losses of the subsidiary Pentar.
Gemina has already stated that it will not take part in the capital increase.
- the partial use of the provision for risks, connected with the transfer of the equity investment in Elilario for the collection of the 4 million euro amount due from the purchaser;
- allocations for other minor risks, equal to 0.5 million euro.

NOTE 6 REVENUES

Revenues are due to the supply of company and administrative services, contractually defined, in favour of the Group companies (68 thousand euro), the recovery of remuneration for corporate offices filled by executive staff in Group companies (146 thousand euro), as well as to the re-debiting of costs incurred due to service supply agreements rendered to subsidiaries (668 thousand euro) and sundry recoveries for differences.

All revenues were attained in Italy.

NOTE 7 INCOME TAXES

The item, equal to 2,248 thousand euro, includes:

- the use of tax losses generated over the year, amounting to 3,187 thousand euro, recovered by Gemina within the agreements of the tax consolidation;
- the partial levy of pre-paid taxes on the company share capital increase charges borne in 2007 amounting to 939 thousand euro;

IRES – RECONCILIATION BETWEEN THEORETICAL AND REAL FISCAL CHARGES

	2010		2009	
	TAXABLE INCOME	TAX	TAXABLE INCOME	TAX
PRE-TAX PROFIT (LOSS)	(10,886)	(*)	(13,714)	(*)
THEORETICAL IRES	27.5%	2,994	27.5%	3,771

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

EFFECT OF INCREASES (DECREASES) COMPARED TO THE ORDINARY TAX RATE	2010		2009	
	TAXABLE INCOME	TAX	TAXABLE INCOME	TAX
	DIVIDENDS	-	-	(228)
ADDITIONAL CHARGES RELATED TO CAPITAL INCREASE	(3,118)	857 (a)	(3,176)	873 (a)
PROVISIONS CAPITAL LOSSES ON EQUITY INVESTMENTS	2,293	(631)	3,100	(853)
FINANCIAL EXPENSES	1,379	(379)	3,953	(1,087)
FISCAL CHARGES	2,998	(824)	2,996	(824)
OTHER PERMANENT DIFFERENCES	-	-	59	(16)
TAXABLE INCOME/(LOSS)	(7,488)	2,059	(6,625)	1,822
EFFECT ON THE INCOME STATEMENT OF COSTS/REVENUES DIRECTLY RECORDED IN SHAREHOLDERS' EQUITY (a)		(857)		(873)
ADJUSTMENTS OF PREVIOUS YEARS IRES INCOME ON REDUCTION IN WORKING HOURS (ROL) TRANSFERRED TO ADR		(82)		-
REAL IRES		1,128		303
		2,248		1,252

(*) () charge.

NOTES TO THE BALANCE SHEET

NOTE 8 INTANGIBLE FIXED ASSETS

	12/31/2009	INCREASES	AMORTISATION	12/31/2010
SOFTWARE AND SYSTEMS COSTS	3	-	(2)	1
TOTAL	3	-	(2)	1

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 TANGIBLE ASSETS

	12/31/2009			CHANGES IN THE YEAR					12/31/2010			
	COST	REVAL. (WRITE-DOWN)	ACCR. DEPR.	BOOK VALUE	PURCHASE S	DISPOSALS COST	PROVISION	SHARE OF DEPR.	COST	REVAL. (WRITE-DOWN)	ACCR. DEPR.	BOOK VALUE
FIXTURES AND FITTINGS, TOOLS AND OTHER EQUIPMENT												
MISCELLANEOUS FITTINGS	38	-	(28)	10	2	(7)	7	(7)	33	-	(28)	5
	38	-	(28)	10	2	(7)	7	(7)	33	-	(28)	5
OTHER TANGIBLE ASSETS												
FURNITURE AND FURNISHINGS	225	-	(194)	31	2	(10)	10	(8)	217	-	(192)	25
OFFICE MACHINES	59	-	(52)	7	-	(50)	50	(2)	9	-	(4)	5
OTHER ASSETS	15	-	(15)	-	1	(7)	7	(1)	9	-	(9)	-
	299	-	(261)	38	3	(67)	67	(11)	235	-	(205)	30
TOTAL	337	-	(289)	48	5	(74)	74	(18)	268	-	(233)	35

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 EQUITY INVESTMENTS

EQUITY INVESTMENTS IN SUBSIDIARY COMPANIES,
ASSOCIATED COMPANIES, JOINT VENTURES AND OTHER
EQUITY INVESTMENTS

The breakdown and change of this item are shown in the
following table:

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

Name	Stock as at 12/31/2009				Increases		Decreases		Value	Stock as at 12/31/2010			
	Shares or Quotas	Unit. Value	Value	% Equity Inv.	Shares or Quotas	Value	Shares or Quotas	Value	Adjustments	Shares or Quotas	Unit Value	Value	% Equity Inv.
EQUITY INVEST. IN SUBSIDIARIES													
AEROPORTI DI ROMA S.P.A.	59,668,765	30.76	1,835,536,345	95.76	910	27,300	-	-	-	59,669,675	30.76	1,835,563,645	95.76
FIUMICINO ENERGIA S.R.L.	1	-	7,665,103	86.12	-	7,538	-	-	-	1	-	7,672,641	87.14
DOMINO S.R.L.	1	-	10,000	100.00	-	-	-	-	-	1	-	10,000	100.00
TOTAL			1,843,211,448			34,838	-	-	-	-		1,843,246,286	
EQUITY INVESTMENTS IN ASSOCIATES AND JOINT VENTURES													
PENTAR S.P.A.	5,000,000	0.72	3,609,065	20.35	-	-	-	-	(1,377,322)	5,000,000	0.45	2,231,743	20.35
SITTI S.P.A.	1,200,000	4.17	5,000,000	40.00	-	-	1,200,000	5,000,000	-	-	-	-	-
TOTAL			8,609,065		-	-	-	5,000,000	(1,377,322)			2,231,743	
OTHER EQUITY INVESTMENTS													
DIRECTIONAL CAPITAL HOLD. NV IN LIQUID. (*)	1	-	-	5.00	-	-	-	-	-	1	-	-	5.00
KIWI 1 VENTURA SERVICOS S.A. (**)	34	-	28,255	0.92	-	-	-	-	-	34	-	28,255	0.92
GEMINA FIDUCIARY SERVICES S.A. TELEFIN S.P.A IN LIQUIDATION (FORMERLY TEMPO LIBERO S.P.A.) (***)	17,646	-	-	99.99	-	-	-	-	-	17,646	-	-	99.99
	85,000	-	-	42.50	-	-	-	-	-	85,000	-	-	42.50
TOTAL			28,255			-	-	-				28,255	
GRAND TOTAL			1,851,848,768			34,838		5,000,000	(1,377,322)			1,845,506,284	

(*) The company has been in liquidation since March 31, 2008.

(**) The company has been in liquidation since January 2009, as per the Shareholders' Agreement.

(***) On April 29, 1999 the Court of Milan declared its bankruptcy.

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

LIST OF EQUITY INVESTMENTS PURSUANT TO ART. 2427 OF THE ITALIAN CIVIL CODE

(in thousands of euro)

NAME	REGISTERED OFFICE	ACTIVITY	SHARE CAPITAL VALUE IN EURO	SHAREHOLDERS' EQUITY INCLUDING PROFIT (LOSS) AS AT 12/31/2010	PROFIT (LOSS) FOR THE YEAR 2010	PORTION OF SHAREHOLDERS' EQUITY HELD	% OF DIRECT OWNERSHIP	BOOK VALUE
AEROPORTI DI ROMA S.P.A.	Fiumicino	Airport services	euro 62,309,801	785,705	21,267	752,391	95.76	1,835,564
FIUMICINO ENERGIA S.R.L.	Milan	Production and sale of energy	euro 741,795	811	68	707	87.14	7,673
DOMINO S.R.L.	Milan	IT services	euro 10,000	9	(1)	9	100.00	10
GEMINA FIDUCIARY SERVICES S.A.	Luxembourg	Trust company	euro 150,000	20	41	20	99.99	-
PENTAR S.P.A. (1)	Naples	Holding company	euro 24,571,000	11,484	(11,442)	2,337	20.35	2,232
TELEFIN S.P.A. IN LIQUIDATION (FORMERLY TEMPO LIBERO S.P.A.) (2)	Milan	Financial services	Lire 20,000,000,000	-	-	-	42.50	-

*(1) Figures refer to the financial statements as at December 31, 2009.**(2) On April 29, 1999 the Court of Milan declared its bankruptcy.*

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

The equity investment in ADR was recorded in the financial statements at a higher book value compared to the corresponding share of shareholders' equity. This value refers to the price paid for its acquisition, calculated on the basis of both the company's equity consistency and the expected profitability.

ADR book value underwent an impairment test, which confirmed the book values of the investee.

The fairness of the value was assessed by discounting the cash flows estimated in the economic and financial projections drawn up by ADR management over the 2011-2044 period, divided in two parts: 2011 – 2020 and 2021 – 2044.

Forecasts for the 2011-2020 period made up the 2011-2020 Economic-financial Plan approved by ADR's Board of Directors held on January 28, 2010 and Gemina's Board of Directors held on February 4, 2011, to fulfil commitments arising from loan agreements.

Forecasts are based on the following assumptions:

- airport tariffs estimated at best by the current status of negotiations with ENAC;
- passenger traffic reaching 46 million in 2020 and 99 million in 2044;
- investments in infrastructures, amounting to 2.5 billion euro over the 2011-2020 period and 9.5 billion euro over the following period;
- discounting at 6.5% annual nominal rate after taxation.

Discounted financial flows, also using alternatives, confirm the value of concession as at December 31, 2010.

The two main ADR's business areas, aviation and non aviation, were considered as one single Cash Generating Unit for both their strict interconnection and the fact that one single value was assigned to the concession.

Investments over the 2011-2020 period are the first part of the development plan of the airport system in Rome until 2044. This plan is aimed at meeting, at the end of the period, the passenger traffic needs of around 100 million per year, in addition to a significant improvement to the quality of services.

The new infrastructures, ("Fiumicino Nord"), for which a budget of around 7.2 billion euro investments is estimated, will be located in an area north of the existing airport, to which they will be linked.

The implementation of this demanding investment program is however subjected to the signature of a planning agreement, which would ensure continuity and stability of contract clauses over the entire concession term.

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

The implementation of this demanding investment program is however subjected to the signature of a planning agreement, which would ensure continuity and stability of contract clauses over the entire concession term.

910 shares, with a nominal value of 30 euro per share, equal to the book value of other shares in portfolio were purchased from minority shareholders over the year.

On March 17, 2010, following the outcome of the share capital increase from 391,795 euro to 741,795 euro, subscribed by Gemina for 308 thousand euro, Gemina's equity investment in Fiumicino Energia rose from 86.12% to 87.14%.

Fiumicino Energia is the owner of the co-generation power plant built in the area of Fiumicino Airport. It supplies electric and thermal power to the Leonardo da Vinci Airport, through the company Leonardo Energia.

Based on the 2005 industrial co-operation agreement signed by Fiumicino Energia and ADR, in 2023 the co-generation power plant, built by Fiumicino Energia and in good state of repair, as well as in full operation, will be purchased free of charge by ADR.

To date, as confirmed by the impairment test performed over a period of time till 2023, no losses for Gemina are expected from this free transfer.

This year, the company obtained revenues amounting to 21.7 million euro, of which 19.1 million euro, equal to 88.0% of the total for the supply of ADR's electric and thermal energy.

Domino is dormant.

Gemina Fiduciary Services S.A. ("GFS") is attending to the credit collection at Banca Centrale Argentina through a lawsuit.

The recovered amount will be repaid to bond subscribers, net of operating costs, which will be kept by GFS. Operating costs are currently paid by Gemina for around 20/30 thousand euro per year.

Pentar holds equity investments in various sectors. A loss is expected to be recorded in 2010. Gemina has already stated that it will not take part in the capital increase decided by the company.

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

In December 2010, the equity investment in SITTII was transferred to IMI Fondi Chiusi SGR, at a price of 5 million euro, paid at closing, in addition to 0.5 million euro, which will be paid upon the occurrence of specific conditions related to the subsequent divestment by the Fund.

The proceeds were used to partially repay the medium-term loan agreement granted by Mediobanca and UniCredit.

NOTE 11 INVESTED RECEIVABLES

The item, which included exclusively the receivables from the INAER Group resulting from the transfer of its equity investment in Elilario Italia, occurred in February 2008, are cancelled due to the advanced collection of the amount due.

This by applying a contract clause that envisages the immediate collectability of the receivable in the case of total refinancing of the debt of the INAER Group.

The amount collected by Gemina is equal to 4.8 million euro, including interests capitalised.

NOTE 12 DEFERRED TAX ASSETS

These substantially regard:

- the amount of 866 thousand euro, which is the remaining value of the pre-paid taxes calculated on the additional charges to the share capital increase of 2007 recorded as a direct decrease of the shareholders' equity, deductible in 5 years. The amount delivered during the year is equal to 936 thousand euro;
- the amount of 153 thousand euro, which is the tax effect regarding the fair value of the derivatives recorded under shareholders' equity.

NOTE 13 OTHER NON-CURRENT FINANCIAL ASSETS

	12/31/2010	12/31/2009	CHANGE
SITTII	-	1,400	(1,400)
TOTAL	-	1,400	(1,400)

The bond issue of SITTII, made on June 30, 2006 for 1.4 million euro, expired on June 30, 2010 and was repaid.

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 TRADE RECEIVABLES

	12/31/2010	12/31/2009	CHANGE
DUE FROM CUSTOMERS	29	5	24
DUE FROM CUSTOMERS	294	270	24
OF WHICH DUE TO RELATED PARTIES: SHAREHOLDERS BEING A PARTY OF THE SHAREHOLDERS' AGREEMENT	29	5	24
BAD DEBT PROVISION	(265)	(265)	-
RECEIVABLES DUE FROM SUBSIDIARY COMPANIES	425	209	216
ADR	246	146	100
DOMINO	1	3	(2)
ADR TEL	-	6	(6)
FIUMICINO ENERGIA	149	43	106
LEONARDO ENERGIA	29	11	18
EQUITY INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES	124	184	(60)
CEB (*)	-	1	(1)
SdE (*)	-	56	(56)
PENTAR	7	6	1
SITTI	117	121	(4)
TOTAL	578	398	180

(*) Up to June 30, 2009.

Receivables due from subsidiary and associated companies refer to services rendered and to chargebacks of costs.

NOTE 15 OTHER RECEIVABLES

	12/31/2010	12/31/2009	CHANGE
TAX RECEIVABLES	-	258	(258)
TAX CREDITS	-	258	(258)
OTHER RECEIVABLES DUE FROM SUBSIDIARY COMPANIES	11,408	13,423	(2,015)
DUE FROM ADR GROUP FOR CONSOLIDATED IRES	11,408	13,423	(2,015)
DUE FROM OTHERS	1,415	542	873
DUE FROM THE TAX AUTHORITY	518	367	151
OTHER TAX RECEIVABLES	843	107	736
OTHER RECEIVABLES	54	68	(14)

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

	12/31/2010	12/31/2009	CHANGE
ACCRUED INCOME	-	90	(90)
INTEREST INCOME ON TAX CREDITS	-	90	(90)
PREPAYMENTS	189	122	67
SERVICE CHARGES	10	5	5
USE OF THIRD PARTY ASSETS	24	22	2
OPERATING EXPENSES	122	62	60
FINANCIAL EXPENSES	33	33	-
OF WHICH FROM RELATED PARTIES:			
MEDIOBANCA	33	33	-
	13,012	14,435	(1,423)

Tax credits, equal to 258 thousand, was collected in November 2010.

Receivables due from subsidiary companies refer to the taxes of ADR Group companies and Fiumicino Energia that adhered to the tax consolidation, and for 8.3 million euro regard the estimated 2010 tax burden, net of the paid-in advances.

Prepayments refer to ordinary expenses pertaining to the subsequent years.

NOTE 16 OTHER CURRENT FINANCIAL ASSETS

	12/31/2010	12/31/2009	CHANGE
RECEIVABLES DUE FROM SUBSIDIARY COMPANIES:	2,927	1,545	1,382
FIUMICINO ENERGIA FOR CURRENT ACCOUNT	2,927	1,545	1,382
DUE FROM ASSOCIATED COMPANIES:	-	21	(21)
SITTI (*)	-	21	(21)
DUE FROM OTHERS:	7	-	7
ACCRUALS ON INTERESTS	7	-	7
TOTAL	2,934	1,566	1,368

(*) Up to December 10, 2010.

The amounts due from Fiumicino Energia regard two loans granted in the form of a giro account, granted at market terms in view of optimizing the Group's treasury management. These loans have a 3-month Euribor rate plus a margin of 200 bps.

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

NOTE 17 CASH AND CASH EQUIVALENTS

	12/31/2010	12/31/2009	CHANGE
BANK AND POST OFFICE DEPOSITS	11,136	13,432	(2,296)
OF WHICH DUE TO RELATED PARTIES:			
MEDIOBANCA	2	376	(374)
UNICREDIT CORPORATE BANKING (*)	46	36	10
CASH ON HAND	1	2	(1)
TOTAL	11,137	13,434	(2,297)

The change in cash and cash equivalents is mainly due to:

- the payment of the company's operating expenses and interest expense for the year;
- advanced collection of the amount due from the INAER Group, for 4.8 million euro, as per Note 11.

Cash and cash equivalents include the balance of the fixed-term deposit at Mediobanca securing the 2 thousand euro Loan granted on December 11, 2008.

NOTE 18 SHAREHOLDERS' EQUITY

Shareholders' equity decreased by 8,441 thousand euro compared to December 31, 2009 due to the effect of:

PROFIT (LOSS) FOR THE YEAR	(8,686)
POSITIVE CHANGE IN FAIR VALUE OF DERIVATIVES	245
	(8,441)

Changes occurred over 2009 and in the year in question are highlighted in the special statement in point 6.4.

The share capital is equal to 1,472,960,320 euro, broken down into 1,469,197,552 ordinary shares of the par value of 1 euro and 3,762,768 non convertible, savings shares of the par value of 1 euro each.

In compliance with Art. 2427 of the Italian Civil Code and the requirements of IAS 1, subsection 76, the detailed information concerning the possible use of the shareholders' equity items, together with the uses made in previous years, is summarised below.

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

TYPE/DESCRIPTION	TOTAL	AMOUNT	POSSIBLE USE	SUMMARY OF USES MADE IN THE PAST THREE YEARS	
				TO HEDGE LOSSES	FOR OTHER REASONS
SHARE CAPITAL	1,472,960				
CAPITAL RESERVES	199,707				
SHARE PREMIUM RESERVE NET OF SHARE CAPITAL INCREASE COSTS		119,707	A-B		
RESERVE FOR PURCHASE OF OWN SHARES		80,000			
HEDGING RESERVE	(403)				
OTHER RESERVES	83,106				
MERGER SURPLUS RESERVE AND SALE OF OWN SHARES		7,747	A-B-C		
SALE OF UNEXERCISED RIGHTS		350	A-B-C		
LEGAL RESERVE		75,009	B		
PROFIT (LOSS) FROM PREVIOUS YEARS	64,279		A-B-C		
NON-DISTRIBUTABLE PORTION		274,313			
RESIDUAL DISTRIBUTABLE PORTION		72,376			

Key:

A: to increase capital

B: to cover losses

C: for distribution to shareholders

NOTE 19 EMPLOYEE BENEFITS

The amount entered relates to the benefits accrued by 11 employees as at December 31, 2010, according to the regulations and collective bargaining agreements.

12/31/2009	ALLOCATIONS	USE	12/31/2010
193	58	(7)	244

NOTE 20 PROVISIONS FOR RISKS AND CHARGES

	12/31/2010	12/31/2009	CHANGE
BEYOND 12 MONTHS	11,300	9,100	2,200
WITHIN 12 MONTHS	1,922	1,903	19
TOTAL	13,222	11,003	2,219

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

The change, compared to the previous year, refers to comments in Note 5.

Provision for risks and charges as at December 31, 2010, include:

- the residual amount of the provision for risks allocated in relation to the guarantees granted to the purchaser of the equity investment in Elilario;
- the allocations made for the guarantee granted to ADR in 2002, in the event of a negative outcome for the subsidiary company of the litigation with the Customs Agency that, with the provisions for the period, amounted to 6.7 million euro;
- the provision for alleged 2.2 million euro losses of the subsidiary Pentar;
- the allocation related to the Assessment Report issued by the Revenue Office for a tax audit on the year 2006, for 1,725 thousand euro;
- other minor provisions.

NOTE 21 FINANCIAL INDEBTEDNESS NET OF CURRENT SHARE

	12/31/2010	12/31/2009	CHANGE
DUE TO BANKS	-	47,500	(47,500)
OF WHICH DUE TO RELATED PARTIES:			
MEDIOBANCA	-	23,750	(23,750)
UNICREDIT	-	23,750	(23,750)
EFFECT OF "AMORTISED COST METHOD"	-	(536)	536
TOTAL	-	46,964	(46,964)

The cash loan for a maximum amount of 70 million euro, with a maximum term of 3 years, which was subscribed on December 11, 2008 ("Loan") was restated in current financial liabilities as it will be due on December 11, 2011 and it is described in Note 23.

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

NOTE 22 TRADE PAYABLES

	12/31/2010	12/31/2009	CHANGE
DUE TO SUPPLIERS	593	351	242
DEFERRED TRADE INCOME	95	36	59
PAYABLES DUE TO SUBSIDIARY COMPANIES	23	91	(68)
ADR	22	11	11
ADR TEL	1	6	(5)
LEONARDO ENERGIA	-	74	(74)
TOTAL	711	478	233

NOTE 23 CURRENT FINANCIAL LIABILITIES

	12/31/2010	12/31/2009	CHANGE
DUE TO BANKS	42,126	-	42,126
OF WHICH DUE TO RELATED PARTIES:			
MEDIOBANCA	21,063	-	21,063
UNICREDIT	21,063	-	21,063
EFFECT OF "AMORTISED COST METHOD"	(261)	-	(261)
ACCRUED LIABILITIES FOR INTEREST ON AMOUNTS DUE TO BANKS	89	89	-
OF WHICH DUE TO RELATED PARTIES:			
MEDIOBANCA	44	44	-
UNICREDIT	45	45	-
TOTAL	41,954	89	41,865

The amounts due to banks refer to the Loan previously stated under item medium/long term financial indebtedness.

The Loan is broken down as follows:

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

FINANCER	NAME DESCRIP.	AMOUNT OF LOAN GRANTED	AMOUNT USED	RESIDUAL BOOK VALUE RECORDED	INTEREST RATE	REDEMP TION	DURAT ION	EXPIRATI ON
MEDIOBANCA AND UNICREDIT S.P.A. IN POOL	Tranche A	50,000	42,126	(**)	41,865	(*)	at maturity	3 years Dec. 2011
	Tranche B	15,000	-	(***)	-	(*)	at maturity	3 years Dec. 2011
	Tranche C	5,000	-	-	-	(*)	revolving	3 years Dec. 2011
TOTAL		70,000	42,126		41,865			

(*) Variable indexed to the Euribor + margin.

(**) The unused portion of this tranche was contractually written-off.

(***) This tranche was contractually written-off on January 22, 2010

The Loan was taken out with the following aims:

- Tranche A full redemption of the remaining amount of the Bridge loan taken out in 2007 for the purchase of 44.68% of ADR by Macquarie, payment of the interest due for the Bridge Loan, coverage of charges related to the Loan and payment of the substitute tax for Tranches A and C;
- Tranche B: payment of the interest due on the Loan, payment of what is due as interest to the hedging counterparts pursuant to the hedging contracts, and payment of the substitute tax for Tranche B;
- Tranche C: financing of the cash needs related to ordinary activities.

The economic terms of the Loan envisage an interest rate equal to the Euribor plus a margin proportionate to the rating ADR has been given by the rating agencies: from a minimum of 225 bps to a maximum of 350 bps for Tranche A, and from a minimum of 250 bps to a maximum of 375 bps for Tranches B and C.

With regard to ADR's rating, the margin applied as at December 31, 2010 is equal to 350 bps for Tranche A.

The unused portion of Tranche A, equal to 2,500 thousand euro, was contractually written-off.

Tranche A was repaid in advance on December 16, 2010, for the amount of 5.4 million euro, of which 5.0 million euro arising from the amount of spot price for the sale of the equity investment in SITTI and the residual amount from the cash, securing the loan, previously transferred to the fixed-term deposit at Mediobanca.

Tranche B was fully written-off following:

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

- the voluntary advance repayment for 1,654 thousand euro on December 16, 2009;
- the request, on January 22, 2010 that the remaining amount, equal to 13,346 thousand euro, be written off, as a result of the increase in cash and cash equivalents.

Tranche C will be disbursed, upon Gemina's request, even at various times during the time period elapsing between December 11, 2008 and the last day falling at the end of the six-month period prior to the expiration date of the Loan for amounts no less than 0.5 million euro.

The Loan agreement includes the possibility of making voluntary partial advance repayment for a minimum amount of 1 million euro, without added costs, if made coinciding with an interest payment date.

Repayment is envisaged as a sole payment at the expiration date of the Loan agreement, without prejudice to those cases of voluntary and mandatory advance repayment and the events that cancel the benefits upon termination, resolution and/or withdrawal.

The Loan agreement envisages that, if detrimental changes of the financiers or major national banks of reference occur, a reference rate other than Euribor will be applied (arithmetic means of the rates offered by the banks taken as reference to primary banks of the European interbank market for deposits in euro or cost of the financiers' provision, as the circumstances may be).

New contracts with banks have been negotiated for the granting of a new loan.

A new arm's length loan is expected to be concluded thanks to these negotiations.

The estimated fair value of the 42.1 million euro Loan, recorded in the financial statements for 41.9 million euro, was approximately 43.5 million euro as at December 31, 2010.

Please see Note 28 for the guarantees backing the Loan.

NOTE 24 FINANCIAL INSTRUMENTS – DERIVATIVES

	12/31/2010	12/31/2009	CHANGE
DERIVATIVES HEDGING INTEREST RATE RISKS	581	926	(345)
TOTAL	581	926	(345)

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

With regard to the commitment undertaken concerning the Loan agreement on December 22, 2008 Gemina entered into two interest rate swap agreements with Mediobanca and Unicredit for a total amount of 35.6 million euro, equal to 75% of the Tranche A disbursed.

The amount of the derivative decreased from 31.6 million euro as from December 16, 2010, following the partial advanced repayment of the Loan, for 5.4 million euro, in order to adjust it to 75% of the new par value of the debt.

TABLE SUMMARISING THE OUTSTANDING DERIVATIVE CONTRACTS

	MEDIOBANCA	UNICREDIT	
INSTRUMENT	IRS	IRS	
TYPE	Cash Flow Hedge	Cash Flow Hedge	
HEDGED RISK	Interest rate	Interest rate	
SUBSCRIPTION DATE	Dec. 2008	Dec. 2008	
EXPIRATION	Dec. 2011	Dec. 2011	
HEDGED NOTIONAL VALUE	15,796.9	15,796.9	
APPLIED RATE	Gemina pays a 3.15% fixed rate and receives 6-month Euribor	Gemina pays a 3.15% fixed rate and receives 6-month Euribor	
FAIR VALUE OF DERIVATIVE AS AT:			
12/31/2010	(290)	(291)	(581)
12/31/2009	(463)	(463)	(926)
CHANGE IN FAIR VALUE:	173	172	345
TO INCOME STATEMENT	12	13	25
TO SHAREHOLDERS' EQUITY	(157)	156	313
TAX EFFECT	(46)	(47)	(93)
TOTAL NET CHANGE	123	122	245

NOTE 25 OTHER CURRENT LIABILITIES

	12/31/2010	12/31/2009	CHANGE
TAX LIABILITIES	5,500	9,254	(3,754)
PAYABLES DUE TO SOCIAL SECURITY	133	95	38
PAYABLES DUE TO BOARD OF STATUTORY AUDITORS	151	153	(2)
PAYABLES DUE TO DIRECTORS	259	233	26

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

	12/31/2010	12/31/2009	CHANGE
PAYABLES DUE TO PERSONNEL	254	292	(38)
WITHHOLDING TAXES	65	68	(3)
OTHER TAX PAYABLES	103	103	-
ACCRUED LIABILITIES FOR COMMISSIONS	3	12	(9)
OF WHICH DUE TO RELATED PARTIES:			
MEDIOBANCA	1	6	(5)
UNICREDIT	2	6	(4)
MONTE TITOLI AMOUNTS DEBITED TO BE RECEIVED	51	52	(1)
OTHER PAYABLES	39	513	(474)
TOTAL	6,558	10,775	(4,217)

The item tax liabilities refers to the payable for taxes to be settled for 2010, net of the related advances.

NOTE 26 CATEGORIES OF ASSETS/LIABILITIES IAS 39

	12/31/2010			
	RECEIVABLES AND LOANS	FIN. INSTR. AVAILABLE FOR SALE	PAYABLES AT AMORTISED COST	DERIVATIVES
OTHER EQUITY INVESTMENTS		28		
TRADE RECEIVABLES	578			
OTHER CURRENT FINANCIAL ASSETS	2,934			
CASH AND CASH EQUIVALENTS	11,137			
TOTAL ASSETS IAS 39	14,649	28	-	-
TRADE PAYABLES			711	
CURRENT FINANCIAL LIABILITIES			41,954	
FINANCIAL INSTRUMENTS – DERIVATIVES				581
TOTAL LIABILITIES IAS 39	-	-	42,665	581
INCOME (CHARGES) RECORDED ON THE INCOME STATEMENT:				
INTEREST INCOME	389			
INTEREST EXPENSE			(2,169)	(842)
OTHER EXPENSES			(376)	
	389	-	(2,545)	(842)
SHAREHOLDERS' EQUITY				245

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

	12/31/2009			
	RECEIVABLES AND LOANS	FIN. INSTR. AVAILABLE FOR SALE	PAYABLES AT AMORTISED COST	DERIVATIVES
OTHER EQUITY INVESTMENTS		28		
INVESTED RECEIVABLES	4,591			
OTHER NON-CURRENT FINANCIAL ASSETS	1,400			
TRADE RECEIVABLES	398			
OTHER CURRENT FINANCIAL ASSETS	1,566			
CASH AND CASH EQUIVALENTS	13,434			
TOTAL ASSETS IAS 39	21,389	28		
FINANCIAL INDEBTEDNESS NET OF CURRENT SHARE			46,964	
TRADE PAYABLES			478	
CURRENT FINANCIAL LIABILITIES			89	
FINANCIAL INSTRUMENTS – DERIVATIVES			-	926
TOTAL LIABILITIES IAS 39			47,531	926
INCOME (CHARGES) RECORDED ON THE INCOME STATEMENT:				
INTEREST INCOME	801			36
INTEREST EXPENSE			(3,143)	(335)
OTHER EXPENSES			(605)	-
	801		(3,748)	(299)
SHAREHOLDERS' EQUITY				(555)

The financial derivatives described in Note 24 are included in “Level 2” of the “Fair Value Hierarchy” defined by IFRS 7, meaning the fair value is measured based on valuation techniques which take as reference parameters that are observable on the market, different from the prices of the financial instrument.

NOTE 27 FINANCIAL RISK MANAGEMENT

CREDIT RISK

The Company’s higher exposure to credit risk concerns the “Other Receivables”, and in particular the amounts due from the ADR Group for consolidated taxation, which amounted to 11,408 thousand euro as at December 31, 2010.

The analysis of trade receivables and other receivables broken down by expiration term is shown below.

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

		RECEIVABLES COMING DUE	RECEIVABLES EXPIRED NOT WRITTEN DOWN				TOTAL RECEIVABLES
			BEFORE 60 DAYS	FROM 61 TO 120 DAYS	FROM 121 TO 180 DAYS	AFTER 181 DAYS	
<i>(in millions of euro)</i>							
TRADE RECEIVABLES	Dec. 31, 10	0.6	-	-	-	-	0.6
	Dec. 31, 09	0.2	-	-	0.2	-	0.4
OTHER RECEIVABLES	Dec. 31, 10	13.0	-	-	-	-	13.0
	Dec. 31, 09	14.0	-	-	-	0.4	14.4

LIQUIDITY RISK

The two main factors composing the Company's liquidity position are, on the one hand, the resources generated or absorbed by the holding activity and, on the other, the characteristics of expiry and renewal of payables and market terms.

Breakdown of payables by expiry terms is shown hereunder.

	12/31/2010				12/31/2009			
	WITHIN THE FOLLOWING YEAR	BETWEEN 1 AND 3 YEARS	AFTER 3 YEARS	TOTAL	WITHIN THE FOLLOWING YEAR	BETWEEN 1 AND 3 YEARS	AFTER 3 YEARS	TOTAL
<i>(in millions of euro)</i>								
FINANCIAL INDEBTEDNESS NET OF CURRENT SHARE	-	-	-	-	-	47.0	-	47.0
TRADE PAYABLES	0.7	-	-	0.7	0.5	-	-	0.5
CURRENT FINANCIAL LIABILITIES	42.0	-	-	42.0	0.1	-	-	0.1
FINANCIAL INSTRUMENTS - DERIVATIVES	0.6	-	-	0.6	-	0.9	-	0.9
OTHER CURRENT LIABILITIES	6.6	-	-	6.6	10.7	0.1	-	10.8

To meet its short-term commitments, the Company has liquidity of 11.1 million euro, in addition to bank credit lines of 6 million euro, and a 5 million euro revolving line of credit (Tranche C) for paying interest on operating expenses. The Company started negotiations to renew the loan of 42.1 million euro with maturity at end of 2011.

The Loan provides for cases of obligatory early repayment by shareholders, described in Note 28 "Guarantees and Commitments".

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

INTEREST RATE RISK

The Company uses interest rate swaps to hedge these risks.

The hedging policy, which is an integral part of the Loan Agreement entered into on December 11, 2008, requires that at least 75% of outstanding Tranche A be protected from the risk of interest rate fluctuations.

With regard to this contractual provision, on December 22, 2008 the Company entered into two interest rate swap agreements with Mediobanca and UniCredit, for a notional total amount of 35.7 million euro.

The amount of the derivative decreased from 31.6 million euro as from December 16, 2010, following the partial advanced repayment of the Loan, for 5.4 million euro, in order to adjust it to 75% of the new par value of the debt.

On the basis of these contracts, Gemina pays a 3.15% fixed rate and receives a variable 6-month Euribor rate.

With the setting up of this hedging relationship, Gemina has set for itself goal of achieving stabilized financial flows associated with the liabilities hedged.

The effectiveness of the hedging is checked retrospectively and with a view to the future every quarter.

The effectiveness of the hedging is calculated estimating the changes of the financial flows of the hedged item (hedged debt) and of the hedging derivative, and by analysing their regression relationship.

With regard to the particular sensitivity of the Company's results to the interest rate trend, it has been decided to go forward with a sensitivity analysis with a range of +/- 50 bps on the interest rate. The potential effects are shown gross of the tax effect.

A change of +50 bps in the interest rates creates a 0.1 million euro increase in financial expenses a 0.1 million euro positive change of the cash flow hedge reserve.

A change of -50 bps in the interest rates creates a 0.1 million euro decrease in financial expenses a 0.1 million euro negative change of the cash flow hedge reserve.

It is also pointed out that the interest rate applied to the outstanding Loan is equal to the Euribor rate plus a margin proportionate to the rating given ADR. The financial expenses Gemina pays to its Financers therefore depend on not only the fluctuation of the interest rates, but on ADR's rating as well.

EXCHANGE RISK

The Company is not exposed to an exchange rate fluctuation risk.

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

NOTE 28 GUARANTEES AND COMMITMENTS

As at December 31, 2010, the Company has the following guarantees and commitments relating to the Loan agreement entered into on December 11, 2008:

- a senior pledge on the ordinary shares of ADR representing at least 35% of the share capital of the company and to be supplemented if the guarantee margin drops to below 4.5x.

Gemina commits to ensure a guarantee margin of at least 4.5x, to be calculated on a monthly basis as the relationship between the simple average of the unit value of ADR shares owned by Gemina in the previous month (calculated by applying the formula included in the contract documents) and the residual loan amount.

As at December 31, 2010, 21,808,430 ADR shares – corresponding to 35% of the company's share capital – were pledged to Mediobanca and UniCredit for a value, determined based on the book value of the equity investment, of 670,873 thousand euro. This number was the same as at February 28, 2011;

- pledge of the current account Gemina holds at Mediobanca into which the income derived from the disposal of equity investments, collection of dividends and other compensation will go.

The Loan agreement obliges Gemina to allocate 100% of the net income deriving, inter alia, from ADR deeds of transfer or provision or of other assets of Gemina, capital transactions, subordinate and deferred shareholder loans, distribution of dividends or other distributions, issue of financial instruments or debt instruments, financial contracts and all transactions that depict a form of loan, shares of any kind, diversified financial instruments and bonds to the early repayment of the Loan, according to the procedures and within the limits stated in the Loan agreement.

The Loan also requires that Gemina provides declarations and guarantees, obligations, proscriptions and commitments, and provides for events that cancel the benefits upon termination, resolution or withdrawal which are typical for loans with similar characteristics.

The Financers have the right of withdrawal should Standard & Poor's Rating Group and Moody's Investors Service Inc., or at least one of the two, assign ADR a rating lower than BB-/Ba3.

Gemina has also issued:

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

- guarantees of 4.0 million euro in the interest of subsidiary Fiumicino Energia to guarantee the fulfilment of obligations deriving from the lease contract entered into with UniCredit Leasing;
- guarantees for a maximum of 2 million euro in the interest of subsidiary Fiumicino Energia to guarantee the fulfilment of obligations deriving from the loan agreement entered into with UniCredit;
- subscription of a joint deed of pledge on 86.12% of the share capital, held in Fiumicino Energia as guarantee of all receivables deriving from the lease agreement entered into with UniCredit Leasing;
- commitment with respect to the UniCredit Group of maintaining the ratio of Net financial indebtedness/Shareholders' equity at fair value at 3 or less in the Fiumicino Energia financial statements.

NOTE 29 LITIGATION

Shareholder Serafini litigation - On March 31, 2010, the January 13, 2010 judgment was filed in the clerk's office of the 1st civil division of the Milan Court of Appeals in which the Milan Court of Appeals rejected shareholder Renato Serafini's appeal of the Court of Milan's first instance judgment which stated the inadmissibility of the applications made by the shareholder against the resolutions passed by Gemina's shareholders' meeting of May 10, 2002 (approval of the financial statements as at December 31, 2001 and adjustment of the financial statements as at June 30, 1991 and as at June 30, 1992) and by the shareholders' meeting of May 13, 2003 (approval of the financial statements as at December 31, 2002).

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

Surety on the Customs Agency litigation - On December 12, 2002, having received the consent of IRI to sell 44.74% of ADR to the Macquarie Group, Gemina, Impregilo S.p.A. and Falck S.p.A. took the place of IRI, directly assuming the commitment to indemnify ADR, with a share of 50.0%, 13.10% and 36.90%, respectively. This commitment was issued by IRI upon the privatisation of ADR for the purpose of covering 51.166% of capital losses the company may have incurred due to tax claims for deeds and declarations relating to periods prior to the privatisation, which took place in July 2000.

The ongoing dispute between ADR and the Customs Agency regards the period 1993-1998, and is covered by the aforementioned guarantee, which will be enforceable following the final judgment ruling against ADR in relation to the Tax Authorities.

Impregilo S.p.A. and Falck S.p.A. do not recognise the guarantee as valid. ADR has instituted action against these companies for the purpose of sentencing them to pay the amounts owed, on condition that the final judgment ruling against ADR is passed.

In the consolidated financial statements, provisions have been allocated against the risk relating to the litigation with the Customs Agency.

In Gemina's financial statements, provisions were allocated in the event of a total negative outcome for ADR and ADR's activation of the guarantee.

This allocation was included in the year 2010 following the negative outcome of the appeal lodged with the Regional Tax Commission of Rome and reversed in the consolidated financial statements, which reflect the amount allocated by ADR.

Rizzoli litigation - On March 3, 2010 Gemina was served, on request of RCS MediaGroup S.p.A. ("RCS"), with a writ of summons for a third party in the proceedings instigated by Mr. Angelo Rizzoli against RCS, Intesa San Paolo S.p.A., Mittel S.p.A., Edison S.p.A. and Giovanni Arvedi.

Mr. Rizzoli formulated a series of claims aimed at compensating for the economic damages he incurred as a result of the sale of Rizzoli Editore S.p.A., which owns Corriere della Sera, to group of entrepreneurs.

The events date back to 1974-1986.

6.5 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

RCS fully rejected the plaintiff's claims, stating they were completely without grounds and considerably subject to the statute of limitations and, as a final alternative, requested that Gemina be summoned to court, as the party from which the current RCS derives, due to the known spin-off stipulated in 1997.

Gemina still deems Mr. Rizzoli's claims, as well as RCS's request to summon Gemina to court, to be groundless.

The judge, after rejecting the preliminary claims of the plaintiff, fixed the hearing for pronouncement of the sentence for next June 28.

6.6 INFORMATION ON RELATED PARTIES

a) EFFECTS OF THE TRANSACTIONS OR POSITIONS WITH RELATED PARTIES ON THE BALANCE SHEET ITEMS

ITEM	TOTAL	RELATED PARTIES	
		ABSOLUTE VALUE	%
Other non-current financial assets	-	-	-
Trade receivables	578	578	100%
Other receivables	13,012	11,876	91%
Other current financial assets	2,934	2,927	100%
Cash and cash equivalents	11,137	48	0%
Provisions for risks and charges	11,300	6,700	59%
Trade payables	711	119	17%
Current financial liabilities	41,954	41,954	100%
Financial instruments - derivatives	581	581	100%
Other current liabilities	6,558	438	7%

b) EFFECTS OF THE TRANSACTIONS OR POSITIONS WITH RELATED PARTIES ON THE INCOME STATEMENT ITEMS

ITEM	TOTAL	RELATED PARTIES	
		ABSOLUTE VALUE	%
Financial income	389	90	23%
Financial expenses	(3,387)	(3,387)	100%
Staff costs	(1,526)	(24)	2%
Other operating costs	(3,846)	(88)	2%
Net provisions	(2,240)	(3,600)	> 100%
Revenues and other operating income	1,044	881	84%

c) EFFECTS OF THE TRANSACTIONS OR POSITIONS WITH RELATED PARTIES ON THE CASH FLOWS

DESCRIPTION	TOTAL	RELATED PARTIES	
		ABSOLUTE VALUE	%
Cash flows from changes in the Net Working Capital	(2,744)	1,755	n/a
Cash flows from investing activities	9,551	-	-
Cash flows from financing activities	(5,167)	(5,405)	> 100%

6.7 OTHER INFORMATION

REMUNERATION OF
DIRECTORS, STATUTORY
AUDITORS, GENERAL
MANAGERS AND EXECUTIVES
WITH STRATEGIC
RESPONSIBILITIES

PERSON	APPOINTMENT	REMUNERATION (IN EURO)					POSITIONS HELD IN SUBSIDIARY COMPANIES
		DURATIO N OF OFFICE	REMUNER. FOR POSITION	NON- MONETAR Y BENEFITS	BONUSE S AND OTHER INCENT IVES	COMP.	
NAME SURNAME	POSITION HELD						
Fabrizio Palenzona	Chairman	(4) (1) (8)	33,333	3,367	339,686		
	Director	(4) (1)	10,000			10,000	
Guido Angiolini	Chairman	(5)	116,664				
	Managing Director	(4) (1)	166,667			71,918	
	Director	(1)(4)	15,000			13,000 (6)	
	Chairman of Executive Committee	(5)	-				
Giuseppe Angiolini	Director	(4) (1)	15,000				
	Internal Control Committee member	(4)	9,667				
	Remuneration and Human Resources Committee member	(4)	6,000				
	Supervisory Body member	(4)	5,000				
Valerio Bellamoli	Director	(4) (1) (6)	10,000			5,589 (6)	
	Internal Control Committee member	(4) (6)	6,667				
Giuseppe Bencini	Director	(1)(4)	15,000				
	Remuneration and Human Resources Committee member	(4)	8,667				
Stefano Cao	Director	(1) (4) (6)	15,000			10,000 (6)	
	Remuneration and Human Resources Committee member	(4) (6)	6,000				
	Executive Committee member	(5)	-				
Giovanni Fontana	Director	(1)(4)	15,000				
	Internal Control Committee member	(5)	3,000				
	Remuneration and Human Resources Committee member	(4)	8,667				
Alessandro Grimaldi	Director	(3) (7)	2,342			1,562 (7)	

6.7 OTHER INFORMATION

PERSON	APPOINTMENT	REMUNERATION (IN EURO)					
		DURATIO N OF OFFICE	REMUNER. FOR POSITION	NON- MONETAR Y BENEFITS	BONUS S AND OTHER INCENT IVES	COMP.	POSITIONS HELD IN SUBSIDIARY COMPANIES
NAME SURNAME	POSITION HELD						
Beng Huat Ho	Director	(4) (1) (6)	10,000				7,123 (6)
Sergio Iasi	Director	(4) (1)	10,000				
	Internal Control Committee member	(4)	6,667				
Aldo Milanese	Director	(1) (4)	10,000				
Aldo Minucci	Director	(1) (4)	15,000				10,000
Michele Mogavero	Director	(5) (6)	4,849				
Andrea Novarese	Director	(1) (6) (4)	15,000				
	Remuneration and Human Resources Committee member	(5) (6)	2,667				
Eugenio Pinto	Director	(5)	4,849				
	Internal Control Committee member	(5)	2,910				
Clemente Rebecchini	Director	(1) (6) (4)	15,000				10,000 (6)
	Remuneration and Human Resources Committee member	(1) (6) (4)	6,000				
	Executive Committee member	(5)	-				
Executives with strategic responsibilities				4,954	261,413	8,200	(6)
Luca Aurelio Guarna	Chairman of the Board of Statutory Auditors	(2)	61,974		-		29,490
Maurizio Dattilo	Statutory Auditor	(2)	41,316		-		-
Giorgio Oldoini	Statutory Auditor	(2)	41,316		-		-

(1) Until the shareholders' meeting for approval of the financial statements as at 12/31/2012.

(2) Until the shareholders' meeting for approval of the financial statements as at 12/31/2011.

(3) In office until 02/26/ 2010.

(4) Appointed on 04/28/2010.

(5) In office until 04/28/ 2010.

(6) Remuneration repaid to the company he belongs to.

(7) Remuneration repaid to the company he belongs to for 2/3 of amounts paid.

(8) As a more favourable condition with respect to provisions set forth by CCNL (collective national labour agreement) for Managers of service companies, the Company undertook to grant the beneficiary person, in the event of death, within 7 years starting from 06/15/2010, a decreasing capital ranging between 3.6 and 3.3 million euro. Gemina hedged this risk by entering an insurance policy with Assicurazioni Generali.

No loans and guarantees were granted in their favour.

for the Board of Directors
The Chairman
(Fabrizio Palenzona)

6.8 INFORMATION PURSUANT TO ART. 149-DUODECIES OF CONSOB ISSUERS' REGULATION

The following statement, drawn up pursuant to Art. 149-*duodecies* of the Consob Issuers' Regulation, highlights the remunerations pertaining to the 2010 financial year for audit services and other services rendered by the same Independent Auditors.

<i>(in thousands of euro)</i>	COMPANY THAT RENDERED THE SERVICE	REMUNERATIONS PERTAINING TO THE YEAR 2010
AUDIT	DELOITTE & TOUCHE S.P.A.	138,931
OTHER SERVICES	DELOITTE & TOUCHE S.P.A. (1)	23,000
CERTIFICATION	DELOITTE & TOUCHE S.P.A. (2)	3,266

(1) *Technical and methodological support for the adoption of IFRIC 12 standard.*

(2) *Subscription of Income Tax Return and 770 forms.*

6.9 CERTIFICATION OF THE FINANCIAL STATEMENTS IN ACCORDANCE WITH ART. 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

We, the undersigned, Guido Angiolini, in my position of Managing Director, and Alessandra Bruni, in my position of Manager in charge of preparing corporate accounting documents of Gemina S.p.A., taking also account of provisions set forth by Art. 154 bis, subsections 3 and 4 of Italian Legislative Decree no. 58 of February 24, 1998, hereby declare:

- the consistency with regard to the characteristics of the company and
- the actual application of the administration and accounting procedures for the drafting of the financial statements over 2010.

It is also stated that:

- the financial statements as at December 31, 2010:
 - were drawn up pursuant to the applicable International Accounting Standards adopted by the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council of July 19, 2002;
 - correspond to figures disclosed in the accounting books and records;
 - supply a true and fair disclosure of the economic, financial and equity situation of the issuer;
- the Report on Operations includes a reliable analysis of the performance and management result, as well as the situation of the issuer, together with the description of the major risks and uncertainties to which they are exposed.

March 10, 2011

Managing Director
(Guido Angiolini)

Manager
in charge of preparing
corporate accounting documents
(Alessandra Bruni)

6.10

INDEPENDENT AUDITORS' REPORT



Deloitte & Touche S.p.A.
Via Tortona, 25
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**AUDITORS' REPORT PURSUANT TO ART. 14 AND 16
OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010**

**To the Shareholders of
GEMINA – GENERALE MOBILIARE INTERESSENZE AZIONARIE S.p.A.**

1. We have audited the financial statements of Gemina – GENERALE MOBILIARE INTERESSENZE AZIONARIE S.p.A. (“Gemina S.p.A.”), which comprise the statement of balance sheet as of December 31, 2010, and the income statement, statement of comprehensive income, statement of changes in shareholders’ equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005 are the responsibility of the Company’s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

For the opinion on the prior year’s financial statements, whose data are presented for comparative purposes, reference should be made to our auditors’ report issued on March 31, 2010.

3. In our opinion, the financial statements give a true and fair view of the financial position of Gemina S.p.A. as of December 31, 2010, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

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

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

Member of Deloitte Touche Tohmatsu Limited

4. The Directors of Gemina S.p.A. are responsible for the preparation of the report on operations and the annual report on the corporate governance and the ownership structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual report on corporate governance, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the annual report on the corporate governance and the ownership structure are consistent with the financial statements of Gemina S.p.A. as of December 31, 2010.

DELOITTE & TOUCHE S.p.A.

Signed by
Vincenzo Mignone
Partner

March 25, 2011
Milan, Italy

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

7

**REPORT OF THE BOARD OF STATUTORY
AUDITORS**

Statutory Auditors' Report to Gemina S.p.A. Shareholders' Meeting

(pursuant to art. 153 of Italian Legislative Decree no. 58/98)

Dear Shareholders,

during the financial year closed at 31 December 2010, we have performed the supervisory activity in accordance to the Law (Legislative Decree no. 58 of 24/2/1998 – “Consolidated Act on Financial Intermediation”), in line with the code of conduct of the Board of Statutory Auditors in joint-stock companies with stock listed in the regulated markets as recommended by the National Associations of Chartered Accountants and Bookkeepers, and with CONSOB notices on corporate governance and on the activities of the Board of Statutory Auditors.

As regards the legal audit of accounts it is hereby recalled that, pursuant to Legislative Decree 58/1998, the Company appointed Deloitte & Touche S.p.A. as external auditors and we make reference to their report.

The Board of Auditors currently holding office was appointed by the shareholders' meeting of 28 April 2009 pursuant to the Company By-Laws.

Also in compliance with CONSOB guidelines by Notice DEM/125564 dated 6 April 2001 and subsequent updates, we hereby inform you about the following:

- We have overseen the Company's compliance with the Law and the By-Laws.
- We have attended the Board of Directors' meetings and relevant preliminary meetings on the issues relating to the items on the agenda, as well as the meetings of the Audit Committee, of the Executive Committee, until it operated, and of the Human Resources and Compensation Committee; and we have obtained information on a regular basis from the Board members on the general operating performance, on the foreseeable outlook and on the high-value economic, financial and cash flow transactions made by the Company, and we have made sure that the resolutions adopted and enforced complied with the Law and the By-Laws and were not manifestly imprudent, risky, in potential conflict of interest or in conflict with the resolutions adopted by the shareholders' meeting or such to have an adverse impact on the company assets.
- At the meeting of 12 November 2010 the Board of Directors adopted the compulsory amendments to the Company By-Laws provided for by Legislative Decree 27/2010, resolving to amend articles 8, 11, 20 and 21 of the By-Laws in compliance with the legislative provisions, pursuant to art. 17 of the By-Laws and art. 2365 of the Italian Civil Code.
- In section “*Related party disclosures*” in the Notes to the Report and in section “*Intercompany relations and related party relationships*” in the Directors' Report the Directors report about the major transactions occurred with related parties, identified according to the international accounting principles and to the provisions issued on this matter by CONSOB. We refer to these sections in relation to the identification of the types of transactions and of the relevant economic, financial and cash flow effects, also pointing out that the Company decided to early adopt the IAS 24 in its version revised by IASB on 4 November 2009. We also observe that on 12 November 2010, after hearing the opinion in favour of a Committee set up *ad hoc*, the Board of Directors adopted the “Procedure regulating transactions with related parties” pursuant to art. 4 of the Regulation adopted by Consob by resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented. The procedure, compliant with Consob Regulation no. 17221 of 12 March 2010 and with Consob Notice dated 24 September 2010, shall apply as of 1 January 2011 and is advertised on the Company website.

Finally, in relation to related party transactions, we deem it appropriate to note that by resolution of 12 November 2010 the Board of Directors unanimously approved the stipulation of a contract for the supply of strategic and operational consulting services for the airport development with Changi Airport Consultant Group, a company controlled by Changi Airports Group, shareholder of the Company and Party to the Shareholders' Agreement as "Industrial Partner"; the enforcement of the contract, and the consequent relevant economic and financial impact, is conditional to the stipulation of the planning agreement by the subsidiary Aeroporti di Roma S.p.A. (ADR) with ENAC.

- The Company prepared the 2010 Financial Statements according to the IAS/IFRS principles as in the previous year 2009. The accounting principles and the valuation criteria adopted are reported in the Notes to the Report. The 2010 Financial Statements of Gemina S.p.A. (Gemina) have been audited by the external auditors Deloitte & Touche S.p.A. which issued their audit report on 25 March 2011 without identifying any irregularities or making requests for disclosures. The major events occurred in the financial year 2010 are exhaustively described by the Directors in Paragraph 3.1 "Financial Year Highlights" in the Directors' Report, for a more detailed review.
- The Company prepared the 2010 consolidated financial statements of Gemina Group according to the IFRS/IAS principles as in the past year. Gemina Group consolidated financial statements have been audited by the external auditors Deloitte & Touche S.p.A., that issued their audit report on 25 March 2011 without observing any irregularities or making any requests for disclosures. The same auditing company also audited the financial statements of the subsidiary company ADR without identifying any irregularities or making any requests for disclosures.
- In the Directors' Report the Directors properly fulfilled their disclosure obligations as provided for by art. 154 *ter* of Legislative Decree 58/98, introduced by Legislative Decree 195/2007 (so-called "*Transparency Decree*") highlighting the main risks and uncertainties to which the Company and the Group are exposed.
- We have gained knowledge and overseen - as for what falls under our competence - the adequacy of the Company organisation structure, the compliance with the principles of proper management and the adequacy of instructions given by the Company to its subsidiaries pursuant to art. 114, paragraph 2, of Legislative Decree 58/98, through the acquisition of information from the heads of the competent business functions, by meeting with the external auditors and by meetings with the management bodies of the major subsidiaries, for the purpose of a mutual exchange of relevant data and information.
- We have assessed and overseen the adequacy of the administrative-accounting system and the reliability thereof to correctly reflect the operating performance, by obtaining information from the head of the relevant function, by reviewing the company documents and by analysing the results of the work performed by the external auditors Deloitte & Touche S.p.A. The Board of Directors appointed the Executive Responsible for the "drafting of the corporate accounting documents", while also verifying the fulfilment of the adequate professional requirements. The CEO and the Executive Responsible for the drafting of the corporate accounting documents have confirmed by a specific Report (attached to the Company Financial Statements for 2010) a) the adequacy and actual application of the administrative and accounting procedures; b) the compliance of the accounting documents with the international accounting principles IFRS/IAS validated by the EC as well as with the orders issued by Consob to enforce the Legislative Decree no. 38/2005; c) the conformity of said documents with accounting books and records and their suitability to correctly reflect the

Company financial, economic and operating position. A similar Report is attached to Gemina Group Consolidated Financial Statements.

- We have assessed and overseen the adequacy of the internal control system a) by reviewing the Control Officer's report on the internal control system of Gemina; b) by reviewing the Internal Audit's reports and the report on the outcome of the monitoring activities; c) by obtaining information from the Internal Audit function of the subsidiary ADR, d) through the relations with the management bodies of the subsidiary companies pursuant to paragraphs 1 and 2 of art. 151 of Legislative Decree 58/98, e) by attending all the meetings of the Audit Committee and by acquiring the relevant documents. Taking part in the Audit Committee allowed the Statutory Auditors to coordinate their functions of "Internal audit and account audit Committee" undertaken by virtue of art. 19 of Legislative Decree 39/2010 with the Audit Committee's activities and also to oversee in particular i) the financial disclosure process, ii) the effectiveness of internal control systems, internal audit and risk management, iii) legal audit of annual and consolidated accounts, iv) the aspects relating to the independence of the Auditing Company. From the activity it carried out, the Board of Auditors expresses its positive opinion on Gemina Internal Audit System in general and acknowledges, in its capacity as Internal Control and Account Auditing Committee that there are no irregularities to report to the Shareholders' Meeting. In relation to the provisions of paragraph 1 of art. 19 of Legislative Decree 39/2010 the external auditors notified the time they worked and the total fees invoiced for the auditing of Gemina S.p.A. financial statements and consolidated financial statements as at 31 December 2010, as well as for the limited auditing of the half-year report and for the performance of activities to audit the corporate accounting regularity. Moreover, the auditing company has notified that, based on the best available information, taking into account the regulatory and professional requirements regulating the auditing activity, it maintained in the period of reference its position of independence and impartiality vis-à-vis Gemina S.p.A. and that no change occurred in relation to the non-existence of causes of incompatibility between the situations and the persons indicated in art. 17 of Legislative Decree 39/2010 and of the articles under Chapter I-bis (Incompatibility) of Title VI of the Issuers Regulation.
- We held regular meetings with the representatives of the auditing company Deloitte & Touche S.p.A., pursuant to art. 150, paragraph 3, Legislative Decree 58/98, and no significant data and information arose that deserve to be reported herein. It is also hereby acknowledged that the auditing company filed on 25 March 2011 the report provided for in paragraph 3 of art. 19 of Legislative Decree 39/2010, reporting that no critical issues were identified upon auditing or substantial gaps in the internal control system with reference to financial disclosures.
- We have overseen the implementation of the Corporate Governance Code of Gemina S.p.A. as adopted by the Board of Directors without identifying any criticality. Moreover, with reference to the recommendations of the Corporate Governance Code regarding the Board of Statutory Auditors, we hereby inform you that:
 - we have checked for the proper application of the criteria and procedure for the assessment of independence, adopted by the Board of Directors, without identifying any irregularity;
 - as for the so-called "self-assessment" of the independence requirements, the Statutory Auditors verified their fulfilment, at the meeting of 4 February 2011;
 - we have complied with the provisions of the regulation governing the management and process of confidential and privileged company information;

Finally, it shall be noted that the auditing company expressed its positive opinion on information consistency as per paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of art. 123-bis of Legislative Decree 58/98, as provided for by amendments to art. 5, paragraph 4, of Legislative Decree 173/2008.

- With reference to Legislative Decree no. 231/2001, the Company adopted an organisation and control model the contents of which are consistent with the international best practices. During the year we met the Supervisory Body for a mutual exchange of information.
- During the year we have not received any report pursuant to art. 2408 of the Italian Civil Code.
- We are not aware of other facts or events to be reported to the Shareholders' Meeting.
- We have verified the compliance with the law provisions regarding the preparation of the Draft Financial Statements and of the Group Consolidated Draft Financial Statements, of the respective Notes to the Report and Directors' Report, directly and through the heads of function as well as through the information obtained from the external auditors. In this respect we have no observations.
- We have issued an opinion pursuant to art. 154-bis of Legislative Decree 58/1998 for the appointment of the Executive Responsible for the drafting of the Company accounting documents, an opinion pursuant to art. 2386 of the Italian Civil Code in relation to the non-replacement of a resigning Board Member, in view of the Shareholders' Meeting; we also issued two opinions pursuant to art. 2389, paragraph three, of the Italian Civil Code.
- In performing the afore-mentioned supervisory activity, during 2010 the Board of Statutory Auditors met 6 times, attended 9 meetings of the Board of Directors and 4 meetings of the Audit Committee, 1 meeting of the Executive Committee and 2 meetings of the Human Resources and Compensation Committee.

During such activity and also based on the information regularly exchanged with the external auditors Deloitte & Touche S.p.A. no omission and/or censurable facts and/or irregularities were identified, nor significant facts to be reported to the Company management bodies or herein.

Following to the supervisory activity performed, the Board of Statutory Auditors hereby recommends the approval of the financial statements as at 31 December 2010 in accordance with the Board of Directors' proposal.

Milan, 25 March 2011

The Board of Statutory Auditors

Signed by

Luca A. Guarna

Signed by

Giorgio Oldoini

Signed by

Maurizio Dattilo

GEMINA

The list of the offices held by the Statutory Auditors in other companies are listed below (Annex pursuant to art. 144 *quinquiesdecies* of the Issuers Regulation).

Dott. Luca Aurelio GUARNA

Number of offices held in issuers: 2

Total number of offices held : 28

Company name	Office held	Expiry date*
A2A Logistica S.r.l.	Chief Statutory Auditor	31.12.2011
Aeroporti di Roma S.p.A.	Actual Auditor	31.12.2012
Ambi S.p.A.	Actual Auditor	31.12.2010
Bieffe Medital S.p.A.	Actual Auditor	31.12.2012
Biolase S.p.A.	Actual Auditor	31.12.2012
Capitoloquattro S.p.A.	Chief Statutory Auditor	31.12.2010
Capitolosette S.r.l.	Chief Statutory Auditor	31.12.2010
Delmi S.p.A.	Actual Auditor	31.12.2010
Duec S.r.l.	Actual Auditor	31.12.2011
Eagle Pictures S.p.A.	Actual Auditor	31.12.2012
Electro Power Systems S.p.A.	Chief Statutory Auditor	31.12.2011
Ge Capital Services S.r.l.	Actual Auditor	31.12.2012
Gemina S.p.A.	Chief Statutory Auditor	31.12.2011
Hamworthy Combustion Engineering S.r.l.	Chief Statutory Auditor	31.03.2013
Immucor Italia S.p.A.	Actual Auditor	31.05.2013
IFIB Immobiliare Finanziaria S.r.l.	Chief Statutory Auditor	31.12.2012
Michel Rettili S.r.l.	Actual Auditor	31.12.2011
Partecipazioni Editoriali S.r.l.	Chief Statutory Auditor	31.12.2011
Silvano Toti Holding S.p.A.	Chief Statutory Auditor	31.12.2011
Tech Data Italia S.r.l.	Actual Auditor	31.01.2011
Terna S.p.A.	Chief Statutory Auditor	31.12.2010
Trident Immobiliare S.p.A.	Actual Auditor	31.12.2010
Tridente RE S.p.A.	Actual Auditor	31.12.2010
Venice S.r.l.	Actual Auditor	31.12.2011
Windows on Europe S.p.A.	Actual Auditor	31.12.2010
Zed Italia S.r.l.	Chief Statutory Auditor	31.12.2010

* approval of financial statements

Dott. Giorgio Oldoini

Number of offices held in issuers: 2

Total number of offices held: 5

Company name	Office held	Expiry date
Iren Acqua Gas S.p.A.	Chief Statutory Auditor	31.12.2012
Carige Asset Management SGR S.p.A.	Director	31.12.2011
Gemina S.p.A.	Actual Auditor	31.12.2011
Impregilo S.p.A.	Actual Auditor	31.12.2010
Seastema S.p.A.	Chief Statutory Auditor	31.12.2011

Dott. Maurizio Dattilo

Number of offices held in issuers: 1

Total number of offices held: 32

Company name	Office held	Expiry date
Airis S.r.l.	Sole Administrator	31.12.2009
Augusta Assicurazioni S.p.A.	Actual Auditor	30.04.2012
Augusta Vita S.p.A.	Actual Auditor	30.04.2012
BG SGR S.p.A.	Actual Auditor	31.12.2010
Amundi Real Estate Italia SGR S.p.A.	Chief Statutory Auditor	31.12.2009
Centodieci 2/5 S.r.l.	Sole Administrator	Until revocation
Centosessanta 6/7 S.r.l.	Sole Administrator	Until revocation
Chateau S.r.l.	Sole Administrator	Until revocation
Consel S.p.A.	Actual Auditor	31.12.2011
Concerto S.r.l. A Socio Unico	Sole Administrator	Until revocation
Delfina S.p.A.	Chief Statutory Auditor	31.12.2009
Gemina S.p.A.	Actual Auditor	31.12.2011
Genco Holding S.r.l.	Sole Administrator	Until revocation
Giglio S.r.l.	Sole Administrator	Until revocation
GI & Partners S.r.l.	Sole Administrator	Until revocation
Global System Milano S.r.l.	Sole Administrator	Until revocation
Immobiliare La.Co. S.r.l.	Chairman of the Board of Directors	31.12.2010
Immobiliare Tibertina S.r.l.	Sole Administrator	Until revocation
Iniziative Sviluppo Immobiliare - Isim S.p.A.	Actual Auditor	30.04.2011
Inv.A.G. S.r.l.	Actual Auditor	31.12.2009
Iris S.r.l.	Sole Administrator	Until revocation
Interalia S.r.l.	Sole Administrator	Until revocation
Nuova Palmontan S.p.A.	Actual Auditor	31.12.2010
Rcs Produzioni S.p.A.	Actual Auditor	31.12.2010
Generfid S.p.A. (ex S. Alessandro)	Actual Auditor	31.12.2011
S.P.V. Holding S.r.l.	Sole Administrator	Until revocation
Seven 2000 S.r.l.	Actual Auditor	31.12.2009
Sviluppo Immobiliare Santa Teresa S.r.l.	Sole Administrator	Until revocation