

ANNEXE 7 – COMPTES CONSOLIDÉS CERTIFIÉS Y05 DE L'OFFRANT

**Consolidated
Accounts**

**Balance Sheet and
Income Statement**

Consolidated Balance Sheet

Notes (€k)	31.12.2005	31.12.2004	Change
I Cash and other liquid assets	144,162	256,531	(112,369)
II Other financial assets	15,658	12,843	2,815
Tax credits	13,486	9,811	3,675
III Other credits	85,573	75,765	9,808
Accounts receivable	51,846	44,382	7,464
IV Inventory	132,960	87,299	45,661
Total current assets	443,685	486,631	(42,946)
V Property, plant and equipment (tangible assets)	795,498	676,189	119,309
VI Goodwill	1,080,872	685,642	395,230
VII Other intangible assets	56,015	55,891	124
VIII Equity Investments	4,293	2,009	2,284
IX Other financial assets	18,563	16,971	1,592
X Loans	130,537	-	130,537
XI Deferred tax assets	121,828	99,136	22,692
XII Other credits	11,640	12,845	(1,205)
Total non-current assets	2,219,246	1,548,683	670,563
Total assets	2,662,931	2,035,314	627,617
Accounts payable	481,705	416,219	65,486
Tax liabilities	39,954	25,682	14,272
XIII Other liabilities	195,142	156,043	39,099
XIV Due to banks	121,982	157,406	(35,424)
XV Other financial liabilities	27,331	25,976	1,355
Total current liabilities	866,114	781,326	84,788
XVI Other liabilities	10,835	13,486	(2,651)
XVII Borrowings (net of current portion)	690,012	385,405	304,607
XVIII Bonds	351,089	309,907	41,182
XIX Deferred tax liabilities	65,863	24,986	40,877
XX TFR and other employee benefits	108,288	106,496	1,792
XXI Provisions	88,089	40,904	47,185
Total non-current liabilities	1,314,176	881,184	432,992
Total liabilities	2,180,290	1,662,510	517,780
Shareholders' funds	482,641	372,804	109,837
XXII - attributable to the Group	451,760	350,502	101,258
- attributable to minorities	30,881	22,302	8,579
Total liabilities and shareholders' funds	2,662,931	2,035,314	627,617

Consolidated Income Statement

Notes (€k)	2005	2004	Change
XXIII Revenue from operations	3,599,900	3,245,611	354,289
XXIV Other operating income	93,258	91,172	2,086
Total income	3,693,158	3,336,783	356,375
XXV Cost of raw material, items for use and merchandise	1,278,671	1,127,850	150,821
XXVI Payroll and benefits	1,017,050	954,412	62,638
XXVII Rents, concessions and royalties	523,262	442,450	80,812
XXVIII Other operating costs	398,926	372,115	26,811
XXIX Depreciation	174,734	167,959	6,775
XXX Impairment losses on tangible and intangible assets	5,653	18,384	(12,731)
Operating Profit	294,862	253,613	41,249
XXXI Gains (losses) on financial transactions	20,059	12,822	7,237
XXXII Financial costs	(66,206)	(79,541)	13,335
Value adjustments on financial assets	1,323	1,119	204
Profit before tax	250,038	188,013	62,025
XXXIII Tax	(110,550)	(87,656)	(22,894)
Net Profit	139,488	100,357	39,131
- attributable to the Group	130,092	93,244	36,848
- attributable to minorities	9,396	7,113	2,283
Earnings per Share (in euro cents)			
- non-diluted	51.1	36.7	
- diluted	50.6	36.3	

Changes in Consolidated Shareholders' Funds

	Company Capital	Legal Reserve	Hedging Instrument Valuation Reserve	Conversion Reserve	Other Reserves and Retained Profit	Profit for the year	Shareholders' Funds attr. to the Group	Shareholders' Funds attr. to Minorities
(€k)								
31.12.2003	132,288	1,712	-	(14,925)	92,182	50,174	261,431	21,786
Adoption of IFRS at 1.1.2004	-	-	-	-	2,406	-	2,406	-
Appropriation of 2003 Profit:								
- to reserves	-	675	-	-	49,499	(50,174)	-	-
- dividend	-	-	-	-	-	-	-	(6,597)
Conversion differences and other changes	-	-	-	(6,579)	-	-	(6,579)	-
Profit for the year	-	-	-	-	-	93,244	93,244	7,113
31.12.2004	132,288	2,387	-	(21,504)	144,087	93,244	350,502	22,302
Effect of IAS 32 e 39 application at 1.1.2005	-	-	(15,130)	-	6,481	-	(8,649)	-
Appropriation of 2004 Profit:								
- to reserves	-	3,858	-	-	38,506	(42,364)	-	-
- dividend	-	-	-	-	-	(50,880)	(50,880)	(817)
Conversion differences and other changes	-	-	-	23,633	-	-	23,633	-
Changes in the fair value of hedging instruments	-	-	11,095	-	(4,158)	-	6,937	-
Changes in the fair value of the Autogrill Finance SA convertible bond 1999-2014 option to convert to Autogrill SpA shares	-	-	-	-	125	-	125	-
Profit for the year	-	-	-	-	-	130,092	130,092	9,396
31.12.2005	132,288	6,245	(4,035)	2,129	185,041	130,092	451,760	30,881

Consolidated Gains (Losses) taken directly to Equity

(€k)	2005	2004	
Opening balance of the IAS 32-39 valuation reserve at 1.1.2005	(8,649)	-	(1)
Gains recognised directly in the hedging instrument valuation reserve ⁽¹⁾	7,794	-	Net of €4,158k relating to the tax effect recognised in "Other reserves and retained profit".
Gains recognised directly in the convertible bond fair value adjustment reserve ⁽²⁾	125	-	
Gains (losses) recognised directly in the conversion reserve	23,633	(6,579)	
Gains (losses) recognised directly in Shareholders' Funds attr. to the Group	22,903	(6,579)	(2)
Transfers from the hedging instrument valuation reserve	(857)	-	Recognised under "Other reserves and retained profit".
Total	22,046	(6,579)	

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Consolidated Cash Flow Statement

(€m)	2005	2004
Cash and other liquid assets - opening balance	253.2	106.9
Profit before tax and net financial cost for the year (including minorities)	296.2	249.6
Depreciation and losses on fixed assets net of revaluation	180.4	187.2
Value adjustments and (gains)/losses on disposal of financial assets	(1.3)	(1.1)
(Gains)/losses on disposal of fixed assets	(2.0)	(2.0)
Change in working capital ⁽¹⁾	33.2	10.5
Net change in non-current non-financial assets and liabilities	(14.8)	(0.5)
Cash flow from operations	491.7	443.7
Tax paid	(54.5)	(74.9)
Interest paid	(46.5)	(57.5)
Net cash flow from operations	390.7	311.3
Expenditure on tangible and intangible assets	(195.0)	(153.6)
Proceeds from disposal of fixed assets	11.3	2.3
Acquisition of consolidated equity investments ⁽²⁾	(359.4)	(4.5)
Net change in non-current financial assets	0.4	2.6
Cash flow from investment activity	(542.7)	(153.2)
Redemption of bonds	-	(344.2)
Medium/long-term financings procured	366.3	362.0
Repayments of instalments of medium/long-term financings	-	(0.6)
Repayments of short-term loans net of new borrowing	(140.2)	(19.2)
Payment of dividends	(50.9)	-
Other flows ⁽³⁾	(198.0)	(4.7)
Cash-flow from borrowings	(22.7)	(6.7)
Cash flow for the year	(174.7)	151.4
Exchange differences on liquid assets	24.6	(5.1)
Cash and other liquid assets - closing balance	103.1	253.2

(1)

Includes the conversion difference on profit items.

(3)

Includes €175m minorities' share of the loan made by Autogrill SpA to Retail Airport Finance SL (controlled as to 50%, vehicle for the acquisition of the Aldeasa Group) and dividend paid to minority shareholders of subsidiaries.

Reconciliation of cash and other net liquid assets

(€m)	2005	2004
Cash and other liquid assets - opening balance	253.2	106.9
Cash and other equivalent liquid assets	256.5	142.5
Current account debit balances	(3.3)	(35.6)
Cash and other liquid assets - closing balance	103.1	253.2
Cash and other equivalent liquid assets	144.2	256.5
Current account debit balances	(41.1)	(3.3)

(2) Detail of net cost of consolidated equity investments

Non-current assets	72.9
Working capital	28.6
Non-current non-financial assets (liabilities)	(63.1)
Shareholders' funds	54.9
Debt	6.2
Cash and other liquid assets	(22.7)
Acquisition cost	382.0
Net cost of consolidated equity investments	359.4

**Consolidated
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**Notes to the
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Consolidated Accounts

Accounting Policies and Consolidation Methods

General Policies

The Consolidated Accounts were prepared under IFRS as issued by the IASB and endorsed by the EU.

IFRS means International Financial Reporting Standards including International Accounting Standards (IAS), supplemented by the interpretations issued by the IFRIC (formerly SIC).

The Group has adopted IFRS without exceptions.

The Consolidated Accounts were prepared on the historic cost principle, except for the valuation of certain financial instruments.

The Consolidated Accounts were prepared prospectively using the euro as the unit of account. The figures given in the tables are in thousands of €.

The main accounting policies used are given in the following pages.

Structure, Format and Content of the Accounts

The Consolidated Accounts at 31 December 2005 are the first Group Accounts to be prepared under IFRS; reconciliations and explanatory notes as required by IFRS 1 on first adoption of IFRS are given on page 143 et seq.

The Balance Sheet shows assets and liabilities divided between current and non-current items according to the Group's normal business cycle, which corresponds to the calendar year.

The Income Statement uses classification by item type. The Cash-flow Statement is structured according to the indirect method. The Consolidated Accounts were approved by the Board of Directors on 15 March 2006. The Group also issues a separate Sustainability Report.

The individual accounts of each company within the scope of consolidation are prepared in the currency of the main area of their business (functional currency). For the purposes of the Consolidated Accounts the accounts of each foreign entity are expressed in euros. When the accounts are being prepared by the individual entities transactions in currencies other than euros are initially recognised at the exchange rate ruling on the date of the transaction.

On the balance sheet date monetary assets and liabilities are reconverted at the rates ruling on that date and the related adjustment is taken to the Income Statement.

For the purposes of the Consolidated Accounts the assets and liabilities of foreign subsidiaries whose functional currency is not the euro are converted at the exchange rates ruling at the balance sheet date. Income and expense are converted at average exchange rates for the year. Exchange differences are recognised in the equity item Conversion Reserve. This reserve is recognised in profit or loss when the subsidiary to which it refers is sold. Goodwill and remeasurement at fair value on acquisition of a foreign company are recognised in the appropriate currency and converted at the year-end exchange rate.

Exchange Rates used to convert non-euro Subsidiaries' Accounts into euros:

	2005		2004	
	year-end rate €1.00=	average rate €1.00=	year-end rate €1.00=	average rate €1.00=
US dollar	1.1797	1.2441	1.3621	1.2439
Canadian dollar	1.3725	1.5093	1.6416	1.6168
Swiss franc	1.5551	1.5483	1.5429	1.5438

Scope and Methods of Consolidation

The scope of consolidation includes companies subject to control as per IAS 27 (ie, the Parent Company has the power to determine the financial and operational policies of the company in such a way as to obtain benefits from its business), associates (ie, those entities subject to significant influence as per IAS 28) and joint-ventures (ie, entities subject to joint control as per IAS 31). Companies included in consolidation are listed on page 151

Consolidated Accounts

Specifically, the Consolidated Accounts include the Accounts at 31 December 2005 of Autogrill SpA and all those companies in which the Parent Company has, directly or indirectly, the majority of the voting rights, or exerts dominant influence. The latter group includes Soborest SA, Sorebo SA, Soberest SA, Volcarest SA and S.R.S.R.A. SA, which are controlled on the basis of a 50% stake and an agreement that gives the Group the power to manage the business.

There are two joint ventures: Retail Airport Finance SL (which controls the Aldeasa Group) and Steigenberger Gastronomie GmbH: both were consolidated using the proportionate method, the former from 1 May 2005, the latter from 1 April 2005.

HMSHost Corp. and its subsidiaries close their financial year on the Friday nearest to 31 December; the year is divided into 13 periods each of 4 weeks, grouped into quarters of 12 weeks, except for the last which is of 16 weeks. The accounts used for consolidation therefore refer to the period 1 January-30 December 2005 and the comparable period is 3 January-31 December 2004.

Accounts included in consolidation are those prepared by each company's administration. The income and expense of subsidiaries acquired or sold during the year are included in the consolidated income statement from the actual date of acquisition to the actual date of disposal. If necessary, adjustments are made to subsidiaries' accounts to bring their accounting policies into line with those of the Group.

The consolidation of subsidiaries' Accounts was carried out according to the full consolidation (line-by-line) method, ie, including the full amount of assets, liabilities, income and expense of the individual company and eliminating the carrying value of the consolidated equity investments held by the Parent Company as being their net worth.

Minority interests in the net assets of consolidated subsidiaries is identified separately from Group

Business Combinations

The acquisition of subsidiaries is accounted for under the acquisition method. The acquisition cost is the total of the current value on the date of exchange of the assets given, of the liabilities borne or assumed, and of financial instruments issued by the Group in exchange for control of the acquired entity, plus the directly attributable costs of the combination.

The acquired entity's assets, liabilities and contingent liabilities which can be recognised under IFRS 3 are recognised at their current value on the date of acquisition.

Goodwill arising out of the acquisition is recognised as an asset and valued initially at cost, ie, the amount by which the acquisition cost exceeds the Group's share of the current value of the assets, liabilities and contingent liabilities recognised on acquisition.

On first-time adoption of IFRS, the Group decided not to apply IFRS 3 Business Combinations retroactively to the acquisitions made prior to the date of transition to IFRS, viz. 1 January 2004: consequently, goodwill arising on acquisitions made prior to that date has been maintained at the previous value determined under Italian GAAP, subject to measurement and recognition of any impairment losses.

Minority interests in the acquired entity are initially measured according to their share of the current value of the assets, liabilities and contingent liabilities recognised on acquisition.

This policy was applied for the business combinations entered into in 2005 regarding Aldeasa SA, Steigenberger GmbH e Poitou-Charentes Restauration SA.

Minority equity investments and those in inactive or low-value subsidiaries are valued using the cost method.

Associates

An associate is a company in which the Group is able to exert significant influence, but not control or joint control, through participation in decisions regarding the associate's financial and operational policies.

The associate's income and expense, assets and liabilities, are recognised in the Consolidated Accounts using the net equity method, except where the interest is classified as being held for sale.

Under this method investments in associates are recognised at cost, adjusted in line with subsequent changes in the associates' net assets and any impairment losses on individual equity investments.

The amount by which the acquisition cost exceeds the Group's share of the current value of the associate's assets, liabilities and contingent liabilities recognised on acquisition is recognised as goodwill. Goodwill is included in the associate's carrying value and is subject to impairment test.

Joint Ventures

Entities set up or acquired on the basis of agreements giving equal powers to each investor are classified as joint ventures. The Group recognises joint ventures using the method of proportionate consolidation. This entails the Group's share of the current value of the joint ventures' assets, liabilities, income and expense being added line by line to the corresponding items of the Consolidated Accounts.

Unrealised gains and losses on transactions between a Group company and a joint venture are eliminated in proportion to the Group's percentage interest in the joint venture, unless the unrealised losses are evidence of an impairment loss of the transferred asset.

As mentioned above, Retail Airport Finance SL (which controls the Aldeasa Group) and Steigenberger Gastronomie GmbH are joint ventures: both were consolidated using the proportionate method, the former from 1 May 2005, the latter from 1 April 2005.

Recognition of Income and Expense

Income from services is recognised when the service is rendered and purchases of goods on transfer of title. Interest receivable and payable is recognised on an accruals basis. Dividends are recognised when the shareholders' right to receive them is established.

Recoveries of costs borne on behalf of others are recognised as a deduction from the related cost.

Financial cost is recognised in the Income Statement on an accruals basis and is not capitalised.

Consolidated Accounts

Employee Benefits

All employee benefits are recognised and disclosed in the Accounts on an accruals basis.

According to local conditions and practice in the countries in which the Group operates, there are defined-benefit and defined-contribution plans:

- post-employment benefit plans are formalised and unformalised agreements whereby the entity provides, to one or more employees, post-employment benefits;
- defined-contribution plans are post-employment benefit plans whereby the entity pays fixed contributions to a separate entity (a fund) and will have no legal or construed obligation to pay all the employee benefits relating to employment in the current financial year and in previous years;
- defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

In respect of defined-benefit plans in Group companies other than the Parent Company, the accrued amount is projected forward to the future to estimate the amount payable on termination of employment and then discounted using the projected unit credit method, to account for the time that will elapse before actual payment occurs.

The Group - with reference to the severance pay ("TFR") system that applies to Italian-law companies - has made provision by setting aside the legal liability accrued at year-end pursuant to Article 2120 of the Italian Civil Code and recognising the revaluation portion of the legal liability under financial cost.

The Group constantly monitors changes in the liability for TFR calculated on actuarial principles - on the basis of the best possible estimates - and the liability disclosed in the Accounts as required by Article 2120 of the Italian Civil Code.

At 31 December 2005 the liability disclosed in the Accounts (€89,858k) as required by the Italian Civil Code exceeds the liability calculated according to actuarial principles by €2,310k (€1,757k at 31 December 2004).

Tax

Tax for the year is the sum of current and deferred tax.

Current tax is calculated on taxable income for the year. Taxable income differs from the net profit figure disclosed in the Income Statement in that it excludes positive and negative items that will be taxable or deductible in later years. It also excludes items that will never be taxable or deductible.

Current tax liability is calculated using prevailing or actual tax rates on the balance sheet date. Starting from the 2004 tax year, Autogrill SpA, together with its wholly-owned Italian subsidiaries (Autogrill International Srl, Nuova Sidap Srl and Nuova Estral Srl), joined the domestic tax consolidation scheme of Edizione Holding SpA, pursuant to LD 344/03 for the years 2004-2006. The regulation signed by the parties provides for payment in full of the amount corresponding to the multiplication of transferred losses or profits by the IRES (corporate tax) rate, as well as the transfer of any tax credits. The net current tax credit or liability for the year, in respect of IRES only, was therefore recognised as a claim on or liability to Edizione Holding SpA.

Deferred tax liabilities are generally recognised in respect of every taxable temporary difference, while deferred tax assets are recognised to the extent that it is considered probable that there will be future taxable results that will enable use of the deductible temporary differences. The carrying value of deferred tax assets is reviewed at each balance sheet reference date and reduced to the extent that sufficient taxable income to recover the credit wholly or in part may not exist.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or initial recognition (not in business combination transactions) of other assets or liabilities in transactions that have no influence either on accounting profit or on taxable income. Deferred tax liabilities are recognised in respect of taxable temporary differences relating to equity investments in subsidiaries, associates or joint ventures, unless the Group is able to monitor the elimination of the temporary differences and it is probable they will not be eliminated in the foreseeable future.

Deferred tax is calculated on the basis of the tax rate that is expected to rule when the asset is realised or the liability is settled.

Deferred tax assets and liabilities are disclosed as a net balance when it is legally possible to offset current tax assets and liabilities and provided they are payable to the same tax authority and the Group intends to settle current tax assets and liabilities on a net basis.

Non-current Assets

Intangible Assets

Intangible assets are recognised when it is probable that use of the asset will generate future earnings and when the cost of the asset can be reliably determined. They are recognised at purchase or production cost including additional charges and amortised over their useful life. If impairment losses arise - determined in accordance with our principle Impairment losses on tangible and intangible assets - an allowance is made accordingly; if in subsequent periods the reasons for the allowance no longer apply, the original value of the asset is restored within the limit of accumulated amortisation. The following are the amortisation periods used for the various kinds of intangible asset:

Licences and Similar Rights

- Licences to use software applications:	3 years
- Cost of authorisation to sell State monopoly merchandise:	the validity of the licence

Other

- Commissioned software applications:	3 years
- Other costs to be amortised:	5 years, or the life of the underlying contract

The Group reviews its estimate of the useful life of intangible assets at each year-end.

Consolidated Accounts

Property, Plant and Equipment

Property, plant and equipment are recognised when it is probable that their use will generate future earnings and when the cost of the asset can be reliably determined.

They are recognised at purchase or production cost, including additional costs and indirect or direct costs for the part that is reasonably attributable to the asset, in certain cases increased under monetary revaluation legislation.

These revaluations have been retained in the Accounts on transition to IFRS, as being permitted by IFRS 1.

Property, plant and equipment are systematically depreciated every year on a straightline basis according to technical and economic rates in relation to each asset's residual useful life. The Group reviews the useful life of each asset at every yearend. The cost of assets that are to be transferred free of charge includes the cost - provided it is within the provisions of IAS 37 - which is expected to be borne on expiry of the relevant contract to bring the asset into the contractually agreed state of conservation, assuming that maintenance will continue to be carried out properly and in a timely manner. Components of significant value (in excess of €500,000) or with a different useful life (50% greater or less than that of the asset to which the belongs) are considered separately in the depreciation calculation.

The following depreciation rates are used:

Industrial Buildings	3%
Plant and machinery	10% - 30%
Industrial and commercial equipment	15% - 33%
Furniture and furnishings	10% - 20%
Motor vehicles	25%
Other	12% - 20%

Land is not depreciated.

The depreciation rate used for assets that are to be transferred free of charge are those given in the relevant financial write-down schedule if they are higher than those in the table.

Depreciation rates are reduced by 50% on assets that have been brought into use in the course of the year (this percentage reflects the weighted average period of the year for which new assets are in use).

An asset's useful life is generally reviewed annually and is changed when maintenance includes enhancements or replacements that materially change its useful life.

If there are impairment losses - determined as described in our principle Impairment losses on tangible and intangible assets - regardless of depreciation already recognised the asset is valued accordingly. If in subsequent periods the reasons for the allowance no longer apply, the original value of the asset is restored within the limit of accumulated depreciation.

Costs sustained to enhance and maintain an asset that produce a material and tangible increase in its productivity or safety or extend its useful life are capitalised and increase the value of the asset. Maintenance costs of a routine nature are taken direct to the Income Statement.

Leasehold improvements are included in property, plant and equipment on the basis of the type of cost borne. The depreciation period is the lesser of the residual useful life of the asset and the duration of the contract.

Leases are classified as finance leases when the contract terms transfer all the risks and benefits to the lessee. All other leases are operating leases.

Assets leased under finance leases are recognised by the Group at fair value on the contract date, adjusted to take account of additional costs and any sub-leasing costs sustained, or, if less, the present value of the minimum rental commitments under the contract. The corresponding liability towards the lessor is recognised as a financial liability in the balance sheet. Each payment of lease rentals is divided between principal and interest so that a constant interest rate is achieved on the remaining liability. Financial cost is taken to the Income Statement in the year it is sustained.

Rents paid under operating leases are recognised in constant instalments according to the length of the lease.

Benefits received or receivable or paid or payable as an incentive to enter into an operating lease are also recognised in constant instalments over the life of the lease.

Impairment Losses on Property, Plant and Equipment and Intangible Assets

At each balance sheet date or on drawing up an interim statement of condition, the Group tests whether there is evidence of impairment of the value of its intangible and tangible assets. If such evidence exists, the recoverable value of the asset is estimated, in order to determine the amount of impairment if any. Where it is not possible to estimate the recoverable value of an individual asset, the Group estimates the recoverable value of the unit generating cash flow to which the asset belongs. With regard to property and equipment used in the sales network, this minimum aggregation unit is the point of sale or points of sale covered by a single lease or contract. The minimum aggregation unit for other fixed assets (intangible, tangible or goodwill) is the sales channel or the legal entity to which the assets belong.

Goodwill is tested for impairment at each year-end and at any time that there is evidence of possible impairment.

The recoverable amount is the greater of fair value net of selling cost and value in use. To determine value in use estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market valuation of the value of money and the specific risks of the business.

If an asset's recoverable value (or that of a unit generating cash flow) is estimated to be lower than carrying value, it is reduced to the smaller recoverable value. Impairment losses are recognised immediately in the Income Statement.

If the impaired value of an asset ceases to be justified, the carrying value of the asset (or of the unit generating cash flow) is increased to its new value - except in the case of goodwill - but not above the net carrying value that the asset would have had if the impairment loss had not occurred. Restoration of value is taken immediately to the Income Statement.

Consolidated Accounts

Current Assets and Liabilities

Current Assets and Liabilities

Inventory is valued at the lower of the purchase and production cost including directly attributable additional costs, net of discounts, allowances, annual bonuses and similar promotions, calculated using FIFO, and its market value; the value of slow-rotating stock is reduced to net realisable value.

Financial Assets and Liabilities

Financial assets and liabilities are recognised in the Accounts as soon as the Group becomes a party to the contractual clauses of the instrument.

Accounts receivable

Accounts receivable are disclosed at face value less an appropriate amount to take account of estimated bad debts.

Financial Assets

Financial assets are recognised and reversed off the Accounts on the trade date and are initially recognised at cost, including direct acquisition costs.

On subsequent balance sheet dates, the financial assets that the Group has the intention and capacity to hold to maturity (held to maturity securities) are recognised at amortised cost net of impairment losses.

Financial assets other than those held to maturity are classified as held for trading or available for sale and are valued at every period end at fair value. If the financial assets are held for trading, gains and losses arising from changes in fair value are recognised in that period's Income Statement. Available for sale financial assets' gains and losses arising from changes in fair value are recognised directly in equity until they are sold or suffer an impairment loss; in this case total gains or losses previously recognised in equity are taken to the period's Income Statement.

Cash and Cash Equivalents

The item Cash and Cash Equivalents includes cash and current accounts with banks, as well as demand deposits and other highly liquid short/term financial investments which are immediately convertible to cash and are subject to no significant risk of impairment.

Financings, Bank Loans and Bank Overdrafts

Interest-bearing borrowings and bank loans and overdrafts are recognised on the basis of the amounts received less transaction costs, and subsequently valued at amortised cost, using the real interest-rate method.

Convertible Bonds

Convertible Bonds are financial instruments consisting of a liability component and an equity component. On issue date the fair value of the liability component is valued using the market interest rate for similar non-convertible bonds. The difference between the net amount received from the issue and the fair value assigned to the liability component, which is the implicit option to convert the bonds into shares in the Group, is recognised in equity under other reserves.

Accounts payable

Accounts payable are recognised at face value, since the financial effect of payment deferral is not material.

Equity Instruments

The Company's equity instruments are recognised on the basis of the amount received net of direct issuance costs.

Derivative Instruments and Hedge Accounting

The Group's liabilities are primarily exposed to financial risks linked to changes in interest rates. The Group uses financial derivatives to manage interest rate risk. They are mainly interest rate swaps, forward rate agreements, interest rate options, and combinations of these. It is specifically Group policy to convert part of its floating-rate liabilities to fixed-rate and designate them cash flow hedges.

The use of hedging instruments is regulated by Group policies approved by the Board of Directors which has laid down precise written procedures for the use of derivatives in accordance with the Group's risk management strategy. Derivative contracts have been entered into with counterparties selected among the most financially solid, in order to reduce the risk of default. The Group makes no use of derivatives for trading purposes. See the policy described on page 136.

In line with the requirements of IAS 39, derivatives may be:

(i) accounted for under hedge accounting if and only if, at the origination of the hedge, the hedging relationship is formally designated and documented as such, (ii) the hedge is considered effective, (iii) its effectiveness can be reliably measured and (iv) the hedge is effective during all the accounting periods for which it is designated.

All financial derivatives are measured at fair value as required by IAS 39.

When financial instruments are eligible for hedge accounting, the following accounting treatment is applied:

- *"Fair value" hedge* – If a financial derivative is designated as a hedge of the exposure to changes in the fair value of an asset or liability attributable to a specific risk which may affect the Income Statement, the gains or losses arising on subsequent measurement at fair value of the hedging instrument are recognised in the Income Statement. Gains or losses on the hedged item attributable to the hedged risk change the carrying value of the hedged item and are recognised in the Income Statement;
- *Cashflow hedge* – If a financial derivative is designated as a hedge of the exposure to variability of the future cash flows of an asset or liability or of a forecast highly probable transaction and may affect the Income Statement, the effective portion of gains and losses on the financial derivative is recognised in equity. Cumulative gains and losses are reversed out of equity and accounted for in the Income Statement of the same period in which the hedged transaction is recognised. Gains and losses associated with a hedge (or part of a hedge) which has become ineffective are recognised in the Income Statement immediately. If a hedge or a hedging relationship are closed, but the hedged transaction has not been concluded, the cumulative gains and losses, up to that time recognised in equity, are recognised in the Income Statement when the transaction is carried out. If the hedged transaction is no longer considered probable, the realised gains and losses recognised in equity are immediately taken to the Income Statement.

If hedge accounting can not be applied, the gains or losses arising from measurement at fair value of the financial derivative are immediately recognised in the Income Statement. Derivatives are initially recognised at cost and adjusted to fair value at each subsequent end of accounting period.

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Provisions

Provisions are recognised in the Accounts when the Group has a present obligation as the result of a past event and it is probable that it will be required to fulfil the obligation.

Provisions are made on the basis of the best estimate of the cost of fulfilling the obligation on the balance sheet date and, when the effect is material, are discounted to present value.

Use of Estimates

Preparing the Accounts and the Notes under IFRS requires the Group's Management to make estimates and assumptions that affect the value of assets and liabilities and the information provided in respect of contingent liabilities at the balance sheet date.

Actual outturns may differ from these estimates. Estimates are used to determine allowances for credit risk, inventory obsolescence, depreciation, impairment losses on assets, employee benefits, tax, restructuring reserves, and other provisions and reserves.

Estimates and assumptions are periodically reviewed and the effect of any change is immediately taken to the Income Statement.

Acquisitions in 2005

In 2005 the Group acquired the Aldeasa Group, Steigenberger Gastronomie GmbH and Poitou-Charentes Restauration SA.

These transactions were recognised in accordance with IFRS 3.

Aldeasa SA

Autogrill acquired, jointly with Altadis, control of Aldeasa SA, a Spanish-law company listed on the Spanish Bourse.

Business

Aldeasa's business consists essentially of the management of shops selling duty-free and duty-paid products in airports located in Spain, Portugal, Jordan and various countries in Latin America.

It operates mainly under concessions, with contracts of various durations, mostly expiring in the period 2006-2012.

In 2004 the company reported sales of €613.9m, 86% of which were made in Spain, through the management of 243 outlets (of which 199 in Spain).

The main categories of products sold are perfume, tobacco products, clothing and electronic products.

The Tender Offer

On 28 January 2005 Retail Airport Finance SL ("R.A.F."), a Spanish-law company in which Autogrill SpA indirectly owns a 50% stake, launched a tender offer for all the shares of Aldeasa. The remaining 50% of the company capital of R.A.F. is held by Altadis SA, previously Aldeasa's main shareholder and an important Spanish business concern.

The offer period expired on 14 April 2005 and on 18 April CNMV (the Spanish regulatory body) confirmed the result. The price per share contained in the Offer was €36.57, corresponding to a valuation of the company of €768m.

The offer was accepted by the holders of 12,874,319 shares, or 61.31% of Aldeasa's company capital, and together with the shares held by Altadis, R.A.F. became the owner of 95.89% of Aldeasa.

Autogrill Group's investment through Autogrill España SA and R.A.F. was €375m, of which €368.2m related to its 50% share of the price of the shares purchased by R.A.F., and €6.8m the transaction costs borne by R.A.F. (Autogrill's share €5.3m) and Autogrill España SA (€1.5m).

The acquisition was completed on 21 April 2005.

In the third quarter 2005 Aldeasa bought in treasury shares as part of its application for delisting, thus raising R.A.F.'s stake to 99.56%.

How the Acquisition was financed

The acquisition was wholly financed by borrowings. For our Group the increase in net debt was €343.8m, ie, the cost of the acquisition (€375m including transaction costs) less Aldeasa's net cash at the acquisition date (€31.2m). Autogrill obtained the necessary funding for the transaction partly by utilising existing unutilised short/medium-term lines of credit and partly by means of a new short-term line of credit of €500m which was refinanced at the end of June 2005, as described on page 128.

Consolidated Accounts

Consolidation

Aldeasa was consolidated as from 1 May 2005 using the proportionate method.

It contributed to the consolidated results for 2005 with sales of €236,638k, or 6.6% of the total and with net profit attributable to the Group - net of R.A.F.'s costs - of €11,838k.

The following is the detail of the assets and liabilities acquired at their current value and the consequent allocation of the surplus of the acquisition price over these net assets.

(€m)	Aldeasa Group	Adjustments to the acquisition Accounts	Treasury Shares purchased	Aldeasa Group adjusted	R.A.F.	Total
Intangible assets	20.1	(19.5)	-	0.6		
Property, plant and equipment	32.6	34.7	-	67.3		
Financial fixed assets	1.7	-	-	1.7	369.7	
Non-current assets	54.4	15.2	-	69.6	369.7	
Inventory	41.2	(1.4)	-	39.8		
Accounts receivable	5.4	-	-	5.4		
Other assets	3.8	22.5	-	26.3	0.1	
Accounts payable	(27.0)	-	-	(27.0)	(0.1)	
Other liabilities	(13.5)	(1.9)	-	(15.4)		
Working Capital	9.9	19.2	-	29.1	-	
Non-current non-financial assets and liabilities	(0.2)	(62.2)	-	(62.4)	-	
Net capital invested	64.1	(27.8)	-	36.3	369.7	
Shareholders' funds attr. to the Group	93.8	(28.1)	(13.9)	51.8	196.7	
Shareholders' funds attr. to minorities	1.5	0.3	0.1	1.9	-	
Shareholders' funds	95.3	(27.8)	(13.8)	53.7	196.7	
Short-term financial liabilities	4.8	-	-	4.8	174.2	
Cash and short-term financial assets	(36.0)	-	13.8	(22.2)	(1.2)	
Net financial position	(31.2)	-	13.8	(17.4)	173.0	
Total	64.1	(27.8)	-	36.3	369.7	
Acquisition cost/Carrying Value of the equity investment				369.7	202.0	
Goodwill				317.9	5.3	323.2

The accounts of the company on the date of the acquisition have been adjusted (amounts are Autogrill's 50% share) in order to:

- reverse off the goodwill disclosed in Aldeasa's consolidated accounts, ie, €19,493k;
- increase the carrying value of certain properties to €34,652k, on the basis of an appropriate valuation;
- recognise the impairment of the value of slow-rotating inventory, ie, €1,444k;
- account for the tax effect of these adjustments, by recognising a tax liability of €12,128k and a tax asset of €11,005k;
- make provisions of €30,000k, in respect of a portion (relating to periods before the acquisition) of a contingent liability towards AENA (the landlord of the shop concessions in Spanish airports) to pay increased rents on concessions. Negotiations aiming to settle the question have not yet been concluded and consequently the size of the provision was determined provisionally pursuant to IFRS 3.61 and will be adjusted as necessary when definitively determined under IFRS 3.63 and IFRS 3.64;
- recognise a liability connected to a VAT dispute, ie, €1,903k;
- recognise a deferred tax liability of €6,582k connected with the realisation of latent surplus values, now taxable following the acquisition;
- recognise a tax asset of €11,496k connected with the realisation of tax losses brought forward;
- recognise deferred tax of €13,524k relating to the difference between the tax value of the shares and the value of the capital contribution of the Aldeasa shares by Altadis.

Steigenberger Gastronomie GmbH

On 16 March 2005 Autogrill acquired 49.99% of Steigenberger Gastronomie GmbH.

Business

Steigenberger is one of the main providers of catering in Frankfurt airport. It has about 20 points of sale and in 2004 it achieved sales of €9.4m.

It operates under concession contracts of various durations, expiring out to 2015.

The Agreement

The agreement entered into with Steigenberger Hotels AG, a leading German hotelier, provides for a call option for the remaining 50.01%, exercisable by Autogrill from 1 January 2007 to 31 December 2009. Management of the commercial business was immediately given to Autogrill.

Autogrill paid €2.7m for this equity investment. The price could rise by €1.3m on the basis of the renewal of certain concessions. In the second half of 2005 €600k of this amount became payable and was immediately paid. The call option - to acquire 100% of the capital of Steigenberger Gastronomie GmbH for an inclusive amount of €5.5m to €8m - will also include a similar amount on similar terms.

Consolidation

The equity investment in Steigenberger Gastronomie GmbH was consolidated from 1 April 2005 using the proportionate method.

In 2005, for the period and percentage it belonged to Autogrill, the company achieved sales of €5,275k, or 0.1% of the total, and net profit attributable to the Group of €309k.

The following is the detail of the assets and liabilities acquired at their current value and the consequent allocation of the surplus of the acquisition price over these net assets.

(€m)	Steigenberger Gastronomie GmbH
Non-current assets	1.0
Working Capital	0.1
Non-current non-financial assets and liabilities	(0.5)
Net Capital invested	0.6
Shareholders' funds	1.0
Net financial position	(0.4)
Total	0.6
Carrying value of the investment	3.3
Goodwill	2.3

Consolidated Accounts

Poitou-Charentes Restauration SA

Through Autogrill Côte France SAS, Autogrill purchased 100% of the shares in Poitou-Charentes Restauration SA, the company that manages the service area of the same name on the A10 Paris-Bordeaux motorway (France) under a concession expiring in 2012.

The structure is added to and completes an outlet already run by Autogrill at the same location.

The price paid was €3.7m.

This equity investment was fully consolidated as from 1 July 2005.

Post acquisition the company reported sales of €2,163k and net profit attributable to the Group of €200k.

The following is the detail of the assets and liabilities acquired at their current value and the consequent allocation of the surplus of the acquisition price over these net assets.

(€m)	Poitou-Charentes Restauration SA
Non-current assets	2.3
Working Capital	(0.6)
Non-current non-financial assets and liabilities	(0.2)
Net Capital invested	1.5
Shareholders' funds	0.3
Net financial position	1.2
Total	1.5
Carrying value of the investment	3.7
Goodwill	3.4

Other Information

Transactions with the Controlling Entity Edizione Holding SpA

Transactions carried out during 2005 and Balances outstanding at 31 December 2005:

(ek)	31.12.2005	31.12.2004	Δ
Income Statement:			
Revenue from sales of goods and services	3	6	(3)
Cost of services received	58	67	(9)
Balance Sheet:			
Accounts receivable	3	6	(3)
Other assets	-	3,447	(3,447)
Accounts payable	55	54	1
Other liabilities	27,758	7,000	20,758

Cost of services received relates to Autogrill's participation in an insurance programme covering the whole Group.

Accounts payable refers to the mentioned insurance programme and to compensation to one of its Directors for his membership of our Board, to be paid normally after approval of the 2005 Accounts.

Other liabilities refers to our liability following the decision to join the fiscal consolidation scheme and is the liability for IRES (corporate tax) on 2005's taxable income.

The 2004 liability referred to acquisition of a tax credit on 28 November 2004.

Other assets related to over-payment of IRES on 2004 taxable income; this was eliminated in off-set with the mentioned tax liability.

All the liabilities are current.

Consolidated Accounts

Transactions and Year-end Balances with Edizione Holding SpA Group Companies:

(€m)	Benetton Group SpA			Union Services Sarl			Bencom Srl			Fabrica SpA			Verde Sport SpA		
	31.12.05	31.12.04	Δ	31.12.05	31.12.04	Δ	31.12.05	31.12.04	Δ	31.12.05	31.12.04	Δ	31.12.05	31.12.04	Δ
Income Statement:															
Revenue from sales of goods and services	2	-	2	-	-	-	-	-	-	-	-	-	66	50	16
Other income	1	4	(3)	-	-	-	2,968	-	2,968	-	-	-	1	2	(1)
Purchases	-	16	(16)	89	82	7	-	-	-	-	-	-	-	-	-
Cost of services received	-	11	(11)	38	31	7	-	-	-	28	136	(108)	60	55	5
Cost of use of others' property	28	31	(3)	-	-	-	-	-	-	-	-	-	-	-	-
Balance Sheet:															
Accounts payable	5	9	(4)	5	82	(77)	-	-	-	49	112	(63)	-	-	-
Accounts receivable	3	13	(10)	-	-	-	1,194	-	1,194	-	-	-	27	14	13

Benetton Group SpA: Cost of use of others' property refers to hire of meeting-rooms.

Bencom Srl: Other Income refers to a one-off share of costs borne by the Group for the rebuilding of leased floorspace (€2,800k) and residual rent and related costs accrued at 31 December 2005. Accounts receivable refers to the part of the contribution to costs which was deferred over 11 annual instalments of which any unaccrued portion will be repaid by the Group on early termination of the sub-lease.

Fabrica SpA: the transactions referred to graphic design consultancy provided to the Group.

Union Services Sarl: this company supplies administrative services to the other Luxembourg companies and manages the la "Group Service" promotion, in which the main European companies of the Group take part. Purchases and Cost of services received refer to promotion services supplied to Autogrill SpA.

Verde Sport SpA: Revenue from sales of goods and services and Accounts receivable refer to sales of food and beverage products under the commercial affiliation contract for the conduct of a Spizzico restaurant at La Ghirada - Città dello Sport.

Cost of services received refers to promotion services supplied to Autogrill SpA.

All Accounts payable are current.

Transactions and Balances with the Autostrade Group and Grandi Stazioni SpA

Given the volume and frequency of transactions of the Autogrill Group with companies belonging to the Autostrade Group and Grandi Stazioni SpA, it is appropriate, and in line with our aim to be as transparent as possible, to supply information on these transactions.

Transactions and Balances at 31 December 2005 (with Autogrill SpA only):

(€k)	Autostrade Group			Grandi Stazioni SpA		
	31.12.05	31.12.04	Δ	31.12.05	31.12.04	Δ
Income Statement						
Revenue from sales of goods and services	18	16	2	-	-	-
Other income	866	697	169	-	-	-
Purchases	-	38	(38)	-	-	-
Cost of services received	2,707	2,310	397	-	-	-
Cost of use of others' assets	36,338	29,711	6,627	1,176	1,110	66
Balance Sheet						
Accounts payable	22,569	18,711	3,858	324	758	(434)
Accounts receivable	1,427	846	581	-	-	-

Autostrade Group: Other income refers to commission on distribution of Viacards [motorway toll cards] and the contribution to promotions undertaken in 2005.

Costs refer to concession rents and related additional costs.

Grandi Stazioni: continuation of the lease of premises in the station of Rome Termini. Costs refer to lease rentals and related additional costs.

The reduction in Accounts payable was mainly due to more timely payment of amounts due.

All Accounts payable are current.

Consolidated Accounts

Notes to the Balance Sheet

Current Assets

I. Cash and other liquid assets

(€k)	31.12.2005	31.12.2004	Change
Deposits with banks and post-offices	100,584	226,672	(126,088)
Cash and cash items	43,578	29,859	13,719
Total	144,162	256,531	(112,369)

Changes to the scope of consolidation contributed €9,883k; conversion differences amounted to €24,613k.

Cash and other liquid assets included both the normal cash amounts held at each outlet and amounts being credited (€43.578k) and deposits with banks and post offices (€100.584k) mainly consisting of time deposits bearing interest at rates very close to LIBOR or EURIBOR.

Deposits with banks and post-offices decreased by €126,088k due to repayment of bank borrowings.

II. Other financial assets

(€k)	31.12.2005	31.12.2004	Change
Due to associates	8,902	3,005	5,897
Fair value of exchange rate hedging instruments	5,268	6,965	(1,697)
Fair value of interest rate hedging instruments	961	-	961
Fair value of exchange rate derivatives held for trading	-	2,146	(2,146)
Other financial assets	527	727	(200)
Totale	15,658	12,843	2,815

Due to associates refers mainly to North American associates, to which the increase was due.

Market value of exchange rate hedging instruments includes the market valuation of the notional amounts of exchange rate hedges outstanding at the year-end.

III. Other assets

(€k)	31.12.2005	31.12.2004	Change
Suppliers	31,517	30,220	1,297
Lease and concession rents	14,453	9,669	4,784
Accrued income and deferred liabilities	8,559	5,982	2,577
Credit card receipts	7,845	5,102	2,743
(Sub)licensees	4,157	3,932	225
Advances to landlords for investments	3,257	7,669	(4,412)
Staff	3,086	2,797	289
Inland Revenue and public administration	778	396	382
Other assets	11,921	9,998	1,923
Total	85,573	75,765	9,808

Notes to the Accounts

The item delta reflects the new scope of consolidation (an increase of €3,546k) and the conversion effect (an increase of €5,429k). Lease and concession rents refers to rents paid in advance or in a single amount on the date of entry into new concessionary contracts.

Accrued income and deferred liabilities refers mainly to maintenance and insurance costs. The item increase over 2004 refers to the new scope of consolidation in the amount of €187k.

Advances to landlords for investments refers to Accounts receivable for expenditure incurred on behalf of landlords or (sub-)licensees; the change from 2004 was due to the receipt of payments on completion of works, mainly carried out on US motorway premises.

Other assets refers mainly to commission receivable on business generating commission, and to receivables with insurance companies. The item increase was mainly due (as to €1,789k) to the new scope of consolidation.

IV. Inventory

(€k)	31.12.2005	31.12.2004	Change
Food and beverage and retail	129,270	83,529	45,741
Merchandise and various articles	3,690	3,770	(80)
Total	132,960	87,299	45,661

The item delta was entirely due to the new scope of consolidation (€39,816k), while the conversion effect was €4,848k. Inventory is shown net of the provision for losses on inventory amounting to €3,519k (€3,385k at 31 December 2004), which was set aside to account for the obsolescence valuation of slow-rotating stocks.

Non-current Assets

V. Property, Plant and Equipment

(€k)	31.12.2005			31.12.2004		
	Historic Cost	Accumulated Depreciation	Net carrying value	Historic Cost	Accumulated Depreciation	Net carrying value
Land and commercial and industrial buildings	163,809	(53,419)	110,390	104,610	(44,208)	60,402
Leasehold improvements	881,331	(617,295)	264,036	767,922	(544,081)	223,841
Plant and machinery	180,734	(125,410)	55,324	154,415	(103,847)	50,568
Industrial and commercial equipment	569,961	(436,565)	133,396	499,065	(376,759)	122,306
Assets to be transferred free of charge	407,966	(274,154)	133,812	405,508	(261,178)	144,330
Other	53,884	(42,352)	11,532	46,368	(36,991)	9,377
Construction in progress and down-payments	87,008	-	87,008	65,365	-	65,365
Total	2,344,693	(1,549,195)	795,498	2,043,253	(1,367,064)	676,189

The new scope of consolidation contributed €70,625k to the closing balance; the conversion effect was €40,415k. An analysis of the types of capital expenditure undertaken is given in the Report on Operations.

Consolidated Accounts

Impairment losses were €2,907k in 2005, of which the US share was €2.356k and that of the European undertakings €551k, and were determined following the results of future earnings tests carried out on individual outlets or contracts. These tests are based on projected cash flow without taking possible efficiency gains into account over and above Group standards, which could be achieved by reorganising individual companies.

The discount rate used was gross of tax and varied according to the cost of money and the specific business risks associated with each country of operation. The rates used were between 5.3% and 6.7%.

Charges over land and buildings are worth €2,354k securing mortgage loans with principal of €1,308k.

Other includes leasehold improvements which refer to costs borne to set up or adapt leased premises or concessions.

This item comprises costs sustained to realise points of sale within the airport segment, along motorways and in US shopping malls, as well as numerous European outlets.

In-progress investments refer to works under way in the US (worth €66,326k - €48,973k at end-2004) and Europe €20,683k - €16.392k at end-2004), mainly in the motorway and airport segments.

The Parent Company uses other parties' assets worth €1,488k and has leased businesses with assets of €14,581k.

The items included in the following table include, according to the method used to account for them, the contractual value of property held under a finance lease.

(€k)	31.12.2005			31.12.2004		
	Historic Cost	Accumulated Depreciation	Net carrying value	Historic Cost	Accumulated Depreciation	Net carrying value
Land and industrial buildings	15,998	(7,541)	8,457	4,703	(1,585)	3,118
Plant and machinery	688	(42)	646	1,635	(836)	799
Assets to be transferred free of charge	3,828	(1,702)	2,126	13,630	(6,502)	7,128
Total	20,514	(9,285)	11,229	19,968	(8,923)	11,045

The financial debt incurred under these transactions was €11,128k and is recognised under Other current financial liabilities as to €2,518k (€1,844k in 2004) and Other non-current financial liabilities as to €8,610k (€8,115k in 2004). Future rents to be paid were €3,599k.

VI. Goodwill

Following the transactions described under Acquisitions above, goodwill of €328,964k was recognised in 2005; as required by IFRS 3, goodwill is the surplus of acquisition cost over the acquirer's interest in the fair value of the assets, liabilities and contingent liabilities identifiable on the acquisition date.

Geographical Distribution of Goodwill:

(€k)	31.12.2005	31.12.2004	Change
US and Canada	469,004	407,628	61,376
Italy	74,985	69,300	5,685
Other Europe:			
- Switzerland	95,438	96,233	(795)
- Spain	343,501	20,220	323,281
- France	60,816	57,416	3,400
- Netherlands	22,161	22,161	-
- Belgium	12,684	12,684	-
- Germany	2,283	-	2,283
Total	1,080,872	685,642	395,230

The item increase comprises additions following the mentioned acquisitions and net conversion differences of €60,581k.

Goodwill of €5,685k was also recognised in connection with the opening of new businesses in Italy.

Goodwill was tested for impairment (non-recoverable value) in respect of each subsidiary, taking into account its business segment. These tests use projected cash flow based on the company's three-year plan and include assumptions in respect of contract renewal and profitability, diversified by business segment; these assumptions do not take account of planned efficiency gains over Group standards, achievable through corporate reorganisation of individual concerns. The discount rate used was gross of tax and varied according to the cost of money and the specific business risks associated with each country of operation. The rates used were between 5.3% and 6.7%.

No impairment losses on goodwill were recognised in 2005, since the mentioned tests confirmed the recoverability of value.

VII. Other Intangible Assets

(€k)	31.12.2005	31.12.2004	Change
Concessions, licences, brands and similar assets	25,531	27,266	(1,735)
Construction in progress and down-payments	6,585	3,874	2,711
Other	23,899	24,751	(852)
Total	56,015	55,891	124

The conversion effect was positive in the amount of €3,047k. In 2005 there were impairment losses of €2,746k, which refer mainly to units operating in Spain (€1,363k) and were recognised following the results of tests of future cash flow in respect of individual outlets or concessions.

The Parent Company also recognised write-downs of €1,383k on software which was replaced in 2005 as part of the revision of the Group's general IT plan.

Consolidated Accounts

(€k)	31 December 2004			Changes in gross value					Totals
	Gross value	Dep'n	Net value	Change in scope of consolidation	Exchange Differences	Increase in historic cost	Reductions	Other Changes	
Intangible Assets									
Rights to intellectual property	-	-	-	208	-	-	-	(4)	204
Concessions, licences, brands and similar assets	55,632	(28,366)	27,266	137	4,609	1,828	(1,460)	349	5,463
Goodwill			685,642	328,964	89,125	5,215	-	470	423,774
Construction in progress and down-payments	3,874	-	3,874	-	-	5,838	(79)	(3,048)	2,711
Other	38,942	(14,191)	24,751	3,410	3	2,903	(209)	1,512	7,619
Total	1,224,490	(482,957)	741,533	332,719	93,737	15,784	(1,748)	(721)	439,771

(€k)	31 December 2004			Changes in gross value					Totals
	Gross value	Dep'n	Net value	Change in scope of consolidation	Exchange Differences	Increase in historic cost	Reductions	Other Changes	
Property, plant and equipment									
Land and commercial and industrial buildings	104,610	(44,208)	60,402	58,555	(289)	1,060	(2,017)	1,890	59,199
Leasehold improvements	767,922	(544,081)	223,841	-	90,172	23,983	(72,537)	71,791	113,409
Plant and machinery	154,415	(103,847)	50,568	19,879	(328)	11,673	(5,429)	524	26,319
Industrial and commercial equipment	499,065	(376,759)	122,306	18,460	37,529	21,267	(33,315)	26,955	70,896
Assets to be transferred free of charge	405,508	(261,178)	144,330	3,896	(57)	8,002	(10,158)	775	2,458
Other	46,368	(36,991)	9,377	4,950	613	2,921	(1,913)	977	7,516
Construction in progress and down-payments	65,365	-	65,365	3,318	7,269	115,486	(2,239)	(102,191)	21,643
Total	2,043,253	(1,367,064)	676,189	109,058	134,909	184,392	(127,608)	721	301,440

Amortisations/Write-downs						31 December 2005		
Change in scope of consolidation	Exchange differences	Increases	Write-downs of increases	Reductions	Totals	Gross value	Amortisations	Net value
(204)	-	-	-	-	(204)	204	(204)	-
(100)	(1,704)	(5,457)	(1,397)	1,460	(7,198)	61,095	(35,564)	25,531
-	(28,544)	-	-	-	(28,544)	-	-	1,080,872
-	-	-	-	-	-	6,585	-	6,585
(2,876)	139	(4,594)	(1,349)	209	(8,471)	46,561	(22,662)	23,899
(3,180)	(30,109)	(10,051)	(2,746)	1,669	(44,417)	1,664,261	(527,374)	1,136,887

Depreciation/Write-downs						31 December 2005		
Change in scope of consolidation	Exchange differences	Increases	Write-downs of increases	Reductions	Totals	Gross value	Dep'n	Net value
(6,483)	121	(4,093)	-	1,244	(9,211)	163,809	(53,419)	110,390
-	(66,206)	(75,049)	(2,355)	70,396	(73,214)	881,331	(617,295)	264,036
(13,543)	225	(12,006)	-	3,761	(21,563)	180,734	(125,410)	55,324
(13,582)	(28,582)	(49,615)	(187)	32,160	(59,806)	569,961	(436,565)	133,396
(1,702)	15	(19,932)	(269)	8,912	(12,976)	407,966	(274,154)	133,812
(3,123)	(67)	(3,988)	(96)	1,913	(5,361)	53,884	(42,352)	11,532
-	-	-	-	-	-	87,008	-	87,008
(38,433)	(94,494)	(164,683)	(2,907)	118,386	(182,131)	2,344,693	(1,549,195)	795,498

Consolidated Accounts

VIII. Equity Investments

Essential Information.

Company Name (€k)	Main Office	Country	Currency	Turnover	Profit/(loss) for the year	Total Assets	Total Liabilities	Carrying Value
Associates								
Union Services Sarl	Luxembourg	Luxembourg	€	-	75	417	183	16
Estación Aduanera de Zaragoza SA	Saragozza	Spain	€	n.d	-	n.d	n.d	207
Creuers del Port de Barcelona SA	Barcellona	Spain	€	n.d	3,100	n.d	n.d	1,211
HMSC-AIAL Ltd.	Auckland	New Zealand	NZD	6,745	77	4,373	682	1,848
Others								630
Subsidiaries								
HMSHost Sweden AB	Stockholm	Sweden	SEK	33	(264)	1,567	1,562	267
HMSHost Ireland Ltd.	Dublin	Ireland	€	-	(18)	2,641	2,659	-
Autogrill Doo	Ljubjana	Slovenia	SIT	21	(175)	906	792	114

These subsidiaries were not included in consolidation since they were not of significant size and their operations started in December 2005 or, in the case of HMSHost Ireland Ltd., will start in 2006.

IX. Other Financial Assets

(€k)	31.12.2005	31.12.2004	Change
Interest-bearing balances with petroleum companies	5,659	5,283	376
Guarantee deposits	2,869	4,367	(1,498)
Discountable securities	642	651	(9)
Receivables with associates	357	373	(16)
Interest-bearing prepaid tax	3,479	1,104	2,375
Other financial credits with other counterparties	5,557	5,193	364
Total	18,563	16,971	1,592

The change in the scope of consolidation contributed to the closing balance as to €197k while the conversion effect was positive in the amount of €950k.

Other financial credits with other counterparties mainly refers to credits the US subsidiary has with its joint venture partners

X. Loans (minorities)

The amount of €130,537k refers wholly to the minorities' share of the arm's length loan granted by Autogrill SpA to Retail Airport Finance SL ("R.A.F."), the Group's 50%-owned acquisition vehicle for the Aldeasa Group. This loan's original amount was €350,000k maturing in March 2006. It is considered non-current since Autogrill has undertaken to refinance with a medium-term loan, to match forecast cash flow under the joint-venture's business plan.

XI. Deferred Tax Assets

Deferred tax assets amount to €121,828k, up by €22,692k over 31 December 2004.

They mainly refer:

- as to €55,542k (€63,875k at 31 December 2004): to Autogrill Group, Inc., generated mostly due to the different depreciation period of leasehold improvements and taxed provisions in respect of concession rents. The change includes a negative conversion effect of €9,876k;
- as to €27,369k (€17,235k at 31 December 2004): to the Parent Company, mainly due to deferred deduction of write-downs of equity investments made in 2002-2003. They were reduced following reversals of the current portion of these costs. They are disclosed net of deferred tax of €18,958k which may be offset since they relate to temporary differences occurring in the same tax year;
- as to €21,996k: to the tax asset recognised following the adjustments to the acquisition accounts of the Aldeasa Group, as explained in the section entitled Acquisitions in 2005.

The neutralisation of temporary differences and the use of tax losses brought forward which gave rise to the deferred tax asset, is deferred over time.

The portion which will be neutralised in the following year is estimated at €30,908k.

The deferred tax asset shown in the accounts will be recoverable after the fifth year in the amount of €29m circa.

In the meantime further net temporary differences could be generated by the US companies in particular.

Tests of the recoverability of tax assets, based on projections of future taxable income generated by the companies involved, have caused a partial write-down of tax assets relating to our Austrian subsidiary, in the amount of €1,500k.

At 31 December 2005 the balance of deferred tax was €69,490k, and included the value of the deferred tax assets (€121,828k), net of offsettable deferred tax, and the value of deferred tax liabilities (€65,863k) arising from individual subsidiaries.

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Breakdown of Deferred Tax Assets net of Deferred Tax Liabilities:

(€k)	2005		2004	
	Amount of timing differences	Tax effect	Amount of timing differences	Tax effect
Items generating deferred tax assets:				
PR expense and corporate gifts	202	75	227	75
Write-downs of equity investments	31,171	10,286	52,358	17,278
Write-downs of loans	6,802	2,245	6,962	2,297
Write-downs for lasting losses on fixed assets	10,156	3,531	10,757	3,570
Write-downs of inventory	1,073	400	1,186	391
Provision for disputes	3,735	1,268	3,801	1,254
Provision for future risks and costs	54,454	20,614	35,404	12,754
Tax credits	0	0	6,505	6,505
Costs recognised in the year:				
- rents	323	0	792	313
- remuneration of Directors and Statutory Auditors, bonuses and incentives	51,058	19,216	48,929	18,686
Differences in timing of depreciation	93,829	37,431	63,744	26,473
Other	70,918	26,916	14,334	6,842
Total deferred tax assets	323,720	121,981	245,000	96,440
Items generating deferred tax liabilities:				
Installments of capital gains	4,962	1,848	7,442	2,456
Accelerated depreciation	40,915	13,795	36,895	12,616
Provision for refurbishment costs of assets to be transferred free of charge	2,946	1,097	3,871	1,277
Other	133,019	45,960	55,474	18,199
Total deferred tax liabilities	181,842	62,701	103,682	34,548
Net deferred tax assets	141,879	59,280	141,318	61,891
Deferred tax assets connected with tax losses	34,135	10,210	25,677	12,259
Total net deferred tax assets	176,014	69,490	166,995	74,150

XII. Other Assets

The amount of €11,640k (€12,845k in 2004) refers to receivables with suppliers (bonus payments to be received) (€2,707k) and concession rents paid in advance (€8,933k).

Current Liabilities

XIII. Other Liabilities

(€k)	31.12.2005	31.12.2004	Change
Due to staff	110,418	94,419	15,999
Suppliers for investments	27,891	20,558	7,333
Various foreign social security organisations	17,769	15,736	2,033
INPS and other Italian pension providers	15,798	13,969	1,829
Deferred expense and accrued liabilities	11,237	7,178	4,059
Other liability items	12,029	4,183	7,846
Total	195,142	156,043	39,099

Notes to the Accounts

The changed scope of consolidation contributed €11,514k to the balance, and the conversion effect amounted to €11,523k.

The change in liabilities to staff refers mainly to the changed scope of consolidation (€2,082k) and the conversion effect €9,848k).

The increase in Suppliers for investments was due to increased investments in 2005 compared to 2004.

Deferred expense and accrued liabilities refer mainly to insurance premia and rents payable in respect of the next following financial year.

The change in Other liability items refers almost entirely to the changed scope of consolidation (€8,431k) and in particular to liabilities to landlords in respect of rents payable.

XIV. Due to Banks

(€k)	31.12.2005	31.12.2004	Change
Overdraft on current account	41,104	3,288	37,816
Secured bank borrowings	131	131	-
Unsecured bank borrowings	80,747	153,987	(73,240)
Total	121,982	157,406	(35,424)

The changed scope of consolidation contributed €15.816k to the balance and the conversion effect amounted €96k.

These borrowings were made under short-term lines of credit and decreased from 2004 due to cash flow generated by operations. As already mentioned, the financial requirement relating to acquisitions made in 2005 was entirely covered by long-term finance.

XV. Other Financial Liabilities

(€k)	31.12.2005	31.12.2004	Change
Accrued liabilities of loan interest	8,337	7,312	1,025
Fair value of interest-rate hedging instruments	5,116	1,076	4,040
Fair value of currency rate hedging instruments	6,393	2,550	3,843
Due to other lenders	1,649	2,178	(529)
Due to lessors	2,518	1,844	674
Fair value of interest-rate hedges held for trading	-	7,630	(7,630)
Other accrued financial liabilities	3,318	3,386	(68)
Total	27,331	25,976	1,355

The changed scope of consolidation contributed €114k to the item total and the conversion effect amounted to €2,802k.

Fair value of interest-rate hedging instruments comprises the fair value of IRSs outstanding at 31 December 2005 (with notional amounts respectively of \$310,000,000 and €50,000,000) which qualify for hedge accounting.

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Fair value of exchange-rate hedging instruments comprises the fair value of the notional amounts of exchange-rate hedges outstanding at end-2005. See page 136 for a more detailed analysis and explanation of Group financial policy.

At 31 December 2005 the Group had no transactions outstanding involving hedging instruments held for trading.

Non-current Liabilities

XVI. Other Liabilities

The amount of €10,835k (€13,486k in 2004) mainly comprises (as to €8,163k) liabilities to staff relating to long-term incentive plans set up by the US subsidiary, of which €1,688k relate to the plans of Host Marriott Corporation, the company that originally controlled HMSHost and with which the latter had entered into a specific agreement, dissolved on acquisition by Autogrill. This liability will be settled gradually over time, as Host Marriott Corporation employee benefits fall due.

XVII. Borrowings (net of current portion)

(€k)	31.12.2005	31.12.2004	Change
Secured medium-term borrowings	1,169	1,308	(139)
Unsecured medium-term borrowings	679,928	375,767	304,161
Total bank debt	681,097	377,075	304,022
Debt under leases	8,610	8,115	495
Other debt	305	215	90
Total	690,012	385,405	304,607

The change in medium/long-term debt was due to the acquisition of the Aldeasa Group, which was financed by two borrowings totalling €500,000,000.

Long-term bank debt at 31 December 2005 was made up as follows:

- a 10-year loan of €200,000,000 - bullet repayment on maturity;
- a 7-year revolving line of credit of €300,000,000 part utilised at 31 December 2005;
- a syndicated loan signed by the Parent Company on 19 March 2004 for an original amount of €800,000,000 to be drawn in several tranches with repayment varying from 12 months to 5 years.

On 12 April 2005 one tranche of €150,000,000 was prepaid, reducing the average life to about 2.5 years. At 31 December 2005 this syndicated loan was thus structured as follows:

1. 2 tranches, wholly utilised, for a total of €350,000,000, repaying from September 2006 to March 2009; the amount maturing in 2006 is €58,300,000;
2. One revolving tranche of €150,000,000 available to March 2009 which was unutilised at 31 December 2005.

At 31 December 2005 the Group's bank lines of credit maturing beyond one year were about 70% utilised. Bank borrowings pay floating-rate interest. The average life of bank debt, including unutilised lines, is about 5.5 years.

The syndicated loan, the term loan and the revolving line of credit negotiated in 2005 include covenants requiring periodical monitoring of financial ratios (debt coverage, interest coverage and net debt to equity). At 31 December 2005, as in all previous observation periods, these covenants were fully satisfied.

XVIII. Bonds in Issue

(ek)	31.12.2005	31.12.2004	Change
Bonds	313,638	271,640	41,998
Convertible bonds	38,718	39,542	(824)
Issuing fees	(1,267)	(1,275)	8
Total	351,089	309,907	41,182

Bonds are private placements issued on 19 January 2003 by HMSHost for a total of \$370,000,000. The issue was guaranteed by Autogrill SpA and is in 3 tranches of \$44,000,000, \$60,000,000 and \$266,000,000 maturing respectively in 2010, 2011, and 2013. The tranches pay fixed-rate interest half-yearly.

The private placement includes covenants requiring periodical monitoring of financial ratios (debt coverage and interest coverage). At 31 December 2005, as in all previous observation periods, these covenants were fully satisfied.

Convertible bonds include the residual amount of a convertible bond (Lyon) issued by Autogrill Finance SA on 15 June 1999 for €471,055k, after prepayment of 90% of the bond on 15 June 2004. The bonds outstanding have a face value of €47.680k including interest payable in periods subsequent to the one ended in the amount of €7,347k. The bond is zero-coupon; when issued it paid the nominal amount less the OID which was a notional 2% p.a. payable half-yearly.

The bond is recognised using the amortised cost method as required by IAS 32. On 1 January 2005 therefore (on first-time adoption of IFRS) equity was increased by €1,489k; this, together with capitalisation of implicit interest (an increase of €790k), is the reason for the item change over the year-end.

XIX. Deferred Tax Liabilities

Deferred tax liabilities not offset by deferred tax assets amounted to €65,863k (€24,986k in 2004). Note XI provides a breakdown of this item.

XX. TFR and Other Employee Benefits

The item amount of €108,288k (€106,469k in 2004) refers, as to €89,858k, to the severance pay fund for Italian employees ("TFR") and, as to €18,430k, to foreign subsidiaries' employee benefits; of this amount €15,075k refer to health insurance schemes, deferred remuneration and supplementary pension benefits put in place by the US subsidiary.

The type of guarantee underlying these benefits varies according to the specific legal, tax and economic situation in each country in which the Group operates and benefits are usually based on the employee's salary and years of service.

Consolidated Accounts

XXI. Provisions

(ek)	31.12.2004	Other Changes	Allocations	Uses	Balance at 31.12.2005
Tax	2,897	884	1,309	(152)	4,938
Disputes with other parties	4,617	(292)	1,101	(1,469)	3,957
Various risks	24,599	397	20,932	(7,246)	38,682
Aldeasa acquisition	-	30,000	-	(1,442)	28,558
Refurbishment costs	8,791	2,837	-	(1,949)	9,679
Onerous contracts	-	335	1,940	-	2,275
Total	40,904	34,161	25,282	(12,258)	88,089

> Taxprovision

The item comprises mainly provisions in respect of disputes regarding US companies' indirect tax obligations (€3,641k).

> Disputeswith other parties

On the basis of legal advice, the item provides against the risk of losing cases involving Group companies. Uses were actual payments made during the year. The item refers almost entirely to the Parent Company (€3,735k).

> Varioustrisks

This provision mainly concerns (as to €15,539k) the US subsidiary's Self-insurance provision which was set aside to cover uninsured third-party liability and the Parent Company, as to €19,929k, in respect of provisions for compliance with regulations, concession renewal costs, and disputes with employees and social security bodies. In 2005 prudential allocations were made in respect of possible losses arising out of contract disputes (€5,019k), social security disputes (€1,305k) and employee disputes (€4,961k), as well as compliance with regulations (€655k).

These amounts were all recognised in the Provisions item in the Income Statement, but, on the basis of the nature of the provision, €3,916k were included under Rents, concessions and royalties and €1,442k under Payroll and benefits.

Uses during the year were mainly due to the US subsidiary's Self-insurance provision mentioned above.

> Aldeasaacquisition

This provision was made in the amount of €30,000k in Aldeasa's balance sheet acquisition as described in the Acquisitions in 2005 section above. The use refers to the 2005 portion taken to the Income Statement.

> Refurbishmentcosts

This item provides against foreseeable liabilities in respect of the need to ensure the contractually agreed state of conservation of assets to be transferred free of charge or in use under lease. The provision amount at 31 December 2005 was considered in line with an up-to-date estimate of the risk provided against. Uses refer to funds released on expiry of contracts relating to certain premises.

> Onerouscontracts

This item includes allocations to cover loss-making contracts in Spain (€1,940k) and Italy (€335k). These refer to foreseeable losses on the basis of the profit plans of those outlets which, having made losses for two consecutive years, have been tested for the capacity to generate sufficient margins to cover rents under multi-year concessions from which the Group cannot withdraw.

XXII. Shareholder's Funds

Autogrill SpA's company capital, fully underwritten and paid in, amounts to €132,288k and is made up of 254,400,000 ordinary shares with a par value of €0.52.

The Shareholders' Meeting held on 30 April 1999 resolved to increase company capital by issuing new shares up to a maximum of 33,500,000 shares to service convertible bonds with a face value of €471,055,000 issued on 15 June 1999 by the subsidiary Autogrill Finance SA, generating €349,993,865, net of implicit interest and gross of issuing expense.

In view of the conditions under which the transaction was carried out and the redemption of 90% of the issue on 15 June 2004, the maximum number of issuable shares under the conversion clause is about 2,478,000. The issuer has the option of redeeming the bond at any time prior to maturity, and bondholders can redeem on 15 June 2009.

Autogrill shares have been traded on the screen-based Italian Bourse since 1 August 1997. Changes in Shareholders' Funds items during 2005 are shown in the table on page 93.

The following are worthy of note:

- net reduction of €8,649k following first-time adoption of IAS 32 and 39 on 1 January 2005, without retrospective application of IFRS as permitted by IFRS 1. The amount breaks down as follows:
 - recognition under the specific item of the hedging instrument valuation reserve (reduction of €15,130k);
 - recognition under profit brought forward of the tax effect of the foregoing adjustment (increase of €4,992k) and of the recognition of the ordinary share conversion rights of holders of the convertible bond issued in 1999 (increase of €1,489k);
- reduction of €50,880k following payment of the dividend approved by the Shareholders' Meeting held on 27 April 2005 (unitary dividend of €0.20 per share);
- increase of €23,633k due to conversion differences of Accounts in foreign currency;
- net increase of €6,937k relating to the change in the hedging instrument valuation reserve (increase of €11,095k), net of the related €4,158k tax effect;
- increase of €125k relating to the fair value change in the Autogrill SpA share conversion option under the Autogrill Finance SA convertible bonds;
- increase due to consolidated net profit (€130,092k). Information as to earnings per share (undiluted and diluted) is given for two years under the Income Statement.

In the calculation of this ratio the numerator is Group net profit (€130,092k in 2005 and €93,244k in 2004) and the denominator is, respectively, the above number of ordinary shares and the same number adjusted to include the 2,478,000 shares that could be used for conversion under the convertible bond as described above under Bonds.

Income Statement

The Report on Operations contains a commentary on the changes in the main items in 2005.

XXIII. Revenue

	2005	2004	Change
(€k)			
Food and beverage	2,514,474	2,395,144	119,330
Retail	1,021,478	792,136	229,342
Hotels	20,539	19,727	812
Sales to other entities and affiliates	43,409	38,604	4,805
Total	3,599,900	3,245,611	354,289

Newly consolidated companies contributed €241,913k to the increase in total revenue, almost all of which was attributable to retail business.

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Retail includes €70,992k relating to fuel sales mainly in Swiss and Italian motorway service areas (€63,633k in 2004).

In the summarised results given in the Report on Operations this revenue is reclassified as Other income, net of purchase costs.

XXIV. Other Income

(€k)	2005	2004	Change
Suppliers' contributions to promotions	46,856	42,668	4,188
Rents under business leases	9,925	9,673	252
Affiliation fees	4,839	4,876	(37)
Other income items	31,638	33,955	(2,317)
Total	93,258	91,172	2,086

Newly consolidated companies contributed €7,973k to the total.

Other income items includes, as well as fees relating to operations yielding commission and capital gains, €9,067k relating to the amount paid for the sub-lease of two commercial units in the centre of Milan.

XXV. Raw Materials, Items for use and Merchandise

(€k)	2005	2004	Change
Changes in inventory	997	2,359	(3,202)
Catering and retail purchases	1,279,668	1,130,209	154,023
Total	1,278,671	1,127,850	150,821

Newly consolidated companies contributed €125,670k to the item increase

XXVI. Payroll and benefits

(€k)	2005	2004	Change
Salaries	808,253	756,285	51,968
Social security	141,549	134,892	6,657
TFR and similar employee benefits	18,638	18,083	555
Other costs	48,610	45,152	3,458
Total	1,017,050	954,412	62,638

Newly consolidated companies contributed €24,806k to the item total.

Average staff numbers, in terms of FTE (full time equivalent), 39,249 (35,685 in 2004).

XXVII. Rents, Concessions and Royalties

(€k)	2005	2004	Change
Equipment hire and lease	8,924	9,112	(188)
Rents and concessions	461,932	387,323	74,609
Royalties for use of brands	52,406	46,015	6,391
Total	523,262	442,450	80,812

The change in Rents and concessions was due, as to €53.501k, to newly consolidated companies.

XXVIII. Other Operating Costs

(€k)	2005	2004	Change
Water and energy utilities	66,784	59,275	7,509
Maintenance costs	54,474	48,403	6,071
Cleaning and disinfestation services	35,495	30,979	4,516
Consultancy and professional services	31,805	24,992	6,813
Advertising and market research	15,162	14,782	380
Travel costs	20,799	18,947	1,852
Logistics costs	15,864	13,939	1,925
Insurance	4,948	4,671	277
Commission on payments by credit card	17,137	13,199	3,938
Postal and telephone charges	12,042	11,388	654
Temporary work	1,863	1,647	216
Secure transportation	4,132	3,908	224
Surveillance	5,287	3,912	1,375
Recruiting costs	4,365	2,400	1,965
Bank charges for services	4,266	3,732	534
Employee training	3,435	2,636	799
Other services	29,909	36,304	(6,395)
Other costs for materials	24,844	24,338	506
Cost of material and external services	352,611	319,452	33,159
Write-downs of receivables	77	3,787	(3,710)
Tax provision	1,309	-	1,309
Disputes provision	1,101	1,669	(568)
Other risks provision	15,574	18,284	(2,710)
Onerous contracts provision	1,940	-	1,940
Total allocations to provisions	19,924	19,953	(29)
Indirect taxes and duties applicable to the financial year	19,483	17,484	1,999
Cash differences	2,577	2,825	(248)
Other costs	4,254	8,614	(4,360)
Other operating costs	6,831	11,439	(4,608)
Total	398,926	372,115	26,811

Newly consolidated companies contributed €15,649k to the item total, of which €13,192k related to the cost of materials and external services.

Other services include costs for various services, eg, sanitary inspections, PR, general services and internet services.

Other costs for materials refer to purchases of non-capital equipment and consumables, eg, uniforms, stationery and publicity material.

Consolidated Accounts

XXIX. Depreciation

	2005	2004	Change
(€k)			
Intangible assets	10,051	10,665	(614)
Property, plant and equipment	146,020	138,157	7,863
Property, plant and equipment to be transferred free of charge	18,663	19,137	(474)
Total	174,734	167,959	6,775

Newly consolidated companies contributed €4,437k to the item total.

XXX. Impairment Losses on Intangible Assets and Property, Plant and Equipment

	2005	2004	Change
(€k)			
Goodwill	-	9,912	(9,912)
Intangible assets	2,746	31	2,715
Property, plant and equipment	2,638	192	2,446
Property, plant and equipment to be transferred free of charge	269	8,249	(7,980)
Total	5,653	18,384	(12,731)

XXXI. Gains (Losses) on Financial Transactions

	2005	2005	Change
(€k)			
Interest differentials on exchange-rate hedges	5,682	2,428	3,254
Bank interest receivable	3,383	1,682	1,701
Fair value of derivative instruments	2,262	-	2,262
Positive exchange differences	3,154	5,924	(2,770)
Other gains on financial transactions	5,578	2,788	2,790
Total	20,059	12,822	7,237

The changed scope of consolidation contributed €1,079k to the item total.

XXXII. Financial Costs

	2005	2004	Change
(€k)			
Interest payable on bank borrowings	24,552	15,036	9,516
Interest payable on bonds	18,273	21,749	(3,476)
Interest differentials on interest-rate hedges	8,420	19,945	(11,525)
Commission and fees	3,789	7,895	(4,106)
Discount of long-term financial liabilities	2,453	3,635	(1,182)
Fair value of derivative instruments	882	4,091	(3,209)
Other financial costs	7,837	7,190	647
Total	66,206	79,541	(13,335)

The changed scope of consolidation contributed €201k to the item total.
The increase in *Interest payable on bank borrowings* is attributable both to *larger borrowings* for acquisitions and to higher interest rates. This is consequently linked to the reduction in *Interest differentials on interest-rate hedges* also due in part to the termination of certain contracts outstanding in 2004.

XXXIII. Tax

Tax increased in 2005 from €87,656k to €110,550k, largely due to higher net profit for the year. Current tax was €73,651k (€59,539k in 2004) and deferred tax was €21,204k (€12,864k in 2004). IRAP [regional tax on productive activity], which is payable on productive activity in Italy and is levied on the total of operating profit and cost of labour, was €15,694k (€15,253k in 2004).

In 2005 the Group's tax rate, excluding IRAP, was 37.9%.

Below is a reconciliation of the tax charge recognised in the Accounts to the theoretical tax charge.

The latter was calculated by applying the theoretically applicable tax rate to pre-tax profit in each jurisdiction and by making provision for the further tax charge on future dividend paid out of the profit of the subsidiaries.

(€k)	94,171
Theoretical income tax	94,171
Deferred tax provision for restored part-taxability of capital gains on disposal of equity investments by Italian companies	3,664
Reduced tax due to direct taxation of minority partners in fully consolidated US joint ventures	(2,839)
Other permanent differences	(140)
Tax recognised in the Accounts excl. IRAP	94,856
IRAP	15,694
Tax recognised in the Accounts	110,550

Management of Interest Rate and Exchange Rate Fluctuations

Group financial policy attributes particular importance to control and management of financial risk, especially interest rate and exchange rate risk.

Financial risk management is unitary for all Group companies. Hedging instruments are allocated to companies with significant exposure to risk: (a) **interest rate** risk where there are borrowings paying a variable rate (thus exposing the company to higher financial costs if interest rates rise) or a fixed rate (which means that lower interest rates do not bring about a reduction in financial costs); (b) **exchange rate** risk in translation (ie, the risk on conversion to euros in the Parent Company's accounts or its subsidiaries of equity investments denominated in other currencies) or where there are financial credits or debts in currencies other than that used for the accounts.

- (a) Interest rate risk – The aim of risk management is to control financial cost within a risk limit, ie, a range of variability of the amount of liabilities and/or the financial cost itself. This entails – through a mix of fixed- and floating-rate liabilities – the predetermination of a portion of financial cost out to a time horizon in keeping with the structure of debt, which in turn is to be in line with capital structure and future cash flow. Where it is not possible to obtain the desired risk profile in the capital markets or through the banks, this is structured using derivatives for amounts and maturities in line with those of the reference liabilities. The instruments used are IRSs.
- (b) Exchange rate risk – The aim of risk management is to neutralise exchange rate risk on debt and credits in currencies other than the euro arising out of financial transactions. The instrument used for this kind of hedge is solely forward purchase/sale of currency.

Currently, with regard to interest rate risk management, the ratio of fixed-rate debt to net debt (ie, net of financial assets, which are generally floating-rate) must as a matter of policy be in the range 40% to 60%. The Group's total debt is currently within this range, though the fixed-rate ratio is higher on dollar-denominated debt than on euro-denominated debt, which is a consequence of the recent acquisition of the Aldeasa Group.

At 31 December 2005 gross debt denominated in US dollars amounted to \$762,000,000. Some \$370,000,000 of this is in the form of fixed-rate bonds. Interest-rate risk on the remaining debt is covered by IRSs with a notional amount of \$310,000,000 and €50,000,000 with an average life of 3.5 years. The contract details are as follows:

Counterparty	Notional Amount (€ thousands)	Date negotiated	Start date	Expiry	Fixed Rate	Floating Rate	"Fair value" (€ thousands)
Goldman Sachs	25,000	06.09.05	11.10.05	24.06.15	3.08%	3m EUR Euribor	445
Mediobanca	25,000	06.09.05	11.10.05	24.06.15	3.10%	3m EUR Euribor	481

Counterparty	Notional Amount (\$ thousands)	Date negotiated	Start date	Expiry	Fixed Rate	Floating Rate	"Fair value" (\$ thousands)
JP Morgan	100,000	13.01.05	16.10.03	16.10.09	5.05%	3m USD Libor	(1,213)
JP Morgan	210,000	13.01.05	16.10.03	16.10.09	5.398%	3m USD Libor	(5,255)

When applying the policy and procedures described above, interest rate risk management instruments were accounted for on first-time adoption of IFRS (1 January 2005) as cash flow hedging instruments and thus recognised as financial liabilities in offset to the Hedging Instruments valuation reserve in equity (€15,130k). Following effectiveness tests on the hedges used in terms of the above-described strategy, a financial cost of €857k was recognised in the 2005 Income Statement; this was equal to the change in the fair value of the ineffective instruments. With regard to the instruments that tested effective, the change of €11,952k was recognised in the equity reserve mentioned above.

Notes to the Accounts

The fair value of derivatives was calculated on the basis of market parameters and using valuation models widely used in the financial industry.

In detail:

- The fair value of Forward and Currency Swaps was calculated using the exchange rate and interest rates of the two currencies on the exercise date.
- The fair value of Interest Rate Swaps was calculated by discounting cash flow, using the interest rate curve at 31 December 2005.

The average cost of borrowing, including interest differentials on hedges, was about 5% in 2005.

With regard to exchange rate hedging instruments, the transactions carried out are recognised at their current value as financial assets or liabilities and their fluctuation is charged to the Income Statement in offset of corresponding changes in the value of the hedged assets and liabilities.

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Sectoral Information

The Group subdivides its business in two ways: by geographical area ("macro-area") and by business segment, the latter being understood as the physical environment in which business is carried on (motorway service areas, airports and railway stations, to mention the principal business segments).

The primary subdivision is the geographical one, which reflects both the organisational structure and reporting lines.

The Report on Operations provides commentary on the performance of these business subdivisions strictly from an organisational point of view.

The only (in any case not significant) discrepancy between the macro-areas and the geographical subdivision given below is that Autogrill Group, Inc is presented in the Report on Operations as 'North America and Pacific Area' and noted as also being present in Schiphol Airport (Netherlands), which however is included in the 'Rest of Europe' in the tables given below.

Results by Geographical Area

(€k)	2005						Consolidated Results
	Italy	US and Canada	Rest of Europe	Aldeasa	Not attributable	Elisions	
Revenue	1,085,105	1,654,094	624,063	236,638	-	-	3,599,900
Other income	56,384	8,135	12,495	7,866	8,378	-	93,258
Inter-segment revenue	739	-	1,407	-	2,465	(4,611)	-
Total revenue and other income	1,142,228	1,662,229	637,965	244,504	10,843	(4,611)	3,693,158
Depreciation and impairment losses on tangible and intangible assets	(38,452)	(91,585)	(42,209)	(4,314)	(3,827)	-	(180,387)
Operating profit	127,790	133,175	31,473	25,367	(22,943)	-	294,862
Capital expenditure	58,193	105,262	28,359	3,147	-	-	194,961
Total assets	583,850	772,587	453,909	136,562	717,225	(1,202)	2,662,931

(€k)	2004						Consolidated Results
	Italy	US and Canada	Rest of Europe	Not attributable	Elisions		
Revenue	1,095,125	1,534,495	615,991	-	-	-	3,245,611
Other income	61,044	12,709	14,843	2,576	-	-	91,172
Inter-segment revenue	1,533	-	1,503	1,140	(4,176)	-	-
Total revenue and other income	1,157,702	1,547,204	632,337	3,716	(4,176)	-	3,336,783
Depreciation and impairment losses on tangible and intangible assets	(41,356)	(84,472)	(52,984)	(7,531)	-	-	(186,343)
Operating profit	130,968	122,211	19,297	(18,863)	-	-	253,613
Capital expenditure	33,261	93,490	26,560	329	-	-	153,640
Total assets	(114,881)	1,770,625	459,037	(78,825)	(642)	-	2,035,314

Results by Business Segment

		2005					
(€k)	Motorways	Airports	Railway Stations	Shopping Centres	Other	Not attributable	Consolidated Results
Total revenue and other income	1,702,784	1,664,970	88,790	129,927	94,716	11,971	3,693,158
Operating profit	141,060	163,246	2,177	9,348	3,822	(24,791)	294,862
Total assets	734,197	622,738	34,821	46,174	54,890	1,170,111	2,662,931
Capital expenditure	57,806	97,964	2,834	10,486	13,368	12,503	194,961

		2004					
(€k)	Motorways	Airports	Railway Stations	Shopping Centres	Other	Not attributable	Consolidated Results
Total revenue and other income	1,692,699	1,307,435	88,445	127,478	95,879	24,847	3,336,783
Operating profit	144,192	103,051	(1,554)	10,008	5,557	(7,641)	253,613
Total assets	618,863	516,507	34,358	33,807	38,550	793,229	2,035,314
Capital expenditure	48,119	82,764	3,690	3,559	3,596	11,912	153,640

Guarantees given, Commitments and Contingent Liabilities

Guarantees

At 31 December 2005 the guarantees given by the Group refer to:

- guarantees given by the US subsidiaries to landlords in respect of undertakings given by (sub) licencees (€3,781k);
- guarantees and personal guarantees in the interest of others issued by the Parent Company (€68,085k), issued mainly in support of bank guarantees issued in its interest in favour of commercial counterparties, as is customary in the market.

Commitments

Commitments outstanding at 31 December 2005 refer to:

- an amount that the Parent Company still has to pay for the purchase of two commercial properties on Rome's Grande Raccordo Anulare [bypass] (€2,272k);
- the value of other parties' assets in use in the Parent Company (€1,488k);
- the value of capital goods in businesses leased by the Parent Company (€14,581k);
- the value of sale-or-return motorway toll cards held at Parent Company outlets (€2,613k).

Contingent Liabilities

- To maintain continuity of information, we advise that an appeal is still possible against the favourable judgment passed by a Brussels court in the matter of a claim for damages, which our Belgian subsidiary is resisting, made by the party that sold our subsidiary its catering business in shopping centres in Belgium and Luxembourg. The subsidiaries' legal advisors are of the view that an appeal by the claimant is no more than a remote possibility; therefore we have made no specific provision against the claimant's claim of €10,000,000.
- In 2004 Michigan's Department of Treasury sent Michigan Host, Inc (a company wholly owned by the Group) a Notice of Intent to Assess state taxes on sales of cigarettes in periods prior to 1 March 2002, the date on which the business ceased. The total value indicated in the notices including fines (\$1.1m) and interest (\$3.0m), amounts to \$9.6m. The Group presented a request for an informal hearing as allowed by the proceeding. At this time an auditor (the person appointed to conduct the proceeding on behalf of the tax authority) has been nominated, but the date of the hearing has not been notified. The procedure is that after the informal hearing the auditor writes a recommendation to the tax authority, which then decides whether to accept it or not, wholly or in part, and notifies the taxpayer accordingly giving reasons. If the authority assesses tax payable, the taxpayer receives notice of assessment, which can be appealed. The Group believes that it can argue successfully for the correctness of its behaviour and therefore considers it improbable that the case should go against it; accordingly we have made no specific provision in this matter.
- In October 2004, the previous majority shareholders of RECECO SL began an arbitration proceeding by which they requested the resolution of the sale and purchase agreement. On 6 February 2006 the court of arbitration issued its ruling in which inter alia it states that the sale and purchase agreement is valid and orders that - once the amount of the guarantee to be given by the sellers has been determined - the transfer of the shares being the remaining 15% of the company capital of RECECO SL be carried out, and simultaneously that the amount of €6,500,000 be paid and that a bank guarantee be issued in favour of Autogrill Participaciones SL for the amount of the guarantee that has been fixed. There are therefore no risks of contingent liabilities. On the contrary, carrying into effect the arbitrator's ruling would require the seller to give guarantees for an amount estimated by the Directors to be €24,100,000.
- Mention is made of the contingent liability connected with the recognition of increased concession rents by Aldeasa, specifically provided for in the amount of €30,000,000 in the acquisition accounts for the part referring to the pre-acquisition period, as explained on page 111.

Operating Leases

For the purposes of these Accounts, operating leases are defined as the various kinds of contract by which Group companies carry on their business.

Management and provision of catering services along the motorways or in airports is assigned by the manager of the infrastructure (motorway or airport) to specialised companies under (sub-)concession contracts.

In railway stations - alongside this kind of contract - recourse is also made to commercial leases.

It frequently occurs that a (sub-)concession for all the services of an entire motorway service area or airport terminal is assigned to a single entity, which then (sub-)assigns each individual service to a number of specialised firms.

The most common kinds of concession are commercially defined as follows:

- 1) *Access Concession*: ownership of the land and buildings along the motorway is in the hands of a private firm (eg, Autogrill) which negotiates access rights with the motorway company with the commitment to sell fuel and lubricants or food and beverages to motorway users. The firm accepts the obligation to pay rent to the motorway as well as certain stipulations regarding the way the services are to be provided and the continuity of service.
- 2) *Area Concession*: the motorway company authorises an entity (i) to build a service station and/or shop/restaurant on land which it owns and (ii) to carry on this business against payment of rent based on turnover with certain stipulations regarding the way the services are to be provided and the continuity of service.

On expiry of the contract the buildings and equipment used for provision of services are transferred free of charge to the landlord (the motorway company).

Usually the owner of an area concession is an petroleum company, which in turn can assign management of restaurant services to a specialised firm, generally through a business lease.

- 3) *Service Concession*: the motorway operator authorises separate contractors by means of separate independent contracts (i) to build a service station and/or shop/restaurant on land which it owns and (ii) to carry on this business against payment of rent based on turnover with certain stipulations regarding the way the services are to be provided and the continuity of service. On expiry of the contract the buildings and equipment used for provision of services are transferred free of charge to the landlord (the motorway company). Service concessions are also used in airport terminals where the contractor is authorised to sell food and beverages after installing the necessary equipment and furnishings at its own expense, against payment of rent - usually based on turnover - and undertaking to ensure continuity of service within opening hours specified by the landlord. The obligation to transfer to the landlord on expiry of the concession the structures and equipment used for provision of services is not common, but not impossible.
- 4) *Business lease and commercial lease*: leasing a business or parts thereof confers the right to use rights and/or buildings, equipment etc. to serve food and beverage products. In some cases the company consists of an authorisation to operate and an administrative licence. In this case the lessee undertakes the necessary capital expenditure and provides the service. In other cases, a firm leases a company consisting of both the authorisation and the necessary buildings and equipment. Leasing a company in the concession segment entails the obligation to ensure continuity of service and payment of a composite rent, which includes all amounts due to the landlord.

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Commercial leases permit use of the buildings for business activity against payment of rent. The premises are equipped and furnished according to the specification and at the expense of the operator, who has the obligation to clear the premises on termination.

These kinds of concession are common (i) along motorways, where there are area or service (sub-) concessions assigned to a petrol company, which then turns to a caterer, (ii) in towns, in railway stations and shopping centres, according to the business strategy of the owner of the property.

Business lease is preferred by shopping centre management companies and sometimes in other business segments, with the aim of fixed duration which, together with other rights (eg, pre-emption and loss of goodwill), may be obtained in commercial leases, as well as to ensure co-ordinated management of the administrative licences to trade.

- 5) Contract: this kind of business agreement has been used recently by the Milan trade fair company. The operator carries on the business of preparing and serving food and beverages using its own organisation, staff and equipment. It receives payment based on turnover (sales to the consumer). The contractor (owner) owns the property and has title to all the takings.

The table below gives details by expiry date of the future minimum rental commitments, as at 31 December 2005, under all the operating leases (of the types described above) currently held by the Group as lessee.

Year of expiry	Operating Leases	Subleases ⁽¹⁾
2006	307,153	12,898
2007	291,896	11,691
2008	270,362	10,451
2009	234,597	8,120
2010	188,781	5,071
> 2010	466,855	9,944
Total	1,759,644	58,176

(1) US market.

Amounts in €k.

The Transition to IFRS

First-time Adoption of IFRS

EU Regulation CE #1606/2002, issued by the European Parliament and Council in July 2002, obliges all companies whose securities are traded on regulated markets in EU member countries to prepare their consolidated accounts under IFRS as issued by the IASB provided they are endorsed by the EU and inserted in the EU Official Gazette.

The Autogrill Group, in light of Consob's Issuer Regulations, Sections 81 and 82, introduced by resolution # 14,990 dated 14 April 2005, adopted IFRS for its accounting documents and Accounts as from its 31 March 2005 quarterly report.

The 31 December 2005 Accounts contain the reconciliations required under IFRS 1, including reconciliations and explanatory notes relating to shareholders' funds and consolidated net profit for the year, under Italian GAAP and IFRS, as at the following dates:

- 1 January 2004, ie, the date of transition to IFRS, the beginning of the first comparable period;
- 31 December 2004 (Balance Sheet and Income Statement).

As required by Consob Notice # DEM/5025723 dated 15 April 2005, the figures contained in this section have been audited.

Some items contained in the Income Statement tables as originally audited have been reclassified in order to allocate capital losses in the appropriate items.

IFRS 1 sets out the procedures for transition to IFRS. It requires the preparation of a consolidated balance sheet at the IFRS transition date (1 January 2004, as per the EU timetable). This was done according to the following principles:

- all assets and liabilities required to be recognised under IFRS were included, even where this was not permitted under Italian GAAP;
- no assets or liabilities that may not be recognised under IFRS were included;
- all Italian GAAP items accounted for in ways not permitted by IFRS were reclassified.

The effect of the adjustments resulting from first-time adoption of IFRS was recognised in a specific equity reserve.

Given the options allowed by IFRS 1, the Autogrill Group adopted the following exemptions:

- *Recognition of property, plant and equipment not to be transferred free of charge and intangible assets:* the carrying value of these assets was that determined under Italian GAAP instead of at cost as at 1 January 2004.
- *Business combinations:* IFRS 3 requires that business combinations be accounted for using the purchase method by recognising assets and liabilities at fair value on the acquisition date. Our Group - as allowed by IFRS 1 - did not apply IFRS 3 retroactively to business combinations concluded before the IFRS transition date; they are therefore accounted for at the values determined under Italian GAAP.
- *Financial instruments:* IFRS 1 permits application of IAS 39 starting with the 2005 Accounts (in contrast with the general rule that IFRS should be applied retroactively) and the Group therefore decided to use the exemption and apply IAS 39 for the measurement and recognition of derivatives managing interest rate risk, as well as the implicit derivative arising from the convertibility of the bond, as from the 2005 consolidated Accounts and the related interim reports starting with the 31 March 2005 quarterly report. The reason for this decision is that there were numerous significant financial restructuring transactions in 2004, of which the market always received full and timely information. This decision makes it possible - while

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providing all the information required by IFRS 1 - to show only the financial instruments still outstanding at 1 January 2005, which were already managed and monitored in such a way as to guarantee the necessary information.

Reconciliations required by IFRS 1

- *Reconciliation under Italian GAAP and IFRS of Shareholders' Funds at 31 December 2004 and 1 January 2005*

(€m)	Shareholders' Funds at 31.12.2004	Shareholders' Funds at 1.01.2005
Under Italian GAAP:	309.5	309.5
Adjustments		
Discounting of Provisions (IAS 37)	1.9	1.9
Reversal of goodwill amortisation and consolidation differences (IAS 38)	58.1	58.1
Recognition of impairment losses on assets (IAS 36)	(9.9)	(9.9)
Valuation of hedging instruments (IAS 39)	-	(15.1)
Valuation of convertible bond (IAS 32)	-	1.5
Related tax effect	(9.1)	(4.1)
Total adjustments	41.0	32.4
Under IFRS:	350.5	341.9

Explanatory Notes

Bonds

As mentioned above, the Group applied IAS 39 as from 1 January 2005.

For the Group these are convertible bonds, therefore a combined financial instrument with an implicit option in the bond to convert debt into equity.

The accounting method used, as detailed in Accounting Policies, entails recognition of the bond at amortised cost, which determines a reduction of the financial debt and an increase in shareholders' funds of €1.5m.

Derivatives

As mentioned above, the Group applied IAS 39 as from 1 January 2005.

The Group considers these derivatives to be cash flow hedges, which are required to be recognised in the Accounts and measured at fair value. This accounting method gave rise to an increase in financial liabilities of €15.1m and a reduction of equity, given the related tax effect of €10.1m.

• Reconciliation under Italian GAAP and IFRS of the Balance Sheet at 1 January 2004

Notes (€k)	01.01.2004 Italian GAAP	IFRS adjustments	01.01.2004 under IFRS
Cash and other liquid assets	142,544	-	142,544
Financial assets	12,969	-	12,969
1 Other assets	74,574	(1,508)	73,066
Accounts receivable	49,970	-	49,970
Inventory	87,912	-	87,912
Total current assets	367,969	(1,508)	366,461
2 Property, plant and equipment	489,544	218,821	708,365
3 Goodwill	715,814	7,887	723,701
2 Other intangible assets	275,012	(218,821)	56,191
Equity investments	2,436	-	2,436
Financial assets	17,894	-	17,894
5 Deferred tax assets	143,367	(1,141)	142,226
Total non-current assets	1,644,067	6,746	1,650,813
Total assets	2,012,036	5,238	2,017,274
Accounts payable	406,681	-	406,681
Other liabilities	196,876	-	196,876
Due to banks	214,678	-	214,678
Current portion of other financial liabilities	28,922	-	28,922
Bonds	471,055	-	471,055
Total current liabilities	1,318,212	-	1,318,212
3 Other liabilities	7,414	7,918	15,332
Borrowings (net of current portion)	28,182	-	28,182
1 Bonds (net of current portion)	204,878	(1,508)	203,370
Deferred tax liabilities	21,503	-	21,503
TFR and other employee benefits	103,624	-	103,624
4 Provisions	45,006	(3,547)	41,459
Total non-current liabilities	410,607	2,863	413,470
Total liabilities	1,728,819	2,863	1,731,682
Shareholders' funds	283,217	2,375	285,593
6 - attributable to the Group	261,431	2,406	263,838
3 - attributable to minorities	21,786	(31)	21,755
Total liabilities and Shareholders' funds	2,012,036	5,238	2,017,274

Explanatory Notes

1. Other assets

Under IAS 32 transaction fees on borrowings should be recognised as a direct reduction of the liability they refer to - as a specific transaction cost - while under Italian GAAP they are recognised as other assets.

The adjustment of €1,508k refers to the issuing fees paid for the Private Placement bonds issued by HMSHost Corp..

2. Property, plant and equipment and Intangible assets

As required by IAS 38 in respect of recognition of intangible assets, leasehold improvements were reclassified from *Intangible assets* to *Plant, property and equipment* in the amount of €218,821k.

3. Call options for the purchase from others of unlisted equity investments

Under IFRS the present value of an option that can be exercised by the Group towards other counterparties for the acquisition of equity interests in unlisted subsidiaries is measured within the present value of

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the overall price of the option and, for the purposes of consolidation, measured as a component of the acquisition cost of the equity interest. Under Italian GAAP this kind of option was recognised in a memorandum account at its face value and valued among the adjustments of lasting loss of value of the consolidation difference.

As required by Italian GAAP, the Group had recognised among commitments to purchase the amount of the agreed price for the purchase of the residual share of 5% of Anton Airfood, Inc. which was €7,918k.

Under IFRS, since the option has already been exercised, the effects should be reflected in the Accounts. The liability was therefore recognised in the amount of €7,918k, reducing minorities by €31k, ie, 5% of shareholders' funds of Anton Airfood, Inc, and the goodwill thus created was recognised in the amount of €7,887k.

4. Provisions

Under IAS 37, if the liability refers to payments deferred over time, the liability is discounted at a pre-tax rate reflecting current market valuation of the current cost of money and the specific risks associated with the liability in question. The provision increases each financial year to reflect the passage of time and is recognised as interest payable.

The application of this Standard reduced risk provisions by €3,547k, taking the balancing item direct to equity, net of a tax effect of €1,141k, as required by the first-time adoption rule for this Standard.

5. Deferred tax assets

Each adjustment gave rise to a tax effect, which was recognised in each case. The amount of €1,141k is the quantification of this effect.

6. Shareholders' funds

This is the effect of the adjustments, as described and quantified above, that impacted directly on equity under a specific first-time adoption of IFRS reserve, as required by the Standard that deals with first-time adoption.

- Reconciliation under Italian GAAP and IFRS of the Balance Sheet and Income Statement at 31 December 2004

Consolidated Balance Sheet at 31 December 2004

Notes (€k)	01.01.2004 Italian GAAP	IFRS adjustments	01.01.2004 under IFRS
Cash and other liquid assets	256,531	-	256,531
Financial assets	12,843	-	12,843
1 Other assets	86,850	(1,274)	85,576
Accounts receivable	44,382	-	44,382
Inventory	87,299	-	87,299
Total current assets	487,905	(1,274)	486,631
2 Property, plant and equipment	450,488	225,701	676,189
3 - 5 Goodwill	630,189	55,453	685,642
2 Other intangible assets	285,183	(229,292)	55,891
Equity investments	2,009	-	2,009
Financial assets	16,971	-	16,971
4 Deferred tax assets	108,234	(9,098)	99,136
2 Other assets	7,395	5,450	12,845
Total non-current assets	1,500,469	48,214	1,548,683
Total assets	1,988,374	46,940	2,035,314
Accounts payable	416,219	-	416,219
Other liabilities	181,725	-	181,725
Due to banks	157,406	-	157,406
Current portion of other financial liabilities	25,976	-	25,976
Total current liabilities	781,326	-	781,326
5 Other liabilities	6,145	7,341	13,486
Borrowings (net of current portion)	385,405	-	385,405
1 Bonds (net of current portion)	311,181	(1,274)	309,907
Deferred tax liabilities	24,986	-	24,986
TFR and other employee benefits	106,496	-	106,496
2 - 6 Provisions	40,974	(70)	40,904
Total non-current liabilities	875,187	5,997	881,184
Total liabilities	1,656,513	5,997	1,662,510
Shareholders' funds	331,861	40,943	372,804
7 - attributable to the Group	309,530	40,972	350,502
5 - attributable to minorities	22,331	(29)	22,302
Total liabilities and shareholders' funds	1,988,374	46,940	2,035,314

Explanatory Notes

1. Other current assets

Under IAS 32 transaction fees on borrowings should be recognised as a direct reduction of the liability they refer to - as a specific transaction cost - while under Italian GAAP they are recognised as other assets.

The adjustment of €1,274k refers to the issuing fees paid for the private placement bonds issued by HMSHost Corp..

2. Property, plant and equipment and intangible assets

As required by IAS 38 in respect of recognition of intangible assets, leasehold improvements were reclassified from intangible assets to Plant, property and equipment in the amount of €218,821k.

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Under the same Standard, €5,450k of the intangible asset Concessions were reclassified to Other non-current assets.

Under IAS 16 the initial cost of an asset includes anticipated costs of dismantling and return of the site to its previous condition. The corresponding liability is recognised, in the period in which it arises, in an equity reserve under reserves for future risks and charges, at its fair value, in off-set to the associated tangible asset; recognition in the Income Statement of the capitalised cost over the life of the relevant asset occurs through depreciation.

Application of this Standard entailed the recognition of Property, plant and equipment in the amount of €1,860k in off-set to Provisions for risks and charges of the same amount.

3. Goodwill

Under IFRS, goodwill is not amortised systematically but tested periodically for impairment losses.

This adjustment therefore refers to the elimination of amortisation in the amount of €58,052k and the recognition of impairment losses of €9,912k on the consolidation differences of the Swiss, Belgian, Dutch and Spanish assets resulting from impairment tests.

This recognition involved a positive impact on Shareholders' funds of €39,640k, al netto del relativo effetto fiscale.

4. Deferred tax assets

Each adjustment gave rise to a tax effect, which was recognised in each case. The amount of €9,098k is the quantification of this effect.

5. Call options for the purchase from others of unlisted equity investments

Under IFRS the present value of an option that can be exercised by the Group towards other counterparties for the acquisition of equity interests in unlisted subsidiaries is measured within the present value of the overall price of the option and, for the purposes of consolidation, measured as a component of the acquisition cost of the equity interest. Under Italian GAAP this kind of option was recognised in a memorandum account at its face value and valued among the adjustments of lasting loss of value of the consolidation difference.

As required by Italian GAAP, the Group had recognised among commitments to purchase the amount of the agreed price for the purchase of the residual share of 5% of Anton Airfood, Inc which was €7,341k. Under IFRS, since the option has already been exercised, the effects should be reflected in the Accounts. The liability was therefore recognised in the amount of €7,341k, reducing minorities by €29k, ie, 5% of shareholders' funds of Anton Airfood, Inc. and the goodwill thus created was recognised in the amount of €7,312k.

6. Provisions

Under IAS 37, if the liability refers to payments deferred over time, the liability is discounted at a pre-tax rate reflecting current market valuation of the current cost of money and the specific risks associated with the liability in question. The provision increases each financial year to reflect the passage of time and is recognised as interest payable.

The application of this Standard brought about a reduction of provisions of €1,930k. Specifically, on 1 January 2004 a reduction of provisions was quantified as €3,547k, the balancing item, net of a tax effect of €1,141k, being recognised directly as an increase of Shareholders' funds, as prescribed by the first-time adoption standards.

At 31 December 2004 the effect of present-valuing was quantified as €1,930k, with the consequent recognition of rilevando financial cost of €1,617k and a tax effect of €534k in the Income Statement.

7. Shareholders' funds

This is the effect of the adjustments, as described and quantified above, that impacted directly on the Income Statement or directly on equity, as required by the Standard that deals with first-time adoption as well as the conversion effect if any.

Consolidated Income Statement 2004 ⁽¹⁾

Notes	(€k)	01.01.2004 Italian GAAP	IFRS adjustments	01.01.2004 under IFRS
	Revenue from operations	3,245,611	-	3,245,611
	Other operating income	91,172	-	91,172
	Total income	3,336,783	-	3,336,783
	Cost of raw material, items for use and merchandise	1,127,850	-	1,127,850
1	Payroll and benefits	956,532	(2,120)	954,412
	Rents, concessions and royalties	442,450	-	442,450
	Other operating costs	372,068	47	372,115
2	Depreciation	227,857	(59,898)	167,959
2	Impairment losses on tangible and intangible assets	8,472	9,912	18,384
	Operating Profit	201,554	52,059	253,613
	Gains (losses) on financial transactions	12,822	-	12,822
3	Financial costs	(70,656)	(8,885)	(79,541)
	Value adjustments on financial assets	1,119	-	1,119
	Extraordinary income and charges	(5,195)	5,195	-
	Profit before tax	139,644	48,369	188,013
4	Tax	(79,848)	(7,808)	(87,656)
	Net Profit	59,796	40,561	100,357
	- attributable to the Group	52,683	40,561	93,244
	- attributable to minorities	7,113	-	7,113

(1) Income and cost of raw material, items for use and merchandise include income and charges arising out of sales of petroleum products.

Explanatory Notes

1. Payroll and benefits

Under IAS 19, TFR [the severance pay scheme for Italy-based employees] is comparable to a post-employment benefit of the defined benefit plan type, the already accrued amount of which is to be projected into the future in order to estimate the amount that will be payable on termination of employment, and then discounted, using the projected unit credit method, to take account of the time that will pass before actual payment is made. At 1 January 2004 the valuation given by the projected unit credit method reduced the Autogrill Group's liability compared to the legal one under the Italian Civil Code, Article 2120 by €1,757k. In view of the high level of uncertainty when estimating future wage and salary trends and staff levels, as well as the modest significance of the result of applying the above method compared to the legal liability, we decided to make no adjustment but to reclassify to financial cost the revaluation of the liability at 1 January 2004 under the Italian Civil Code, Article 2120 in the amount of €2,120k, since under IAS 19 it is interest payable.

2. Depreciation and Goodwill Amortisation

As explained in the notes to the Balance Sheet, under IFRS goodwill is not amortised systematically but tested periodically for impairment losses.

Net profit for the year was therefore adjusted by €49,986k ie, by the amount of amortisation eliminated (€59,898k) less the impairment losses recognised following impairment tests on Swiss, Belgian, Dutch and Spanish assets (€9,912k).

Consolidated Accounts

3. Financial Cost

The adjustment comprises:

- balancing item of the adjustment described in Note 2 (€2,120k);
- discount effect on liabilities for payments to be deferred over time, in the amount of €1,617k, which (as noted above under Balance Sheet explanatory note 5) IAS 37 requires to be recognised as a financial cost;
- reclassification of the cost borne in the year for the out-of-court settlement of a legal dispute relating to exchange rate derivatives in the amount of €5,148k which in the 2004 Accounts was recognised in Extraordinary income and charges.

4. Tax

The amount refers to the fiscal effect of the above-described adjustments. €8,342k refers to note 2 above and €534k to the present-valuing of long-term liabilities as per note 3 above.

Annex

List of Consolidated Companies and other Equity Investments

Fully Consolidated Companies:

Company Name	Main Office	Currency	Company capital	% held	Through
<i>Parent Company</i>					
Autogrill SpA	Novara	€	132,288,000	57.093	Edizione Holding SpA
<i>Subsidiaries</i>					
Autogrill International Srl	Novara	€	4,951,213	100.000	Autogrill SpA
Aviogrill Srl	Bologna	€	10,000	51.000	Autogrill SpA
Nuova Estral Srl	Novara	€	10,000	100.000	Autogrill SpA
Nuova Sidap Srl	Novara	€	10,000	100.000	Autogrill SpA
Autogrill Austria AG	Gottesbrunn	€	7,500,000	100.000	Autogrill International Srl
HMSHost Europe GmbH	Monaco	€	205,000	100.000	Autogrill SpA
Steigenberger Gastronomie GmbH	Frankfurt	€	750,000	49.900	HMSHost Europe GmbH
Autogrill España SA	Madrid	€	1,800,000	100.000	Autogrill International Srl
Autogrill Participaciones SL	Madrid	€	6,503,006	100.000	Autogrill España SA
Restauracion de Centros Comerciales SA (Receco)	Madrid	€	108,182,18	85.000	Autogrill Participaciones SL
Autogrill Finance SA	Luxembourg	€	250,000	99.996 0.004	Autogrill SpA Autogrill Europe Nord-Ouest SA
Autogrill Doo	Ljubjana	SIT	73,920,000	100.000	Autogrill SpA
Autogrill Hellas EpE	Avlona Attikis	€	1,696,350	99.99 0.01	Autogrill International Srl Autogrill SpA
Autogrill Overseas Inc.	Wilmington	€	33,774,260	100.000	Autogrill International Srl
Autogrill Europe Nord-Ouest SA	Luxembourg	€	41,300,000	99.999 0.001	Autogrill International Srl Autogrill Finance SA
Autogrill Belgie NV	Antwerp	€	26,250,000	99.999 0.001	Autogrill Europe Nord-Ouest SA Ac Restaurants & Hotels SA
Ac Arlux SA	Arlon	€	192,336,16	99.998 0.002	Autogrill Belgie NV Ac Restaurants & Hotels SA
Ac Restaurants & Hotels Beheer NV	Antwerp	€	3,016,000	99.999 0.001	Autogrill Belgie NV Ac Restaurants & Hotels SA
Ac Restaurants & Hotels SA	Grevenmacher	€	500,000	99.995 0.005	Autogrill Belgie NV Ac Restaurants & Hotels Beheer NV
Ac Restaurants & Hotels Beteiligungs GmbH, in liquidation	Niederzissen	€	76,706	95.000 5.000	Ac Restaurants & Hotels SA Ac Holding NV
Autogrill Nederland BV	Breukelen	€	41,371,500	100.000	Autogrill Europe Nord-Ouest SA
Maison Ledeboer BV	Zaandam	€	69,882	100.000	Autogrill Nederland BV
Ac Holding NV	Breukelen	€	136,150	100.000	Maison Ledeboer BV
The American Lunchroom Co BV	Zaandam	€	18,151	100.000	Ac Holding NV
Ac Apeldoorn BV	Apeldoorn	€	45,378	100.000	The American Lunchroom Co. BV
Ac Bodegraven BV	Bodegraven	€	18,151	100.000	The American Lunchroom Co. BV
Ac Heerlen BV	Heerlen	€	23,142	100.000	The American Lunchroom Co. BV
Ac Hendrik Ido Ambacht BV	Hendrik Ido Ambacht	€	2,596,284	100.000	The American Lunchroom Co. BV
Ac Holten BV	Holten	€	34,033	100.000	The American Lunchroom Co. BV
Ac Leiderdorp BV	Leiderdorp	€	18,151	100.000	The American Lunchroom Co. BV

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Consolidated Accounts

Company Name	Main Office	Currency	Company capital	% held	Through
Ac Meerkerk BV	Meerkerk	€	18,151	100.000	The American Lunchroom Co. BV
Ac Nederweert BV	Weert	€	34,033	100.000	The American Lunchroom Co. BV
Ac Nieuwegein BV	Nieuwegein	€	18,151	100.000	The American Lunchroom Co. BV
Ac Oosterhout BV	Oosterhout	€	18,151	100.000	The American Lunchroom Co. BV
Ac Restaurants & Hotels BV	Breukelen	€	90,756	100.000	The American Lunchroom Co. BV
Ac Sevenum BV	Sevenum	€	18,151	100.000	The American Lunchroom Co. BV
Ac Vastgoed BV	Zaandam	€	18,151	100.000	The American Lunchroom Co. BV
Ac Vastgoed I BV	Zaandam	€	18,151	100.000	The American Lunchroom Co. BV
Ac Veenendaal BV	Veenendaal	€	18,151	100.000	The American Lunchroom Co. BV
Ac Zevenaar BV	Zevenaar	€	57,176	100.000	The American Lunchroom Co. BV
Holding de Participations Autogrill SAS	Marseille	€	119,740,888	99.999 0.001	Autogrill Europe Nord-Ouest SA Autogrill SpA
Autogrill Aeroports SAS	Marseille	€	1,368,000	99.999	Holding de Participations Autogrill SAS
Autogrill Coté France SAS	Marseille		31,579,526,40	99.999	Holding de Participations Autogrill SAS
Société Berrichonne de Restauration SAS (Soberest SAS)	Marseille	€	288,000	50.01	Autogrill Côté France SAS
Société Bordelaise de Restauration SAS (Sobarest SAS)	St. Savin	€	788,000	50.000	Autogrill Côté France SAS
Société de la Porte de Champagne SA (SPC)	Auberives	€	153,600	51.900	Autogrill Côté France SAS
Société de Restauration Autoroutière Dramoise SA (SRAD)	Marseille	€	1,136,000	49.994 49.998	Autogrill Côté France SAS SRSRA SA
Société de Restauration de Bourgogne SAS (Sorebo SAS)	Marseille	€	144,000	50.000	Autogrill Côté France SAS
Société de Restauration de Troyes-Champagne SA (SRTC)	Marseille	€	1,440,000	70.000	Autogrill Côté France SAS
Société Régionale de Saint Rambert d'Albon SA (SRSRA)	St. Rambert d'Albon	€	515,360	50.000	Autogrill Côté France SAS
Volcarest SAS	Champs	€	1,050,144	50.000	Autogrill Côté France SAS
Société de Gestion de Restauration Routière SG2R SAS	Marseille	€	879,440	99.996	Autogrill Côté France SAS
SCI Vert Pre Saint Thiebaut	Nancy	€	457,35	96.670 3.330	SG2R SAS Autogrill Côté France SAS
SARL Toul Mirabelier Hotel TMH	Marseille	€	44,000	100.000	SG2R SAS
SNC TJ2D	Chadeney sur Moselle	€	1,000	99.000 1.000	SG2R SAS Autogrill Côté France SAS
Poitou Charentes Restauration SA	Marseille	€	466,500	100.000	Autogrill Côté France SAS
Autogrill Restauration Services SAS	Marseille	€	15,394,500	99.999	Holding de Participations Autogrill SAS
Autogrill Gares Province Sarl	Marseille	€	274,480	100.000	Autogrill Restauration Services SAS
Autogrill Gares Metropoles Sarl	Marseille	€	17,396,850	100.000	Autogrill Restauration Services SAS
Autogrill Schweiz AG	Ollon	CHF	10,000,000	100.000	Autogrill International Srl
Autogrill Pieterlen AG	Pieterlen	CHF	2,000,000	100.000	Autogrill Schweiz AG
Autogrill Pratteln AG	Pratteln	CHF	3,000,000	95.000	Autogrill Schweiz AG

Notes to the Accounts

Company Name	Main Office	Currency	Company capital	% held	Through
Autogrill Basel Airport SAS, in liquidazione	St. Louis	CHF	40,000	100.000	Autogrill Schweiz AG
Restoroute de Bavois SA	Bavois	CHF	2,000,000	70.000	Autogrill Schweiz AG
Restoroute de la Gruyère SA	Avry devant Pont	CHF	1,500,000	54.300	Autogrill Schweiz AG
Vorstadt Egerkingen AG	Egerkingen	CHF	2,000,000	100.000	Autogrill Schweiz AG
Autogrill Group, Inc.	Bethesda	US\$	225,000,000	100.000	Autogrill Overseas Inc.
HMSHost Corp.	Bethesda	US\$	=	100.000	Autogrill Group, Inc.
HMSHost Europe Corp.	Wilmington	US\$	=	100.000	Autogrill Group, Inc.
HMSHost International Inc.	Wilmington	US\$	=	100.000	Autogrill Group, Inc.
HMS Host Tollroads Inc.	Bethesda	US\$	125,000,000	100.000	HMSHost Corp.
Host International Inc.	Bethesda	US\$	125,000,000	100.000	HMSHost Corp.
Sunshine Parkway Restaurants Inc.	Bethesda	US\$	125,000,000	50.000	HMSHost Corp. Gladieux Corp.
Cincinnati Terminal Services Inc.	Bethesda	US\$	125,000,000	100.000	Host International Inc.
Cleveland Airport Services Inc.	Bethesda	US\$	125,000,000	100.000	Host International Inc.
HMS-Airport Terminal Services Inc.	Bethesda	US\$	125,000,000	100.000	Host International Inc.
HMS-Airport Terminal Services	Bethesda	US\$	125,000,000	100.000	HMS-Airport Terminal Services Inc.
HMS B&L Inc.	Bethesda	US\$	125,000,000	100.000	Host International Inc.
HMS Holdings Inc.	Bethesda	US\$	125,000,000	100.000	Host International Inc.
HMS Host Family Restaurants Inc.	Bethesda	US\$	125,000,000	100.000	HMSHoldings Inc.
HMS Host Family Restaurants LLC	Bethesda	US\$	125,000,000	100.000	HMSHost Family Inc.
Gladieux Corporation	Bethesda	US\$	125,000,000	100.000	HMS Holdings Inc.
Host (Malaysia) Sdn Bhd	Kuala Lumpur	MYR	100,000	100.000	Host International Inc.
Host Gifts Inc.	Bethesda	US\$	125,000,000	100.000	Host International Inc.
Host International of Canada Ltd.	Vancouver	US\$	4,600,000	100.000	Host International Inc.
Host International of Canada (RD) Ltd.	Toronto	US\$	1	100.000	Host International of Canada Ltd.
SMSI Travel Centres Inc.	Toronto	US\$	1	100.000	Host International of Canada Ltd.
Host International of Kansas Inc.	Bethesda	US\$	125,000,000	100.000	Host International Inc.
Host International of Maryland Inc.	Bethesda	US\$	125,000,000	100.000	Host International Inc.
HMS Host USA Inc.	Bethesda	US\$	125,000,000	100.000	Host International Inc.
Host International (Poland) Sp z o, in liquidation	Warsaw	PLN	6,557,600	100.000	HMSHost USA Inc.
Host of Holland BV	Haarlemmermeer	€	90,756	100.000	Host International Inc.
Horeca Exploitatie Maatschappij Schiphol BV	Schiphol	€	45,378	100.000	Host of Holland BV
Host Services (France) SAS, in liquidation	Paris	€	38,115	100.000	Host International Inc.
Host Services Inc.	Bethesda	US\$	125,000,000	100.000	Host International Inc.
Host Services of New York Inc.	Bethesda	US\$	125,000,000	100.000	Host International Inc.
Host Services Pty Ltd.	North Cairns	AUD	12	100.000	Host International Inc.
Las Vegas Terminal Restaurants Inc.	Bethesda	US\$	125,000,000	100.000	Host International Inc.
Marriott Airport Concessions Pty Ltd.	Tullamarine	AUD	999,998	100.000	Host International Inc.
Michigan Host Inc.	Bethesda	US\$	125,000,000	100.000	Host International Inc.
Shenzen Host Catering Company Ltd.	Shenzen	US\$	2,500,000	100.000	Host International Inc.
The Gift Collection Inc.	Bethesda	US\$	125,000,000	100.000	Host International Inc.
Turnpike Restaurants Inc.	Bethesda	US\$	125,000,000	100.000	Host International Inc.
AAI Investments Inc.	Bethesda	US\$	100,000,000	100.000	Autogrill Group, Inc.
Anton Airfood Inc (AAI)	Washington	US\$	1,000	95.000	AAI Investments Inc.
AAI Terminal 7 Inc.	Washington	US\$	1,000	100.000	Anton Airfood Inc.
AAI Terminal One Inc.	Washington	US\$	200	100.000	Anton Airfood Inc.
Airport Architects Inc.	Washington	US\$	1,000	100.000	Anton Airfood Inc.
Anton Airfood JFK Inc.	Washington	US\$	1,000	100.000	Anton Airfood Inc.

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Consolidated Accounts

Company Name	Main Office	Currency	Company capital	% held	Through
Anton Airfood of Bakersfield Inc., in liquidazione	Washington	US\$	1,000	100.000	Anton Airfood, Inc.
Anton Airfood of Cincinnati Inc.	Washington	US\$	1,000	100.000	Anton Airfood, Inc.
Anton Airfood of Minnesota Inc.	Washington	US\$	10	100.000	Anton Airfood, Inc.
Anton Airfood of New York Inc.	Washington	US\$	1,000	100.000	Anton Airfood, Inc.
Anton Airfood of North Carolina Inc.	Washington	US\$	10	100.000	Anton Airfood, Inc.
Anton Airfood of Ohio Inc.	Washington	US\$	1,000	100.000	Anton Airfood, Inc.
Anton Airfood of Rhode Island Inc.	Washington	US\$	1,000	100.000	Anton Airfood, Inc.
Anton Airfood of Texas Inc.	Washington	US\$	100,000	100.000	Anton Airfood, Inc.
Anton Airfood of Virginia Inc.	Washington	US\$	1,000	100.000	Anton Airfood, Inc.
Palm Springs AAI Inc.	Washington	US\$	1,000	100.000	Anton Airfood, Inc.
Lee Airport Concession Inc.	Washington	US\$	1,600	25.000	Anton Airfood, Inc.
Anton Airfood of Boise, Inc.	Washington	US\$	n,d	100.000	Anton Airfood, Inc.
Anton Airfood of Tulsa, Inc.	Washington	US\$	n,d	100.000	Anton Airfood, Inc.
AAI Islip, Inc.	Washington	US\$	n,d	100.000	Anton Airfood, Inc.
Fresno AAI, Inc.	Washington	US\$	n,d	100.000	Anton Airfood, Inc.
Anton Airfood of Newark, Inc.	Washington	US\$	n,d	100.000	Anton Airfood, Inc.
Anton Airfood of Seattle, Inc.	Washington	US\$	n,d	100.000	Anton Airfood, Inc.

Companies consolidated proportionately:

Company Name	Main Office	Currency	Company capital	% held	Through
Retail Airport Finance SL	Madrid	€	10,760,982	50.000	Autogrill España SA
Aldeasa SA e controllate	Madrid	€	25,200,000	95.890	Retail Airport Finance SL

Companies accounted for at net equity:

Company Name	Main Office	Currency	Company capital	% held	Through
Union Services Sarl	Luxembourg	€	51,000	20.000	Autogrill Europe Nord-Ouest SA
				10.000	Autogrill Finance SA
Dewina Host Sdn Bhd	Kuala Lumpur	MYR	250,000	49.000	Host International Inc.
HMSC-AIAL Ltd.	Auckland	NZ\$	111,900	50.000	Host International Inc.

Companies accounted for at cost:

Company Name	Main Office	Currency	Company capital	% held	Through
HMSHost Sweden AB	Stockholm	SEK	2,500,000	100.000	HMSHost Europe GmbH
HMSHost Ireland Ltd.	Dublin	€	1	100.000	HMSHost Europe GmbH

**Consolidated
Accounts**

**Report of
the External Auditors**

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

To the Shareholders of
AUTOGRILL S.p.A.

1. We have audited the consolidated financial statements of AUTOGRILL S.p.A. and subsidiaries (the Autogrill Group), which comprise the balance sheet as at December 31, 2005, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. These consolidated financial statements represent Autogrill S.p.A.'s first annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.
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.

The consolidated financial statements present for comparative purposes the corresponding data of the prior year prepared in accordance with IFRS, except for the effects of the application of the International Accounting Principles IAS 32 and IAS 39 which - in accordance to the option allowed by the Accounting Principle IFRS 1 - have been adopted starting from January 1, 2005. In addition, the Appendix "The Transition to IFRS" to the consolidated financial statements explains the effects of transition to IFRS as adopted by the European Union and includes the reconciliation statements required by IFRS 1, previously approved by the Board of Directors and published as an attachment to the Autogrill Group's Quarterly Report for the 1st Quarter 2005, which we have audited and on which we issued a special purpose auditors' report dated June 14, 2005.

3. In our opinion, the consolidated financial statements present fairly the financial position of Autogrill S.p.A. and subsidiaries (the Autogrill Group) as of December 31, 2005, and the results of its operations and its cash flows for the year then ended in accordance with IFRS as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Ernesto Lanzillo
Partner

Milan, Italy
April 3, 2006

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

BIJLAGE 8 – GECERTIFICEERDE JAARREKENING Y05 VAN DE BIEDER

**Parent Company
Accounts**

**Balance Sheet and
Income Statement**

Parent Company Accounts

Balance Sheet

(e)	31.12.2005	31.12.2004	Change
Assets			
A) Amounts due from shareholders	-	-	-
B) Fixed assets			
I) Intangible assets			
4 Concessions, licences, brands and similar rights	2,639,877	2,839,187	(199,310)
5 Goodwill	46,167,602	54,865,568	(8,697,966)
6 Construction in progress and down-payments	6,271,974	3,873,921	2,398,053
7 Other	42,601,060	36,148,398	6,452,662
Total	97,680,513	97,727,074	(46,561)
II) Tangible assets			
1 Land and buildings	13,710,306	14,026,173	(315,867)
2 Plant and machinery	7,534,520	7,415,754	118,766
3 Industrial and commercial equipment	39,154,241	33,242,950	5,911,291
3 bis Assets to be transferred free of charge	35,093,201	38,272,762	(3,179,561)
4 Other assets	3,740,143	3,440,375	299,768
5 Construction in progress and down-payments	11,779,569	8,636,679	3,142,890
Total	111,011,980	105,034,693	5,977,287
III) Financial fixed assets			
1 Equity investments:			
a) subsidiaries	199,081,666	84,119,023	114,962,643
d) others	18,287	18,287	-
2 Other claims			
d) on others	6,908,617	7,495,313	(586,696)
Total	206,008,570	91,632,623	114,375,947
Total fixed assets	414,701,063	294,394,390	120,306,673
C) Current assets			
I - Inventory	43,075,722	41,603,161	1,472,561
II - Accounts receivable			
1 customers	35,816,463	31,920,743	3,895,720
2 subsidiaries			
* payable by the end of the following year	574,325,498	450,979,349	123,346,149
* payable after the end of the following year	357,620,590	222,921,758	134,698,832
4 controlling entity	3,313	3,447,350	(3,444,037)
4 bis Tax credits	1,582,331	650,043	932,288
4 ter Prepaid tax			
* payable by the end of the following year	7,260,054	9,300,000	(2,039,946)
* payable after the end of the following year	7,537,021	1,080,495	6,456,526
5 others	28,325,554	23,498,001	4,827,553
Total	1,012,470,824	743,797,739	268,673,085
III. Current financial assets			
IV - Cash and liquid assets			
1 Banks and post-office deposits	4,187,976	39,067,616	(34,879,640)
3 Cash and valuables in hand	29,806,412	19,210,175	10,596,237
Total	33,994,388	58,277,791	(24,283,403)
Total current assets	1,089,540,934	843,678,691	245,862,243
D) Accrued income and pre-paid expenses	6,601,615	4,938,932	1,662,683
Total assets	1,510,843,612	1,143,012,013	367,831,599

Balance Sheet and Income Statement

(e)	31.12.2005	31.12.2004	Change
Liabilities			
A) Shareholders' Funds			
I - Capital	132,288,000	132,288,000	-
II - Share premium reserve	-	-	-
III - Revaluation reserve	-	-	-
IV - Legal reserve	6,244,751	2,386,500	3,858,251
V - Statutory reserve	-	-	-
VI - Treasury shares reserve	-	-	-
VII - Other reserves	42,804,763	1,688,063	41,116,700
VIII - Profit brought forward	-	5,237,388	(5,237,388)
IX - Net profit for the year	90,007,974	77,165,085	12,842,889
Total Shareholders' Funds	271,345,488	218,765,036	52,580,452
B) Provisions for risks and charges			
2 Tax	324,977	324,977	-
3 Others	33,329,642	23,360,359	9,969,283
Total	33,654,619	23,685,336	9,969,283
C) TFR - severance pay liability			
89,653,955	86,530,491	3,123,464	
D) Liabilities			
4 Due to banks			
* payable by the end of the following year	102,252,220	153,278,856	(51,026,636)
* payable after the end of the following year	674,412,167	367,440,350	306,971,817
5 Due to others			
* payable after the end of the following year	778,103	1,024,774	(246,671)
7 Accounts payable	250,507,725	226,275,626	24,232,099
9 Due to subsidiaries	2,111,565	424,558	1,687,007
10 Due to associates	156	59,141	(58,985)
11 Due to controlling entity	27,812,434	7,054,000	20,758,434
12 Tax payable by the end of the following year	8,468,528	9,017,898	(549,370)
13 Due to pension and social security entities	15,719,199	14,066,973	1,652,226
14 Other liabilities			
* payable by the end of the following year	27,812,026	29,307,369	(1,495,343)
* payable after the end of the following year	367,667	367,667	-
Total	1,110,241,790	808,317,212	301,924,578
E) Accrued liabilities and deferred income	5,947,759	5,713,938	233,821
Total liabilities	1,510,843,612	1,143,012,013	367,831,599

Memorandum Accounts

Guarantees given			
* in respect of Company obligations	68,085,340	63,254,884	4,830,456
* in respect of subsidiaries' debt	415,525,767	311,180,197	104,345,570
Commitments to purchase and sell	308,988,895	353,671,619	(44,682,724)
Other memorandum accounts	20,954,624	25,978,583	(5,023,959)
Total memorandum accounts	813,554,626	754,085,284	59,469,342

Parent Company Accounts

Income Statement

(€)	2005	2004	Change
A) Revenue			
1 Sales of goods and services	1,080,682,846	1,092,204,236	(11,521,390)
5 Other income			
* contributions to operating expenses	5,230	31,525	(26,295)
* capital gains on disposal of fixed assets	1,616,049	623,586	992,463
* other	74,702,502	68,907,525	5,794,977
Total	1,157,006,627	1,161,766,872	(4,760,245)
B) Cost of production			
6 Raw material, items for use and consumables	521,247,319	521,202,946	44,373
7 Services	94,870,017	89,506,605	5,363,412
8 Rents and hire charges	112,933,788	116,889,962	(3,956,174)
9 Payroll and benefits			
a) wages and salaries	184,282,247	185,154,884	(872,637)
b) social security contributions	58,354,303	58,615,020	(260,717)
c) TFR – severance pay	14,643,101	14,603,186	39,915
e) other costs and expenses	1,134,105	973,501	160,604
10 Depreciation and write-downs			
a) amortisation of intangible assets	31,903,345	33,939,684	(2,036,339)
b) depreciation of tangible assets	22,791,770	21,855,147	936,623
c) write-downs of fixed assets	1,702,028	737,764	964,264
d) write-downs of accounts receivable	-	2,043,255	(2,043,255)
11 Changes in the stock of raw materials, items for use and consumables	(1,472,561)	(2,178,322)	705,761
12 Risk provisions	1,236,337	1,816,921	(580,584)
13 Other provisions	12,889,845	4,877,127	8,012,718
14 Sundry operating costs	11,661,945	12,687,513	(1,025,568)
Total	1,068,177,588	1,062,725,193	5,452,395
Operating profit (A-B)	88,829,039	99,041,680	(10,212,641)
C) Financial income and expense			
15 Dividend income from subsidiaries	40,382,676	37,974,588	2,408,088
16 Other financial income			
d) other income			
* from subsidiaries	23,237,983	12,379,471	10,858,512
* from others	8,348,536	4,162,320	4,186,216
17 Interest payable and other financial charges			
* payable to subsidiaries	(354,470)	(8,536)	(345,934)
* payable to others	(28,950,864)	(47,622,846)	18,671,982
17 bis foreign exchange profits and losses	38,189	(280,746)	318,935
Total	42,702,050	6,604,250	36,097,800
D) Value adjustments on financial assets			
18 Revaluation of equity investments	1,713,900	959,280	754,620
19 Write-downs of equity investments	(432,434)	(890,700)	458,266
Total	1,281,466	68,580	1,212,886
E) Extraordinary income and charges			
20 other income	-	33,698,319	(33,698,319)
21 other charges	-	(27,167,345)	27,167,345
Total	-	6,530,974	(6,530,974)
Profit before tax	132,812,555	112,245,484	20,567,071
22 Current, deferred and advance tax on income for the year	(42,804,580)	(35,080,399)	(7,724,181)
Net profit for the year	90,007,974	77,165,085	12,842,889

**Parent Company
Accounts**

**Notes to the
Accounts**

Parent Company Accounts

The Company's Business

Autogrill SpA operates in the catering sector in Italy and through its subsidiaries in other countries. Its specialisation is in catering for travellers - to whom Autogrill offers other complementary services and merchandise - and in quick service restaurants in locations where there is high passenger traffic and consumer presence.

Content and Structure of the Accounts

The Accounts were prepared in accordance with current rules and consists of a Balance Sheet (prepared in accordance with the Italian Civil Code, Articles 2424 and 2424bis) and an Income Statement (prepared in accordance with the Italian Civil Code, Articles 2425 and 2425bis) in the version subsequent to the changes made by LD 6/03, together with these Notes, which supply the information required by Italian Civil Code Article 2423, by the other requirements of the Code in respect of company accounts and by other relevant legislation. Certain additional information is also provided to give a true and accurate picture, even if not required by specific laws or regulations.

To ensure comparability with the situation at 31 December 2005 certain reclassifications have been made of items in the previously published 2004 Accounts.

These affected the following items:

- *Prepaid tax and Tax provision, including deferred tax* to disclose the net balance between the two items;
- *Other Accounts receivable and Accrued income and pre-paid expenses* to correct an incorrect classification of differentials resulting from transactions carried out to manage the risk of fluctuations in exchange rates and in one-off amounts payable to Società Autostrade per l'Italia SpA;
- *Wages and salaries and Social security contributions* to correct an incorrect classification.

Valuation principles used in the preparation of these Accounts at 31 December 2005 are unchanged from those used for the preparation of the 2004 Accounts.

Valuation Principle and Accounting Policies

These have been adopted in compliance with the Italian Civil Code Article 2426, taking into account, where necessary, the accounting policies published by the Italian national councils of accountants and bookkeepers (*Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri*) and the standards issued by the IASB.

No exemptions were adopted as foreseen by Italian Civil Code Article 2423.

The policies used for the most important item of the Accounts are the following:

- Intangible assets are recognised at purchase or production cost including additional charges and amortised over their useful life. If impairment losses arise they are written down accordingly; if in subsequent periods the reasons for the write-down no longer apply, the original value of the asset is restored within the limit of accumulated amortisation.

Amortisation Periods used for Intangible Assets

Concessions, Licences, Brands and Similar Rights

- Licences to use software applications:	3 years
- Cost of authorisation to sell State monopoly merchandise:	the validity of the licence

Goodwill

- Goodwill paid on purchases of individual restaurants:	10 years maximum
- Goodwill resulting from a deficit arising out of a merger:	12 years

Other

- Leasehold improvements:	the lesser of economical/technical life and residual life of the contract
- Commissioned software applications:	3 years
- Other costs to be amortised:	5 years, or the life of the underlying contract

- *Tangible Assets* are accounted for at purchase or construction cost - in some cases this was increased in previous years under monetary revaluation laws - and depreciated as shown below.

The following depreciation rates are used:

Industrial Buildings	3%
Plant and machinery	10% - 30%
Industrial and commercial equipment	15% - 33%
Furniture and furnishings	10% - 20%
Motor vehicles	25%
Other	12% - 20%

Depreciation rates are reduced by 50% on assets that have been brought into use in the course of the year (this percentage reflects the weighted average period of the year for which new assets are in use). There are no special cases - ie, significant purchases or disposals of assets at the beginning or end of the financial year - in which the first-year 50% depreciation rate is incompatible with a true and accurate presentation of the Company's financial condition and profit for the year.

The depreciation rate used for assets that are to be transferred free of charge are those given in the relevant financial write-down schedule provided they are higher than those in the table.

In the event of a lasting loss of value the asset is written down accordingly. If in subsequent periods the reasons for the write-down no longer apply, the original value of the asset is restored within the limit of accumulated depreciation.

Following the repeal of Italian Civil Code Article 2426 §2 as introduced by LD 6/03, as from the 2004 Accounts all depreciation made solely for tax reasons has been eliminated. Accordingly, in 2004 depreciation amounting to €33,698k was reversed and deferred tax of €12,552k was recognised as well as higher depreciation amounts over 2003 of €1,778k. The overall effect of this change was €21,146k recognised (as required by document OIC 1) in the 2004 Income Statement under *Extraordinary income and charges*.

Under current rules (specifically, the *TUIR* [Single Income Tax Act], Section 109 § 4 (B)) the deduction from taxable income of certain charges (provisions, depreciation of tangible assets, amortisation of intangibles, maintenance costs and write-downs) is permitted regardless of whether they are imputed to the Income Statement.

If this option is exercised and a dividend is to be paid, reserves and profit for the year may be used for this purpose provided and to the extent that the amount of the remaining reserves (other than the legal reserve

Parent Company Accounts

and the remaining profit brought forward) is lower than the total amount, net of related deferred tax, of the charges that have been deducted from taxable income without being imputed to the Income Statement.

- *Equity Investments*: interests in subsidiaries and associates are accounted for using the net equity method as provided by Italian Civil Code Article 2426 §1 (4) with the exception of minority interests and interests in inactive or limited-value subsidiaries, which are accounted for at cost on a LIFO basis with annual instalments. The cost is reduced for lasting loss of value; if in subsequent years the reasons for the write-down no longer apply, the original value of the asset is restored.
Dividends paid by subsidiaries are imputed on an accruals basis, when distribution has been planned by a competent corporate body before the Shareholders' Meeting of Autogrill SpA called to approve the Accounts.
- *Inventory*: stock is valued at the lesser of the purchase or production cost including directly attributable additional costs, calculated using FIFO, and its market value; the value of stock is adjusted by a specific provision to take account of slow rotation and obsolescence.
- *Claims and liabilities*: claims are recognised at their presumed realisable value. Debts are recognised at face value. Short-term claims and liabilities in currencies other than the euro are expressed in euros at the rate of exchange prevailing at year-end. Gains or losses arising out of the conversion of individual claims and debts are taken to the Income Statement.
Any net gain is set aside in an appropriate non-distributable reserve until it is realised.
- *Accrued income/deferred expense and Accrued liabilities/deferred income* include elements of cost and income spread over two or more years, on the accruals principle.
- *TFR - severance pay due to Italy-based employees*: this is the liability to employees in respect of the amount of severance pay accruing on the Balance Sheet date as provided by law and labour contracts.
- *Provisions*: allocations to provisions are made to cover potential liabilities, according to realistic estimates of the charges arising on settlement. Assets to be transferred free of charge and assets belonging to a leased business give rise to specific provisions to take account of the costs to be borne on contract expiry in order to meet the obligation to return those that are free of charge and to conserve those of leased businesses, assuming timely and effective maintenance.
- *Recognition of costs and income*: revenue on sales and purchase costs of goods are recognised on transfer of title. Revenue and cost for the performance of services are recognised at the time of performance. Interest payable and receivable and other income and expense are recognised and disclosed on an accruals basis, giving rise where appropriate to accrued income or liability.
- *Income tax* is recognised on the basis of an estimate of taxable income as per current regulations. As a prudential measure, deferred tax assets and liabilities connected to temporary differences between Balance Sheet and taxable values are recognised, as well as deferred tax assets relating to tax losses to be carried forward.
Starting from the 2004 tax year, Autogrill SpA, together with its wholly-owned Italian subsidiaries (Autogrill International Srl, Nuova Sidap Srl and Nuova Estral Srl), joined the domestic tax consolidation scheme of Edizione Holding SpA, pursuant to LD 344/03, for the years 2004-2006. The regulation signed by the parties provides for payment in full of the amount corresponding to the multiplication of transferred losses or profits by the IRES (corporate tax) rate, as well as the transfer of any tax credits. The net current tax credit or liability for the year, in respect of IRES only, is therefore recognised as a claim on or liability to Edizione Holding SpA.

- *Financial instruments managing interest rate and exchange rate risk:* off-balance sheet financial instruments, used to manage fluctuations in interest and exchange rates, are recognised in memorandum accounts on entering into the contract, in the notional amount.
Currency swaps and forwards are disclosed at their euro forward rate equivalent. Interest Rate Swaps are disclosed at the reference date euro rate. Income and expense arising out of these contracts are taken to the Income Statement on an accruals basis during the life of the contract with a balancing claim or liability recognised in the Balance Sheet. Options bought or sold are disclosed in memorandum accounts at the notional value of the contract. Premia on paid or received on exercised options are recognised over the life of the contract. If it is negative, the fair value of sold options is recognised in Other liabilities with a balancing item in Financial cost. If it is positive, it is disclosed in a note to the memorandum accounts. Derivatives that no longer belong to a hedging relationship are treated similarly.
- *Memorandum accounts:* the main accounting principles are the following:
 - Guarantees given: disclosed on the basis of the amount of the undertaking. The guarantee given to the holders of the Autogrill Finance SA zero-coupon bond convertible into Autogrill SpA shares is disclosed as the amount corresponding to the accrued obligation at yearend.
 - Undertakings to purchase or lease: commitments to purchase fixed assets are recognised at the purchase cost; commitments to enter into finance leases are recorded as the total of the agreed payments. Commitments assumed under hedging contracts are recognised as described above.
 - Other undertakings are disclosed at the value attributed by the owner if the undertakings refer to others' assets used by the Company or stored with the Company.

Other Information

The transfer of the following interests to Autogrill International Srl was concluded by a deed dated 14 December 2005 drawn up by Notary Enrico Bellezza as resolved on 21 April 2005:

- Autogrill Europe Nord-Ouest SA - carrying value €18,881k;
- Autogrill Hellas EpE - carrying value €1,848k;
- Autogrill Austria AG - carrying value €9,144k;
- Autogrill España SA - carrying value €10,579k.

This transaction was carried out as part of the continuing corporate restructuring which includes the transfer of the Parent Company's interest in foreign subsidiaries to Autogrill International Srl, which under this project is to be entrusted with co-ordination of the Group's international business.

Parent Company Accounts

Assets

B. Non-current Assets

B.I. Intangible Assets

The item total was €97,681k. The balance of investments and amortisation gave a net reduction of €46k from 2004. Intangibles break down as follows:

(€k)	31.12.2005	31.12.2004	Change
Concessions, licences, brands and similar rights	2,640	2,839	(199)
Goodwill	46,168	54,866	(8,698)
Construction in progress and down-payments	6,272	3,874	2,398
Other:			
- leasehold improvements	38,837	30,460	8,377
- sundry items	3,764	5,688	(1,924)
Total	97,681	97,727	(46)

Concessions, licences, brands and similar rights refers mainly to licences for the sale of State monopoly products.

Goodwill refers, as to €39.661k, to the residual of the cancellation deficit arising out of the absorption of Autogrill SpA and Finanziaria Autogrill SpA into Schemaventidue SpA on the basis of their capital position at 31 December 1996. In 2004, as mentioned, the reversal of certain excess amortisation items made in previous years for tax reasons amounted to €23,797k. This item also included the residual value of amounts paid to enter into the running of commercial businesses.

Leasehold improvements refer to leased property and businesses. Excess amortisation made in previous years for tax reasons was also reversed off this item in 2004 in the amount of €9,901k.

Construction in progress and down-payments refers to rebuilding and modernisation of leased property and businesses, which is expected to be concluded in the first half of 2006.

Sundry items do not include those covered by Italian Civil Code Article 2426 §1 (5).

Changes in this item in 2005 are summarised in the table on pages 178-179.

New investments worth €33,540k, mainly consisting of leasehold improvements, exceeded the amortisation for the year (€31,903k).

Write-downs were €1,649k (€418k in 2004). Write-backs on previously written-down assets of €300k are commented on in the note on the specific item of the Income Statement, respectively on pages 196 and 193.

Disinvestments with a net residual value of €461k were mainly due to the return of premises on expiry of the concession during 2005.

Construction in progress at 31 December 2004 and not yet completed at the end of 2005 amounted to €267k and refer to works not terminated at 31 December 2005 which are expected to be completed in the first half of 2006.

B.II. Tangible Assets (Property, Plant and Equipment)

At 31 December 2005 the item totalled €111,012k, broken down as follows:

(€k)	31.12.2005				31.12.2004			
	Historic cost	Accumulated Depreciation	Write-downs	Carrying value	Historic cost	Accumulated Depreciation	Write-downs	Carrying value
Land	219	-	-	219	242	-	-	242
Industrial land and buildings	28,858	(15,340)	(27)	13,491	28,382	(14,598)	-	13,784
Plant and machinery	35,290	(27,546)	(209)	7,535	33,447	(25,817)	(214)	7,416
Commercial and industrial equipment	201,233	(159,497)	(2,582)	39,154	186,542	(150,679)	(2,620)	33,243
Assets to be transferred free of charge	161,820	(126,705)	(22)	35,093	157,408	(119,113)	(22)	38,273
Other assets	22,993	(19,147)	(106)	3,740	21,531	(18,091)	-	3,440
Construction in progress and down-payments	11,780	-	-	11,780	8,637	-	-	8,637
Total	462,193	(348,235)	(2,946)	111,012	436,189	(328,298)	(2,856)	105,035

The above amounts include revaluation under Laws 72/83 and 413/91, as detailed below:

(€k)	L 72/83			L 413/91		
	Cost	Accumulated Depreciation	Net value	Cost	Accumulated Depreciation	Net value
Land	61	-	61	60	-	60
Industrial land and buildings	947	(770)	177	3,592	(2,873)	809
Plant and machinery	384	(384)	-	-	-	-
Commercial and industrial equipment	1,121	(1,121)	-	-	-	-
Assets to be transferred free of charge	3,123	(3,123)	-	11,460	(11,382)	78
Other assets	23	(23)	-	-	-	-
Total	5,659	(5,421)	238	15,112	(14,165)	947

Changes that occurred in 2005 are summarised in the table on pages 178-179.

The Report on Operations comments on the increase in 2005 amounting to €29,720k.

Reductions of a net book amount of €774k weremainly due to the return of premises on expiry of the concession during 2005.

Write-downs -made after a lasting loss of value - were €53k (€320k in 2004).

Construction in progress and down-payments includes down payments of €3,512k in respect of a total price of about €5.681k which were paid to Agip Petroli SpA in 1992 for the purchase of two premises on Rome's Grande Raccordo Anulare [ring-road], which have been run by the Company since they were built.

This transaction was suspended when subsequently the decision of the Conferenza dei Servizi (ie, the project planning panel including affected local authorities, ministries, etc.), which had allowed the expropriation of the land on which the premises were built, was declared illegitimate.

This impasse has made it impossible to depreciate these assets.

The balancing charge is provided for in the Motorway business risk provision.

Parent Company Accounts

€8,268k of the amount refer to refurbishment and rebuilding of the premises - works not completed at 31 December 2005, expected to be finished during the first half of 2006.

Construction in progress at 31 December 2004 and still not completed at end-2005 amounted to €958k and refer to works not completed at 31 December 2005, expected to be finished during the first half of 2006.

B.III. Financial fixed assets

These totalled €206,009k, having increased by €114,376k over 31 December 2004 due to the events described below item by item, the effects of which are summarised in the table on pages 178-179.

B.III.1. Equity Investments

- B.III.1.a. In Subsidiaries

These totalled €199,082k having increased by €114,963k over 2004, and break down as follows:

Company Name	Main Office	Currency	Company Capital ('000)	No. of shares ('0000)	Shareholders' funds at 31.12.2005 ⁽¹⁾	Profit (Loss) 2005	Percent. of capital held	Carrying value
Autogrill International Srl	Novara	€	4,951	-	173,534	40,646	100.00	186,810
Autogrill Finance SA	Luxembourg	€	250	25	576	288	100.00	909
HMSHost Europe GmbH	Munich	€	205	-	10,323	126	100.00	10,543
Aviogrill Srl	Bologna	€	10	10	1,013	688	51.00	663
Autogrill Doo	Ljubjana	€	308	-	114	(175)	100.00	114
Other companies		€	-	-	-	-	-	43
Total								199,082

(1) The shareholders' funds of Autogrill International Srl are reduced by the amount of accrued dividend.

In addition to the effect of the capital contributions described under Other Information above, the changes in 2005 were the following:

1. Autogrill International Srl: an increase in carrying value following the mentioned contribution of equity interests (€40,452k) and a capital increase of €100,000k. Revaluation of €14,669k of which €1,292k imputed to the Income Statement using the net equity method and €13,377k imputed to the conversion reserve, after recognition of accrued dividend, as resolved by the subsidiary's General Meeting before the Accounts of Autogrill SpA were approved, relating to net profit for 2005 of €39,818k.
2. Autogrill Finance SA: revaluation of €288k using the net equity method.
3. HMSHost Europe GmbH (formerly Autogrill Deutschland GmbH): revaluation of €133k using the net equity method.
4. Aviogrill Srl: written down by €230k using the net equity method, after recognition of accrued dividend as resolved by the subsidiary's General Meeting before the Accounts of Autogrill SpA were approved, relating to net profit for 2005 of €504k.
5. Autogrill Doo: capitalised in the amount of €305k subsequently written down by €202k, using the net equity method.
6. Nuova Estrai Srl: increase of €0.2k, using the net equity method.
7. Nuova Sidap Srl: increase of €1.2k, using the net equity method.

Use of the net equity method therefore caused a total income amount of €1,281k to be imputed to the Income Statement.

Bearing in mind the requirements of Italian Civil Code Article 2426 §1 (4) and excluding the effect of the change in the conversion reserve, this corresponds to the net accounting changes in the subsidiaries' Shareholders' Funds, as disclosed in their Accounts to be approved before those of Autogrill SpA. Specifically, Autogrill International Srl's subsidiary Autogrill Group, Inc's €42,384k dividend contributed to its profit for the year and is recognised on the basis of the resolution of the subsidiary's competent corporate body and considered payable in 2006 to Autogrill International Srl as still being the owner of the equity investment.

- B.III.1.c. In other Companies

These interests amounted to €18k, practically unchanged from 2004.

B.III.2. Other Claims

These totalled €6,909k, a reduction of €586k from 31 December 2004 and break down as follows:

(€k)	31.12.2005	31.12.2004	Change
	over 12 months	over 12 months	
Interest-bearing advance payments made on behalf of petrol companies	5,659	5,283	376
Interest-bearing advance payments made to the tax authorities	-	1,089	(1,089)
Guarantee deposits	1,235	1,108	127
Other claims	15	15	-
Total	6,909	7,495	(586)

The amounts of *Interest-bearing advance payments made on behalf of petrol companies* and *Guarantee deposits* will be repaid no earlier than the fifth financial year from these Accounts. The increase in the former is due to accrued interest.

The *Interest-bearing advance payments made to the tax authorities* were made under law 662/96 and have been entirely repaid through offset of the liability for withholdings on payment of TFR [severance pay].

Parent Company Accounts

C. Current Assets

C.I. Inventory

The item totalled €43,076k up by €1,473k over 31 December 2004 and breaks down as follows:

(€k)	31.12.2005	31.12.2004	Change
- Products to be served and sold	29,439	28,399	1,040
- State monopoly merchandise, lotteries and newspapers	11,027	10,871	156
- Fuel and lubricants	1,262	1,114	148
- Merchandise and various articles	1,348	1,219	129
Total Inventory	43,076	41,063	1,473

The change in Products to be served and sold is in line with the movement in revenue; fuel stocks increased due to the larger number of service stations under management.

Inventory is net of the obsolescence provision of €1,073k (€1,252k at 31 December 2004), which is calculated on the basis of estimated realisable value for slow-rotating products and those that are to be removed from the range offered.

C.II. Accounts receivable

The item totalled €1,012,471k up by €268,673k over 31 December 2004, and breaks down as follows:

(€k)	31.12.2005	31.12.2004	Change
C.II.1. Due from customers	35,817	31,921	3,896
C.II.2. Due from subsidiaries	931,945	673,901	258,044
C.II.4. Due from controlling companies	3	3,447	(3,444)
C.II.4 bis. Tax credits	1,582	650	932
C.II.4 ter. Prepaid tax	14,797	10,380	4,417
C.II.5. Due from others	28,326	23,498	4,828
C.II Total Accounts receivable	1,012,471	743,798	268,673

C.II.1. Due from Customers

The item totalled €35,817k, a net increase of €3,896k over 31 December 2004 which reflects a general increase in sales to affiliates and commercial business, as well as promotions undertaken with other Group companies (Caffé gratis in Autostrada - 'A free coffee on the motorway').

The item breaks down as follows:

(€k)	31.12.2005	31.12.2004	Change
Due from others	38,173	34,342	3,831
Amounts disputed	4,739	4,753	(14)
Bad debt provision	(7,095)	(7,714)	79
C.II.1. Total due from customers	35,817	31,921	3,896

Notes to the Accounts

Amounts due from others refer mainly to restaurant service agreements and affiliation contracts, as well as promotions carried out on behalf of suppliers.

The bad debt provision was practically unchanged from 2004 and following an analysis of the risk of non-payment, it was found to be sufficient as estimated and not needful of further allocations in 2005.

Amounts due from customers all fall due within 12 months.

C.II.2. Due from Subsidiaries

The item amounted to €931,945k (€673,901k in 2004). Of this amount €906,168k were financial (€673,096k at 31 December 2004). The item includes loans to subsidiaries amounting to €865,846k (of which: Autogrill Group, Inc €174,133k; Autogrill Finance SA €110,200k; Autogrill Overseas, Inc €84,009k; Autogrill España SA €198,282k; Autogrill Austria AG €137k, Retail Airport Finance SL €261.313k; Autogrill Doo €443k; HMSHost Ireland Ltd €1.000k and Autogrill International Srl €36,329k). The acquisition of 50% of Aldeasa SA through Retail Airport Finance SL necessitated a loan to the latter and an increase in the loans to Autogrill España SA to make it possible for the latter to underwrite its share of the capital of Retail Airport Finance SL.

The amount of the loans repayable by the end of the following financial year was €574,325k. The loans to Autogrill Group, Inc (€173,639k) and Autogrill Overseas, Inc (€89,891k) are repayable by the end of 2009. The loans to Autogrill España SA (€100,000k) are due by the end of 2015. As of now the loan to Autogrill International Srl has been entirely repaid.

The residual amount of loans to subsidiaries (€40,322k) refers to 2005 dividend to be received, as resolved by the corporate bodies of Autogrill International Srl (39,818k), in payment on 31 December 2006, and Aviogrill Srl (€504k).

C.II.4. Due from Controlling Entities

The item amounted to €3k and was reduced by €3,444k following offset of the debt to the controlling entity Edizione Holding SpA under the domestic tax consolidation arrangement, in relation to excess corporate tax (IRES) prepaid on 2004 taxable income. The liability for 2005 corporate tax is disclosed under Liabilities - due to the controlling entity.

C.II.4 bis. Tax Credits

These amounted to €1,582k, an increase of €932k over 2004 mainly due to a VAT credit outstanding at 31 December 2005, due to the excess of advance VAT paid on the basis of past amounts compared to the settlement due for the month of December 2005.

C.II.4 ter. Prepaid Tax

This is the net tax asset disclosed in accordance with Italian GAAP #25, amounting to €14,797k. The increase of €4,417k is due to changes in temporary differences, on which information is provided in the Note on tax on page 196.

Parent Company Accounts

Recognition of Deferred Tax Assets and its Effects

(€k)	31.12.2005		31.12.2004	
	Temporary differences	Tax Effect (33% rate)	Temporary differences	Tax Effect (33% rate)
Imposte anticipate:				
PR expense and corporate gifts	202	75	227	75
Write-downs of equity investments	31,171	10,286	52,358	17,278
Write-downs of accounts receivable	6,728	2,220	6,962	2,297
Write-downs for lasting losses on fixed assets	3,712	1,383	4,657	1,537
Write-downs of inventory	1,073	400	1,186	391
Provision for disputes	3,735	1,268	3,801	1,254
Provision for future risks and costs	28,969	10,509	17,689	5,837
Remuneration of Directors and Statutory Auditors, bonuses and incentives	12,958	4,276	6,904	2,278
Differences in rates of depreciation	6,182	2,303	4,689	1,547
Other	1,169	436	-	-
Total deferred tax assets	95,899	33,156	98,473	32,496
Items generating deferred tax liabilities:				
Capital gains	4,962	1,848	7,442	2,456
Accelerated depreciation	15,684	5,842	14,875	4,909
Provision for refurbishment costs of assets to be transferred free of charge	2,946	1,097	3,871	1,277
Amortisation of 'tax clean-up'	25,134	9,362	33,698	12,553
Other	560	208	2,792	921
Total deferred tax liabilities	49,286	18,358	62,678	22,116

The off-setting of deferred tax assets and liabilities was considered reasonable in light of the nature of the temporary differences and their presumed future tax period. 2004 Accounts have been reclassified accordingly.

C.II.5. Accounts Receivable from Others

The item totalled €28,326k, an increase of €4,828k over 31 December 2004.

(€k)	31.12.2005	31.12.2004	Change
Due from suppliers	16,688	14,081	2,607
From tax authorities, social security bodies and public administration bodies	161	73	88
Due from personnel	2,548	2,545	3
Sundry items	8,929	6,799	2,130
Total	28,326	23,498	4,828

Accounts receivable from suppliers included mainly credit notes to be received for year-end bonuses and returns, prepaid rent and down payments.

The increase over 2004 was mainly due to higher year-end bonuses.

Sundry items included the amount of €2,347k (€2,251k at 31 December 2004) to be received from credit card companies for customer payments made in the year but not yet credited, prepaid premia and indemnity payments due from insurance companies, but not yet paid, amounting to €1,301k (€425k at 31 December 2004), and differentials relating to exchange rate hedging transactions amounting to €2,526k (€1,497k

Notes to the Accounts

at 31 December 2004), the comparative amounts of which, disclosed under Accrued income and deferred expense in 2004, were reclassified for comparison purposes.

Accounts receivable from others are due within the next following financial year.

Parent Company Accounts

(€k)	31 December 2004			Changes in Gross Value					
	Gross Value	Accumulated Amortisation and Write-downs	Net value	Increases	Reductions	Reversal of Amortisation	Write-downs	Other	Total
Intangible Assets									
Concessions, licences, brands and similar assets	9,118	(6,279)	2,839	1,045	(240)	-	(7)	125	930
Goodwill	168,456	(113,590)	54,866	5,215	-	-	-	470	5,685
Other assets	154,963	(118,815)	36,148	21,834	(7,144)	300	(1,642)	2,578	17,568
Construction in progress and down payments	3,874	-	3,874	5,446	-	-	-	(3,048)	2,398
Total	336,411	(238,684)	97,727	33,540	(7,384)	300	(1,649)	125	26,581

(€k)	31 December 2004			Changes in Gross Value					
	Gross Value	Accumulated Depreciation and Write-downs	Net value	Increases	Reductions	Write-downs	Other	Total	
Tangible Assets									
Land	242	-	242	-	(23)	-	-	(23)	
Industrial land and buildings	28,382	(14,598)	13,784	388	(8)	(27)	96	476	
Plant and machinery	33,447	(26,031)	7,416	1,933	(361)	(26)	271	1,843	
Industrial and commercial equipment	186,542	(153,299)	33,243	16,154	(2,987)	-	1,524	14,691	
Assets to be transferred free of charge	157,408	(119,135)	38,273	4,015	(133)	-	530	4,412	
Other assets	21,531	(18,091)	3,440	1,223	(79)	-	318	1,462	
Construction in progress and down-payments	8,637	-	8,637	6,007	-	-	(2,864)	3,143	
Total	436,189	(331,154)	105,035	29,720	(3,591)	(53)	(125)	26,004	

(€k)	31 December 2004			Changes in Gross Value					
	Gross Value	Write-downs	Net value	Increases	Reductions	Write-downs	Other	Total	
Financial Assets									
Equity investments in subsidiaries	505,457	(421,339)	84,119	100,305	-	(1)	-	100,305	
Equity investments in associates	7,660	(7,660)	-	-	-	(2)	(7,660)	(7,660)	
Equity investments in other companies	18	-	18	-	-	-	-	-	
Accounts receivable from others	7,495	-	7,495	503	(1,089)	-	-	(586)	
Total	520,630	(428,999)	91,632	100,808	(1,089)	-	(7,660)	92,059	

(1) In 2005 equity interests were transferred at carrying value (to Autogrill International Srl) in the amount of €40,452k, with no effect on totals.

(2) Reversal of the gross amount of the equity interest in Pastarito SpA and the related accumulated depreciation.

Accumulated Amortisation				31 December 2005		
Increases	Reductions	Other Changes	Total	Gross Value	Accumulated Amortisation and Write-downs	Net value
(1,322)	192	7	(1,123)	10,048	(7,409)	2,640
(14,383)	-	-	(14,383)	174,141	(127,973)	46,168
(16,198)	6,731	(7)	(9,474)	172,531	(129,931)	42,601
-	-	-	-	6,272	-	6,272
(31,903)	6,923	-	(24,980)	362,992	(265,313)	97,681

Accumulated Depreciation				31 December 2005		
Increases	Reductions	Other Changes	Total	Gross Value	Accumulated Depreciation and Write-downs	Net value
-	-	-	-	219	-	219
(743)	-	-	(743)	28,858	(15,368)	13,491
(1,923)	225	-	(1,698)	35,290	(27,755)	7,535
(11,268)	2,488	-	(8,780)	201,233	(162,079)	39,154
(7,623)	31	-	(7,592)	161,820	(126,727)	35,093
(1,235)	73	-	(1,162)	22,993	(19,253)	3,740
-	-	-	-	11,780	-	11,780
(22,792)	2,817	-	(19,975)	462,193	(351,181)	111,012

Accumulated Amortisation				31 December 2005		
Write-downs	Revaluation Changes	Other Changes	Total	Gross Value	Net Write-downs	Net value
(432)	1,714	13,376	14,658	605,763	(406,681)	199,082
-	-	7,660	7,660	-	-	-
-	-	-	-	18	-	18
-	-	-	-	6,909	-	6,909
(432)	1,714	21,036	22,318	612,690	(406,681)	206,009

Parent Company Accounts

C.IV. Cash and Liquid Assets

The item totalled €33,994k, a reduction of €24,284k from 31 December 2004; the breakdown was as follows:

(€k)	31.12.2005	31.12.2004	Change
C.IV.1. Banks and post-office deposits	4,188	39,068	(34,880)
C.IV.3. Cash and valuables in hand	29,806	19,210	10,596
C.IV. Cash and liquid assets	33,994	58,278	(24,284)

Bank and post-office deposits reduced by €34,880k due to the use of credit balances to reduce loan outstandings.

Cash and valuables in hand included year-end takings collected from the points of sale, but not deposited of €16,726k (€8,142k in 2004) and takings still at the point of sale of €8,797k (€7,285k in 2004).

These components can vary by a lot on recognition at various times due to the timing of the collection of cash by specialised carriers.

The residual amount of €4,283k (€3,783k at 31 December 2004) related to valuable items at the points of sale on 31 December 2005.

D. Accrued Income and Prepaid Expenses

The item totalled €6,602k, compared to €4,939k at 31 December 2004, and broke down as follows:

(€k)	31.12.2005	31.12.2004	Change
Accrued income	1,048	457	591
Prepaid expenses:			
- finance lease rents	-	733	(733)
- lease and concession rents	441	468	(27)
- sundry prepaid expenses	5,113	3,281	1,832
Total prepaid expenses	5,554	4,482	1,072
Total accrued income and prepaid expenses	6,602	4,939	1,663

Accrued income was up by €591k over 2004 and refer mainly to interest differentials on forward forex transactions (hedging loans to subsidiaries).

For comparison purposes the exchange rate differential of these transactions carried out in 2004 (€1,497k) was reclassified to the item *Accounts receivable* from others at 31 December 2005.

Finance lease rents was a zero item due to the last portion of prepaid rent being imputed to the Income Statement.

Lease and concession rents included rent for the years 2007-2022 in the amount of €414k (of which €253k referred to a financial year more than five years from this one).

Sundry prepaid expenses comprised mainly one-off amounts paid to Autostrade per l'Italia SpA (€3,715k vs. €3,182k at 31 December 2004). To give a fairer picture in the Accounts, 2004 amounts were reclassified to Other accounts receivable. The item also included €1,300k prepaid to Fiera

Food System SpA as an 'entry fee' paid for the profit accruing from the fact that this foodservice facility is located in Milan's new out-of-town Trade Fair site.

Liabilities - Main Items

A. Shareholders' Funds

Shareholders' Funds were €271,345k at 31 December 2005, an increase of €52,580k over 2004. The tables on page 183 shows the changes over the last two years.

The Shareholders' Meeting held on 27 April 2005 resolved to appropriate net profit for 2004 of €77,165k as follows:

- €3,858k to the legal reserve;
- €22,427k to retained earnings;
- €0.20 dividend per share to each of the 254,000,000 shares, ie, €50,880k.

The Shareholders' Meeting also resolved to authorise the purchase and subsequent sale of a maximum quantity of 2,000,000 treasury shares (ordinary shares of par value €0.52 each) pursuant to the Italian Civil Code, Article 2357, for a period of 18 months from the date of the Meeting. The purchase of treasury shares shall remain within the amount of the share purchase reserve (€28,000,000) set up on approval of the 31 December 2004 Accounts with the specific use of share swap surplus reserves, capital contributions and other free reserves.

A.I. Company Capital

Company capital, fully underwritten and paid in, consisted of 254,400,000 ordinary shares with a par value of €0.52 at 31 December 2005.

The Shareholders' Meeting held on 30 April 1999 resolved to increase company capital by issuing new shares up to a maximum of 33,500,000 shares to service convertible bonds with a face value of €471,055,000 issued in June 1999 by the subsidiary Autogrill Finance SA, generating €350m, net of implicit interest and gross of issuing expense, which were redeemed as to €432,304k in 2004.

In view of the conditions under which the transaction was carried out, the maximum number of issuable shares under the conversion clause is about 24,475,000.

The issuer has the option of redeeming the bond at any time prior to maturity.

Company shares have been traded on the screen-based Italian Bourse since 1 August 1997.

A.IV. Legal Reserve

This reserve totalled €6,245k (€2,387k at 31 December 2004) the increase being due under the mentioned appropriation of net profit for 2004 as resolved by the Shareholders' Meeting held on 27 April 2005.

A.VII. Other Reserves

These totalled €42,805k broken down as follows:

- Share-swap surplus reserve: €1,801k (€1,908k at 31 December 2004) the reduction being due to transfer of €106k to the treasury shares purchase reserve;

Parent Company Accounts

- Capital contributions reserve - amounts available: these arose from the absorption of Finanziaria Autogrill SpA and amounted to €77k, ie, the amount transferred in 2004 from the reserve containing funds unavailable for distribution. The reduction from 2004 of €230k was due to transfer to the treasury shares purchase reserve;
- At-equity valuation reserve: the reserve amounted to €1,042k, unchanged from 2004; it was set up to account for the valuation of equity investments in foreign subsidiaries;
- At-equity valued investments conversion reserve: the reserve amounted to €3,403k, an increase of €13,377k. Changes are the result of fluctuations in the euro exchange rate in respect of the balance-sheet currencies of indirectly controlled subsidiaries;
- Treasury shares purchase reserve: amounting to €28,000k it was created by the following transfers from other reserves:
 - > Retained earnings: €22,427k;
 - > Share-swap surplus reserve: €106k;
 - > Capital contributions reserve - amounts available: €230k;
 - > Profit brought forward: €5,237k.
- Other reserves available for distribution: these amount to €8,481k, unchanged from 2004.

Disclosure required under the Italian Civil Code, Article 2427 §7bis:

		Amount	Available for (permitted use)	Amount available	Summary of uses in preceding 3 years	
					to cover losses	for other purposes
		(€k)				
		Capital	132,288			
		Reserves from appropriation of profit:				
(A)	Capital increases.	Legal reserve	6,245			
(B)	Capital Contributions	77		A, B, C	77	
	Covering losses.	Conversion reserve	3,404			
		At-equity valuation reserve	1,042		B	1,042
(C)	Distribution of dividend.	Other reserves	38,282		A, B, C	3,793

Changes in Shareholders' Funds 2003 - 2004 - 2005

(€k)	Company Capital	Legal Reserve	Other Reserves		Profit (Loss) or the year	Total
			Treasury shares purchase reserve	Other reserves from profit appropriation		
Balance at 31.12.03	132,288	1,712		(5,470)	13,495	142,024
Appropriation of profit	-	-	-	5,237	(13,495)	(8,258)
Increase in Legal Reserve	-	675	-	-	-	675
Increase in the available portion of capital contributions	-	-	-	77	-	77
Increase in the accelerated depreciation reserve (available profits)	-	-	-	7,583	-	7,583
Other reserves	-	-	-	(500)	-	(500)
Profit for the year 2004	-	-	-	-	77,165	77,165
Balance at 31.12.04	132,288	2,387	-	6,927	77,165	218,765
Appropriation of profit	-	3,858	-	22,427	(77,165)	(50,880)
Setting up of treasury shares purchase reserve	-	-	28,000	(28,000)	-	-
Increase in the available portion of capital contributions	-	-	-	77	-	77
Other reserves	-	-	-	13,375	-	13,375
Profit for the year 2005	-	-	-	-	90,008	90,008
Balance at 31.12.05	132,288	6,245	28,000	14,805	90,008	271,345

The portion of profit for the year on which tax is suspended pursuant to the TUIR [Single Income Tax Act] Section 109 §4 B, which can be distributed at the conditions and within the limits specified therein, amounted to €28,840k.

B. Provisions for risks and charges

As disclosed under Deferred Tax Assets, deferred tax assets and liabilities were offset considering this treatment to be reasonable given the nature of the temporary differences and their presumed taxable period.

This entailed a reclassification of the amounts of deferred tax recorded in 2004.

At 31 December 2005 the item showed the following breakdown and changes from 2004:

(€k)	Balance at 31.12.2004	Other Change	Allocations	Uses	Balance at 31.12.2005
B.2. Provision for tax incl. deferred tax	325	-	-	-	325
B.3. Other provisions:					
<i>for charges:</i>					
- refurbishment of assets to be transferred free of charge	2,097	-	-	(45)	2,052
- refurbishment of leased assets	5,998	-	-	(1,630)	4,368
- motorway and urban business	2,932	-	199	-	3,131
- capital contributions – unavailable portion	129	(77)	-	-	52
other	8,135	99	12,691	(997)	19,928
<i>for risks:</i>					
- legal disputes	3,800	-	1,236	(1,301)	3,735
- other	269	(99)	-	(108)	62
Total other provisions	23,360	(77)	14,126	(4,081)	33,329
Total provisions for risks and charges	23,685	(77)	14,126	(4,081)	33,654

Parent Company Accounts

The tax provision of €325k covers a possible charge to settle any findings of a general audit of the 1999 accounts carried out during 2003 by the Regional Revenue Department.

Refurbishment of assets to be transferred free of charge provides against foreseeable liabilities in respect of the need to ensure the contractually agreed state of conservation of assets to be transferred free of charge. The provision amount at 31 December 2005 was considered in line with an up-to-date estimate of the risk provided against.

Refurbishment of leased assets refers to assets included in leased businesses, where the lessee is obliged to replace them. In 2005 the provision was used as to €1,630k following the expiry of certain premises' contracts. The provision amount at 31 December 2005 was considered in line with an up-to-date estimate of the risk provided against.

Motorway and urban business provisions consist mainly of notional depreciation of the two motorway facilities which are already in use but for which title has not yet been transferred (as reported above under *Tangible Assets*).

Other risks comprised prudential allocations in respect of possible losses arising out of contract disputes (€7,575k at 31 December 2005, of which €5,019k allocated in the year), social security disputes (€1,615k at 31 December 2005, of which €1,305k allocated in the year) and employee disputes (€4,961k at 31 December 2005 entirely allocated during the year), as well as compliance with regulations (€4,354k, of which €655k allocated in the year). Uses of this provision in 2005 totalled €997k, mainly to cover the cost of meeting fire regulations.

Uses of the *legal disputes risk provision* were made to cover actual settlements that occurred during the year.

C. TFR - Severance Pay (Italian companies' employee benefit)

The item totalled €89,654k an increase of €3,123k over 2004. Item changes were as follows:

(ek)	31.12.2005	31.12.2004	Change
Opening balance	86,530	86,164	366
Allocations made during the year	14,643	14,603	40
Uses and reversals for the year	(10,371)	(13,189)	2,818
Pension fund/Supplementary pension fund amount	(1,148)	(1,048)	(100)
Closing balance	89,654	86,530	3,124

The allocation for the year includes the revaluation of the provision at the legal rate of 2.9527%, ie, €2,453k. Smaller uses during 2005 were due to a lower number of resignations.

Staff numbers at 31 December 2005 were as follows, a significant number being part-time employees:

(ek)	31.12.2005	31.12.2004	Change
Managers	54	48	6 ⁽¹⁾
Clerks	1,533	1,578	(45)
Other staff	9,262	9,269	(7)
Total	10,849	10,895	(46)
of which part-time	6,132	6,260	(128)

D. Liabilities

The item totalled €1,110,242k, an increase of €301,925k over 31 December 2004 and broke down as follows:

(€k)	31.12.2005	31.12.2004	Change
D. 4. Due to banks			
* payable by the end of the following year	102,252	153,278	(51,026)
* payable after the end of the following year	674,412	367,440	306,972
D. 5 Due to others			
* payable after the end of the following year	778	1,025	(247)
D. 7 Accounts payable to suppliers	250,508	226,276	24,232
D. 9 Due to subsidiaries	2,112	425	1,687
D.10 Due to associates	-	59	(59)
D.11 Due to controlling entity	27,812	7,054	20,758
D.12 Tax payable by the end of the following year	8,469	9,018	(549)
D.13 Due to pension and social security entities	15,719	14,067	1,652
D.14 Other liabilities payable by the end of the following year	28,180	29,675	(1,495)
Total	1,110,242	808,317	301,925

(1) includes 5 employees at main offices abroad.

D.4. Due to Banks

The item totalled €776,664k and refers principally to the syndicated loan taken out in 2004 (€350,000,000 fully drawn and repayable starting September 2006 with a final maturity of March 2009), a €200,000,000 10-year term loan (repayable bullet in 2015 and a 7-year revolving facility (utilised as to €156,000,000 of a total facility of €300,000,000 repayable bullet in 2012) both of which were agreed in 2005.

The residual amount refers to current account balances at 31 December 2005.

All bank borrowings bear variable-rate interest.

The note on memorandum accounts provides a detailed analysis of the strategies followed to manage interest rate risk.

The syndicated loan, the term loan and the revolving facility obtained in 2005 include covenants requiring periodical monitoring of financial ratios (debt coverage, interest coverage and net debt to equity). At 31 December 2005, as in all previous observation periods, these covenants were fully satisfied.

D.5. Due to Others

This item comprises mainly free credit obtained for the purchase of IT equipment. It amounted to €778k, a reduction of €247k due to repayments made under the agreed financial schedule. The amount will be fully repaid by the end of the following year.

D.7. Due to Suppliers

The item totalled €250,508k, an increase of €24,232k over 31 December 2004, mainly due to higher deferred payments of concession rents.

All accounts due to suppliers are payable by the end of the following year.

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D.9. Due to Subsidiaries

The item totalled €2,112k, an increase of €1,687k over 2004.

It comprises €1,571k of debit balances on others' current accounts held by the Company which bear interest at market rates. The current accounts are used by the Company to settle all payment transactions. The remaining portion of the item refers to suppliers' contributions for Group contracts, and current trading amounts.

These accounts all fall due by the end of the following year.

D.10. Due to Associates

The item balance is zero following a reduction of €59k from 2004.

D.11. Due to Controlling Entities

This item totalled €27,812k, an increase of €20,758k over 2004 and includes €27,758k owed to Edizione Holding SpA in connection with the domestic tax consolidation scheme, specifically the amount of IRES [corporate tax] payable on 2005 income, net of the IRES payable on 2004 income.

D.12. Tax

This item totalled €8,469k, a reduction of €549k from 31 December 2004, and breaks down as follows:

(€k)	31.12.2005	31.12.2004	Change
Employee and non-employee IRPEF [income tax]	6,765	6,863	(98)
VAT payable	-	407	(407)
Direct tax for the year	506	732	(226)
Tax collection agencies	936	942	(6)
Sundry items	262	74	188
Total	8,469	9,018	(549)

Direct tax for the year refers to tax payable net of advance payments IRAP [regional tax on productive activity] for the 2005 financial year.

Sundry items comprised mainly amounts due to the Intendenza di Finanza [local revenue office] on premium transactions.

The item is fully payable by the end of the following year.

D.13. Due to pension and social security entities

This item totalled €15,719k, an increase of €1,652k over 2004.

It refers as to €8,025k to amounts due to INPS [for national insurance] (€8,124k at 31 December 2004).

Social security payments to be made on deferred compensation totalled €7,694k (€5,943k at 31 December 2004).

These relate entirely to current amounts, falling due by the end of the following year.

D.14. Other liabilities

This item totalled €28,180k, a reduction of €1,495k from 31 December 2004, and breaks down as follows:

(€k)	31.12.2005	31.12.2004	Change
<i>Liabilities relating to personnel</i>			
- compensation to be paid	24,109	21,932	2,177
- sundry items	79	40	39
Total	24,188	21,972	2,216
<i>Other:</i>			
- other liabilities to customers	1,289	1,623	(334)
- Directors and Statutory Auditors	628	638	(10)
- liabilities for donations	12	12	-
- guarantee deposits received from others	368	368	-
- sundry liabilities	1,695	5,062	(3,367)
Total	3,992	7,703	(3,711)
Total	28,180	29,675	(1,495)

Other liabilities to customers refer mainly to year-end bonus payments to be made to affiliates.

The change in *sundry liabilities* refers mainly to a reduction in the fair value of interest-rate derivatives of €3,496k partly offset by an increase in liabilities for sales on behalf of others relating to ferry ticket sales (€70k).

Except for guarantee deposits in the amount of €368k, the item includes no amounts payable beyond the end of the next 12 months.

E. Accrued liabilities and deferred income

This item totalled €5,948k (€5,714k at 31 December 2004) broken down as follows:

(€k)	31.12.2005	31.12.2004	Change
Accrued liabilities	3,556	4,531	(975)
Deferred income:			
- premium received on derivatives	-	242	(242)
- rents and related amounts due	268	301	(33)
Other	2,124	640	1,484
Total	5,948	5,714	234

Accrued liabilities refer, as to €3,314k, to interest payable on borrowings (€4,515k at 31 December 2004) and, as to €242k, to commitment commission payable on unused lines of credit (€16k at 31 December 2004).

The increase in other deferred income refers mainly to the amount received from Bencom Srl for the sub-lease of premises in Milan in via Dante.

The deferred income will be eliminated by the end of the following year.

Parent Company Accounts

Memorandum Accounts

At 31 December 2005 Memorandum Accounts totalled €813,555k (€754,085k at 31 December 2004) and breakdown as follows:

(€k)	31.12.2005	31.12.2004	Change
Guarantees given in respect of Company obligations	68,085	63,254	4,831
Guarantees given in respect of subsidiaries' debt	415,526	311,180	104,346
Commitments to purchase and sell	308,989	353,672	(44,683)
Other memorandum accounts	20,955	25,979	(5,024)
Total	813,555	754,085	59,470

Guarantees given in favour of others refer mainly to recourse risk in respect of bank guarantees issued in the Company's interest in favour of business counterparties, as is customary in the market. The increase is mainly due to guarantees issued in respect of tenders for new contracts for new locations.

Guarantees given in respect of subsidiaries' debt break down as follows:

- €313,639k in respect of the \$370,000,000 private placement debt issued on 23 January 2003 by HMSHost Corp. (now Autogrill Group, Inc.) guaranteed by the Company;
- €40,331k in respect of the remaining debt under convertible bonds issued by Autogrill Finance SA guaranteed by the Company, for a face value of €47,680k being the amount repayable on 15 June 2014. Conversion may be requested by bondholders at any time, except for some technical suspension periods. The issuer has the option of redeeming the bond at any time prior to maturity and the bondholder can redeem on the tenth anniversary (2009). The probability that these options may be exercised is related to the performance of the share price in the Bourse as compared with the conversion price;
- €61,556k in respect of guarantees issued to others in support of borrowings by wholly-owned subsidiaries of Autogrill SpA;

Commitments to purchase and sell refers to:

- as to €258,989k (€272,914k at 31 December 2004): the notional value of exchange rate hedging contracts in respect of borrowings by the subsidiary Autogrill Group, Inc.;
- as to €50,000k (€80,758k at 31 December 2004): the notional value of interest rate swaps entered into in order to achieve the aims of interest rate risk management of the Group's exposure.

Group financial policy attributes particular importance to the control and management of financial risk, since these can significantly affect profits.

Financial risk management is unitary for all Group companies. Under Group policy individual Group companies cover their exposure to exchange rate risk arising out of equity investments denominated in currencies other than the Accounts currency or loans to Autogrill Group, Inc. and Autogrill Overseas, Inc. denominated in yen. The effect of adjusting these loans according to the year-end exchange rate is balanced by the notional amount of forward forex contracts. Exchange rate risk management policy has caused the Company to fully cover loans in currencies other than the Accounts currency. The only instruments used for this purpose are forward forex sales.

Following allocation in 2004 of previous US dollar interest rate hedging derivatives to the directly exposed subsidiaries and the termination in 2005 of the remaining contracts exceeding the exposure, the Parent Company entered into interest rate swaps for a notional amount of €50,000,000 such that the floating rate of the 10-year loan taken out in 2005 is swapped into a fixed rate of 3.1%. The valuation at normal value of these swaps gave a capital gain of €826k at 31 December 2005.

Notes to the Accounts

Other memorandum accounts refers to others' assets in use in the Company (€1,488k), the value of leased businesses' assets (€14,582k), the value of sale-or-return motorway toll cards held at Company premises (€2,613k) and €2,272k still to be paid for the purchase of the two facilities on Rome's Grande Raccordo Anulare [ring-road] as noted in the comment on Tangible Assets on page 171.

Parent Company Accounts

Income Statement

A. Revenue

A.1. Sales of goods and services

Breakdown of Revenue by Product.

(€k)	2005	2004	Change
Service of food and beverages	605,857	620,422	(14,565)
Sales of merchandise	177,146	188,413	(11,267)
Sales of State monopoly products, lotteries, newspapers and fuel	260,084	247,053	13,031
Various services rendered to customers	521	506	15
Sales of goods and services to customers	1,043,608	1,056,394	(12,786)
Sales of product to affiliates	33,687	32,434	1,253
Sales of product to subsidiaries and associates	1,759	1,667	92
Sale of various materials	1,629	1,709	(80)
Total	1,080,683	1,092,204	(11,521)

The Report on Operations provides comment on this item. Revenue from the sale of fuel amounting to €45,047k (€38,688k in 2004) is included under *Other income* in the short-form income statement commented on by the Report on Operations, net of purchase cost.

Revenue was generated almost exclusively in Italy.

A.5 Other Income

(€k)	2005	2004	Change
Contributions to operating expenses	5	32	(27)
Capital gains on disposal of fixed assets	1,616	666	950
Suppliers' contributions to promotions	33,819	33,976	(157)
Business lease income	8,264	8,724	(460)
Rent and income from business affiliations	4,771	4,816	(45)
Income from sale of phone cards	3,304	3,238	66
Cost recoveries from others and affiliates	1,877	1,923	(46)
Other	22,668	16,188	6,480
Total	76,324	69,563	6,761

Suppliers' contributions to promotions were broadly the same as in 2004.

The value to the public of prepaid phone cards and motorway toll cards sold in 2005 was €76,000,000 (€75,000,000 in 2004).

Other comprises mainly:

- capital gains and income from reversed-off items of €6,925k (€10,990k in 2004) mainly due to the mentioned use of the provision regarding the restoration of others' assets (€1,630k), as well as adjustments to allocations made in past years;

- a one-off amount of €7,500k to secure the lease of a business to Massimo Dutti Italia Srl for commercial activity in the premises in Via Ugo Foscolo, Milan;
- the amount of €1,567k received from Bencorn Srl for the sub-lease of premises in Via Dante, Milan;
- recovery of the cost of seconded personnel in the amount of €1,291k (€675k in 2004);
- restoration of the value of previously written-down fixed assets in the amount of €300k, since the reasons for the write-downs of previous years ceased to exist.

B. Cost of Production

B.6. Raw material, items for use and consumables

The item totalled €521,247k broken down as follows:

(€k)	2005	2004	Change
Products and raw material to be served or sold	256,461	269,792	(13,331)
State monopoly products, lotteries, newspapers and fuel	253,713	238,926	14,787
Sundry materials	11,073	12,485	(1,412)
Total	521,247	521,203	44

Including stock changes, purchasing costs rose as a percentage of sales by about 0.5% due to an increase in the proportion of lotteries and tobacco products, which have a much lower margin than the average.

Revenue from the sale of fuel is included in the short-form income statement commented on by the Report on Operations net of purchase cost, which was €43,568k (€37,890k in 2004).

B.7. Services

The item totalled €94,870k, broken down as follows:

(€k)	2005	2004	Change
Water and energy utilities	21,157	19,385	1,772
Logistics costs	11,575	11,237	338
Cleaning and disinfestation services	11,220	11,819	(599)
Advertising and promotions	7,902	8,704	(802)
Consultancy and professional services	11,848	10,922	926
Maintenance costs	14,602	11,055	3,547
Employees travel costs	3,973	3,670	303
Postal and telephone charges	3,288	2,810	478
General and administrative cost	2,664	2,607	57
Surveillance	1,698	1,777	(79)
Insurance	1,862	1,717	145
Temporary work	39	182	(143)
Sundry costs	3,042	3,621	(579)
Total	94,870	89,507	5,363

The €1,772k increase in water and energy utilities is mainly due to tariff increases.

The increase in maintenance costs is mainly due to a change in the method used to account for assets to be transferred free of charge, as compared with previous years. Maintenance costs for the year are no longer charged to a provision, subsequently increased by the amount, but charged direct to the Income Statement. Consultancy and professional services amounted to €11,848k broken down as follows:

Parent Company Accounts

(€k)	2005	2004	Change
Consultancy			
- business advisory	1,666	1,552	114
- IT	1,499	1,376	123
- legal and notary	1,715	2,445	(730)
- technical	531	567	(36)
- administrative/accounting	1,093	806	287
- organisational	355	483	(128)
Sundry consultancy and services	4,989	3,693	1,296
Total consultancy and professional services	11,848	10,922	926

B.8. Cost of use of others' assets

The item amounted to €112,934k a reduction of €3,956k broken down as follows:

(€k)	2005	2004	Change
Property and business leases and related costs	42,784	48,166	(5,382)
Concessions	66,680	65,390	1,290
Licences and brands	1,072	1,043	29
Other rents	2,398	2,291	107
Total cost of use of others' assets	112,934	116,890	(3,956)

Lease and concession rentals are generally linked to revenue. The Report on Operations contains analysis and comment on performance. The change in the breakdown of these costs from 2004 should be noted: it reflects an increase in the number of locations managed under a direct concession, as opposed to (sub-)concessions involving the payment of lease rentals.

Other rents refers mainly to leases of IT equipment, motor vehicles and special transport vehicles.

B.9. Personnel

The item amounted to €258,413k, an overall reduction of €934k (or 0.36%) over 2004, and breaks down as follows:

(€k)	2005	2004	Variazione
Wages and salaries	184,282	185,155	(873)
Social security contributions	58,354	58,615	(261)
TFR (severance pay) and similar benefits	14,643	14,603	40
Other costs	1,134	974	160
Total	258,413	259,347	(934)

The reduction in *Wages and salaries* is in line with the reduction in average staff numbers, given an increase in average cost per employee due to a rise in variable compensation and automatic raises resulting from collective contract bargaining concluded in 2003.

The 2004 entries under *Wages and salaries* and *Social security contributions* were reclassified due to erroneous imputation.

Other costs comprise mainly those relating to early termination of employment connected with structural changes in the Company.

Trends in staff numbers, in terms of average number of FTE (Full Time Equivalent) employees, reflect the changes occurring in the Company's organisational structure, as follows:

(€k)	2005	2004	Change
Managers	50	46	4
Clerks	1,464	1,530	(66)
Other staff	6,595	7,109	(514)
Total	8,109	8,685	(576)

B.10. Depreciation and Write-downs

The item amounted to €56,397k, a reduction of €2,179k from 2004 and breaks down as follows:

(€k)	2005	2004	Change
Amortisation of intangible assets	31,903	33,940	(2,037)
Depreciation of tangible assets	22,792	21,855	937
Total amortisation and depreciation	54,695	55,795	(1,100)
Fixed asset write-downs	1,702	738	964
Write-downs of current assets - accounts receivable	-	2,043	(2,043)
Total	56,397	58,576	(2,179)

Amortisation of intangible assets includes an amount of €13,220k, unchanged from 2004, relating to goodwill recognised following the absorption of Finanziaria Autogrill SpA in 1997, amortisation of goodwill paid for individual restaurants of €1,164k (€595k in 2004).

The increase in Depreciation of tangible assets is due to new investments made during 2005.

Fixed asset write-downs are attributable, as to €1,649k, to intangible assets, and, as to €53k to tangible assets.

Write-downs of intangible assets were mainly due to the loss of the multi-year useful life of software replaced in 2005 as part of the overall revision of the Group's IT plan.

B.12. Risk Provisions

The item totalled €1,236k, an increase of €412k over 2004, and relates to allocations for disputes with others and employees (down from €1,740k in 2004).

B.13. Other Provisions

The item totalled €12,890k and mainly refers to the allocation of an amount to cover existing risk under legal disputes with other entities, personnel, and social security entities, and charges connected with any adverse result of contract disputes, in the amount of €12,691k. Greater detail is given in the note to item B.3 above.

The remaining amount relates to the cost of compliance with norms and regulations.

Parent Company Accounts

B.14. Sundry Operating Costs

The item totalled €11,662k (€12,688k in 2004) with the following breakdown:

(€k)	2005	2005	Change
Indirect tax for the year	3,880	3,878	2
Capital losses and contingencies	2,624	2,843	(219)
Losses from cash	1,349	1,546	(197)
Directors' and Statutory Auditors' compensation	1,289	1,541	(252)
Other costs	2,520	2,880	(360)
Total	11,662	12,688	(1,026)

Indirect tax for the year refers mainly to: refuse disposal tax of €1,573k (€1,518k in 2004); local property tax of €786k (€778k in 2004); local advertising tax of €529k (€523k in 2004); and stamp duty of €244k (€541k in 2004). €147k of the stamp duty relate to the acquisition of businesses at the Tevere Est and Tevere Ovest service areas along the E45 motorway and the cafés in Bergamo and Brescia airports.

Capital losses and contingencies refer to losses on disposal of assets of €285k (€229k in 2004), the balance being due to adjustments to previous years' allocations.

C. Financial Income and Expense

The Company's financial policy is described in the notes to the Memorandum Accounts.

C.15. Dividend Income from Subsidiaries

The item totalled €40,382k (€37,974k in 2004).

Of the total €40,322k refer to dividend accrued in 2005, as described in the note to Equity Investments in Subsidiaries and €61k to dividend received in excess of dividend accrued in 2004.

C.16. Other Financial Income

The item totalled €31,586k, an increase of €15,044k over 2004, broken down as follows:

(€k)	2005	2004	Change
Interest rate differentials accrued on exchange rate risk management transactions	5,032	1,070	3,962
Profit from derivatives	2,261	-	2,261
Interest on loans to subsidiaries	23,238	12,379	10,859
Interest and commission receivable and sundry income	1,055	3,093	(2,038)
Total	31,586	16,542	15,044

Interest rate differentials accrued on exchange rate risk management transactions reflect the use of loan currencies other than the euro for loans to subsidiaries, specifically the yen, as described in the note to the Memorandum Accounts.

The increase in interest on loans to subsidiaries reflects the growth of Group indebtedness and, given the Company's 'internal bank' role, of loans to subsidiaries, mainly due to the acquisition of Aldeasa by Retail Airport Finance SL.

Profit from derivatives refers to net profit arising from the termination of residual derivatives without any hedging relationship to risk exposure.

Interest and commission receivable and sundry income mainly refers to interest generated by time deposits of temporary excess liquidity with banks. The reduction is due to lower option premiums received during 2005.

C.17. Interest Payable and other Financial Charges

The item totalled €29,305k, a reduction of €18,326k from 2004, breakdown as follows:

(€k)	2005	2004	Change
Interest payable on borrowings	23,388	13,199	10,189
Interest rate differentials on interest rate risk management transactions	857	12,711	(11,854)
Losses on derivatives	25	3,770	(3,745)
AGI Indemnity	-	8,624	(8,624)
Interest rate differentials on exchange rate risk management transactions	801	205	596
Interest and commission payable and sundry expense	4,234	9,122	(4,888)
Total	29,305	47,631	(18,326)

The increase in Interest payable on borrowings was due to greater use of lines of credit, as part of our policy to gradually concentrate Group banking and following the mentioned acquisition of Aldeasa through Retail Airport Finance SL.

Interest rate differentials accrued on US dollar interest rate swaps, which were closed in 2005, and on the IRSs with a notional amount of €50,000,000 entered into in 2005 to partly cover the interest rate risk on the 10-year loan taken out in the year.

Interest and commission payable and sundry expense refers mainly to advance fees paid on the syndicated loan being fully charged to the 2005 Income Statement, following a prudential decision not to treat them as having a multi-year utility.

C.17 bis. Foreign Exchange Profits and Losses

Following the changes to the the tables of the Accounts under the reform of the Italian Civil Code, foreign exchange profits and losses are now shown in a specific item of the Income Statement; comparative amounts for the previous year have been properly reclassified from Financial income and expense. This item shows a net charge of €38k, a reduction of €319k from 2004 and breaks down as follows:

(€k)	2005	2004	Change
C.17 bis. Foreign exchange profits			
* generated in the year	60	60	0
* from year-end conversion	-	48	(48)
C.17 bis. Foreign exchange losses			
* generated in the year	(22)	(373)	351
* from year-end conversion	-	(16)	16
Total	38	(281)	319

Parent Company Accounts

D. Value Adjustments on Financial Fixed Assets

The main component of the item - at-equity valuation of equity investments - is commented on above, under the relevant asset item.

E. Extraordinary Income and Charges

In 2005 no events occurred giving rise to extraordinary income or charges.

In 2004 net income of €6,531k related to the net result of the 'fiscal clean-up' (€21,146k) and the charge for payments to be made under financial derivative contracts (€14,615k).

22. Tax

The item totalled €42,805k, was calculated on estimated taxable income and included IRES [corporate tax] of €28,095k, comprising €31,649k current tax and a credit of €3,554k on recognition of prepaid tax.

IRAP [regional tax on productive activity] calculates taxable income differently and was €14,710k, comprising €15,572k current tax and a credit of €862k on recognition of prepaid tax. Reconciliation of the IRES [corporate tax] charge as given in these Accounts and the theoretical IRES charge:

(€k)	IRES	IRAP	Total
Profit before tax	132,812	⁽¹⁾	132,812
Theoretical tax payable	43,828	15,099	58,927
Add-back of previous years' temporary differences	(6,446)	192	(6,254)
Permanent differences:			
- Dividends	(13,777)	-	(13,777)
- Others	614	66	680
Future taxable or deductible temporary differences	7,430	215	7,645
Tax payable	31,649	15,572	47,221
Deferred tax changes	(3,554)	(862)	(4,416)
Tax for the year as per Income Statement	28,095	14,710	42,805

(1)
Calculated on taxable
income of €355,295k.

Directors', Statutory Auditors' and General Managers' Compensation

As required by CONSOB Resolution # 11971/99, Section 78, we report the following:

1. The title of General Manager is given to managers with divisional responsibility; they are therefore not considered to come under the category envisaged by the Resolution;
2. There is no Executive Committee;
3. The Directors do not receive stock options. The Managing Director receives annually a variable amount related to the attainment of pre-established annual and three-year results and the value created in the Company.

Notes to the Accounts

Compensation Paid in 2005⁽¹⁾:

Name	Position	Appointment	Compensation	Cash Emoluments	Bonuses and other incentives	Other Emoluments
Gilberto Benetton	Chairman	01.01-31.12.05	46,600	-	-	-
Livio Buttignol	Deputy Chairman	01.01-27.04.05	206,667	-	-	-
Gianmario Tondato Da Ruos	Managing Director	01.01-31.12.05	405,986	231,546	450,000	-
Alessandro Benetton	Director	01.01-31.12.05	46,000	-	-	-
Giorgio Brunetti	Director	01.01-31.12.05	59,400	-	-	-
Antonio Bulgheroni	Director	01.01-31.12.05	53,400	-	-	-
Marco Desiderato	Director	01.01-31.12.05	59,400	-	-	-
Sergio De Simoi	Director	27.04-31.12.05	44,800	-	-	-
Sergio Erede	Director	01.01-31.12.05	54,000	-	-	-
Gianni Mion	Director	01.01-31.12.05	54,600	-	-	-
Gaetano Morazzoni	Director	01.01-31.12.05	46,000	-	-	-
Alfredo Malguzzi	Director	01.01-31.12.05	60,000	-	-	-
Total Directors' Compensation			1,136,853	231,546	450,000	-
Gianluca Ponzellini	Chairman of Statutory Auditors		63,810	-	-	-
Marco Reboa	Statutory Auditor		43,077	-	-	-
Ettore Maria Tosi	Statutory Auditor		44,044	-	-	-
Total Statutory Auditors' Compensation			150,930	-	-	-
Total			1,287,783	231,546	450,000	-

(1)
Amounts in €.

Parent Company Accounts

Annex

Key Information on Consolidated Companies

Company Name	Reg. Office	Country	Currency
<i>Subsidiaries</i>			
Autogrill Overseas Inc.	Wilmington	USA	€
Autogrill Finance SA	Luxembourg	Luxembourg	€
Nuova Estral Srl	Novara	Italy	€
Nuova Sidap Srl	Novara	Italy	€
Autogrill Europe Nord-Ouest SA	Luxembourg	Luxembourg	€
Aviogrill Srl	Bologna	Italy	€
Autogrill International Srl	Novara	Italy	€
Autogrill Austria AG	Gottesbrunn	Austria	€
Autogrill Participaciones SL	Madrid	Spain	€
Restauracion de Centros Comerciales SA	Madrid	Spain	€
Retail Airport Finance SL	Madrid	Spain	€
Aldeasa SA	Madrid	Spain	€
Autogrill Belgie NV	Antwerp	Belgium	€
AC Restaurants & Hotels Beheer NV	Antwerp	Belgium	€
AC Arlux SA	Arlon	Belgium	€
AC Restaurants & Hotels SA	Grevenmacher	Luxembourg	€
AC Restaurant & Hotels Beteteiligungs GmbH, in liquidation	Niederzissen	Germany	€
HMSHost Europe GmbH	Munich	Germany	€
Steigenberger Gastronomie GmbH	Frankfurt	Germany	€
HMSHost Sweden AB	Stockholm	Sweden	SEK
HMSHost Ireland Ltd.	Dublin	Ireland	€
Autogrill Doo	Ljubjana	Slovenia	SIT
Autogrill España SA	Madrid	Spain	€
Autogrill Hellas EpE	Avlona Attikis	Greece	€
Autogrill Nederland BV	Breukelen	Netherlands	€
Maison Ledeboer BV	Zaandam	Netherlands	€
AC Holding NV	Breukelen	Netherlands	€
The American Lunchroom Co BV	Zaandam	Netherlands	€
AC Vastgoed BV	Zaandam	Netherlands	€
AC Vastgoed I BV	Zaandam	Netherlands	€
AC Bodegraven BV	Bodegraven	Netherlands	€
AC Leiderdorp BV	Leiderdorp	Netherlands	€
AC Oosterhout BV	Oosterhout	Netherlands	€
AC Meerkerk BV	Meerkerk	Netherlands	€
AC Sevenum BV	Sevenum	Netherlands	€
AC Veenendaal BV	Veenendaal	Netherlands	€
AC Nieuwegein BV	Nieuwegein	Netherlands	€
AC Apeldoorn BV	Apeldoorn	Netherlands	€
AC Zevenaar BV	Zevenaar	Netherlands	€
AC Heerlen BV	Heerlen	Netherlands	€
AC Hendrik Ido Ambacht BV	HI Ambacht	Netherlands	€
AC Nederweert BV	Weert	Netherlands	€
AC Holten BV	Halten	Netherlands	€
AC Restaurants & Hotels BV	Breukelen	Netherlands	€
Holding de Participation Autogrill SAS	Marseille	France	€
Autogrill Côté France SAS	Marseille	France	€
Société Berrichonne de Restauration SAS (Soberest SAS)	Marseille	France	€

Notes to the Accounts

Company Capital	Shareholders' Funds	Profit (loss) for the year	Percent. held at 31.12.2005		Carrying Value (in €) ⁽¹⁾
			directly	indirectly	
					-
33,774,260	42,652,764	6,987,059	100.00%		909,121
250,000	527,471	239,131	100.00%		13,822
10,000	10,547	(172)	100.00%		27,492
10,000	24,050	(1,215)	100.00%		0
41,300,000	22,194,491	4,587,200	100.00%		663,375
10,000	1,012,861	687,989	51.00%		186,810,338
4,951,213	213,352,539	40,645,921	100.00%		0
7,500,000	7,215,172	(13,509,438)	100.00%		1,032,611
6,503,006	(1,211,058)	(2,241,623)	100.00%		18,274,990
108,182	2,785,043	796,245		85.00%	184,043,486
10,760,982	349,177,015	(17,175,851)	50.00%		369,670,000
25,200,000	55,375,282	27,619,326		95.89%	1,792,165
26,250,000	9,252,000	(172,000)		100.00%	(17,800,000)
3,016,000	4,112,000	932,000		100.00%	0
192,336	521,000	68,000		100.00%	(495,787)
500,000	(340,000)	(109,000)		100.00%	(45,000)
76,706	47,940	-		100.00%	10,542,871
205,000	10,473,950	151,345		100.00%	3,327,000
750,000	2,060,640	617,652		49.90%	267,396
2,500,000	200,866	(2,299,134)		100.00%	1
1	(18,337)	(18,338)		100.00%	114,432
73,920,000	27,415,264	(41,860,042)	100.00%		0
1,800,000	(10,477,449)	(19,924,320)		100.00%	33
1,696,350	2,019,641	183,805	0.01%	99.99%	5,591,815
41,371,500	23,367,459	(582,533)		100.00%	15,486,139
69,882	9,259,479	133		100.00%	25,701,649
136,134	25,503,778	(3,211)		100.00%	16,711,537
18,151	16,693,782	-		100.00%	202,622
18,151	177,037	(8,874)		100.00%	(1,295,772)
18,151	(1,313,923)	-		100.00%	18,151
18,151	18,151	-		100.00%	18,151
18,151	18,151	-		100.00%	18,151
18,151	18,151	-		100.00%	18,151
18,151	18,151	-		100.00%	18,151
18,151	18,151	-		100.00%	245,437
18,151	99,343	-		100.00%	312,304
18,151	170,419	-		100.00%	716,501
45,378	596,864	-		100.00%	2,547,723
51,176	2,491,031	-		100.00%	(150,147)
23,142	896,554	-		100.00%	965,333
2,596,284	957,242	-		100.00%	34,034
34,033	1,292,331	-		100.00%	2,128,620
34,033	1,905,776	-		100.00%	908,575
90,756	6,414,770	2,260,063		100.00%	2,266,474
119,740,888	93,623,207	9,041,293	0.01%	99.99%	114,760,266
31,579,526	43,459,477	4,057,141		100.00%	518,418
288,000	1,294,614	187,759		50.01%	

(1) Negative amounts refer to risk provisions when the carrying value of the equity investment has been entirely written down and the loss is greater than initial shareholders' funds.

Parent Company Accounts

Company Name	Reg. Office	Country	Currency
Société Bordelaise de Restauration SAS (Soborest SAS)	St. Savin	France	€
Société de Restauration de Bourgogne SAS (Soreba SAS)	Marseille	France	€
Société de la Porte de Champagne SA (SPC)	Auberives	France	€
Société de Restauration Autoroutière Dromoise SA (S.R.A.D.)	Marseille	France	€
Société de Restauration de Troyes-Champagne SA (S.R.T.C.)	Marseille	France	€
Autogrill Restauration Services SAS	Marseille	France	€
Volcares SAS	Champs	France	€
Autogrill Gares Metropoles Sarl	Marseille	France	€
Société Régionale de Saint Rambert d'Albon SA (S.R.S.R.A.)	Saint Rambert d'Albon	France	€
Autogrill Gares Province Sarl	Marseille	France	€
Autogrill Aeroports SAS	Marseille	France	€
Société de Gestion de Restauration Routière SGRR SAS	Marseille	France	€
SNC TJ2D	Chaudeney sur Moselle	France	€
SARL Toul Mirabelier Hotel TMH	Marseille	France	€
SCI Vert Pre Saint Thiebaut	Nancy	France	€
Poitou-Charentes Restauration SA	Marseille	France	€
HMSHost Corp.	Bethesda	USA	US\$
HMSHost Tollroads, Inc.	Bethesda	USA	US\$
Host International, Inc.	Bethesda	USA	US\$
Sunshine Parkway Restaurants Inc.	Bethesda	USA	US\$
Cincinnati Terminal Services Inc.	Bethesda	USA	US\$
Cleveland Airport Services Inc.	Bethesda	USA	US\$
Autogrill Group, Inc.	Bethesda	USA	US\$
SMSI Travel Centres, Inc.	Toronto	Canada	CAD\$
Host International of Canada (RD) Ltd.	Toronto	Canada	CAD\$
HMSHost DFW Coffee Concessions, LLC	Bethesda	USA	US\$
HMSHost Europe Inc.	Wilmington	USA	US\$
HMSHost International Inc.	Wilmington	USA	US\$
Host International (Poland) Sp zo, in liquidazione	Warsaw	Poland	PLN
Shenzen Host Catering Company Ltd.	Shenzen	China	US\$
HMS-Airport Terminal Services Inc.	Bethesda	USA	US\$
HMS B&L Inc.	Bethesda	USA	US\$
HMS Holdings Inc.	Bethesda	USA	US\$
HMS Host Family Restaurants Inc.	Bethesda	USA	US\$
HMS Host Family Restaurants, LLC	Bethesda	USA	US\$
Gladieux Corporation	Bethesda	USA	US\$
Host (Malaysia) Sdn Bhd	Kuala Lumpur	Malaysia	MYR
Host Gifts Inc.	Bethesda	USA	US\$
Host International of Canada Ltd.	Vancouver	Canada	CAD\$
Host International of Kansas Inc.	Bethesda	USA	US\$
Host International of Maryland Inc.	Bethesda	USA	US\$
HMSHost USA Inc.	Bethesda	USA	US\$
Host of Holland BV	Haarlemmermeer	Netherlands	€
Horeca Exploitatie Maatschappij Schiphol BV	Schiphol	Netherlands	€
Host Services (France), in liquidation ⁽²⁾	Paris	France	€
Host Services Inc.	Bethesda	USA	US\$
Host Services of New York Inc.	Bethesda	USA	US\$
Host Services Pty Ltd.	North Cairns	Australia	AUS\$
Las Vegas Terminal Restaurants Inc.	Bethesda	USA	US\$
Marriott Airport Concessions Pty Ltd.	Tullamarine	Australia	AUS\$
Michigan Host Inc.	Bethesda	USA	US\$
The Gift Collection Inc.	Bethesda	USA	US\$
Turnpike Restaurants Inc.	Bethesda	USA	US\$

Notes to the Accounts

Company Capital	Shareholders' Funds	Profit (loss) for the year	Percent. held at 31.12.2005		Carrying Value (in €) ⁽¹⁾
			directly	indirectly	
		50,136		50.00%	380,786
788,000	958,296	267,092		50.00%	68,602
144,000	446,968	128,832		51.90%	343,447
153,600	1,786,521	282,747		99.99%	3,272,538
1,136,000	2,118,688	51,5838		70.00%	960,429
1,440,000	2,115,505	1,314,253		100.00%	1,356,000
15,394,500	12,117,655	968,978		50.00%	1,329,303
1,050,144	4,107,473	(4,517,956)		100.00%	5,802,000
17,396,850	1,868,116	585,588		50.00%	3,579,250
515,360	4,533,871	(70,049)		100.00%	4,989,297
274,480	3,668,911	(738,890)		100.00%	1,368,000
1,368,000	221,158	(463,323)		100.00%	4,399,375
879,440	959,420	91,666		100.00%	1,000
1,000	92,666	29,561		100.00%	99,953
44,000	73,553	601		100.00%	1,489
457	(91,371)	209,216		100.00%	3,654,250
466,500	439,928	-		100.00%	277,780,187
n.d.	327,697,286	(2,796,431)		100.00%	16,770,709
125,000,000	19,784,406	26,651,637		100.00%	(87,059,602)
125,000,000	(102,704,213)	-		100.00%	(249,857)
125,000,000	(294,757)	(3,000)		100.00%	(428,233)
125,000,000	(505,187)	-		100.00%	(264)
125,000,000	(312)	(20,556,622)		100.00%	262,881,299
225,000,000	310,121,069	(1,291,230)		100.00%	6,247,405
1	6,334,935	(854,782)		100.00%	14,488,064
1	14,691,051	n.d.		100.00%	n.d.
n.d.	n.d.	n.d.		100.00%	n.d.
n.d.	n.d.	n.d.		100.00%	n.d.
n.d.	n.d.	n.d.		100.00%	n.d.
6,557,600	-	-		100.00%	-
2,500,000	-	-		100.00%	-
125,000,000	(304,536)	-		100.00%	(258,147)
125,000,000	(3,841,163)	(219,242)		100.00%	(3,256,051)
125,000,000	336,931,555	-		100.00%	285,607,828
125,000,000	10,809,344	22,544,401		100.00%	(9,162,790)
125,000,000	(15,083,579)	3,408,408		100.00%	(12,785,945)
125,000,000	(82,878,829)	-		100.00%	(70,254,158)
100,000	(57,286)	15,114		100.00%	(183,522)
125,000,000	(880,789)	-		100.00%	(746,621)
4,600,000	14,691,051	(854,782)		100.00%	14,488,064
125,000,000	(1,912)	-		100.00%	(1,621)
125,000,000	(1,832)	-		100.00%	(1,553)
125,000,000	(46,790,640)	4,768,349		100.00%	(39,663,168)
18,151	8,849,408	7,446,352		100.00%	8,849,408
1,000	5,303,696	6,535,166		100.00%	5,303,696
38,110	-	-		100.00%	-
125,000,000	(1,385,354)	(34,764)		100.00%	(1,174,328)
125,000,000	(2,015,364)	1,962,764		100.00%	1,708,370
12	392,162	(390,288)		100.00%	386,744
125,000,000	(21,767,454)	274,866		100.00%	(21,767,454)
999,998	1,620,187	(242,190)		100.00%	1,004,430
125,000,000	788,854,348	42,024,258		100.00%	668,690,640
125,000,000	(697,172)	(86,373)		100.00%	(590,974)
125,000,000	(202,298)	-		100.00%	(171,483)

(1) Negative amounts refer to risk provisions when the carrying value of the equity investment has been entirely written down and the loss is greater than initial shareholders' funds.

(2) Figures as at 31.12.2001.

Parent Company Accounts

Company Name	Reg. Office	Country	Currency
Autogrill Schweiz AG	Olten	Switzerland	CHF
Autogrill Pratteln AG	Pratteln	Switzerland	CHF
Autogrill Egerkingen AG	Egerkingen	Switzerland	CHF
Restoroute de la Gruyère SA	Avry devant-Pont	Switzerland	CHF
Restoroute de Bavois SA	Bavois	Switzerland	CHF
Autogrill Pieterlen AG	Pieterlen	Switzerland	CHF
Autogrill Basel Airport SAS, in liquidation	St. Louis	Switzerland	CHF
AAI Investments, Inc.	Washington	USA	US\$
Airport Architects, Inc.	Washington	USA	US\$
AAI Terminal 7, Inc.	Washington	USA	US\$
Anton Airfood of Ohio, Inc.	Washington	USA	US\$
Anton Airfood of Cincinnati, Inc.	Washington	USA	US\$
Anton Airfood, Inc.	Washington	USA	US\$
Anton Airfood of Texas, Inc.	Washington	USA	US\$
Anton Airfood of Newark, Inc.	Washington	USA	US\$
Anton Airfood JFK, Inc.	Washington	USA	US\$
Anton Airfood of New York, Inc.	Washington	USA	US\$
Anton Airfood of Minnesota, Inc.	Washington	USA	US\$
Anton Airfood of Virginia, Inc.	Washington	USA	US\$
Palm Springs, AAI Inc.	Washington	USA	US\$
Anton Airfood of R.I., Inc.	Washington	USA	US\$
Anton Airfood of N.C., Inc.	Washington	USA	US\$
AAI/Terminal One, Inc.	Washington	USA	US\$
Anton Airfood of Boise, Inc.	Washington	USA	US\$
Fresno AAI, Inc.	Washington	USA	US\$
Consolidation Corp AAI/Anton	Washington	USA	US\$
Anton Airfood of Seattle, Inc.	Washington	USA	US\$
Anton Airfood of Tulsa, Inc.	Washington	USA	US\$
Islip AAI, Inc.	Washington	USA	US\$
Islip Airport Joint Venture	Washington	USA	US\$
Anton Airfood of Bakersfield, Inc., in liquidation	Washington	USA	US\$
Lee Airport Concession, Inc.	Washington	USA	US\$

Key Information on Associates ⁽¹⁾

Company Name	Reg. Office	Country	Currency
Union Services Sarl	Luxembourg	Lussemburgo	Euro
Dewina Host Sdn Bhd	Kuala Lumpur	Malesia	MYR
HMSC-AIAL Ltd.	Auckland	Nuova Zelanda	NZ\$
TGIF National Restaurant JV	Texas	USA	US\$

(1)
Italian Civil Code
Article 2429 §3.

Notes to the Accounts

Company Capital	Shareholders' Funds	Profit (loss) for the year	Percent. held at 31.12.2005		Carrying Value (in €) ⁽¹⁾
			directly	indirectly	
10,000,000	(8,762,289)	3,788,564		100.00%	93,554,615
3,000,000	12,375,507	1,485,443		95.00%	7,767,989
2,000,000	3,996,963	80,409		100.00%	1,520,545
1,500,000	4,943,224	215,760		54.30%	675,198
2,000,000	2,129,571	153,370		70.00%	900,264
2,000,000	1,387,954	(27,977)		100.00%	1,286,091
40,000	(4,360,429)	-		100.00%	39,097
100,000,000	143,406,515	2,301,239		100.00%	121,561,850
1,000	(396,524)	(269,575)		95.00%	(336,123)
1,000	530,893	(116,932)		95.00%	450,024
1,000	5,530,029	995,721		95.00%	4,687,657
1,000	(1,300,697)	(536,317)		95.00%	(1,102,566)
1,000	25,499,699	(1,932,650)		95.00%	21,615,410
100,000	593,193	(17,515)		95.00%	502,834
n.d.	(651,184)	163,836		95.00%	(551,991)
1,000	(2,550,375)	(586,596)		95.00%	(2,161,885)
1,000	101,349	(82,552)		95.00%	85,910
10	5,043,325	2,430,987		95.00%	4,275,091
1,000	5,511,121	741,733		95.00%	4,671,630
1,000	631,378	505,595		95.00%	535,202
1,000	4,815,008	1,067,097		95.00%	4,081,553
10	3,422,336	992,998		95.00%	2,901,022
200	1,473,418	310,569		95.00%	1,248,977
n.d.	(640,202)	(167,746)		95.00%	(542,682)
n.d.	(142,379)	63,156		95.00%	(120,691)
n.d.	95,808,608	(177,662)		n.d.	81,214,384
n.d.	(483,340)	(483,340)		n.d.	(409,714)
n.d.	270,473	255,884		n.d.	229,273
n.d.	(695,576)	(318,539)		n.d.	(319,604)
n.d.	4,059	9,570		n.d.	(3,441)
1,000	-	-		95.00%	-
1,600	550,818	492,409		95.00%	466,700

(1)
Negative amounts refer to risk provisions when the carrying value of the equity investment has been entirely written down and the loss is greater than initial shareholders' funds.

Company Capital	Shareholders' Funds	Profit (loss) for the year	Percent. held at 31.12.2005		Carrying Value (in €) ⁽²⁾
			directly	indirectly	
51.000	233.863	74.805		30,00%	15.494
17.490	(82.838)	(7.388)		49,00%	(102.581)
93.124	6.290.147	280.005		50,00%	1.848.102
n.d.	1.609.596	118.792		25,00%	341.103

(2)
Negative amounts refer to risk provisions when the carrying value of the equity investment has been entirely written down and the loss is greater than initial shareholders' funds.

**Parent Company
Accounts**

**Report of
the External Auditors**

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

To the Shareholders of
AUTOGRILL S.p.A.

1. We have audited the financial statements of AUTOGRILL S.p.A. as of December 31, 2005. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior year, which are presented for comparative purposes as required by law, reference should be made to the auditors' report issued by us on April 6, 2005.

3. In our opinion, the financial statements present fairly the financial position of Autogrill S.p.A. as of December 31, 2005, and the results of its operations for the year then ended in accordance with the Italian law governing financial statements.

DELOITTE & TOUCHE S.p.A.

Signed by
Ernesto Lanzillo
Partner

Milan, Italy
April 3, 2006

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

2005

**Report of the Board
of Statutory Auditors**

Dear Shareholders,

During the financial year ended 31 December 2005, we carried out our audit activity as required by law in accordance with the principles of conduct of Boards of Statutory Auditors, as recommended by the *Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri* [national councils of qualified accountants] and by CONSOB in its communications, specifically # 1025564 dated 6 April 2001 as subsequently amended.

Accordingly we carried out the following tasks:

- We took part in the Shareholders' Meeting and all the meetings of the Board of Directors held in 2005 and at regular intervals obtained information from the Directors on the conduct of business and the most significant transactions carried out by the Company and its subsidiaries;
- We took cognizance of and monitored the activities carried out by the Group, within the limits of our role. The information we gathered was obtained by means of direct checks, by assuming information from the managers of the various corporate functions, by taking part in all the meetings of the Internal Control Committee and by exchanging data and information with the audit company Deloitte & Touche SpA;
- We set up meetings with the principals within the various corporate functions to ascertain whether the initiatives undertaken by the Company were planned in such a way as to attain the main corporate objectives and at the same time strengthen the internal control system,
- We monitored the adequacy of the administrative and accounting system and its reliability in terms of providing a true picture of the business, not least by examining the results of the work carried out by the External Auditors, who referred to us during the year on the findings of their quarterly audit of the correctness of the Company's accounting and bookkeeping procedures. No untoward fact or event emerged;
- We checked compliance with legal requirements concerning the drawing up of the Company's financial statements and the report on operations by making direct checks and obtaining specific information from the External Auditors.

Additionally, in compliance with the above-specified CONSOB communications, we inform you of the following:

1. The most significant economic, financial and capital transactions carried out by the Company and its subsidiaries were performed in accordance with the law and the Company's by-laws. On the basis of the information we gathered, we were able to verify that these transactions were not manifestly imprudent, risky or such as to prejudice the integrity of the Company's assets.
2. We did not discover any atypical and/or unusual transactions carried out during the year with outside entities, related parties or intergroup counterparties which would require to be reported. The Directors, in their Report on Operations and in the Notes to the Accounts, indicate and illustrate the main transactions entered into with outside entities, related parties and intergroup counterparties and describe their main features and effect on profits. We also verified that the Group's everyday operating procedures are ordered in such a way as to ensure that all transactions with related parties are concluded at arm's length.
3. We find that the information provided by the Directors in their Report on Operations in relation to the transactions specified in point 2 above is adequate.
4. The Report of the auditing firm Deloitte & Touche SpA on the consolidated accounts at 31.12.2005 of the Autogrill SpA Group, issued on 3 April last, does not contain any significant findings; it does however refer to the main procedures for the application of the newly adopted accounting principles as from 1 January 2005. Equally, the report by Deloitte & Touche SpA on the accounts at 31.12.2005 of Autogrill SpA does not contain any significant findings
5. No reports were made to this Board of Statutory Auditors pursuant to the Italian Civil Code, Section 2408, during 2005.
6. No representations were made to this Board of Statutory Auditors during 2005.
7. During 2005 the External Auditors Deloitte & Touche SpA continued to assist the Company with the preliminary activities for the adoption of IFRS (for a fee of €46,300), carried out contractual

Parent Company Accounts

audits for landlords (for a fee of €37,500) and a number of checks concerning the employees' incentive plan (for a fee of €21,000).

8. We also note that Autogrill SpA's subsidiaries mandated persons "linked to Deloitte & Touche SpA by permanent contracts" to carry out certain tasks other than that of auditing the financial statements, summarised as follows:

Subsidiary	Mandate	Fee (net of VAT)
Autogrill Finance SA Belgian Branch (Belgium)	Tax advice	12,300
AC Restaurant e Hotels SA (Luxembourg)	Tax advice	4,000
AC Holding NV (Netherland)	Tax advice	44,400
	Legal advice	54,500
	Other services	5,100
AC Restaurant e Hotels Beheer SA (Belgium)	Tax advice	6,800
	Legal advice	18,800
Autogrill Schweiz AG (Switzerland)	Tax advice	16,100
Holding de Participations Autogrill SAS (France)	Checks for landlords	2,800
Autogrill Group, Inc. (USA)	Checks for landlords	179,000
Total		343,800

9. In 2005, pursuant to existing legislation, the External Auditors Deloitte & Touche SpA, issued the following: an opinion on first-time adoption of IFRS (for a fee of €47,000) and an opinion on the Information Memorandum prepared for the Public Tender Offer for Aldeasa SA (for a fee of €15,400).
10. In 2005 there were 12 meetings of the Board of Directors and 8 meetings of the Internal Control Committee. There were also 13 meetings of this Board of Statutory Auditors.
11. We have no particular observations to make in respect of compliance with correct administration principles, which seem to have been constantly complied with and in the interests of the company.
12. In 2005 work continued to systematically adapt the entire organisational structure, and in particular the positions of greatest responsibility, to the new operational requirements that emerged:
- Certain steps were taken to renew the management of the Finance, Control and Legal areas, in which responsibilities were redistributed and control and IT functions were enhanced; at the same time the Legal Affairs Department began to report directly to the Managing Director;
 - The top management of the subsidiaries located in France, Belgium, The Netherlands and Luxembourg was restructured with the attribution of responsibility for General Management of the area;
 - At HMSHost top management was redesigned and new responsibilities were given to existing managers in completion of a plan to develop the front line.
- This Board of Statutory Auditors believes that the overall organisational structure is adequate for the size of the Group and the complexity of its business.
13. Risk management and prevention/protection continued through the up-dating of procedures and, as mentioned above, development of the organisational structure. It should also be recalled that the Internal Auditing Department, which is charged with control of the Company and its subsidiaries, draws up regular reports on its activity, in which any critical situations or deficiencies in internal control are indicated, as well as the functions responsible for remedying them. These reports also regularly follow up the corrective action plans that are undertaken.
14. In 2005 the process of first-time adoption of IFRS was concluded and the consolidated accounts were drawn up under IFRS starting in the first quarter. This process involved adapting procedures and reporting on the part of all the companies of the Group: no critical operating situations were noted, nor were there any repercussions on the reliability of corporate information, as expressly attested by the external auditors Deloitte & Touche SpA in their report dated 14 June 2005.
15. The organisational plan to gradually strengthen the sub-holding Autogrill International Srl as co-ordinator of international business through the transfer to the company of the main operating subsidiaries, as well as the necessary human and financial resources, continued.
16. Systematic meetings between this Board of Statutory Auditors and the External Auditors, pursuant

to LD 58/1998 Section 150 §2, did not bring to notice any matters that would need to be reported.

17. The activity of corporate governance continued in the Company in accordance with the guidelines indicated by the Board of Directors, which refer to a body of rules, procedures and principles in line with best practice. *Inter alia*, the Company, by a resolution of the Board dated 23 January 2001, adopted the Self-disciplinary Code, *The Corporate Governance of Listed Companies*.
18. In conclusion we assure you that no omissions, untoward facts or irregularities such as to require to be reported to the Shareholders, emerged from our controlling activity.

Furthermore, we express our agreement, within the limits of our role, to the approval of the Accounts for 2005 together with the Report on Operations as presented by the Board of Directors, and the consequent proposed appropriation of net profit as formulated by the Board.

Milan, 6 April 2006
The Board of Statutory Auditors

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Share Capital

€132,288,000 fully paid in

Tax Number- Companies Register of Novara
03091940266

Chamber of Commerce of Novara
No. 188902 REA

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DE BIEDER**

3. CONSOLIDATED ACCOUNTS

3.1 CONSOLIDATED BALANCE SHEET

Notes	(in thousand of Euro - €k)	30.06.2006	31.12.2005	Change
I	Cash and cash equivalents	88,591	144,162	(55,571)
II	Other financial assets	26,025	15,658	10,367
III	Loans	132,823	-	132,823
	Tax credits	2,713	7,132	(4,419)
IV	Other credits	83,483	91,927	(8,444)
	Accounts receivable	59,674	51,846	7,828
V	Inventory	138,591	132,960	5,631
	Total current assets	531,900	443,685	88,215
VI	Property, plant and equipment	762,703	795,498	(32,795)
VII	Goodwill	1,050,350	1,080,872	(30,522)
VIII	Other intangible assets	53,656	56,015	(2,359)
	Equity Investments	3,879	4,293	(414)
IX	Other financial assets	14,337	18,563	(4,226)
X	Loans	-	130,537	(130,537)
XI	Deferred tax assets	114,750	121,828	(7,078)
XII	Other credits	11,281	11,640	(359)
	Total non-current assets	2,010,956	2,219,246	(208,290)
	Assets held for sales	9,278	-	9,278
	TOTAL ASSETS	2,552,134	2,662,931	(110,797)
	Accounts payable	367,171	428,985	(61,814)
	Tax liabilities	21,025	12,553	8,472
XIII	Other liabilities	261,523	247,886	13,637
XIV	Due to banks	164,214	149,359	14,855
XV	Other financial liabilities	19,590	27,331	(7,741)
	Total current liabilities	833,523	866,114	(32,591)
XVI	Other liabilities	32,693	10,835	21,858
XVII	Borrowings (net of current portion)	659,675	690,012	(30,337)
XVIII	Bonds	328,999	351,089	(22,090)
	Deferred tax liabilities	70,105	65,863	4,242
XIX	TFR and other employee benefits	108,588	108,288	300
XX	Provisions	57,432	88,089	(30,657)
	Total non-current liabilities	1,257,492	1,314,176	(56,684)
	TOTAL LIABILITIES	2,091,015	2,180,290	(89,275)
	SHAREHOLDERS' EQUITY	461,119	482,641	(21,522)
XXI	- attributable to the Group	434,572	451,760	(17,188)
	- attributable to minorities	26,547	30,881	(4,334)
	TOTALE LIABILITIES AND SHAREHOLDERS' EQUITY	2,552,134	2,662,931	(110,797)

3.2 CONSOLIDATED INCOME STATEMENT

Notes		Q2 2006	Q2 2005	Change	H1 2006	H1 2005	Change
	(in thousand of Euro - €k)						
XXII	Revenues	964,626	858,312	106,314	1,802,373	1,549,699	252,674
XXIII	Other Operating Income	21,711	27,550	(5,839)	40,602	42,406	(1,804)
	Total Income	986,337	885,862	100,475	1,842,975	1,592,105	250,870
XXIV	Cost of raw material, items for use and merchandise	350,816	300,766	50,050	652,980	540,025	112,955
XXV	Payroll and benefits	262,175	240,220	21,955	515,858	459,727	56,131
XXVI	Rents, concessions and royalties	138,871	122,804	16,067	264,632	218,034	46,598
XXVII	Other operating costs	103,270	94,350	8,920	205,417	182,617	22,800
XXVIII	Depreciation	41,645	42,687	(1,042)	82,725	79,545	3,180
	Operating Profit	89,560	85,035	4,525	121,363	112,157	9,206
XXIX	Gains (losses) on financial transactions	2,909	5,908	(2,999)	5,150	8,368	(3,218)
XXX	Finance cost	(14,532)	(18,336)	3,804	(29,114)	(29,976)	862
	Value adjustments on financial assets	48	719	(671)	139	1,002	(863)
	Profit before tax	77,985	73,326	4,659	97,538	91,551	5,987
XXXI	Tax	(33,051)	(33,022)	(29)	(43,202)	(43,269)	67
	NET PROFIT	44,934	40,304	4,630	54,336	48,282	6,054
	- attributable to the Group	42,012	38,283	3,729	49,510	44,969	4,541
	- attributable to minorities	2,922	2,021	901	4,826	3,313	1,513
	Earnings per share (in Euro cents)						
	not diluted	16.5	15.0		19.5	17.7	
	diluted	16.4	14.9		19.3	17.5	

3.3 CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

in thousand of Euro - (€k)	Share Capital	Legal Reserve	Reserve from valuation of derivative hedging instruments	Conversion reserve	Other reserves and undivided profits	Profit for the period	Net equity of the Group	Net Equity of third parties
31.12.2005	132,288	6,245	(4,035)	2,129	185,041	130,092	451,760	30,881
Allocation of profit for 2005								
- To Reserves	-	4,510	-	-	64,526	(69,036)	-	-
- Dividends (2)	-	-	-	-	-	(61,056)	(61,056)	(7,852)
Conversion difference and other movements	-	-	-	(10,976)	-	-	(10,976)	(1,308)
Change in the fair value of the derivative hedging instruments	-	-	8,356	-	(3,087)	-	5,269	-
Change in the fair value of the option to convert Autogrill Finance convertible bonds in Autogrill shares 1999-2014	-	-	-	-	65	-	65	-
Profit for the period	-	-	-	-	-	49,510	49,510	4,826
30.06.2006	132,288	10,755	4,321	(8,847)	246,545	49,510	434,572	26,547

in thousand of Euro - (€k)	Share Capital	Legal Reserve	Reserve from valuation of derivative hedging instruments	Conversion reserve	Other reserves and undivided profits	Profit for the period	Net equity of the Group	Net Equity of third parties
31.12.2004	132,288	2,387	-	(21,504)	144,087	93,244	350,502	22,302
Effect of the application of IAS 32 and 39 as of 1.1.	-	-	(15,130)	-	6,481	-	(8,649)	-
Allocation of profit for 2004								
- To Reserves	-	3,858	-	-	38,506	(42,364)	-	-
- Dividends	-	-	-	-	-	(50,880)	(50,880)	(1,268)
Conversion difference and other movements	-	-	-	16,318	-	-	16,318	6,101
Change in the fair value of the derivative hedging instruments	-	-	1,762	-	(582)	-	1,180	-
Change in the fair value of the option to convert Autogrill Finance convertible bonds in Autogrill shares 1999-2014	-	-	-	-	61	-	61	-
Profit for the period	-	-	-	-	-	44,969	44,969	3,313
30.06.2005	132,288	6,245	(13,369)	(5,186)	188,553	44,969	353,501	30,448

Consolidated Gains (Losses) taken directly to Equity

(€k)	2006	2005
Opening balance of the IAS 32-39 valuation reserve as at 1/1/2005	-	(8,649)
Gains (losses) recognised directly in the hedging instrument valuation reserve ⁽¹⁾	5,269	1,180
Gains (losses) recognised directly to the fair value reserve of the option to convert the Autogrill Finance S.A. convertible bonds 1999-2014 into Autogrill SpA shares ⁽²⁾	65	61
Gains (losses) recognised directly in the conversion reserve	(10,976)	16,318
Gains (losses) recognised directly in Shareholders' Funds attr. To the Group	(5,642)	8,910

⁽¹⁾ Net of the tax effect recognised in "Other reserves and retained profit"

⁽²⁾ Recognised under "Other reserves and retained profit"

3.4 CONSOLIDATED CASH-FLOW STATEMENT

(in millions of Euro - €m)	H1 2006	H1 2005
Cash and cash equivalents - opening balance	75.7	235.4
Profit before tax and net financial cost for the period (including minorities)	121.5	113.2
Depreciation and losses on fixed assets net of revaluation	82.7	79.5
Value adjustments and (gains)/losses on disposal of financial assets	(0.1)	(1.0)
(Gains)/losses on disposal of fixed assets	(0.5)	(1.5)
Change in working capital ⁽¹⁾	(56.4)	(56.2)
Net change in non-current non-financial assets and liabilities	1.7	7.7
Cash flow from operation	148.9	141.7
Tax paid	(21.9)	(29.8)
Interest paid	(25.2)	(27.2)
Net cash flow from operations	101.8	84.7
Expenditure on property, plant and equipment and intangible fixed assets	(81.5)	(81.2)
Proceeds from disposal of fixed assets	3.4	4.4
Acquisition of consolidated equity investments	-	(339.0)
Net change in non-current financial assets	4.1	(1.5)
Cash flow from investment activities	(74.0)	(417.3)
Medium/long-term financings procured	98.6	550.0
Repayments of instalments of medium/long-term financings	(41.4)	(45.3)
Repayments of short-term loans net of new borrowing	(22.0)	(241.7)
Payment of dividends	(61.1)	(50.9)
Other flows ⁽²⁾	(6.2)	(1.8)
Cash flow from borrowings	(32.1)	210.3
Cash flow for the period	(4.3)	(122.3)
Exchange differences on liquid assets	(2.9)	17.9
Cash and cash equivalents - closing balance	68.5	131.0

⁽¹⁾ includes the conversion difference on profit items

⁽²⁾ includes dividends paid to minority shareholders of subsidiaries

Reconciliation of cash and cash equivalents

(in millions of Euro - €m)	H1 2006	H1 2005
Cash and cash equivalents - opening balance	75.7	235.4
Cash and cash equivalents	144.2	256.5
Current account debit balances	(68.5)	(21.1)
Cash and cash equivalents - closing balance	68.5	131.0
Cash and cash equivalents	88.6	180.2
Current account debit balances	(20.1)	(49.2)

4. NOTES TO THE ACCOUNTS

4.1 MAIN ACCOUNTING PRINCIPLES AND CONSOLIDATION CRITERIA

General Policies

This half-year consolidated report was prepared in accordance with CONSOB's regulation no.11971 dated 14 May 1999 as amended by its resolution no. 14,990 dated 14 April 2005 and subsequent amendments and additions.

Following the coming into force of EU Regulation CE no.1606 dated 19 July 2002, starting on 1 January 2005 the Autogrill Group adopted the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

This half-year report as at 30 June 2006 was prepared in accordance with IAS 34 and the accounting policies and consolidation criteria are the same as those used for the 2005 Consolidated Accounts which may be consulted for a full illustration of each policy.

Preparing the half-year report and the Notes thereto under IFRS requires estimates and assumptions that affect the value of assets and liabilities and the information provided in respect of contingent assets and liabilities at the interim balance sheet date. Actual outturns may differ from these estimates. The Group used estimates to determine the value of assets subject to impairment tests, allowances for credit risk and inventory obsolescence, depreciation, impairment losses on assets, employee benefits, tax, restructuring reserves, and other provisions and reserves. Estimates and assumptions are periodically reviewed and the effect of any change is immediately taken to the income statement.

This half-year report was prepared under the going concern assumption using the Euro as the unit of account. The figures given in the tables are in thousands of €, except for the Cash-Flow Statement, which is in millions of Euro (€).

Structure, Format and Content of the Accounts

The accounting schedules required under IAS 1 and IAS 7 and used in this half-year report as at 30 June 2006, which have remained unchanged in respect of those used starting with the half-year report as at 30 June 2005, are the following:

- Balance Sheet: with assets and liabilities distinguished between current and non-current
- Income Statement: with classification of costs by type
- Changes in Net Equity
- Cash-Flow Statement: with determination of cash-flow from operations using the indirect method.

The individual Accounts of each company within the scope of consolidation are prepared in the currency of the main area of their business (functional currency). For the purposes of the Consolidated Accounts the assets and liabilities of foreign subsidiaries having a functional currency other than the Euro are converted at the exchange rates ruling at the balance sheet date. Income and expense are converted at average exchange rates for the period. Exchange differences are recognised in the equity item Conversion Reserve. Goodwill and remeasurement at fair value on acquisition of a foreign company are recognised in the appropriate currency and converted at the year-end exchange rate.

Exchange Rates used to convert non-euro Subsidiaries' Accounts into euros:

	2006					2005						
	current at 31 March	current at 30 June	average Q1	average Q2	average H1	current at 31 March	current at 30 June	current at 31 December	average Q1	average Q2	average H1	average 2005
US Dollar	1.2104	1.2713	1.2023	1.2582	1.2295	1.2964	1.2092	1.1797	1.3113	1.2594	1.2847	1.2441
Canadian Dollar	1.4084	1.4132	1.3894	1.4109	1.3999	1.5737	1.4900	1.3725	1.6083	1.5677	1.5875	1.5093
Swiss Franc	1.5801	1.5672	1.5691	1.5631	1.5610	1.5486	1.5499	1.5551	1.5488	1.5437	1.5462	1.5483

As compared to the annual accounts as at 31 December 2005 and the quarterly report as at 31 March 2006, the item "Income tax credits" (formerly "Tax credits") now contains only credits in respect of current tax on income for the period and not the other tax credits (disclosed under the item "Other credits" in current assets), as prescribed by IFRS. The corresponding comparable amount of €6,354k as at 31 December 2005 was accordingly reclassified. The item "Tax liabilities", was similarly renamed "Income tax liabilities" and reclassified in the amount of €27,401k, transferred to the item "Other liabilities".

Additionally, in order to better represent Accounts data and cash-flow, the following have also been reclassified as compared to the annual accounts as at 31 December 2005:

- the amounts of €24,962k and €2,415k, respectively, from "Due to suppliers" and "Other liabilities" to "Due to banks"
- the tax liability of €27,758k due to our controlling entity Edizione Holding S.p.A., relating to the tax consolidation which Autogrill S.p.A. and its Italian subsidiaries have joined, from the item "Accounts payable" to the item "Other liabilities".

Finally, again in order to better represent Accounts data, rents and hires have been reclassified from the item "Rents, concession costs and royalties for use of brands" to the item "Other operating costs". The amounts involved for H1 2005 and Q2 2005, duly reclassified, were €4,132k and €1,911k.

Scope of Consolidation

The scope of consolidation includes companies subject to control as per IAS 27 (i.e., the Parent Company has the power to determine the financial and operational policies of the company in such a way as to obtain benefits from its business), joint-ventures (i.e., entities subject to joint control as per IAS 31) and associates (i.e., those entities subject to significant influence as per IAS 28, which are consolidated using the equity method). Companies included in consolidation are listed in Section 4.13 below.

Specifically, the Consolidated Accounts include the accounts at 30 June 2005 of Autogrill S.p.A. and all those companies in which the Parent Company has, directly or indirectly, the majority of the voting rights, or exerts dominant influence. The latter group includes Soborest S.A., Sorebo S.A., Soberest S.A., Volcares S.A. and S.R.S.R.A. S.A., which are controlled on the basis of a 50% stake and an agreement that gives the Group the power to manage the business.

There are two joint ventures: Retail Airport Finance SL and subsidiaries, including the Aldeasa Group, and Steigenberger Gastronomie GmbH: both were consolidated using the proportionate method.

Autogrill Overseas Inc. and its subsidiaries close their financial year on the Friday nearest to 31 December; the year is divided into 13 periods each of 4 weeks, grouped into quarters of 12 weeks, except for the last which is of 16 weeks. The accounts used for H1 2006 consolidation therefore refer to the period 31 December 2005 – 16 June 2006 and the comparable period is 1 January 2005 – 17 June 2005.

Autogrill Nederland BV and its subsidiaries divide the year into 13 periods each of 4 weeks (the week closes on a Wednesday) except that adjustments are made to ensure that the year-end falls on 31 December. Their respective accounting situations used for H1 2006 consolidation therefore refer to the period 1 January – 14 June 2006 and the comparable period is 1 January – 15 June 2005.

As compared to 30 June 2005 scope of consolidation has changed as follows:

- Acquisition of 100% of the capital of Poitu Charentes Restauration S.A., which runs the restaurant business at the service area of the same name on the Paris-Bordeaux motorway, consolidated starting on 1 July 2005.
- Consolidation of Autogrill D.o.o., HMSHost Ireland Ltd. and HMSHost Sweden A.B., which manage respectively our outlets on the Slovenian motorway network, in Cork and Stockholm airports. Autogrill D.o.o. and HMSHost Sweden A.B. were formed respectively in May 2004 and June 2005 but – as noted in Note VIII Equity Investments in the 2005 Report and Accounts – they were not consolidated in 2005 as being of low significance, since they only began operations in December 2005. HMSHost Ireland Ltd. was formed in H1 2006 but began operations only in August 2006.
- Acquisition of 100% Emme Emme Cadorna S.a.s. on 22 February 2006 and 100% of Bar del Porto S.n.c. on 27 June 2006 – however with marginal effects on our consolidated Accounts.

4.2 NOTES TO THE BALANCE SHEET

Current Assets

I. Cash and cash equivalents

(€k)	30.06.2006	31.12.2005	Change
Cash and valuables on hand	53,145	43,578	9,567
Deposits with banks and post offices	35,446	100,584	(65,138)
Total	88,591	144,162	(55,571)

Cash and valuables on hand included both the normal cash amounts held at each outlet and amounts being credited. Deposits with banks and post offices mainly consisted of time deposits bearing interest at rates very close to LIBOR or EURIBOR.

II. Other Financial Assets

(€k)	30.06.2006	31.12.2005	Change
Fair value of exchange rate hedging instruments	10,416	5,268	5,148
Due to associates	7,013	8,902	(1,889)
Fair value of interest rate hedging instruments	5,456	961	4,495
Other financial credits with other counterparties	2,635	-	2,635
Other financial claims	505	527	(22)
Total	26,025	15,658	10,367

Market value of exchange rate hedging instruments included the fair value of the notional amounts of exchange rate hedges outstanding at 30 June 2006. The increase recorded in H1 was connected with a change in the underlying exposure, which is denominated in US\$.

Due to associates refers mainly to North American associates, to which the reduction was due.

Fair value of interest rate swaps referred to the value of IRSs outstanding at 30 June 2006 in the notional amounts of \$310m and €50m, which qualify for hedge accounting. The sharp rise over the 31 December 2005 figure was mainly due to interest rate rises during H1.

Other loans recognised a credit of a US subsidiary of Autogrill towards its joint-venture partners; the difference as compared to 31 December 2005 is due to reclassification in current assets of the portion repayable within 12 months.

III. Loans

The amount of €132,823 refers wholly to the minorities' share of the arm's length loan granted by Autogrill SpA to Retail Airport Finance SL (RAF), which is not eliminated on proportionate (50%) consolidation.

At 31 December 2005 this item – of which the original amount was €350,000k and maturity June 2006 – was considered non-current since Autogrill had undertaken to refinance with a medium-term loan. In Q2 2006, given the progress of the merger process with Aldeasa S.A., RAF entered into negotiations with its banks to arrange a medium-term loan to be used inter alia to repay Autogrill S.p.A. The loan was repaid in full on 18 August 2006. For this reason the item is classed as current in the Accounts at 30 June 2006.

IV. Other Credits

(k€)	30.06.2006	31.12.2005	Change
Suppliers	23,926	31,517	(7,591)
Other accrued income and deferred liabilities	10,798	8,559	2,239
Credit card receipts	11,902	7,845	4,057
Lease and concession rents	9,968	14,453	(4,485)
Tax authorities and public administration	9,952	7,132	2,820
Sub-licensees	3,775	4,157	(382)
Advances to landlords for capital expenditure	2,256	3,257	(1,001)
Staff	1,912	3,086	(1,174)
Other assets	8,994	11,921	(2,927)
Total	83,483	91,927	(8,444)

The change in other credits was mainly due to:

- A reduction of *Suppliers* following payment of bonuses (which is concentrated in the early months of the year);
- An increase in other accrued income and deferred liabilities, mainly due to maintenance and insurance costs, given certain contract or policy terms;
- An increase in credit card receipts, due to increased use of cards by customers;
- A reduction – normal for H1 as compared with the year-end – of receivables in respect of lease and concession rents paid in advance or one-off on entry into new agreements;
- A reduction in other receivables, mainly due to commission to be received in respect of commission business, as well as amounts due from insurers. The reduction was mainly due to receipt of these amounts payable.

V. Inventory

(k€)	30.06.2006	31.12.2005	Change
Food and beverage and retail	135,203	129,270	5,933
Merchandise and various articles	3,388	3,690	(302)
Total	138,591	132,960	5,631

Inventory is disclosed net of the provision for losses on inventory amounting to €4.017k (€3,519k at 31 December 2005), which was set aside to account for the obsolescence valuation of slow-rotating stocks.

Non-current Assets

VI. Property, Plant and Equipment

(€k)	30.06.2006			31.12.2005		
	Historic Cost	Accumulated Depreciation	Net carrying value	Historic Cost	Accumulated Depreciation	Net carrying value
Land and commercial and industrial buildings	159,769	(54,761)	105,008	163,809	(53,419)	110,390
Leasehold improvements	813,991	(604,523)	209,468	881,331	(617,295)	264,036
Plant and machinery	189,146	(130,554)	58,592	180,734	(125,410)	55,324
Industrial and commercial equipment	562,342	(438,459)	123,883	569,961	(436,565)	133,396
Assets to be transferred free of charge	426,352	(283,876)	142,476	407,966	(274,154)	133,812
Other	52,446	(42,956)	9,490	53,884	(42,352)	11,532
Construction in progress and down-payments	113,786	-	113,786	87,008	-	87,008
Total	2,317,832	(1,555,129)	762,703	2,344,693	(1,549,195)	795,498

Please see Section 2.3 of the Report on Operations for a breakdown of capital expenditure undertaken in H1 2006; there is a table showing in detail the changes in each item.

Leasehold Improvements refer to costs sustained to construct or adapt buildings and businesses whether leased or subject to concession. The item includes in particular expenses related to the equipping of concepts in airports, along motorways and in shopping malls in the US, as well as many European outlets.

Construction in progress refers, as to €88,325k, to initiatives under way in the US (€66,325k at end-2005), and, as to €25,461k, to initiatives under way in Europe (€20,683k at end-2005), mainly in the motorway and airport business segments.

The Parent Company had useful assets belonging to others worth €1,486k and runs leased businesses with assets worth €14,581k.

The following table shows the contractual value of finance leases, disclosed using the financial method.

(k€)	30.06.2006			31.12.2005		
	Historic Cost	Accumulated Depreciation	Net carrying value	Historic Cost	Accumulated Depreciation	Net carrying value
Land and industrial buildings	6,286	(3,388)	2,898	4,703	(1,948)	2,755
Plant and machinery	688	(111)	577	688	(42)	646
Assets to be transferred free of charge	15,123	(7,567)	7,556	15,123	(7,295)	7,828
Total	22,097	(11,066)	11,031	20,514	(9,285)	11,229

The financial debt relating to these transactions was €11,273k and is disclosed under the items "Other current financial liabilities" in the amount of €3,053k (€2,518k at end-2005) and "Other non-current financial liabilities" in the amount of €8,220k (€8,610k at end-2005). Future rentals payable are €11,391k.

VII. Goodwill

This item was reduced from €1,080,872k to €1,050,350k due to conversion differences of €34,615k (North America and Switzerland) and the recognition of new goodwill of €4,093k as follows:

- €3,117k relating to the purchase of two Italian catering firms - EmmeEmme Cadorna S.a.s. and Bar del Porto S.n.c. – in H1 2006
- €682k relating to the purchase of 30,007 own shares by Aldeasa, which increased R.A.F. S.L.'s holding to 99.77%

- €155k relating to the payment of a further price quota for the purchase of the interest in Steigenberger Gastronomie GmbH, which is subject to concession renewals under the agreement
- €139k relating to the purchase of an additional shareholding in So.bo.rest S.A. (Francia).

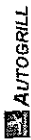
Total goodwill breaks down by geographical area as follows:

(€k)	30.06.2006	31.12.2005	Change
North America	435,251	469,004	(33,753)
Italy	78,102	74,985	3,117
Rest of Europe:			
- Switzerland	94,576	95,438	(862)
- Spain	344,183	343,501	682
- France	60,955	60,816	139
- Netherlands	22,161	22,161	-
- Belgium	12,684	12,684	-
- Germany	2,438	2,283	155
Total	1,050,350	1,080,872	(30,522)

VIII. Other Intangible Assets

(k€)	30.06.2006	31.12.2005	Change
Concessions, licences, brands and similar assets	23,818	25,531	(1,713)
Construction in progress and down-payments	5,713	6,585	(872)
Other	24,125	23,899	226
Total	53,656	56,015	(2,359)

There were no significant changes in this item.



HALF-YEAR REPORT AS AT 30 JUNE 2006 – 2ND QUARTER 2006
NOTES TO THE ACCOUNTS

(k€)	31 December 2005					30 June 2006						
	Gross Value	Amort.	Net Value	Changes in scope	Exchange Difference	Changes in gross value	Amort.	Net Value	Changes in scope	Exchange Difference	Amort.	Net Value
Intangible fixed assets	204	(204)	-	-	-	-	-	-	-	-	204	-
Intellectual property rights	61,095	(36,564)	24,531	-	(1,108)	768	718	284	-	509	(37,571)	23,818
Concessions, licences, trademarks, etc.	1,080,672	-	1,080,672	-	(60,547)	4,093	-	(46,456)	-	15,932	15,932	1,050,390
Goodwill	6,565	-	6,565	-	(1,999)	1,159	(1,999)	(872)	-	-	-	5,713
Fixed assets under construction	46,561	(22,662)	23,899	384	(3)	551	263	1,198	-	5	(23,635)	24,125
Other	1,195,317	(58,430)	1,136,887	384	(51,668)	6,571	(1,018)	(45,833)	-	16,437	(45,478)	1,104,006
Total												

(k€)	31 December 2005					30 June 2006						
	Gross Value	Amort.	Net Value	Changes in scope	Exchange Difference	Changes in gross value	Amort.	Net Value	Changes in scope	Exchange Difference	Amort.	Net Value
Property, plant and equipment	163,809	(53,419)	110,390	-	(359)	1,718	(4,566)	(4,040)	-	164	(1,768)	158,769
Chill and industrial land and buildings	861,331	(617,295)	244,036	498	(45,844)	5,302	(14,764)	(67,340)	-	32,706	(64,761)	106,008
Leasehold improvements	180,734	(125,410)	55,324	185	(731)	5,489	4,866	8,412	-	449	(1,127)	209,466
Plant and machinery	599,801	(436,666)	163,135	208	(19,561)	11,214	8,527	(7,519)	-	15,431	(1,894)	123,983
Industrial and commercial equipments	407,666	(274,154)	133,512	-	(55)	1,958	18,684	18,386	-	16	1,688	142,476
Assets returnable free of charge	53,884	(42,352)	11,532	35	(398)	1,163	(772)	(1,438)	-	323	(1,900)	9,490
Other assets	87,008	-	87,008	-	(4,530)	52,176	(20,233)	26,778	-	-	-	113,786
Fixed assets under construction	2,344,693	(1,549,195)	795,498	928	(71,586)	79,050	(8,269)	(26,861)	-	49,089	(24,127)	1,555,129
Total												

The balance of the item "Other changes" refers to reclassification to "Assets held for sale", of property sold during H2.

IX. Other Financial Assets

(k€)	30.06.2006	31.12.2005	Change
Third parties bearing funds	5,859	5,659	200
Guarantee deposits	2,925	2,869	56
Receivables with associates	348	357	(9)
Discountable securities	291	642	(351)
Other financial credits with other counterparties	4,914	9,036	(4,122)
Total	14,337	18,563	(4,226)

The reduction of the item "Other loans", which mostly comprises loans that a US subsidiary has made to its joint-venture partners, was mainly due to the transfer of the portion to be repaid in the short term, to current assets.

X. Loans

As described in Note II above, this item was zeroed following transfer to current assets of the whole amount.

XI. Deferred Tax Assets

Deferred tax assets amounted to €114,750k, with a reduction of €7,078k of which €4,261k due to conversion effects as compared with 31 December 2005, and are disclosed net of off-settable deferred tax liabilities.

They mainly refer:

- as to €59,170k (€55,542k at 31 December 2005): to Autogrill Overseas, Inc, generated mostly due to the different depreciation period of leasehold improvements and taxed provisions in respect of concession rents.
- as to €14,242k (€27,369k at 31 December 2005): to the Parent Company, mainly due to deferred deduction of write-downs of equity investments made in 2002-2003.
- as to 21.996 €k to the tax asset recognised following the adjustments to the acquisition accounts rising from the use of purchase accounting in respect of the Aldeasa Group.

XII. Other Credits

Other credits (non-current) were €11,281k, virtually unchanged from 31 December 2005, and refer to receivables with suppliers (bonuses of €2,513k to be received) and concession rents paid in advance (€8,768k).

Current Liabilities

XIII. Other Liabilities

(k€)	30.06.2006	31.12.2005	Change
Due to staff	101,467	108,003	(6,536)
Indirect tax	28,454	17,052	11,402
Suppliers for capital expenditure	22,480	27,891	(5,411)
Various foreign social security organisations	18,219	17,769	450
INPS and other Italian pension providers	17,535	15,798	1,737
Withholding tax	9,425	10,349	(924)
Deferred expense and accrued liabilities	8,463	11,237	(2,774)
Other liability items	55,480	39,787	15,693
Total	261,523	247,886	13,637

Due to staff reduced by €4,585k due to fluctuations in the US\$/€ exchange rate and the remainder mainly following payment of incentives that had been provided for at the year-end.

The increase in "Indirect tax" was mainly due to the increase in indirect tax on the sales of our US subsidiaries, following increases in sales volumes.

Due to suppliers in respect of capital expenditure were reduced due to exchange differences (€1,305k) and payments.

Deferred expense and accrued liabilities mainly refer to insurance premiums and rentals in respect of the next following year, reduced following normal year-end transfers.

Other liabilities included the net IRES (corporate tax) liability transferred to our controlling entity Edizione Holding S.p.A. under the tax consolidation scheme, in the amount of €36,282k (€27,758k in 2005). The change from 31 December 2005 refers to IRES on H1 taxable income.

XIV. Due to Banks

(€k)	30.06.2006	31.12.2005	Change
Unsecured bank borrowings	144,070	80,747	63,323
Overdraft on current accounts	20,144	68,481	(48,337)
Secured bank borrowings	-	131	(131)
Total	164,214	149,359	14,855

These loans are used under short-term credit lines. The increase over 2005 was due mainly to the addition of short-term portions of medium-term borrowings.

The reduction in overdraft borrowing was due to lower requirements.

XV. Other Financial Liabilities

(€k)	30.06.2006	31.12.2005	Change
Accrued liabilities for loan interest	11,473	8,337	3,136
Due to other lenders	2,333	1,649	684
Due to other lessors	3,053	2,518	535
Fair value of interest rate hedging instruments	-	5,116	(5,116)
Fair value of exchange-rate hedging instruments	-	6,393	(6,393)
Other accrued financial liabilities	2,731	3,318	(587)
Total	19,590	27,331	(7,741)

Deferred interest expense mainly refers to the interest payable on the half-year coupon of HMSHost Corp's private placement bonds payable in January and July and to instalments due on the Parent Company's bank borrowings.

Fair value of interest-rate hedging instruments comprises the fair value of IRSs outstanding at 30 June 2005. The value of derivatives at 30 June 2006 gave rise to the recognition of an asset.

Fair value of exchange-rate hedging instruments comprises the fair value of the notional amounts of exchange-rate hedges outstanding at 30 June 2006. The value of derivatives at 30 June 2006 gave rise to the recognition of an asset.

Other financial deferred expense and accrued liabilities included mainly interest accrued on exchange-rate hedges.

Non-current Liabilities

XVI. Other Liabilities

This item rose from €10,835k to €32,693k principally due to reclassification of Aldeasa's liabilities towards AENA which, while awaiting the conclusion of current negotiations, had been recognised as Provisions at the time the acquisition of Aldeasa was accounted for. The final settlement agreement signed in Q2 2006 contains terms that substantially confirm the estimates we had made as part of our purchase accounting.

The original amount of €30,000k was reduced to €27,346k due to part settlement of previous liabilities in H1 2006, and will be gradually eliminated during the remaining life of the agreement, which expires on 31 December 2012.

This item also contains liabilities to staff, in particular the long-term incentive plans of Autogrill Overseas, Inc.

XVII. Borrowings (net of current portion)

(€k)	30.06.2006	31.12.2005	Change
Unsecured medium-term borrowings	651,279	679,928	(28,649)
Secured medium-term borrowings	-	1,169	(1,169)
Total bank debt	651,279	681,097	(29,818)
Debt under leases	8,220	8,610	(390)
Other debt	176	305	(129)
Total	659,675	690,012	(30,337)

Long-term bank debt at 30 June 2006 was made up as follows:

- loan of €200,000,000 with a bullet repayment on maturity (June 2015)
- a revolving line of credit of €300,000,000 part utilised (€216m) and maturing in June 2012

- 2 tranches, wholly utilised, for a total of €350,000,000, of a syndicated loan signed in March 2004 repaying from September 2006 to March 2009. Drawings with maturities exceeding 12 months amounted to €233m.

At 30 June 2005 the Group's bank lines of credit maturing beyond one year were about 70% utilised. Bank borrowings pay floating-rate interest. The average life of bank debt, including unutilised lines, is about 5 years.

The main multi-year loan agreements require regular monitoring of financial ratios (debt coverage, interest coverage and, for the syndicated loan signed in 2004, net debt to equity). At 30 June 2006, as in all previous observation periods, these covenants were fully satisfied and there was no reason to believe that they might not be so satisfied in the future.

XVIII. Bonds

(k€)	30.06.2006	31.12.2005	Change
Bonds	291,042	313,638	(22,596)
Convertible bonds	39,052	38,718	334
Issuing fees	(1,095)	(1,267)	172
Total	328,999	351,089	(22,090)

Bonds are private placements issued on 19 January 2003 by HMSHost Corp. for a total of \$370,000,000. The issue was guaranteed by Autogrill SpA and is in 3 tranches of \$44m, \$60m and \$266m maturing respectively in 2010, 2011, and 2013. The tranches pay fixed-rate interest half-yearly.

Like the multi-year bank borrowings, this private placement includes covenants requiring periodical monitoring of financial ratios (debt coverage, interest coverage and net debt to equity). At 30 June 2006, as in all previous observation periods, these covenants were fully satisfied and there was no reason to believe that they might not be so satisfied in the future.

The change in this item was wholly due to conversion effect.

Convertible bonds include the residual amount of a convertible bond (Lyon) issued by Autogrill Finance SA on 15 June 1999 for €471,055k, after prepayment of 90% of the bond on 15 June 2004.

The bonds outstanding have a face value of €47.680k including interest payable in periods subsequent to the one ended in the amount of €6,949k. The bond is zero-coupon; when issued it paid the nominal amount less the OID which was a notional 2% p.a. payable half-yearly.

The Parent issued guarantees in favour of the bond holders.

The change in this item was due to the regular capitalisation of implicit interest (€399k increase) and to a change in the fair value of the option to convert to Autogrill S.p.A. shares (€65k reduction).

XIX. TFR and Other Employee Benefits

The item amount of €108,588k (€108,288k at the end of 2005) refers, as to €92,269k, to the severance pay fund for Italian employees ("TFR") and, as to €16,319k, to foreign subsidiaries' employee benefits; of this amount €12,853k refer to health insurance schemes, deferred remuneration and supplementary pension benefits put in place by the US subsidiary.

The type of guarantee underlying these benefits varies according to the specific legal, tax and economic situation in each country in which the Group operates and benefits are usually based on the employee's salary and years of service.

XX. Provisions

(€k)	Balance at 31.12.2005	Other changes	Allocations	Uses	Balance at 30.06.2006
Tax risks	4,938	(272)	126	(569)	4,223
Disputes with other third parties	3,957	-	371	(646)	3,682
Various risks	67,240	(31,384)	4,927	(3,131)	37,652
Refurbishment costs	9,679	-	-	(79)	9,600
Onerous contracts	2,275	-	-	-	2,275
Total	88,089	(31,656)	5,424	(4,425)	57,432

As explained in Note XVI above, and as shown in the "Other Changes" column of the above table, the item was reduced by €28,550k due to the final settlement reached between Aldeasa and AENA – and the consequent reclassification of the liabilities – in respect of the liability relating to prior period rentals due recognised under purchasing accounting at the time of the acquisition of Aldeasa.

In H1 2006 there were no events that changed the amounts or nature of provisions significantly as compared with 31 December 2005.

H1 2006 increases refer mainly to normal allocations to the "Self-insurance provision", included in the "Various Risks provision", relating to our US subsidiary and set aside to cover uninsured third-party liability.

Other changes, apart from the mentioned reclassification (€28,558k), were due to conversion differences.

XXI. Shareholders' Equity

Changes in shareholders' equity items are shown in the appropriate table, and included:

- payment of the dividend out of 2005 profits in the amount of €61,056k
- consolidated net profit increased to €49,510k. Information as to earnings per share (undiluted and diluted) is given for two comparable quarters below the Income Statement.
- reduction of €10,976k due to conversion differences of Accounts in foreign currency;
- net increase of €5,269k relating to the change in the hedging instrument valuation reserve (increase of €8,356k), net of the related €3,087k tax effect;
- increase of €65k relating to the fair value change in the Autogrill S.p.A. share conversion option under the Autogrill Finance S.A. convertible bonds.

4.3 NOTES TO THE INCOME STATEMENT

Please see the Report on Operations for a more detailed commentary on the changes in the main items.

Please also note that the comparable periods for Q2 2006 and H1 2006 include Aldeasa's results for two months only, since it entered consolidation on 1 May 2005. In the following commentary this temporal misalignment is noted as the 'impact of Aldeasa's different consolidation period'; the amounts recognised in January-April 2006, for H1, and April 2006, for Q2, have no comparable data in the corresponding period of 2005.

XXII. Revenue

(k€)	Q2 2006	Q2 2005	Change	H1 2006	H1 2005	Change
Food and Beverage	640,693	596,311	44,382	1,214,477	1,109,276	105,201
Retail	304,974	246,918	58,056	553,640	413,358	140,282
Sales to other entities and affiliates	12,905	9,776	3,129	23,925	17,727	6,198
Hotels	6,054	5,307	747	10,331	9,338	993
Total	964,626	858,312	106,314	1,802,373	1,549,699	252,674

The impact of Aldeasa's different consolidation period on the overall item change was €29,110k in Q2 2006 and €105,502k in H1 2006.

Retail revenue includes €34,109k of fuel sales mainly in Swiss and Italian service stations (€31,838k in 2005). In the condensed table commented on in the Report on Operations under "Results" this revenue is reclassified as "Other income", net of purchase cost.

XXIII. Other Operating Income

(k€)	Q2 2006	Q2 2005	Change	H1 2006	H1 2005	Change
Suppliers' contributions to promotions	11,885	7,914	3,971	21,111	16,628	4,483
Rents under business leases	3,206	2,364	842	6,045	4,481	1,564
Affiliation fees	1,260	1,377	(117)	2,338	2,438	(100)
Capital gains on disposals of property, plant and equipment	285	1,757	(1,472)	1,611	1,801	(190)
Other income items	5,075	14,138	(9,063)	9,497	17,058	(7,561)
Total	21,711	27,550	(5,839)	40,602	42,406	(1,804)

"Other income" mainly includes commission on commission-generating business and exceptional gains.

In Q2 2005 "Other income" included a non-recurring amount received of €7,532k relating to the part subletting of stores in the centre of Milan.

The impact of the different consolidation period of Aldeasa on the overall item change was €772k in Q2 2006 and €3,141k in H1 2006.

XXIV. Cost of Raw Material, Items for Use and Merchandise

(k€)	Q2 2006	Q2 2005	Change	H1 2006	H1 2005	Change
Catering and retail purchases	359,193	345,219	13,974	661,284	578,579	82,705
Changes in inventory	(8,377)	(44,453)	36,076	(8,304)	(38,554)	30,250
Total	350,816	300,766	50,050	652,980	540,025	112,955

The impact of the different consolidation period of Aldeasa on the overall item total was €15,246k in Q2 2006 and €51,108k in H1 2006.

XXV. Payroll and Benefits

(k€)	Q2 2006	Q2 2005	Change	H1 2006	H1 2005	Change
Salaries	208,462	187,913	20,549	407,816	362,620	45,196
Social security	37,282	36,509	773	73,987	66,117	7,870
TFR and similar employee benefits	5,274	5,303	(29)	10,448	9,964	484
Other costs	11,157	10,495	662	23,607	21,026	2,581
Total	262,175	240,220	21,955	515,858	459,727	56,131

The impact of the different consolidation period of Aldeasa on the overall item total was €3,078k in Q2 2006 and €12,110k in H1 2006.

In H1 2006 the average headcount (full time equivalent) reached 38,711 people (38,260 in 2005).

XXVI. Rents, Concessions and Royalties

(k€)	Q2 2006	Q2 2005	Change	H1 2006	H1 2005	Change
Rents and concessions	125,946	110,949	14,997	239,558	196,025	43,533
Royalties for use of brands	12,925	11,855	1,070	25,074	22,009	3,065
Total	138,871	122,804	16,067	264,632	218,034	46,598

The impact of the different consolidation period of Aldeasa on the overall item total was €7,249k in Q2 2006 and €25,997k in H1 2006.

XXVII. Other Operating Costs

(k€)	Q2 2006	Q2 2005	Change	H1 2006	H1 2005	Change
Water and energy utilities	17,309	14,665	2,644	35,649	30,600	5,049
Maintenance costs	11,738	12,165	(427)	26,058	24,143	1,915
Consultancy and professional services	10,337	7,988	2,349	18,200	14,048	4,152
Cleaning and disinfestation services	9,002	8,409	593	17,116	15,894	1,222
Travel costs	5,715	4,745	970	11,105	8,807	2,298
Commission on payments by credit card	4,583	3,696	887	8,877	6,975	1,902
Advertising and market research	4,108	3,971	137	8,170	7,775	395
Logistics costs	3,962	3,890	72	7,976	6,836	1,140
Postal and telephone charges	2,980	2,753	227	6,193	5,374	819
Equipment hire and lease charges	2,296	2,221	75	4,814	4,132	682
Surveillance	1,896	1,259	637	3,270	2,120	1,150
Insurance	1,174	1,093	81	2,430	2,270	160
Bank charges for services	1,097	1,074	23	2,225	1,930	295
Secure transportation	1,086	988	98	2,125	1,854	271
Other services	9,390	8,293	1,097	17,929	16,148	1,781
Other costs for materials	6,695	6,317	378	12,549	11,224	1,325
Cost of material and external services	93,368	83,527	9,841	184,686	160,130	24,556
Write-downs of receivables	198	431	(233)	928	1,687	(759)
Tax provision	51	167	(116)	126	167	(41)
Disputes provision	126	534	(408)	371	989	(618)
Other risks provision	1,975	3,236	(1,261)	4,927	6,012	(1,085)
Total allocations to provisions	2,152	3,937	(1,785)	5,424	7,168	(1,744)
Indirect taxes and duties	4,418	4,656	(238)	8,638	8,951	(313)
Cash differences	666	684	(18)	1,173	1,163	10
Losses on disposals	1,173	254	919	1,163	254	909
Other costs	1,295	861	434	3,405	3,264	141
Other operating costs	3,134	1,799	1,335	5,741	4,681	1,060
Total	103,270	94,350	8,920	205,417	182,617	22,800

The impact of the different consolidation period of Aldeasa on the overall item total was €1,953k in Q2 2006 and €7,842k in H1 2006.

"Other services" includes various service charges such as health controls, PR, general services, recruitment and training of staff.

"Other costs for materials" refer to purchases of non-capitalised equipment and various items in use such as uniforms, stationery and publicity material.

The main changes are connected with the energy and water tariff increases both in Europe and in North America and increased consultancy costs which – in an amount of about €2m – refer to advice received in respect of acquisition projects that were not completed.

XXVIII. Depreciation

(k€)	Q2 2006	Q2 2005	Change	H1 2006	H1 2005	Change
Intangible fixed assets	1,815	2,331	(516)	3,575	4,487	(912)
Property, plant and equipment	34,093	35,836	(1,743)	67,793	65,817	1,976
Property, plant and equipment to be transferred free of charge	5,737	4,520	1,217	11,357	9,241	2,116
Total	41,645	42,687	(1,042)	82,725	79,545	3,180

The impact of the different consolidation period of Aldeasa on the overall item total was negligible in Q2 2006 and equal to €3,135k in H1 2006.

XXIX. Gains on Financial Transactions

Breakdown as follows:

(k€)	Q2 2006	Q2 2005	Change	H1 2006	H1 2005	Change
Interest differentials on exchange-rate hedges	-	2,695	(2,695)	-	2,270	(2,270)
Bank interest receivable	556	713	(157)	1,053	1,475	(422)
Fair value of derivative instruments	-	-	-	-	1,852	(1,852)
Positive exchange differences	-	846	(846)	-	846	(846)
Other finance income	2,353	1,654	699	4,097	1,925	2,172
Total	2,909	5,908	(2,999)	5,150	8,368	(3,218)

XXX. Financial Costs

Breakdown as follows:

(k€)	Q2 2006	Q2 2005	Change	H1 2006	H1 2005	Change
Interest payable on bank borrowings	7,365	6,488	877	14,418	10,413	4,005
Interest payable on bonds	4,190	4,376	(186)	8,562	8,204	358
Interest differentials on interest-rate hedges	235	6,316	(6,081)	811	8,235	(7,424)
Interest differentials on exchange-rate hedges	794	-	794	2,431	-	2,431
Commission and fees	280	626	(346)	639	1,069	(430)
Discount of long-term financial liabilities	819	166	653	1,576	586	990
Negative exchange differences	297	162	135	77	1,233	(1,156)
Other finance costs	552	202	350	600	236	364
Total	14,532	18,336	(3,804)	29,114	29,976	(862)

XXXI. Tax

The item amount of €43,202k (€43,269k in H1 2005) refers, as to €32,941k, to current taxation (€27,867k in H1 2005) and, as to €2,008k, to deferred tax (€7,857k in H1 2005). Of these amounts €8,253k (€7,545k in H1 2005) was IRAP, which is levied on our Italian business and taxes the sum of operating profit and the cost of labour.

In H1 2006 the effective tax rate paid by the Group excluding IRAP was 35.8%.

The following is a reconciliation of the balance sheet tax cost to theoretical tax.

The latter was arrived at by applying the applicable theoretical rate to pre-tax results in each jurisdiction, and by setting aside the greater tax liability on future transfers of profit by subsidiaries.

<u>(€k)</u>	
Theoretical income tax	36,089
Reduced tax due to direct taxation of minority partners in fully consolidated US joint ventures	(1,624)
Other permanent differences	<u>484</u>
Tax recognised in the Accounts excl. IRAP	<u>34,949</u>
IRAP	<u>8,253</u>
Tax recognised in the Accounts	<u>43,202</u>

4.4 FINANCIAL POSITION

The following is a breakdown of the position as at 30 June 2006 and 31 December 2005.

Note	(k€)	30.06.2006	31.12.2005	Variazione
I	A. Cash	53,145	43,578	9,567
I	B. Cash equivalents	35,446	100,584	(65,138)
	C. Liquid assets (A) + (B)	88,591	144,162	(55,571)
II e III	D. Current Financial credits	158,848	15,658	143,190
XIV	E. Due to banks - current	164,214	149,359	14,855
XV	Current portion of the non-current indebtedness	16,859	24,013	(7,154)
XV	G. Other current financial liabilities	2,731	3,318	(587)
	H. Current financial indebtedness (E)+ (F)+ (G)	183,804	176,690	7,114
	I. Current financial indebtedness, Net (H) - (D) - (C)	(63,635)	16,870	(80,505)
	J. Non-current financial credits	-	130,537	(130,537)
XVII	K. Due to banks - non-current	651,279	681,097	(29,818)
XVIII	L. Bond issued	328,999	351,089	(22,090)
XVII	M. Other non-current liabilities	8,396	8,915	(519)
	N. Non-current financial Indebtedness (K) + (L) + (M)	988,674	1,041,101	(52,427)
	O. Non-current financial Indebtedness, Net (N) - (J)	988,674	910,564	78,110
	P. Net financial Indebtedness (I) + (O)	925,039	927,434	(2,395)

Please see the notes to each item above for commentary.

At 30 June 2006 and 31 December 2005 there were no loans to or borrowings from related parties.

4.5 MANAGEMENT OF INTEREST AND EXCHANGE-RATE FLUCTUATIONS

Please see our 2005 Annual Report for a detailed description of the Group's financial policy and derivative contracts outstanding. These matters had not undergone significant changes at 30 June 2006.

4.6 BUSINESS SEGMENT INFORMATION

The Group segments its business in two ways: geographical area and business segment (channel), i.e., the physical context in which the business is conducted (motorway service areas, airports and railway stations are the principal segments).

The primary segment is the geographical area, which reflects both management and reporting lines.

The Report on Operations provides commentary on the performance of each segment according to the organisational structure. The only – not significant – discrepancy between this segmentation and the geographical segments presented below is the business carried on by Autogrill Overseas, Inc. (US) in Amsterdam Schiphol Airport (The Netherlands) through its Dutch subsidiary: in the Report on Operations Schiphol is presented as North America and the Pacific Rim, while in the following tables it is included in Other European countries.

In the following tables the data relating to Aldeasa, which has been consolidated proportionately as to 50% since May 2005, are presented separately given the fact that its business is different - exclusively retail – and that our interest is of a different kind, i.e. joint control, as compared to the other subsidiaries included in each geographical area.

Geographical Area	Q2 2006						Consolidated result
	Italy	US & Canada	Rest of Europe	Aldeasa	Not Attributable	Elisions	
(€k)							
Revenues	305,638	404,546	159,106	95,336	-	-	964,626
Other income	13,097	827	3,614	2,798	1,375	-	21,711
Inter-segment revenue	(61)	347	265	-	(298)	(253)	-
Total revenue and other income	318,674	405,720	162,985	98,134	1,077	(253)	986,337
Depreciation and impairment losses on property, plant and equipment and intangible fixed assets	(8,767)	(21,144)	(10,133)	(1,594)	(7)	-	(41,645)
Operating profit	39,806	36,936	8,938	8,402	(4,522)	-	89,560
Capex	11,757	16,049	11,678	44	-	-	39,528

Geographical Area	Q2 2005						Consolidated result
	Italy	US & Canada	Rest of Europe	Aldeasa	Not Attributable	Elisions	
(€k)							
Revenues	270,269	382,332	148,214	59,497	-	-	858,312
Other income	16,335	-	1,973	1,369	7,873	-	27,550
Inter-segment revenue	383	-	367	-	244	(994)	-
Total revenue and other income	286,987	382,332	148,554	60,866	8,117	(994)	885,862
Depreciation and impairment losses on property, plant and equipment and intangible fixed assets	(10,473)	(21,008)	(9,644)	(1,494)	(68)	-	(42,687)
Operating profit	34,081	32,951	8,544	6,309	3,150	-	85,035
Capex	12,603	27,085	8,636	800	-	-	49,124

Geographical Area	H1 2006						Consolidated result
	Italy	US & Canada	Rest of Europe	Aldeasa	Not Attributable	Elisions	
(€k)							
Revenues	564,446	788,040	284,888	164,999	-	-	1,802,373
Other income	25,089	2,224	6,747	5,167	1,375	-	40,602
Inter-segment revenue	1,808	347	620	-	462	(3,237)	-
Total revenue and other income	591,343	790,611	292,255	170,166	1,837	(3,237)	1,842,975
Depreciation and impairment losses on property, plant and equipment and intangible fixed assets	(17,508)	(41,860)	(20,003)	(3,339)	(15)	-	(82,725)
Operating profit	60,986	56,815	2,294	10,779	(9,511)	-	121,363
Capex	19,319	38,849	15,453	7,907	-	-	81,528
Total assets	577,290	724,433	455,665	167,828	638,607	(1,689)	2,552,134

Geographical Area	H1 2005						Consolidated result
	Italy	US & Canada	Rest of Europe	Aldeasa	Not Attributable	Elisions	
(€k)							
Revenues	502,052	714,334	273,816	59,497	-	-	1,549,699
Other income	26,791	-	5,871	1,369	8,375	-	42,406
Inter-segment revenue	615	-	558	-	529	(1,702)	-
Total revenue and other income	529,458	714,334	280,245	60,866	8,904	(1,702)	1,592,105
Depreciation and impairment losses on property, plant and equipment and intangible fixed assets	(18,252)	(40,078)	(19,004)	(1,494)	(717)	-	(79,545)
Operating profit	54,111	50,823	3,156	6,309	(2,242)	-	112,157
Capex	20,419	49,090	10,851	800	-	-	81,160
Total assets	551,051	862,555	458,623	165,248	617,108	(481)	2,654,104

Business Segment (€k)	Q2 2006						Consolidated results
	Motorways	Airports	Railway Stations	Shopping Malls	Other	Not attributable	
Total revenues and other income	456,852	447,095	23,314	31,077	24,316	3,683	986,337
Operating Profit	46,523	40,920	887	1,013	1,088	(871)	89,560
Capex	16,425	18,410	342	534	1,053	2,764	39,528

Business Segment (€k)	Q2 2005						Consolidated results
	Motorways	Airports	Railway Stations	Shopping Malls	Other	Not attributable	
Total revenues and other income	416,004	385,131	22,939	29,276	24,646	7,866	885,862
Operating Profit	36,913	42,632	908	742	1,156	2,684	85,035
Capex	14,595	24,907	307	3,602	3,366	2,347	49,124

Business Segment (€k)	H1 2006						Consolidated results
	Motorways	Airports	Railway Stations	Shopping Malls	Other	Not attributable	
Total revenues and other income	815,791	860,447	44,255	62,652	55,439	4,391	1,842,975
Operating Profit	50,666	70,611	345	2,488	4,258	(7,005)	121,363
Total assets	556,645	513,507	23,568	31,674	46,067	1,380,673	2,552,134
Capex	24,779	46,521	593	1,881	2,606	5,148	81,528

Business Segment (€k)	H1 2005						Consolidated results
	Motorways	Airports	Railway Stations	Shopping Malls	Other	Not attributable	
Total revenues and other income	758,006	678,576	44,213	56,844	45,981	8,485	1,592,105
Operating Profit	44,474	65,691	283	1,665	2,461	(2,417)	112,157
Capex	22,315	44,635	487	5,133	5,809	2,781	81,160

4.7 SEASONALITY OF THE BUSINESS

The Group's business volume is closely related to the flow of travellers. H1 normally accounts for about 45% of annual turnover and 40% of EBITDA. Q1 is structurally unrepresentative of the trend for the whole year, since it is subject to seasonality and low traffic flows; historically it is the slowest business period of the year. When Easter falls – in Q1 or Q2 of any given year – is also a significant factor influencing European performance. In 2006 Easter fell in Q2.

The following table gives 2005 quarterly figures for each of the principal performance indicators: this shows that our business volume is concentrated in H2 and especially Q3, which has much a higher level of activity than the average for the year, due to summer holiday traffic flows.

	2005			
	Q1	H1	Q3 Year to date	Full Year
REVENUES	677.0	1,458.4	2,375.4	3,284.8
<i>% of full year result</i>	20.6%	44.4%	72.3%	100.0%
EBITDA	64.0	184.5	356.0	445.6
<i>% of full year result</i>	14.4%	41.4%	79.9%	100.0%
EBIT	27.1	106.0	236.5	269.8
<i>% of full year result</i>	10.0%	39.3%	87.7%	100.0%
NET PROFIT OF THE GROUP	6.7	42.1	111.7	121.6
<i>% of full year result</i>	5.5%	34.6%	91.9%	100.0%

Note: The above figures do not include acquisitions made during the year (and particularly Aldeasa) and have not been normalised in respect of exchange differences.

Seasonality is also evident in cash-flow, and in addition H1 and particularly Q1 see most of the payments of rents (balance due for previous year and down-payments for the current year).

4.8 GUARANTEES GIVEN, COMMITMENTS AND CONTINGENT LIABILITIES

GUARANTEES

At 30 June 2006 the Group's guarantees given were guarantees and other personal surety issued by the Parent (€77,245k) and Autogrill Overseas Inc. (€3,382k) in favour of landlords and trading counterparties; in addition Aldeasa gave guarantees to airport landlords in the amount of €49m.

COMMITMENTS

These were the following as at 30 June 2006:

- € 2,272k which the Parent has to pay for the purchase of two commercial properties on the Grande Raccordo Anulare (ring-road), Rome
- € 1,486k being the value of other entities' assets used by the Parent
- €14,581k being the value of assets of businesses leased by the Parent
- € 2,583k being the value of sale-or-return motorway toll cards held at Parent Company outlets.

CONTINGENT LIABILITIES

- To maintain continuity of information, we remind you of the favourable judgment passed by a Brussels court in the matter of a claim for damages, which our Belgian subsidiary resisted, made by the party that sold our subsidiary its catering business in shopping centres in Belgium and Luxembourg. The subsidiaries' legal advisors were of the view that an appeal by the claimant was no more than a remote possibility; therefore we made no specific provision against the claimant's claim of €10,000,000. However, contrary to expectations, an appeal was lodged, but the court confirmed the original judgment eliminating any liability on our Belgian subsidiary.

This matter is now considered closed.

- In 2004 Michigan's Department of Treasury sent Michigan Host, Inc (a company wholly owned by the Group) a Notice of Intent to Assess state taxes on sales of cigarettes in periods prior to 1 March 2002, the date on which the business ceased. The total value indicated in the notices including fines (\$1.1m) and interest (\$3.0m), amounts to \$9.6m. The Group promptly presented a request for an informal hearing as allowed by the proceeding. At this time an auditor (the person appointed to conduct the proceeding on behalf of the tax authority) has been nominated, but the date of the hearing has not been notified. The procedure is that after the informal hearing the auditor writes a recommendation to the tax authority, which then decides whether to accept it or not, wholly or in part, and notifies the taxpayer accordingly giving reasons. If the authority assesses tax payable, the taxpayer receives notice of assessment, which can be appealed. The Group believes that it can argue successfully for the correctness of its behaviour and therefore considers it improbable that the case should go against it; accordingly we have made no specific provision in this matter.
- In October 2004, the previous majority shareholders of Receco S.L. began an arbitration proceeding seeking to resile from the sale and purchase agreement. On 6 February 2006 the court of arbitration issued its ruling in which *inter alia* it states that the sale and purchase agreement is valid and orders that – once the amount of the guarantee to be given by the sellers has been determined – the transfer of the shares being the remaining 15% of the company capital of Receco S.L. be carried out, and simultaneously that the amount of €6,500,000 be paid and that a bank guarantee be issued in favour of Autogrill Partecipaciones SL for the amount of the guarantee that has been fixed. There are therefore no risks of contingent liabilities. On the contrary, carrying into effect the arbitrator's ruling would require the seller to give guarantees for an amount estimated by the Directors to be €24,100,000.

4.9 OPERATING LEASES

The Group's current operating leases are described in detail in the 2005 Consolidated Accounts. They refer to the various kinds of contract under which the Group entities carry on their business, and they have not been changed.

The table below gives details by due-date of the future minimum rental commitments, as at 30 June 2006, under all the operating leases.

(€k)

Year of expiration	Operating Leasing	Subleasing ⁽¹⁾
2006	247,502	12,822
2007	238,432	11,956
2008	215,713	10,540
2009	179,148	7,315
2010	141,746	4,798
> 2010	568,771	9,911
Total	1,591,312	57,342

⁽¹⁾ Related to subtenants arrangements of the American subsidiary, according to the contract with the landlord.

4.10 FURTHER INFORMATION
TRANSACTIONS WITH THE CONTROLLING ENTITY IN Q1 2006 AND BALANCES AT 30 JUNE 2006

Edizione Holding S.p.A.			
(amounts in thousand of Euro)	30/6/06	31/12/05	Δ
Income Statement:			
Revenue from sales of goods and services	-	3	(3)
Cost of services received	29	58	(29)
Balance Sheet:			
Accounts receivable	-	3	(3)
Other assets	-	-	-
Accounts payable	84	55	29
Other liabilities	36,282	27,758	8,524

As is evident from this table, the amounts involved in transactions with the controlling entity are of marginal significance in terms of our Income Statement and Balance Sheet with the exception of:

Other (current) liabilities which were 13.9% of total consolidated other liabilities as at 30 June 2006 (11.1% at 31 December 2005). These percentages go up to 72.2% and 62% in H1 2006 and FY 2005, respectively, if referred – not to consolidated figures but – to those of the Parent, Autogrill S.p.A.

Cost of services received relates to Autogrill's participation in an insurance programme covering the whole Group.

Accounts payable refers to the mentioned insurance programme and to compensation to one of its Directors for his membership of our Board, the change from end-2005 being the accrued liability for the period.

Other liabilities refers to our net liability in respect of IRES (corporate tax) due following our joining the fiscal. The change from 31 December 2005 refers to H1 taxable income.

Transactions with Edizione Holding SpA Group Companies

€k	Benetton Group S.p.A.			Union Services S.a.r.l.			Bencom S.r.l.			Fabrica S.p.A.			Verde Sport S.p.A.			
	30/6/06	31/12/05	Δ	30/6/06	31/12/05	Δ	30/6/06	31/12/05	Δ	30/6/06	31/12/05	Δ	30/6/06	31/12/05	Δ	
Income Statements:																
Revenue from sales of goods and services	-	2	(2)	-	-	-	-	-	-	-	-	-	-	37	66	(29)
Other income	-	1	(1)	3	-	3	176	2,968	(2,792)	-	-	-	-	1	1	-
Purchases	-	-	-	59	89	(30)	-	-	-	-	-	-	-	-	-	-
Cost of services received	-	-	-	25	38	(13)	-	-	-	15	28	(13)	28	60	(32)	-
Cost of use of others' property	19	28	(9)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance Sheet:																
Accounts payable	21	5	16	12	5	7	-	-	-	73	49	24	33	-	33	-
Accounts receivable	-	3	(3)	3	-	3	1,085	1,194	(109)	-	-	-	27	14	13	-

As is evident from this table, the amounts involved in transactions with Edizione Holding Group companies are of marginal significance in terms of our Income Statement and Balance Sheet with the exception of Bencom S.r.l. accounts payable, which were 1.8% of the consolidated figure at 30 June 2006 (2.3% at 31 December 2005) and of other income received from this entity in 2005 (3.2% in 2005).

The percentages referring to accounts payable were 2.5% and 3.2%, respectively, in H1 2006 and FY 2005, if referred not to consolidated figures but to those of the Parent, Autogrill S.p.A., and 0.6% and 4.5%, respectively, at 30 June 2006 and 31 December 2005, in respect of other income.

In detail:

Benetton Group SpA: *Cost of use of others' property* refers to hire of meeting-rooms, a current item.

Union Services S.a.r.l.: this company manages cost-sharing among Group companies in respect of the 'Group Service' promotion. *Purchases* refer to promotion services supplied to Autogrill S.p.A. Other income refers to recovery of the portion of Union Services S.a.r.l. under an insurance scheme.

Bencom S.r.l.: The sub-lease of part of the property in Via Dante, Milan continues. *Other income* refers to rentals and additional cost accrued at 30 June 2006. The account payable refers to the amount of the share of expenses deferred in 10 annual instalments, which the Group will repay, in respect of the unaccrued portion, under advance termination of the contract.

Fabrica S.p.A.: refers to graphic design services supplied to the Autogrill Group.

Verde Sport SpA: *Revenue from sales of goods and services* and *Accounts receivable* refer to sales of food and beverage products under the commercial affiliation contract for the conduct of a Spizzico restaurant at La Ghirada - Città dello Sport.

Cost of services received refers to promotion services supplied to Autogrill SpA.

All *Accounts payable* and *receivable* will mature by the end of 2007.

TRANSACTIONS AND BALANCES WITH THE AUTOSTRADE GROUP AND GRANDI STAZIONI S.p.A.

Given the volume and frequency of transactions of the Autogrill Group with companies belonging to the Autostrade Group and Grandi Stazioni S.p.A., as well as the transactions between them and Edizione Holding S.p.A., it is appropriate for maximum transparency, to supply information on these transactions.

H1 2006 Transactions and Balances at 30 June 2006 (with Autogrill SpA only):

(€k)	Gruppo Autostrade			Grandi Stazioni S.p.A.		
	30/06/06	31/12/05	Δ	30/06/06	31/12/05	Δ
Income Statements:						
Revenue from sales of goods and services	14	18	(4)	-	-	-
Other income	258	866	(608)	-	-	-
Purchases	-	-	-	-	-	-
Cost of services received	1,486	2,707	(1,221)	-	-	-
Cost of use of others' property	19,627	36,338	(16,711)	670	1,176	(506)
Balance Sheet:						
Accounts payable	5,346	22,569	(17,223)	58	324	(266)
Accounts receivable	922	1,427	(505)	-	-	-

Autostrade Group: *Other income* refers to commission on distribution of *Viacards* [motorway toll cards] and the contribution to promotions carried out in H1 2006. Costs refer to concession rents and related additional costs.

Grandi Stazioni: continuation of the lease of premises in Rome's Termini station. Costs refer to lease rentals and related additional costs.

All *Accounts payable* are current.

Ratios of Autostrade Group and Grandi Stazioni Transactions to total Autogrill Group and Autogrill S.p.A. Income Statement and Balance Sheet Items:

Percentage on Autogrill Group figures	Gruppo Autostrade		Grandi Stazioni S.p.A.	
	30/06/06	31/12/05	30/06/06	31/12/05
Income Statements:				
Revenue from sales of goods and services	0.0%	0.0%		
Other income	0.6%	0.9%		
Cost of services received	0.9%	0.8%		
Cost of use of others' property	7.4%	7.1%	0.3%	0.2%
Balance Sheet:				
Accounts payable	1.5%	5.3%	0.0%	0.1%
Accounts receivable	1.5%	2.8%		

Percentage on Autogrill SpA figures	Gruppo Autostrade		Grandi Stazioni S.p.A.	
	30/06/06	31/12/05	30/06/06	31/12/05
Income Statements:				
Revenue from sales of goods and services	0.0%	0.0%		
Other income	0.9%	1.3%		
Cost of services received	2.9%	2.8%		
Cost of use of others' property	34.4%	31.7%	1.2%	1.0%
Balance Sheet:				
Accounts payable	2.8%	8.9%	0.0%	0.1%
Accounts receivable	2.2%	3.8%		

The significance of Autostrade Group and Grandi Stazioni S.p.A. cash-flow vis-à-vis Autogrill Group and Autogrill S.p.A. totals in H1 2006 transactions was marginal, except in the case of Accounts payable by the Autostrade Group, which fell by €17,223k from end-2005, which accounted for about 30% of the change in working capital as presented in the H1 2006 Consolidated Cash-Flow Statement (79.7% of the change in working capital in Autogrill S.p.A.'s accounts).

4.11 NON-RECURRING EVENTS AND TRANSACTIONS

There were no significant non-recurring events or transactions in H1 2006 or FY 2005 as defined by CONSOB's resolution no.15519 and notice no.DEM/6064293.

4.12 POSITIONS AND TRANSACTIONS ARISING OUT OF UNTYPICAL OR UNUSUAL BUSINESS

There was no untypical or unusual business transacted in H1 2006, as defined by CONSOB's notice no.DEM/6037577 and notice no.DEM/6064293 dated 28 July 2006.

APPENDIX:
4.13 LIST OF CONSOLIDATED COMPANIES AND OTHER EQUITY INVESTMENTS

Fully Consolidated Companies:

Company name	Head Office	Currency	Share Capital	%	Holding company
<i>Parent Company</i>					
Autogrill SpA	Novara	€	132,288,000	57.093	Edizione Holding SpA
<i>Subsidiaries</i>					
Autogrill International Srl	Novara	€	4,951,213	100.000	Autogrill SpA
Aviogrill Srl	Bologna	€	10,000	51.000	Autogrill SpA
Nuova Estral Srl	Novara	€	10,000	100.000	Autogrill SpA
Emme Emme Cadorna di Nuova Estral Srl Sas	Milano	€	10,440	100.000	Nuova Estral Srl
Bar del Porto di Nuova Estral Srl Snc	Piombino	€	61,975	100.000	Nuova Estral Srl
Nuova Sidap Srl	Novara	€	10,000	100.000	Autogrill SpA
Autogrill Austria AG	Gottesbrunn	€	7,500,000	100.000	Autogrill International Srl
HMSHost Europe GmbH	Munchen	€	205,000	100.000	Autogrill SpA
HMSHost Ireland Ltd	Dublin	€	1	100.000	HMSHost Europe GmbH
HMSHost Sweden AB	Stockholm	SEK	2,500,000	100.000	HMSHost Europe GmbH
Autogrill Espana SA	Madrid	€	1,800,000	100.000	Autogrill International Srl
Autogrill Participaciones SL	Madrid	€	6,503,006	100.000	Autogrill Espana SA
Restauracion de Centros Comerciales SA (RECECO)	Madrid	€	108,182.18	85.000	Autogrill Participaciones SL
Autogrill Finance SA	Luxembourg	€	250,000	99.996 0.004	Autogrill SpA Autogrill Europe Nord-Ouest SA
Autogrill D.o.o.	Lubjana	SIT	73,920,000	100.000	Autogrill SpA
Autogrill Hellas EPE	Avlona Attikis	€	1,696,350	99.99 0.01	Autogrill International Srl Autogrill SpA
Autogrill Overseas Inc	Wilmington	€	33,774,260	100.000	Autogrill International Srl
Autogrill Europe Nord-Ouest SA	Luxembourg	€	41,300,000	99.999 0.001	Autogrill International Srl Autogrill Finance SA
Autogrill Belgie NV	Antwerpen	€	26,250,000	99.999 0.001	Autogrill Europe Nord-Ouest SA Ac Restaurants & Hotels SA
Ac Restaurants & Hotels Beheer NV	Antwerpen	€	3,016,000	99.999 0.001	Autogrill Belgie NV Ac Restaurants & Hotels SA
Ac Restaurants & Hotels SA	Grevenmacher	€	500,000	99.995 0.005	Autogrill Belgie NV Ac Restaurants & Hotels Beheer NV
Autogrill Nederland BV	Breukelen	€	41,371,500	100.000	Autogrill Europe Nord-Ouest SA
Maison Ledeboer BV	Zaandam	€	69,882	100.000	Autogrill Nederland BV
Ac Holding NV	Breukelen	€	136,150	100.000	Maison Ledeboer BV
The American Lunchroom Co BV	Zaandam	€	18,151	100.000	Ac Holding NV
Ac Apeldoorn BV	Apeldoorn	€	45,378	100.000	The American Lunchroom Co BV
Ac Bodegraven BV	Bodegraven	€	18,151	100.000	The American Lunchroom Co BV
Ac Heerlen BV	Heerlen	€	23,142	100.000	The American Lunchroom Co BV
Ac Hendrik Ido Ambacht BV	Hendrik Ido Ambacht	€	2,596,284	100.000	The American Lunchroom Co BV
Ac Holten BV	Holten	€	34,033	100.000	The American Lunchroom Co BV
Ac Leiderdorp BV	Leiderdorp	€	18,151	100.000	The American Lunchroom Co BV
Ac Meerkerk BV	Meerkerk	€	18,151	100.000	The American Lunchroom Co BV
Ac Nederweert BV	Weert	€	34,033	100.000	The American Lunchroom Co BV
Ac Nieuwegein BV	Nieuwegein	€	18,151	100.000	The American Lunchroom Co BV
Ac Oosterhout BV	Oosterhout	€	18,151	100.000	The American Lunchroom Co BV
Ac Restaurants & Hotels BV	Breukelen	€	90,756	100.000	The American Lunchroom Co BV
Ac Sevenum BV	Sevenum	€	18,151	100.000	The American Lunchroom Co BV
Ac Vastgoed BV	Zaandam	€	18,151	100.000	The American Lunchroom Co BV

Company name	Head Office	Currency	Share Capital	%	Holding company
Ac Vastgoed I BV	Zaandam	€	18,151	100.000	The American Lunchroom Co BV
Ac Veenendaal BV	Veenendaal	€	18,151	100.000	The American Lunchroom Co BV
Ac Zevenaar BV	Zevenaar	€	57,176	100.000	The American Lunchroom Co BV
Holding de Participations Autogrill SAS	Marseille	€	119,740,868	99.999 0.001	Autogrill Europe Nord-Ouest SA Autogrill SpA
Autogrill Aeroports SAS	Marseille	€	1,368,000	99.999	Holding de Participations Autogrill Sas
Autogrill Coté France SAS	Marseille		31,579,526.40	99.999	Holding de Participations Autogrill Sas
Société Berrichonne de Restauration SAS (Soberest SAS)	Marseille	€	288,000	50.01	Autogrill Coté France Sas
Société Bordelaise de Restauration SAS (Soborest SAS)	St. Savin	€	788,000	50.000	Autogrill Coté France Sas
Société de la Porte de Champagne SA (SPC)	Auberives	€	153,600	51.900	Autogrill Coté France Sas
Société de Restauration Autoroutière Dromoïse SA (SRAD)	Marseille	€	1,136,000	49.994 49.998	Autogrill Coté France Sas SRSRA SA
Société de Restauration de Bourgogne SAS (Sorebo SAS)	Marseille	€	144,000	50.000	Autogrill Coté France Sas
Société de Restauration de Troyes-Champagne SA (SRTC)	Marseille	€	1,440,000	70.000	Autogrill Coté France Sas
Société Régionale de Saint Rambert d'Albon SA (SRSRA)	St Rambert d'Albon	€	515,360	50.000	Autogrill Coté France Sas
Volcares SAS	Champs	€	1,050,144	50.000	Autogrill Coté France Sas
Société de Gestion de Restauration Routière SG2R SAS	Marseille	€	879,440	99.996	Autogrill Coté France Sas
SCI Vert Pre Saint Thiebaut	Nancy	€	457,35	96.670 3.330	SG2R Sas Autogrill Coté France Sas
SNC TJ2D	Chaudeney Sur Moselle	€	1,000	99.000 1.000	SG2R Sas Autogrill Coté France Sas
Autogrill Restauration Services SAS	Marseille	€	15,394,500	99.999	Holding de Participations Autogrill Sas
Autogrill Gares Province Sarl	Marseille	€	274,480	100.000	Autogrill Restauration Services Sas
Autogrill Gares Metropoles Sarl	Marseille	€	17,396,850	100.000	Autogrill Restauration Services Sas
Autogrill Schweiz AG	Olten	CHF	10,000,000	100.000	Autogrill International Srl
Autogrill Pieterlen AG	Pieterlen	CHF	2,000,000	100.000	Autogrill Schweiz AG
Autogrill Pratteln AG	Pratteln	CHF	3,000,000	95.000	Autogrill Schweiz AG
Autogrill Basel Airport Sas (in liquidazione)	St. Louis	CHF	40,000	100.000	Autogrill Schweiz AG
Restoroute de Bavois SA	Bavois	CHF	2,000,000	70.000	Autogrill Schweiz AG
Restoroute de la Gruyère SA	Avry devant Pont	CHF	1,500,000	54.300	Autogrill Schweiz AG
Vorstatt Egerkingen AG	Egerkingen	CHF	2,000,000	100.000	Autogrill Schweiz AG
Autogrill Group Inc	Bethesda	USD	225,000,000	100.000	Autogrill Overseas Inc
HMSHost Corp	Bethesda	USD	=	100.000	Autogrill Group Inc
HMSHost Europe Corp	Wilmington	USD	=	100.000	Autogrill Group Inc
HMSHost International Inc	Wilmington	USD	=	100.000	Autogrill Group Inc
HMS Host Tollroads Inc	Bethesda	USD	125,000,000	100.000	HMSHost Corp
Host International Inc	Bethesda	USD	125,000,000	100.000	HMSHost Corp
Sunshine Parkway Restaurants Inc	Bethesda	USD	125,000,000	50.000 50.000	HMSHost Corp Gladieux Corp
Cincinnati Terminal Services Inc	Bethesda	USD	125,000,000	100.000	Host International Inc
Cleveland Airport Services Inc	Bethesda	USD	125,000,000	100.000	Host International Inc

Company name	Head Office	Currency	Share Capital	%	Holding company
HMS-Airport Terminal Services Inc	Bethesda	USD	125,000,000	100.000	Host International Inc
HMS-Airport Terminal Services	Bethesda	USD	125,000,000	100.000	HMS-Airport Terminal Services Inc
HMS B&L Inc	Bethesda	USD	125,000,000	100.000	Host International Inc
HMS Holdings Inc	Bethesda	USD	125,000,000	100.000	Host International Inc
HMS Host Family Restaurants Inc	Bethesda	USD	125,000,000	100.000	HMS Holdings Inc
HMS Host Family Restaurants LLC	Bethesda	USD	125,000,000	100.000	HMS Host Family Inc
Gladieux Corporation	Bethesda	USD	125,000,000	100.000	HMS Holdings Inc
Host (Malaysia) Sdn Bhd	Kuala Lumpur	MYR	100,000	100.000	Host International Inc
Host Gifts Inc	Bethesda	USD	125,000,000	100.000	Host International Inc
Host International of Canada Ltd	Vancouver	CAD	4,800,000	100.000	Host International Inc
Host International of Canada (RD) Ltd	Toronto	CAD	1	100.000	Host International of Canada Ltd
SMSI Travel Centres Inc	Toronto	CAD	1	100.000	Host International of Canada Ltd
Host International of Kansas Inc	Bethesda	USD	125,000,000	100.000	Host International Inc
Host International of Maryland Inc	Bethesda	USD	125,000,000	100.000	Host International Inc
HMS Host USA Inc	Bethesda	USD	125,000,000	100.000	Host International Inc
Host International (Poland) Sp z o, in liquidazione	Warsaw	PLN	6,557,600	100.000	HMS Host USA Inc
Host of Holland BV	Haarlemmermeer	€	90,756	100.000	Host International Inc
Horeca Exploitatie Maatschappij Schiphol BV	Schiphol	€	45,378	100.000	Host of Holland BV
Host Services (France) Sas in liquidazione	Paris	€	38,115	100.000	Host International Inc
Host Services Inc	Bethesda	USD	125,000,000	100.000	Host International Inc
Host Services of New York Inc	Bethesda	USD	125,000,000	100.000	Host International Inc
Host Services Pty Ltd	North Cairns	AUD	12	100.000	Host International Inc
Las Vegas Terminal Restaurants Inc	Bethesda	USD	125,000,000	100.000	Host International Inc
Marriott Airport Concessions Pty Ltd	Tullamarine	AUD	999,998	100.000	Host International Inc
Michigan Host Inc	Bethesda	USD	125,000,000	100.000	Host International Inc
Shenzen Host Catering Company Ltd	Shenzen	USD	2,500,000	100.000	Host International Inc
The Gift Collection Inc	Bethesda	USD	125,000,000	100.000	Host International Inc
Turnpike Restaurants Inc	Bethesda	USD	125,000,000	100.000	Host International Inc
AAI Investments Inc	Bethesda	USD	100,000,000	100.000	Autogrill Group Inc
Anton Airfood Inc (AAI)	Washington	USD	1,000	100.000	AAI Investments Inc
AAI Terminal 7 Inc	Washington	USD	1,000	100.000	Anton Airfood Inc
AAI Terminal One Inc	Washington	USD	200	100.000	Anton Airfood Inc
Airport Architects Inc	Washington	USD	1,000	100.000	Anton Airfood Inc
Anton Airfood JFK Inc	Washington	USD	1,000	100.000	Anton Airfood Inc
Anton Airfood of Bakersfield Inc, in liquidaz.	Washington	USD	1,000	100.000	Anton Airfood Inc
Anton Airfood of Cincinnati Inc	Washington	USD	1,000	100.000	Anton Airfood Inc
Anton Airfood of Minnesota Inc	Washington	USD	10	100.000	Anton Airfood Inc
Anton Airfood of New York Inc	Washington	USD	1,000	100.000	Anton Airfood Inc
Anton Airfood of North Carolina Inc	Washington	USD	10	100.000	Anton Airfood Inc
Anton Airfood of Ohio Inc	Washington	USD	1,000	100.000	Anton Airfood Inc
Anton Airfood of Rhode Island Inc	Washington	USD	1,000	100.000	Anton Airfood Inc
Anton Airfood of Texas Inc	Washington	USD	100,000	100.000	Anton Airfood Inc
Anton Airfood of Virginia Inc	Washington	USD	1,000	100.000	Anton Airfood Inc

Company name	Head Office	Currency	Share Capital	%	 Holding company
Palm Springs AAI Inc	Washington	USD	1,000	100.000	Anton Airfood Inc
Anton Airfood of Boise, Inc	Washington	USD	n.d.	100.000	Anton Airfood Inc
Anton Airfood of Tulsa, Inc	Washington	USD	n.d.	100.000	Anton Airfood Inc
AAI Istip, Inc	Washington	USD	n.d.	100.000	Anton Airfood Inc
Fresno AAI, Inc	Washington	USD	n.d.	100.000	Anton Airfood Inc
Anton Airfood of Newark, Inc	Washington	USD	n.d.	100.000	Anton Airfood Inc
Anton Airfood of Seattle, Inc	Washington	USD	n.d.	100.000	Anton Airfood Inc

Companies consolidated proportionately:

Company name	Head Office	Currency	Share Capital	%	Holding company
Retail Airport Finance SL	Madrid	€	10,760,982	50.000	Autogrill Espana SA
ALDEASA SA e controllate	Madrid	€	25,200,000	99.000	Retail Airport Finance SL
Steigenberger Gastronomie GmbH	Frankfurt	€	750,000	49.900	HMSHost Europe GmbH

Associates accounted for at net equity:

Company name	Head Office	Currency	Share Capital	%	Holding company
Union Services Sarl	Luxembourg	€	51,000	20.000 10.000	Autogrill Europe Nord-Ouest SA Autogrill Finance SA
Dewina Host Sdn Bhd	Kuala Lumpur	MYR	250,000	49.000	Host International Inc
HMSC-AIAL Ltd	Auckland	NZD	111,900	50.000	Host International Inc
Lee Airport Concession Inc	Washington	USD	1,600	25.000	Anton Airfood Inc

5. ANNEXES

5.1 AUTOGRILL S.P.A. ACCOUNTS AS AT 30 JUNE 2006
BALANCE SHEET

(€k)	30.06.2006	31.12.2005	Change
Cash and cash equivalent	28,339	33,994	(5,655)
Other financial assets	435,399	536,076	(100,677)
Tax credits	578	1,560	(982)
Other credits	28,974	32,364	(3,390)
Accounts receivable	42,584	37,321	5,263
Inventory	42,639	43,075	(436)
Total current assets	578,513	684,390	(105,877)
Property, plant and equipment	153,501	151,273	2,228
Goodwill	74,367	74,367	-
Other intangible assets	11,745	12,676	(931)
Equity Investments	542,166	542,166	-
Other financial assets	449,991	357,620	92,371
Loans	7,056	6,909	147
Total non-current assets	1,238,826	1,145,011	93,815
TOTAL ASSETS	1,817,339	1,829,401	(12,062)
Accounts payable	192,552	252,357	(59,805)
Tax liabilities	8,732	8,468	264
Other liabilities	50,247	44,762	5,485
Due to banks	151,339	102,252	49,087
Other financial liabilities	43,255	34,969	8,286
Total current liabilities	446,125	442,808	3,317
Other liabilities	-	-	-
Borrowings (net of current portion)	647,090	674,412	(27,322)
Deferred tax liabilities	23,637	15,769	7,868
TFR and other employee benefits	92,040	89,654	2,386
Provisions	28,079	31,662	(3,583)
Total non-current liabilities	790,846	811,497	(20,651)
TOTAL LIABILITIES	1,236,971	1,254,305	(17,334)
SHAREHOLDERS' EQUITY	580,368	575,096	5,272
TOTALE LIABILITIES AND SHAREHOLDERS' EQUITY	1,817,339	1,829,401	(12,062)

INCOME STATEMENT

(€k)	H1 2006	H1 2005	Change
Revenues	562,402	500,373	62,029
Other Operating Income	28,334	35,652	(7,318)
Total Income	590,736	536,025	54,711
Cost of raw material, items for use and merchandise	269,797	231,161	38,636
Payroll and benefits	134,226	126,375	7,851
Rents, concessions and royalties	56,996	53,999	2,997
Other operating costs	60,486	53,977	6,509
Depreciation	17,485	19,103	(1,618)
Operating Profit	51,746	51,410	336
Gains (losses) on financial transactions	57,007	50,814	6,193
Finance cost	(15,817)	(10,399)	(5,418)
Profit before tax	92,936	91,825	1,111
Tax	(26,608)	(24,333)	(2,275)
NET PROFIT	66,328	67,492	(1,164)

CASH-FLOW STATEMENT

(€m)	H1 2006	H1 2005
Cash and cash equivalents - opening balance	8.9	55.3
Profit before tax and net financial cost for the period	51.7	51.4
Depreciation and losses on fixed assets	17.5	19.1
(Gains)/losses on disposal of fixed assets	0.1	(0.6)
Change in working capital	(21.6)	(38.4)
Net change in non-current non-financial assets and liabilities	7.1	7.7
Cash flow from operation	55.1	39.2
Tax paid	(7.0)	(6.6)
Interest paid	(3.4)	0.5
Net cash flow from operations	44.7	33.1
Expenditure on property, plant and equipment and intangible fixed assets	(19.3)	(20.4)
Proceeds from disposal of fixed assets	0.3	1.9
Net change in non-current financial assets	(0.2)	(100.1)
Cash flow from investment activities	(19.2)	(118.6)
Medium/long-term financings procured	58.3	575.0
Repayments of instalments of medium/long-term financings	-	(100.0)
Repayments of short-term loans net of new borrowing	(18.5)	-
Payment of dividends	(61.1)	(50.9)
Other flows	5.0	(375.4)
Cash flow from borrowings	(16.6)	48.7
Cash flow for the period	8.9	(36.8)
Cash and cash equivalents - closing balance	17.8	18.5

Reconciliation of cash and cash equivalents

(€m)	H1 2006	H1 2005
Cash and cash equivalents - opening balance	8.9	55.3
Cash and cash equivalents liquid assets	34.0	58.3
Current account debit balances	(25.1)	(3.0)
Cash and cash equivalents - closing balance	17.8	18.5
Cash and cash equivalents liquid assets	28.3	33.2
Current account debit balances	(10.5)	(14.7)

5.2 PARENT COMPANY CHANGEOVER TO IFRS

BACKGROUND

As prescribed by L. D. 38/2005, listed companies are required to publish their separate accounts under IFRS as endorsed by the EU, starting with the 2006 financial year.

Accordingly – in line with the indication given in CONSOB'S Issuer Regulations, Section 81 - Autogrill S.p.A took account of IFRS in preparing its separate accounts. The Autogrill Group's consolidated accounts were already drawn up under IFRS starting with the 2005 financial year.

In order to ensure that the effects of the changeover were sufficiently comprehensible for the separate accounts as well, the balance sheet and income statement tables given in an annex to the H1 report as at 30 June 2006 are accompanied by the information required under IFRS 1 First-time Adoption of IFRS, with special reference to the reconciliations required by §39 and §40 of the standard.

Section 81 required the following to be included in the first-half report:

- reconciliation of prior year shareholders' equity and net profit under Italian GAAP to the same items under IFRS;
- reconciliations as required by §39 and §40 of IFRS 1 First-time Adoption of (as interpreted by IG 63), together with explanatory notes on accounting principles and the items in the reconciliation tables;

This Section of our H1 Report at 30 June 2006 discloses what is required by the rules and standards cited. In particular– in respect of Autogrill S.p.A.'s separate accounts – we present reconciliation of prior year shareholders' equity and net profit under Italian GAAP to the same items under IFRS with explanatory notes:

- as at the changeover date (1 January 2005), which was the first day of the first period used for comparison purposes, and;
- as at 31 December 2005.

These reconciliations present no comparative figures since they were prepared for the purposes of the changeover to IFRS of the separate accounts of Autogrill S.p.A. at 31 December 2006, and the explanatory notes which would be required by the new standards and will be included in the FY separate accounts at 31 December 2006.

The figures given in this section are subject to audit under CONSOB'S notice no.DEM/6064293 dated 28 July 2006. The figures given in respect of equity investments could undergo change to reflect new and future policies emanated by the European Commission in relation to the approval and endorsement of IFRS and new statements and interpretations issued by IASB or IFRIC should any such be issued by 31 December 2006, which Autogrill S.p.A., if permitted, may decide to apply starting with FY 2006.

The accounting principles adopted by Autogrill S.p.A. to make the changeover to IFRS are the same as those adopted by the Autogrill Group from the preparation of the consolidated accounts as at 31 December 2005 – which please consult for a full description – except those that refer to the measurement of subsidiaries, measured at cost in Autogrill S.p.A.'s separate accounts, as required by IFRS and pointed out below.

IFRS 1 governs transition to IFRS. It requires that – on the transition date to IFRS (1 January 2005, considering the timetable laid down by the EU) – a balance sheet be prepared as part of Autogrill S.p.A.'s separate accounts. This accounting statement was prepared according to the following criteria:

- all assets and liabilities to be recognised under IFRS were considered, even when such recognition was not allowed under Italian GAAP;

- no assets or liabilities were recognised that could not be so recognised under IFRS;
- all items previously disclosed in a manner not in line with IFRS were reclassified;
- Under IFRS 1.25, since Autogrill S.p.A. is adopting IFRS for the first time for its separate accounts for 2006, having already adopted them for its consolidated accounts at 31 December 2005, assets and liabilities recognised in the separate accounts compiled using IFRS at 1 January 2005 are recognised at the same values as those disclosed in the consolidated accounts of the same date, except for equity investments and other items eliminated on consolidation. This means that the manner in which IFRS 1 (IFRS 1.13 and IFRS 1.26) was applied previously for the consolidated accounts was kept unchanged.

As required by IFRS 1, the effect of adjustments made on first application of IFRS are taken to a special reserve in equity.

Within the options allowed by IFRS 1, the following exemptions were adopted when drawing up Autogrill S.p.A.'s separate accounts:

- measurement of Property, plant and equipment not to be transferred free of charge and of intangible assets: the Company took advantage of the option of using the carrying value of these assets as determined on the basis of Italian GAAP, as a substitute for the cost as at 1 January 2004, in that this is inline with IFRS 1 requirements;
- business aggregations: IFRS 3 requires business combinations to be accounted for using the purchase method, by recognising assets and liabilities at their fair value on the purchase date. As allowed by IFRS 1, the Company did not apply IFRS 3 retroactively to business combinations which occurred before the date of transition to IFRS, which were determined on the basis of the previous principles, i.e. Italian GAAP.

TFR (severance pay) due to employees of our Italian companies comes under defined-benefit plans, according to IFRS.

The Company – given the risks involved in making estimates of future salary trends and staff numbers – made provision for TFR by setting aside the largest liability possible accruing at the period end pursuant to Article 2120 of the Italian Civil Code and by reclassifying the amount of annual revaluation of the legal liability to finance cost.

The Company keeps movements and changes in its liabilities relating to TFR calculated actuarially under strict control – on the basis of the best possible estimates – and TFR reflected in following Article 2120 of the Italian Civil Code. At 31 December 2005 the liability recognised in the balance sheet was greater than that calculated under the mentioned actuarial principles by €2,310k (€1.757k at 1 January 2005).

RECONCILIATION OF ITALIAN GAAP TO IFRS

Reconciliation of shareholders' equity at 1 January and 31 December 2005 and 2005 net profit under Italian GAAP to the same items under IFRS.

(k€)	Shareholders' Funds at 01/01/2005	Profit/(loss) of the period 2005	Other movements	Shareholders' Funds at 31/12/2005
Under Italian GAAP:	218,765	90,008	(37,428)	271,345
<i>Adjustments</i>				
1 Reversal of goodwill amortisation (IAS 38)	13,815	14,384	-	28,199
2 Effect of the cost method (IAS 27)	357,926	(1,483)	(13,377)	343,066
3 Effect of dividends recognition at the time of their resolution (IAS 18)	(37,973)	(2,349)	-	(40,322)
4 Valuation of hedging instruments (IAS 39)	-	-	826	826
5 Valuation of fixed interest rate loans (IAS 39)	-	-	(826)	(826)
6 Discounting of Provisions (IAS 37)	1,914	28	-	1,942
7 Leasing (IAS17)	955	477	-	1,432
8 Contributions for plans (IAS 20)	-	77	(77)	-
9 Related tax effect	(24,974)	(5,592)	-	(30,566)
Total adjustments	311,663	5,542	(13,454)	303,751
Under IFRS:	530,428	95,550	(50,882)	575,096

Explanatory Notes

1. Goodwill

Under IFRS goodwill is not amortised systematically, but is subject to periodical review to identify possible impairment losses.

The application of this principle, together with that requiring continuity of values as between 1 January 2005 values in the IFRS consolidated accounts and the same values in IFRS separate accounts (IFRS 1.25), had a positive effect on shareholders' equity at 1 January 2005 and 31 December 2005, respectively, due to elimination of 2004 amortisation (€13,815k) and cumulative amortisation relating to both 2004 and 2005 (€28,199k), before tax effects, which were respectively €5,146k and €10,504k, recognised in a separate line in the reconciliation of Italian GAAP to IFRS.

The positive effect on net profit for 2005 was €14,384k before the related tax effect of €5,358k, recognised in a separate line in the reconciliation of Italian GAAP to IFRS.

Goodwill was tested for impairment as per IAS 38 in respect of the values recognised at 1 January 2005 and 31 December 2005 did not reveal any exceptions.

2. Equity Investments

Subsidiaries are valued at cost net of any impairment losses, on the basis of recoverable value determined as the cash-flow that the subsidiary will be capable of generating in the future.

Under Italian GAAP equity investments were measured at net equity; this accounting principle caused most equity investments to gradually decline in value from the acquisition date to 1 January 2005 mainly on account of the amortisation of the purchase premium paid, which was only partly offset by the profit realised by the company or sometimes added to losses. Using the equity method the carrying value was never revalued even if the subsidiary or associate showed prospects of future profits sufficient to sustain the original cost.

Using the cost method required by IFRS earnings prospects cause the subsidiary to have a recoverable value such that the original cost is entirely restored or written back, with a few small and limited exceptions.

Consequently reductions and increases in value of subsidiaries made solely by following the equity method – where there were earnings prospects considered sufficient to sustain the original

purchase cost of the subsidiary – were reversed in order to apply the cost method under IFRS for the separate accounts.

Use of this method, together with the mentioned principle of continuity of values at 1 January 2005 as between IFRS consolidated accounts and IFRS separate accounts (IFRS 1.25) had a positive impact on shareholders' equity at 1 January 2005 and 31 December 2005 respectively of €357,926k and €343,066k, before the related tax effects of €18,924k and €18,952k respectively recognised in a separate line in the reconciliation of Italian GAAP to IFRS.

Net profit for 2005 and Other equity reserves were reduced respectively by €1,483k (before the tax effect of €28k, recognised in a separate line in the reconciliation) and by €13,377k to reverse off the effects produced in the year by application of the equity method.

3. Dividends

Under Italian GAAP subsidiaries' dividends were recognised in the year in which they accrued, provided that they were passed by the subsidiary before the accounts of Autogrill S.p.A. were approved.

IAS 18 however prescribes that they should be recognised in the year in which the Company gains the legal right to receive them.

The impact of the application of this principle on shareholders' equity at 1 January and 31 December 2005 was respectively equal to -€37,973k and equal to -€40,322k, while the impact on net profit was a reduction of €2,349k before tax effects, which were respectively €84k, €8k and a reduction of €75k recognised in a separate line in the reconciliation of Italian GAAP to IFRS.

4. Derivatives

The Company's liabilities are mainly exposed to financial risk relating to interest rate fluctuations. The Company uses derivatives to manage interest rate fluctuation risk known as Interest Rate Swaps. In particular it is Group policy to convert part of its floating-rate borrowings to fixed rate and designate them cash flow hedges. The use of these instruments is regulated by policies approved by the Board of Directors, which has drawn up written procedures for the use of derivatives in line with the Group's risk management policy. Derivative contracts are entered into with selected counterparties from the most financially solid entities to reduce default risk to a minimum. The Company does not use derivatives for trading purposes.

In contrast to the prescription of Italian GAAP, IAS 39 requires that all financial instruments be recognised at their fair value. In particular, instruments that qualify for hedge accounting are recognised through a specific equity reserve.

In application of this standard, derivative contracts entered into by the Company in 2005 which are considered cash flow hedges were recognised in the separate accounts at their fair value, which entailed an increase in shareholders' equity of €553k, due to the recognition of financial assets worth €826k net of the related tax effect of €273k.

5. Fixed-rate Financings

In 2005 the Company extended a fixed-rate long-term loan to a subsidiary for an amount and maturity that matched bank debt converted synthetically to fixed-rate borrowing using the interest rate swaps mentioned under (4) above.

Changes in the value of the loan therefore mirror the derivatives' value changes. The tax effect is also mirrored.

6. Provisions

As required under IAS 37, if a liability refers to payments to be made over time, it is present-valued at a rate which, before tax, reflects the current market value of the present value of cash and the specific risks linked to the liability. The provision increases each year to reflect the passage of time and is recognised as interest payable.

The application of this standard, together with the mentioned principle requiring continuity of values as between 1 January 2005 values in the IFRS consolidated accounts and the same values in IFRS separate accounts (IFRS 1.25), brought about a positive impact on shareholders' equity at 1 January 2005 and 31 December 2005 respectively of €1,914k and €1,942k, before the related tax effects respectively of €641k and €632k, and recognised in a separate line in the reconciliation of Italian GAAP to IFRS.

The positive effect on 2005 net profit was €28k before the related tax effect of €9k, recognised in a separate line in the reconciliation of Italian GAAP to IFRS.

7. Finance Leases

Lease contracts are classified as finance leases where the contract terms effectively transfer all the risks and benefits of property of the asset to the lessee. All other leases are considered operating leases.

Financial lease assets are recognised as assets belonging to the Company at their fair value on the date of entering into the contract, adjusted for the additional charges paid on signing and any costs sustained in order to sublease, or, if less, at the present value of the minimum rentals due under the lease. The corresponding liability to the lessor is included in equity among financial liabilities. Rentals are divided between the principal repaid and the interest so that there is a constant interest rate on the remaining outstanding. Finance cost is taken to profit and loss for the year.

The application of this standard, together with the mentioned principle requiring continuity of values as between 1 January 2005 values in the IFRS consolidated accounts and the same values in IFRS separate accounts (IFRS 1.25), brought about a positive impact on shareholders' equity at 1 January 2005 and 31 December 2005 respectively of €955k and €1,432k, before the related tax effects of €356k and €533k recognised in a separate line in the reconciliation of Italian GAAP to IFRS.

The positive effect on 2005 net profit was €477k before the related tax effect of €177k, recognised in a separate line in the reconciliation of Italian GAAP to IFRS.

8. Contributions for plans

The net residual value of contributions for plans, whose effect was taken direct to equity reserves in line with the depreciation of the asset in question, under IFRS (IAS 20) must be recognised as a direct reduction of the charge for depreciation.

Consequently the changeover to IFRS, while having no effect on shareholders' equity at 1 January and 31 December 2005, increased 2005 net profit by €77k and reduced equity reserves by an equal amount.

9. Deferred Tax

For every adjustment the related tax effect was calculated. The amounts of €24,974k and €30,839k present this at 1 January and 31 December 2005 respectively; the effect on 2005 net profit was €5,592k, bearing in mind that the net effect of the adjustments on financial contract valuation as described under (4) and (5), was zero.

Reconciliation of shareholders' equity under Italian GAAP and IFRS at 1 January 2005

(€k)	01.01.2005 Italian GAAP	IAS/IFRS adjustments	01.01.2005 under IAS/IFRS
Cash and other liquid assets	58,278		58,278
1 Other financial assets	452,128	(37,973)	414,155
Tax credits	650		650
Other credits	23,300		23,300
Accounts receivable	36,173		36,173
Inventory	41,603		41,603
Total current assets	612,132	(37,973)	574,159
2-6-7 Property, plant and equipment (tangible assets)	105,035	32,021	137,056
3 Goodwill	54,866	13,815	68,681
2 Other intangible assets	42,862	(30,454)	12,408
4 Equity Investments	84,137	357,926	442,063
Other financial assets	222,922		222,922
Loans	7,495		7,495
5 Deferred tax assets	10,380	(10,380)	-
Other credits	3,182		3,182
Total non-current assets	530,879	362,928	893,807
TOTAL ASSETS	1,143,011	324,955	1,467,966
Accounts payable	235,052		235,052
Tax liabilities	9,018		9,018
Other liabilities	43,119		43,119
Due to banks	153,279		153,279
6 Other financial liabilities	6,123	742	6,865
Total current liabilities	446,591	742	447,333
Borrowings (net of current portion)	367,440		367,440
5 Deferred tax liabilities	-	14,593	14,593
TFR and other employee benefits	86,530		86,530
7 Provisions	23,685	(2,043)	21,642
Total non-current liabilities	477,655	12,550	490,205
TOTAL LIABILITIES	924,246	13,292	937,538
8 SHAREHOLDERS' EQUITY	218,765	311,663	530,428
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,143,011	324,955	1,467,966

Explanatory Notes
1. Other financial assets

As prescribed by IAS 18 accounts payable by subsidiaries in respect of the recognition of dividend accrued (as being approved by the subsidiary before approval of Autogrill S.p.A.'s accounts) were reversed.

2. Property, Plant and Equipment and Other intangible assets

As per the requisites prescribed by IAS 38 for recognition of intangible assets, leasehold improvements were reclassified from *intangible assets* to *Property, plant and equipment* in the amount of €30,453k, corresponding to their residual net value at 1 January 2005. The depreciation criteria applying to leasehold improvements under Italian GAAP are in line with the prescriptions of IFRS. In addition, the value of *Property, plant and equipment* was increased by the residual value of finance leases by €1,697k and reduced by *Contributions for plans* of €129k.

3. Goodwill

Under IFRS goodwill is not amortised systematically, but is subject to periodical review to identify possible impairment losses.

The adjustment of €13,815k therefore referred to the elimination – as required by IFRS 1.25 – of amortisation applied in FY 2004.

This recognition had a positive impact on shareholders' equity of €8,669k, net of the related tax effect.

Goodwill was tested for impairment as per IAS 38 in respect of the values recognised at 1 January 2005 and 31 December 2005 and did not reveal any exceptions.

4. Equity Investments

The value of equity investments was increased by a net amount of €357,926k to restore historical cost, within the limits of recoverable value as estimated on the basis of expected cash-flow generated by the subsidiary.

This recognition had a positive impact on shareholders' equity of €339,002k, net of the related tax effect of €18,924k determined by considering the part-taxable nature of capital gains on equity interests that qualify for participation exemption.

This adjustment breaks down as follows:

Company name	Historic cost, net of impairment value	Net book value	Effect of changes in evolution method			
			Net book value	Taxable base	Deferred tax	Shareholders' equity
Autogrill International S.r.l.	217,104	31,690	185,414	29,666	9,790	175,624
Autogrill Europe Nord-Ouest S.A.	168,605	18,880	149,725	23,956	7,905	141,820
Autogrill Finance S.A.	250	622	(372)	-	-	(372)
Autogrill Espana S.A.	28,783	10,579	18,204	2,913	961	17,243
Autogrill Austria A.G.	13,271	9,144	4,127	660	218	3,909
Autogrill Deutschland GmbH	10,410	10,410	-	-	-	-
Autogrill Hellas EPE	2,791	1,848	943	151	50	893
Aviogrill S.r.l.	779	894	(115)	-	-	(115)
Other minor subsidiaries	52	52	-	-	-	-
Total	442,045	84,119	357,926	57,346	18,924	339,002

5. Deferred tax

For every adjustment the related tax effect was calculated. The amount of €24,974k presents this and was classified as reducing non-current assets by the original balance of €10,380k and in respect of a surplus of €14,593k, to non-current liabilities.

6. Other financial liabilities

A finance lease of property used in the business was recognised using the financial method as per IAS 17, therefore the purchase cost of the asset is recognised under *Property, plant and equipment* as to €1,697k, recognising an amount due to the Finance House of €742k. This asset depreciates in line with its residual useful life.

7. Provisions

As required under IAS 37, if a liability refers to payments to be made over time, it is present-valued at a rate which, before tax, reflects the current market value of the present value of cash and the specific risks linked to the liability. The provision increases each year to reflect the passage of time and is recognised as interest payable.

Application of this standard as at 1 January 2005 reduced provisions by €1,914k.

In addition, the residual value of *Contributions for plans* of €129k was reclassified as a direct reduction of *Property, plant and equipment*.

8. Shareholders' Equity

The item discloses the effect of the adjustments described and quantified above that directly impacted Shareholders' Equity in a specific first-time IFRS adoption reserve as prescribed for first-time adoption.

Reconciliation under Italian GAAP and IFRS of the balance sheet and income statement at 31 December 2005

Parent Company Balance Sheet at 31 December 2005

(€k)	01.01.2005 Italian GAAP	IAS/IFRS adjustments	01.01.2005 under IAS/IFRS
Cash and other liquid assets	33,994		33,994
1 Other financial assets	576,398	(40,322)	536,076
Tax credits	1,560		1,560
Other credits	32,364	-	32,364
Accounts receivable	37,321		37,321
Inventory	43,075		43,075
Total current assets	724,712	(40,322)	684,390
2-5-6 Property, plant and equipment (tangible assets)	111,012	40,261	151,273
3 Goodwill	46,168	28,199	74,367
2 Other intangible assets	51,513	(38,837)	12,676
4 Equity Investments	199,100	343,066	542,166
Other financial assets	357,620		357,620
Loans	6,909		6,909
5 Deferred tax assets	14,797	(14,797)	-
Other credits	-		-
Total non-current assets	787,119	357,892	1,145,011
TOTAL ASSETS	1,511,831	317,570	1,829,401
Accounts payable	252,357		252,357
Tax liabilities	8,468		8,468
Other liabilities	44,762		44,762
Due to banks	102,252		102,252
6 Other financial liabilities	34,925	44	34,969
Total current liabilities	442,764	44	442,808
Other liabilities	-		-
Borrowings (net of current portion)	674,412		674,412
5 Deferred tax liabilities	-	15,769	15,769
TFR and other employee benefits	89,654		89,654
7 Provisions	33,656	(1,994)	31,662
Total non-current liabilities	797,722	13,775	811,497
TOTAL LIABILITIES	1,240,486	13,819	1,254,305
8 SHAREHOLDERS' EQUITY	271,345	303,751	575,096
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,511,831	317,570	1,829,401

Explanatory Notes

1. Other financial assets

As prescribed by IAS 18 accounts payable by subsidiaries in respect of the recognition of dividend accrued (as being approved by the subsidiary before approval of Autogrill S.p.A.'s accounts) were reversed

In addition, in 2005 the Company entered into cash flow hedges recognised in the balance sheet at their fair value. This accounting method entailed an increase in other financial assets of €826k. An equal reduction was recognised in the value of the financing, in an amount and with a maturity equivalent to the debt converted to fixed rate by the derivatives mentioned above, extended to a subsidiary.

2. Property, Plant and Equipment and Other intangible assets

As per the requisites prescribed by IAS 38 for recognition of intangible assets, leasehold improvements were reclassified from *intangible assets* to *Property, plant and equipment* in the amount of €38,837k. In addition, the value of *Property, plant and equipment* was increased by the residual value of finance leases by €1,476k and reduced by *Contributions for plans* of €52k.

3. Goodwill

Under IFRS goodwill is not amortised systematically, but is subject to periodical review to identify possible impairment losses.

The adjustment therefore relates to the elimination of amortisation of €28,199k.

This recognition had a positive impact on shareholders' equity of €17,807k, net of the related tax effect.

Goodwill was tested for impairment as per IAS 38 in respect of the values recognised at 31 December 2005 and did not reveal any exceptions.

4. Equity Investments

The value of equity investments was increased by a net amount of €343,066k to restore historical cost, within the limits of recoverable value as estimated on the basis of expected cash-flow.

This had a positive impact on shareholders' equity of €324,114k, net of the related tax effect of €18,952k determined by considering the part-taxable nature of capital gains on equity interests that qualify for participation exemption.

Compared to the adjustment made as at 1 January 2005, the 31 December 2005 adjust was affected by the reversal of the effects of the use of the equity method on the 2005 accounts, which were prepared under Italian GAAP. In particular, these consisted in an increase of €13,377k due to the conversion of assets denominated in currencies other than the Euro (balancing item: the conversion reserve) and a net increase of €1,482k in retained profit with the subsidiaries and associates (taken to profit and loss). Both referred mainly to our interest in Autogrill International S.r.l.

5. Deferred tax

For every adjustment the related tax effect was calculated. The amount of €30,566k presents this and was classified as reducing non-current assets by the original balance of €14,797k and in respect of a surplus of €15,769k, to non-current liabilities.

6. Other financial liabilities

A finance lease of property used in the business was recognised using the financial method as per IAS 17, therefore the purchase cost of the asset is recognised under *Property, plant and equipment* as to €1,697k, recognising an amount due to the Finance House of €44k. This asset depreciates in line with its residual useful life.

7. Provisions

As required under IAS 37, if a liability refers to payments to be made over time, it is present-valued at a rate which, before tax, reflects the current market value of the present value of cash and the specific risks linked to the liability. The provision increases each year to reflect the passage of time and is recognised as interest payable.

Application of this standard as at 31 December 2005 reduced provisions by €1,942k.

In addition, the residual value of *Contributions for plans* of €52k was reclassified as a direct reduction of *Property, plant and equipment*.

8. Shareholders' Equity

The item discloses the effect of the adjustments described and quantified above that were recognised through profit or loss or directly impacted Shareholders' Equity where required by the first-time adoption standard as well as the conversion effect, if any.

Parent Company Income Statement 2005

(k€)	2005 Italian GAAP	IAS/IFRS adjustments	2005 IAS/IFRS
Revenue	1,079,807		1,079,807
Other operating income	66,333		66,333
Total Income	1,146,140	0	1,146,140
Cost of raw material, items for use and merchandise	(506,410)		(506,410)
1 Payroll and benefits	(257,463)	2,453	(255,010)
Rents, concessions and royalties on trademarks	(114,591)		(114,591)
2 Other operating costs	(122,552)	718	(121,834)
3 Depreciation	(56,295)	14,240	(42,055)
Operating profit	88,829	17,411	106,240
4 Gains (losses) on financial transactions	72,030	(2,349)	69,681
5 Financial costs	(29,327)	(2,444)	(31,771)
6 Value adjustments on financial assets	1,281	(1,483)	(202)
Profit before tax	132,813	11,135	143,948
7 Tax	(42,805)	(5,593)	(48,398)
NET PROFIT	90,008	5,542	95,550

Explanatory Notes
1. Payroll and Benefits

In respect of TFR the Company provided by setting aside the legal liability accrued at the period-end as per Article 2120 of the Italian Civil Code and reclassifying the revaluation component of the liability as finance cost in the amount of €2,425k; this was done on the basis of the high risks involved in making estimates of future salary trends and staff numbers.

2. Other operating costs

As described in the notes to the balance sheet, under IFRS the recognition of finance leases entailed the reversal of rentals (of €717K) balanced by the recognition of depreciation of the leased asset under assets and of the interest payable on the financial liability under liabilities.

3. Depreciation and Amortisation

As described in the notes to the balance sheet, under IFRS goodwill is no longer amortised systematically but is subject to periodical impairment tests. Net profit for the year was therefore adjusted in the amount of €14,163k to account for the elimination of 2005 amortisation.

In addition, the depreciation charge was reduced by €77k due to recognition of Contributions for plans as per IAS 20, and increased by €221k on recognition of depreciation on the finance-leased property used in the business.

4. Financial income

The adjustment related to the reversal of dividend received from subsidiaries and recognised as accruing in 2005 although approved in 2006, net of the recognition of dividends recognised as accruing in 2004 although approved in 2005.

5. Finance Cost

The adjustment balances the reclassification described in Note 1 (reduction of €2,453k), as well as the recognition of the effect of discounting provisions (€28k) and interest on financial liabilities connected with the recognition of the finance lease relating to the property used in the business (reduction of €19k).

6. Value adjustments to financial assets

The adjustment refers wholly to the reversal of profit made by subsidiaries and associates – mainly by Autogrill International S.r.l. – which was previously recognised using the equity method.

7. Tax

The amount comprises the tax effects described above.

Effects of adopting IFRS on the net financial position of the Parent Company as at 1 January and 31 December 2005.

Net financial position	01/01/2005	31/12/2005	Change
(In millions of Euro)			
Under Italian GAAP:	203.0	161.1	(41.9)
<i>Adjustments</i>			
1 Effect of dividends recognition at the time of their resolution (IAS 18)	(38.0)	(40.3)	(2.3)
2 Valuation of hedging instruments (IAS 39)	-	0.8	0.8
3 Valuation of fixed interest rate loans (IAS 39)	-	(0.8)	(0.8)
4 Leasing (IAS17)	(0.7)	(0.0)	0.7
Total adjustments	(38.7)	(40.4)	(1.7)
Under IFRS:	164.3	120.7	(43.6)

Please see earlier notes for a description of the changes in this item.

Deloitte

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**AUDITORS' REPORT WITH RESPECT TO THE IFRS
 RECONCILIATION STATEMENTS WITH EXPLANATORY
 NOTES ON THE EFFECTS OF TRANSITION TO INTERNATIONAL FINANCIAL
 REPORTING STANDARDS (IFRS)**

**To the Board of Directors of:
 AUTOGRILL S.p.A.**

1. We have audited the accompanying reconciliation statements of the balance sheet as of January 1, 2005 and December 31, 2005 and of the income statement for the year ended December 31, 2005 (the "IFRS reconciliation statements") of Autogrill S.p.A. accompanied by the explanatory notes presented according to the criteria and principles established in the Communication n° 6064313 dated July 28, 2006 issued by CONSOB (the Italian Commission for listed Companies and the Stock Exchange), and included in the section "Reconciliation of Italian GAAP to IFRS" of the interim report as of June 30, 2006. The abovementioned IFRS reconciliation statements derive from the separate financial statements of Autogrill S.p.A. as of December 31, 2005 prepared in accordance with the Italian law governing financial statements. The financial statements of Autogrill S.p.A. as of December 31, 2005 have been audited by us and we issued our audit report dated April 3, 2006. The IFRS reconciliation statements have been prepared as part of the conversion process to International Financial Reporting Standards (IFRS) approved by European Commission and applicable by Autogrill S.p.A., for the preparation of the separate financial statements as of December 31, 2006, according to the article 4 of the Decree 38/2005. These IFRS reconciliation statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these IFRS reconciliation statements based on our audit.
2. Our audit was made in accordance with the Auditing Standards established in Italy. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the IFRS reconciliation statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the IFRS reconciliation statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's Directors. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion, the IFRS reconciliation statements, identified in the paragraph 1. above, have been prepared, taken as a whole, in conformity with the criteria and principles defined in the Communication n. 6064313 dated July 28, 2006 approved by CONSOB (the Italian Commission for listed Companies and the Stock Exchange).

4. As described in the paragraph "Background", we draw your attention to the fact that the IFRS reconciliation statements have only been prepared for the purposes of the transition project to IFRS in connection with the preparation of the first complete separate financial statements compliant with IFRS approved by the European Commission and consequently do not include comparative data or such explanatory notes as would be necessary to fully represent the separated financial position and the results of operations of Autogrill S.p.A. in accordance with IFRS.

DELOITTE & TOUCHE S.p.A.

s/Ernesto Lanzillo
Partner

Milan, Italy
September 11, 2006

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



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(Translation from the Italian original which remains the definitive version)

Review report

To the shareholders of
Autogrill S.p.A.

- 1 We have reviewed the consolidated interim financial statements comprising the balance sheet, income statement, statement of changes in equity, cash flow statement (the "financial schedules") and notes thereto of the Autogrill Group as at and for the six months ended 30 June 2006, which are included in the half year report of Autogrill S.p.A.. This half year report is the responsibility of the parent company's management. Our responsibility is to prepare this report based on our review. We have also reviewed the part of the half year report describing the activities of the group for the period with the sole objective of verifying consistency with the remainder of the half year report.
- 2 We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. The review consisted primarily of the collection of information relating to the captions of the financial schedules and the consistency of application of the accounting policies through discussions with company management and analytical procedures applied to the financial data presented in the financial schedules. The review excluded such audit procedures as tests of controls and verification or validation of assets and liabilities and is significantly less than an audit performed in accordance with generally accepted auditing standards. As a consequence, contrary to the report of other auditors on the annual consolidated financial statements, we do not express an audit opinion on the half year report.
- 3 The comparative figures included in the financial schedules relative to the annual consolidated financial statements and the half year report of the previous year were respectively audited and reviewed by other auditors and, therefore, reference should be made to their reports dated 3 April 2006 and 7 October 2005.



*Autogrill Group
Review report
30 June 2006*

The comparative figures relative to the second quarter of the previous year and included in the financial schedules have not been reviewed either by us or by other auditors. Therefore, our conclusions set out herein do not extend to such data.

- 4 Based on our review, we are not aware of any material modifications or integrations that should be made to the financial schedules and notes thereto referred to in paragraph 1 for them to be in conformity with IAS 34 and the guidelines governing the preparation of the half year reports set out in article 81 of the Consob regulation adopted with resolution no. 11971 dated 14 May 1999 and subsequent modifications and integrations.

Milan, 15 September 2006

KPMG S.p.A.

(Signed on the original)

Giovanni Rebay
Director of Audit