

# GEMINA

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**ANNUAL REPORT 2011**

## CONTENTS

1. STATUTORY BOARDS .....	2
2. MAIN ECONOMIC AND FINANCIAL FIGURES .....	3
2.1 Gemina Group .....	3
2.2 Gemina Group structure as at December 31, 2011.....	4
2.3 Gemina S.p.A.....	5
2.4 Shareholders and Share performance.....	6
3. REPORT ON OPERATIONS .....	8
3.1 Overview of the financial year.....	8
3.2 Air traffic.....	10
3.3 Operations and related revenues.....	16
3.4 Quality and the environment .....	22
3.5 Investments, research and development .....	25
3.6 Human resources and organisation .....	29
3.7 Corporate transactions.....	30
3.8 Equity, economic and financial highlights for the group .....	31
3.8.1 Economic position.....	31
3.8.2 Financial position .....	34
3.8.3 Net financial position.....	35
3.8.4 Reconciliation between the reclassified statements and the financial statements.....	36
3.9 Legal and regulatory framework.....	36
3.10 Corporate Governance.....	38
3.11 Intercompany relations and transactions with related parties.....	47
3.12 Information about risks and uncertainties.....	49
3.13 Gemina S.p.A. ....	56
3.13.1 Economic position.....	56
3.13.2 Financial position .....	56
3.13.3 Net financial position.....	57
3.13.4 Statement of reconciliation between the shareholders' equity of Gemina and the consolidated shareholders' equity and the consolidated profit (loss).....	58
3.14 Subsequent Events.....	59
3.15 Business outlook .....	61
4. PROPOSALS TO THE MEETING.....	62
5. CONSOLIDATED FINANCIAL STATEMENTS.....	63
6. FINANCIAL STATEMENTS.....	134

## 1. STATUTORY BOARDS

### BOARD OF DIRECTORS

*In office until the shareholders' meeting for the approval of the financial statements as at December 31, 2012*

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#### *Chairman*

Fabrizio Palenzona

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#### *Vice Chairman*

Massimo Pini (\*)

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#### *Managing Director*

Carlo Bertazzo (\*)

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#### *Directors*

Giuseppe Angiolini

Valerio Bellamoli

Giuseppe Bencini

Stefano Cao

Giovanni Fontana

Beng Huat Ho

Sergio Iasi

Aldo Minucci (\*\*)

Piergiorgio Peluso (\*)

Clemente Rebecchini

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#### *Secretary*

Antonio Sanna

### INTERNAL CONTROL COMMITTEE

*In office until the shareholders' meeting for the approval of the financial statements as at December 31, 2012*

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Giuseppe Angiolini

Valerio Bellamoli

Sergio Iasi

### REMUNERATION AND HUMAN RESOURCES COMMITTEE

*In office until the shareholders' meeting for the approval of the financial statements as at December 31, 2012*

---

Giuseppe Bencini

Giuseppe Angiolini

Stefano Cao

Giovanni Fontana

Clemente Rebecchini

### BOARD OF STATUTORY AUDITORS

*In office until the shareholders' meeting for the approval of the financial statements as at December 31, 2011*

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#### *Chairman*

Luca Aurelio Guarna

---

#### *Statutory Auditors*

Giorgio Oldoini

Maurizio Dattilo

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#### *Alternate Auditors*

Paolo Lenzi

Pier Luca Mazza

Sergio De Simoi

### INDEPENDENT AUDITORS

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Deloitte & Touche S.p.A.

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

(\*) co-opted by the Board of Directors' meeting of April 19, 2011 and appointed by the Meeting of March 1, 2012

(\*\*) outgoing since January 30, 2012

## 2. MAIN ECONOMIC AND FINANCIAL FIGURES

## 2. MAIN ECONOMIC AND FINANCIAL FIGURES

### 2.1 GEMINA GROUP

<b>AIRPORT TRAFFIC</b>	<b>2011</b>	<b>2010</b>	<b>Var. %</b>
Passengers (no.)	42,480,476	40,909,255	3.8
Cargo (tonnes)	161,678	171,680	(5.8)

*(in millions of euro)*

<b>FINANCIAL INFORMATION</b>	<b>2011</b>	<b>2010</b>
Revenues from airport management	613.5	594.0
Construction services	27.6	55.5
EBITDA	271.5	245.9
Amortisation, depreciation and provisions	(170.9)	(178.1)
EBIT	100.6	67.8
Pre-tax profit (loss)	12.5	(21.5)
Net profit (loss) for the year	(13.4)	(37.9)
Net profit (loss) attributable to the Group	(14.8)	(37.2)
Funds From Operations (FFO) (*)	152.1	138.7
EBITDA “normalised” (**)	292.4	282.2

<b>EQUITY INFORMATION</b>	<b>12/31/11</b>	<b>12/31/10</b>
Net capital invested (NCI)	2,847.2	2,943.8
Net financial indebtedness	1,248.4	1,338.9
Shareholders' equity	1,598.8	1,604.9
Group shareholders' equity	1,565.4	1,572.0

<b>RATIOS</b>	<b>2011</b>	<b>2010</b>
EBTDA/Revenues from airport management	44.2%	41.4%
R.O.S. (EBIT/Revenues from airport management)	16.4%	11.4%
Revenues from airport management/Net capital invested	21.5%	20.2%
R.O.I. (EBIT/Net Capital Invested)	3.5%	2.3%
Net financial indebtedness/EBITDA	4.6	5.4
Net financial expense/EBITDA	0.3	0.4
Net financial indebtedness / Shareholders' equity	0.8	0.8
Net earnings per share	(0.010)	(0.025)
Shareholders' equity per share (euro)	1.1	1.1

	<b>2011</b>	<b>2010</b>
Investments (including renovation actions)	69.6	110.5
Number of Group employees (***)	2,405	2,369

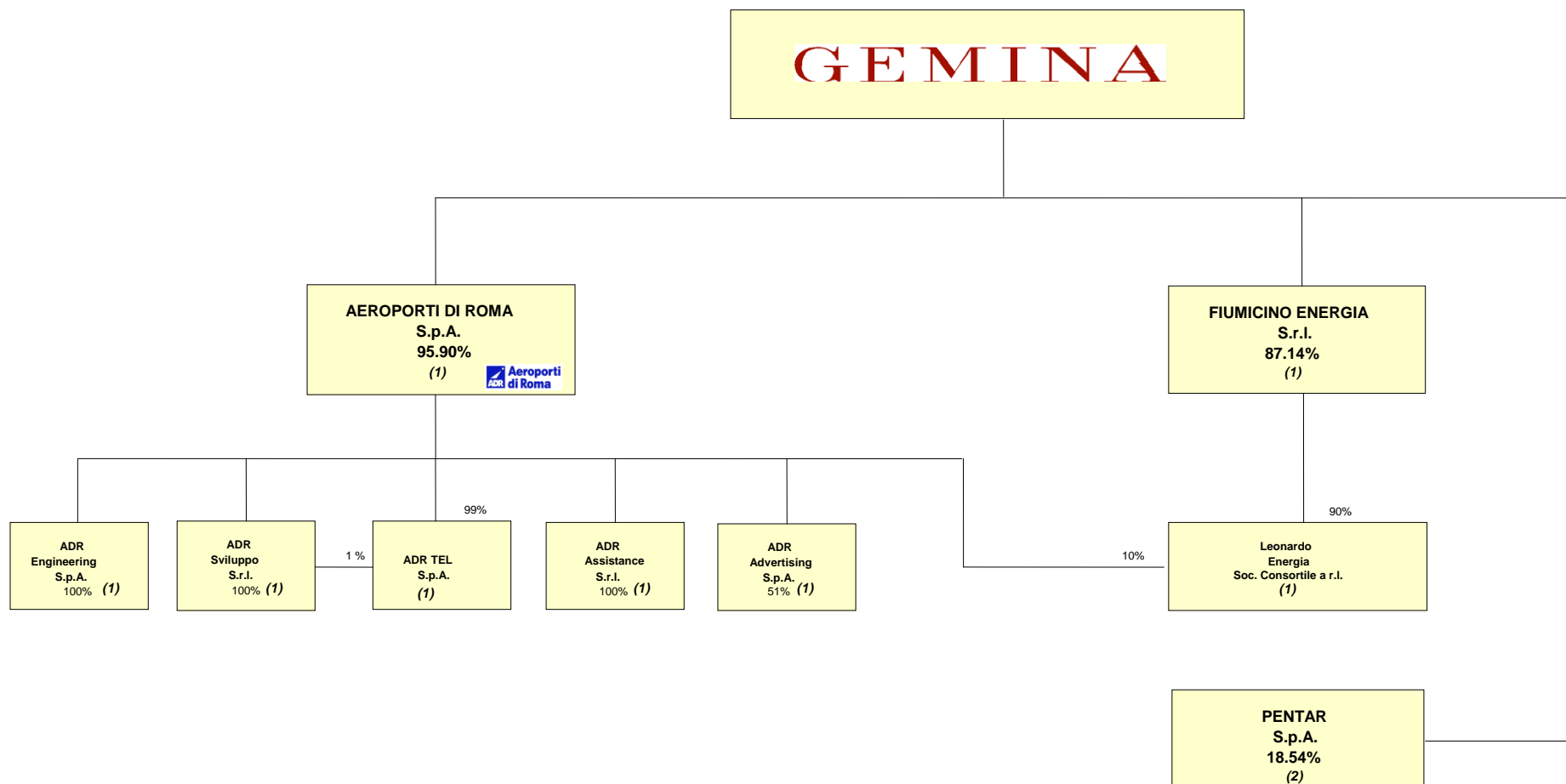
(\*) detailed breakdown in the “Statement of Consolidated Cash Flows”

(\*\*) calculated with the exclusion of provisions, extraordinary items and, for 2011, the positive effect of the litigation “100% hold baggage” under Note 12 of the Consolidated Financial Statements.

(\*\*\*) Full time equivalent: employees of 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”).

## 2. MAIN ECONOMIC AND FINANCIAL FIGURES

### 2.2 GEMINA GROUP STRUCTURE AS AT DECEMBER 31, 2011



(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.

*(in millions of euro)*

	2011	2010
<b>FINANCIAL INFORMATION</b>		
Income (charges) on equity investments	0.0	(1.3)
Financial income (expense)	(2.8)	(3.0)
Net operating costs	(5.6)	(4.4)
Provisions	(0.1)	(2.2)
Pre-tax profit (loss)	(8.5)	(10.9)
Net profit (loss) for the year	(6.6)	(8.7)

	12/31/2011	12/31/2010
<b>EQUITY INFORMATION</b>		
Equity investments	1,843.3	1,843.3
Net capital invested (NCI)	1,837.8	1,839.5
Net financial indebtedness	33.2	28.5
Shareholders' equity	1,804.6	1,811.0

	12/31/2011	12/31/2010
<b>RATIOS</b>		
Net financial indebtedness / Shareholders' equity	0.02	0.02
Shareholders' equity per share	1.23	1.23

## 2. MAIN ECONOMIC AND FINANCIAL FIGURES

### 2.4 SHAREHOLDERS AND SHARE PERFORMANCE

#### SHAREHOLDERS AT DECEMBER 31, 2011 (\*)

Sintonia S.A. <sup>(1) (2)</sup>	510,900,000	34.77%	} <b>G E M I N A</b> 15.58% ← <b>Float</b>
Silvano Toti Holding S.p.A.	188,587,116	12.84%	
Mediobanca S.p.A. <sup>(2)</sup>	184,531,124	12.56%	
Worldwide United (Singapore) Pte Ltd (Changi Airport Group) <sup>(2)</sup>	122,814,053	8.36%	
Fondiarria Sai S.p.A. <sup>(2)</sup>	61,478,844	4.19%	
UniCredit S.p.A. <sup>(2)</sup>	50,173,454	3.41%	
UBS AG	46,978,907	3.20%	
Assicurazioni Generali S.p.A. <sup>(2)</sup>	44,882,492	3.05%	
Norges Bank (The Central Bank of Norway)	30,090,794	2.05%	

<sup>(1)</sup> Direct and indirect share

<sup>(2)</sup> Companies adhering to Gemina's Shareholders' Agreement

Source: shareholders' ledger, Consob site, other available information

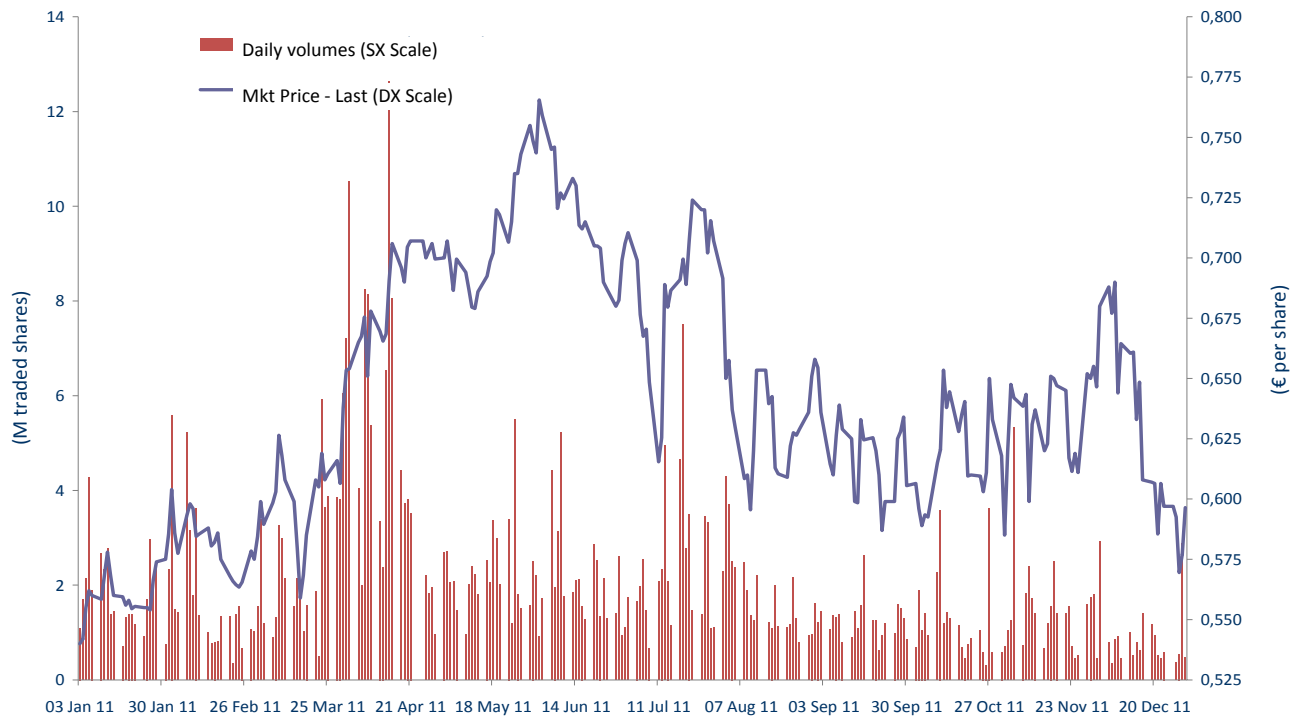
(\*) on ordinary capital

#### SHARE PERFORMANCE

	<b>SHARES</b>	
NO. OF ORDINARY SHARES	1,469,197,552	
NO. OF SAVINGS SHARES	3,762,768	
	<b>CAPITALISATION</b>	
<i>(in millions of euro)</i>	<b>12/31/2011</b>	<b>12/31/2010</b>
	867.3	782.0
	<b>SHARE PRICES AND TRADING VOLUMES</b>	
	<b>2011</b>	<b>2010</b>
MAX. REF. PRICE (EURO)	0.766 JUNE-2	0.670 APR-9
MIN. REF. PRICE (EURO)	0.540 JAN-3	0.450 AUG-25
AVERAGE REF. PRICE (EURO)	0.640	0.556
AV. DAILY TRADING VOLUMES (M)	2.1	2.0
MAX. DAILY TRADING VOLUMES (M)	12.6 APR-14	12.0 FEB-03
MIN. DAILY TRADING VOLUMES (M)	0.3 OCT-26	0.3 SEP-07

## 2. MAIN ECONOMIC AND FINANCIAL FIGURES

### SHARE PRICE AND TRADING VOLUME PERFORMANCE FOR THE YEAR 2011





### 3. REPORT ON OPERATIONS

### 3. REPORT ON OPERATIONS

#### 3.1 OVERVIEW OF THE FINANCIAL YEAR

*Dear Shareholders,*

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

Management actions are now almost exclusively determined by the ADR Group, and so are the format and contents of these Notes to the account. The economic and financial improvement expressed by these financial statements proposed for approval was carried out with a focus on the protection of revenues and on the control of costs and investments that is now, regardless of the persistent block of tariffs, a constant factor of the virtuous behaviour of the Group; however, the general context of the air travel sector and of Fiumicino, in particular, makes the achieved objective unstable and uncertain.

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

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

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

Consolidated revenues from the airport management, amounting to 613.5 million euro, are up 3.3% on 2010, whereas operating costs were basically aligned with 2010. Pre-tax income – after operating costs, amortisation and depreciation and financial income and expenses – totals 12.5 million euro, compared with the negative result of 21.5 million euro of 2010. The Group's net income is 14.8 million euro, compared with 37.2 million euro in 2010.

Consolidated investments of 69.6 million euro (including renewal interventions) decreased compared to 2010 (110.5 million euro). They were significantly influenced by the carrying-out of the new baggage handling system (the so-called BHS) for a financial commitment of more than 21 million euro. With reference to this important system carried out, which made it possible to drastically reduce the inefficiencies in this business segment, Alitalia and the carriers of the Sky Team alliance challenged the charge of the consideration - albeit determined in close correlation to the costs incurred – increasing the credit concentration risk as illustrated in more detail in the chapter dedicated to the specific notice.

### 3. REPORT ON OPERATIONS

Together with a careful management of working capital and of the investment volume, the performance has resulted also in 2011 in a cash inflow of 80.4 million euro, which has allowed to cut consolidated net debt from 1,338.9 million euro at the end of 2010 to 1,248.4 million euro at the end of 2011.

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

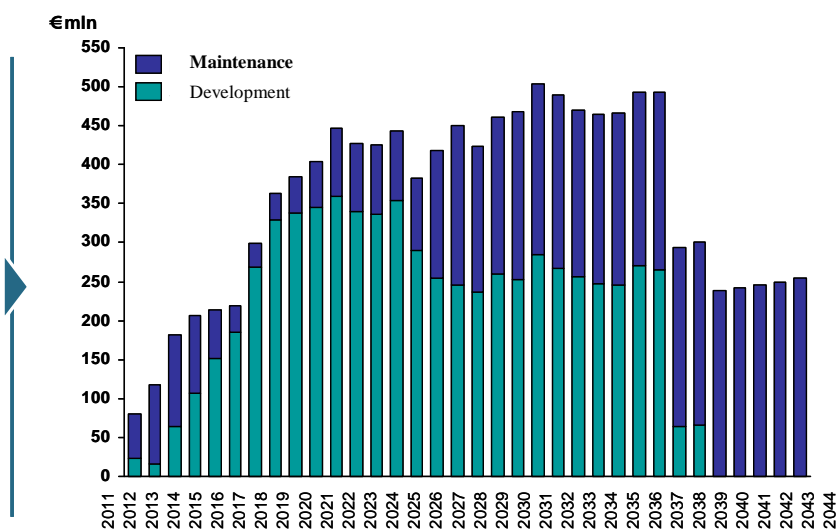
- Fiumicino is now saturated and its infrastructures and flights are inadequate to serve the expected traffic with a European quality standard;
- this situation is the consequence of a decade of stagnation in tariffs and crisis of the main customer, factors that have considerably affected the infrastructural planning with economic and financial effects important for the Group.

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

- 1) investments, amounting approximately to 12.1 billion euro over the 2012-2044 period, of which 2.5 billion euro in the first 10 years;

Investment plans (in €mln)

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



- 2) a tariff level and mechanism, which (i) allows to recover, albeit partially, the existing initial gap with respect to the average of other European airports, by connecting the trend in tariffs to the investments actually made and to the costs incurred (ii) a reduction in the use of facilities in peak hours through different charging systems;
- 3) a system of rules and commitments that define every aspect of mutual relations, effective for all the period of validity of the concession, in order to be a reliable reference for the financeability of the project.

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

### 3. REPORT ON OPERATIONS

The sharing objective of the plan was achieved through a complex process that required a comparison and investigation with the grantor for each step of the proposed Planning Agreement. ENAC, at the end of its Board of Directors' meeting of July 18, 2011, issued a statement in which it informed to have approved the principles; therefore, the checking phase of the financial and operational figures indicated by Aeroporti di Roma S.p.A. ("ADR") in the sent documents started, in order to share the Economic and Financial Plan until the expiry of the concession and the measure of the tariff trend. On July 29, 2011, ENAC approved the Agreement proposal.

On November 2, 2011, ENAC sent the explanatory report on the Planning Agreement, together with the resolution of its Board of Directors, to the Minister of Infrastructure and Transport, the Ministry of Economy and Finance, the Prime Minister's Office and the Company.

Subsequently, ENAC formally opened the consultations with the users of the airports of Fiumicino and Ciampino on the programming aspects of the airport development and specifically on: a) Investment Plan indicating the works that ADR will carry out on the airports of the Roman airport system over the 2012-2016 period, with development until 2044, b) the ten-year Quality and environmental protection Plan and c) the development of air traffic in 2016 with 2021 forecasts.

The documents were shown by the subsidiary ADR on December 13, 2011, in the public consultation, held at the Fiumicino airport, which was attended by the associations and representatives of the air carriers and handlers, as well as consumers and couriers.

ENAC fixed the date of January 10, 2012 as the deadline for sending, by the users, the final considerations on the issues subject-matter of the consultation, which can therefore be considered closed due to the subsequent clarifications given.

The definition of the tariff model before the assessment by the competent Ministries and the start of the second and last consultation with users is currently underway with Civil Aviation Authority.

We wish to point out the absolute and urgent need to successfully close the proposed planning agreement.

#### 3.2 AIR TRAFFIC

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

Europe and Italy segments show a substantially similar trend.

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

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

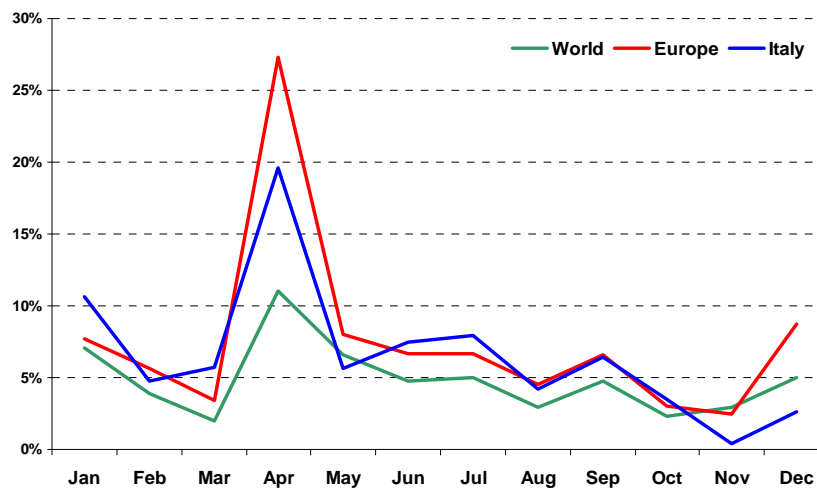
### 3. REPORT ON OPERATIONS

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

**SOURCE:**

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

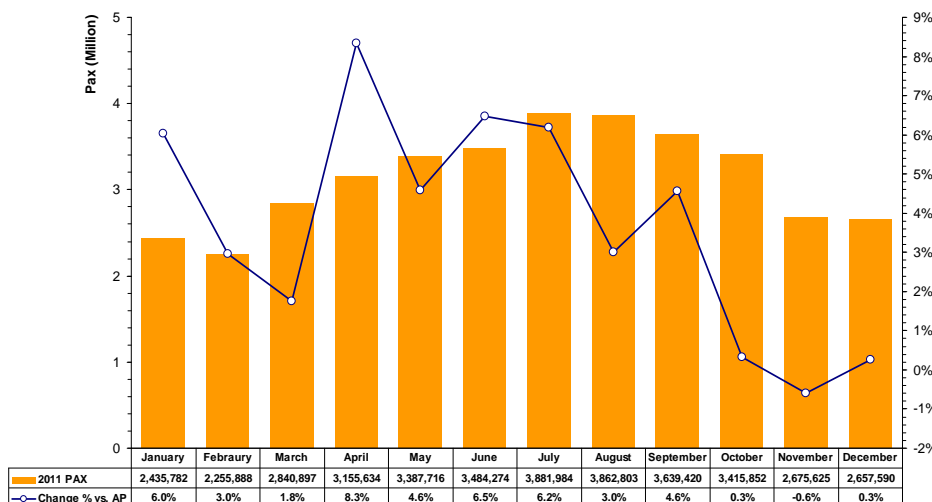
% change for the year 2011 in passenger traffic compared with 2010



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

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

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



### 3. REPORT ON OPERATIONS

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

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

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

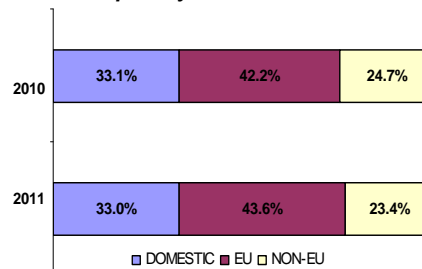
Regarding the International events (North Africa and Japan) the estimated loss in traffic amounts to about 700,000 passengers and more than 5,000 flights cancelled.

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

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

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

**The Roman Airport System: Market Share 2010-2011**



### 3. REPORT ON OPERATIONS

#### *The Roman Airport System: passenger traffic distribution by Geographic Area*

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

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

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

With the sequent concentration on the national flag carrier Alitalia:

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

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

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

### 3. REPORT ON OPERATIONS

Breakdowns for the different areas are as follows.

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

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

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

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

International traffic outside the European Union: this segment was affected by the "losses" linked to the social-political affairs in the International scenario (North Africa and Japan with an estimated loss of about 700 thousand passengers), which are the main cause for the 2.2% reduction in terms of passengers and capacity offered, recording a 2.8% drop for movements and a 2.2% drop for the tonnage. The segment, representing 26.0% of the total passenger traffic, recorded the following trend:

- Alitalia (38.4% of passenger market share): the carrier recorded a drop in passenger volumes (down 1.5%) and movements (down 3.5%), followed by a contained growth in tonnage (up 0.4%);
- other carriers (61.6% of passenger market share): recorded a loss for passengers (down 2.7%) and movements (down 2.5%) and tonnage (down 3.8%).

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

### 3. REPORT ON OPERATIONS

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

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

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

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

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



### 3. REPORT ON OPERATIONS

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

Worth highlighting is that during 2011 the transfer process was completed at Fiumicino of the easyJet flights previously operating at Ciampino. These flights were progressively replaced with destinations serviced by Ryanair, which was able to launch new routes and increase the offer on the already active flights.

Among the main operations, worth remembering in the domestic segment is the increase of the frequency of the flights to numerous destinations already serviced and the start-up of new flights for Genoa and Brindisi, and in the International segment the opening of a host of new routes (Porto, Vilnius, Salonika, Riga, Marseilles, Bordeaux, Manchester, Leipzig).

#### 3.3 OPERATIONS AND RELATED REVENUES

In 2011 the Group's activities generated total revenues of 652.9 million euro, which break down as follows:

	<i>(in millions of euro)</i>			
	<b>2011</b>	<b>2010</b>	<b>CHANGE</b>	<b>% CHANGE</b>
<b>AVIATION</b>	<b>323.4</b>	<b>307.2</b>	<b>16.2</b>	<b>5.3%</b>
AIRPORT FEES	181.6	174.8	6.8	3.9%
CENTRALISED INFRASTRUCTURES	40.5	35.4	5.1	14.4%
SECURITY	70.3	67.7	2.6	3.8%
OTHERS	31.0	29.3	1.7	5.8%
<b>NON AVIATION</b>	<b>290.1</b>	<b>286.8</b>	<b>3.3</b>	<b>1.2%</b>
REAL ESTATE	61.9	59.7	2.2	3.7%
TRADE	205.9	198.9	6.9	3.5%
SALES <sup>1</sup>	89.4	84.9	4.5	5.3%
SUB-CONCESSIONS AND UTILITIES	57.4	54.1	3.3	6.1%
CAR PARKS	31.6	30.5	1.1	3.7%
ADVERTISING	20.0	22.4	(2.4)	(10.5%)
REFRESHMENTS	7.4	7.1	0.4	5.1%
OTHERS	22.4	28.2	(5.8)	(20.6%)
<b>REVENUES FROM AIRPORT MANAGEMENT</b>	<b>613.5</b>	<b>594.0</b>	<b>19.5</b>	<b>3.3%</b>
<b>CONSTRUCTION SERVICES</b>	<b>27.6</b>	<b>55.5</b>	<b>(27.9)</b>	<b>(50.3%)</b>
<b>OTHER REVENUES</b>	<b>11.8</b>	<b>3.6</b>	<b>8.2</b>	<b>227.7%</b>
<b>TOTAL</b>	<b>652.9</b>	<b>653.1</b>	<b>(0.2)</b>	<b>(0.0%)</b>

<sup>1</sup> in retail outlets directly managed

### 3. REPORT ON OPERATIONS

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

#### AVIATION ACTIVITIES

##### Airport fees

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

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

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

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

##### Management of centralised infrastructures

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

This increase is due to the combined effect of:

- 40.9% increase in the revenues deriving from the baggage handling systems mainly correlated to the charge – for about 90% to Alitalia – from January 1, 2011 of the consideration, validated by the Civil Aviation Authority (ENAC) with provision of May 11, 2011 (unit fee per baggage handled equal to 1.87 euro), related to the use of the new handling system of transit baggage “NET6000”, created and put into operation in 2010.  
The trend of revenues for the baggage handling systems was also affected by the rise in passengers, partly balanced by a different distribution of outbound passengers in the various airport areas that have differential baggage treatment unit fees;
- 3.0% decrease compared to last year of the revenues relating to the loading bridges mainly due to the unavailability and penalisation of some systems of Satellite West, a higher unit revenue for upgrade works, in addition to the reduction in aircraft movements at Fiumicino on the national traffic (down 3.5%) and non-EU (down 2.8%) components.

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

### 3. REPORT ON OPERATIONS

Despite the lower traffic recorded in the national and non-EU segments, there were 160,562 flights served with loading bridges in 2011, an increase of 2.8% compared to 2010, for a total number of 20,429,377 passengers served (up 5.5% compared to the previous year). The improvements in bridge management, and in particular the lower average use per single flight allocated to loading bridges, allowed a greater number of customers to be guaranteed the use of these infrastructures and improve the service level, despite the lower availability of the systems.

#### Security

Security activities carried out by ADR (security checks on passengers, carry-on baggage, checked baggage, explosive detection checks and services requested) generated revenues of 70.3 million euro, an increase of 3.8% on 2010. This performance derives from an increase in passenger traffic, partly offset by a decrease in revenues for on-demand services provided at Fiumicino (special entry points, goods in simulation room, etc.).

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

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

- assistance to passengers with reduced mobility (“PRM”): for this activity revenues were recorded for 14.6 million euro, with a 10.6% increase compared to the previous year due to the rise in boarded passengers and the increase in the fee applied at Fiumicino starting from December 2010;
- passenger check-in desks: revenues, equalling 11.2 million euro, decreased by 3.0% compared to last year for the optimisation actions implemented by the user companies (ground assistance service providers), in particular at Ciampino. On this point it is worth mentioning that in the fourth quarter of the year, at Fiumicino, new management and assignment methods were defined for the check-in desks aiming to avoid the abovementioned actions from ground assistance service providers being able to reach such levels that may jeopardize the quality of the services offered to the passenger; the effect of these new methods will be fully operational during 2012;
- other aviation revenues: equal to 5.2 million euro and consisting of revenues for the use of common assets, luggage porters and left luggage, etc..

#### NON-AVIATION ACTIVITIES

##### Real estate management

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

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

### 3. REPORT ON OPERATIONS

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

The result for 2011 is mainly attributable to a:

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

#### Commercial activities

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

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

The traffic mix was also not very rewarding: 2011 closed with a trend for the high spending component (passengers with Non-EU destinations) down by 0.9% compared to 2010, against a growth of 5.7% for the low-medium spending components (passengers with Domestic and EU destinations).

Despite these penalising phenomena, thanks to programs to develop retail outlets managed directly and by sub-concessionaires, the growth in revenues for the ADR Group was higher than for traffic.

#### Direct sales

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

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

- pricing policy review;

### 3. REPORT ON OPERATIONS

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

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

#### Outlets managed by sub-concessionaires

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

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

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

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

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

#### Management of car parks

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

In detail the following trends were registered:

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

### 3. REPORT ON OPERATIONS

During the first half of the year the works to adjust and modify the Terminal arrival road at Fiumicino and Ciampino airports were completed. Thanks to the changes made, the vehicle traffic has been streamlined and regulated, dedicating various access routes to the terminals to each type of user and based on the specific needs. Remote waiting areas were established for the rentals with driver and the buses, in this way allowing a decongestion of the closest traffic to the terminal. The creation of short-term car parks (free for the first 30 minutes) led to benefits in terms of service and increase in turnover: in the June/December period accesses to the Short-Term Car Parks were about 800,000 and 70% of the users used it for free.

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

To support the new “short-term” car parks of T1 and T3, new commercial signals were put in place along the route.

The Telepass project was implemented in the multilevel car parks A, B, C, and D, with adjustment of the related horizontal and vertical signals.

#### Advertising

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

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

The negative trend continues in this segment as already experienced in previous years, deriving from the reference market trend, with competitive pressure from alternative forms of advertising, and the specific conditions of the Fiumicino airport grounds, which recorded a change in the traffic mix that makes advertising spaces less attractive.

Due to the abovementioned aspects, some contracts were cancelled and fee reductions had to be agreed to; furthermore, in relation to the difficulties of a sub-concessionaire, falling into arrears last year with a consequent anticipated termination of the related contracts, some systems were subject to conservative seizure and therefore did not produce any income.

#### Refreshments

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

### 3. REPORT ON OPERATIONS

#### Other

In the “other income” segment, equalling 22.4 million euro in 2011, the following trend is shown compared to last year:

- revenues for maintenance operations provided to third parties, equalling 9.4 million euro down 18.7%;
- revenues for cleaning fees and biological wastewater treatment for 3.7 million euro, down 9.0%;
- revenues for other sales (fuel, consumable materials, etc), equal to 2.9 million euro, up 18.9%.

#### CONSTRUCTION SERVICES

These revenues total 27.6 million euro, with a 27.9 million euro decrease on 2010 resulting from a reduction in construction services provided in connection with the airport concession.

### 3.4 QUALITY AND THE ENVIRONMENT

#### QUALITY

ADR continued monitoring of airport activities in 2011 via daily checks on the level of quality provided and perceived.

The monitoring of the service levels provided at Fiumicino and Ciampino airports was carried out by a specialised external company; during the year about 57,000 surveys were conducted, with around 28,000 questionnaires completed by passengers.

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

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

#### Monitoring of quality levels

##### ▪ Fiumicino

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

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

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

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

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

### 3. REPORT ON OPERATIONS

The percentage of outgoing flights with delays of more than 15 minutes was 21.4%, compared with 29.9% in 2010. The airport's performance improved compared to last year and meets the standard laid down in the Service Charter (25%). The percentage of incoming flights with delays of more than 15 minutes was 16.7% (22.5% in 2010).

The indicator "recovery of airport transit times" (the difference between delays to incoming and outgoing flights with respect to scheduled time) was negative (down 4.7%).

#### ▪ Ciampino

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

Objective checks carried out at Ciampino airport in 2011 report the following.

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

The percentage of flights with baggage reclaim times within the set Service Charter standards was 97.2% for the first piece of luggage and 98.3% for the last (the standard is 90%); performance improved by 4 points compared with 2010. Passenger check-in operations were completed within 20 minutes in 94.3% of cases; a 21-point improvement was registered with respect to 2010 and the compliance with the set standard (90%).

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

#### *Benchmarking*

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

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

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

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

#### ENVIRONMENT

Regarding focus on environmental issues in 2011 the ADR Environmental Report was drawn up, containing the data relating to 2010 and the activities aimed at the sorting of recyclable waste and the monitoring of pollution.



### 3. REPORT ON OPERATIONS

#### Sorting of recyclable waste

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

The first recycling point is being created, located at the T3 area of the Control Tower.

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

#### Pollution monitoring

The “Project for the quantification of CO<sub>2</sub> emissions deriving from the activities at the Leonardo da Vinci Fiumicino airport” has finished. In June it was subject to inspection by the control body and the certificate was obtained, which certifies the methodology for the quantification of the CO<sub>2</sub> emissions at Fiumicino airport, relating to 2008 – 2009 – 2010 (Airport Carbon Accreditation).

In February 2011, the monitoring of air quality was completed at the airports of Fiumicino and Ciampino and, in order to measure the atmosphere’s capacity to remove pollutants (atmospheric stability), the height of the mixing layer was measured, thereby defining the climatology of the area.

The CNR (National Research Council) produced the final report on the monitoring activities carried out, which confirmed in the airport complex a general compliance with reference standards.

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

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

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

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

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

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

### 3. REPORT ON OPERATIONS

#### 3.5 INVESTMENTS, RESEARCH AND DEVELOPMENT

	2011 (*)		
	INVESTM.	RENEWALS (**)	TOTAL
<i>(in millions of euro)</i>			
<b>ADR GROUP INVESTMENTS</b>			
E/ F BOARDING AREAS	12.2	0	12.2
BAGGAGE SYSTEM AND XRAY MACHINES	6.1	3.6	9.7
EX ALITALIA CARGO HBS/BHS	1.7	0	1.7
FIUMICINO NORD: LONG-TERM DEVELOPMENT PLAN	1.7	0	1.7
IMPROVEMENT/ OPTIMISATION OF TERMINALS	0.8	4.2	5.0
FIUMICINO – ELECTROMECHANICAL SYSTEM MAINTENANCE	0.1	2.3	2.4
IMPROVEMENTS TO COMMERCIAL AND PARKING AREAS	0.9	0.6	1.5
AIRPORT ACCESS ROUTE IMPROVEMENTS	0	2.0	2.0
FIUMICINO – ELECTRICAL SYSTEM MAINTENANCE	0	5.4	5.4
FIUMICINO – ELEC. NETWORK AND AIR-CON. MAINT. OP.	0	5.4	5.4
IMPROVEMENTS TO RUNWAYS AND AIRCRAFT APRONS	0	5.3	5.3
CIAMPINO – INFRASTRUCTURAL UPGRADES	0	4.9	4.9
FIUMICINO – CIVIL WORK MAINTENANCE	0	2.2	2.2
FIUMICINO DISCHARGE AND WATER NET. MAINT. OP.	0	1.7	1.7
OTHER	7.0	1.1	8.1
<b>OTHER GROUP COMPANIES</b>			
CO-GENERATION PLANT	0.4	0	0.4
<b>TOTAL INVESTMENTS</b>	<b>30.9</b>	<b>38.7</b>	<b>69.6</b>

(\*) including the works charged to the Civil Aviation Authority

(\*\*) these amounts are to be used by the renovation provision

As known, the failure to adjust the price-regulated tariff and the delay in signing the Planning Agreement caused the progressive downgrading of ADR (currently at “sub-investment grade” level) by activating “Trigger Event” mechanisms which make it actually impossible for important development investments to be made.

Consequently ADR just made those maintenance investments considered necessary to suitably manage safety and security levels while guaranteeing the current quality levels.

Therefore, in 2011 investments for 69.6 million euro were made (110.5 million euro in 2010), falling compared to the previous year when the new transit baggage handling system was created.

#### Terminals

The construction works at boarding area F (formerly Pier C) continued, albeit at a slower pace than in the previous year. Slowing the works with respect to the schedule became necessary to assure expenditure commitments – for the self-financed portion of the works – that are compatible with the Group’s upcoming financial commitments, due to the persisting uncertainties concerning the terms for the approval of the Planning Agreement.

As at December 31, 2011 an expense supplement was requested to the Civil Aviation Authority, for the portion charged to the State of the boarding area F, for 18.2 million euro, of which 16.3 million euro were collected.

### 3. REPORT ON OPERATIONS

To date, the following activities are underway:

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

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

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

As part of the works to improve the image and function of the terminals, the group of restrooms located in boarding area D, next to gate D6 was restructured and so was the group located in the passenger waiting hall, arrival hall, eastern side of Terminal 1 next to the offices of the airlines, and the group located in the baggage reclaim hall of Terminal 1.

Still as part of the works to improve the image and function of the terminals, in November, at Terminal 3 (formerly TC), the prototype was installed of the new check-in desks (in correspondence to desks 289-290) and, at boarding area D, the prototype of the new departure gates (in correspondence to departure gate D1).

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

The replacement was finished of the panoramic elevators at Terminals 1 and 3 for a total of six systems and the installation works were started for the installation of a new service elevator for the transportation of goods to the direct retail warehouses of Terminal 3.

The restoration works were completed regarding the new store managed by ADR (shop 30) located in boarding area B, inaugurated and open to the public on March 28, 2011.

Regarding the integration of the internal/external signalling system at terminals, aimed at improving direction information given to passengers, the installations correlated to the new Polo Bus were completed.

Furthermore the works for the integration of the internal signalling system were terminated at the terminals (Airport Identity – Boarding area B).

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

#### Baggage handling

In the second quarter of 2011 the important baggage handling system for Terminal 5 was finally acquired, previously used on a loan basis.

With reference to the two HBSs (Handling Baggage System) which service Terminal 3 (formerly Terminal B and C), it is worth mentioning that:

### 3. REPORT ON OPERATIONS

- the adaptation of the HBS of former Terminal C was completed;
- the activities for the creation of a fourth security check line for the HBS system of the former Terminal B were completed.

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

#### Infrastructure and buildings

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

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

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

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

#### Runways and aircraft aprons

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

The third phase of the apron upgrading works was completed. The residual works were completed for the apron upgrade contract (2nd phase) and the extraordinary works at the northern section of runway 16L-34R.

The executive project was completed of the taxiways of sector 700-800 and the one for the upgrade of taxiway Charlie. The feasibility study was completed, which will identify the best project for the radical upgrade works at runway 16L-34R.

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

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

### 3. REPORT ON OPERATIONS

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

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

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

#### Infrastructure planning and development

Last July the Civil Aviation Authority approved the project to complete infrastructures at “Fiumicino Sud 2012-2021”, presented by ADR in May 2011 to be created in a subordinate manner upon signing the Planning Agreement. This project defines all the airside and landside infrastructural improvements, for a total of about 2.5 billion euro, which will guarantee the usability of the airport areas in relation to the increase in traffic in the short/medium term.

To obtain the environmental and urban permits for the works included in the approved project, ADR provided an environmental impact study. This study was sent to the Civil Aviation Authority on August 8, 2011 and filed with the Ministry for the Environment, Cultural Assets and Lazio Regional Board, on December 20, 2011 in order to allow the start of the Environmental Impact Assessment (EIA).

The procedure includes a period of publication and consultation by the public and the offices of each Institutional Body entitled to an opinion. The outcome of the environmental assessment procedure will lead to the call by the Civil Aviation Authority of the services conference convened by the Ministry of Infrastructure and Transportation for the final Urban and Environmental approval of the complete project.

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

### 3. REPORT ON OPERATIONS

#### 3.6 HUMAN RESOURCES AND ORGANISATION

As at December 31, 2011 the number of staff totalled 2,593.

		EXECUTIVES	MANAGERS	EMPLOYEES	WORKERS	TOTAL STAFF	<i>of which</i> Fixed- term contracts	Open- ended contracts
<b>GEMINA</b>	12/31/11	1	1	-	-	2	-	2
	12/31/10	3	4	4	-	11	-	11
	<i>CHANGE</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	-	<i>(9)</i>	-	<i>(9)</i>
<b>ADR AND SUBSIDIARIES</b>	12/31/11	45	184	1,791	569	2,589	572	2,017
	12/31/10 (*)	46	201	1,771	628	2,646	706	1,940
	<i>CHANGE</i>	<i>(1)</i>	<i>(17)</i>	<i>20</i>	<i>(59)</i>	<i>(57)</i>	<i>(134)</i>	<i>77</i>
<b>FIUMICINO ENERGIA</b>	12/31/11	-	1	1	-	2	-	2
	12/31/10	-	1	-	-	1	-	1
	<i>CHANGE</i>	-	-	<i>1</i>	<i>0</i>	<i>1</i>	-	<i>1</i>
<b>TOTAL</b>	12/31/11	46	186	1,792	569	2,593	572	2,021
	12/31/10	49	206	1,775	628	2,658	706	1,952
	<i>CHANGE</i>	<i>(3)</i>	<i>(20)</i>	<i>17</i>	<i>(59)</i>	<i>(65)</i>	<i>(134)</i>	<i>69</i>
	<i>%</i>	<i>(6.1%)</i>	<i>(9.7%)</i>	<i>1.0%</i>	<i>(9.4%)</i>	<i>(2.4%)</i>	<i>(19.0%)</i>	<i>3.5%</i>

(\*) 93 in extraordinary earnings supplement

On April 19, 2011, Gemina's Board of Directors resolved to move Gemina's registered office and headquarters to Fiumicino airport (Rome), effective on August 1, 2011.

The employment contracts of the Milan office staff have been terminated, assisted by leaving incentives and placement services as well as recourse to applicable legislative institutions.

At the end of 2011 the number of staff of the parent company equalled 2. After the end of the year, the work relation with the Manager was terminated.

Simultaneously with the move of the registered office, the full service agreement between ADR and Gemina entered into force; through it, the subsidiary provides the holding parent company with all services necessary to carry out its corporate functions.

The total reduction of the headcount of the ADR group by 57 units derives from the decrease in the fixed-term contracts of 134 units, partly compensated by the increase in the workforce on open-ended contracts of 77 resources.

In particular in ADR, which records a total reduction in the workforce of 56 resources, the increase on open-ended contracts (up 84 units) is due to varying reasons: staff redundancies (down 93 units), termination of employment due to resignation, decease or dismissal (down 21 units), application of contractual regulations on conversion of temporary into open-ended contracts (up 171 units), conversion of staff hired on temporary and placement contracts (up 11 units), entry of new professionals (up 14 units), other (up 2 units).

### 3. REPORT ON OPERATIONS

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

During the year, average staff was 2,405 (2,369 units in 2010) excluding those in the Extraordinary Earnings Supplement Fund.

Staff costs, totalling 123.1 million euro, were 31% of the value added, slightly lower than 2010:

	2011	2010
STAFF COSTS % VALUE ADDED	31	33

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

For the Group's remuneration policy, reference is made to the Report on "Remuneration 2011" available at [www.gemina.it](http://www.gemina.it).

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

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

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

#### 3.7 CORPORATE TRANSACTIONS

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

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

### 3. REPORT ON OPERATIONS

In particular:

- **direct retail and car parks:** the companies will operate via a sub-concession agreement with ADR; the involvement of specialised operators will allow for value creation by leveraging synergies and assets of leading players in the industry, with the consequent improvement of the offer and the quality in line with the best international practices;
- **security:** ADR will entrust the company with the execution of security-related activities to allow a greater focus on security activities, an increase in managerial effectiveness and more competitive staff costs;
- **third party vehicle maintenance:** this non-core business for the operator has a non-competitive cost structure and limited recovery potential; therefore, the intention is to divest the business while mitigating the impact on employment by involving specialised third party operators.

#### 3.8 EQUITY, ECONOMIC AND FINANCIAL HIGHLIGHTS FOR THE GROUP

The reclassified statements of the equity, economic and financial situation of the Gemina Group are shown hereunder together with the analysis of the main changes occurred over 2011.

##### 3.8.1 Economic position

<i>(in millions of euro)</i>	<b>2011</b>	<b>2010</b>	<b>CHANGE</b>
REVENUES FROM AIRPORT MANAGEMENT	613.5	594.0	19.5
CONSTRUCTION SERVICES	27.6	55.5	(27.9)
OTHER REVENUES	11.8	3.6	8.2
<b>TOTAL REVENUES</b>	<b>652.9</b>	<b>653.1</b>	<b>(0.2)</b>
CONSUMPTION AND OTHER OPERATING COSTS	(232.5)	(234.0)	1.5
COSTS OF CONSTRUCTION SERVICES	(25.8)	(51.2)	25.4
<b>VALUE ADDED</b>	<b>394.6</b>	<b>367.9</b>	<b>26.7</b>
STAFF COSTS	(123.1)	(122.0)	(1.1)
<b>EBITDA</b>	<b>271.5</b>	<b>245.9</b>	<b>25.6</b>
AMORTISATION, DEPRECIATION AND PROVISIONS	(170.9)	(178.1)	7.2
<b>EBIT</b>	<b>100.6</b>	<b>67.8</b>	<b>32.8</b>
FINANCIAL INCOME (EXPENSES)	(88.1)	(87.5)	(0.6)
INCOME(CHARGES) ON EQUITY INVESTMENTS	-	(1.8)	1.8
<b>PROFIT (LOSS) OF CURRENT ASSETS BEFORE TAXATION</b>	<b>12.5</b>	<b>(21.5)</b>	<b>34</b>
TAX REVENUES (CHARGES)	(25.9)	(16.4)	(9.5)
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>(13.4)</b>	<b>(37.9)</b>	<b>24.5</b>
PROFIT (LOSS) ATTRIBUTABLE TO MINORITY SHAREHOLDERS	(1.4)	0.7	(2.1)
<b>PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP</b>	<b>(14.8)</b>	<b>(37.2)</b>	<b>22.4</b>
<b>NET EARNINGS (LOSSES) PER SHARE:</b>			
FROM CURRENT ASSETS	(0.01)	(0.025)	
FROM DISCONTINUED ACTIVITIES	-	-	



### 3. REPORT ON OPERATIONS

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

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

**Revenues from airport management** increased by 19.5 million euro (+3.3%), mainly due to the higher volume of aviation activities, up by 5.3%, and, to a lesser extent, of non aviation activities (+1.2%).

Basically, all the components of aviation activities, influenced directly by the traffic trend, reported an increase in revenues.

- airport fees, up by 3.9%, also due to the adjustment to inflation on their measurement set out by law;
- revenues from security services, up by 3.8%;
- revenues deriving from centralised infrastructures (+14.4%), affected by the income generated from the new automatic handling system of transit baggage.

Revenues from non aviation activities increased by 1.2%, mainly due to higher direct sales (+5.3%) and the increase in revenues for sub-concessions and utilities. The management performance of car parking (+3.7%) and canteens (+5.1%) was also positive; revenues from advertising are still down (-10.5%).

As to **construction services**, they total 27.6 million euro, with a 27.9 million euro decrease on 2010 resulting from less services rendered. It is noted that these construction services are measured at fair value, calculated based on the total costs incurred.

In 2011, **other income and revenues** included the amount of 6.7 million euro, finally paid to ADR as an indemnity for the favourable sentence of the State Council on the dispute with the Ministry for Infrastructure and Transport and ENAC on the payment date of the price for the service of performing security checks on 100% of hold baggage.

**Consumption and other operating costs** are in line with 2010, due to the combined effect of a reduction in costs for external services and allocations to provisions for risks and charges and bad debt provisions, almost entirely offset by the growth in costs for raw materials and goods, also relating to the oil price increase.

The production of electric energy from co-generation, destined to cover power needs of the Fiumicino airport, amounted to GWh 143.0, slightly down (-2.3%) compared with the previous year:

### 3. REPORT ON OPERATIONS

<i>(GWh)</i>	<b>2011</b>	<b>2010</b>
ENERGY PRODUCED	143.0	146.3
ENERGY PURCHASED	43.0	46.0
<b>ENERGY AVAILABLE</b>	<b>186.0</b>	<b>192.3</b>
FOR:		
ADR	167.1	167.1
MARKET	18.9	18.9

The dispute with GSE, RINA and EMAS, aimed at acknowledging the right of "green certificates", currently not acknowledged, is still underway. An appeal has been submitted to the competent administrative Courts.

As to **costs for construction services**, a 25.4 million euro decrease is highlighted, compared to 2010, due to less services rendered in favour of the grantor ENAC, as previously described.

In 2011, **staff costs** slightly increased (+1%) due to the increase in average resources employed on activities affected by higher traffic volumes, as well as to plans aimed at improving service.

With respect to the above, **EBITDA** is equal to 271.5 million euro, up by 10.4% compared to 2010.

In 2011, **amortisation, depreciation and provisions** included depreciation of tangible and intangible fixes assets, mainly referred to the amortisation of the airport concession owned by the subsidiary ADR, as well as to allocations for the year (lower by 7.3 million euro with respect to 2010) made to the system renovation provision for revertible assets in view of future restoration and replacement charges, pursuant to maintenance commitments of these assets.

	<b>2011</b>	<b>2010</b>
AMORTISATION/DEPRECIATION	108.3	108.2
ALLOCATIONS TO RENOVATION PROVISION	62.6	69.9
<b>TOTAL</b>	<b>170.9</b>	<b>178.1</b>

On the whole, net **financial expenses** (88.1 million euro) are substantially in line with 2010.

**Profit (loss) of current assets before taxation** is positive by 12.5 million euro (negative by 21.5 million euro in 2010), mainly resulting from the above-mentioned operating improvements, as well as from lower allocations to the system renovation provision.

The year 2011 closed with a loss for the year amounting to 13.4 million euro (37.9 million euro in 2010), net of fiscal charges (25.9 million euro). This loss increases to 14.8 million euro at Group level (37.2 million euro in 2010).

### 3. REPORT ON OPERATIONS

#### 3.8.2 Financial position

<i>(in millions of euro)</i>	<b>12/31/2011</b>	<b>12/31/2010</b>	<b>CHANGE</b>
NET NON-CURRENT, NON FINANCIAL ASSETS	3,332.0	3,414.0	(82.0)
NET WORKING CAPITAL	76.5	54.9	21.6
SYSTEM RENOVATION PROVISION	(231.6)	(197.0)	(34.6)
RISK, CHARGES AND EMPLOYEE SEVERANCE INDEMNITIES	(329.7)	(328.1)	(1.6)
<b>NET CAPITAL INVESTED</b>	<b>2,847.2</b>	<b>2,943.8</b>	<b>(96.6)</b>
FINANCED BY:			
SHAREHOLDERS' EQUITY	1,598.8	1,604.9	(6.1)
NET FINANCIAL INDEBTEDNESS	1,248.4	1,338.9	(90.5)
<b>TOTAL</b>	<b>2,847.2</b>	<b>2,943.8</b>	<b>(96.6)</b>

**Net non-current, non financial assets** decreased by 82.0 million euro due to the combined effect of amortisation, depreciation and provisions for the year, partially offset by investments for the year.

**Net working capital** increased by 21.6 million euro, mainly due to the increase in trade receivables, resulting from an increase in revenues, as well as to deferred tax assets relating to net allocations made during the year for litigation and disputes and for the system renovation provision of revertible assets, which will be fiscally deductible in future years.

The **system renovation provision**, which includes the current estimated amount of charges to be incurred by reason of the restoration and replacement contract commitments for assets under concession, increased by 34.6 million euro, resulting from allocations made over the period, net of uses.

**Net capital invested** totalled 2,847.2 million euro, down by 96.6 million euro due to the above-mentioned reasons.

**Shareholders' Equity** decreased by 6.1 million euro, corresponding to the total economic result of 2011.

**Net financial indebtedness** for the year decreased by 90.5 million euro, with respect to the dynamics of the financial position described in the following section.

### 3. REPORT ON OPERATIONS

#### 3.8.3 Net financial position

<i>(in millions of euro)</i>	12/31/2011	12/31/2010
<b>A. CASH AND CASH EQUIVALENTS</b>	<b>180.2</b>	<b>201.7</b>
OTHER RECEIVABLES – FINANCIAL ASSETS	60.4	59.4
<b>B. CURRENT FINANCIAL ASSETS</b>	<b>60.4</b>	<b>59.4</b>
<b>C. TOTAL CURRENT FINANCIAL ASSETS (A)+(B)</b>	<b>240.6</b>	<b>261.1</b>
<b>D. TOTAL NON-CURRENT FINANCIAL ASSETS</b>	<b>-</b>	<b>-</b>
E. CURRENT FINANCIAL LIABILITIES	(92.1)	(67.7)
F. FINANCIAL DERIVATIVES	(129.1)	(146.6)
<b>G. TOTAL CURRENT FINANCIAL LIABILITIES (E)+(F)</b>	<b>(221.2)</b>	<b>(214.3)</b>
H. FINANCIAL INDEBTEDNESS	(150.1)	(278.1)
I. OUTSTANDING BONDS	(1,117.7)	(1,107.6)
<b>L. TOTAL NON-CURRENT FINANCIAL LIABILITIES (H) + (I)</b>	<b>(1,267.8)</b>	<b>(1,385.7)</b>
<b>NET FINANCIAL INDEBTEDNESS (C) + (D) + (G) + (L)</b>	<b>(1,248.4)</b>	<b>(1,338.9)</b>
OF WHICH:		
CURRENT NET FINANCIAL ASSETS (C) +(G)	19.4	46.8

The following contribute to forming the indebtedness:

	12/31/2011	12/31/2010
ADR	1,198.4	1,291.5
FIUMICINO ENERGIA	16.8	18.9
GEMINA	33.2	28.5
	<b>1,248.40</b>	<b>1,338.9</b>

The total amount of **current financial assets**, down by 20.5 million euro, includes cash and cash equivalents, equal to 180.2 million euro, mainly referred to cash and cash equivalents of the ADR Group, of which 52.1 million euro are relating to the balance of the “Loan Collateral” account for collaterals and commitments connected with the outstanding financial indebtedness, restricted to the repayment of Romulus’ tranche A1, upon maturity.

Total **current financial liabilities** amounted to 221.2 million euro, with a net increase of 6.9 million euro, mainly resulting from the combined effect of:

- reclassification under ADR’s current liabilities of the “Term Loan Facility” residual amount, equal to 65.5 million euro, with maturity in February 2012;
- redemption, in 2011, by Gemina, of the Tranche A of the loan received in December 2008, equal to 42 million euro;
- reduction of the negative fair value of Interest Rate Swap derivative contracts, in force at balance-sheet date, equal to 17.5 million euro.

### 3. REPORT ON OPERATIONS

Total **non-current financial liabilities** totalled 1,267.8 million euro, with a net decrease of 117.9 million euro, mainly resulting from the combined effect of:

- the above-mentioned reclassification under ADR's current liabilities of the residual amount of the "Term Loan Facility" (65.5 million euro) and of the shortly expiring amounts of the Banca BIIS Loan (8.5 million euro), totalling 74 million euro;
- reimbursements incurred in 2011, totalling 92.8 million euro, of ADR's "Term Loan Facility";
- Gemina's entering in a new loan agreement with a pool of banks, with maturity in December 2014, for a total amount of 42 million euro;
- the increase in liabilities related to outstanding bonds (recognised in the financial statements with the amortised cost method), equal to 10.1 million euro, mainly due to the conversion in euro of Tranche A4 denominated in pound sterling.

#### 3.8.4 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:

**Non-current, non financial assets** – They include "Non-current assets", excluding "Deferred tax assets", "Other non-current assets", "Other non-current financial assets", net of the "System renovation provision" related to revertible assets.

**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": "Deferred tax assets" and "Other non-current assets";

the following items under "Current liabilities": "Trade payables", "Current tax liabilities" and "Other current liabilities";

### 3.9 LEGAL AND REGULATORY FRAMEWORK

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

- Extension of airport terms and fees (inflation updating)

Law no. 10/2011 of conversion with amendments of Law Decree no. 225/2010 relating to the "Extension of the terms set by legislative provisions, urgent tax-related measures and measures supporting companies and households", so-called "*Milleproroghe* Decree", confirmed the extension to March 31, 2011 of the terms set by Law Decree no. 225/2010 related to the updating of airport fees in line with the target rate of inflation.

Subsequently the Decree of the President of the Council of Ministers of March 25, 2011 relating to "Additional extension of the terms relating to the Ministry for Infrastructure and Transport" extended until December 31, 2011 the abovementioned deferment expiring on March 31, 2011.

In the Official Gazette no. 302 of December 29, 2011, Law Decree no. 216 of December 29, 2011 was published (so-called "*Milleproroghe* Decree"), converted into Law no.14 of February 24, 2012. Art. 11, paragraph 3, further extended the abovementioned term until December 31, 2012.

### 3. REPORT ON OPERATIONS

At the date of drafting this document the obligatory inter-ministerial decree has not been issued, which identifies the percentage to bring the airport fees in line with the target rate of inflation related to 2011, with the application from the time of validity of this provision.

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

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

On Ordinary Supplement 27/L to OG no. 33 of February 9, 2012 Law Decree no. 5/2012 was published relating to “Urgent provisions for simplification and development” (in force since February 10, 2012). Paragraphs 2 and 3 of art. 22 introduce the provisions to protect the procedures underway for the stipulation of the Planning agreements with the airport management companies.

In particular art. 22 subsection 2 stipulates that the implementation of Directive 2009/12/EC concerning airport fees under Law Decree no. 1 /2012 in any case safeguards the completion of the procedures in progress to stipulate the planning agreements (both “ordinary” and “special”) with the airport management companies. According to this same provision, these procedures must be completed by and no later than December 31, 2012 and in any case, the duration of the program contracts stipulated according to the provisions in force at the time of the previous period is set in compliance with national and community regulations on the subject and related tariff models.

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

- **Provisions for the liberalisation of the transport sector**

Law of December 22, 2011 of conversion with amendments of Law Decree no. 201/2011 relating to “Urgent provisions for growth, fairness and the consolidation of public accounts”, so-called “Save Italy Decree” (Ordinary Supplement to OG no. 300 of December 27, 2011), includes some provisions for the liberalisation and regulation of the transport sector and the access to the related infrastructures (rail, airports and ports including those for urban connections to rail stations, airports and ports). In particular art. 37 authorises the Government to adopt, by June 28, 2012, some regulations that must identify, among the existing independent Authorities, the new transport regulation authority while governing the different regulatory and fee activities and competences listed by the same art. 37. Paragraph 4 of art. 37 expressly safeguards all the other competences of other supervisory, control and sanctioning administrations in the relationship with the companies and managers of the infrastructures concerning security and technical standards. Also in light of this last provision, the Civil Aviation Authority in its current state may not be included among the independent Authorities that may be designated pursuant to the regulation in question.

On Ordinary Supplement 18/L to OG no. 19 of January 24, 2012, Law Decree no. 1/2012 was published relating to “Urgent provisions for competition, development of infrastructures and competitiveness” (so-called Liberalisation Law Decree, in force since January 24, 2012).

### 3. REPORT ON OPERATIONS

The decree introduces measures aimed at modernising and developing national infrastructures and implementing competition in the markets. Concerning transport and airports in particular, art. 36 of the Law Decree (Independent regulation regarding transport) amends the provisions of Law Decree no. 201/2011, converted with amendments into Law no. 214/2011 (so-called Save Italy decree) providing for the establishment of an authority to regulate transport and the functions to be attributed to it. Art. 36 paragraph 1 specifies first of all that the establishment of the aforementioned Authority takes place through the presentation of a draft law by the Government, within three months from the conversion of this Decree into law. In the second place, while waiting for a specific Authority to be established, which shall also be in charge of the economic regulation of airport fees and duties, the envisaged functions must be exercised by the Authority for electricity and gas.

#### ▪ Changes to municipal surtaxes for 2011

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

### 3.10 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., amended many times, in 2006 first and with the latest revision in 2011 (“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. On November 11, 2011, the Board of Directors adopted a new Code of Conduct (“Gemina Code”) in which, among other things, it took into account the changes in the regulations taking place after the approval, in 2007, of this Code. The main changes concern:

1. the update of the regulations concerning remuneration, which envisage the approval by the Board of Directors, on the proposal of the Remuneration and Human Resources Committee, of a General Remuneration Policy;
2. the integration of the tasks of the Remuneration and Human Resources Committee;
3. the change of the responsibilities of the Internal Control Committee, which took the name of Committee for Internal Control and Corporate Governance, also in order to bring them into line with the provisions of Legislative Decree 39/2010 (Consolidated Law on Legal Review).

### 3. REPORT ON OPERATIONS

The Gemina Code does not consider the amendments made by the Committee for Corporate Governance of the Italian Stock Exchange to the Code in December 2011; the Company will apply the recent amendments by the end of 2012 and provide information to the market with the report on corporate governance which will be published in 2013.

The Board of Directors of Gemina approved, pursuant to art. 123 *bis* of Legislative Decree 58/98 (TUF), the Annual report on corporate governance and the ownership structures referring to 2011, available on the website [www.gemina.it](http://www.gemina.it) (corporate governance section).

Below is a summary of the most important aspects of the Annual Report on corporate governance and the ownership structures.

#### 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 corporate governance and remuneration and human resources;
- 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 by the Board of Directors on December 14, 2010. Both documents are available on the website [www.gemina.it](http://www.gemina.it), along with the Internal Control system.

Gemina exercises management and coordination activity pursuant to Article 2497 bis of the Italian Civil Code on the subsidiaries ADR, Fiumicino Energia S.r.l. 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 the approval of the financial statements as at December 31, 2012. On April 19, 2011, following the resignation of the Managing Director Guido Angiolini and the Directors Aldo Milanese and Andrea Novarese, the Board of Directors of Gemina resolved on the appointment of directors Carlo Bertazzo (with the position of Managing Director), Piergiorgio Peluso and Massimo Pini (Vice Chairman) as their replacements.

Reference is made to the paragraph "Changes that occurred after the end of the period" for the resolutions made by the ordinary shareholders' meeting on March 1, 2012.

The table below shows the composition of the Gemina Board of Directors as at December 31, 2011. 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.



### 3. REPORT ON OPERATIONS

The list of other offices held by each Director is reported in the attachment sub A) of the Report on the Corporate Governance and the ownership structures; the CVs of the Directors are available on the website [www.gemina.it](http://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
PALENZONA FABRIZIO	Chairman	04/28/2010	M	X		NA	NO	90	12
PINTI MASSIMO	Vice Chairman	04/19/2011	-		X	NO	NO	75	5
BERTAZZO CARLO	Managing director	04/19/2011	-	X		NA	NO	100	2
ANGIOLINI GIUSEPPE	Director	04/28/2010	M		X	YES	YES	90	4
BELLAMOLI VALERIO	Director	04/28/2010	M		X	NO	NO	83	3
BENCINI GIUSEPPE	Director	04/28/2010	M		X	YES	SI	90	1
CAO STEFANO	Director	04/28/2010	M		X	NO	NO	100	9
FONTANA GIOVANNI	Director	04/28/2010	M		X	YES	YES	89	-
HO BENG HUAT	Director	04/28/2010	M		X	NO	NO	100	-
IASI SERGIO	Director	04/28/2010	m		X	YES	YES	90	1
MINUCCI ALDO	Director	04/28/2010	M		X	NO	NO	60	12
PELUSO PIERGIORGIO	Director	04/19/2011	-		X	NO	NO	43	1
REBECCHINI CLEMENTE	Director	04/28/2010	M		X	NO	NO	100	3

M = majority list  
m = minority list

The Board of Directors, pursuant to art. 1.5 of the Gemina Code, has the right to express its guidance concerning the maximum number of offices as Director or Auditor which the Directors may hold in the listed companies, also foreign, 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.

At present the Board of Directors has not expressed any guidance in this sense.

At the meeting of April 28, 2010, the Board of Directors appointed Mr. Fabrizio Palenzona as the Chairman of the Board of Directors and at the meeting of April 19, 2011, appointed Mr. Carlo Bertazzo as the Managing Director of the Company, after having co-opted him as a replacement for the resigning Mr. Guido Angiolini.

The Board of Directors granted the Chairman, Mr. Palenzona, pursuant to Art. 18 of the Articles of Association, 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.

### 3. REPORT ON OPERATIONS

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 the Managing Director, Mr. Carlo Bertazzo managing powers. 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. 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

An Executive Committee has not been established.

#### COMMITTEES WITHIN THE BOARD

##### REMUNERATION AND HUMAN RESOURCES COMMITTEE

The Remuneration Committee was established with resolution of the Board of Directors on May 10, 2002. The Board of Directors in the meeting held on April 28, 2010 following the Shareholders' Meeting electing the new Board, appointed the "Remuneration and Human Resources Committee" consisting of five non-executive Directors, the majority of whom are independent pursuant to Article 3 of the Gemina Code: Giuseppe Bencini, Giuseppe Angiolini, Stefano Cao, Giovanni Fontana and Clemente Rebecchini. More than one member of the Remuneration and Human Resources Committee has adequate knowledge and experience in financial matters.

On May 7, 2010, the Remuneration and Human Resources Committee appointed Giuseppe Bencini as Chairman and approved a Regulation which, in addition to governing the terms and methods for calling and holding the meetings by consequently defining the responsibilities of the Chairman, provides the Committee with investigation, advisory and designative duties, towards the Board of Directors, for Gemina and its subsidiaries.

On November 25, 2011, the Remuneration and Human Resources Committee adopted a new Regulation pursuant to which, in compliance with the resolution of the Board of Directors of Gemina, the Remuneration and Human Resources Committee performs the following functions:

### 3. REPORT ON OPERATIONS

- (i) puts forward proposal to the Board of Directors to define the general policies for the remuneration of Executive Directors, the other Directors in special positions and the managers with strategic responsibilities;
- (ii) periodically assesses the adequacy, the overall consistency and the solid application of the Remuneration Policy, in this latter case using the information provided by the Managing Directors; makes related proposals to the Board of Directors;
- (iii) makes proposals to the Board of Directors for the allocation of the remuneration attributed by the meeting to the entire Board of Directors, also considering the participation of each Director in one or more committees;
- (iv) presents to the Board of Directors proposals on the remuneration of the Executive Directors and the other Directors in special positions as well as on the setting of the performance targets correlated to the variable component of this remuneration;
- (v) monitors the application of the decisions adopted by the Board by checking, in particular, the effective achievement of the performance targets;
- (vi) examines any stock or monetary incentive plans for the Company or Group employees;
- (vii) examines the strategic development policies of human resources;
- (viii) expresses opinions concerning the recruitment, appointment, dismissal of managers and in relation to the stipulation of contractual clauses of indemnity and protection in the favour of the manager in case of termination of the employment contract;
- (ix) submits for the approval of the Board of Directors of Gemina the Report on the remuneration pursuant to art. 123 *ter* of the TUF.

Should it intend to use the services of a consultant in order to obtain information on market practices concerning remuneration policies, the Remuneration and Human Resources Committee shall check beforehand that there are no situations that may compromise the consultant's independent judgement.

In carrying out its tasks the Committee refers to the Code of Conduct.

The Chairman of the Boards of Statutory Auditors or another Auditor designated by the same participates in Committee meetings. The Chairman and the Managing Director of the company are invited to the meetings and, from time to time, the Chairman and the Managing Director of the subsidiaries may be invited in connection with the issues to be dealt with.

Concerning the information on the remuneration of directors reference is made to the Report on Remuneration, which will be published by the Company pursuant to art. 123 *ter* of the TUF.

#### INTERNAL CONTROL COMMITTEE AND CORPORATE GOVERNANCE

The Internal Control Committee was established with resolution of the Board of March 25, 2004.

The Board of Directors' meeting held on April 28, 2010 following the Shareholders' Meeting electing the new Board, appointed the "Internal Control Committee" comprising three non-executive Directors, the majority of whom are independent pursuant to Article 3 of the Gemina Code: Giuseppe Angiolini, Valerio Bellamoli and Sergio Iasi. More than one Internal Control Committee member has adequate knowledge and experience in accounting and financial matters.

On May 6, 2010 the Internal Control Committee appointed Giuseppe Angiolini as Chairman. On November 11, 2011 the Board of Directors of Gemina changed the responsibilities of the Internal Control Committee, which also took the name of Committee for Internal Control and Corporate Governance. Subsequently, on December 6, 2011, the Committee for Internal Control and Corporate Governance adopted a new Regulation which, in addition to governing the terms and methods for calling and holding the meetings by consequently defining the responsibilities of the Chairman, entrusts the Committee for Internal Control and Corporate Governance with providing the advice and proposals set forth below:

### 3. REPORT ON OPERATIONS

- (i) assists the Board of Directors in carrying out the tasks under art. 11.3 of the Gemina Code;
- (ii) on the request of the Managing Director, expresses opinions on specific aspects concerning the identification of the main corporate risks as well as the design, creation and management of the internal control system;
- (iii) assesses the work plan prepared by the Internal control manager and examines the periodic reports prepared by the same;
- (iv) together with the Manager in charge of preparing corporate accounting documents and the independent auditors, evaluates the adequacy of the accounting standards applied, their proper application and their consistency in preparing the financial statements and consolidated financial statements.
- (v) reports to the Board at least bi-annually, at the time of approving the financial statements and the half-year report, on the activity carried out and the suitability of the internal control system;
- (vi) carries out tasks attributed to it by the Transactions with Related Parties Procedure;
- (vii) carries out additional tasks attributed to it by the Board of Directors;
- (viii) oversees compliance and the periodical updating of the corporate governance rules;
- (ix) expresses an opinion on the Report on Corporate Governance and ownership structures pursuant to art. 123-bis of the TUF;
- (x) receives the Reports of the Supervisory Body pursuant to Legislative Decree 231/2001.

The Chairman of the Boards of Statutory Auditors or another Auditor designated by the same participates in Committee meetings. From time to time, when deemed suitable for the issues to be dealt with, the Manager, the Chairman of the Board of Directors, the Managing Director, the Manager in charge of preparing the company accounting documents may be invited to participate.

#### 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 of the Gemina group consists of a set of organisational rules, procedures and structures aimed to prevent or minimise the consequences of unexpected results and, therefore, allow the achievement of the operating targets (i.e. activity effectiveness and efficiency and protecting corporate assets), in compliance with the laws and regulations applicable (compliance) and correct and transparent information (reporting), through a suitable identification, measurement, management and monitoring process of the main risks.

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 Group 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.

In the meeting of March 25, 2004, the Board of Directors established the Internal Control Committee with advisory and designative functions; the Board of Directors, with the assistance of the Internal Control Committee, defines the guidelines of the internal control system, periodically examines the main company risks and assesses, at least annually, the adequacy, effectiveness and actual operation of the internal control system.

Pivotal principles of the risk management and internal control system:

- 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 organisation 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, that defines the fundamental principles and values of the corporate ethics, and the rules of behaviour with respect to these principles.

#### MAIN FEATURES OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM IN RELATION TO THE FINANCIAL INFORMATION PROCESS

With reference to the financial information process, the Group implemented and keeps up to date an internal control system on financial reporting, whose reliability, accuracy and promptness are ensured by the set of administrative and accounting procedures implemented, in accordance with the related legislation in force.

The adequacy of the processes related to accounting and financial disclosures is assessed according to the reference standards for the internal control system on financial reporting, generally accepted at international level [“Internal Control - Integrated Framework (CoSo), published by the Committee of Sponsoring Organizations of the Treadway Commission”], according to five components (control environment, risk assessment, control activities, information systems and communication flows, monitoring activities).

The internal control system on financial disclosure ensures the exchange of data and information between Gemina S.p.A. and its subsidiaries, guaranteeing its coordination also through the application by the subsidiaries of accounting standards of the Group for the preparation of the reporting packages drawn up for consolidation purposes, in line with IFRS.

The controls are established downstream of an assessment process carried out according to a top-down approach aimed at identifying organisational entities, processes, specific activities able to generate risks of unintentional error or fraud that may significantly affect financial information.

The accounting control system of the Group comprises:

- a set of reference guidelines set by the Parent Company with the objective of promoting the development and application of uniform accounting criteria to record, classify and measure operations;
- accounting procedures that define the responsibilities and rules of control and
- operating instructions outlining the detailed methods to manage the activities of predisposition of the statements by shared and defined terms.

The process of analysis and monitoring of the internal control system on financial reporting includes an assessment of the adequacy of the controls at entity level and process level in terms of effectiveness of the model of the key controls identified. In order to identify and classify any potential errors in financial reporting, reference is made to the standard “contents” of financial statements: the existence and occurrence of events, completeness, assessment and registration, rights and obligations, presentation and disclosure.

The risks are assessed in terms of potential impact on the basis of quantitative and qualitative parameters, assuming the absence of controls (at an inherent level).

Monitoring activities on the internal control system are to be conducted initially by the management of the line responsible for the implementation of the controls and, in order to ensure the effective assessment and homogeneous design of the control system, by the structure available to the Manager in charge.

### 3. REPORT ON OPERATIONS

The monitoring of the effective application of administrative accounting procedures is conducted with regard to effective operation of the key controls in line with international best practices.

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 Officer has the task of making sure that internal and external regulations are complied with, carrying out monitoring and auditing activities on specific risk areas, through the internal audit function directing him/her.

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 adoption of the Organisational Model, of which the Code of Ethics is one of the main elements, results in the rigor, transparency and sense of responsibility in internal and external relations and offers shareholders suitable guarantees of efficient and correct management, making all of those who operate in the name and on the behalf of Gemina aware of the importance, in performing their functions, of assuming a correct and straightforward conduct to prevent the risk of committing the offences under Legislative Decree 231/2001.

The Organisational Model, updated and approved by the Board of Directors last time during the meeting of December 14, 2011 in accordance with new provisions of the law and to adjust it to the needs deriving from the full service contract entered into with ADR as mentioned above, 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 two separate “Special Parts” that cover the different types of illegal actions envisaged by Legislative Decree 231/2001. “Special Part no. 1 – Insider trading and market manipulation” “Special Part no. 2 – Crimes of receiving, laundering and using money, goods or advantages of illicit origin”. In consideration of the full service contract, the risk areas now covered by activities/services performed by ADR no longer generate Special Parts of the Gemina Organisational Model, but are governed by that of ADR and the procedures adopted by it, which are consequently to be considered an integral and substantial part of the Gemina Organisational Model.

The Board of Directors’ meeting of November 13, 2009 transformed the Supervisory Body from monocratic to a collegial body, currently comprising Renato Colavolpe (Chairman), Giuseppe Angiolini and Cinzia Versace, with expiry on the 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. The Board of Directors’ meeting of ADR of December 14, 2011 in turn updated the Organisational Model of the Company to adjust it to the new legal provisions and best practices in the sector.

#### 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.

### 3. REPORT ON OPERATIONS

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 (currently art. 13).

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 Statutory Auditors that will remain in office until the shareholders' meeting for approval of the financial statements as at December 31, 2011. During this meeting, two lists were presented for the appointment of the Board of Statutory Auditors: one was presented by the shareholder Investimenti Infrastrutture S.p.A. and was voted by 58.59% of the ordinary share capital; the other was presented by the shareholder Silvano Toti S.p.A. (now Silvano Toti Holding S.p.A.) and was voted by 12.90% of the ordinary share capital.

The table below shows the composition of the Gemina Board of Statutory Auditors as at December 31, 2011. 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](http://www.gemina.it) (corporate governance section).

Name	Office	In office since	List	Indep. accord. to Code	% attend meetings	Other offices held in listed companies
<b>GUARNA LUCA AURELIO</b>	Chairman	04.28.2009	m	YES	100	2
<b>DATTILO MAURIZIO</b>	Statutory Auditor	04.28.2009	M	YES	100	2
<b>OLDOINI GIORGIO</b>	Statutory Auditor	04.28.2009	M	YES	100	1

M = majority list  
m = minority list

#### 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

On January 30, 2012 the Director Mr. Aldo Minucci resigned with immediate effect as Director; the Board of Directors, since the meeting to approve the financial statements as at December 31, 2011 was set to be held shortly, resolved not to replace him, postponing any decision on this subject to the next meeting.

### 3. REPORT ON OPERATIONS

On March 1, 2012 the Shareholders' meeting of the company was called to resolve on the following points:

- (i) in ordinary session
  - the confirmation of the directors Carlo Bertazzo, Piergiorgio Peluso and Massimo Pini, co-opted on April 19, 2011 pursuant to art. 2386, subsection 1 of the Italian Civil Code and art. 12, subsection 1, letter b) of the Articles of Association;
  - the approval, on the proposal of the Board of Directors and the Remuneration and Human Resources Committee, of a stock incentive plan pursuant to art. 114 *bis* of the Consolidated Finance Law called "*Stock option plan 2012*". The main characteristics of the incentive plan are illustrated in the reporting document that, pursuant to the combined provisions of art. 114 *bis* of the Consolidated Finance Law and art. 84 *bis* of IR, was drawn up and made available to the public on January 21, 2012 at the Gemina registered office and the company website [www.gemina.it](http://www.gemina.it), as well as forwarded to CONSOB and Borsa Italiana;
  - subject to repeal of the resolution of April 19, 2011, the authorisation of the Board of Directors to purchase and sale own shares pursuant to articles 2357 and 2357-*ter* of the Italian Civil Code, art. 132 of the TUF and art. 144-*bis* of IR up to a maximum of 120,000,000 shares and in any case within the legal limits;
- (ii) extraordinary session
  - elimination of the par value of the outstanding ordinary and savings shares, with consequent amendment of articles 5 (capital), 23 (financial statements, profits and prepaid dividends) and 24 (dissolution and liquidation) of the Articles of Association;
  - the assignment to the Board of Directors, for a five-year period from the resolution date, of the right to increase the share capital by payment, in tranches, pursuant to art. 2439, subsection 2 of the Italian Civil Code, once or more times, up to a maximum nominal value of Euro 40,000,000 through the issue of a maximum of 40,000,000 ordinary shares with regular dividend, to service exclusively and irrevocably incentive plans based on financial instruments in favour of employees and/or collaborators and/or directors in special position in the company and subsidiaries pursuant the combined provisions of art. 2441, subsections 5 and 8 of the Italian Civil Code and art. 134, sub-section 2 of the TUF and/or pursuant to art. 2441, sub-sections 5 and 6 of the Italian Civil Code.

The Board of Directors held at the end of the meeting resolved:

- to confirm Mr. Carlo Bertazzo as Managing Director of the Company, assigning him all the power previously conferred, and Mr. Massimo Pini as Vice Chairman;
- to implement the Stock option plan 2012, based on the compliant proposal of the Remuneration and Human Resources Committee and with the favourable opinion of the Board of Statutory Auditors, pursuant to art. 2389 of the Italian Civil Code (attributing the options and identifying the recipients of the Plan) and to approve the "SOP-2012 Regulations" that set the terms and conditions of the Plan.

#### 3.11 INTERCOMPANY RELATIONS AND TRANSACTIONS WITH RELATED PARTIES

##### INTERCOMPANY RELATIONS

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

Specifically, please note the following:

- loans to Fiumicino Energia pursuant to the agreements stipulated on December 4, 2009 and on June 8, 2010, for a total amount of 4 million euro which, as at December 31, 2011, amounted to 3.2 million euro, disbursed upon request in the form of a giro account;



### 3. REPORT ON OPERATIONS

- agreement for the provisions of services by ADR to Gemina within the company's business, legal, administrative and control activities, purchasing, IT, general services and domiciliation;
- tax consolidation agreements with ADR, ADR Tel, ADR Engineering and ADR Sviluppo S.r.l., ADR Assistance, Fiumicino Energia and Leonardo Energia;
- agreement for the provision of e-mail services by ADR Tel;
- staff secondment agreement with ADR.

#### 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 the Group were carried out during 2011.

Transactions hereunder, which have already been partly described in the Report on operations as at December 31, 2010, did not undergo any change or development that would result in a significant impact on the economic and financial position of the Group.

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

- the new loan stipulated on August 30, 2011 (see details in the chapter "Risks associated with current loan agreements") for a total of 60.1 million euro of which 18.0 million euro as revolving line, includes the equity investment of Mediobanca - Banca di Credito Finanziario S.p.A. ("Mediobanca") and UniCredit S.p.A. ("UniCredit") as financing banks together with a pool of another five banks with equal shares. Mediobanca also covers the role of Facility Agent;
- a fixed-term current account contract in favour of Mediobanca, established for the settlement of cash flows as part of the loan transaction;
- surety 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.
- 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:

#### Financial relations

Many transactions were carried out by ADR with Mediobanca in connection with the role covered as part of the existing loan agreements:

- "Mandated Lead Arranger" of "Term Loan Facility" (equal to a residual 65.5 million euro) and taking part in the Lenders' pool for the "Revolving Facility" (100 million euro);
- "Security Agent", representing all creditors of ADR;
- "Facility Agent" representing banks as parties of the "Bank Facility Agreements";
- "Administrative Agent" in addition to Account Bank of the fixed-term deposit called "Debt Service Reserve Account" for which ADR posted a financial receivable in the accounts.

### 3. REPORT ON OPERATIONS

Many transactions were carried out by ADR Group with UniCredit in connection with the role covered as part of the existing loan agreements:

- “Mandated Lead Arranger” of “Term Loan Facility” (equal to a residual 65.5 million euro) and taking part in the Lenders’ pool for the “Revolving Facility” (100 million euro);
- Account bank of ADR’s current accounts (“Debt Service Account”, “Interim Proceeds Account”, “Recoveries Account” and “Loan Collateral Account”), regulated by the facility agreements, and some companies of the ADR Group.

#### Trade relations

- Assicurazioni Generali: is the insurance group with which the ADR Group has stipulated the main existing insurance policies;
- Mediobanca: ADR incurred costs related to bank commissions, reimbursements of costs and commission regarding the Revolving Facility (up-front fee) paid to Mediobanca as agent bank but to be attributed pro-rata to all the banks in the pool;
- UniCredit Group: the ADR Group recorded revenues for the sub-concession of spaces and incurred costs, mainly account charges;
- Autogrill S.p.A. (directly owned by Edizione S.r.l., which indirectly holds an equity investment in Gemina and is bound to its shareholders’ agreement): revenues were obtained for the sub-concession of spaces, royalties, utilities, car parks and various services;
- Alpha Retail Italia S.r.l. (a subsidiary of Autogrill S.p.A.): revenues were obtained for the sub-concession of spaces, royalties, utilities, car parks and various services;
- Atahotels S.p.A. (a subsidiary of Fondiaria – SAI): revenues were obtained for the sub-concession of spaces, royalties, utilities, car parks and various services;
- Telepass (indirect subsidiary of Sintonia SA, which indirectly holds an equity investment in Gemina): costs were incurred in connection with the Telepass system introduced in ADR car parks;
- Pavimental S.p.A. (indirect subsidiary of Sintonia SA): the ADR Group has the following payables regarding investment activities performed in the previous year and concerning works on runways and aircraft aprons;
- Changi Airport Planners and Engineers Pte. Ltd (a subsidiary of Changi Airports International Pte Ltd, which indirectly holds an equity investment in Gemina): a contract is in place for the support to prepare the master plan for Fiumicino airport.

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

- 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.

#### 3.12 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.

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.

### 3. REPORT ON OPERATIONS

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.

Also the trigger event status confirmed by the BB rating, recently put under "CreditWatch with developing implications", according to Standard & Poor's and Ba2 (under observation for possible additional downgrading) according to Moody's, is a condition that hinders payment of dividends.

#### SPECIFIC RISKS OF ADR ASSOCIATED WITH ITS ACTIVITY

ADR manages the Roman 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 ADR Group's future economic and financial balance.

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

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

The ADR Group is involved in various active and passive civil, administrative, labour-law and fiscal court cases. To face the risks connected with these proceedings, specific provisions have been allocated, with detailed disclosure provided in a specific section of the Explanatory Notes.

#### 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, 2011 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:

### 3. REPORT ON OPERATIONS

- 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, portering, 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 as well as for the special situation of concentration deriving from the relationship with the main carrier Alitalia, reference is made to note 10 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 ADR Group is distinguished by a heavy incidence of the financial leverage component, since financial indebtedness is 4 times the EBITDA. As a consequence, a considerable amount of the financial resources generated by operations is absorbed by the debt service and, in perspective, by the need to repay debt tranches coming due (the first of which will come due in February 2012).

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

The liquidity risk is considerably mitigated through this complex contractual check. The current rating assigned to ADR prevents it from taking out additional indebtedness without specific authorisation from its financial creditors.

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

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

On August 22, 2011, ADR stipulated with a pool of seven banks comprising Banca Nazionale del Lavoro S.p.A., Barclays Bank Plc, Crédit Agricole Corporate & Investment Bank, Mediobanca, Natixis S.A., The Royal Bank of Scotland N.V. and UniCredit, a revolving line agreement for a total of 100 million euro maturing on February 20, 2013. Mediobanca also acts as Agent Bank.

### 3. REPORT ON OPERATIONS

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

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

With special reference to Gemina, this company has the necessary cash available to cover the needs of current operations, in addition to bank credit lines, a revolving credit line (revolving Line B) of 18.0 million euro to pay for running costs.

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 10 of the Consolidated Financial Statements – Explanatory Notes.

#### INTEREST RATE RISK

The Group uses outside financial resources.

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 swap” “interest rate collar” 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 10 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.

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 10 of the Consolidated Financial Statements – Explanatory Notes.

#### RISKS ASSOCIATED WITH CURRENT LOAN AGREEMENTS

##### GEMINA

On August 30, 2011 the company signed a loan agreement for a maximum amount of 60.1 million euro with expiry in December 2014 (“Loan 2011”).

### 3. REPORT ON OPERATIONS

The loan 2011 was destined for 42.1 million euro (“Line A”) to the full redemption of the remaining amount of the loan taken out in December 2008 (“Loan 2008”), occurred in September 16, 2011, and for 18.0 million euro (“Revolving Line B”) to hedge the future cash requirement regarding Gemina’s operations.

The loan 2011 was subscribed mutually by the same pool of banks that at the same time refinanced the revolving line of ADR, comprising Banca Nazionale del Lavoro S.p.A., Barclays Bank Plc, Crédit Agricole Corporate & Investment Bank, Mediobanca, Natixis S.A., The Royal Bank of Scotland N.V. and UniCredit, and organised by Mediobanca as Agent Bank.

The loan 2011 is backed by a senior pledge on a number of ADR shares representing at least 35% of the share capital. The number of shares to be subjected is in any case calculated, and possibly adjusted, each quarter depending on the trend of the Gemina share.

As at December 31, 2011, ADR shares used as guarantee numbered 21,778,660, equal to 35% of share capital.

Pursuant to paragraph 12.2.8 of the loan agreement, Gemina is obliged to hedge against the interest rate risk to the tune of at least 50% of the amount, disbursed and not repaid, due to Line A (therefore currently at least 21.1 million euro). With regard to the commitment undertaken on September 16, 2011 Gemina entered into an interest rate swap agreement with Crédit Agricole for a total amount of 25.3 million euro, equal to 60% of Line A of Loan 2011.

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:

- 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% of the share capital of Fiumicino Energia to guarantee 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 8 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 available for making debt service payments (application dates) – March 20 and September 20 – by applying the calculation formulas to the reference figures 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
$\geq 1.7$	ADDITIONAL DEBT
$\geq 1.5$	DISTRIBUTION OF DIVIDENDS
$< 1.25$	TRIGGER EVENT
$< 1.1$	DEFAULT

The financial ratios, formalised in September 2011 by ADR based on the half-year data as at June 30, 2011 confirmed values at a level greater than the minimum requirements to maintain ordinary management conditions of the company. These conditions are however restricted by the mentioned trigger event condition.

Regarding the financial ratios calculated based on the financial statements as at December 31, 2011 (being formalised), the DSCR assumes the value of 2.03, the Leverage Ratio of 4.34 and the CLCR of 5.05.

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

ADR is 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 2011 ADR rating evolved as follows:

- *Moody's*

On January 12, 2011 Moody's downgraded to Ba1 level, with "stable" outlook. According to the agency, the review of the level reflected 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.

Moody's rating change involved a slight increase in the margin applied to bank loans, with an annual impact on ADR's financial charges amounting to around 0.3 million euro.

On December 16, 2011 the agency further downgraded ADR's debt from Ba1 to Ba2 also pointing out that this rating remains "under observation for possible additional downgrading". The downgrade was motivated by the increased risk of ADR's financial profile following continuous delays in finalising the new regulatory framework and consequent fee increases. The agency was also seriously concerned by the deadline (February 2013) for the Romulus bond of 500 million euro issued in 2003 drawing closer.

### 3. REPORT ON OPERATIONS

- *Standard & Poor's*

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

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

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

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

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

In application of this condition, ADR allocated all available liquidity to the accounts of the Account Bank on the application dates of 2011 as specified below:

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

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



### 3. REPORT ON OPERATIONS

#### 3.13 GEMINA S.P.A.

The reclassified statements of the equity, economic and financial situation of the Gemina company are shown hereunder.

##### 3.13.1 Economic position

<i>(in millions of euro)</i>	2011	2010	CHANGE
INCOME (CHARGES) ON EQUITY INVESTMENTS	0.0	(1.3)	1.3
NET FINANCIAL INCOME (EXPENSE)	(2.8)	(3.0)	0.2
REVENUES	1.0	1.0	0.0
OPERATING COSTS	(6.6)	(5.4)	(1.2)
PROVISIONS	(0.1)	(2.2)	2.1
PRE-TAX PROFIT (LOSS)	(8.5)	(10.9)	2.4
INCOME TAXES	1.9	2.2	(0.3)
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>(6.6)</b>	<b>(8.7)</b>	<b>2.1</b>

No **charges on equity investments** were reported in 2011. In 2010 they amounted to 1.3 million euro with respect to write-downs for impairment of the equity investment in Pentar.

As to **operating costs**, they increased by 1.2 million euro, mainly due to non-recurring charges related to the moving of the headquarters from Milan to Rome. This also involved the disbursement of charges for incentives to leave, due to voluntary labour termination agreements signed during the year.

**Provisions** are substantially cancelled, with respect to charges in 2010 amounting to 2.2 million euro.

The **profit (loss) for the year** shows a 6.6 million euro loss, down by 2.1 million euro compared to 2010, due to the above-mentioned changes.

##### 3.13.2 Financial position

<i>(in millions of euro)</i>	12/31/2011	12/31/2010	CHANGE
EQUITY INVESTMENTS	1,843.3	1,843.3	-
NET WORKING CAPITAL	5.7	7.5	(1.8)
RISK, CHARGES AND EMPLOYEE SEVERANCE INDEMNITIES	(11.2)	(11.3)	0.1
<b>NET CAPITAL INVESTED</b>	<b>1,837.8</b>	<b>1,839.5</b>	<b>(1.7)</b>
FINANCED BY:			
SHAREHOLDERS' EQUITY	1,804.6	1,811.0	(6.4)
NET FINANCIAL INDEBTEDNESS	33.2	28.5	4.7
<b>TOTAL</b>	<b>1,837.8</b>	<b>1,839.5</b>	<b>(1.7)</b>

### 3. REPORT ON OPERATIONS

The Company's financial structure as at December 31, 2011, highlights no relevant deviations compared to the position at balance-sheet date.

Item **equity investments** substantially refers to equity investments owned in ADR and in Fiumicino Energia, which underwent changes during the year.

**Net working capital** decreased by 1.8 million euro, mainly due to the credit dynamics for the tax consolidation regime, as well as to trade payables and other current assets/liabilities, as it can be inferred from the table hereunder.

<i>(in millions of euro)</i>	<b>12/31/2011</b>	<b>12/31/2010</b>	<b>CHANGE</b>
TRADE RECEIVABLES	0.5	0.6	(0.1)
RECEIVABLES FROM TAX CONSOLIDATION	16.9	11.4	5.5
PREPAID TAXES	0.1	1.0	(0.9)
TRADE PAYABLES	(1.8)	(0.7)	(1.1)
OTHER CURRENT ASSETS/LIABILITIES	(9.9)	(4.8)	(5.1)
<b>TOTAL</b>	<b>5.7</b>	<b>7.5</b>	<b>(1.8)</b>

**Shareholders' Equity** decreased by 6.4 million euro, corresponding to the total economic result for the year.

**Net financial indebtedness** increased by 4.7 million euro, corresponding to the loss for the year, net of the above-mentioned change in net working capital.

#### 3.13.3 Net financial position

<i>(in millions of euro)</i>	<b>12/31/2011</b>	<b>12/31/2010</b>
A. CASH AND CASH EQUIVALENTS	5.3	11.1
B. OTHER FINANCIAL ASSETS	3.3	2.9
<b>C. TOTAL CURRENT FINANCIAL ASSETS (A)+(B)</b>	<b>8.6</b>	<b>14.0</b>
<b>D. TOTAL NON-CURRENT FINANCIAL ASSETS</b>	<b>0.2</b>	<b>-</b>
E. CURRENT FINANCIAL LIABILITIES	(0.6)	(41.9)
F. FINANCIAL DERIVATIVES	(0.2)	(0.6)
<b>G. TOTAL CURRENT FINANCIAL LIABILITIES (E)+(F)</b>	<b>(0.8)</b>	<b>(42.5)</b>
<b>H. NON-CURRENT FINANCIAL LIABILITIES</b>	<b>(41.2)</b>	<b>-</b>
<b>NET FINANCIAL INDEBTEDNESS (C)+(D)+(G)+(H)</b>	<b>(33.2)</b>	<b>(28.5)</b>
OF WHICH:		
CURRENT NET FINANCIAL ASSETS (LIABILITIES) (C) +(G)	7.8	(28.5)

### 3. REPORT ON OPERATIONS

Total **current financial liabilities** are substantially cancelled due to the redemption, in 2011, of Tranche A of the loan entered in December 2008 and amounting to 42 million euro, as well as to the reduction of the negative fair value of interest rate swap contracts in force.

Total **non-current financial liabilities** amount to 41.2 million euro and refer to liabilities resulting from the entering of a new loan contract by Gemina with a pool of banks, expiring in December 2014, for a total amount of 42 million euro, calculated with the amortised cost method.

#### 3.13.4 Statement of reconciliation between the shareholders' equity of Gemina and the consolidated shareholders' equity and the consolidated profit (loss).

<i>(in thousands of euro)</i>	<b>SHAREHOLDERS' EQUITY AS AT 12/31/2011</b>	<b>PROFIT (LOSS) 2011</b>
<b>GEMINA S.p.A.</b>	<b>1,804,620</b>	<b>(6,616)</b>
<b>CANCELLATION OF BOOK VALUE OF CONSOLIDATED EQUITY INVESTMENTS</b>	<b>(245,955)</b>	<b>(8,171)</b>
DIFFERENCE BETWEEN BOOK VALUE AND PRO-RATA VALUE OF SHAREHOLDERS' EQUITY	(245,955)	
PROFIT (LOSS) OF CONSOLIDATED COMPANIES		(8,171)
<b>WRITE-OFF OF IMPACT OF TRANSACTIONS PERFORMED BETWEEN CONSOLIDATED COMPANIES</b>	<b>6,700</b>	<b>0</b>
GUARANTEES PROVIDED TO SUBSIDIARIES	6,700	
<b>GROUP SHAREHOLDERS' EQUITY AND NET PROFIT (LOSS) FOR THE YEAR</b>	<b>1,565,365</b>	<b>(14,787)</b>
<b>MINORITY INTERESTS IN SHAREHOLDERS' EQUITY AND NET PROFIT (LOSS) FOR THE YEAR</b>	<b>32,062</b>	<b>1,416</b>
<b>CONSOLIDATED SHAREHOLDERS' EQUITY AND PROFIT (LOSS) FOR THE YEAR</b>	<b>1,597,428</b>	<b>(13,371)</b>

### 3. REPORT ON OPERATIONS

#### 3.14 SUBSEQUENT EVENTS

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

*Progressive figures as at February 29, 2012 and changes with respect to the same period of 2011*

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

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

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

The Airport System ends the first two months of the year with a reduction in traffic common to both the passenger component (down 1.3%) and the “capacity offered” (movements down 6.7%, aircraft tonnage down 5.8% and offered seats down 4.5%); by virtue of this trend, the load factor grew by 2.1%, increasing from 62.2% to the current 64.3%.

In terms of passengers the 1.3% reduction is the result of a negative performance common to all the segments being analyzed: domestic traffic ended the two-month period with a 1.8% reduction and international traffic down 1.1% (with EU down 0.4% and Non-EU down 2.3%). Concerning individual airports, passenger volumes dropped by 1.0% at Fiumicino and 3.7% at Ciampino.

Airlines in general continue to face the economic crisis and the confidence issue through a process of review and rationalisation of their network with the aim of maximum cost cutting.

### 3. REPORT ON OPERATIONS

At Fiumicino airport, in the first two months of the year worth mentioning is also the negative effect of the snow emergency that concerned most of Italy in February with repercussion also on air transport: the meteorological conditions led to over 400 movements being cancelled overall and an estimated loss of 80,000 passengers due to cancellations and the consequent lower propensity to fly.

To be added is the effect of the three strikes in the air transport sector that overall further reduced traffic by an estimated 8,000 passengers.

At Ciampino airport traffic recorded a 3.7% loss in passenger traffic, offset by a 2.8% increase in movements, 1.1% increase in tonnage and 4.7% in offered seats. Regarding the subdivision by segment, consequently to changes in the network made by the carrier Ryanair, passengers in the domestic sector grew by 30.1%, while in the international sector these dropped by 12.0% (EU down 10.9% and Non-EU down 43.3% respectively); strikes and snow emergency led to a traffic reduction of about 110 movements and 20,000 passengers.

In the period in question the effects of the negative meteorological conditions in February were partially offset by the extra day (February 29, 2012) in the leap year.

- Preliminary activities continue for the establishment of special purpose entities (direct retail, parking, safety) through the assignment of specific divisions to be completed by the first half of 2012.
- A formal trial was started with a pool of banks to refinance Tranche A1 of the Romulus loan. Based on the accounts from the pool of banks it is believed that this refinancing, though complicated by the uncertain financial markets, may be completed by the first half of 2012.
- On March 2, 2012 ADR obtained from the lenders the extension of some consequences of the Trigger Event from March 20, 2012 until the application date of September 2012.
- On March 2, 2012, the agency Standard & Poor's confirmed the rating assigned to ADR as BB and placed the company in "CreditWatch with developing implications". This "CreditWatch" will evolve within 90 days depending on the outcome of the refinancing process.
- On March 1, 2012 the meeting approved the general lines and the rules of a stock incentive plan pursuant to art. 114-bis of Legislative Decree no. 58 of February 24, 1998 called "stock option plan 2012". The prompt definition of the related terms and conditions was referred to a specific regulation approved by the board of directors' meeting of Gemina of March 1, 2012 (on the proposal of the remuneration and human resources committee and with the favourable opinion of the board of statutory auditors pursuant to art. 2389 of the Italian Civil Code), in compliance with the guidelines approved by the meeting. The plan is aimed at encouraging the beneficiaries in valorising the Gemina group while creating a loyalty instrument that promotes a value generating culture. The plan is reserved for employees and/or collaborators and/or directors in special positions in Gemina and/or its subsidiaries pursuant to art. 93 of the Consolidated Finance Law, identified by the board of directors at its unquestionable discretion on the proposal of the remuneration and human resources committee, among the subjects holding strategically important positions within the company and the subsidiaries, having regard for the respective position covered.

### **3. REPORT ON OPERATIONS**

#### **3.15 BUSINESS OUTLOOK**

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

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

## 4. PROPOSALS TO THE MEETING

### 4. PROPOSALS TO THE MEETING

#### RESOLUTION PROPOSAL

Gemina S.p.A. closed the year with a 6,616,194.52 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, 2011 which report a loss of 6,616,194.52 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, 2011, which report a loss of 6,616,194.52 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, 2011, equal to 6,616,194.52 euro.

Fiumicino, March 8, 2012

for the Board of Directors  
The Chairman  
(Fabrizio Palenzona)

## **5. CONSOLIDATED FINANCIAL STATEMENTS**



## 5. CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED FINANCIAL STATEMENTS

#### CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	<b>2011</b>	<i>of which due to related parties</i>	<b>2010</b>	<i>of which due to related parties</i>
<i>(in thousands of euro)</i>					
REVENUES FROM AIRPORT MANAGEMENT		613,490	10,836	594,000	10,839
CONSTRUCTION SERVICES		27,566		55,516	
OTHER INCOME AND REVENUES		11,801	21	3,543	
<b>REVENUES</b>	6.1	<b>652,857</b>	<b>10,857</b>	<b>653,059</b>	<b>10,839</b>
CONSUMPTION OF RAW MATERIALS AND CONSUMABLES	6.2	(74,934)		(72,094)	
STAFF COSTS	6.3	(123,127)	(25)	(121,984)	(24)
COSTS OF CONSTRUCTION SERVICES		(25,769)	(690)	(51,201)	(349)
OTHER OPERATING COSTS	6.4	(157,596)	(3,281)	(161,847)	(3,659)
AMORTISATION, DEPRECIATION AND WRITE-DOWNS OF FIXED ASSETS	6.5	(108,296)		(108,179)	
ALLOCATIONS TO SYSTEM RENOVATION PROVISIONS	6.6	(62,550)		(69,971)	
<b>EBIT</b>		<b>100,585</b>	<b>7,552</b>	<b>67,783</b>	<b>6,807</b>
<b>FINANCIAL INCOME (EXPENSES)</b>					
FINANCIAL INCOME:	6.7				
INTEREST INCOME		2,880	2,086	1,577	904
INCOME ON DERIVATIVES		7,555	7,545	7,830	7,523
EXCHANGE GAINS		183		51	
OTHER INCOME		1,583		246	
FINANCIAL EXPENSES:	6.8				
INTEREST EXPENSE		(71,047)	(1,989)	(69,486)	(3,012)
EXPENSES ON DERIVATIVES		(9,590)	(3,929)	(11,229)	(3,357)
EXCHANGE LOSSES		(7,618)		(7,560)	
OTHER EXPENSES		(12,088)	(54)	(8,948)	(376)
<b>TOTAL FINANCIAL INCOME (EXPENSES)</b>		<b>(88,142)</b>	<b>3,659</b>	<b>(87,519)</b>	<b>1,682</b>
<b>INCOME (CHARGES) ON EQUITY INVESTMENTS</b>	6.9	<b>30</b>		<b>(1,816)</b>	
<b>PRE-TAX PROFIT (LOSS) ON CONTINUING OPERATIONS</b>		<b>12,473</b>		<b>(21,552)</b>	
TAX REVENUES (CHARGES)	6.10	(25,844)		(16,383)	
<b>PROFIT (LOSS) ON CONTINUING OPERATIONS AFTER TAX</b>		<b>(13,371)</b>		<b>(37,935)</b>	
NET INCOME FROM DISCONTINUED ACTIVITIES		-		-	
<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>(13,371)</b>		<b>(37,935)</b>	
PROFIT (LOSS) ATTRIBUTABLE TO MINORITY SHAREHOLDERS		1,416		(668)	
<b>PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE GROUP</b>		<b>(14,787)</b>		<b>(37,267)</b>	
NET EARNINGS PER SHARE (EURO):					
FROM CURRENT ASSETS		(0.010)		(0.025)	
FROM DISCONTINUED ACTIVITIES		-		-	

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 both as at December 31, 2011 and as at December 31, 2010. All Gemina S.p.A. shares are subscribed.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euro)

	2011	2010
<b>CONSOLIDATED PROFIT (LOSS) FOR THE YEAR</b>	<b>(13,371)</b>	<b>(37,935)</b>
PROFIT (LOSS) FROM FAIR VALUE VALUATION OF DERIVATIVE INSTRUMENTS (CASH FLOW HEDGE)	9,381	2,690
TAX EFFECT	(2,580)	(741)
<i>RECLASSIFICATIONS OF THE COMPONENTS IN THE COMPREHENSIVE INCOME STATEMENT IN THE INCOME STATEMENT</i>		
PROFIT (LOSS) FROM FAIR VALUE VALUATION OF DERIVATIVE INSTRUMENTS (CASH FLOW HEDGE)	556	
TAX EFFECT	(154)	
<b>TOTAL ECONOMIC RESULT FOR THE YEAR</b>	<b>(6,168)</b>	<b>(35,986)</b>
<i>OF WHICH:</i>		
GROUP	(7,867)	(35,390)
MINORITY SHAREHOLDERS	1,699	(596)

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

#### ASSETS

(in thousands of euro)

	<i>Notes</i>	12/31/2011	<i>of which due to related parties</i>	12/31/2010	<i>of which due to related parties</i>
<b>NON-CURRENT ASSETS</b>					
AIRPORT MANAGEMENT CONCESSION		2,829,266		2,916,273	
AIRPORT MANAGEMENT CONCESSION – INVESTMENTS IN INFRASTRUCTURE IN CONCESSION		483,756		473,842	
OTHER INTANGIBLE FIXED ASSETS		4,210		6,400	
<b>TOTAL INTANGIBLE FIXED ASSETS</b>	7.1	<b>3,317,232</b>		<b>3,396,515</b>	
PLANT AND MACHINERY		8,097		10,488	
FIXTURES AND FITTINGS TOOLS AND OTHER EQUIPMENT		1,408		1,561	
CONSTRUCTION IN PROGRESS AND ADVANCES		894		-	
OTHER TANGIBLE FIXED ASSETS		2,141		3,117	
<b>TOTAL TANGIBLE FIXED ASSETS</b>	7.2	<b>12,540</b>		<b>15,166</b>	
EQUITY INVESTMENTS IN COMPANIES VALUED AT NET EQUITY	7.3	-		32	
OTHER EQUITY INVESTMENTS	7.4	2,254		2,250	
DEFERRED TAX ASSETS	7.5	116,110		101,616	
OTHER NON-CURRENT ASSETS	7.6	24,166		16,947	
OTHER NON-CURRENT FINANCIAL ASSETS	7.7	304	63	-	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,472,606</b>	<b>63</b>	<b>3,532,526</b>	
<b>CURRENT ASSETS</b>					
INVENTORIES	7.8	11,346		10,182	
CONTRACT WORK IN PROGRESS	7.9	497		296	
TRADE RECEIVABLES	7.10	191,176	898	189,610	655
OTHER RECEIVABLES	7.11	9,634		9,297	
OTHER CURRENT FINANCIAL ASSETS	7.12	60,427	56,397	59,446	55,662
CASH AND CASH EQUIVALENTS	7.13	180,196	129,788	201,661	142,420
<b>TOTAL CURRENT ASSETS</b>		<b>453,276</b>	<b>187,083</b>	<b>470,492</b>	<b>198,737</b>
ASSETS HELD FOR SALE		-		-	
<b>TOTAL ASSETS</b>		<b>3,925,882</b>		<b>4,003,018</b>	

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

#### SHAREHOLDERS' EQUITY AND LIABILITIES

(in thousands of euro)

	<i>Notes</i>	12/31/2011	<i>of which due to related parties</i>	12/31/2010	<i>of which due to related parties</i>
<b>SHAREHOLDERS' EQUITY</b>					
SHARE CAPITAL		1,472,960		1,472,960	
CAPITAL RESERVES (SHARE PREMIUM RESERVE)		199,707		199,707	
HEDGING AND TRANSLATION RESERVE		(41,577)		(48,427)	
OTHER RESERVES		83,106		83,106	
PROFIT (LOSS) FROM PREVIOUS YEARS		(134,044)		(98,055)	
PROFIT (LOSS) FOR THE YEAR		(14,787)		(37,267)	
<b>GROUP SHAREHOLDERS' EQUITY</b>		<b>1,565,365</b>		<b>1,572,024</b>	
MINORITY SHAREHOLDERS IN CAPITAL AND RESERVES		32,062		33,514	
MINORITY INTEREST IN PROFIT (LOSS) FOR THE YEAR		1,416		(668)	
<b>MINORITY INTEREST IN SHAREHOLDERS' EQUITY</b>		<b>33,478</b>		<b>32,846</b>	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	7.14	<b>1,598,843</b>		<b>1,604,870</b>	
<b>NON-CURRENT LIABILITIES</b>					
EMPLOYEE BENEFITS	7.15	20,596		24,525	
PROVISION FOR RISKS AND CHARGES – BEYOND 12 MONTHS	7.16	285,460		283,365	
PROVISIONS FOR RESTORATION CHARGES – BEYOND 12 MONTHS	7.17	133,779		142,847	
FINANCIAL INDEBTEDNESS NET OF CURRENT SHARE	7.18	150,445	12,254	278,092	14,028
OUTSTANDING BONDS	7.19	1,117,698		1,107,575	
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,707,978</b>	<b>12,254</b>	<b>1,836,404</b>	<b>14,028</b>
<b>CURRENT LIABILITIES</b>					
TRADE PAYABLES	7.20	136,923	332	159,690	565
CURRENT TAX LIABILITIES	7.21	12,874		6,279	
CURRENT FINANCIAL LIABILITIES	7.22	92,096	1,175	67,717	44,167
PROVISIONS FOR RISKS AND CHARGES – WITHIN 12 MONTHS	7.16	23,607		20,219	
PROVISIONS FOR RESTORATION CHARGES – WITHIN 12 MONTHS	7.17	97,814		54,168	
FINANCIAL INSTRUMENTS – DERIVATIVES	7.23	129,096	127,745	146,626	139,919
OTHER CURRENT LIABILITIES	7.24	126,651		107,045	3
<b>TOTAL CURRENT LIABILITIES</b>		<b>619,061</b>	<b>141,506</b>	<b>561,744</b>	<b>184,654</b>
LIABILITIES HELD FOR SALE		-		-	
<b>TOT. SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>3,925,882</b>		<b>4,003,018</b>	

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### STATEMENT OF CONSOLIDATED CASH FLOWS

(in thousands of euro)

	2011	2010
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>(13,371)</b>	<b>(37,267)</b>
Amortisation and depreciation of tangible and intangible fixed assets	108,296	108,179
Increase (decrease) of severance and other provisions (net of risks provision for transfer of Elilario)	8,522	8,289
(Increase) decrease in deferred/prepaid tax liabilities	(24,196)	(12,387)
Allocations to system renovation provisions, including financial expenses	72,916	69,971
(Revaluation) write-down of equity investments valued at net equity	-	1,903
(Gains) losses on disposal of non-current assets	(34)	-
<b>OPERATING PROFIT (LOSS) BEFORE CHANGES IN WORKING CAPITAL (OPERATING CASH FLOW FFO)</b>	<b>152,133</b>	<b>138,688</b>
(Increase) decrease in inventories of contract work in progress	(201)	602
(Increase) decrease in trade receivables	(1,566)	24,382
(Increase) decrease in other current non financial assets	(1,501)	2,220
Increase (decrease) in trade payables	(22,767)	14,731
Increase (decrease) in other current non financial liabilities	26,201	(766)
<b>TOTAL CHANGES IN WORKING CAPITAL</b>	<b>166</b>	<b>41,169</b>
<b>TOTAL CASH AND CASH EQUIVALENTS GENERATED (ABSORBED) BY OPERATIONS</b>	<b>152,299</b>	<b>179,857</b>
<b>STATEMENT OF CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Airport investments and changes in tangible and intangible fixed assets	(64,725)	(93,144)
Changes in other items in non-current non financial assets and liabilities	(7,219)	(7,461)
Proceeds from disposal of non-current assets	62	5,000
<b>TOTAL CASH AND CASH EQUIVALENTS GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES</b>	<b>(71,882)</b>	<b>(95,605)</b>
<b>STATEMENT OF CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Increase) decrease in financial receivables	(1,285)	(2,015)
Increase (decrease) in financial payables	4,620	(25,709)
Raising of medium/long-term bank payables	41,236	-
Repayment of medium/long-term bank payables	(146,594)	(5,375)
Other changes in shareholders' equity	141	1,236
<b>TOTAL CASH AND CASH EQUIVALENTS GENERATED (ABSORBED) BY FINANCING ACTIVITIES</b>	<b>(101,882)</b>	<b>(31,863)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(21,465)</b>	<b>52,389</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	201,661	149,272
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>180,196</b>	<b>201,661</b>
<b>ADDITIONAL INFORMATION TO THE STATEMENT OF CASH FLOWS</b>		
INCOME TAXES PAID	42,551	40,627
INTEREST PAYABLE AND OTHER FINANCIAL EXPENSE PAID, NET OF INTEREST INCOME AND OTHER FINANCIAL INCOME COLLECTED	73,423	75,374

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

<i>(in thousands of euro)</i>	SHARE CAPITAL	CAPITAL RESERVE	HEDGING RESERVE	OTHER RESERVES	PROFITS AND LOSSES PERTAINING TO PREVIOUS YEARS	PROFIT (LOSS) FOR THE YEAR	SHAREHOLD ERS' EQUITY GROUP	MINORITY SHAREHOL DERS IN CAPITAL AND RESERVES	TOTAL SHAREHOLD ERS' EQUITY
<b>Balances as at 12/31/2009</b>	<b>1,472,960</b>	<b>200,057</b>	<b>(50,304)</b>	<b>82,756</b>	<b>(54,352)</b>	<b>(43,667)</b>	<b>1,607,450</b>	<b>33,451</b>	<b>1,640,901</b>
<b>Transactions with shareholders</b>									
Allocation of results as at December 31, 2009					(43,667)	43,667	-		-
Other changes		(350)		350	(36)		(36)	(9)	(45)
<b>Total economic result for the year</b>			1,877			(37,267)	(35,390)	(596)	(35,986)
<b>Balances as at 12/31/2010</b>	<b>1,472,960</b>	<b>199,707</b>	<b>(48,427)</b>	<b>83,106</b>	<b>(98,055)</b>	<b>(37,267)</b>	<b>1,572,024</b>	<b>32,846</b>	<b>1,604,870</b>
<b>Transactions with shareholders</b>									
Allocation of results as at December 31, 2010					(37,267)	37,267	-		-
Other changes			(70)		1,278		1,208	(1,067)	141
<b>Total economic result for the year</b>			6,920			(14,787)	(7,867)	1,699	(6,168)
<b>Balances as at 12/31/2011</b>	<b>1,472,960</b>	<b>199,707</b>	<b>(41,577)</b>	<b>83,106</b>	<b>(134,044)</b>	<b>(14,787)</b>	<b>1,565,365</b>	<b>33,478</b>	<b>1,598,843</b>

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### EXPLANATORY NOTES

#### NOTE 1 – GENERAL INFORMATION

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The Gemina Group is mainly engaged in the management of the concession for the creation and management of the “Leonardo da Vinci” Airport of Fiumicino (Rome), and “G. Pastine” Airport of Ciampino (Rome). For additional information on the concession agreement in question, held by the subsidiary company Aeroporti di Roma S.p.A. (hereafter “ADR”), reference is made to note 5.

The Parent Company Generale Mobiliare Interessenze Azionarie S.p.A. (hereafter also “Gemina” or “Company”), whose shares are listed on the Screen Traded Stock Market managed by Borsa Italiana S.p.A., only operates as an investment holding company listed on the Milan Stock Exchange with the mission of developing financial and growth strategies in the airport infrastructure sector, and does not play a direct operating role. The registered office is in Fiumicino, Via dell’Aeroporto di Fiumicino, 320 and has no secondary offices. Until July 31, 2011 the registered office was located in Milan, via della Posta 8/10.

On the date of preparing these financial statements Sintonia S.A. is the shareholder that, directly and/or indirectly, holds the majority regarding Gemina shares, and adheres to a shareholders’ agreement together with other shareholders; Sintonia S.A., which is in turn a subsidiary company of Edizione S.r.l., does not exercise management and coordination activities with respect to Gemina.

The list of equity investments in these notes also fulfils the obligation of communication of the equity investments owned in unlisted companies higher than 10% of the share capital, pursuant to art. 126 of Consob (Commissione Nazionale per le Società e la Borsa) Regulation no. 11971/1999.

These financial statements were approved by the Board of Directors of the company in the meeting of March 8, 2012.

These financial statements were prepared on an on-going concern. Indeed, the Group deemed that, despite the persisting difficult economic and financial situation, there is no significant uncertainty as to the on-going concern.

#### NOTE 2 – FORM AND CONTENT OF THE FINANCIAL STATEMENTS

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The consolidated financial statements for the year ended December 31, 2011, drawn up on an on-going concern, were prepared pursuant to articles 2 and 4 of Italian Legislative Decree 38/2005, in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and approved by the European Commission, in effect on the date of the financial statements, which include the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as well as the previous International Accounting Standards (IAS) and the interpretations of the Standard Interpretations Committee (SIC) still in force on the same date. For simplicity reasons, the set of all the standards and interpretations listed above is defined below as “IFRS”.

Furthermore, reference was made to the provisions issued by Consob (Commissione Nazionale per le Società e la Borsa) implementing subsection 3 of article 9 of Italian Legislative Decree 38/2005.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the consolidated accounting statements (income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in Shareholders' equity) and these explanatory notes, applying the provisions of IAS 1 "Presentation of Financial Statements" and the general criterion of the historical cost, with the exception of the financial statement items that according to IFRS are recognised at their fair value, as stated in the valuation criteria of the individual items.

The statement of financial position is presented on the basis of the framework that envisages a distinction of assets and liabilities into current and non-current, while in the income statement the costs are classified based on their nature; the statement of cash flows is presented by using the indirect method.

IFRS were applied consistently with the indications of the "Framework for the Preparation and Presentation of Financial Statements" and no issues emerged that required derogations pursuant to IAS 1, paragraph 19.

With Resolution no. 15519 of July 27, 2006, Consob requested the inclusion in the accounting statements of sub-items, when of a considerable amount, in addition to those already specifically required by IAS 1 and the other international accounting standards in order to highlight them separately from the reference items: (i) the amounts of the positions and transactions with related parties as well as, with regard to the income statement, (ii) the income positive and/or negative components deriving from events and transactions whose occurrence is not recurring or from transactions or facts that do not take place frequently during normal business operations. To this end, it is highlighted that during 2011 no significant non-recurring, atypical or unusual transactions were carried out with third parties or with related parties.

All the values are expressed in thousands of euro, unless otherwise stated. Euro is both the Group's functional currency and the currency of presentation of the financial statements.

For each item in the consolidated financial statements, the corresponding value of the previous year is reported for comparison purposes. However, for the purposes of better representing the statement of financial position of the Group, some economic and financial values were reclassified for negligible amounts; of these worth mentioning is the reclassification, in direct reduction of the book value of the investment, of the provisions related to the subsidiary company Pentar S.p.A., allocated in 2010 due to presumable losses of this company.

### NOTE 3 – ACCOUNTING STANDARDS APPLIED

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Described below are the most important accounting standards and valuation criteria applied in preparing the consolidated financial statements for the year ended December 31, 2011, which comply with those used to prepare the financial statements of the previous year, since no new accounting standards, interpretations and amendments to the accounting standards and the interpretations already enforced came into force during 2011, which have a significant effect on the consolidated financial statements of the Gemina Group.

#### REVENUES

Revenues are measured on an accrual basis to the extent to which it is possible to reliably determine their fair value and that the related economic benefits are likely to be enjoyed.

Depending on the type of transaction, revenues are recorded on the basis of the specific criteria reported below:

- a) the revenues from the sale of assets when the significant risks and benefits of the ownership of the same are transferred to the purchaser;



## 5. CONSOLIDATED FINANCIAL STATEMENTS

- b) the revenues from service provisions based on the stage of completion of the activities. If the value of revenues cannot be reliably determined, the revenues are recorded until reaching the costs incurred that are deemed as recoverable;
- c) the rental income and the royalties in the accrual period, based on the contractual agreements signed.

Interest income is measured on an accrual basis, calculated on the amount of the relevant financial assets, using the effective interest rate.

Dividends are measured when the right of the Company to receive their payment arises.

### 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 and in correlation with any related revenues.

Any expense related to transactions of share capital increase is recorded as reduction in the shareholders' equity.

### FINANCIAL INCOME AND EXPENSE

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

### INCOME TAXES

The tax on the income of the year is calculated based on the tax expenses to be paid, in compliance with current legislation.

Prepaid and deferred taxes resulting from temporary differences between the financial statements value of assets and liabilities, calculated by applying the criteria described in this section, and their tax value, deriving from the application of current legislation, are recorded:

- a) the former, only if sufficient taxable income is likely to allow the recovery;
- b) the latter, if any, in any case.

Prepaid 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 prepaid and/or deferred taxes are charged to shareholders' equity.

Gemina has decided to adopt the national consolidated financial statements based on Italian Legislative Decree 344/2003, with the adherence of its subsidiary companies Aeroporti di Roma S.p.A. ("ADR"), ADR Engineering S.p.A., ADR Tel S.p.A., ADR Sviluppo S.r.l., ADR Assistance S.r.l., Fiumicino Energia S.r.l. and Leonardo Energia S.c.ar.l.

### TANGIBLE ASSETS

The tangible assets are recorded at historical cost, inclusive of any directly attributable accessory charges.

The cost of tangible fixed assets whose use is limited over time is systematically amortised on a straight-line basis in each year based on the estimated economic-technical life. If significant parts of these tangible fixed assets have different useful lives, these components are recorded separately. Depreciation is recorded from the time the fixed asset is available for use, or is potentially capable of providing the economic benefits associated therewith.

In short, the annual depreciation rates applied are:

- Buildings: from 3% to 10%;
- Plant and machinery: from 7% to 25%;
- Fixtures and fittings: from 10% to 25%;
- Other assets: from 10% to 25%.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

The tangible assets purchased with finance lease are initially recorded as tangible fixed assets with the related debt as balancing entry, at a value equal to the related fair value or, if lower, the current value of the minimum payments due contractually. The lease fee consists of the two components of financial expenses recorded in the income statement and of the capital repayment recorded as a reduction of the financial debt.

In the presence of specific indicators regarding the risk of failed recovery of the book value of tangible assets, these undergo an impairment test, as described in the specific paragraph.

Tangible assets are no longer shown in the financial statements after their transfer or if no future economic benefit exists expected from the use; any deriving profit or loss (calculated as the difference between the transfer value, net of sale costs, and the book value) is recorded in the income statement of the year of sale.

Any ordinary maintenance costs are charged to the income statement.

For the transition to IFRS and the preparation of the opening financial statements (as of January 1, 2004) according to the international accounting standards selected by the Parent Company, IFRS 3 – Business Combinations, was not applied retroactively to the acquisitions made before January 1, 2004; consequently, the book value of tangible assets on that date, determined on the basis of the previous accounting standards, was maintained for these acquisitions.

### INTANGIBLE FIXED ASSETS

Intangible fixed assets are assets without physical substance, controlled by the company and able to produce future economic benefits and goodwill acquired in business combinations.

An asset is classified as intangible when there is the possibility of it from the goodwill. This condition is normally met when: (i) the intangible fixed asset arises from contractual or legal rights, or (ii) the asset is separable, i.e. can be sold, transferred, rented or exchanged autonomously or as an integral part of other assets. The company controls an asset if it has the power to obtain future economic benefits generated by the underlying assets and to restrict the access of others.

Except for the “airport management concession”, intangible assets are stated at cost as determined by the methods indicated for tangible assets, only when the latter can be reliably valued and when these assets can be identified, are controlled by the company and can generate future economic benefits.

For the intangible assets represented by the “airport management concession”, the recording value includes:

- a) the fair value of the construction and/or improvement services provided to the concessionaire (measured as illustrated in the standard regarding “construction contracts and services being executed”), net of the parts represented as financial assets, corresponding to the portions in the form of contribution;
- b) the rights acquired from third parties in relation to the acquisition of the subsidiary ADR.

For the transition to IFRS and the preparation of the opening financial statements (as of January 1, 2004) according to the international accounting standards selected by the Parent Company, IFRS 3 – Business Combinations, was not applied retroactively to the acquisitions made before January 1, 2004; consequently, the book value of tangible assets on that date, determined on the basis of the previous accounting standards, were maintained for these acquisitions.

Intangible assets with a definite useful life are amortised, starting from the time when they are available for use, based on their residual possibility of use with respect to the residual useful life. On the other hand, concession rights are amortised throughout the entire concession, with a criteria that reflects the methods with which the economic benefits will be received by the company, with the use of constant rates determined with reference to the expiry of the concession in 2044. The amortisation starts from the time when the rights in question start to generate the relevant economic benefits.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

The profit or loss deriving from the sale of an intangible asset is the difference between the sale value, net of sale costs, and the book value, and is recorded in the income statement of the year of sale.

### EQUITY INVESTMENTS

Equity investments in unconsolidated subsidiary companies and other companies, which can be classified in the category of financial assets held for sale as defined in IAS 39, are initially recorded at cost, as determined on the settlement date, as it represents the fair value, inclusive of the directly attributable transaction costs.

After the initial recording, these equity investments are valued at fair value, if this can be determined, with the effects being attributed to the comprehensive income statement and this in a specific shareholders' equity reserve. At the time of a loss of value from impairment, or when this is recognised, the profits and losses in this reserve are posted in the income statement.

Any losses in value identified as described in the section regarding "Impairment of assets", are restored in the other components of the comprehensive income statement if the reasons for the write-downs made cease to apply.

If the fair value cannot be determined in a reliable manner, the equity investments classified under financial assets held for resale are valued at cost, adjusted by the impairment losses; in this case the losses in value are not subject to reinstatement.

Equity investments in associated companies and joint ventures are valued according to the net equity method, with the portion of profits or losses of the year accrued for the Group being recorded in the income statement, except for the effects related to other changes in the shareholders' equity of the investment, reflected directly in the comprehensive income statement of the Group.

The risk deriving from possible losses that exceed the book value of the equity investment is recorded in a specific liability fund proportionally to the investor's commitment to fulfilling the legal or implicit obligations towards the investee or in any case covering its losses.

The equity investments held for sale or in liquidation in the short term are recorded under current assets at the lower between the book value and the fair value, net of possible sale costs.

### CONSTRUCTION CONTRACTS AND SERVICES BEING EXECUTED

The construction contracts being executed are assessed on the basis of the contractual payments accrued with reasonable certainty in connection with the work progress using the percentage of completion criterion determined with the methodology of physical measurement of the works executed in order to attribute the revenues and the economic result of the contract to the years of accrual proportionally to the work progress report. The positive or negative difference between the value of the contracts performed and the value of the advances received is posted as an asset or liability in the statement of financial position, respectively, in consideration also of possible write-downs made for risks related to the failed recognition of the works executed for the principals.

The revenues from the contract, in addition to the contractual consideration, include the variations, the price reviews and any claims to the extent these are likely to represent actual revenues that can be determined reliably.

In case a loss is expected from the execution of the contract activities, this is immediately recorded in full in the accounts, regardless of the progress made in the contract.

The construction services in favour of the grantor pertaining to the concession agreement held by ADR are specifically recorded in the income statement based on the progress of the works. Revenues for construction and/or improvement services in particular, which represent the consideration due for the activity performed, are valued at their fair value, calculated on the basis of the total costs incurred, which mainly comprise the costs of materials and external services, the costs of benefits for the employees devoted to these activities and the attributable financial expense.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

These revenues for construction services are set off against a financial assets or the “airport concession” entered as intangible assets as shown in this paragraph.

### INVENTORIES

Inventories are valued at the lower of acquisition or production cost and the net realisable value that can be obtained from their sale during normal operations. The acquisition cost is determined by applying the weighted average cost method.

### PAYABLES AND RECEIVABLES

Receivables are initially recognised at fair value and then valued at the amortised cost by using the effective interest rate method, net of any impairment related to the sum considered non-performing and recorded in the specific bad debt provisions.

The amounts considered non-performing are estimated on the basis of the value of the expected cash flows. These flows consider the expected recovery terms, the likely salvage value, any guarantees as well as the costs that are estimated to be incurred to recover the receivables. The original value of the receivables is reinstated in the next years as the reasons for its adjustment cease to apply. In this case the value reinstatement is recorded in the income statement cannot exceed the amortised costs that the credit would have had in the absence of previous adjustments.

Payables are initially recorded at cost, corresponding to the fair value of the liability, net of any directly attributable transaction costs. After initial recording, payables are valued with the amortised cost criterion by using the effective interest rate method.

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

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recorded at par value and include the values that meet the requirements of high liquidity, availability on demand or in a very short term, good outcome and negligible risks of change in their value.

### FINANCIAL DERIVATIVES

All derivative financial instruments are recorded in the statements of financial position based on their fair value, determined on the date when the period ends.

According to IAS 39, derivatives are classified as hedging instruments when the relationship between the derivative and the subject of the hedge is formally documented and the hedge has a high hedge ranging between 80% and 125%, as initially and periodically checked.

For the instruments hedging against the risk of change in the cash flows of the assets and/or liabilities being hedged (cash flow hedge), the changes in fair value are recorded in the income statement in consideration of the relevant deferred tax effect; the ineffective part of the hedge is recorded in the income statement.

For any instrument hedging against the risk of change in the fair value of assets and/or liabilities (fair value hedge), the changes in fair value are recorded in the income statement. Consistently, also any related asset and/or liability being hedged, in so far as the hedged risk, is adjusted to the fair value with effect on the income statement.

The changes in the fair value of derivatives that do not meet the conditions for qualification pursuant to IAS 39, as hedging financial instruments are recorded in the income statement.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### OTHER FINANCIAL ASSETS AND LIABILITIES

Any financial assets which the Company intends and has the ability to maintain until maturity, based on the provisions of IAS 39, and the financial liabilities are recorded at cost, as measured on the settlement date, represented by the fair value of the initial remuneration, increased in the case of assets and decreased in the case of liabilities, by any transaction costs that are directly attributable to the acquisition of the assets and the issue of the financial liabilities. After initial recording, these financial assets and liabilities are valued with the amortised cost criterion by using the effective interest rate method.

Any financial assets held with the intention of obtaining a profit in the short term are recorded and valued at fair value, with recognition of the effects in the income statement; any financial assets other than those above are classified as financial instruments available for sale, recorded and valued at fair value with recognition of the effects in the comprehensive income statement. Financial instruments included in these categories have never been reclassified.

Financial assets and liabilities are no longer shown in the financial statements when, consequently to their sale or redemption, the Company is no longer involved in their management nor is liable for the risks and benefits related to these sold/redeemed instruments.

### HIERARCHICAL LEVELS TO ASSESS THE FAIR VALUE OF FINANCIAL INSTRUMENTS

As regards the financial instruments valued at fair value and recorded in the statement of financial position, IFRS 7 “Financial Instruments: Disclosures” provides for these to be classified hierarchically on the basis of the relevance of the inputs of values used to determine the fair value.

The standard makes a distinction between the following levels for the financial instruments valued at fair value:

- a) level 1 – quoted prices in active markets;
- b) level 2 – when the values, other than the quoted prices above, can be observed directly (prices) or indirectly (deriving from prices) in the market;
- c) level 3 – inputs not based on observable market data.

In 2011 there were no transfers between the various hierarchical levels for fair value.

Furthermore, no financial instruments can be classified as level 3 in terms of fair value.

### EMPLOYEE BENEFITS

The liabilities relating to short term benefits granted to employees, disbursed during the employment relationship, are recorded for the amount accrued at year end.

The liabilities related to benefits granted to employees and paid during or after the termination of the employment relationship through defined contribution plans, are recorded for the amount accrued at year end.

The liabilities related to benefits granted to employees and paid during or after the termination of the employment relationship through defined contribution plans, mainly consisting of the Severance Indemnities of the Group companies accrued until December 31, 2006 (or, where applicable, until the next date of adhesion to the complementary compensation fund), are recorded in the year when the right arises, net of any assets assisting the plan and the advances paid; these are calculated on the basis of actuarial assumptions and measured on an accrual basis in line with the services needed to obtain the benefits; the liabilities are valued by independent actuaries. Profits or losses deriving from the actuarial calculation and 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 consideration of the related deferred tax effect.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### 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 or to transfer it to third parties.

If discounting produces a significant effect, allocations are determined by discounting the financial flows expected in the future at a discount rate that reflects the current market change of the current value of cost of money, and the specific risks related to the liability. When discounting, the increase in the allocation due to time passing is recorded as financial expense.

The “Provisions for renovation charges” for the assets under concession, consistently with the conventional obligations in place, includes, at year end, the allocations regarding maintenance actions to be carried out in the future and aimed at ensuring the necessary functionality and safety of the airport infrastructure. The allocations to these provisions are determined according to the use and wear of the infrastructure, in consideration of the financial component related to time passing, when significant.

### NON-CURRENT ASSETS HELD FOR SALE AND ASSETS/LIABILITIES BEING DISPOSED OF AND/OR CONNECTED TO DISCONTINUED OPERATIONS

Non-current assets held for sale and the assets/liabilities being disposed of and/or connected to discontinued operations, for which the book value will be recovered primarily through the sale and continuous use, are presented separately from the other assets and liabilities in the statement of financial position.

Immediately before being classified as held for sale, these are stated on the basis of the specific reference IFRS applicable to each asset and liability, and subsequently recorded at the lower of the book value and the estimated fair value, net of the related sale costs. Any loss is immediately recorded in the income statement.

Regarding exposure in the income statement, disposed operations or operations being disposed are classifiable as “discontinued operations” when they meet the requirements below:

- a) they represent an important independent operational branch or geographical area of operation;
- b) they are part of a single coordinated plan to discontinue an important branch or geographical area;
- c) they are subsidiaries acquired exclusively in order to be sold at a later stage.

The economic effects of these transactions, net of the related tax effects, are recorded under a single item in the income statement, with reference to the date in the year of comparison.

### IMPAIRMENT OF ASSETS (IMPAIRMENT TEST)

At year-end, the book value of tangible, intangible and financial assets and of equity investments is tested to find any indication of impairment of these assets.

If these indications exist, the recoverable amount of these assets is estimated to determine the amount of any write-down to be recorded. For any intangible assets with an indefinite useful life and any assets under construction, the impairment test described above is performed at least once a year, regardless of the occurrence of events that suggest impairment, or more frequently in case events or changes in the circumstances take place, which may lead to possible impairment.

If the recoverable value of an asset cannot be estimated individually, the estimate of the recoverable value is included within the framework of the unit generating financial flows the assets belong to.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

This test estimates the recoverable value of the asset (represented by the greater of the likely market value, net of sale costs, and the value in use) and compares it with the relevant net book value. If the latter is higher, the asset is written down until reaching the recoverable value. In determining the value in use, the financial flows expected in the future after taxation are discounted by using a discount rate, after taxation, which reflects the current market estimate referred to the cost of capital in connection with the time and specific risks of the asset.

Losses of value are recorded in the income statement and classified differently depending on the nature of written down asset. These losses in value are reinstated, within the limits of the write-down made, if the reasons that generated them ceased to apply, except for goodwill.

### ESTIMATES AND VALUATIONS

According to IFRS, the preparation of the financial statements requires estimates and valuations to be made, which affect the determination of the book value of assets and liabilities as well as the information provided in the explanatory notes, also with reference to the assets and liabilities potentially existing at the end of the year. These estimates and hypotheses are used, in particular, to determine the cash flows used as basis for the impairment of the assets (including the valuation of receivables), provisions for risks and charges, benefits for the employees, the fair value of financial assets and liabilities, deferred and prepaid taxes.

Therefore, the actual results recorded may differ from these estimates; furthermore, the estimates and valuations are reviewed and updated periodically and the effects deriving from any variation are immediately reflected in the financial statements.

### CONVERSION OF THE ITEMS IN CURRENCIES

Any transaction in a currency other than the euro is recorded at the exchange rate of the date of the transaction. The related monetary assets and liabilities denominated in currencies other than the euro are subsequently adjusted at the exchange rate in force on the date of closing the year of reference. Any resulting exchange rate differences are reflected in the income statement. Non-monetary assets and liabilities denominated in currency and recorded at historical cost are converted by using the exchange rate in force on the date the transaction is first recorded.

### EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the result for the year by the weighted average number of shares outstanding during the year.

Diluted earnings per share are calculated in consideration, for both the portion of the result for the year and the mentioned weighted average, of the effects related to the subscription and/or total conversion of all the potential shares that may be issued consequently to certain outstanding options being exercised.

### INFORMATION BY INDUSTRY SEGMENT

Following the administrative and financial integration of Gemina and ADR, the Group is engaged in one sector only, i.e. the development and management of airport infrastructures. Thus the Group's operations are subject to reporting and analysis by management as an individual unit.

Consequently, with reference to the provisions of IFRS 8, no (financial and/or economic) segment information is provided for the business sectors, as this is not applicable.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### ACCOUNTING STANDARDS AND NEWLY ISSUED INTERPRETATIONS, REVISIONS AND AMENDMENTS TO EXISTING STANDARDS NOT YET IN FORCE OR NOT YET VALIDATED BY THE EUROPEAN UNION

No new accounting standards or interpretations came into force in 2011, or amendments to the accounting standards and interpretations already in force, which significantly affected the financial statements of Gemina.

As requested by IAS 8 “Accounting policies, changes in accounting estimates and errors”, stated below are the new accounting standards and interpretations, in addition to the amendments to the already applicable standards and interpretations not yet in force or not yet validated by the European Union (EU), which may be applied in the future to the financial statements of the Company.

#### *IAS 9 – Financial Instruments*

On November 12, 2009, IASB issued the first part of IFRS 9, which changes recognition and measurement criteria of financial assets, currently governed by IAS 39; once completed, IFRS 9 will entirely supersede IAS 39. On October 28, 2010, IASB published a reviewed version of IFRS 9 which contains the provisions regarding the recognition and measurement of financial liabilities. Other changes are reported in the version published on December 16, 2011.

IFRS 9 provides for two categories of classification for financial assets. Two possible valuation criteria are also set: the amortised cost and the fair value.

The classification is carried out on the basis of both the management model adopted for the financial assets and the contractual characteristics of the cash flows of the asset.

The initial recognition and valuation at amortised cost require that both conditions below be complied with:

- a) the management model for the financial asset implies the holding of the same with the aim of collecting the related financial flows; and
- b) that the financial asset contractually generates, on pre-set dates, the financial flows only representing the return of the same financial asset.

If one of the two conditions above is not met, the financial assets is initially recorded and subsequently valued at fair value.

All financial assets represented by shares are valued at fair value. The new standard, unlike IAS 39, does not provide for exceptions to this general rule; consequently, there is no possibility for valuation at cost for all unlisted shares, for which the fair value cannot be determined reliably.

A financial asset that meets the requirements for classification and valuation at amortised cost may, at the time of the initial recognition, be designated as financial asset at fair value with attribution of the existing variations in the income statement, if this measurement allows the asymmetrical valuation or recording (“accounting mismatch”) to be eliminated or reduced significantly, which would otherwise result in the valuation of assets or liabilities or the recognition of the related profits or losses according to a different base.

In case of investments in equity instruments for which the recording and valuation at amortised cost is not possible, when these are investments in shares not held for trading but rather of strategic nature, according to the new standard, the entity may irrevocably choose, at the time of the initial recognition, to value them at fair value with attribution of the next changes in the comprehensive income statement. Regarding financial assets, the provisions of the current IAS 39 are confirmed by the new IFRS 9. Financial liabilities continue to be valued at amortised cost or at fair value with recording in the income statement in specific circumstances.



## 5. CONSOLIDATED FINANCIAL STATEMENTS

The changes compared to the current provisions of IAS 39 mainly concern:

- a) the representation of the changes in fair value attributable to the credit risk associated to the liability, for which IFRS 9 provides recognition in the comprehensive income statement for some type of financial liabilities;
- b) elimination of the option to value at amortised cost the financial liabilities consisting of derivatives with delivery of unlisted equities. Due to this change, all derivative instruments must be valued at fair value.

IFRS 9 is currently being examined by the EU as part of the overall valuation by the same on the entire project to review and replace IAS 39.

### *IFRS 10 – Consolidated Financial Statements, IAS 27 – Separate Financial Statements and IFRS 12 – Disclosure of Interests in Other Entities*

On May 12, 2011 IASB issued the new accounting standard IFRS 10, completing the project associated with redefining the concept of control and overcoming the discrepancies found in applying this concept; while IAS 27 – Consolidated and Separate Financial Statements, defines the control on an entity as the power to make certain financial and managerial choices of an entity while obtaining the relevant benefits, SIC 12 – Consolidation - Special Purpose Entities, interprets the requirements of IAS 27 by placing more emphasis on the risks and benefits.

The new standard, which was issued at the same time as IAS 27 – Separate Financial Statements, replaces the old IAS 27 and SIC 12 and contains a new definition of control as well as the methodologies to be used to prepare the financial statements according to IFRS, already contained in the old IAS 27 and which were not amended.

According to IFRS 10 an investor controls an entity when it is exposed, or holds rights, to variable returns on its investment in the entity and has the ability to change these returns through its power on the entity. Therefore, control is based on the following three elements: (i) power on the entity, (ii) exposure or right to variable returns on the investment of the entity, and (iii) ability to use the power over the entity to influence the returns on the investment.

According to IFRS 10 the concept of control must be applied to all the circumstances below:

- a) in case of voting rights or similar rights that give power to the investor, including situations in which the investor holds less than the majority of the voting rights and in case of potential voting rights;
- b) when the entity is organised in such a way that all the voting rights are not the dominating factor in defining the control of the entity, as in the case of the voting rights having an impact on administrative aspects only, and the important assets of the entity are affected essentially by contractual relationships;
- c) agency relationships;
- d) when the investor has control over specific assets of the entity.

Finally, IFRS 10 refers to the new IFRS 12 – Disclosure of Interests in Other Entities (issued at the time of the other new standards stated) regarding information to be provided in the statements as regards equity investments owned in other companies. This last standard essentially contains a series of obligations as to the information the entity drawing up the financial statements must provide as regards equity investments in subsidiaries and associates as well as the joint agreements (under the new IFRS 11 illustrated below).

The new IAS 27 – Separate Financial Statements – essentially is an extract from part of the old standard, since it only governs the methods of reporting and information for investments in subsidiaries as well as the requirements for the preparation by the entity of the financial statements for the year; the new standard did not introduce any changes with regard to these aspects.

The date for the new standards IFRS 10, IFRS 12 and IAS 27 to enter into force mandatorily is January 1, 2013, with the right of early application. These standards are still being reviewed by the EU.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### *IFRS 13 – Fair Value Measurement*

IFRS 13, issued on May 12, 2011, clarifies the determination of the fair value for the purpose of valuation and information in the financial statements, and applies to all IFRS requiring or allowing the measurement of fair value or presentation of information based on the fair value.

The new standard emphasises the use of market sources and, where possible, must be adopted starting from January 1, 2013, and has not been validated by the EU yet.

### *IAS 1 – Presentation of Items of Other Comprehensive Income*

On June 16, 2011 IASB published the amendment to IAS 1, deemed necessary to clarify the methods of presentation of the items contained in the comprehensive income statement. The change did not affect the elements that must be included in the comprehensive income statement but rather the fact that the elements presented must be highlighted by nature and grouped into two categories: (i) those that will not be subsequently reclassified in the income statement, and (ii) those that will be subsequently reclassified in the income statement when some specific conditions are met, as requested by IFRS.

The amendments made are effective from the year starting after July 1, 2012, and have not been validated by the EU yet.

### *IAS 12 – Income Taxes*

On December 20, 2010 IASB approved some amendments to IAS 12 in connection with the recovery of deferred taxes regarding some types of assets, which also replaces SIC 21.

By superseding the current general provision of IAS 12 to assess the methods of transferring deferred taxes through the use of the assets or liabilities rather than its sale, the changes introduce the assumption that, regarding property investments and other tangible and intangible assets valued at fair value, the related deferred taxes will be entirely transferred through the sale of the asset unless there is clear evidence that the recovery may occur with use.

The amendments must be applied in the financial statements from January 1, 2012. Early application is allowed. The amendments have not been validated by the EU yet.

### *IAS 19 – Employee Benefits*

In June 2011 IASB approved the new IAS 19 regarding the treatment of benefits to employees.

The new standard makes several changes to the previous edition. The main changes of the new IAS 19 are:

- a) all actuarial profits and losses accrued on the balance sheet date must be immediately recorded in the comprehensive income statement. Therefore, there is no longer the possibility of deferring them through the corridor method, which is no longer applicable, or recording them in the income statement;
- b) any cost related to changes in the plans that imply variations in the services already provided must be recorded in the period when the plan is changed, and can no longer be deferred in the future service periods;
- c) any benefit implying a service obligation after the termination of the employment relationship is not included in the termination benefit category, with consequent reduction in the number of agreements that can be included in this category. Furthermore, a liability for termination benefit can be recorded in the accounts only when the entity measures the related restructuring cost or when it cannot avoid offering the termination benefit. This may lead to the recording of these benefits at a later stage than the time established by the old standard.

The new standard will enter into force mandatorily on January 1, 2013, with the possibility of early application; however, it has not been validated by the EU yet.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### *IAS 28 - Investments in Associates and Joint Ventures*

On May 12, 2011, IASB, at the same time as issuing the new standards IFRS 10, IFRS 11, IFRS 12 and IAS 27 mentioned above, issued the new IAS 28 – Investments in Associates and Joint Ventures, to account for some amendments to these standards.

The new standard replaces the old IAS 28 – Investments in Associates, without making substantial changes; the new standard does not amend the concept of significant influence already contained in the old IAS 28 but introduces the obligation to apply the net equity method to the valuation of equity investments in joint ventures, as established by the new IFRS 11. The methods of application of the net equity method already established by the old IAS 28 have been confirmed.

The new IAS 28 will enter into force mandatorily on January 1, 2013, with the possibility of early application. This standard, as well as the other standards IFRS 10, IFRS 11, IFRS 12 and IAS 27, is currently being reviewed by the EU.

### *IAS 32 and IFRS 7 – Offsetting Financial Assets and Liabilities*

On December 16, 2011, IASB published an amendment to IAS 32 and IFRS 7 regarding the methods of presentation of the offsetting of financial assets and liabilities, and the related information to be provided in the financial statements.

The amendments to IAS 32 clarify that the entity drawing up the financial statements has a legal right to offset the amounts of financial assets and liabilities already recorded in the accounts only when this right:

- a) is not conditioned to the occurrence of future events;
- b) can be exercised in case of continuous operation of the entity drawing up the financial statements and all the parties involved, in case of default, insolvency or bankruptcy.

The amendments to IAS 32 must be adopted compulsorily from January 1, 2014 (early application is allowed), with retroactive effect, while those to IFRS 7 must be compulsorily adopted from January 1, 2013. The amendments have not been validated by the EU yet.

The Group is in the process of assessing any impact deriving from the future application of all of these newly issued standards and interpretations, as well as the revisions or amendments to the existing standards.

## NOTE 4 – CONSOLIDATION AREA, CRITERIA AND METHODS

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In addition to the Parent Company Gemina, the companies directly or indirectly controlled by it are also included in the consolidation area.

Consolidated in particular are the entities in which the Parent Company exercises the control both by virtue of the shares directly or indirectly held to obtain the majority of votes in the meeting and due to exercise of a prevailing influence expressed by the power to make financial and managerial choices for the entity while obtaining the related benefits, also setting aside shares.

Excluded from the consolidation with the integral method are some minor entities whose exclusion, with reference to operations (e.g. companies that are not yet or no longer operational, companies for which a liquidation process has almost been completed), would be negligible in terms of quantity and quality for the purposes of correctly representing the income statement, statement of financial position and cash flow information of the Group.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

All the controlled entities are included in the consolidation area as of the date when control is acquired by the Group. The entities are excluded from the consolidation area from the date the Group loses control over them. In 2011 there have been no changes in the consolidation area compared to the previous year. The list of companies included in the consolidation area is reported in attachment “List of equity investments”.

For consolidation purposes, the financial statements of the subsidiary companies approved by the respective Board of Directors were used, adjusted according to the IFRS adopted by the Group.

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;
- 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”.

### NOTE 5 – CONCESSION AGREEMENT

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#### *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 Roman 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 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.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### 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 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.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

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 State-Regions 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 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 converting Law Decree 248/2007 (“Milleproroghe” Decree) 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 to December 31, 2010 (by subsection 6 of Art. 5 of Law Decree no. 194 of December 30, 2009 converted into law 25 2010) and December 31, 2011 with two subsequent legislative measures (Law Decree no. 225 of December 29, 2010, converted into law 10/2011 and Decree by the President of the Council of Ministers of March 25, 2011). Finally, Law Decree no. 216 of December 29, 2011 (converted into Law no. 14 of February 24, 2012) extended to December 31, 2012 the already mentioned terms for updating airport fees to the target inflation rate.

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 2010/2013, 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.

At the end of 2011 the compulsory ministerial decree for the adjustment of airport fees to the target inflation rate relating to 2011 and provided for by the abovementioned extension regulation for 2011 has not been issued yet (art. 1, Law Decree no. 225 of December 29, 2010, and art. 1, Decree by the President of the Council of Ministers of March 25, 2011).

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.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

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 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 31, 2011.

In the Official Gazette of August 4, 2009 Law no. 102 of August 3, 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. The contract is approved with decree by the President of the Council of Ministers to be adopted within sixty days from the stipulation on the proposal of the Ministry of infrastructure and transport in agreement with the Ministry of the Economy.

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.

On October 6, 2011 the Council of Ministers approved the Legislative Decree (prepared on the basis of the delegation of authority contained in the “2009 Community Law”, law no. 96 of June 4, 2010) implementing the directive 2009/12/EC, concerning airport rights. This Directive establishes common principles for the collection of fees, and applies to airports in the Community with annual traffic exceeding 5 million passenger movements. This Directive provides the possibility of negotiating fees with airport users according to well-defined, periodic procedures, and establishes the creation of an independent supervisory authority, entrusted with ensuring the correct application of the measures adopted.

On October 13, 2011 the decision of the Head of State not to issue the legislative decree in the form adopted by the Council of Ministers of October 6, 2011 for anti-competitive aspects, excess of delegation and inconsistency with the European directive, was learnt from the press and the statements made by the Chairman of ENAC.

Regarding the failure to transpose the directive within the community terms, on May 18, 2011 the European Commission started the procedure of infringement towards Italy.

On November 24, 2011, as part of this procedure, the Commission sent Italy a “motivated opinion” demanding it to adopt and communicate within January 24, 2012 the national legislative provisions to implement the EU regulation in a way to ensure transparency of airport fees, their lack of discrimination and their periodical review.

The Italian Government has established the provisions to implement Directive 2009/12/EC on airport fees under articles 71 to 82 of Law Decree no. 1/2012 regarding “Urgent provisions for competition, development of infrastructure and competitiveness” (so-called Liberalisations decree), in force since January 24, 2012. These provisions, inter alia, establish:

- common principles to determine and collect airport fees in the international airport open to commercial traffic;
- the establishment of the National Supervisory Authority fulfilling tasks of economic regulation and supervision, and functions exercised temporarily by ENAC until the establishment of the Independent authority for transport regulation under art. 36 sect. 1 of the same Decree;

## 5. CONSOLIDATED FINANCIAL STATEMENTS

- for the purposes of the determination by the Supervisory Authority of the airport fees, the preparation of specific tariff models calibrated on the basis of the annual traffic of passengers, in compliance with the standards and criteria under art. 11/9 of Law Decree 203/2005 converted with amendment of Law 248/2005 (so-called Law Decree on system requirements);
- the identification by the operator of a tariff model among those prepared by the Authority, subject to consultation with airport users, to be subject to the Supervisory Authority for approval, having regard to the opinion of MEF and MIT;
- the establishment of compulsory procedures for consultation between the operator and the airport users that guarantee periodical consultations (at least once a year).

With subsequent Law Decree no. 5/2002 regarding “Urgent provisions regarding simplification and development” (in force since February 10, 2012), the Government intervened to govern the protection of the procedures in progress to stipulate the Program Contracts with the airport management companies.

Art. 22, subsection 2 in particular provides for the absorption of Directive 2009/12/EC regarding airport fees under legislative decree no. 1 /2012 in any case to require the completion of the procedures in progress to stipulated the program contracts with the airport management companies with reference to “ordinary” ones (former Law no. 248/2005) and “derogating” ones (former Law Decree no. 78/2009, converted into Law no. 102/2009). According to this same provision, these procedures must be completed by and no later than December 31, 2012 and in any case, the duration of the program contracts stipulated according to the provisions in force at the time of the previous period is set in compliance with national and community regulations on the subject and related tariff models.

Finally, Art. 22, subsection 3 provides for the amount of the airport fees established in the program contracts stipulated before January 24, 2012 (date when Law Decree no. 1/2012 comes into force) to be possibly determined according to the new methods defined by the provisions absorbing the EU legislation on airport fees (under point II of Decree no. 1/2012), on the expiry of the same contracts. The Law Decree is currently being reviewed by Parliament for conversion into law and can therefore be subject to amendment.

### 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)”.

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.



## 5. CONSOLIDATED FINANCIAL STATEMENTS

### 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:

- “Revertible assets”: are assets purchased and/or created 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 7.1 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 company generally does not receive profits or losses deriving from their creation, and representing construction services.

- In consideration of the nature of the assets developed and since these assets are not the property of the company, the value of the construction services rendered by the company and reported to ENAC is indicated only in the notes (see note 7.1 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;

- Finally it is highlighted that the management activity is developed also through some “Owned assets”, represented by moveable property acquired by the Company as property through its own financial means, and for which the Companies 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”.

### 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.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

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

The part of the airport management concession related to the acquired rights is recorded in the consolidated financial statements for a value of 2,829 million euro, originating as follows:

*(in millions of euro)*

1)	Value entered at the time of the first consolidation of Leonardo S.p.A. (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
		<b>Subtotal</b>	<b>2,042</b>
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)	Value recognised while consolidating Fiumicino Energia		7
4)	Depreciation regarding 2007-2010		(320)
<b>5)</b>	<b>Value of concession as at December 31, 2010 (1+2+3+4)</b>		<b>2,916</b>
6)	Amortisation regarding 2011		(87)
<b>7)</b>	<b>Value of concession as at December 31, 2011 (5+6)</b>		<b>2,829</b>

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 was assessed by discounting the cash flows estimated in the economic and financial projections drawn up by ADR management in the Economic- Financial Plan delivered to ENAC on October 27, 2011 and approved by the Board of Directors of Gemina in December 2011.

- Forecasts are based on the following assumptions: airport fees defined on the basis of the criteria and standards contained in the draft convention – Program Contract approved by the Board of Directors of ENAC in July 2011;
- passenger traffic reaching 50 million in 2021 (term for the first regulatory period) and 98 million in 2044;
- investments in infrastructures, amounting to 2.5 billion euro over the 2012-2021 period and 9.5 billion euro over the following period;
- discounting at 6.9% annual nominal rate after taxation.

Discounted financial flows, also using alternatives and a rate simulation range, confirm the recoverability of the value of concession as at December 31, 2011.

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.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

The investments expected related to the expansion of the capacity at “Fiumicino Sud” for 4.4 billion euro and the creation of a new accommodation capacity (“Fiumicino Nord”) for 7.2 billion euro. For the remaining part, these concern the construction of the new low cost airport of Viterbo and the simultaneous requalification of Ciampino city – airport.

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.

### NOTE 6 – INFORMATION ON THE ITEMS IN 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. Unless otherwise indicated, amounts are expressed in thousands of euro.

#### 6.1 – Revenues

Description	2011	2010	Change	%
(in millions of euros)				
<b>Aviation</b>	<b>323.4</b>	<b>307.2</b>	<b>16.2</b>	<b>5.3%</b>
Airport Charges	181.6	174.8	6.8	3.9%
Centralized Infrastructures	40.5	35.4	5.1	14.4%
Security	70.3	67.7	2.6	3.8%
Other	31.0	29.3	1.7	5.8%
<b>No aviation</b>	<b>290.1</b>	<b>286.8</b>	<b>3.3</b>	<b>1.2%</b>
<b>Real estate</b>	<b>61.9</b>	<b>59.7</b>	<b>2.2</b>	<b>3.7%</b>
Sub-concessions and utilities	61.9	59.7	2.2	3.7%
<b>Commercial</b>	<b>205.9</b>	<b>198.9</b>	<b>6.9</b>	<b>3.5%</b>
"Duty free" and "duty paid"	89.4	84.9	4.5	5.3%
Commercial activities in sub-concession	57.4	54.1	3.3	6.1%
Parking	31.6	30.5	1.1	3.7%
Advertising	20.0	22.4	(2.4)	-10.5%
Canteen	7.4	7.1	0.4	5.1%
<b>Other</b>	<b>22.4</b>	<b>28.2</b>	<b>(5.8)</b>	<b>-20.6%</b>
<b>Aeronautical revenues</b>	<b>613.5</b>	<b>594.0</b>	<b>19.5</b>	<b>3.3%</b>
<b>Construction services</b>	<b>27.6</b>	<b>55.5</b>	<b>(27.9)</b>	<b>-50.3%</b>
<b>Others revenues</b>	<b>11.8</b>	<b>3.6</b>	<b>8.2</b>	<b>227.7%</b>
<b>TOTAL</b>	<b>652.9</b>	<b>653.1</b>	<b>(0.2)</b>	<b>0.0%</b>

As a whole revenues do not record considerable changes compared to 2010.

Revenues from airport management increased by 19.5 million euro (+3.3%), mainly due to the greater traffic recorded in 2011 compared to 2010.

Revenues from construction services equal 27.6 million euro, down by 27.9 million euro due to the drop in the volume of investments made in the year; the costs charged by third party suppliers for these construction activities equal 25.8 million euro (51.2 million euro in 2010).

## 5. CONSOLIDATED FINANCIAL STATEMENTS

Other income and revenues in 2011 included the amount of 6.7 million euro, finally paid to ADR as an indemnity for the favourable sentence of the State Council on the dispute with the Ministry for Infrastructure and Transport and ENAC on the payment date of the price for the service of performing security checks on 100% of hold baggage.

For a detailed analysis of revenues, reference is made to section 3.3 “Operations and related revenues” of the annual report.

### 6.2 – Consumption of raw materials and consumables

	2011	2010
COMBUSTIBLES	16,768	14,888
FUEL AND LUBRICANTS	3,309	3,138
ELECTRICITY	4,653	4,154
SPARE PARTS (PRODUCTION PURCHASES)	3,024	4,358
DIRECT SALES MATERIALS	43,370	41,608
CONSUMABLES	4,974	4,738
CHANGES IN RAW MATERIAL	(1,164)	(790)
<b>TOTAL</b>	<b>74,934</b>	<b>72,094</b>

The costs of raw materials and consumables are slightly up compared to 2010, essentially due to the increase in the cost of materials being sold and fuel, the latter in connection with the oil price increase.

### 6.3 - Staff costs

	2011	2010
SALARIES AND WAGES	90,893	88,427
SOCIAL SECURITY CHARGES	26,256	25,691
POST-EMPLOYMENT BENEFITS	5,985	5,557
RESTRUCTURING COSTS	1,108	3,183
PREVIOUS YEARS COST OF LABOUR ADJUSTMENTS	(2,189)	(2,230)
OTHER COSTS	1,074	1,356
<b>TOTAL</b>	<b>123,127</b>	<b>121,984</b>

The increase in staff cost compared to 2010 derives from the increase in the average number of staff employed (+36 fte), partly offset by lower restructuring costs.

Restructuring costs in 2011, equal to 1,108 thousand euro, essentially comprise the one-off costs for the termination of the work contracts of the Parent Company in connection with the transfer of the headquarters from Milan to Rome in August 2011.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### 6.4 - Other operating costs

	2011	2010
SERVICE CHARGES	110,069	107,917
COSTS FOR USE OF THIRD PARTY ASSETS	12,172	15,672
ALLOCATION TO PROVISION FOR RISKS	20,936	4,805
WRITE-DOWNS OF RECEIVABLES	7,367	12,646
OTHER OPERATING EXPENSES	7,052	20,807
<b>TOTAL</b>	<b>157,596</b>	<b>161,847</b>

The “Allocation to provision for risks” refers to the allocations made by the subsidiary ADR for 20.3 million euro for the charges estimated to be incurred for new disputes/risks in the relationships with customers and contractors. For more information reference is made to note 12 regarding disputes in place.

The “Other operating expenses” included in 2010 the estimate of the cost for the dispute pending with the Customs Agency for 14 million euro, following the favourable outcome of the appeal filed by ADR with the Regional Tax Commission of Rome.

### 6.5 - Amortisation, depreciation and write-downs of fixed assets

	2011	2010
AMORTISATION OF INTANGIBLE FIXED ASSETS	103,102	102,721
DEPRECIATION OF TANGIBLE FIXED ASSETS	5,194	5,458
<b>TOTAL</b>	<b>108,296</b>	<b>108,179</b>

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

	2011	2010
AMORTISATION OF AIRPORT MANAGEMENT CONCESSION “ACQUIRED RIGHTS”:	87,007	87,007
AMORTISATION OF AIRPORT MANAGEMENT CONCESSION “INVESTMENTS IN INFRASTRUCTURE”	12,568	11,742
AMORTISATION OF OTHER INTANGIBLE FIXED ASSETS	3,527	3,972
<b>TOTAL</b>	<b>103,102</b>	<b>102,721</b>

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

## 5. CONSOLIDATED FINANCIAL STATEMENTS

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

### 6.6 - Allocations to system renovation provisions

These amount to 62,550 thousand euro compared to 69,971 thousand euro in 2010; for more information please refer to note 7.17 "system renovation provisions".

Financial expenses accrued in the year in relation to time passing (thus representing the transfer of the discounting of the same provision), are highlighted in note 6.8.

### 6.7 – Financial income

	2011	2010
<b>INTEREST INCOME</b>	<b>2,880</b>	<b>1,577</b>
INTEREST ON BANK DEPOSITS AND LOANS	2,880	1,577
<b>INCOME ON DERIVATIVES</b>	<b>7,555</b>	<b>7,830</b>
VALUATION OF DERIVATIVES	7,549	7,830
IRS DIFFERENTIALS	6	-
<b>EXCHANGE GAINS</b>	<b>183</b>	<b>51</b>
<b>OTHER INCOME</b>	<b>1,583</b>	<b>246</b>
DEFAULT INTEREST ON CURRENT RECEIVABLES	95	213
INTEREST FROM CUSTOMERS	1,424	27
OTHER INCOME	64	6
<b>TOTAL</b>	<b>12,201</b>	<b>9,704</b>

"Interest income", equal to 2,880 thousand euro, increased by 1,303 thousand euro compared to 2010 due to the rise in interest rates.

The income from "evaluation of derivatives" refers to the change occurred in the year in the fair value of cross currency swap contracts aimed at hedging the bonds issued in a currency other than the euro, illustrated in note 7.19. This income balances off the corresponding exchange losses deriving from the change in the value of these liabilities and included in the "financial expenses" as shown in note 6.8.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### 6.8 – Financial expenses

	2011	2010
<b>INTEREST EXPENSE</b>	<b>71,047</b>	<b>69,486</b>
INTEREST ON OUTSTANDING BONDS	60,091	58,061
INTEREST ON BANK LOANS	7,829	7,770
EFFECTS OF APPLICATION OF THE AMORTISED COST METHOD	3,127	3,136
INTEREST ON FINANCIAL PAYABLES	-	519
<b>EXPENSES ON DERIVATIVES</b>	<b>9,590</b>	<b>11,229</b>
IRS DIFFERENTIALS	9,590	11,229
<b>EXCHANGE LOSSES</b>	<b>7,618</b>	<b>7,560</b>
<b>OTHER EXPENSES</b>	<b>12,088</b>	<b>8,948</b>
COMMISSION EXPENSE	-	101
FINANCIAL EXPENSES FROM DISCOUNTING BENEFITS FOR EMPLOYEES	822	703
FINANCIAL EXPENSES FROM DISCOUNTING SYSTEM RENOVATION PROVISIONS	10,366	7,741
OTHER EXPENSES	900	403
<b>TOTAL</b>	<b>100,343</b>	<b>97,223</b>

The increase in financial expenses compared to the previous year, equal to 3.1 million euro, is attributable to the combined effect of:

- an increase of 1.5 million euro in the expenses for interest attributable to outstanding bonds (+2 million euro) due to the increase in rates on classes A2 and A3, with a variable interest rate and lower interest on financial payables (-0.5 million euro);
- lower expenses for differentials paid on IRS derivatives (-1.5 million euro);
- an increase of 3.1 million euro in the other expenses, mainly referred to greater expenses for the discounting of the system renovation provisions due to unfavourable interest rates.

Exchange losses, substantially deriving from the change in the rate of the bonds issued in a currency other than the euro, are indirectly offset by the income for “valuation of derivatives” as shown in note 6.7, regarding the change in fair value occurred in the year for the cross currency swap contracts aimed at hedging the same bonds as shown in note 7.19.

### 6.9 - Income (charges) on equity investments

	2011	2010
WRITE-DOWN OF LA PIAZZA DI SPAGNA	-	(15)
WRITE-DOWN OF AEROPORTO DI GENOVA	-	(500)
WRITE-DOWN OF PENTAR	-	(1,377)
OTHER INCOME/(CHARGES) ON EQUITY INVESTMENTS	30	76
<b>TOTAL</b>	<b>30</b>	<b>(1,816)</b>

The item “other income (charges) on equity investments”, equal to 30 thousand euro, includes for 34 thousand euro the income from the liquidation of the investee company Kiwi 1 Ventura Servicos S.A. occurred during 2011.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### 6.10 - Tax revenues (charges)

	2011	2010
<b>CURRENT INCOME TAXES</b>	<b>(50,055)</b>	<b>(37,759)</b>
IRES	(33,479)	(22,745)
IRAP	(16,576)	(15,014)
<b>CHANGES IN ESTIMATES FROM PREVIOUS YEARS</b>	<b>17</b>	<b>259</b>
<b>NET (PREPAID) DEFERRED INCOME TAX</b>	<b>24,194</b>	<b>21,117</b>
<b>TOTAL</b>	<b>(25,844)</b>	<b>(16,383)</b>

The increase in current IRES taxes is essentially affected by the improvement in the pre-tax result of the Group.

It is noted that the 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. For details on prepaid net taxes reference is made to note 7.5.

The following table shows the reconciliation of IRES theoretical tax with the actual tax:

	2011		2010	
	TAXABLE INCOME	TAX	TAXABLE INCOME	TAX
<b>PRE-TAX PROFIT (LOSS)</b>	12,473		(21,552)	
TAX RATE	27.50%		27.50%	
TAX CALCULATED ON THE THEORETICAL IRES TAX RATE		3,430		(5,927)
PERMANENT DIFFERENCES	58,281	16,027	57,828	15,997
TEMPORARY DIFFERENCES:				
INCREASE	84,494	23,236	76,400	21,010
DECREASE	(33,506)	(9,214)	(30,313)	(8,335)
<b>TAXABLE PROFIT (LOSS)</b>	<b>121,742</b>		<b>82,363</b>	
<b>TOTAL ACTUAL CURRENT IRES (*)</b>		<b>33,479</b>		<b>22,745</b>

(\*) TAX CONSOLIDATION ADJUSTMENTS INCLUDED



## 5. CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 7 – INFORMATION ON THE ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

#### 7.1 – Intangible fixed assets

	12/31/2010	INCREASES	DECREASES	12/31/2011
AIRPORT MANAGEMENT CONCESSION “ACQUIRED RIGHTS”	2,916,273	0	(87,007)	2,829,266
AIRPORT MANAGEMENT CONCESSION “INVESTMENTS IN INFRASTRUCTURE”	473,842	22,562	(12,648)	483,756
OTHER INTANGIBLE FIXED ASSETS	6,400	1,421	(3,611)	4,210
<b>TOTAL</b>	<b>3,396,515</b>	<b>23,983</b>	<b>(103,266)</b>	<b>3,317,232</b>

The change in item “Airport management concession acquired rights” with respect to December 31, 2010 can be attributed to the amortisation over the period already described in Note 5.

The item “Airport management concession investments infrastructure”, pursuant to IFRIC 12, includes the value of the construction and improvement services rendered by the Group which are to be transferred to the grantor free of charge on conclusion of the concession.

The following table sets forth the value of the systems and infrastructure under lease by the grantor in the Fiumicino and Ciampino airports, and the value of the construction services for works financed, realised and reported to the Italian Civil Aviation Authority.

	12/31/2011	12/31/2010
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	689,369	680,309
<b>TOTAL</b>	<b>838,474</b>	<b>817,414</b>

These assets received in concession are not recorded as “Assets” in the statement of financial position.

Furthermore, note 5 illustrates the impairment assets developed as of December 31, 2011 to test the recoverability of the concession’s value.

The other intangible fixed assets are broken down as follows:

	12/31/2010			CHANGES		12/31/2011		
	Cost	Accr. Amort.	Book value	Incr. (Decr.)	Amort. rate	Cost	Accr. Amort.	Book value
INDUSTRIAL PATENTS AND INTELLECTUAL PROPERTY RIGHTS	9,072	(7,359)	1,713	366	(1,053)	9,438	(8,412)	1,026
CONCESSIONS, LICENCES, TRADEMARKS AND SIMILAR RIGHTS	25,029	(20,946)	4,083	1,179	(2,293)	26,208	(23,239)	2,969
OTHER	1,283	(679)	604	(124)	(265)	1,159	(944)	215
<b>TOTAL</b>	<b>35,384</b>	<b>(28,984)</b>	<b>6,400</b>	<b>1,421</b>	<b>(3,611)</b>	<b>36,805</b>	<b>(32,595)</b>	<b>4,210</b>

#### 7.2 – Tangible fixed assets

These comprise assets owned by the Group and used to develop the business.

The table below shows the changes occurred in the year.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### TANGIBLE ASSETS

	12/31/2010			CHANGES TO				12/31/2011		
	COST	ACCR. DEPR.	BOOK VALUE	INCR. (DECR.)	RECLASS./CHANGE IN CONSOLIDATION AREA		DEPR. RATE	COST	ACCR. DEPR.	BOOK VALUE
					COST	ACCR. DEPR.				
PLANT AND MACHINERY	42,603	(32,115)	10,488	881	12	-	(3,284)	43,496	(35,399)	8,097
FIXTURES AND FITTINGS TOOLS AND OTHER EQUIPMENT	9,651	(8,090)	1,561	345	(7)	-	(491)	9,989	(8,581)	1,408
FIXED ASSETS CONSTRUCTION IN PROGRESS AND ADVANCES	-	-	-	894	-	-	-	894	-	894
OTHER ASSETS	41,557	(38,440)	3,117	411	33	-	(1,419)	42,001	(39,859)	2,141
<b>TOTAL</b>	<b>93,811</b>	<b>(78,645)</b>	<b>15,166</b>	<b>2,531</b>	<b>38</b>	<b>-</b>	<b>(5,194)</b>	<b>96,380</b>	<b>(83,839)</b>	<b>12,540</b>

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### 7.3 – Equity investments valued at equity

	12/31/2011	12/31/2010	CHANGE
PENTAR	-	32	(32)
<b>TOTAL</b>	<b>-</b>	<b>32</b>	<b>(32)</b>

The change compared to the previous year is entirely referred to the reclassification of the equity investment in Pentar, which dropped from 20.35% to 18.54% of the share capital, under item “Other equity investments”; this related to the share capital increase occurred in 2011, not subscribed by Gemina.

### 7.4 – Other equity investments

	12/31/2011	12/31/2010	CHANGE
<b>NON-CONSOLIDATED SUBSIDIARIES</b>	<b>10</b>	<b>10</b>	<b>0</b>
DOMINO S.R.L.	10	10	0
<b>NON-CONSOLIDATED ASSOCIATED COMPANIES</b>	<b>10</b>	<b>10</b>	<b>0</b>
CONSORZIO E.T.L. IN LIQUIDATION	10	10	0
<b>OTHER COMPANIES</b>	<b>2,234</b>	<b>2,230</b>	<b>4</b>
PENTAR	32	-	32
KIWI 1 VENTURA SERVICOS S.A.	-	28	(28)
AEROPORTO DI GENOVA S.P.A.	895	895	0
S.A. CAL. S.P.A.	1,307	1,307	0
<b>TOTAL</b>	<b>2,254</b>	<b>2,250</b>	<b>4</b>

As specified in the previous note, the equity investment in Pentar was reclassified from item “Equity investments in companies valued at equity”.

The equity investment in Kiwi Ventura Servicios SA was zeroed after the liquidation of the company in 2011.

### 7.5 - Deferred Tax Assets

The item amounted to 116,110 thousand euro, compared to 101,616 thousand euro as at December 31, 2010.

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

## 5. CONSOLIDATED FINANCIAL STATEMENTS

	12/31/2010		INCREASE		DECREASE		RATE ADJ.	12/31/2011	
	Taxable income	Tax	Taxable income	Tax	Taxable income	Tax	Tax	Taxable income	Tax
	(A)		(B)		(C)		(D)	(A+B-C+D)	
<b>PREPAID TAXES</b>	<b>341,846</b>	<b>103,460</b>	<b>75,889</b>	<b>23,342</b>	<b>33,232</b>	<b>9,276</b>	<b>640</b>	<b>384,503</b>	<b>118,166</b>
PROVISIONS FOR RISKS AND CHARGES	34,826	10,597	20,129	6,420	8,450	2,344	116	46,505	14,789
SYSTEM RENOVATION PROVISIONS AND OTHER IFRIC 12 ADJUSTMENTS	154,126	49,815	28,356	9,250	0	0	462	182,482	59,527
PROVISION FOR OBSOLETE GOODS	351	97	246	68	305	84	0	292	81
BAD DEBT PROVISION	35,935	9,884	6,750	1,856	238	65	0	42,447	11,675
STAFF-RELATED ALLOCATIONS	7,569	2,082	7,451	2,049	7,529	2,070	0	7,491	2,061
PREPAID AMORT./DEPRECIATION	857	238	0	0	137	37	0	720	201
CONSOLIDATION ADJUSTMENTS	17,841	5,766	2,657	867	1,846	602	54	18,652	6,085
OTHER	19,295	5,456	10,121	2,783	4,672	1,310	8	24,744	6,937
DERIVATIVES	71,046	19,525	179	49	10,055	2,764	0	61,170	16,810
<b>DEFERRED TAXES THAT CAN BE OFFSET</b>	<b>(6,695)</b>	<b>(1,844)</b>	<b>(766)</b>	<b>(211)</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>(7,466)</b>	<b>(2,056)</b>
CAPITAL GAINS	(17)	(5)	0	0	(17)	(5)	0	0	0
OTHER	(6,678)	(1,839)	(766)	(211)	22	6	0	(7,466)	(2,056)
<b>TOTAL NET PREPAID TAXES</b>	<b>335,151</b>	<b>101,616</b>	<b>75,123</b>	<b>23,131</b>	<b>33,237</b>	<b>9,277</b>	<b>640</b>	<b>377,037</b>	<b>116,110</b>

### 7.6 – Other non-current assets

The item amounted to 24,166 thousand euro, compared to 16,947 thousand euro as at December 31, 2010.

The value includes for 23.7 million euro the entry of the instalments paid (16.3 million euro as at December 31, 2010), in line with the instalment plan granted, to the Tax Collection Agency, as collection of the amounts provisionally assessed as owed within the litigation with the Customs Agency, described in Note 12 “Litigation”.

These payments are a financial advance failing final judgement. On this point also see the indications in note 7.16.

### 7.7 – Other non-current financial assets

These equal 304 thousand euro and refer to medium/long term financial prepayments.

### 7.8 – Inventories

	12/31/2011	12/31/2010	CHANGE
RAW, ANCILLARY AND CONSUMABLE MATERIALS	2,691	2,661	30
FINISHED GOODS AND MERCHANDISE	8,655	7,521	1,134
<b>TOTAL</b>	<b>11,346</b>	<b>10,182</b>	<b>1,164</b>

## 5. CONSOLIDATED FINANCIAL STATEMENTS

Inventories refer entirely to the stocks of the subsidiary company ADR, and increase by a total of 1.2 million euro compared to the end of the previous year mainly due to greater stocks of “goods” for sale (directly managed duty-free and duty-paid shops) due to the rise in sales volumes as well as the launch and introduction of new high-end products and the creation of the new Chanel “shop in shop” (exhibition area).

The guarantees supplied by the ADR Group to some financiers regarding inventories are described in Note 7.22 of these Explanatory Notes.

### 7.9 - Contract work in progress

	12/31/2011	12/31/2010	CHANGE
WORK IN PROGRESS	170	93	77
RECEIVABLES FOR ACCOUNTS INVOICED	327	203	124
<b>TOTAL</b>	<b>497</b>	<b>296</b>	<b>201</b>

### 7.10 – Trade receivables

	12/31/2011	12/31/2010	CHANGE
DUE FROM CUSTOMERS	230,778	211,980	18,798
RECEIVABLES FOR CONSTRUCTION SERVICES	11,669	24,127	(12,458)
DUE FROM OTHERS	1,791	773	1,018
	<b>244,238</b>	<b>236,880</b>	<b>7,358</b>
BAD DEBT PROVISION	(44,951)	(39,206)	(5,745)
ALLOWANCE FOR DOUBTFUL ACCOUNTS	(8,111)	(8,064)	(47)
	<b>(53,062)</b>	<b>(47,270)</b>	<b>(5,792)</b>
<b>TOTAL</b>	<b>191,176</b>	<b>189,610</b>	<b>1,566</b>

Trade receivables, net of allowances for doubtful accounts, increased by 18.8 million due to the rising turnover, given the same days of extension compared to last year.

The balance of trade receivables includes 20.2 million euro of receivables of the ADR Group from the Alitalia group under extraordinary administration.

The guarantees supplied by the ADR Group to some financiers regarding receivables are described in Note 8 of these Explanatory Notes.

### 7.11 – Other receivables

	12/31/2011	12/31/2010	CHANGE
DUE FROM ASSOCIATED COMPANIES	482	482	0
TAX RECEIVABLES	2,978	5,256	(2,278)
DUE FROM OTHERS	6,174	3,559	2,615
<b>TOTAL</b>	<b>9,634</b>	<b>9,297</b>	<b>337</b>

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### 7.12 - Other current financial assets

The item as of December 31, 2011 amounted to 60,427 thousand euro, compared to 59,446 thousand euro as at December 31, 2010.

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 (September).

### 7.13 - Cash and cash equivalents

	12/31/2011	12/31/2010	CHANGE
BANK AND POST OFFICE DEPOSITS	179,332	201,032	(21,700)
CASH ON HAND	864	629	235
<b>TOTAL</b>	<b>180,196</b>	<b>201,661</b>	<b>(21,465)</b>

Cash and cash equivalents of the Group decreased by 21.5 million euro compared to December 31, 2010 substantially due to the effect of repaying financial payables as shown in notes 7.18 and 7.22 to which reference is made.

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.

Cash and cash equivalents of the Group include 52.1 million euro for the balance of the account called “loan collateral” on which, on the application date of September 2011, in compliance with the provisions of the loan agreements, 17.0 million euro were deposited to “collateralise” Tranche A1 of the bonds.

As at December 31, 2011, the amount of 43.4 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 (even in case of cash sweep).

The guarantees provided by the ADR Group to some lenders, regarding cash and cash equivalents, are described under note 8 of these Explanatory Notes.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### 7.14 – Shareholders' equity

Group shareholders' equity for the period as at December 31, 2011 amounts to 1,565,365 thousand euro, while shareholders' equity pertaining to minority shareholders amounts to 33,478 thousand euro.

The changes occurred in the year are highlighted in the special statement inserted in the financial statements.

Also after the reduction in the share capital of the subsidiary company ADR in 2011 (due to a capital increase resolved in previous years and never finalised), a reclassification of 1.1 million euro took place to increase the consolidated shareholders' equity of the Group and corresponding decrease in the minority shareholders' one.

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 and did not change during the year.

### 7.15 - Employee benefits

<b>VALUE AS AT 12/31/2010</b>	<b>24,525</b>
CURRENT SERVICE COST	6,028
ACTUARIAL LOSSES	111
FINANCIAL EXPENSES FOR DISCOUNTING THE PROVISIONS	822
OTHER CHANGES	0
LIQUIDATION / USE	(10,890)
<b>VALUE AS AT 12/31/2011</b>	<b>20,596</b>

Reported below are the main assumptions made for the process of actuarial estimation of the employee severance indemnity provision as of December 31, 2011:

#### financial hypotheses

- discounting rate	4.58%
- inflation rate	2.00%
- annual rate of increase in employee severance indemnities	2.67%
- annual rate of pay increase	3.93%
- annual turnover rate	4.68%
- annual rate of disbursement of advances	1.69%

#### demographic hypotheses

- mortality	ISTAT indexes reduced to 85%
- inability	INPS tables reduced to 70%
- retirement	requirements General Compulsory Insurance (after the 2011 reform)

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### 7.16 - Provisions for risks and charges

	12/31/2010	CHANGE			12/31/2011
		OTHER CHANGES	ALLOCATIONS	USE	
	303,584	(4)	20,936	(15,449)	309,067
OF WHICH:					
- BEYOND 12 MONTHS	283,365				285,460
- WITHIN 12 MONTHS	20,219				23,607

Provisions for risks and charges (within 12 months and after 12 months) as at December 31, 2011 amounted to 309,067 thousand euro, compared to 303,584 thousand at December 31, 2010.

In particular the item essentially 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 231.6 million euro as at December 31, 2010, remains at 224.7 million euro as at December 31, 2011; and
- the estimate of the expenses that are expected to be incurred in connection with the guarantees and disputes in place, for 79.7 million euro.

With regard to the relationships with the Financial Administration in particular, the Group companies are involved in some disputes, the most important of which is the one with the Customs Agency for which the entire charge of a total of 26.1 million euro was allocated (taxes, interest and accessory charges).

For additional details, please see note 12 "Litigation".

### 7.17 – System renovation provisions

01/01/10	CHANGE				12/31/10
	provision (+)	financial expense (+)	re-absorption (-)	use (-)	
165,937	71,168	7,741	(1,168)	(46,663)	197,015
01/01/11	CHANGE				12/31/11
provision (+)	financial expense (+)	re-absorption (-)	use (-)		
197,015	64,884	10,366	(2,334)	(38,338)	231,593

The provision includes the current estimated amount of charges to be incurred by reason of the restoration and replacement of the contract commitments for assets under concession according to the airport concession signed by the Grantor.

As of December 31, 2011, the value of 231.6 million euro refers to 97.8 million euro for expenses expected to be incurred during 2012, and 133.8 million euro for expenses to be incurred from 2013.



## 5. CONSOLIDATED FINANCIAL STATEMENTS

### 7.18 - Financial indebtedness net of current share

Financial indebtedness net of current share amounts to 150,445 thousand euro.

The characteristics of the loans as of December 31, 2011, the amount used and the book value are summarised in the table below, which also reports the estimate of the fair value of the same liabilities. The values in the table include both non-current shares and the shares posted under current financial liabilities, excluding interest rates.

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	FAIR VALUE
<b>POOL OF BANKS</b>	Term Loan Facility	ADR	65,522	65,522	65,519	(*)	at maturity	6 years	Feb. 2012	65,664
<b>POOL OF BANKS</b>	Revolving Facility	ADR	100,000	-	-	(*)	revolving	1.5 years	Feb. 2013	-
<b>BEI</b>	EIB Loan	ADR	80,000	80,000	79,724	(*)	at maturity	10 years	Feb. 2018	80,100
<b>BANCA BIIS (FORM. BANCA OPI)</b>	BOPI Facility	ADR	26,350	26,350	26,234	(*)	6-monthly instalments from 2010 to 2015	12 years	Mar. 2015	26,958
<b>POOL OF BANKS</b>	Tranche A	Parent Company	42,100	42,100	41,295	(*)	at maturity	3.3 years	Dec. 2014	45,900
	Tranche B	Parent Company	18,000	-	-	(*)	at maturity	3.3 years	Dec. 2014	-
<b>UNICREDIT LEASING</b>	Leasing	Fiumicino Energia	18,022	18,022	13,139	(*)	monthly instalments	8 years	Apr. 2017	13,139
<b>UNICREDIT MEDIOCREDITO CENTRALE (1)</b>	Financing	Fiumicino Energia	2,000	2,000	899	(*)	6-monthly instalments	5 years	Aug. 2013	899
<b>OTHER SHORTTERM LOAN</b>					497					497
<b>TOTAL</b>					<b>227,307</b>					

(\*) Variable indexed to the Euribor + margin

(1) Now UniCredit S.p.A.

The overall value stated above, equal to 227.3 million euro is recorded for 150,445 thousand euro in non-current liabilities and 76,927 thousand euro in current financial liabilities.

The lines of credit taken out during 2011 include:

- the Revolving Facility that on August 22, 2011, ADR stipulated with a syndicate of seven banks comprising Banca Nazionale del Lavoro S.p.A., Barclays Bank Plc, Crédit Agricole Corporate & Investment Bank, Mediobanca – Banca di Credito Finanziario S.p.A. (Mediobanca), Natixis S.A., The Royal Bank of Scotland N.V. and UniCredit S.p.A. (“UniCredit”), for a revolving line of a total of 100 million euro maturing on February 20, 2013. Mediobanca also acts as Agent Bank. This new facility, secured by the same collaterals issued for the other loans of ADR, guarantees, until the stated maturity date, the availability of the seamless Revolving facility compared to the expiry of the validity of the pre-existing one negotiated in 2005 and valid until August 22, 2011. The cost conditions obtained can be considered as in line with the best ones that can be obtained in the market for companies with the same rating. The margin applied to the Euribor can be further deducted if the Company, in the near future, manages to improve the rating assigned by both agencies; and

## 5. CONSOLIDATED FINANCIAL STATEMENTS

- the loan agreement signed by Gemina on August 30, 2011 with a syndicate of banks for a total amount of 60.1 million euro maturing in December 2014. In particular the loan was subscribed equally by a syndicate of seven banks comprising Banca Nazionale del Lavoro S.p.A., Barclays Bank Plc, Crédit Agricole Corporate & Investment Bank, Mediobanca, Natixis S.A., The Royal Bank of Scotland N.V. and UniCredit, and organised by Mediobanca as Agent Bank. This loan was destined for 42.1 million euro (“Line A”) to the full redemption of the remaining amount of the loan taken out in December 2008, occurred in September 16, 2011, and for 18.0 million euro (“Revolving Line B”) to hedge the future cash requirement regarding Gemina’s operations. Furthermore, the loan is backed by a senior pledge on the 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. The interest rate is the Euribor plus a margin tied to the rating assigned to ADR; the maximum margin established contractually, equal to 300 basis points, corresponds to the one applied currently, which can therefore be subject to increase.

The description of guarantees provided and the major covenants on such loans is given in Note 8 of these Explanatory Notes.

### 7.19 Outstanding bonds

	<b>VALUE AS AT 12/31/2010</b>	<b>1,107,575</b>
APPLICATION EFFECT OF AMORTISED COST METHOD		2,655
EXCHANGE ADJUSTMENT		7,468
	<b>VALUE AS AT 12/31/2011</b>	<b>1,117,698</b>

The value of bonds as at December 31, 2011, equal to 1,117,698 thousand euro, can be entirely attributed to the ADR Group.

The item Outstanding bonds in particular refers to the bond issue made by Romulus Finance S.r.l., 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, 2011.

Romulus Finance is the Special Purpose Entity (SPE) vehicle established pursuant to law no. 130 of April 30, 1999 on securitisation, through which, on February 14, 2003 the creditor banks of ADR securitised part of the previous loan granted to ADR on August 2, 2001 for a total of 1,725 million euro.

The issue of bonds is arranged into four residual classes of which three are in euro (A1, A2 and A3) and one (A4) in GBP as stated below:

NAME	AMOUNT (*)	CURREN CY	INTEREST	COUPON	REDEMP TION	DURATI ON	MATURI TY
A1	500,000,000	euro	4.94%	annual	at maturity	10 years	Feb. 2013
A2	200,000,000	euro	Euribor 3M + 0.90%	quarterly	at maturity	12 years	Feb. 2015
A3	175,000,000	euro	Euribor 3M + 0.90%	quarterly	at maturity	12 years	Feb. 2015
A4	215,000,000	GBP	5.441%	six-monthly	at maturity	20 years	Feb. 2023

(\*) This is the par value of debt; the book value recorded in the financial statements (1,117.7 million euro) is adjusted on the amortised cost method, the exchange rate at year end of Class A4 in Pound Sterling, net of bonds A4 currently held by ADR, equal to 4 million Pound Sterling.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

The bonds are guaranteed by Ambac Assurance UK Limited, monoline insurance; since April 2011 the insurance company is no longer subject to rating assessment.

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.

To guarantee the repayment of Class A1, on the application date of September 2011 ADR collateralised, on the account held with Mediobanca called "loan collateral", the amount of 17.0 million euro which was added to 35.1 million euro collateralised during the year for a total of 52.1 million euro as of December 31, 2011.

The estimated fair value of the bonds as at December 31, 2011 is approximately 1,241.3 million euro, net of interest accrual.

The description of guarantees supplied and the major covenants on such bonds is given in Note 8 of these Explanatory Notes.

### 7.20 – Trade payables

As at December 31, 2011 trade receivables stand at 136,923 thousand euro (159,690 thousand euro as at December 31, 2010).

The reduction can be attributed to the lesser payables in relation to the drop in the volume of airport investments of the year.

### 7.21 - Current tax liabilities

As of December 31, 2011 this item stood at 12,874 thousand euro compared to 6,279 thousand euro of December 31, 2010 and includes the amounts payable to the Tax Authorities for IRES for 10,929 thousand euro and the amounts due for IRAP of the group companies for 1,945 thousand euro.

### 7.22 - Current financial liabilities

	12/31/2011	12/31/2010	CHANGE
INTEREST ON BONDS	14,020	13,980	40
INTEREST ON BANK LOANS	1,214	651	563
AMOUNTS PAYABLE TO OTHER FINANCERS	1,915	1,800	115
DUE TO BANKS	74,947	51,286	23,661
<b>TOTAL</b>	<b>92,096</b>	<b>67,717</b>	<b>24,402</b>

For detailed information regarding the payables existing at year end to banks and other financiers, reference is made to note 7.18 "Financial indebtedness net of current share".

The change in the balance of payables to banks as of December 31, 2010 essentially derives from the combined effect:

- of the reclassification under ADR's current liabilities of the residual amount of the "Term Loan Facility", equal to 65.5 million euro, with maturity in February 2012, and the amount of Banca BIIS expiring in March and September 2012 totalling 8.5 million euro;
- redemption, in 2011, by Gemina, of the Tranche A of the loan received in December 2008, equal to 42 million euro.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### 7.23 - Financial derivatives

	12/31/2011	12/31/2010	CHANGE
FOREIGN CURRENCY HEDGING			
DERIVATIVES	67,627	75,237	(7,610)
INTEREST RATE HEDGING			
DERIVATIVES	61,169	71,045	(9,876)
ACCRUED INTEREST	300	344	(44)
<b>TOTAL</b>	<b>129,096</b>	<b>146,626</b>	<b>(17,530)</b>

The table in the next page summarises the outstanding derivative contracts of the Group.

#### 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 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, 2011, 60.1% of ADR's facilities is at fixed rate (as at December 31, 2010): 56.0%).

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. With the activation of these contracts, an extension was obtained of the protection from the rate risk of another three years on a notional total amount of 240 million euro, thus increasing to 77.6% of total payables (72.3% as at December 31, 2010) the hedging of interest rate risks.

#### 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 50% of Line A is protected from the risk of interest rate fluctuations.

With regard to this contractual provision, on September 16, 2011 the Company entered into an interest rate swap agreement with Crédit Agricole for a notional total amount of 25.3 million euro, equal to 60% of Line A.

Simultaneously, upon reaching the maturity of the loans at December 31, 2010, the company closed the related interest rate swap agreements signed in 2008 and pertaining to the abovementioned loans. The fair value of the aforesaid instruments has been calculated on the basis of the parameters in force as at December 31, 2011 on the reference market.

The financial derivatives described 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.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

GRANTOR	GEMINA GROUP COMPANIES	INSTRUMENT	TYPE	HEDGED RISK	SUBSCR. DATE	MAT. TERM	HEDGED NOTIONAL VALUE	APPLIED RATE	FAIR VALUE OF DERIVATIVE		CHANGE IN FAIR VALUE	
									IS AT 12/31/2011	IS AT 12/31/2010	TO INCOME STATEMENT	TO SH. EQUITY (*)
MEDIOBANCA / UNICREDIT	ADR Group	<i>Cross Currency Swap</i>	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.	(60,004)	(63,992)	(65)	4,053
				C					(67,627)	(75,237)	7,610	
									(127,631)	(139,229)	7,545	4,053
BARCLAYS, ROYAL BANK OF SCOTLAND	ADR Group	<i>Interest Rate Collar Forward Start</i>	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	(986)	(6,498)	4	5,508
MEDIOBANCA / UNICREDIT	GEMINA	IRS	CF	I	12/08	12/11	15,797	Pays a 3.15% fixed rate and receives 6-month Euribor		(278)		278
UNICREDIT	GEMINA	IRS	CF	I	12/08	12/11	15,797	Pays a 3.15% fixed rate and receives 6-month Euribor		(277)		277
CREDIT AGRICOLE	GEMINA	IRS	CF	I	09/11	12/14	25,260	Pays a 1.65% fixed rate and receives: - a 1.729% fixed rate from 9/16/11 to 3/16/12 - 6-months Euribor from 3/16/11 to 9/16/14 - 3/4-months interpolated Euribor from 9/16/14 to 12/30/14	(179)			(179)
CHANGE IN HEDGING RESERVE									(128,796)	(146,282)	7,549	9,937
TAX EFFECT												(2,733)
TOTAL NET HEDGING RESERVE (**)												7,204
<i>of which:</i>												
DERIVATIVES HEDGING EXCHANGE RATE RISK (Note 7.23)									(67,627)	(75,237)		
DERIVATIVES HEDGING INTEREST RATE RISK (Note 7.23)									(61,169)	(71,045)		
									(128,796)	(146,282)		

(\*) Change in hedging reserve.  
(\*\*) The change in hedging reserve shown in "Statement of changes in Consolidated Equity", equal to 6,920 thousand euro, is shown net of third party interests

Legend  
CF Cash Flow Value Hedge  
C Exchange rate  
I Interest rate

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### 7.24 - Other current liabilities

These amount to 126,651 thousand euro as at December 31, 2011 and mainly consist of tax payables, amounts due to the staff, social security institutions and sundry trade payables.

Specifically, they include:

- amounts due to the Tax Authorities for council surcharges on passenger boarding fees, totalling 42.1 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 42.9 million euro, of which the portion for 2011 is equal to 8.6 million euro; payables not yet settled while awaiting the outcome of pending cases on appeals lodged by several of the leading airport management companies;
- payables due to personnel and former employees for employee severance indemnity to be settled, in addition to minor payables.

### NOTE 8 - GUARANTEES AND MAJOR COVENANTS ON PAYABLES

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Bank loans taken out by ADR, as detailed in note 7.18, and the bond loan – overturned to ADR by the vehicle Romulus Finance- under note 7.19, are guaranteed by:

- 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 the Romulus loan (and thus the outstanding bonds) are extinguished.

The loan granted to the Parent Company by a syndicate of seven banks subscribed on August 30, 2011 (for the refinancing of the previous loan taken out in 2008) is backed also by the following guarantees:

- a senior pledge on the ordinary shares of ADR representing at least 35% of the share capital comprising ordinary shares of the company with voting right and destined to be supplemented if the guarantee margin drops to below 4.0x.  
Gemina commits to ensure a guarantee margin of at least 4.0x, to be calculated every quarter as the relationship between the simple average of the unit value of ADR shares owned by Gemina in the last month of each quarter (calculated by applying the formula included in the contract documents) and the residual loan amount. As at December 31, 2011, 21,778,660 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 669.9 million euro;
- pledge of the current account Gemina holds at Mediobanca into which the flows derived from the disposal of equity investments, collection of dividends and other compensation will go mandatorily.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

The management of ADR's indebtedness implies several rules that govern both the cash flows and the free cash flow (the cash remaining after the debt service) generated by management.

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.

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 collateralisation);
- 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;

## 5. CONSOLIDATED FINANCIAL STATEMENTS

- 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.

For more information on the covenants, reference is made to the Report on operations under paragraph 3.12 “Information about risks and uncertainties”.

Due to the protraction of the Trigger Event, in the third quarter of 2011, ADR extended, thanks to a new waiver, the derogation regime with the following summarised contents:

- a) authorisation to refinance possible due payables;
- b) waiver, until the application date in March 2012 (excluded) of all the restraints resulting from the occurrence of the trigger event, except for: cash sweep, distribution of dividends, independent auditing of rating recovery plan and disclosure obligations upon request of financial creditors.

No additional waiver to the cash sweep regime was requested because in 2011 both the bank loan (since March) and the Romulus A1 line (since September) entered the Retention regime.

Available cash was therefore used in 2011 to repay a bank loan for 92.8 million euro and to collateralise the line A1 (not repayable) for 17.0 million euro. Following this additional contribution, the collateral account dedicated to the repayment of line A1 at the end of 2011 was 52.1 million euro. The loan agreements also provide for events that cancel the benefits upon termination, resolution or withdrawal which are typical for loans with similar characteristics.

Also the new loan agreement of Gemina provides for some rules and constraints to be complied with. The main one is the obligation to allocate 100% of the net income deriving, inter alia, from the transfer or provision of shares of ADR and other assets with Gemina, capital increases; the percentages is reduced to 50% for dividends received and profits deriving from other forms of distribution. Obtaining more financial debt is also prohibited until ADR’s rating maintains a sub-investment grade; this is allowed (though in compliance with the contractually defined financial parameter) if ADR’s rating returns to the investment grade for both Agencies. 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.

In relation to the lease contract stipulated by Fiumicino Energia, the same stipulated a credit assignment contract in favour of the financier in 2009, to guarantee payment of all amounts due by virtue of said lease contract.

The contract requires that Fiumicino Energia factors 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 financiers of Fiumicino Energia are shown in Note 10 “Financial risk management”.



## 5. CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 9 - CATEGORIES OF ASSETS/LIABILITIES IAS 39

	12/31/2011		
	RECEIVABLES AND LOANS	FIN. INSTR. AVAILABLE FOR SALE	PAYABLES AT AMORTISED COST
			DERIVATIVES
<b>BOOK VALUES AS AT 12/31/2011</b>			
OTHER EQUITY INVESTMENTS		2,254	
INVESTED RECEIVABLES	-		
OTHER NON-CURRENT FINANCIAL ASSETS	304		
TRADE RECEIVABLES	191,176		
FINANCIAL INSTRUMENTS – DERIVATIVES	-		
OTHER CURRENT FINANCIAL ASSETS	60,427		
CASH AND CASH EQUIVALENTS	180,196		
<b>TOTAL ASSETS IAS 39</b>	<b>432,103</b>	<b>2,254</b>	<b>-</b>
FINANCIAL INDEBTEDNESS NET OF CURRENT SHARE			150,445
TRADE PAYABLES			136,923
CURRENT FINANCIAL LIABILITIES			92,096
FINANCIAL INSTRUMENTS – DERIVATIVES			129,096
<b>TOTAL LIABILITIES IAS 39</b>			<b>379,464</b>
<b>INCOME (CHARGES) RECORDED ON THE INCOME STATEMENT:</b>			
INTEREST INCOME	2,880		
INCOME ON DERIVATIVES			7,555
OTHER INCOME	1,583		
INTEREST EXPENSE		(71,047)	
EXPENSES ON DERIVATIVES			(9,590)
OTHER EXPENSES		(12,088)	
	<b>4,463</b>	<b>(83,135)</b>	<b>(2,035)</b>

## 5. CONSOLIDATED FINANCIAL STATEMENTS

	12/31/2010		
	RECEIVABLES AND LOANS	FIN. INSTR. AVAILABLE FOR SALE	PAYABLES AT AMORTISED COST
			DERIVATIVES
<b>BOOK VALUES AS AT 12/31/2010</b>			
OTHER EQUITY INVESTMENTS		2,250	
INVESTED RECEIVABLES	-		
OTHER NON-CURRENT FINANCIAL ASSETS	-		
TRADE RECEIVABLES	189,610		
FINANCIAL INSTRUMENTS – DERIVATIVES	-		
OTHER CURRENT FINANCIAL ASSETS	59,446		
CASH AND CASH EQUIVALENTS	201,661		
<b>TOTAL ASSETS IAS 39</b>	<b>450,717</b>	<b>2,250</b>	<b>-</b>
FINANCIAL INDEBTEDNESS NET OF CURRENT SHARE			278,092
TRADE PAYABLES			159,690
CURRENT FINANCIAL LIABILITIES			67,717
FINANCIAL INSTRUMENTS – DERIVATIVES			146,626
<b>TOTAL LIABILITIES IAS 39</b>			<b>505,499</b>
<b>INCOME (CHARGES) RECORDED ON</b>			
<b>THE INCOME STATEMENT:</b>			
INTEREST INCOME	1,577		
INCOME ON DERIVATIVES			7,830
OTHER INCOME	246		
INTEREST EXPENSE		(69,486)	
EXPENSES ON DERIVATIVES			(11,229)
OTHER EXPENSES		(8,948)	
	<b>1,823</b>	<b>(78,434)</b>	<b>(3,399)</b>

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 10 – FINANCIAL RISK MANAGEMENT

#### CREDIT RISK

The maximum theoretical exposure to the credit risk for the Gemina Group, as at December 31, 2011, 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 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 portage, 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 (NET OF THE BAD DEBT PROVISION)				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, 2011	92.2	49.8	5.9	3.9	39.4	191.2
	Dec. 31, 2010	107.0	18.6	8.3	3.9	51.8	189.6
OTHER RECEIVABLES	Dec. 31, 2011	8.2	-	-	-	1.4	9.6
	Dec. 31, 2010	7.9	-	-	-	1.4	9.3

Receivables not written down that have expired for more than 181 days mainly consist of amounts due from companies of the Alitalia Group under extraordinary administration.

The ADR Group's credit risk is highly concentrated in so far as about 69% (58% in 2010) of the credit not written down is due from ten customers.

The economic and financial situation with the reference carrier in particular is critical in relation to the credit risk and, more generally, consequently to the disavowal of the value of a series of services provided that are not being paid for or recognised.

On this point, the credit position for invoices issued by ADR as of December 31, 2011 is specified below:

## 5. CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

- receivables for the sub-concession of the Technical Area equal to 1.8 million euro, - plus local property taxes for 0.7 million euro. Regarding this service, ADR deems a legitimate review of the economic terms of the sub-concession agreement applicable, which based on preliminary understandings, subsequently disregarded by Alitalia, would lead to a credit equal to 10.7 million euro;

## 5. CONSOLIDATED FINANCIAL STATEMENTS

- receivables for the use of common use assets for the years from 2009 to 2011 equal to 4.9 million euro, also being challenged by Alitalia. ADR started lawsuits with the other handlers that had challenged this charge (mainly towards EAS – now Alitalia – and Aviapartner). When a ruling is obtained (expected in the short term), actions will be taken also against Alitalia-CAI.

### LIQUIDITY RISK

Liquidity risk may occur when it is impossible to obtain, at fair conditions, the financial resources necessary to the Group's 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).

	12/31/2011				12/31/2010			
	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		70.7	79.8	150.5	-	193.7	84.4	278.1
OUTSTANDING BONDS		870.3	247.4	1,117.7	-	868.0	239.6	1,107.6
TRADE PAYABLES	130.9	6		136.9	152.5	7.2	-	159.7
CURRENT FINANCIAL LIABILITIES	92.1			92.1	67.7	-	-	67.7
OTHER CURRENT LIABILITIES	126.6			126.6	107.0	-	-	107.0

### ADR Group

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

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

The liquidity risk is considerably mitigated through this complex contractual check. The current rating assigned to ADR prevents it from taking out additional indebtedness without specific authorisation from its financial creditors.

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

## 5. CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

ADR, in the last part of 2011, completed the analysis of the various refinancing options to repay Tranche A1 (with a par value of 500 million euro) of the payable to the vehicle Romulus Finance S.r.l. maturing on February 20, 2013. Based on the outcome of the legal and market studies conducted, the various refinancing options available were selected, including the bank loan, which appears to be the main option for Tranche A1. In the first quarter of 2012 the refinancing project moved to the implementation phase.

The centralised treasury system managed by ADR with the subsidiary companies ADR Engineering S.p.A., ADR Tel S.p.A. and ADR Assistance S.r.l., adjusted to market conditions, allows management of financial resources to be optimised and regulation of infra-group trade relations to be facilitated.

### *Gemina*

For its short term requirements, the Company has liquid funds available for 5.3 million euro, in addition to the revolving lines of credit (revolving Line B) of 18.0 million euro to pay for running costs.

The existing Loan 2011 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 50% of the income from the distribution of dividends or other distributions of ADR and of the other investee companies to mandatory advance repayment.

### 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 result.

The Groups’ hedging policy is illustrated in note 7.23 above, to which reference is made.

### *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.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

The sensitivity analysis was carried out on the basis of the conditions of the loans and hedges in place as of December 31, 2011.

With reference to the variable-rate debts and their hedging derivatives, a hypothetical, immediate increased change of +0.5 bps of the market interest rate level would generate a positive effect on the cash flow hedge reserve equal to 5.1 million euro and increased financial expenses for the year totalling 1.8 million euro for the portion of unhedged debt.

To the contrary, a hypothetical, immediate decreased change of 50 bps of the market interest rate level would generate a negative impact on the cash flow hedge reserve equal to 5.4 million euro and a reduction of financial expenses equal to 2.2 million euro.

Lastly, it should be emphasised 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 7.23.

#### *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 8.1 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 6.6 million euro.

Lastly, appreciable effects on the income statement due to Euro/Pound Sterling exchange rate changes would not be noticed.

### NOTE 11 – GUARANTEES AND COMMITMENTS

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As at December 31, 2011 the Group had the following **guarantees**:

- guarantees issued for the loan agreements mentioned in Note 7.22;
- guarantees issued 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 75,605 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. This right expired on December 31, 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.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

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 estimates available based on the investments made on the date of this report, ADR deems that its total liability in relation to the progress of the investment plan does not exceed about 37 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 under extraordinary items in the years 2006-2011 with provisions for risks and charges counter-item for a total of about 4.6 million euro as at December 31, 2011, 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 7.22 of the Explanatory Notes to the Financial Statements.

### NOTE 12 – LITIGATION

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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 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

On 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 1/1/1993 – 1/31/1998. 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 amount of taxes and interest required amounted to about 22.3 million euro.

ADR appealed to the Provincial Tax Commission 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. The Customs Agency subsequently initiated the



## 5. CONSOLIDATED FINANCIAL STATEMENTS

procedure for collection of the amounts assessed as owed, which ADR is paying by instalment. The total amount, including interest and additional charges, was 26.1 million euro.

On July 14, 2009, 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 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, also the amounts of the taxes assessed on a statistical-deductive basis were allocated, thus matching the provisions with the entire amount of the 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.

### CONSUMPTION TAX, EXCISE DUTY AND ADDITIONAL FEE ON ELECTRICITY

On March 1, 2011, the Customs Agency – Rome 2 Office, started an inspection with respect to ADR to assess the correct application of the current regulations on consumption tax, excise duty and additional fee on electricity for the 2007-2010 period.

The assessment is connected with the inspection carried out, for the 2002-2006 period, by the former UTF of Rome, for which a litigation is still pending at the Court of Cassation due to the appeals filed in against the judgments issued by the Regional Tax Commission in favour of the Company. On February 9, 2012 the company was served with an assessment report with which the Agency set the omitted payment of the consumption tax, the related surcharge and the VAT due for said period, at 2.5 million euro. In acknowledging this report, the Company reserved the right to produce replies and to take actions at the competent venues.

### 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 1.2 million euro, and VAT for 2.4 million 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).

## 5. CONSOLIDATED FINANCIAL STATEMENTS

The Italian Civil Aviation Authority's affirmation is based on 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 set for July 12, 2010 for the suspension of contested deeds, ADR for procedural opportunities, ADR requested a deferral directly to hearing of the grounds.

The overall maximum amount for the potential request to return is estimated at about 8 million euro plus interest; the right that would be obtained from these carriers shall in turn be assessed in Court.

On this issue, on July 21, 2011 ADR was served the complaint, before the Court of Civitavecchia, of Swiss International Airlines Ltd for the repayment of 5.2 million euro, including interest, equal to the alleged difference paid in excess by Swiss from 2002 to 2009 for take-off and landing fees. On August 18, 2011 ADR was notified a similar appeal once again by Swiss with a claim for 3.1 million euro plus interest, for a total of 3.5 million euro as passenger boarding fees (take-off and landing fees are no longer mentioned).

In the hearing for the first appearance of the parties set for December 23, 2011, Swiss, in the case regarding take-off and landing fees, re-quantified the value of its claims from 5.2 million euro to 1.6 million euro, admitting its material error.

### 100% HOLD BAGGAGE

In 2003 ADR challenged Ministerial Decree 14/T of March 14, 2003 before the Lazio Regional Administrative Court (TAR). The decree contains provisions on the remuneration for the service of performing security checks on 100% of hold baggage in relation to the payment date. The dispute was aimed at recovering the turnover for the period passed between the date of validity of the decree (June 3, 2003) and the term set by ENAC with separated letter (June 26, 2003). With judgement no. 13847/2010 the Lazio Regional Administrative Court (TAR) accepted the appeal, condemning ENAC and the Ministry of Infrastructure and Transport (jointly and severally) to the payment in favour of ADR of 6.7 million euro, plus legal interest from the date of the amount becoming payable until the date of its settlement. With deed notified in October 2010 the Administrations failed appeal against the abovementioned ruling by the TAR. With the sentence filed with the Chancery on October 27, 2011 the appeal was fully repealed, thus definitively recognising in ADR's favour of the amount of 6.7 million euro, plus legal interest, in the meantime settled by ENAC and the Italian Ministry of Transport and Infrastructure between June and September 2011.

### COMPENSATION FOR THE BAGGAGE HANDLING SYSTEM

On July 11, 2011 ADR S.p.A. was notified, in its capacity as party involved, the appeal lodged before the Lazio Regional Administrative Court by IBAR and ten carriers (Brussels Airlines, Qatar Airways, Kuwait Airways, Egypt Air, Cyprus Airways, Bulgaria Air, Malaysia Airlines, Iberia, Tunisair) for the repeal of ENAC instruction pursuant to letter of May 11, 2011. With the mentioned directive the Civil Aviation Authority declared that, with reference to the fee to use the automatic handling system of transit baggage "NET6000", the cost connection limit just for 2011 is "equal to 1.87 euro per piece of baggage". The appellants did not make a request for suspensive relief and a date for the relevant hearing has yet to be set.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

Therefore, in relation to the failed payment from January 2011 for the use of the NET6000 system by the ten carriers, on December 22, 2011 ADR filed the relevant appeals for injunctions to recover its credit expired on November 30, 2011, equal to 3.8 million euro towards: Alitalia (3.6 million euro), Air France, Delta, Korean, Air One, United, Darwin, Emirates, Continental and Qatar. On January 17, 2012 the company filed the supplementary notes to the appeals for injunctions towards Alitalia, Air One, Emirates, Delta and Air France to demand their provisional enforceability, while it withdrew those towards Darwin and Continental, given that these airlines paid the due debt. Also United paid the entire due debt and, given that the action can no longer be withdrawn from, the Injunction will not be notified.

### “AVIO” SERVICE STATION RISK

In March 2006 ADR appealed to the Lazio Administrative Court against the Civil Aviation Authority’s memorandum of February 3, 2006 and subsequent memoranda in which the Authority deemed it appropriate to suspend payment of royalties on the sub-concession of airport fuel supply to third parties. The suspension is to remain in force until the submission by airport operators of data regarding the costs incurred in relation to the service provided by oil companies and until the completion of checks to be carried out on these companies by the Civil Aviation Authority. An announcement of the date of a hearing to discuss the matter is awaited.

IBAR (Italian Board Airlines Representatives) and 6 carriers (Iberia, Tap, American Airlines, Delta Airlines, Ethiopian Airlines and Cyprus Airlines) lodged an appeal with the Lazio Administrative Court, against the Civil Aviation Authority’s memorandum of September 15, 2006 (protocol no. 60600) (in addition to other previous measures), with which the Civil Aviation Authority communicated the results of the controls carried out at airports managed by full-service operators “in order to analyze the correlation between costs and the flat rates charged by airport operators to oil companies”. Subsequently, IBAR put forward additional grounds and requested the Regional Administrative Court to acknowledge the illegitimacy of the most recent rulings issued by the Civil Aviation Authority regarding the matter. An announcement of the date of a hearing to discuss the matter is awaited.

AirOne has taken out legal proceedings at the Civil Court of Rome against Tamoil, its jet fuel supplier, as well as certain airport operators (SAB – Aeroporto di Bologna, ADR, SEA and SAVE), claiming the illegality of the fees charged to oil companies by operators in return for the use of airport infrastructure, which these companies subsequently “pass on” to carriers. Consequently, AirOne also requests that Tamoil – together with the above airport operators, each according to their portion of responsibility – be ordered to repay the sum paid by AirOne since 2003, amounting to 2.9 million euro. The issue of the sentence is awaited.

### 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 following 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. Regarding the proceedings related to Alitalia S.p.A., ADR’s claim was dealt with at a hearing on December 16, 2009. On this occasion, ADR was the only operator deemed to have adequately proved its claims, and a first statement of affairs was duly filed. Subsequently the amounts due after the opening of the procedure were excluded from the statement of affairs due to the guideline adopted by the Commissioners, by virtue of which, dealing with “non insolvent” amounts due, the related assessment is referred to the Delegated Judge only in case of formal dispute by the Commissioners due to allocation and/or amount.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

In the meantime, an expert was arranged by the Delegated Judge, also for the amounts due alleged by ADR S.p.A., similarly to the process relating to the other operators. In December 2011 the statement of affairs was made executive. Pursuant to art. 97 of the bankruptcy law, communications shall be sent to the creditors to inform them of the filing with the chancery of the statement of affairs, as well as the outcome of the application. From the time of receiving this communication, the terms shall apply for any opposition (30 days).

As for the other companies of the Alitalia group under extraordinary administration, between June and December 2011, the statements of affairs were made executive although the related communications have still not been received by ADR. Moreover, several legal initiatives have been undertaken at the Court of Civitavecchia, in support of ADR's claims for amounts due from Alitalia for navigation fees, secured by a lien on the aircraft, also in respect of their related owners, who are jointly liable under the law.

### REVOCATORY ACTIONS: VOLARE GROUP

In October 2009, the companies Volare Airlines S.p.A. under extraordinary administration 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. under extraordinary administration. 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 up to 2002.

At the hearing for pronouncement of the judgement held on February 2, 2011, the ruling for the proceedings was postponed.

With its decisions of June 2011, the Court, totally rejecting the objections raised by ADR – for having omitted any grounds with regard to the specific nature of the function performed by the airport operator, which could not suspend the performance of its services relying on the solvency tests carried out by ENAC – accepting the plaintiffs' claims, declared ineffective, pursuant to Article 67 Paragraph 2 of the Bankruptcy Law, the payments made by the carrier to ADR and, as a result, it ordered the company to pay 6.7 million euro, plus interest, in favour of the Extraordinary Administration of Volare Airlines and 1.8 million euro plus interest, in favour of the Extraordinary Administration of Air Europe. ADR proposed an appeal. The hearing is adjourned until February 6, 2014 to pronounce the final judgment. With reference to the Air Europe ruling, with ruling filed on February 7, 2012, the Court accepted ADR's appeal and suspended the enforcement of the 1<sup>st</sup> instance sentence.

### LIGABUE GATE GOURMET S.P.A. BANKRUPTCY

A group of 16 plaintiffs has served a writ of summons against ADR and Fallimento Ligabue Gourmet, whereby they are contesting the validity of the sale of the company branch of the Ovest catering company by ADR to the company Ligabue, 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. 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. Of the 16 plaintiffs of the first-degree phase, 14 filed to appeal the decision, with respect to which ADR has made its entry of appearance. The next hearing is scheduled for December 2, 2014.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### LITIGATION CONCERNING PUBLIC TENDERS

On December 2004, ATI NECSO Entrecanales – Lamaro Appalti 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 expenses. ATI claimed 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. With decisions disclosed in September 2011, the Appeal Court fully rejected the claims of ATI Necso ordering it to pay ADR's legal costs. The terms to lodge an appeal with the court of cassation are expiring.

### CONTRACT WORKS

Although it is not a litigation case, the construction works for the Boarding Area F (formerly Pier C) contracted out to the Cimolai Temporary Association of Companies (ATI) are late with respect to the schedule set out in the construction contract. At the end of 2011 an agreement was reached with the company to remodel the works, among other things, and define the reserves recorded in the works journal.

### DAMAGE CLAIMS

On June 22, 2011, ADR received formal damage claims from the insurance company AXA Assicurazioni, insurer of the airline Ryanair, for the damage suffered by the aircraft B737-800, registration E-IDYG as a consequence of the emergency landing caused by a bird strike occurred on November 10, 2008 at the Ciampino airport. ADR rejects any and all liability on this matter although the investigation by the cognisant authority is currently still ongoing. The damage claims amount to about 27 million dollars for direct damages (indirect damages are still being defined) and any indemnification would be covered by the Airport Operator's RCT insurance policy if, as a result of the investigation, ADR were found liable of the occurrence of the event.

### 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 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. As part of this action, at the hearing of January 30, 2012 the ruling for the proceedings was postponed. A ruling is being awaited.

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.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### 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 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 rejected the preliminary claims of the plaintiff and on June 28, 2011 he held the hearing for pronouncement of the sentence. With ruling no. 248/2012 of January 11, 2012, the Court of Milan rejected all the plaintiff’s claims, condemning the losing party to fully pay the legal expenses towards the defendant and third parties (including, in favour of Gemina, 1,020 thousand euro for fees, 3 thousand euro for expenses and 17 thousand euro for duties). With deed notified on February 17, 2012 Mr. Angelo Rizzoli proposed an appeal (hearing for the appearance of the parties in the deeds: June 14, 2012), asking at the same time the preventive suspension of the executive effectiveness of the appealed ruling.

Gemina’s right to pay legal expenses as shown above was recorded under the receivables while the residual amount to be paid for the professional services supplied by Gemina lawyers is recorded under trade receivables.

### GREEN CERTIFICATES

Pursuant to art. 4, subsection 2 of Ministerial Decree of October 24, 2005 and consequently to resolution of GSE S.p.A. of October 22, 2008, the co-generation power plant for the district heating of the subsidiary company Fiumicino Energia was qualified as thermo-electrical plant in co-generation and the right to the issue of green certificates only for the portion of energy actually used for the district heating of the airport network.

In compliance with art. 14 of Legislative Decree no. 20 of February 8, 2007, which subordinates the right to the issue of green certificates to obtaining the EMAS registration within two years from the plant being commissioned, Fiumicino Energia presented the EMAS registration petition on August 4, 2010.

The registration process was suspended by the committee for Ecolabel and Ecoaudit “...for the special organisational configuration existing between Fiumicino Energia and Leonardo Energia”.

Consequently, the Energy Services Operator (GSE) arranged for the issue of green certificates to be blocked.

During 2011 Fiumicino Energia and Leonardo Energia filed two appeals to the TAR against these provisions by proposing different ground for illegality; the Lazio TAR rejected the appeals.

Against the rulings of the TAR the company proposed an appeal before the State Council, which accepted them and with ruling of September 28, 2011 ascertained the erroneous interpretation given by the EMAS Committee to the requirements for registration; the TAR Lazio set the hearing for April 3, 2012.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 13 TRANSACTIONS WITH RELATED PARTIES

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In implementing the provisions of article 2391-bis of the Italian Civil Code and the Consob regulation adopted with 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 in its meeting of November 12, 2010, after having received the favourable opinion of a specially established committee made up solely independent Directors to ensure the transparency and substantially and procedural correctness of the transactions with related parties carried out directly or via subsidiaries.

The Procedure entered into force on January 1, 2011 and regulates the approval processes for transactions carried out through subsidiaries and the disclosure that should be provided regarding transactions with related parties.

Paragraph 3.11 of the Report on operations, to which reference is made, analyses the main transactions with related parties which had a significant effect on the financial situation or result of the Group.

Furthermore, the accounts in this statement show for each item the amount referred to the transactions with related parties.

Transactions with related parties do not include atypical or unusual transactions carried out in 2011.

According to IAS 24, with reference to the Directors and Executives with strategic responsibilities of the Gemina Group, in 2011 the remuneration, employment compensation, non-monetary benefits, bonuses, incentives and other payments, also for possible assignments in subsidiary companies, amount to a total of 5,445 thousand euro.

Pursuant to art. 123-ter of Legislative Decree 58/98, the Report on remuneration was prepared, which shows the consideration due to the members of the administration and control bodies, the General Manager and other executives with strategic responsibilities of Gemina and the Group. This Report is available at Borsa Italiana S.p.A. and on the website [www.gemina.it](http://www.gemina.it) within the limits of the law.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### LIST OF EQUITY INVESTMENTS

NAME	TYPE	REGISTERED	ASSETS	CURRENCY	CAPITAL	EQUITY INVESTMENT		CONSOLIDATION	CONSOLID.	BOOK	
		OFFICE				% SHARE	THROUGH		SHARE	METHOD	VALUE
									*	**	***
<b>PARENT COMPANY</b>											
GEMINA	L	Fiumicino (Rome)	Holding of equity investments	euro	1,472,960,320	n/a	n/a		100.00	Line-by-line	
<b>AIRPORT ACTIVITY</b>											
ADR	UL	Fiumicino (Rome)	Airport management	euro	62,224,743	95.90	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	
Fiumicino Energia	S.r.l.	Fiumicino (Rome)	Electricity Production	euro	741,795	87.14	Direct		100	Line-by-line	
Leonardo Energia	S.C.a r.l.	Fiumicino (Rome)	Electricity Production	euro	10,000	90.00	Fiumicino Energia S.r.l.		100	Line-by-line	
						10.00	Aeroporti di Roma S.p.A.				
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	895
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	10



## 5. CONSOLIDATED FINANCIAL STATEMENTS

NAME	TYPE	REGISTERED	ASSETS	CURRENCY	CAPITAL	EQUITY INVESTMENT		CONSOLIDATION	CONSOLID.	BOOK	
		OFFICE				% SHARE	THROUGH		SHARE		METHOD
									*	**	***
<b>OTHER</b>											
PENTAR	UL	Milan	Holding company	euro	12,672,627	18.54	Direct		18.54	Valued at cost	32
DOMINO	S.r.l.	Fiumicino (Rome)	Internet services	euro	10,000	100.00	Direct		100.00	Valued at cost	10
DIRECTIONAL CAPITAL HOLDINGS IN LIQUID.	N.V.	Channel Islands	Financial services	euro	6,249	5.00	Direct	(3)	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 (former Tempo Libero) (2)	UL	Milan	Financial services	Lire	20,000,000,000	42.50	Direct		42.50	Valued at cost	1 euro cent

\* 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) On April 29, 1999, the Court of Milan declared its bankruptcy.

(3) As from March 31, 2008, the company is in liquidation.

<b>L</b>	Listed joint stock company.
<b>UL</b>	Unlisted joint stock company.
<b>S.r.l.</b>	Limited liability company.
<b>Cons.</b>	Consortium.
<b>S.c. a r.l.</b>	Limited liability consortium company.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### 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 2011 financial year for audit services and other services rendered by the same Independent Auditors.

<i>(in thousands of euro)</i>	<b>COMPANY THAT RENDERED THE SERVICE</b>	<b>TARGET COMPANY</b>	<b>REMUNERATIONS PERTAINING TO THE YEAR 2011 (*)</b>
AUDIT	DELOITTE & TOUCHE S.P.A.	GEMINA PARENT COMPANY	155
	DELOITTE & TOUCHE S.P.A.	SUBSIDIARY COMPANIES	298
CERTIFICATION	DELOITTE & TOUCHE S.P.A. (1)	GEMINA PARENT COMPANY	3
	DELOITTE & TOUCHE S.P.A.	SUBSIDIARY COMPANIES	79
OTHER SERVICES	DELOITTE & TOUCHE S.P.A. (2)	GEMINA PARENT COMPANY	11

(1) *Subscription of Income Tax Return and 770 forms.*  
(2) *Review of request from shareholder Changj Ltd.*  
(\*) *including expenses*

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### 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, Carlo Bertazzo, in my position of Managing Director, and Sandro Capparucci in my position of Manager in charge of preparing the 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
- of the correct application of administration and accounting procedures for the drafting of the consolidated financial statements over 2011.

It is also stated that::

- the consolidated financial statements as at December 31, 2011:
  - 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 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.

Fiumicino, March 8, 2012

The Managing  
Director  
(Carlo Bertazzo)

The Manager  
in charge of preparing  
corporate accounting documents  
(Sandro Capparucci)

## 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 statement of financial position as of December 31, 2011, and the consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated equity and statement of consolidated cash flow 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 25, 2011.

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, 2011, 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.
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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma  
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

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, 2011.

DELOITTE & TOUCHE S.p.A.

*Signed by*  
Fabio Pompei  
Partner

March 22, 2012  
Rome, Italy

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

**6.**

**FINANCIAL STATEMENTS  
OF GEMINA S.P.A.  
AS AT DECEMBER 31, 2011**

## 6. FINANCIAL STATEMENTS

### FINANCIAL STATEMENTS OF GEMINA S.P.A.

#### INCOME STATEMENT

	Notes	2011	<i>of which due to related parties</i>	2010	<i>of which due to related parties</i>
<i>(in thousands of euro)</i>					
<b>INCOME (CHARGES) ON EQUITY INVESTMENTS</b>					
DIVIDENDS FROM ASSOCIATES		-		-	
OTHER INCOME/(CHARGES) ON EQUITY INVESTMENTS		30		(1,348)	
<b>TOTAL INCOME (CHARGES) ON EQUITY INVESTMENTS</b>	4.1	<b>30</b>		<b>(1,348)</b>	
<b>NET FINANCIAL INCOME (EXPENSE)</b>					
FINANCIAL INCOME:					
INTEREST INCOME		249	100	389	90
FINANCIAL EXPENSES:					
INTEREST EXPENSE		(2,969)	(2,480)	(3,321)	(3,321)
OTHER EXPENSES		(123)	(54)	(66)	(66)
<b>TOTAL NET FINANCIAL INCOME (EXPENSE)</b>	4.2	<b>(2,843)</b>		<b>(2,998)</b>	
STAFF COSTS	4.3	(2,159)	(25)	(1,526)	(24)
OTHER OPERATING COSTS	4.4	(4,413)	(623)	(3,846)	(88)
NET PROVISIONS	4.5	(112)		(2,240)	(3,600)
AMORTISATION/DEPRECIATION		(12)		(20)	
REVENUES	4.6	1,004	797	1,044	881
<b>TOTAL NET OPERATING COSTS</b>		<b>(5,692)</b>		<b>(6,588)</b>	
<b>PRE-TAX PROFIT (LOSS)</b>		<b>(8,505)</b>		<b>(10,934)</b>	
TAX REVENUES (CHARGES)	4.7	1,889		2,248	
<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>(6,616)</b>		<b>(8,686)</b>	



## 6. FINANCIAL STATEMENTS

### STATEMENT OF COMPREHENSIVE INCOME

	2011	2010
<i>(in thousands of euro)</i>		
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>(6,616)</b>	<b>(8,686)</b>
PROFIT (LOSS) FROM FAIR VALUE VALUATION OF DERIVATIVE INSTRUMENTS (CASH FLOW HEDGE)	(179)	338
TAX EFFECT	49	(93)
<b>RECLASSIFICATIONS OF THE COMPONENTS IN THE COMPREHENSIVE INCOME STATEMENT IN THE INCOME STATEMENT</b>		
PROFIT (LOSS) FROM FAIR VALUE VALUATION OF DERIVATIVE INSTRUMENTS (CASH FLOW HEDGE)	556	
TAX EFFECT	(153)	
<b>TOTAL PROFIT (LOSS) FOR THE YEAR</b>	<b>(6,343)</b>	<b>(8,441)</b>

## 6. FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL POSITION

#### ASSETS

<i>(in thousands of euro)</i>	<i>Notes</i>	<b>12/31/2011</b>	<i>of which due to related parties</i>	<b>12/31/2010</b>	<i>of which due to related parties</i>
<b>NON-CURRENT ASSETS</b>					
Other intangible fixed assets		-		1	
TOTAL INTANGIBLE FIXED ASSETS	5.1	-		1	
Fixtures and fittings tools and other equipment		-		6	
Other tangible fixed assets		2		29	
TOTAL TANGIBLE FIXED ASSETS	5.2	2		35	
EQUITY INVESTMENTS IN SUBSIDIARIES	5.3	1,843,283		1,843,246	
INVESTMENTS IN ASSOCIATES AND JOINT VENTURES	5.3	-		32	
OTHER EQUITY INVESTMENTS	5.3	32		28	
DEFERRED TAX ASSETS	5.4	125		1,029	
OTHER NON-CURRENT FINANCIAL ASSETS	5.5	221	63	-	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,843,663</b>		<b>1,844,371</b>	
<b>CURRENT ASSETS</b>					
TRADE RECEIVABLES	5.6	432	432	578	578
OTHER RECEIVABLES	5.7	19,645	16,864	13,013	11,876
OTHER CURRENT FINANCIAL ASSETS	5.8	3,346	3,266	2,934	2,927
CASH AND CASH EQUIVALENTS	5.9	5,340	14	11,137	48
<b>TOTAL CURRENT ASSETS</b>		<b>28,763</b>		<b>27,662</b>	
<b>TOTAL ASSETS</b>		<b>1,872,426</b>		<b>1,872,033</b>	

## 6. FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL POSITION

#### SHAREHOLDERS' EQUITY AND LIABILITIES

	<i>Notes</i>	12/31/2011	<i>of which due to related parties</i>	12/31/2010	<i>of which due to related parties</i>
<i>(in thousands of euro)</i>					
<b>SHAREHOLDERS' EQUITY</b>					
SHARE CAPITAL		1,472,960		1,472,960	
CAPITAL RESERVES		199,707		199,707	
HEDGING RESERVE		(130)		(403)	
OTHER RESERVES		83,106		83,106	
PROFIT (LOSS) FROM PREVIOUS YEARS		55,593		64,279	
PROFIT (LOSS) FOR THE YEAR		(6,616)		(8,686)	
TOTAL SHAREHOLDERS' EQUITY	5.10	<b>1,804,620</b>		<b>1,810,963</b>	
<b>NON-CURRENT LIABILITIES</b>					
EMPLOYEE BENEFITS	5.11	107		244	
PROVISIONS FOR RISKS AND CHARGES	5.12	9,100	6,700	9,100	6,700
FINANCIAL INDEBTEDNESS NET OF CURRENT SHARE	5.13	41,295	11,799	-	
TOTAL NON-CURRENT LIABILITIES		<b>50,502</b>		<b>9,344</b>	
<b>CURRENT LIABILITIES</b>					
TRADE PAYABLES	5.14	1,799	320	711	119
CURRENT FINANCIAL LIABILITIES	5.15	605	173	41,954	41,954
PROVISIONS FOR RISKS AND CHARGES	5.12	2,037		1,922	
FINANCIAL INSTRUMENTS – DERIVATIVES	5.16	174	-	581	581
CURRENT TAX LIABILITIES	5.17	10,929		5,065	
OTHER CURRENT LIABILITIES	5.17	1,760	531	1,493	438
TOTAL CURRENT LIABILITIES		<b>17,304</b>		<b>51,726</b>	
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,872,426</b>		<b>1,872,033</b>	

## 6. FINANCIAL STATEMENTS

### STATEMENT OF CASH FLOWS

(in thousands of euro)

	2011	2010
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>(6,616)</b>	<b>(8,686)</b>
AMORTISATION AND DEPRECIATION OF TANGIBLE AND INTANGIBLE FIXED ASSETS	12	20
INCREASE (DECREASE) OF EMPLOYEE BENEFITS AND OTHER FUNDS	(22)	2,271
(INCREASE) DECREASE IN DEFERRED TAX ASSETS	904	1,080
(REVALUATION) WRITE-DOWN OF EQUITY INVESTMENTS	-	1,378
<b>1) OPERATING PROFIT (LOSS) BEFORE CHANGES IN WORKING CAPITAL</b>	<b>(5,722)</b>	<b>(3,937)</b>
(INCREASE) DECREASE IN TRADE RECEIVABLES	146	(180)
(INCREASE) DECREASE IN OTHER CURRENT ASSETS	(6,633)	1,422
INCREASE (DECREASE) IN TRADE PAYABLES	1,088	234
INCREASE (DECREASE) IN OTHER CURRENT LIABILITIES AND TAX PAYABLES FOR CURRENT TAXES	6,131	(4,220)
<b>2) CHANGES IN WORKING CAPITAL</b>	<b>732</b>	<b>(2,744)</b>
<b>3) TOTAL CASH AND CASH EQUIVALENTS GENERATED (ABSORBED) BY OPERATIONS (1+2)</b>	<b>(4,990)</b>	<b>(6,681)</b>
<b>STATEMENT OF CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
DISPOSAL OF EQUITY INVESTMENTS IN SITI	-	5,000
(INCREASE) DECREASE IN INVESTED RECEIVABLES	-	4,591
OTHER CHANGES IN EQUITY INVESTMENTS	(9)	(35)
(INCREASE) DECREASE IN TANGIBLE AND INTANGIBLE FIXED ASSETS	22	(5)
<b>4) TOTAL CASH AND CASH EQUIVALENTS GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES</b>	<b>13</b>	<b>9,551</b>
<b>STATEMENT OF CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(INCREASE) DECREASE IN TRADE RECEIVABLES	(633)	32
RAISING OF NEW LOANS	41,200	-
REPAYMENTS OF FINANCIAL INDEBTEDNESS	(41,660)	(5,444)
OTHER CHANGES IN SHAREHOLDERS' EQUITY	273	245
<b>5) TOTAL CASH AND CASH EQUIVALENTS GENERATED (ABSORBED) BY FINANCING ACTIVITIES</b>	<b>(820)</b>	<b>(5,167)</b>
<b>6) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (3+4+5)</b>	<b>(5,797)</b>	<b>(2,297)</b>
<b>7) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>11,137</b>	<b>13,434</b>
<b>8) CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (6+7)</b>	<b>5,340</b>	<b>11,137</b>

### ADDITIONAL INFORMATION TO THE STATEMENT OF CASH FLOWS

INCOME TAXES PAID	-	-
TAX RECOVERY FROM TAX CONSOLIDATION	3,100	1,010
INTEREST INCOME AND OTHER FINANCIAL INCOME COLLECTED	243	105
INTEREST PAYABLE AND OTHER FINANCIAL EXPENSE PAID	1,529	2,168

## 6. FINANCIAL STATEMENTS

### STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of euro)

	Share capital	Capital reserves	Hedging reserve	Other reserve	Profit (loss) pertaining to previous years	Profit (loss) for the year	Shareholder's Equity
<b>Balances as at 12/31/2009</b>	<b>1,472,960</b>	<b>200,057</b>	<b>(648)</b>	<b>82,756</b>	<b>78,348</b>	<b>(14,069)</b>	<b>1,819,404</b>
<b>Transactions with shareholders</b>							
Allocation of results year 2009					(14,069)	14,069	
Other changes		(350)		350			
<b>Total profit (loss) for the year</b>			245			(8,686)	(8,441)
<b>Balances as at 12/31/2010</b>	<b>1,472,960</b>	<b>199,707</b>	<b>(403)</b>	<b>83,106</b>	<b>64,279</b>	<b>(8,686)</b>	<b>1,810,963</b>
<b>Transactions with shareholders</b>							
Allocation of results year 2010					(8,686)	8,686	
<b>Total profit (loss) for the year</b>			273			(6,616)	(6,343)
<b>Balances as at 12/31/2011</b>	<b>1,472,960</b>	<b>199,707</b>	<b>(130)</b>	<b>83,106</b>	<b>55,593</b>	<b>(6,616)</b>	<b>1,804,620</b>

## 6. FINANCIAL STATEMENTS

### EXPLANATORY NOTES

#### NOTE 1 – GENERAL INFORMATION

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Generale Mobiliare Interessenze Azionarie S.p.A. (hereafter also “Gemina” or “Company”) has its registered office in Fiumicino, Via dell’Aeroporto di Fiumicino, 320 and no secondary offices. Until July 31, 2011 the registered office was located in Milan, via della Posta 8/10.

The Company only operates as an investment holding company listed on the Milan Stock Exchange with the mission of developing financial and growth strategies in the airport infrastructure sector, and does not play a direct operating role.

On the date of preparing these financial statements Sintonia S.A. is the shareholder that, directly and indirectly, holds the majority regarding Gemina shares, and adheres to a shareholders’ agreement together with other shareholders; Sintonia S.A., which is in turn a subsidiary of Edizione S.r.l., does not exercise management and coordination activities with respect to Gemina.

These financial statements were approved by the Board of Directors of the Company in the meeting of March 8, 2012. It is worth mentioning that, by holding significant majority equity investments in other companies, the company also prepares the consolidated financial statements of the Group, published together with these financial statements.

#### NOTE 2 – FORM AND CONTENT OF THE FINANCIAL STATEMENTS

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The financial statements for the year ended December 31, 2011, drawn up on an on-going concern, were prepared pursuant to articles 2 and 4 of Italian Legislative Decree 38/2005, in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and approved by the European Commission, in effect on the date of the financial statements, which include the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as well as the previous International Accounting Standards (IAS) and the interpretations of the Standard Interpretations Committee (SIC) still in force on the same date. For simplicity reasons, the set of all the standards and interpretations listed above is defined below as “IFRS”.

Furthermore, reference was made to the provisions issued by Consob (Commissione Nazionale per le Società e la Borsa) implementing subsection 3 of article 9 of Italian Legislative Decree 38/2005.

The financial statements comprise the consolidated accounting statements (income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in Shareholders’ equity) and these explanatory notes, applying the provisions of IAS 1 “Presentation of Financial Statements” and the general criterion of the historical cost, with the exception of the financial statement items that according to IFRS are recognised at their fair value, as stated in the valuation criteria of the individual items.

The statement of financial position is presented on the basis of the framework that envisages a distinction of assets and liabilities into current and non-current, while in the income statement the costs are classified based on their nature; the statement of cash flows is presented by using the indirect method.

IFRS were applied consistently with the indications of the “Framework for the Preparation and Presentation of Financial Statements” and no issues emerged that required derogations pursuant to IAS 1, paragraph 19.

## 6. FINANCIAL STATEMENTS

With Resolution no. 15519 of July 27, 2006, Consob requested the inclusion in the accounting statements of sub-items, when of a considerable amount, in addition to those already specifically required by IAS 1 and the other international accounting standards in order to highlight them separately from the reference items: (i) the amounts of the positions and transactions with related parties as well as, with regard to the income statement, (ii) the income positive and/or negative components deriving from events and transactions whose occurrence is not recurring or from transactions or facts that do not take place frequently during normal business operations. To this end, it is highlighted that during 2011 no significant non-recurring, atypical or unusual transactions were carried out with third parties or with related parties.

The accounting statements of Gemina and these explanatory notes are expressed in thousands of euro, unless otherwise stated. Euro is both the Company's functional currency and the currency of presentation of the financial statements.

For each item in the financial statements, the corresponding value of the previous year is reported for comparison purposes. These comparative values were not subject to significant recalculation and/or reclassification compared to those already in the financial statements for the year ended December 31, 2010, since no notable events or amendments to the accounting principles applied took place, which require these rectifications to be made. However, for the purposes of better representing the economic and financial position of the Company, some economic and financial values were reclassified for negligible amounts; of these worth mentioning is the reclassification, in direct reduction of the book value of the investment, of the provisions related to the subsidiary Pentar S.p.A., allocated in 2010 due to presumable losses of this company.

These financial statements were prepared on an on-going concern. Indeed, the Company deemed that, despite the persisting difficult economic and financial situation, there are no significant uncertainties as to the on-going concern.

### NOTE 3 – ACCOUNTING STANDARDS APPLIED

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Described below are the most important accounting standards and valuation criteria applied in preparing the financial statements for the year ended December 31, 2011, which comply with those used to prepare the financial statements of the previous year, since no new accounting standards, interpretations and amendments to the accounting standards and the interpretations already in force came into force during 2011, which have a significant effect on the financial statements of Gemina.

#### REVENUES

Revenues are measured to the extent to which it is possible to reliably determine their fair value and that the related economic benefits are likely to be enjoyed.

Depending on the type of transaction, revenues are recorded on the basis of the specific criteria reported below:

- a) the revenues from the sale of assets when the significant risks and benefits of the ownership of the same are transferred to the purchaser;
- b) the revenues from service provisions based on the stage of completion of the activities. If the value of revenues cannot be reliably determined, the revenues are recorded until reaching the costs incurred that are deemed as recoverable.

## 6. FINANCIAL STATEMENTS

Dividends are measured when the right of the Company to receive their payment arises.

### 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 and in correlation with any related revenues.

Any expense related to transactions of share capital increase is recorded as reduction in the shareholders' equity.

### FINANCIAL INCOME AND EXPENSE

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

### INCOME TAXES

The tax on the income of the year is calculated based on the tax expenses to be paid, in compliance with current legislation.

Prepaid and deferred taxes resulting from temporary differences between the financial statements value of assets and liabilities, calculated by applying the criteria described in this section, and their tax value, deriving from the application of current legislation, are recorded:

- a) the former, only if sufficient taxable income is likely to allow the recovery;
- b) the latter, if any, in any case.

Prepaid 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 prepaid and/or deferred taxes are charged to shareholders' equity.

Gemina has decided to adopt the national consolidated financial statements based on Italian Legislative Decree 344/2003, with the adherence of its subsidiaries Aeroporti di Roma S.p.A. ("ADR"), ADR Engineering S.p.A., ADR Tel S.p.A., ADR Sviluppo S.r.l., ADR Assistance S.r.l., Fiumicino Energia S.r.l. and Leonardo Energia S.c.ar.l.

Therefore, the payables and receivables for current IRES taxes of these companies, subject to consolidation, are shown as payables and receivables for current taxes, with corresponding recording of a payable to or receivable from the subsidiary related to the transfers of funds to be performed for this tax consolidation.

### TANGIBLE FIXED ASSETS

The tangible assets are recorded at historical cost, inclusive of any directly attributable accessory charges.

The cost of tangible assets whose use is limited over time is systematically amortised on a straight-line basis in each year based on the estimated economic-technical life. If significant parts of these tangible assets have different useful lives, these components are recorded separately. Depreciation is recorded from the time the fixed asset is available for use, or is potentially capable of providing the economic benefits associated therewith.

In short, the annual depreciation rates applied are:

- Fixtures and fittings: 15%.
- Other assets: from 12% to 20%.

In the presence of specific indicators regarding the risk of failed recovery of the book value of tangible assets, these undergo an impairment test, as described in the specific paragraph.



## 6. FINANCIAL STATEMENTS

Tangible assets are no longer shown in the financial statements after their transfer or if no future economic benefit exists expected from the use; any deriving profit or loss (calculated as the difference between the transfer value, net of sale costs, and the book value) is recorded in the income statement of the year of sale.

Any ordinary maintenance costs are charged to the income statement.

### INTANGIBLE FIXED ASSETS

Intangible assets are assets without physical substance, controlled by the company and able to produce future economic benefits and goodwill acquired in business combinations.

An asset is classified as intangible when there is the possibility of it from the goodwill. This condition is normally met when: (i) the intangible asset arises from contractual or legal rights, or (ii) the asset is separable, i.e. can be sold, transferred, rented or exchanged autonomously or as an integral part of other assets. The company controls an asset if it has the power to obtain future economic benefits generated by the underlying assets and to restrict the access of others.

The intangible assets are recorded at cost, as determined according to the methods stated for tangible assets, only when this can be reliably valued.

Intangible assets with a definite useful life are amortised, starting from the time when they are available for use, based on their residual possibility of use with respect to the useful life of the assets.

The profit or loss deriving from the sale of an intangible asset is the difference between the sale value, net of sale costs, and the book value, and is recorded in the income statement of the year of sale.

### EQUITY INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Equity investments in subsidiaries, associates and joint ventures are recorded and valued at purchase cost, inclusive of directly attributable accessory charges, rectified in the presence of any losses in value identified as described in the section regarding "Impairment of assets", which are recorded in the income statement. The same are restored if the reason for the write-downs made cease to apply.

The term subsidiaries 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.

Investments in Associates 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 investee.

Any equity investments in other companies, which can be classified in the category of financial assets held for sale as defined in IAS 39, are initially recorded at cost, as determined on the settlement date, as it represents the fair value, inclusive of the directly attributable transaction costs. After the initial recording, these equity investments are valued at fair value with recognition of the effects being attributed to the comprehensive income statement and thus in a specific shareholders' equity reserve. At the time of a loss of value from impairment occurring or being recognised, the profits and losses in this reserve are posted in the income statement.

If the fair value cannot be determined in a reliable manner, the equity investments classifiable under financial assets held for resale are valued at cost, adjusted by the impairment losses; in this case the losses in value are not subject to reinstatement.

The risk deriving from possible losses that exceed the book value of the equity investment is recorded in a specific liability fund proportionally to the Company's commitment to fulfilling the legal or implicit obligations towards the investee or in any case covering its losses.

## 6. FINANCIAL STATEMENTS

The equity investments held for sale or in liquidation are recorded under current assets at the lower between the book value and the fair value, net of possible sale costs.

### PAYABLES AND RECEIVABLES

Receivables are initially recognised at fair value and then valued at the amortised cost by using the effective interest rate method, net of any impairment related to the sum considered non-performing and recorded in the specific bad debt provisions.

The amounts considered non-performing are estimated on the basis of the value of the expected cash flows. These flows consider the expected recovery terms, the likely salvage value, any guarantees as well as the costs that are estimated to be incurred to recover the receivables. The original value of the receivables is reinstated in the next years as the reasons for its adjustment cease to apply. In this case the value reinstatement is recorded in the income statement cannot exceed the amortised costs that the credit would have had in the absence of previous adjustments.

Payables are initially recorded at cost, corresponding to the fair value of the liability, net of the directly attributable transaction costs. After initial recording, payables are valued with the amortised cost criterion by using the effective interest rate method.

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

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recorded at par value and include the values that meet the requirements of high liquidity, availability on demand or in a very short term, good outcome and negligible risks of change in their value.

### FINANCIAL DERIVATIVES

All derivative financial instruments are recorded in the statements of financial position at their fair value, determined on the date when the period ends.

According to IAS 39, derivatives are classified as hedging instruments when the relationship between the derivative and the subject of the hedge is formally documented and the hedge has a high hedge ranging between 80% and 125%, as initially and periodically checked.

For the instruments hedging against the risk of change in the cash flows of the assets and/or liabilities being hedged (cash flow hedge), the changes in fair value are recorded in the income statement in consideration of the relevant deferred tax effect; the ineffective part of the hedge is recorded in the income statement.

For any instrument hedging against the risk of change in the fair value of assets and/or liabilities (fair value hedge), the changes in fair value are recorded in the income statement. Consistently, also any related asset and/or liability being hedged, in so far as the hedged risk, is adjusted to the fair value with effect on the income statement.

The changes in the fair value of derivatives that do not meet the conditions for qualification pursuant to IAS 39, as hedging financial instruments are recorded in the income statement.

### HIERARCHICAL LEVELS TO ASSESS THE FAIR VALUE OF FINANCIAL INSTRUMENTS

As regards the financial instruments valued at fair value and recorded in the statement of financial position, IFRS 7 “Financial Instruments: Disclosures” provides for these to be classified hierarchically on the basis of the relevance of the inputs of values used to determine the fair value.

The standard makes a distinction between the following levels for the financial instruments valued at fair value:

- a) level 1 – quoted prices in active markets;
- b) level 2 – when the values, other than the quoted prices above, can be observed directly (prices) or indirectly (deriving from prices) in the market;

## 6. FINANCIAL STATEMENTS

c) level 3 – inputs not based on observable market data.

In 2011 there were no transfers between the various hierarchical levels for fair value.

Furthermore, no financial instruments can be classified as level 3 in terms of fair value.

### EMPLOYEE BENEFITS

The liabilities relating to short term benefits granted to employees, disbursed during the employment relationship, are recorded for the amount accrued at year end.

The liabilities related to benefits granted to employees and paid during or after the termination of the employment relationship through defined contribution plans and/or defined benefits (consisting of the Severance Indemnities), are recorded for the amount accrued at year end, net of any advances paid, in compliance with the current legislation and the 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 or to transfer it to third parties.

If discounting produces a significant effect, allocations are determined by discounting the financial flows expected in the future at a discount rate that reflects the current market change of the current value of cost of money, and the specific risks related to the liability. When discounting, the increase in the allocation due to time passing is recorded as financial expense.

### IMPAIRMENT OF ASSETS (IMPAIRMENT TEST)

At year-end, the book value of tangible, intangible and financial assets and the equity investment is tested to find any indication of impairment of these assets.

If these indications exist, the recoverable amount of these assets is estimated to determine the amount of any write-down to be recorded. For any intangible assets with an indefinite useful life and any assets under construction, the impairment test described above is performed at least once a year, regardless of the occurrence of events that suggest impairment, or more frequently in case events or changes in the circumstances take place, which may lead to possible impairment.

If the recoverable value of an asset cannot be estimated individually, the estimate of the recoverable value is included within the framework of the unit generating financial flows the assets belong to.

This test estimates the recoverable value of the asset (represented by the greater of the likely market value, net of sale costs, and the value in use) and compares it with the relevant net book value. If the latter is higher, the asset is written down until reaching the recoverable value. In determining the value in use, the financial flows expected in the future after taxation are discounted by using a discount rate, after taxation, which reflects the current market estimate referred to the cost of capital in connection with the time and specific risks of the asset.

Losses of value are recorded in the income statement and classified differently depending on the nature of written down asset. These losses in value are reinstated, within the limits of the write-down made, if the reasons that generated them ceased to apply, except for goodwill.

## 6. FINANCIAL STATEMENTS

### ESTIMATES AND VALUATIONS

According to IFRS, the preparation of the financial statements requires estimates and valuations to be made, which affect the determination of the book value of assets and liabilities as well as the information provided in the explanatory notes, also with reference to the assets and liabilities potentially existing at the end of the year. These estimates and hypotheses are used, in particular, to determine the cash flows used as basis for the impairment tests of the assets (including the valuation of receivables), provisions for risks and charges, benefits for the employees, the fair value of financial assets and liabilities, deferred and prepaid taxes.

Therefore, the actual results recorded may differ from these estimates; furthermore, the estimates and valuations are reviewed and updated periodically and the effects deriving from any variation are immediately reflected in the financial statements.

### CONVERSION OF THE ITEMS IN CURRENCIES

Any transaction in a currency other than the euro is recorded at the exchange rate of the date of the transaction. The related monetary assets and liabilities denominated in currencies other than the euro are subsequently adjusted at the exchange rate in force on the date of closing the year of reference. Any resulting exchange rate differences are reflected in the income statement. Non-monetary assets and liabilities denominated in currency and recorded at historical cost are converted by using the exchange rate in force on the date the transaction is first recorded.

### EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the result for the year by the weighted average number of shares outstanding during the year.

Diluted earnings per share are calculated in consideration, for both the portion of the result for the year and the mentioned weighted average, of the effects related to the subscription and/or total conversion of all the potential shares that may be issued consequently to certain outstanding options being exercised.

### ACCOUNTING STANDARDS AND NEWLY ISSUED INTERPRETATIONS, REVISIONS AND AMENDMENTS TO EXISTING STANDARDS NOT YET IN FORCE OR NOT YET VALIDATED BY THE EUROPEAN UNION

No new accounting standards or interpretations came into force in 2011, or amendments to the accounting standards and interpretations already in force, which significantly affected the financial statements of Gemina.

As requested by IAS 8 “Accounting policies, changes in accounting estimates and errors”, stated below are the new accounting standards and interpretations, in addition to the amendments to the already applicable standards and interpretations not yet in force or not yet validated by the European Union (EU), which may be applied in the future to the financial statements of the Company.

#### *IAS 9 – Financial Instruments*

On November 12, 2009, IASB issued the first part of IFRS 9, which changes recognition and measurement criteria of financial assets, currently governed by IAS 39; once completed, IFRS 9 will entirely supersede IAS 39. On October 28, 2010, IASB published a reviewed version of IFRS 9 which contains the provisions regarding the recognition and measurement of financial liabilities; other changes are reported in the version published on December 16, 2011.

IFRS 9 provides for two categories of classification for financial assets. Two possible valuation criteria are also set: the amortised cost and the fair value.

## 6. FINANCIAL STATEMENTS

The classification is carried out on the basis of both the management model adopted for the financial assets and the contractual characteristics of the cash flows of the asset.

The initial recognition and valuation at amortised cost require that both conditions below be complied with:

- a) the management model for the financial asset implies the holding of the same with the aim of collecting the related financial flows, and
- b) that the financial asset contractually generates, on pre-set dates, the financial flows only representing the return of the same financial asset.

If one of the two conditions above is not met, the financial assets is initially recorded and subsequently valued at fair value.

All financial assets represented by shares are valued at fair value. The new standard, unlike IAS 39, does not provide for exceptions to this general rule; consequently, there is no possibility for valuation at cost for all unlisted shares, for which the fair value cannot be determined reliably.

A financial asset that meets the requirements for classification and valuation at amortised cost may, at the time of the initial recognition, be designated as financial asset at fair value with attribution of the existing variations in the income statement, if this measurement allows the asymmetrical valuation or recording (“accounting mismatch”) to be eliminated or reduced significantly, which would otherwise result in the valuation of assets or liabilities or the recognition of the related profits or losses according to a different base.

In case of investments in equity instruments for which the recording and valuation at amortised cost is not possible, when these are investments in shares not held for trading but rather of strategic nature, according to the new standard, the entity may irrevocably choose, at the time of the initial recognition, to value them at fair value with attribution of the next changes in the comprehensive income statement.

Regarding financial assets, the provisions of the current IAS 39 are confirmed by the new IFRS 9. Financial liabilities continue to be valued at amortised cost or at fair value with recording in the income statement in specific circumstances.

The changes compared to the current provisions of IAS 39 mainly concern:

- a) the representation of the changes in fair value attributable to the credit risk associated to the liability, for which IFRS 9 provides recognition in the comprehensive income statement for some type of financial liabilities;
- b) elimination of the option to value at amortised cost the financial liabilities consisting of derivatives with delivery of unlisted equities. Due to this change, all derivative instruments must be valued at fair value.

IFRS 9 is currently being examined by the EU as part of the overall valuation by the same on the entire project to review and replace IAS 39.

*IFRS 10 – Consolidated Financial Statements, IAS 27 – Separate Financial Statements and IFRS 12 – Disclosure of Interests in Other Entities*

On May 12, 2011 IASB issued the new accounting standard IFRS 10, completing the project associated with redefining the concept of control and overcoming the discrepancies found in applying this concept; while IAS 27 – Consolidated and Separate Financial Statements, defines the control on an entity as the power to make certain financial and managerial choices of an entity while obtaining the relevant benefits, SIC 12 – Consolidation - Special Purpose Entities, interprets the requirements of IAS 27 by placing more emphasis on the risks and benefits.

The new standard, which was issued at the same time as IAS 27 – Separate Financial Statements, replaces the old IAS 27 and SIC 12 and contains a new definition of control as well as the methodologies to be used to prepare the financial statements according to IFRS, already contained in the old IAS 27 and which were not amended.

## 6. FINANCIAL STATEMENTS

According to IFRS 10 an investor controls an entity when it is exposed, or holds rights, to variable returns on its investment in the entity and has the ability to change these returns through its power on the entity. Therefore, control is based on the following three elements: (i) power on the entity, (ii) exposure or right to variable returns on the investment of the entity, and (iii) ability to use the power over the entity to influence the returns on the investment.

Finally, IFRS 10 refers to the new IFRS 12 – Disclosure of Interests in Other Entities (issued at the time of the other new standards stated) regarding information to be provided in the statements as regards equity investments owned in other companies. This last standard essentially contains a series of obligations as to the information the entity drawing up the financial statements must provide as regards equity investments in subsidiaries and associates as well as the joint agreements (under the new IFRS 11 illustrated below).

The new IAS 27 – Separate Financial Statements – essentially is an extract from part of the old standard, since it only governs the methods of reporting and information for investments in subsidiaries as well as the requirements for the preparation by the entity of the financial statements for the year; the new standard did not introduce any changes with regard to these aspects.

The date for the new standards IFRS 10, IFRS 12 and IAS 27 to enter into force mandatorily is January 1, 2013, with the right of early application. These standards are still being reviewed by the EU.

### *IFRS 13 – Fair Value Measurement*

IFRS 13, issued on May 12, 2011, clarifies the determination of the fair value for the purpose of valuation and information in the financial statements, and applies to all IFRS requiring or allowing the measurement of fair value or presentation of information based on the fair value.

The new standard emphasises the use of market sources and, where possible, must be adopted starting from January 1, 2013, and has not been validated by the EU yet.

### *IAS 1 – Presentation of Items of Other Comprehensive Income*

On June 16, 2011 IASB published the amendment to IAS 1, deemed necessary to clarify the methods of presentation of the items contained in the comprehensive income statement. The change did not affect the elements that must be included in the comprehensive income statement but rather the fact that the elements presented must be highlighted by nature and grouped into two categories: (i) those that will not be subsequently reclassified in the income statement, and (ii) those that will be subsequently reclassified in the income statement when some specific conditions are met, as requested by IFRS.

The amendments made are effective from the year starting after July 1, 2012, and have not been validated by the EU yet.

### *IAS 12 – Income Taxes*

On December 20, 2010 IASB approved some amendments to IAS 12 in connection with the recovery of deferred taxes regarding some types of assets, which also replaces SIC 21.

By superseding the current general provision of IAS 12 to assess the methods of transferring deferred taxes through the use of the assets or liabilities rather than its sale, the changes introduce the assumption that, regarding property investments and other tangible and intangible assets valued at fair value, the related deferred taxes will be entirely transferred through the sale of the asset unless there is clear evidence that the recovery may occur with use.

The amendments must be applied in the financial statements from January 1, 2012. Early application is allowed. The amendments have not been validated by the EU yet.

## 6. FINANCIAL STATEMENTS

The Company is in the process of assessing any impact deriving from the future application of all of these newly issued standards and interpretations, as well as the revisions or amendments to the existing standards.

### NOTE 4 – INFORMATION ON THE ITEMS IN THE INCOME STATEMENT

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#### 4.1 – Income (charges) on equity investments

Positive for 30 thousand euro, against a negative value of 1,348 thousand euro in 2010. The breakdown of the item is shown in the following table.

	2011	2010	CHANGE
<b>WRITE-DOWNS OF EQUITY INVESTMENTS</b>	-	<b>(1,378)</b>	<b>1,378</b>
PENTAR	-	(1,378)	1,378
<b>LOSS SETTLEMENT</b>	<b>(4)</b>	<b>(1)</b>	<b>(3)</b>
DOMINO	(4)	(1)	(3)
<b>OTHER INCOME (CHARGES)</b>	<b>34</b>	<b>31</b>	<b>3</b>
<b>TOTAL</b>	<b>30</b>	<b>(1,348)</b>	<b>1,378</b>

During 2011 no events and/or circumstances occurred that required the writing down of the equity investments held. Instead in 2010, a write-down for 1,378 thousand euro for the equity investment in Pentar was highlighted. For more information concerning the impairment tests performed with reference to December 31, 2011 on the value of the portfolio equity investments, reference is made to note 5.3.

The item “other income”, equal to 34 thousand euro, refers to the income from the liquidation of the investee company Kiwi 1 Ventura Servicios S.A. occurred during 2011.

A detailed list of the equity investments held at year end, as well as the changes in quantity and values taking place over the year, is reported in note 5.3, to which reference is made.

#### 4.2 – Net financial income (expenses)

In 2011 net financial expenses equal to 2,843 thousand euro were incurred, compared to 2,998 thousand euro in 2010.

Financial income amounts to 249 thousand euro (389 thousand euro in 2010), as detailed in the table below.

## 6. FINANCIAL STATEMENTS

### *Financial income*

	2011	2010	CHANGE
<b>FROM NON-CURRENT FINANCIAL ASSETS</b>	-	284	(284)
ASSOCIATES:	-	20	(20)
OTHERS:	-	264	(264)
<b>CURRENT FINANCIAL ASSETS</b>	<b>100</b>	<b>68</b>	<b>32</b>
SUBSIDIARIES:			
<i>Fiumicino Energia – Interest income on reciprocal C/A</i>	100	68	32
<b>INCOME OTHER THAN THE ABOVE</b>	<b>149</b>	<b>37</b>	<b>112</b>
INTEREST INCOME ON C/A AND BANK DEPOSITS	143	35	108
OF WHICH FROM RELATED PARTIES	-	2	(2)
INTEREST INCOME ON TAX CREDITS	-	2	(2)
OF WHICH FROM RELATED PARTIES	-	2	(2)
IRS DIFFERENTIALS	6	-	6
<b>TOTAL</b>	<b>249</b>	<b>389</b>	<b>(140)</b>

Financial income totals 3,092 thousand euro (3,387 thousand euro in 2010), as detailed in the table below.

### *Financial expenses*

	2011	2010	CHANGE
<b>INTEREST EXPENSE</b>	<b>2,969</b>	<b>3,321</b>	<b>(352)</b>
INTEREST PAYABLE ON BANK LOANS	2,449	2,479	(30)
OF WHICH FROM RELATED PARTIES:			
<i>MEDIOBANCA</i>	1,003	1,256	(253)
<i>UNICREDIT</i>	957	1,222	(265)
EXPENSES ON DERIVATIVES	520	842	(322)
OF WHICH FROM RELATED PARTIES:			
<i>MEDIOBANCA</i>	270	421	(151)
<i>UNICREDIT</i>	250	421	(171)
<b>OTHER EXPENSES</b>	<b>123</b>	<b>66</b>	<b>57</b>
COMMISSIONS FOR UNUSED LOANS	123	66	57
OF WHICH FROM RELATED PARTIES:			
<i>MEDIOBANCA</i>	27	33	(6)
<i>UNICREDIT</i>	27	33	(6)
<b>TOTAL</b>	<b>3,092</b>	<b>3,387</b>	<b>(295)</b>

The interest payable on bank loans refers for 1,460 thousand euro to the interest paid on the loan stipulated on December 11, 2008, repaid during 2011, as well as for 586 thousand euro to the new loan stipulated on August 30, 2011; these loan agreements are shown in notes 5.13 and 5.15, to which reference is made. It also includes the pro-rata of the year value of the commissions incurred for the raising the loans, equal to 403 thousand euro.



## 6. FINANCIAL STATEMENTS

Expenses on derivatives, equalling 520 thousand euro, refer to the costs incurred by the company as part of the renegotiation of its financial liabilities, and relate to the closure of the derivative financial instruments existing on loans expiring in 2011.

The commissions on non-use, equal to 123 thousand euro, relate for 49 thousand euro to the loan repaid during 2011 and for 74 thousand euro to the loan stipulated on August 30, 2011.

### 4.3 - Staff costs

The breakdown of the balance for the staff costs and the corresponding changes in the years of comparison are shown in the following statement.

	2011	2010	CHANGE
SALARIES AND WAGES	1,854	1,079	775
SOCIAL SECURITY CHARGES	233	348	(115)
POST-EMPLOYMENT BENEFITS	47	59	(12)
OTHER COSTS	25	40	(15)
<b>TOTAL</b>	<b>2,159</b>	<b>1,526</b>	<b>633</b>

Salaries and wages include 746 thousand euro relating to compensation and payments to employees and executives, as well as 1,108 thousand euro of costs for incentives to leave, deriving from the voluntary labour termination agreements following the transfer of the company offices from Milan to Rome. The employment contracts of the Milan office staff have been terminated assisted by leaving incentives and placement services as well as recourse to applicable legislative institutions.

Below is the average number of employees and the breakdown by category:

	12/31/2010	RECRUITS	LEAVERS	12/31/2011	AVERAGE
EXECUTIVES	3	-	(2)	1	2
MANAGERS	4	-	(3)	1	3
EMPLOYEES	4	-	(4)	-	2
<b>TOTAL</b>	<b>11</b>	<b>-</b>	<b>(9)</b>	<b>2</b>	<b>7</b>

Worth mentioning is that, after the end of the year, the work relation with the Manager existing as at December 31, 2011 was terminated.

### 4.4 - Other operating costs

They are represented by the costs shown in the table below.

## 6. FINANCIAL STATEMENTS

	2011	2010	CHANGE
SERVICE CHARGES	3,405	2,670	735
OF WHICH FROM RELATED PARTIES:			
UNICREDIT	1	1	-
ADR TEL S.P.A.	2	3	(1)
ADR	490	5	485
ASSICURAZIONI GENERALI	130	-	130
RENTALS	270	372	(102)
OTHER OPERATING EXPENSES	738	804	(66)
<b>TOTAL</b>	<b>4,413</b>	<b>3,846</b>	<b>567</b>

The most important item are analysed below.

### *Service charges*

They amount to 3,405 thousand euro, with an increase of 765 thousand euro, mainly due to the higher operating costs of the Board of Directors as well as a series of charges incurred in relation to the transfer of the office from Milan to Rome. At the time of the transfer in particular, the full service agreement between ADR and Gemina came into force; through it, the subsidiary provides the Company with all services necessary to carry out its corporate functions.

### *Other operating expenses*

These basically include company costs, totalling 357 thousand euro, borne for publishing mandatory company notices and organising the Shareholders' Meeting for the approval of the financial statements, fiscal charges for non-deductible VAT and other taxes amounting to 208 thousand euro.

### 4.5 – Amortisation, depreciation and write-downs

These amount to 112 thousand euro (2,240 thousand euro in 2010) and entirely refer to an integration of the provision allocated against the risk relating to the Assessment report issued by the Revenue Office for a tax audit relating to 2006. This integration was made in order to consider the probable risk of being charged the interest accrued on the penalties as well as a change in the same penalties.

### 4.6 – Revenues

The revenues of 1,004 thousand euro (1,044 thousand euro in 2010) derive from the corporate and administrative services provided, as contractually defined, to Group companies for 30 thousand euro, the recovery of remuneration for corporate offices filled by executive staff in Group companies for 21 thousand euro, and the re-debiting of costs to subsidiaries for 747 thousand euro, as well as various recoveries for the residual amount.

All revenues were attained in Italy.

## 6. FINANCIAL STATEMENTS

### 4.7 – Income taxes

The item is positive for 1,889 thousand euro (2,248 thousand euro in 2010), and includes:

- the income from IRES tax losses generated over the year, amounting to 2,298 thousand euro, recovered by Gemina within the agreements of the tax consolidation;
- the income, equal to 391 thousand euro, deriving from the transfer, as part of the tax consolidation, of deductible ROL;
- the partial levy of pre-paid net taxes for 800 thousand euro, essentially due to the effect of the deduction, for tax purposes, of the last portion of the share capital charges incurred in 2007.

The table below shows the reconciliation between the theoretical fiscal and real charges incurred for the IRES tax for the year.

#### *IREs – reconciliation between theoretical and real fiscal charges*

	2011		2010	
	TAXABLE INCOME	TAX	TAXABLE INCOME	TAX
<b>PRE-TAX PROFIT (LOSS)</b>	(8,505)		(10,934)	
THEORETICAL IRES	27.50%	2,339	27.50%	3,007
PERMANENT DIFFERENCES	3,059	(841)	6,564	(1,805)
TEMPORARY DIFFERENCES DEDUCTIBLE IN FUTURE YEARS	390	(107)	-	-
REVERSAL OF TEMPORARY DIFFERENCES FROM PREVIOUS YEARS	(3,299)	907	(3,118)	857
<b>TAXABLE PROFIT (LOSS)</b>	<b>(8,355)</b>	<b>2,298</b>	<b>(7,488)</b>	<b>2,059</b>

#### NOTE 5 – INFORMATION ON THE ITEMS OF THE STATEMENT OF FINANCIAL POSITION

### 5.1 – Intangible fixed assets

They consist of expenses for software and IT systems, entirely amortised at year-end, as shown in the table below.

	12/31/2010	INCREASES	AMORTISATION/ DEPRECIATION	12/31/2011
SOFTWARE AND IT SYSTEMS	1	-	(1)	-
<b>TOTAL</b>	<b>1</b>	<b>-</b>	<b>(1)</b>	<b>-</b>

### 5.2 – Tangible fixed assets

These consist of assets owned by the Company. At December 31, 2011, net of the accumulated depreciation, these have a book value equal to 2 thousand euro (35 thousand euro at December 31, 2010). The changes taking place in the year are represented essentially by the amortisation over the period, equal to 11 thousand euro, and the transfers and disposals for a net book value of 23 thousand euro.

The detail of the items and the changes taking place is represented in the following table.

## 6. FINANCIAL STATEMENTS

	12/31/2010			CHANGES IN THE YEAR					12/31/2011			
	COST	REVAL. (WRITE- DOWN)	ACCR. DEPR.	BOOK VALUE	PURCHASES	DISPOSALS COST	PROVISION	SHARE OF DEPR.	COST	REVAL. (WRITE- DOWN)	ACCR. DEPR.	BOOK VALUE
<b>FIXTURES AND FITTINGS, TOOLS AND OTHER EQUIPMENT</b>												
MISCELLANEOUS FITTINGS	33	-	(28)	5	-	(33)	28	-	-	-	-	-
	<b>33</b>	<b>-</b>	<b>(28)</b>	<b>5</b>	<b>-</b>	<b>(33)</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER TANGIBLE FIXED ASSETS</b>												
FURNITURE AND FURNISHINGS	217	-	(192)	25	-	(215)	197	(6)	2	-	(1)	1
OFFICE MACHINES	9	-	(4)	5	1	(8)	8	(5)	2	-	(1)	1
OTHER ASSETS	9	-	(9)	-	-	(9)	9	-	-	-	-	-
	<b>235</b>	<b>-</b>	<b>(205)</b>	<b>30</b>	<b>1</b>	<b>(232)</b>	<b>214</b>	<b>(11)</b>	<b>4</b>	<b>-</b>	<b>(2)</b>	<b>2</b>
<b>TOTAL</b>	<b>268</b>	<b>-</b>	<b>(233)</b>	<b>35</b>	<b>1</b>	<b>(265)</b>	<b>242</b>	<b>(11)</b>	<b>4</b>	<b>-</b>	<b>(2)</b>	<b>2</b>

## 6. FINANCIAL STATEMENTS

### 5.3 – Equity investments

These are equity investments in other companies. Below is the breakdown of the individual items as well as the changes taking place in 2011; this information is also summarised in the table at the end of this note.

#### *Equity investments in subsidiaries*

The value at year end is represented by the value of the equity investments held in:

- ADR, owner of the concession for the creation, management and maintenance in the original condition of the “Leonardo da Vinci” Airport of Fiumicino (Rome), and “G.B. Pastine” Airport of Ciampino (Rome);
- Fiumicino Energia S.r.l., 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 S.c.ar.l.;
- Domino S.r.l., company not operational.

The value of the equity investment held in ADR consists of the historical cost incurred for its acquisition, which incorporated both the company’s equity consistency and the expected profitability. During the year 2,210 shares were purchased from minority shareholders interested in the disposal, for a total of 37 thousand euro. Of the shares held, 21,778,660 (corresponding to 35% of ADR’s share capital) were pledged by the pool of banks that during 2011 disbursed the “Loan” shown in note no. 5.13.

As in previous years, the book value of the equity investment was subject to a specific impairment test, which confirmed the recoverability with reference to the value in use.

The fairness of the value was assessed by discounting the cash flows estimated in the economic and financial projections drawn up by ADR management in the Economic- Financial Plan delivered to ENAC on October 27, 2011 and approved by the Board of Directors of Gemina in December 2011.

Forecasts are based on the following assumptions:

- airport fees defined on the basis of the criteria and standards contained in the draft convention – Program Contract approved by the Board of Directors of ENAC in July 2011;
- passenger traffic reaching 50 million in 2021 (term for the first regulatory period) and 98 million in 2044;
- investments in infrastructures, amounting to 2.5 billion euro over the 2012-2021 period and 9.5 billion euro over the following period;
- discounting at 6.9% annual nominal rate after taxation.

The financial flows discounted also using alternative hypotheses and a rate simulation range confirm the recoverability of the value of the equity investment as at December 31, 2011.

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.

The investments expected related to the expansion of the capacity at “Fiumicino Sud” for 4.4 billion euro and the creation of a new accommodation capacity (“Fiumicino Nord”) for 7.2 billion euro. For the remaining part, these concern the construction of the new low cost airport of Viterbo and the simultaneous requalification of Ciampino city – airport.

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. FINANCIAL STATEMENTS

With reference to Fiumicino Energia, the owner of the co-generation power plant built in the area of Fiumicino Airport, worth noting is that, based on the 2005 industrial co-operation agreement signed by Fiumicino Energia and ADR, in December 2023 (that is upon the expiry of the sub-concession agreement stipulated between these companies) the co-generation power plant will be purchased free of charge by ADR, in good state of repair and in full operation.

Also with reference to this equity investment, an impairment test was carried out, with the aim of checking the recoverability of the book value at year end.

The test in question, performed through the estimate of the value in use, confirmed the recoverability of the values recorded, and was prepared based on the industrial plan 2012-2023 drafted by the management of the company; since this period encompasses the entire residual duration of the sub concession Fiumicino Energia is the owner of, no terminal value was considered in the estimate of the value in use.

The costs or revenues relating to “green certificates” and “carbon emissions” were not hypothesised in the plan in consideration of the uncertainty as to the dispute concerning these issues in place with the subsidiary and the competent authorities and also of the possibility of transferring these possible costs to the customer ADR (as expressly provided for by the supply agreement).

The cash flows from operations calculated as so were discounted at a rate (nominal after taxation) of 4.9%, representative of the weighted average cost of the capital of this company.

The subsidiary Domino is dormant.

### *Investments in Associates and Joint Ventures*

The value at the end of the previous year was represented by the net book value of the equity investment held in Pentar S.p.A., a company which holds equity investments in various sectors.

The historical cost of the equity investment held for 2,232 thousand euro, was subject to write-down in 2010 for 2,200 thousand euro in relation to the estimate of the recoverable value of this company.

During 2011 a share capital increase was finalised, which Gemina did not participate in. Thus, the equity investment held in this company was reduced from 20.25% to 18.54%.

### *Other equity investments*

Gemina Fiduciary Services S.A. (“GFS”) is a company that attends to the collection of credit from Banca Centrale Argentina through a lawsuit. Any recovered amount will be repaid to the bond subscribers, net of operating costs, which will be held by GFS. Operating costs are currently paid by Gemina for around 20/30 thousand euro per year.

In 2011 the activities linked to the liquidation of the subsidiary Kiwi 1 Ventura Servicios S.A. were completed, which led to the recognition of proceeds for 34 thousand euro, as shown in note 4.1, to which reference is made.

## 6. FINANCIAL STATEMENTS

Name	Stock as at 12/31/2010				Increases		Decreases			Stock as at 12/31/2011			
	Shares or Quotas	Unit. Value	% Equity Inv.	Value	Shares or Quotas	Value	Shares or Quotas	Value	Value Adjustments	Shares or Quotas	Unit. Value	Value	% Equity Inv.
<b>EQUITY INVEST. IN SUBSIDIARIES</b>													
AEROPORTI DI ROMA S.P.A.	59,669,675	30.76	95.76	1,835,564	2,210	37	-	-	-	59,671,885	30.76	1,835,600	95.90
FIUMICINO ENERGIA S.R.L.	1	-	87.14	7,673	-	-	-	-	-	1	-	7,673	87.14
DOMINO S.R.L.	1	-	100.00	10	-	-	-	-	-	1	-	10	100.00
<b>TOTAL</b>				<b>1,843,246</b>	-	<b>37</b>	-	-	-			<b>1,843,283</b>	
<b>EQUITY INVESTMENTS IN ASSOCIATES AND JOINT VENTURES</b>													
PENTAR S.P.A.	5,000,000	0.45	20.35	32	-	-	-	-	(32)	5,000,000	0.00	-	-
<b>TOTAL</b>				<b>32</b>		<b>-</b>		<b>-</b>	<b>(32)</b>			<b>-</b>	
<b>OTHER EQUITY INVESTMENTS</b>													
PENTAR S.P.A.									32		0.01	32	18.54
DIRECTIONAL CAPITAL HOLD. NV	1	-	5.00	-	-	-	-	-	-	1	-	-	5.00
KIWI 1 VENTURA SERVICOS S.A.	34	-	0.92	28	-	-	-	-	(28)	-	-	-	0.00
GEMINA FIDUCIARY SERVICES S.A.	17,646	-	99.99	-	-	-	-	-	-	17,646	-	-	99.99
TELEFIN S.P.A IN LIQUIDATION	85,000	-	42.50	-	-	-	-	-	-	85,000	-	-	42.50
<b>TOTAL</b>				<b>28</b>		<b>-</b>		<b>-</b>	<b>(28)</b>			<b>-</b>	
<b>GRAND TOTAL</b>				<b>1,843,306</b>		<b>37</b>		<b>-</b>	<b>(28)</b>			<b>1,843,315</b>	

## 6. FINANCIAL STATEMENTS

### INFORMATION CONCERNING THE EQUITY INVESTMENTS

(IN THOUSANDS OF EURO)

NAME	REGISTERED OFFICE	ACTIVITY	SHARE CAPITAL VALUE IN EURO	SHAREHOLDERS' EQUITY INCLUDING PROFIT (LOSS) AS AT 12/31/2011	PROFIT (LOSS) FOR THE YEAR 2011	PORTION OF SHAREHOLDERS' EQUITY HELD	% OF DIRECT OWNERSHIP	BOOK VALUE
AEROPORTI DI ROMA S.P.A.	Fiumicino	Airport services	euro 62,224,743	825,571	39,686	791,723	95.90	1,835,600
FIUMICINO ENERGIA S.R.L.	Fiumicino	Production and sale of energy	euro 741,795	791	(20)	690	87.14	7,673
DOMINO S.R.L.	Fiumicino	IT services	euro 10,000	6	(5)	6	100.00	10
GEMINA FIDUCIARY SERVICES S.A. (1)	Luxembourg	Trust company	euro 150,000	20	41	20	99.99	-
PENTAR S.P.A. (1)	Naples	Holding company	euro 11,548,370	9,822	(2,786)	1,821	18.54	32
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, 2010.

(2) On April 29, 1999 the Court of Milan declared its bankruptcy.



## 6. FINANCIAL STATEMENTS

### 5.4 - Deferred Tax Assets

These substantially regard:

- 76 thousand euro for the tax effect of the staff cost not settled, deductible in future years, and the remuneration relating directors;
- 49 thousand euro for the tax effect related to the fair value of the derivative financial instruments subscribed to hedge against the financial flows of the bank payables.

During 2011 deferred tax assets incurred a net decrease of 904 thousand euro, essentially due to the deduction in 2011, for tax purposes, of the last portion of the share capital charges incurred in 2007.

### 5.5 – Other non-current financial assets

Equal to 221 thousand euro (of which 31.5 thousand euro towards Mediobanca and 31.5 thousand euro towards UniCredit), these entirely relate to prepayments pertaining to the non-current portion of the costs incurred by the company to activate the revolving credit line of an amount equal to 18.0 million euro, better described in note 5.13, to which reference is made.

### 5.6 – Trade receivables

	12/31/ 2011	12/31/2010	Change
<b>DUE FROM CUSTOMERS</b>	<b>14</b>	<b>29</b>	<b>(15)</b>
DUE FROM CUSTOMERS	14	294	(280)
<i>OF WHICH DUE TO RELATED PARTIES</i>	<i>14</i>	<i>29</i>	<i>(15)</i>
BAD DEBT PROVISION	0	(265)	265
<b>RECEIVABLES DUE FROM SUBSIDIARIES</b>	<b>418</b>	<b>426</b>	<b>(8)</b>
<i>ADR</i>	<i>412</i>	<i>246</i>	<i>166</i>
<i>DOMINO S.R.L.</i>	<i>-</i>	<i>1</i>	<i>(1)</i>
<i>ADR TEL S.P.A.</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>FIUMICINO ENERGLA S.R.L.</i>	<i>-</i>	<i>149</i>	<i>(149)</i>
<i>LEONARDO ENERGLA S.C. A R.L.</i>	<i>6</i>	<i>30</i>	<i>(24)</i>
<b>INVESTMENTS IN ASSOCIATES AND JOINT VENTURES</b>	<b>-</b>	<b>123</b>	<b>(123)</b>
<i>PENTAR S.P.A.</i>	<i>-</i>	<i>6</i>	<i>(6)</i>
<i>S.I.T.T.I. S.P.A.</i>	<i>-</i>	<i>117</i>	<i>(117)</i>
<b>TOTAL</b>	<b>432</b>	<b>578</b>	<b>(146)</b>

Receivables due from subsidiaries refer to services rendered and to charge backs of costs.

## 6. FINANCIAL STATEMENTS

### 5.7 – Other receivables

	12/31/2011	12/31/2010	Change
<b>RECEIVABLES DUE FROM SUBSIDIARIES</b>	<b>16,864</b>	<b>11,408</b>	<b>5,456</b>
DUE FROM COMPANIES OF THE GROUP FOR CONSOLIDATED IRES	16,864	11,408	5,456
<b>DUE FROM OTHERS</b>	<b>2,656</b>	<b>1,416</b>	<b>1,240</b>
DUE FROM THE TAX AUTHORITY	695	518	177
OTHER TAX RECEIVABLES	833	843	(10)
OTHER RECEIVABLES	1,128	55	1,073
<b>PREPAYMENTS</b>	<b>125</b>	<b>189</b>	<b>(64)</b>
OF WHICH DUE TO RELATED PARTIES:			
<i>MEDIOBANCA</i>	-	33	(33)
<b>TOTAL</b>	<b>19,645</b>	<b>13,013</b>	<b>6,632</b>

The receivables due from subsidiaries refer to the taxes of the companies of the ADR group and Fiumicino Energia that adhered to the tax consolidation.

Concerning the “Due from others”, it is highlighted that the change of 1,073 thousand euro derives essentially from the receivable deriving from the ruling issued during 2011 in relation to the Rizzoli dispute, as illustrated in note 7.1 below, to which reference is made, to recover expenses for the lawyers that assisted Gemina in the same litigation, whose services are allocated under the amounts due to suppliers.

### 5.8 – Other current financial assets

	12/31/2011	12/31/2010	Change
<b>RECEIVABLES DUE FROM SUBSIDIARIES</b>	<b>3,203</b>	<b>2,927</b>	<b>276</b>
FOR THE GIRO ACCOUNT			
FIUMICINO ENERGIA S.R.L.	3,203	2,927	276
<b>RECEIVABLES DUE FROM OTHERS</b>	<b>143</b>	<b>7</b>	<b>136</b>
ACCRUALS ON INTEREST ON BANK DEPOSITS	-	7	(7)
PREPAYMENTS FOR COMMISSIONS ON LOANS	143	-	143
OF WHICH DUE TO RELATED PARTIES			
<i>MEDIOBANCA</i>	47	-	47
<i>UNICREDIT</i>	16	-	16
<b>TOTAL</b>	<b>3,346</b>	<b>2,934</b>	<b>412</b>

The amounts due from Fiumicino Energia regard two loans granted in the form of a giro account, granted at market terms in view of optimising the Group’s treasury management. These loans have a 3-month Euribor rate plus a margin of 200 bps.

## 6. FINANCIAL STATEMENTS

The prepayments for commissions on loans refer to the current share, concerning 2012, of the costs incurred for the subscription of Line B of the revolving loan of an amount equal to 18 million euro, shown in note 5.13.

### 5.9 – Cash and cash equivalents

	12/31/2011	12/31/2010	Change
BANK AND POST OFFICE DEPOSITS	5,340	11,136	(5,796)
OF WHICH DUE TO RELATED PARTIES			
<i>MEDIOBANCA</i>	2	2	-
<i>UNICREDIT</i>	12	46	(46)
CASH ON HAND	-	1	(1)
<b>TOTAL</b>	<b>5,340</b>	<b>11,137</b>	<b>(5,797)</b>

The values at year end represent liquidity at the bank accounts.

### 5.10 – Shareholders' equity

The shareholder's equity amounts to 1,804,620 thousand euro (1,810,963 thousand euro at December 31, 2010) and is a decrease of 6,343 thousand euro compared to December 31, 2010, in relation to the following effects:

- losses of the year amounting to 6,616 thousand euro;
- recording of net profits, for 273 thousand euro for other components of the comprehensive income statement generated by the change in fair value, net of the related tax effect, of the derivative financial instruments of cash flow hedge.

The changes occurred over 2010 and in the year in question are highlighted in the special statement presented among the financial statements.

The share capital, fully paid-in, consists of 1,469,197,552 ordinary shares with a par value of 1 euro each and 3,762,768 non-convertible savings shares with a par value of 1 euro each, for a total 1,472,960 thousand euro.

Below is the statement analyzing the capital and the net Shareholders' equity reserves with indication of the related possibility of use, in compliance with the provisions of art. 2427 of the Italian Civil Code and IAS 1 paragraph 76.

## 6. FINANCIAL STATEMENTS

TYPE/DESCRIPTION	TOTAL	AMOUNT	POSSIBLE USE	SUMMARY OF USES MADE IN THE PAST THREE YEARS	
				TO HEDGE LOSSES	FOR OTHER REASONS
<b>SHARE CAPITAL</b>	<b>1,472,960</b>				
<b>CAPITAL RESERVES:</b>	<b>199,707</b>				
SHARE PREMIUM RESERVE NET OF SHARE CAPITAL INCREASE COSTS		119,707	A-B		
RESERVE FOR PURCHASE OF OWN SHARES		80,000			
<b>HEDGING RESERVE</b>	<b>(130)</b>				
<b>OTHER RESERVES:</b>	<b>83,106</b>				
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		
<b>PROFIT (LOSS) FROM PREVIOUS YEARS</b>	<b>55,593</b>		A-B-C		
<b>NON-DISTRIBUTABLE PORTION</b>		274,586			
<b>RESIDUAL DISTRIBUTABLE PORTION</b>		63,690			

Key:

A: to increase capital

B: to cover losses

C: for distribution to shareholders

### 5.11 – Employee benefits

The amount entered relates to the benefits accrued by employees as at December 31, 2011, according to the regulations and collective bargaining agreements.

12/31/2010	Provisions	Liquidated amounts	12/31/2011
244	47	(184)	107

The reduction taking place during the year is correlated to the reduction in company staff.

## 6. FINANCIAL STATEMENTS

### 5.12 – Provisions for risks and charges

	12/31/2011	12/31/2010	Change
NON-CURRENT SHARE	9,100	9,100	-
CURRENT SHARE	2,037	1,922	115
<b>TOTAL</b>	<b>11,137</b>	<b>11,022</b>	<b>115</b>

The change taking place during the year arises from the higher allocation made for the risk deriving from an audit by the Revenue Office, as already mentioned in note 4.5.

At December 31, 2011 the provisions for risks and charges mainly include:

- the residual amount of the provision for risks allocated in relation to the guarantees granted to the purchaser for the equity investment in Elilario, equal to 2 million euro ;
- the allocations made for the guarantee granted to ADR in 2002, in the event of a negative outcome for the subsidiary of the litigation with the Customs Agency amounting to 6.7 million euro;
- 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.

At December 31, 2011 no additional significant potential liabilities and obligations are recorded for which it is necessary to allocate provisions for risks and charges.

### 5.13 – Financial indebtedness net of current share

	12/31/2011	12/31/2010	Change
DUE TO BANKS	42,100	-	42,100
OF WHICH FROM RELATED PARTIES:			
MEDIOBANCA	6,014	-	6,014
UNICREDIT	6,014	-	6,014
EFFECT OF “AMORTISED COST METHOD”	(805)	-	(805)
<b>Total</b>	<b>41,295</b>	<b>-</b>	<b>41,295</b>

On August 30, 2011 the company signed a loan agreement for a maximum amount of 60.1 million euro with expiry in December 2014 (“Loan 2011”).

The “Loan 2011” was destined for 42.1 million euro (“Line A”) to the full redemption of the remaining amount of the loan taken out in December 2008 (“2008 loan”), occurred in September 16, 2011, and for 18.0 million euro (“Revolving Line B”) to hedge the future cash requirement regarding the company’s operations.

The Loan 2011 was signed in quote equally by a pool of seven banks consisting of Banca Nazionale del Lavoro S.p.A. (BNL), Barclays Bank Plc (Barclays), Crédit Agricole Corporate & Investment Bank (Crédit Agricole), Mediobanca – Banca di Credito Finanziario S.p.A. (Mediobanca), Natixis S.A. (Natixis), The Royal Bank of Scotland N.V. (RBS) and UniCredit S.p.A. (UniCredit), and organised by Mediobanca in its capacity as Agent Bank.

The Loan 2011 is backed by a senior pledge on the 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, 2011, ADR shares used as guarantee numbered 21,778,660, equal to 35% of share capital.

## 6. FINANCIAL STATEMENTS

The interest rate is the euribor plus a margin tied to the rating assigned to ADR; the maximum margin established contractually, equal to 300 basis points, corresponds to the one applied currently, which therefore cannot be subject to increase.

The fair value of the Loan is estimated at 45.9 million euro.

FINANCER	NAME DESCRIP.	AMOUNT OF LOAN GRANTED	AMOUNT USED	BOOK VALUE RECORDED	INTEREST	REDEMPTION	DURATION	MATURITY	
MEDIOBANCA AND UNICREDIT, IN POOL WITH 5 OTHER BANKS	Line A	42,100	42,100	41,881	(*)	(**)	at maturity	3.3 years	Dec. 2014
	Line B	18,000	-	-	(*)	(**)	at maturity	3.3 years	Dec. 2014
<b>TOTAL</b>		<b>60,100</b>	<b>42,100</b>	<b>41,881</b>					

(\*) Total value recorded at the amortised cost, including the current share and the accrual matured at year end

(\*\*) Variable, indexed to the Euribor plus a spread based on the rating attributed to ADR

### 5.14 – Trade payables

	12/31/2011	12/31/2010	Change
DUE TO SUPPLIERS	1,587	593	994
TRADE LIABILITY ACCRUALS	-	95	(95)
PAYABLES DUE TO SUBSIDIARIES	212	23	189
- ADR	211	22	189
- ADR TEL S.P.A.	1	1	-
<b>TOTAL</b>	<b>1,799</b>	<b>711</b>	<b>1,088</b>

The item, equal to 1,799 thousand euro, consists of the amounts due to suppliers (1,587 thousand euro), mainly originating from professional services, and the amounts due to group companies (212 thousand euro). The book value of the trade amounts due approximates its fair value, since the discounting effect is not significant.

Regarding the change of the amounts due to suppliers, equal to 994 thousand euro, it is worth noting that this derives essentially from the amounts due for professional services in activities related to the Rizzoli dispute, illustrated in note 7.1 below, to which reference is made; the related sentence was issued during 2011 and established the right of Gemina to fully recover the fees relating to the services from the counterpart.

## 6. FINANCIAL STATEMENTS

### 5.15 – Current financial liabilities

	12/31/2011	12/31/2010	CHANGE
DUE TO BANKS	-	42,126	(42,126)
OF WHICH DUE TO RELATED PARTIES:			
<i>MEDIOBANCA</i>	-	21,063	(21,063)
<i>UNICREDIT</i>	-	21,063	(21,063)
EFFECT OF “AMORTISED COST METHOD”	-	(261)	261
ACCRUED LIABILITIES FOR INTEREST ON AMOUNTS DUE TO BANKS	605	89	516
OF WHICH DUE TO RELATED PARTIES:			
<i>MEDIOBANCA</i>	84	44	40
<i>UNICREDIT</i>	84	45	39
<b>TOTAL</b>	<b>605</b>	<b>41,954</b>	<b>(41,349)</b>

During the year loans existing at December 31, 2010, were repaid through the signing of a new loan already illustrated in the previous note.

### 5.16 – Financial derivatives

	12/31/2011	12/31/2010	Change
DERIVATIVES HEDGING INTEREST RATE RISKS	174	581	(407)
<b>TOTAL</b>	<b>174</b>	<b>581</b>	<b>(407)</b>

With regard to the commitment undertaken in relation to the 2011 Loan agreement, on September 16, 2011 Gemina entered into an interest rate swap agreement with Crédit Agricole for a total amount of 25.3 million euro, equal to 60% of Line A of Loan 2011.

Simultaneously, upon reaching the maturity of the loans at December 31, 2010, the company closed the related interest rate swap agreements signed in 2008 and pertaining to the abovementioned loans.

#### TABLE SUMMARISING THE OUTSTANDING DERIVATIVE CONTRACTS

Pursuant to paragraph 12.2.8 of the loan agreement under note 5.13, Gemina is obliged to hedge against the interest rate risk to the tune of at least 50% of the amount, disbursed and not repaid, due to Line A (therefore currently at least 21.1 million euro). To face this obligation the Company signed an interest rate swap agreement on September 16, 2011, whose main characteristics are summarised in the table below:

## 6. FINANCIAL STATEMENTS

COUNTERPART	<b>CRÉDIT AGRICOLE</b>
<b>INSTRUMENT</b>	IRS
TYPE	<i>Cash Flow Hedge</i>
HEDGED RISK	Interest
SUBSCRIPTION DATE	Sept. 2011
EXPIRATION	December 30, 2014
HEDGED NOTIONAL VALUE	25.260
APPLIED RATE	Gemina pays a fixed rate of 1.65% and receives: <ul style="list-style-type: none"> <li>- From 09/16/2011 to 03/16/2012 a fixed rate of 1.729%;</li> <li>- From 03/16/2012 to 09/16/2014 the Euribor 6 months;</li> <li>- From 09/16/2014 to 12/30/2014 the Euribor interpolated at 3-4 months</li> </ul>
FAIR VALUE OF DERIVATIVE AS AT:	
12/31/2011	(179)
CHANGE IN FAIR VALUE:	(179)
TO INCOME STATEMENT	-
TO SHAREHOLDERS' EQUITY	(179)
TAX EFFECT	(49)
<b>TOTAL NET CHANGE</b>	<b>(130)</b>

### 5.17 – Current tax liabilities and other current liabilities

	12/31/2011	12/31/2010	Change
AMOUNTS PAYABLE TO THE TAX AUTHORITIES FOR CURRENT TAXES	10,929	5,065	5,864
<b>TOTAL</b>	<b>10,929</b>	<b>5,065</b>	<b>5,864</b>
PAYABLES DUE TO BOARD OF STATUTORY AUDITORS	151	151	-
PAYABLES DUE TO DIRECTORS	487	259	228
PAYABLES DUE TO PERSONNEL	275	254	21
PAYABLES TO SUBSIDIARIES FOR TAX REFUND APPLICATIONS	435	435	-
<i>ADR</i>	426	426	-
<i>ADR TEL S.p.A.</i>	4	4	-
<i>ADR ENGINEERING S.p.A.</i>	5	5	-
OTHER PAYABLES	412	394	18
<b>TOTAL</b>	<b>1,760</b>	<b>1,493</b>	<b>267</b>

The item tax liabilities refers to the payable for taxes to be settled for 2011, net of the related advances; it takes into account the balances deriving from the tax consolidation arranged by the company. The



## 6. FINANCIAL STATEMENTS

change in the year is offset by a corresponding increase in the amount due from companies of the group for these balances to be paid to the Tax Authority.

The item other payables mainly includes payables to social security for 64 thousand euro and other tax payables for 103 thousand euro.

### NOTE 6 – OTHER FINANCIAL INFORMATION

#### 6.1 - Categories of assets/liabilities IAS 39

	12/31/2011			
	RECEIVABLES AND LOANS	FIN. INSTR. AVAILABLE FOR SALE	PAYABLES AT AMORTISED COST	DERIVATIVE INSTRUMENTS
OTHER EQUITY INVESTMENTS		32		
OTHER NON-CURRENT FINANCIAL ASSETS	221			
TRADE RECEIVABLES	432			
OTHER CURRENT FINANCIAL ASSETS	3,346			
CASH AND CASH EQUIVALENTS	5,340			
<b>TOTAL ASSETS IAS 39</b>	<b>9,339</b>	<b>32</b>	<b>-</b>	<b>-</b>
NON-CURRENT FINANCIAL LIABILITIES			41,295	
TRADE PAYABLES			1,799	
CURRENT FINANCIAL LIABILITIES			605	
FINANCIAL INSTRUMENTS – DERIVATIVES				174
<b>TOTAL LIABILITIES IAS 39</b>	<b>-</b>	<b>-</b>	<b>43,699</b>	<b>174</b>
<b>INCOME (CHARGES) RECORDED ON THE INCOME STATEMENT:</b>				
INTEREST INCOME	243			6
INTEREST EXPENSE			(2,449)	(520)
OTHER EXPENSES			(123)	
	<b>243</b>	<b>-</b>	<b>(2,572)</b>	<b>(514)</b>
	12/31/2010			
	RECEIVABLES AND LOANS	FIN. INSTR. AVAILABLE FOR SALE	PAYABLES AT AMORTISED COST	DERIVATIVE INSTRUMENTS
OTHER EQUITY INVESTMENTS		28		
TRADE RECEIVABLES	578			
OTHER CURRENT FINANCIAL ASSETS	2,934			
CASH AND CASH EQUIVALENTS	11,137			
<b>TOTAL ASSETS IAS 39</b>	<b>14,649</b>	<b>28</b>	<b>-</b>	<b>-</b>
TRADE PAYABLES			711	
CURRENT FINANCIAL LIABILITIES			41,954	
FINANCIAL INSTRUMENTS – DERIVATIVES				581
<b>TOTAL LIABILITIES IAS 39</b>	<b>-</b>	<b>-</b>	<b>42,665</b>	<b>581</b>

## 6. FINANCIAL STATEMENTS

### INCOME (CHARGES) RECORDED ON THE INCOME STATEMENT:

INTEREST INCOME	389		
INTEREST EXPENSE		(2,479)	(842)
OTHER EXPENSES		(66)	
	<b>389</b>	<b>-</b>	<b>(2,545)</b>
			<b>(842)</b>

### 6.2 – Financial risk management

The financial derivatives described in Note 5.16 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.

In order to carry out its business, the company is exposed to:

- the market risk, mainly of changes in interest rates connected to the financial assets disbursed and financial liabilities assumed;
- the credit risk, connected to the normal commercial relationships, and the possibility of default of a financial counterpart;
- the liquidity risk, with reference to the availability of financial resources required to run its business and repay the assumed liabilities.

#### MARKET RISK

The strategy followed for this type of risk aims to mitigate the rate risk and optimise the cost of borrowing, considering the interests of the stakeholders.

These risks are managed in compliance with the principles of prudence and in line with the “best practices” of the market.

The company’s derivative portfolio transactions at December 31, 2011 are recorded as cash flow hedge in compliance with IAS 39.

The fair value of the derivative financial instruments is determined by discounting the expected cash flows and using the market interest rate curve at the reference date.

The residual average duration of the overall financial indebtedness equals about 3 years.

The monitoring activities also aim to assess, on a continuous basis, the credit worthiness of the counterparts and the risk concentration level.

The Company is not exposed to an exchange rate fluctuation risk.

In consideration of Gemina’s specific economic and financial position, the rate risk is connected to the uncertainty induced by interest rate performance, and may be presented in the form of cash flow risk, connected to the financial assets or liabilities with indexed flows at a market interest rate. With the aim of reducing the amount of financial indebtedness at a variable rate, an interest rate swap (IRS) derivative agreement was signed, classified as “cash flow hedge”. The expiry of the hedge derivative and the underlying liability loan is the same. The effectiveness of the hedging is checked retrospectively and with a view to the future every quarter. The effectiveness of the hedge is confirmed by the effectiveness test calculated at the time of stipulating the agreement. For this purpose the “hypothetical derivative method” was used: in particular the test was carried out by applying the dollar offset method, referring the fair value delta of the hedge instrument to the one of the hypothetical derivative; since this ratio is between 80 and 125%, the hedge is deemed effective.

## 6. FINANCIAL STATEMENTS

The dollar offset method was used both for the retrospective test (referring the change in the fair value of the hedge instrument with the one of the hypothetical derivative) and for the prospective test (obtaining the hedge ratio by simulating a parallel instantaneous shock of +/- 100 bps on the rate curve). The tests performed showed an effectiveness of the hedge in the year of 100%. The changes in fair value of the derivative contracts are recorded in the comprehensive income statement, while no ineffective share is recorded in the income statement. The income statement is credited (debited) simultaneously upon the occurrence of the interest flows of the hedged instruments.

With reference to the type of interest rate, the financial indebtedness at December 31, 2011 is expressed at 60% at fixed rate.

### 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.

The analysis of trade receivables and other receivables broken down by expiration term is shown below.

<i>(in millions of euro)</i>	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, 2011	0.5	-	-	-	0.5
	Dec. 31, 2010	0.6	-	-	-	0.6
OTHER RECEIVABLES	Dec. 31, 2011	19.6	-	-	-	19.6
	Dec. 31, 2010	13.0	-	-	-	13.0

### LIQUIDITY RISK

The liquidity risk is the risk that the financial resources available may be insufficient to cover the expiring obligations. In consideration of the company's ability to generate cash flows and the availability of uncommitted lines of credit, the Company believes to have access to sufficient sources of finance to meet the planned financial requirements.

The table below illustrates a breakdown of the expiries for the financial liabilities at December 31, 2011 and the comparative figures at December 31, 2010.

<i>(in millions of euro)</i>	12/31/2011				12/31/2010			
	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
FINANCIAL INDEBTEDNESS NET OF CURRENT SHARE	-	41.3	-	41.3	-	-	-	-
TRADE PAYABLES	1.8	-	-	1.8	0.6	-	-	0.6
CURRENT FINANCIAL LIABILITIES	0.6	-	-	0.6	42.0	-	-	42.0
FINANCIAL INSTRUMENTS – DERIVATIVES	-	0.2	-	0.2	0.6	-	-	0.6
OTHER CURRENT LIABILITIES	12.7	-	-	12.7	6.6	-	-	6.6

## 6. FINANCIAL STATEMENTS

It is highlighted that during the year the Company restructured its debt exposure to the credit institutes, also in order to face the short-term commitments existing at the end of the previous year. In particular, as already described previously in note 5.13, on August 30, 2011 the company signed a loan agreement for a maximum amount of 60.1 million euro with expiry December 30, 2014. At December 31, 2011, based on the loan agreements signed, the company has a revolving line for amount equal to 18.0 million euro allocated to cover future cash needs.

### SENSITIVITY ANALYSIS

The sensitivity analysis highlights the impacts that would occur on the income statement and the shareholders' equity during the year in case of changes in interest rates and exchange rates the company is exposed to.

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, shown gross of the tax effect, are summarised as follows.

- A change of +50 bps in the interest rates creates a 0.1 million euro increase in financial expenses a 0.35 million euro positive change of the cash flow hedge reserve.
- a change of -50 bps in the interest rates determines a reduction of equal amount and opposite sign for the two components.

Finally, it is also pointed out that the interest rate applied to the outstanding Loan is equal to the Euribor rate plus a margin that is proportional to the rating given to ADR. The financial expenses paid by Gemina to its Financers therefore depend also on, in addition to the fluctuation in interest rates, ADR's rating; on this point the maximum margin contractually established, equal to 300 basis points, corresponds to the one currently applied, which therefore will not be subject to increases.

### 6.3 – Guarantees and major covenants on payables

The loan agreement signed by the Company on August 30, 2011, is backed by a senior pledge on a number of ADR shares representing at least 35% of the share capital. The number of shares to be subjected is in any case calculated, and possibly adjusted, each quarter depending on the trend of the Gemina share.

As at December 31, 2011, ADR shares used as guarantee numbered 21,778,660, equal to 35% of share capital.

Pursuant to paragraph 12.2.8 of the loan agreement, Gemina is obliged to hedge against the interest rate risk to the tune of at least 50% of the amount, disbursed and not repaid, due to Line A (therefore currently at least 21.05 million euro). By virtue of this obligation the Company signed with the counterpart Crédit Agricole an interest rate swap agreement whose main characteristics are reported in note 5.16 to which reference is made.

Gemina has also issued:

- 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. This covenant was complied with.

## 6. FINANCIAL STATEMENTS

### NOTE 7 – OTHER INFORMATION

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#### 7.1 – Litigation

##### 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%, 13.1% and 36.9%, 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 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. As part of this action, at the hearing of January 30, 2012 the ruling for the proceedings was postponed. A ruling is being awaited. 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.

##### 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 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 rejected the preliminary claims of the plaintiff and on June 28, 2011 he held the hearing for pronouncement of the sentence. With ruling no. 248/2012 of January 11, 2012, the Court of Milan rejected all the plaintiff's claims, condemning the losing party to fully pay the legal expenses towards the defendant and third parties (including, in favour of Gemina, 1,020 thousand euro for fees, 3 thousand euro for expenses and 17 thousand euro for duties). With deed notified on February 17, 2012 Mr. Angelo Rizzoli proposed an appeal (hearing for the appearance of the parties in the deeds: June 14, 2012), asking at the same time the preventive suspension of the executive effectiveness of the appealed ruling.

## 6. FINANCIAL STATEMENTS

### 7.2 – 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	221	63	29%
TRADE RECEIVABLES	432	432	100%
OTHER RECEIVABLES	19,645	16,864	86%
OTHER CURRENT FINANCIAL ASSETS	3,346	3,266	98%
CASH AND CASH EQUIVALENTS	5,340	14	0%
PROVISIONS FOR RISKS AND CHARGES	11,137	6,700	60%
FINANCIAL INDEBTEDNESS NET OF CURRENT SHARE	41,295	11,799	29%
TRADE PAYABLES	1,799	320	18%
CURRENT FINANCIAL LIABILITIES	605	173	29%
OTHER CURRENT LIABILITIES	1,760	531	30%

#### b) EFFECTS OF THE TRANSACTIONS OR POSITIONS WITH RELATED PARTIES ON THE INCOME STATEMENT ITEMS

ITEM	TOTAL	RELATED PARTIES	
		ABSOLUTE VALUE	%
FINANCIAL INCOME	249	100	40%
FINANCIAL EXPENSES	(3,092)	(2,534)	82%
STAFF COSTS	(2,159)	(25)	1%
OTHER OPERATING COSTS	(4,413)	(623)	14%
REVENUES	1,004	797	79%

#### 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	732	(4,983)	n/a
CASH FLOWS FROM INVESTING ACTIVITIES	13	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	(820)	(30,391)	> 100%

## 6. FINANCIAL STATEMENTS

As required by IAS 24 it is highlighted that for 2011, for assignments in Gemina and in other Group companies, the remunerations, non-monetary benefits, bonuses, incentives and other payments due to the Chairman (Mr. Fabrizio Palenzona) amount to a total of 428 thousand euro. In addition, the similar remuneration due to the current Managing Director (Mr. Carlo Bertazzo, in office since April 19, 2011) amounts to a total of 217 thousand euro, as well as the previous Managing Director (Mr. Guido Angiolini) for a total of 680 thousand euro.

Worth noting is that pursuant to art. 123-ter of Legislative Decree 58/98, the Report on remuneration was prepared, which shows the consideration due to the members of the administration and control bodies, the General Manager and other executives with strategic responsibilities of Gemina and the Group. This Report is available at Borsa Italiana S.p.A. and on the website [www.gemina.it](http://www.gemina.it) within the limits of the law.

for the Board of Directors  
The Chairman  
(Fabrizio Palenzona)

## 6. FINANCIAL STATEMENTS

### INFORMATION PURSUANT TO ART. 149-DUODECIIES 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 2011 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	REMUNERATION S PERTAINING TO THE YEAR 2011 (*)
AUDIT	DELOITTE & TOUCHE S.P.A.	155
OTHER SERVICES	DELOITTE & TOUCHE S.P.A. (1)	11
CERTIFICATION	DELOITTE & TOUCHE S.P.A. (2)	3

(1) Review of request from shareholder Changi Ltd.

(2) Subscription of Income Tax Return and 770 forms.

(\*) including expenses



## 6. FINANCIAL STATEMENTS

### 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, Carlo Bertazzo, in my position of Managing Director, and Sandro Capparucci in my position of Manager in charge of preparing the 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
- of the correct application of administration and accounting procedures for the drafting of the consolidated financial statements over 2011.

It is also stated that:

- the consolidated financial statements as at December 31, 2011:
  - 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 equity, statement of financial position 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.

Fiomicino, March 8, 2012

The Managing  
Director  
(Carlo Bertazzo)

The Manager  
in charge of preparing  
corporate accounting documents  
(Sandro Capparucci)

## 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 financial statements of Gemina – GENERALE MOBILIARE INTERESSENZE AZIONARIE S.p.A. (“Gemina S.p.A.”), which comprise the statement of financial position as of December 31, 2011, and the income statement, statement of comprehensive income, statement of changes in shareholders’ equity and statement cash flow 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 25, 2011.

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, 2011, 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.
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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma  
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

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, 2011.

DELOITTE & TOUCHE S.p.A.

*Signed by*

Fabio Pompei

Partner

March 22, 2012

Rome, Italy

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

## STATUTORY AUDITORS' REPORT

## 6. FINANCIAL STATEMENTS

### 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 2011, 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.

With the approval of this financial statements, the mandate will expire and the shareholders' meeting will be called the appointment of a new controlling body.

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, and the Corporate Governance, 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 8 March 2012 the Board of Directors, with favourable opinion of Human Resources and Compensation Committee, adopted “*Report on the remuneration policy for directors and key managers*” provided for by article 123 ter of Legislative Decree 58/1998 and in compliance with the legislative provisions, pursuant to art. 6 of Code of Conduct of the Italian Stock Exchange.
- 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. We have supervised on the application of 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, and adopted by the Board of Directors on 12 November 2010.
- The Company prepared the 2011 Financial Statements according to the IAS/IFRS principles as in the previous year 2010. The accounting principles and the valuation criteria adopted are reported in the Notes to the Report. The 2011 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 22 March 2012 without identifying any irregularities or making requests for disclosures. The major events occurred in the financial year 2011 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 2011 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 22

## 6. FINANCIAL STATEMENTS

March 2012 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 2011) 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 Corporate Governace and by acquiring the relevant documents. Taking part in the Audit Committee and Corporate Governace 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 2011, 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

## 6. FINANCIAL STATEMENTS

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 2 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 1 March 2012;
    - 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. 2386 of Italian Civil Code for the cooptation of three Board Member and an opinion pursuant to art. 2389 paragraph 3 of the Italian Civil Code.
  - In performing the afore-mentioned supervisory activity, during 2011 the Board of Statutory Auditors met 6 times, attended 10 meetings of the Board of Directors and 4 meetings of the Audit Committee and Corporate Governance and 8 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 2011 in accordance with the Board of Directors' proposal.

Roma, 22 March 2012

The Board of Statutory Auditors

*Signed by*

Luca A. Guarna

*Signed by*

Giorgio Oldoini

*Signed by*

Maurizio Dattilo